

# Long Term Services & Supports Policy: The Case for Reform

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Data from "Long-Term Care---an Essential Element of Healthcare Reform" Chartbook Prepared by Avalere Health, LLC.  
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# Key Findings

- 1 The majority of Medicaid spending is on services for long-term care users. Health reform efforts can target the healthcare needs of this population in order to strengthen Medicaid for the future.

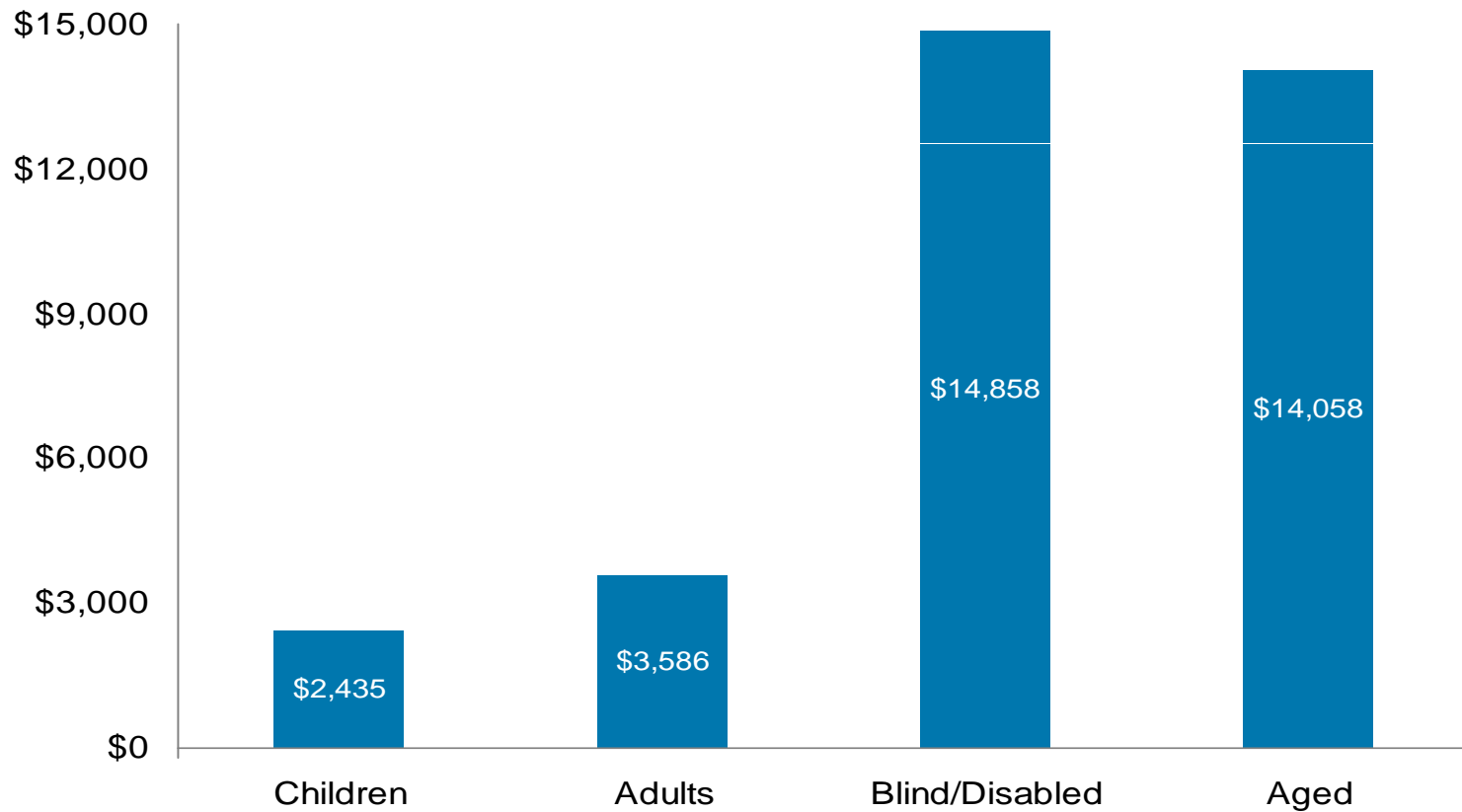
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- 2 Some Medicare post-acute care services may fill-in for long-term care needs. Reform efforts can consider the long-term care needs of the Medicare population in order to improve the quality and cost-effectiveness of these services.

