Advising the Congress on Medicare issues

Dual-eligible beneficiaries: Status report on current and future analytic work

Eric Rollins

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Overview of presentation

- Provide a brief overview of dual eligibles (how they qualify, utilization and spending patterns)
- Summarize recent Commission work on dual eligibles
- Review the role of the MSPs
- Discuss work plan for status report on Financial Alignment Initiative

Overview of dual eligibles

- 9.9 million dual eligibles in 2014
  - 7.1 million “full-benefit”
  - 2.8 million “partial-benefit”
- About half qualify for Medicare due to disability
- About half of full-benefit dual eligibles qualify for Medicaid by receiving SSI benefits
- Partial-benefit dual eligibles qualify through Medicare Savings Programs (MSPs)

Characteristics of dual eligibles

- Higher rates of multiple chronic conditions, mental illness, dementia
- Medicare spending per capita in 2010 was 2X higher than average for other beneficiaries ($17,670 vs. $8,380)
- Account for a disproportionate share of total spending in both programs
  - Medicare: 20% of enrollment, 34% of spending
  - Medicaid: 14% of enrollment, 34% of spending

Recent Commission work on issues affecting dual-eligible beneficiaries

- Eligibility rules and financing of care
  - Medicare Savings Programs (2008)
  - Redesign of Medicare FFS benefit (2012)
- Development of new models of care that could improve quality and/or lower costs
  - PACE (2012)
  - MA Special Needs Plans (2013)

Overview of the Medicare Savings Programs

	Beneficiary Income (% of federal poverty level)			
	Up to 100%	100%-120%	120%-135%	135%-150%
Parts A and B:				
MSP category	QMB	SLMB	QI	Not covered
Part A premium	X			
Part B premium	X	X	X	
Cost sharing	X			
Part D LIS:				
Premium	X	X	X	Partial
Cost sharing	X	X	X	Partial

Note: MSP (Medicare Savings Program), QMB (Qualified Medicare Beneficiary), SLMB (Specified Low-Income Medicare Beneficiary), QI (Qualifying Individual), LIS (low-income drug subsidy)

Key issues for the MSPs

- Many eligible beneficiaries do not participate
- Eligibility rules and enrollment process differ from those used for Part D's LIS
- States can use "lesser-of" policies to limit their payment of cost sharing for QMBs
  - Reduce overall payments to providers
  - May reduce access to care

Illustrative scenarios for expanding the MSPs

	Current	Scenario 1	Scenario 2	Scenario 3
Eligibility limits				
Part B premiums	135%	150%	150%	150%
Part A/B cost sharing	100%	100%	150%	150%
Are MSPs federalized?	QI only	QI only	No	Yes

- Each scenario also assumes:
  - MSP asset limits raised to LIS levels
  - SSA determines both MSP and LIS eligibility
- Scenario 3 assumes states make MOE payments, Medicare savings on bad debt payments

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Note: LIS (Part D low-income drug subsidy), MOE (maintenance-of-effort), MSP (Medicare Savings Program), QI (Qualifying Individual), SSA (Social Security Administration)

Impact of illustrative scenarios on MSP participation and costs

- Between 2M and 2.5M new MSP enrollees
  - 1.4M people now enrolled in LIS only
  - 500K to 1M other truly new participants
- Scenario 1: $46B total cost
  - Federal gov't pays all new QI costs
- Scenario 2: $111B total cost
  - Also provides assistance with cost sharing
  - More generous assistance leads to higher participation
  - Keeps existing federal-state structure
- Scenario 3: $296B total cost
  - Scenario 2 with federalization; Medicare fully covers cost sharing
  - Cost sharing for existing enrollees accounts for 55% of total cost
  - States make maintenance-of-effort payments
  - Includes savings from lower bad debt payments

Scenario 3 would have an uneven impact on states

- Compare two states with similar total cost sharing for QMBs (about $100M)
- State A pays 70 cents on the dollar; State B pays 35 cents on the dollar
  - State Medicaid spending is higher in State A ($22M) than State B ($13M)
- State A will have a larger MOE payment, but State B benefits more ($65M in new funds vs. $30M)

Key findings from illustrative scenarios for expanding the MSPs

- Under all 3 scenarios, number of new MSP enrollees is relatively small
- Scenario 2 provides assistance with cost sharing to more people, but states could still limit how much they pay
- Full federalization (scenario 3) would be most expensive
  - Covering cost sharing for current MSP enrollees accounts for more than half of cost
  - MOE requirement would lead to uneven impacts on states
  - States with less generous coverage would benefit more

Financial Alignment Initiative

- CMS and states using demonstration projects to test new models of care for dual eligibles
- 13 states currently have demonstrations
  - Capitated model (10 states): CA, IL, MA, MI, NY, OH, RI, SC, TX, VA
  - Managed FFS model (2 states): CO, WA
  - Alternate model: MN
- About 450K dual eligibles affected as of October 2015

Staff will deliver a status report on the demonstrations in the spring

- Staff planning to visit several states with demonstration projects
- Will examine a broad range of issues
  - Impact on service use, quality of care
  - Adequacy of payment rates
  - Efforts to coordinate, manage care
- Welcome Commissioner feedback on areas of particular interest