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- 3 Medicare and Medicaid spending for dual eligibles is largely uncoordinated and unmanaged. Innovative reform efforts can coordinate and manage these services to improve quality and reduce costs.

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- 4 A significant amount of long-term care is privately financed and provided by informal caregivers. Reform efforts can leverage, rather than replace, these private contributions.

# The Elderly and Disabled Consume the Largest Amounts of Medicaid Resources

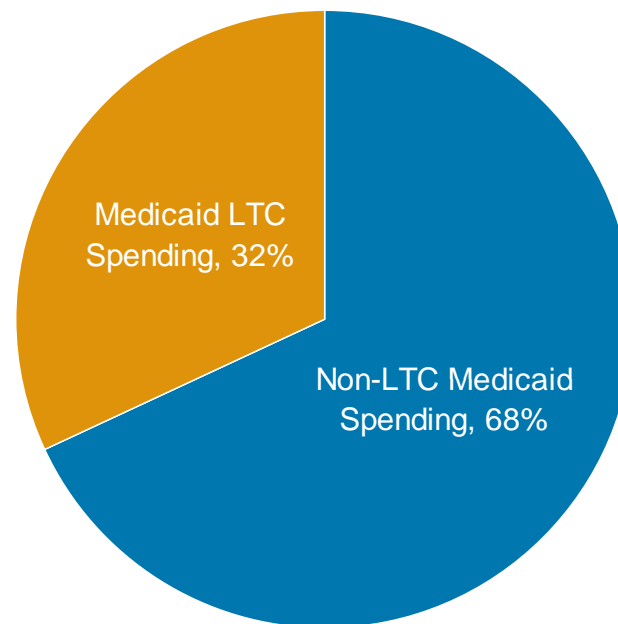
2007 Estimated Medicaid per Enrollee Spending



Source: Centers for Medicare & Medicaid Services. 2008 Actuarial Report on the financial outlook for Medicaid.

# Close to One-Third of Medicaid Spending Pays For Long-term Care Services

**2007 Medicaid Long-Term Care (LTC) Spending as Percent of Total Medicaid Expenditures**

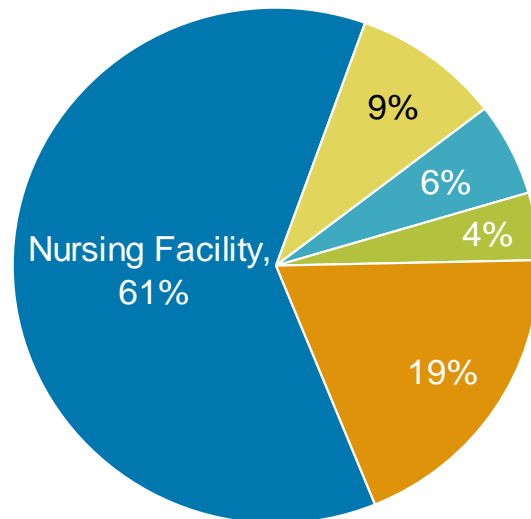


**Total 2007 Medicaid Expenditures = \$312 Billion**

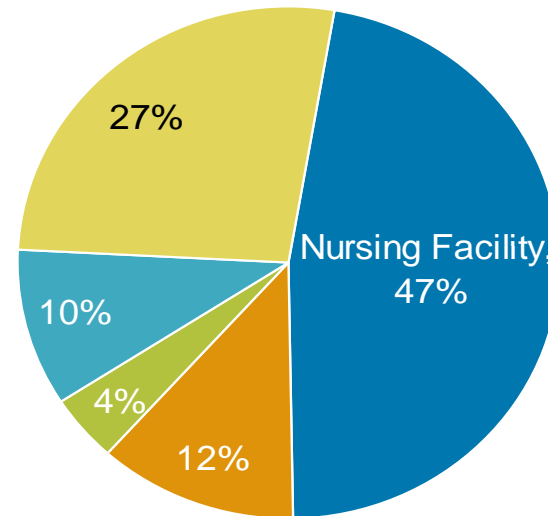
Source: Burwell, B., Sredl, K., and Eiken, S. Medicaid expenditures for LTC services, 1995-2007. HCBS.org.

# Medicaid Spending in Long-Term Care

1995 Estimated Medicaid Long-Term Care Expenditures = \$49 Billion



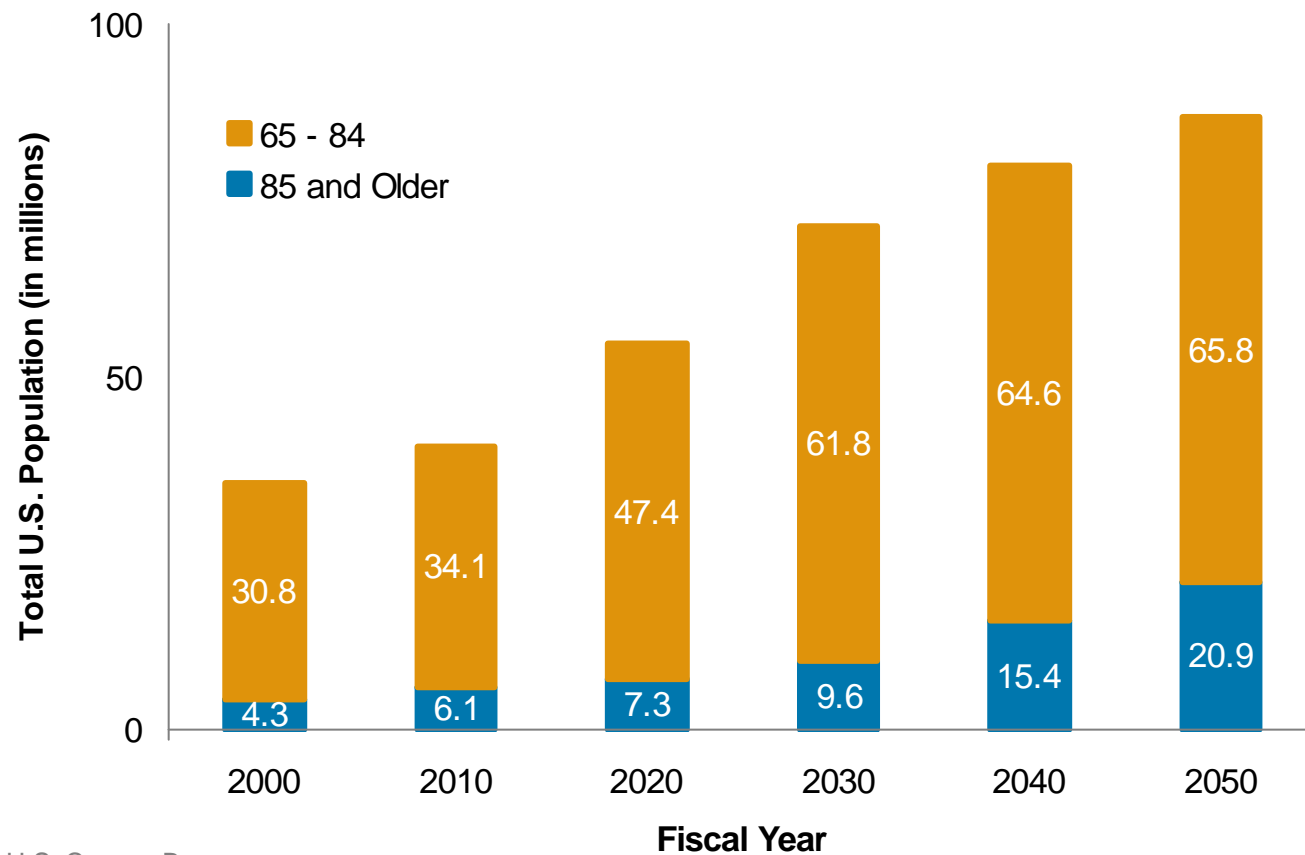
2007 Estimated Medicaid Long-Term Care Expenditures = \$101 Billion



Source: Burwell, B., Sredl, K., and Eiken, S. Medicaid expenditures for LTC services, 1995-2007. HCBS.org.  
\*HCBS = home and community-based services; ICF-MR = intermediate care facilities for the mentally retarded

# Demand for Long-Term Care Services Will Likely Increase as the 85 and Older Population Grows

Total Projected Elderly Population in the United States Through 2050



Source: U.S. Census Bureau.

# The Difference Between Part A and Part B Home Health for Elderly in Need of Long-Term Care Suggests That Some Part B Services Fill-In for Long-Term Care

Medicare Parts A and B per Capita Spending on Home Health Services by ADL\* Group

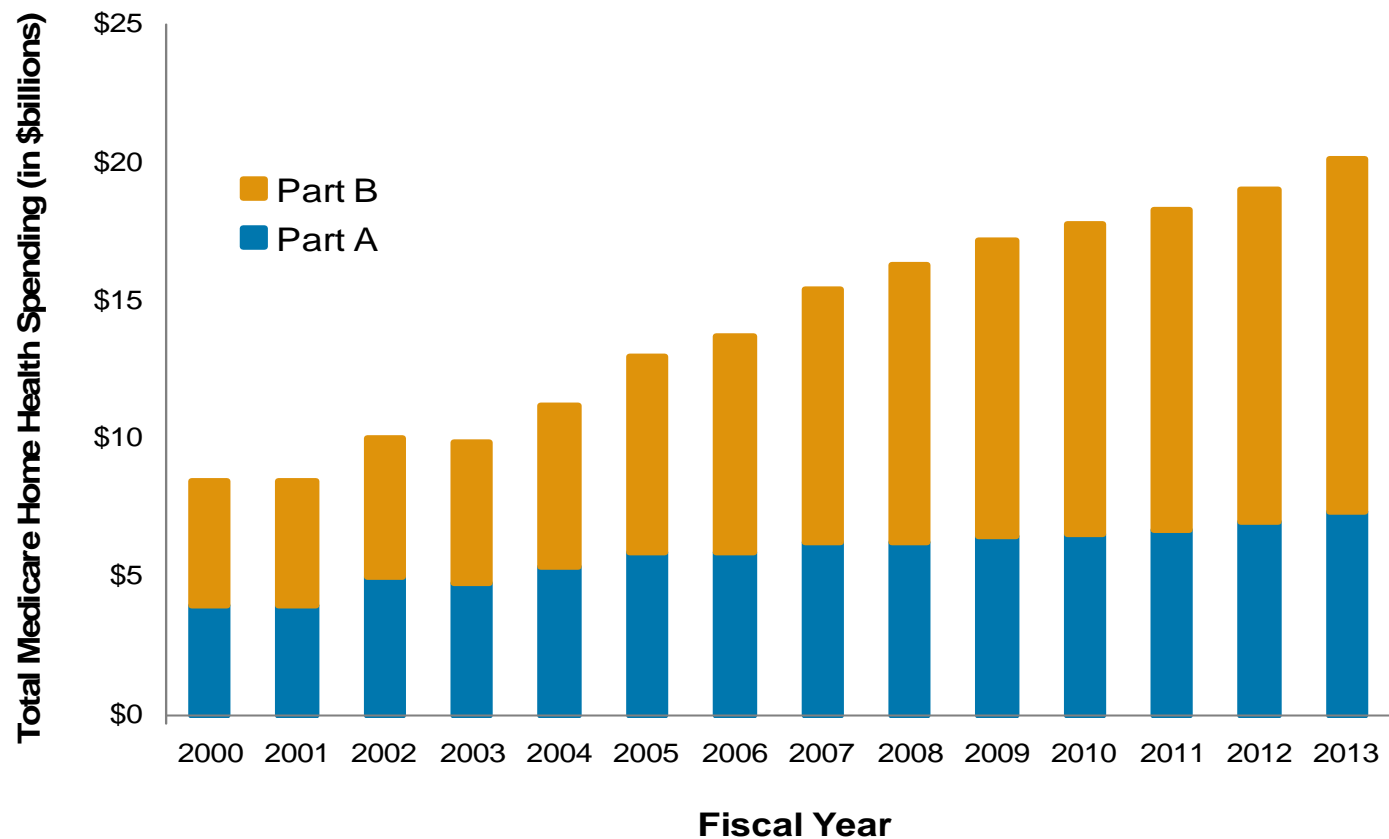
ADL Group	Part A per Capita Home Health Spending	Part B per Capita Home Health Spending
65 and older with no ADLs	\$96.35	\$76.29
65 and older with 1 or more ADLs	\$442.95	\$812.43

Source: Avalere analysis of the Medicare Current Beneficiary Survey 2005 Access to Care data.

\*ADL = Activities of daily living

# The Majority of Home Health Care Spending is Financed Through Part B

Medicare Parts A and B Actual and Projected Home Health Spending from Fiscal Years 2000-2013



Source: Centers for Medicare & Medicaid Services (CMS), Office of the Actuary. Unpublished.

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# Medicare May Subsidize Shortfalls in Medicaid Long-Term Care Through Skilled Nursing Facility Payments

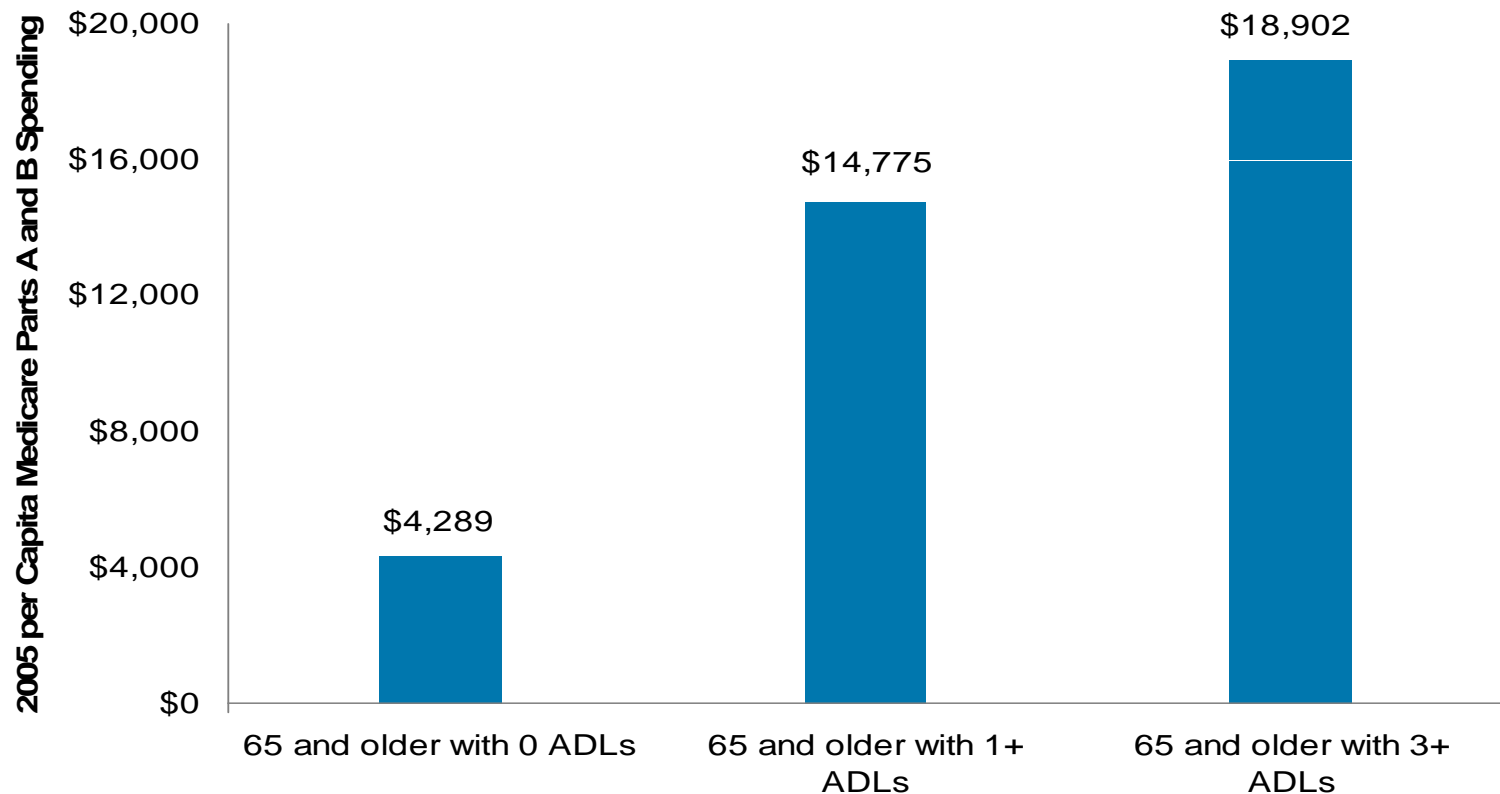
Medicare and Medicaid Average Nursing Facility Rates, Payments, and Net Payments, 2005 - 2006

Year	Medicare Margin	Medicaid Shortfall	Net Payments
2006	\$3.31 Billion	(\$4.68 Billion)	(\$1.37 Billion)
2005	\$2.82 Billion	(\$4.60 Billion)	(\$1.78 Billion)

Source: BDO Siedman, LLP, and Eljay, LLC, A Report on Shortfalls in Medicaid Funding for Nursing Home Care, Sept. 2007; Eljay, LLC, A Report on Shortfalls in Medicaid Funding for Nursing Home Care, Oct. 2008. Medicare margin percentage derived from March 2008 Medicare Payment Advisory Commission Report to Congress.

# Medicare Spends Almost 4.5 Times More Per Person on the Elderly in Need of Long-Term Care

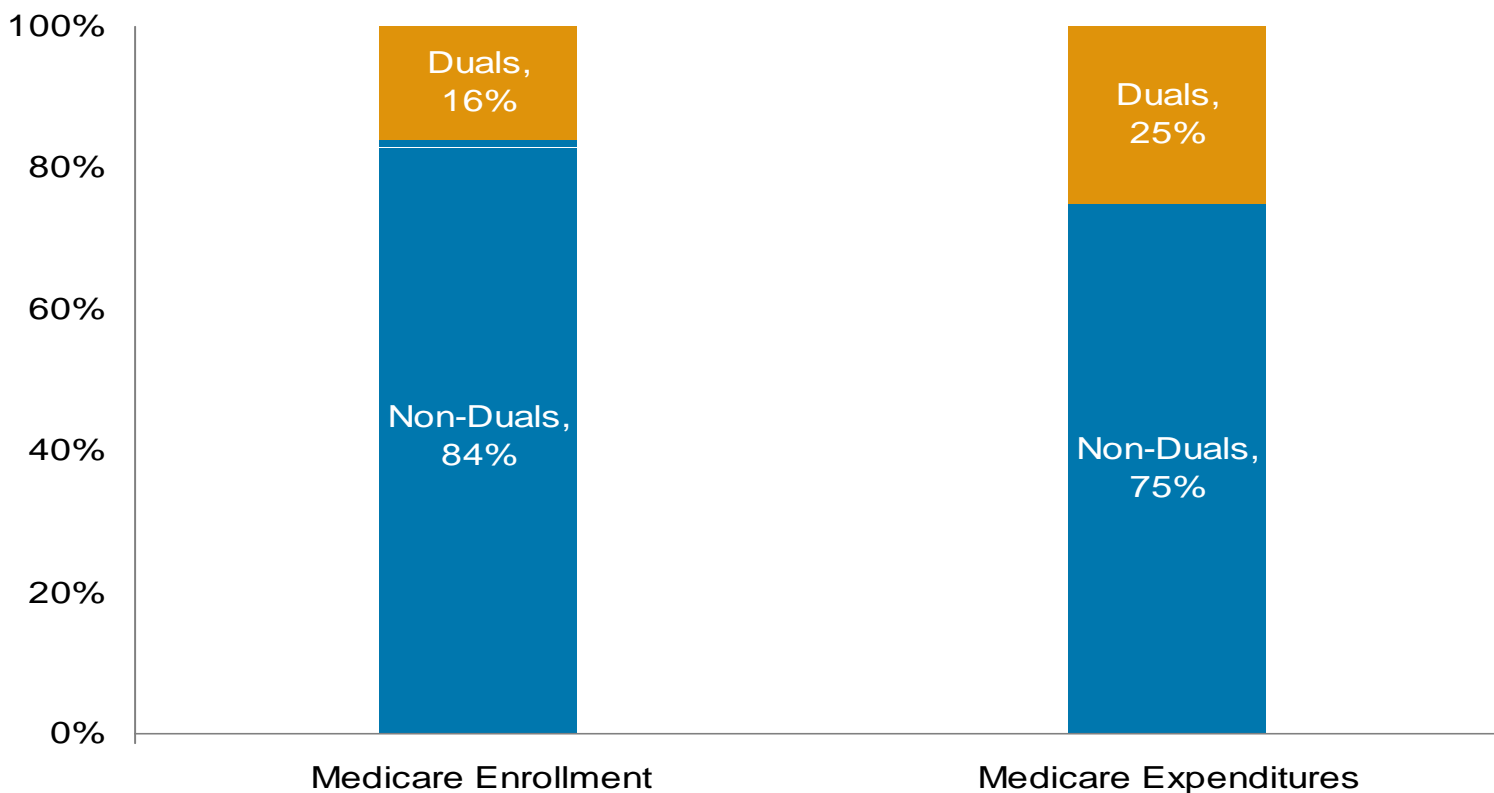
2005 Medicare Parts A and B per Capita Spending



Source: Avalere analysis of the Medicare Current Beneficiary Survey 2005 Access to Care data.

# Dual Eligibles Also Consume a Disproportionate Share of Total Medicare Spending

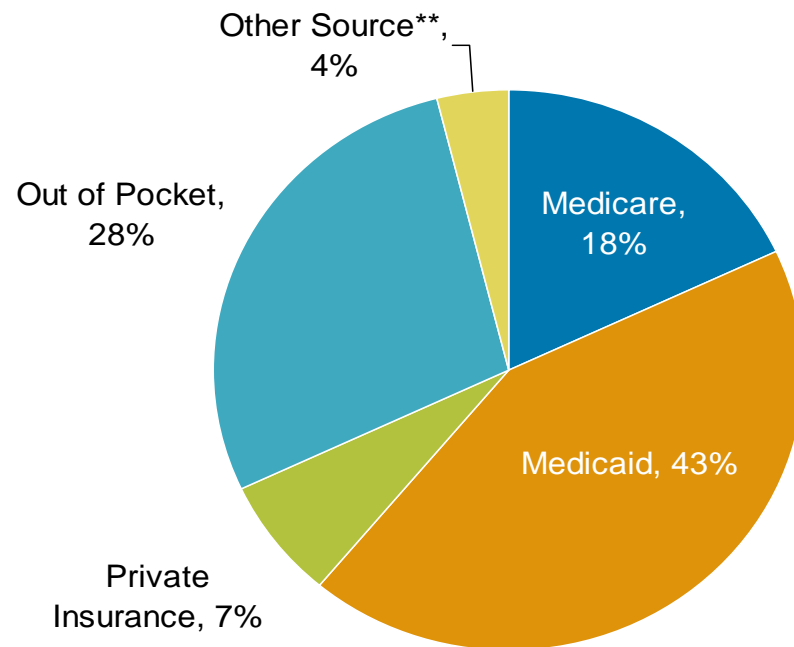
Estimated Medicare Enrollment and Expenditures, FY 2005



Source: Centers for Medicare & Medicaid Services. Medicare Current Beneficiary Survey 2003 Section 8. How do Dual Eligible Medicare Beneficiaries compare to Non-Dual Eligible Medicare Beneficiaries?; MedPAC. June 2008 Data Book.

# Thirty-Five Percent of Long-Term Care is Privately Financed

**2006 Sources of Payment for Long-Term Care (Home Health, Nursing Facility, and Assisted Living Care) as a Percent of Total Payments**



**Total 2006 Payments = \$231 billion**

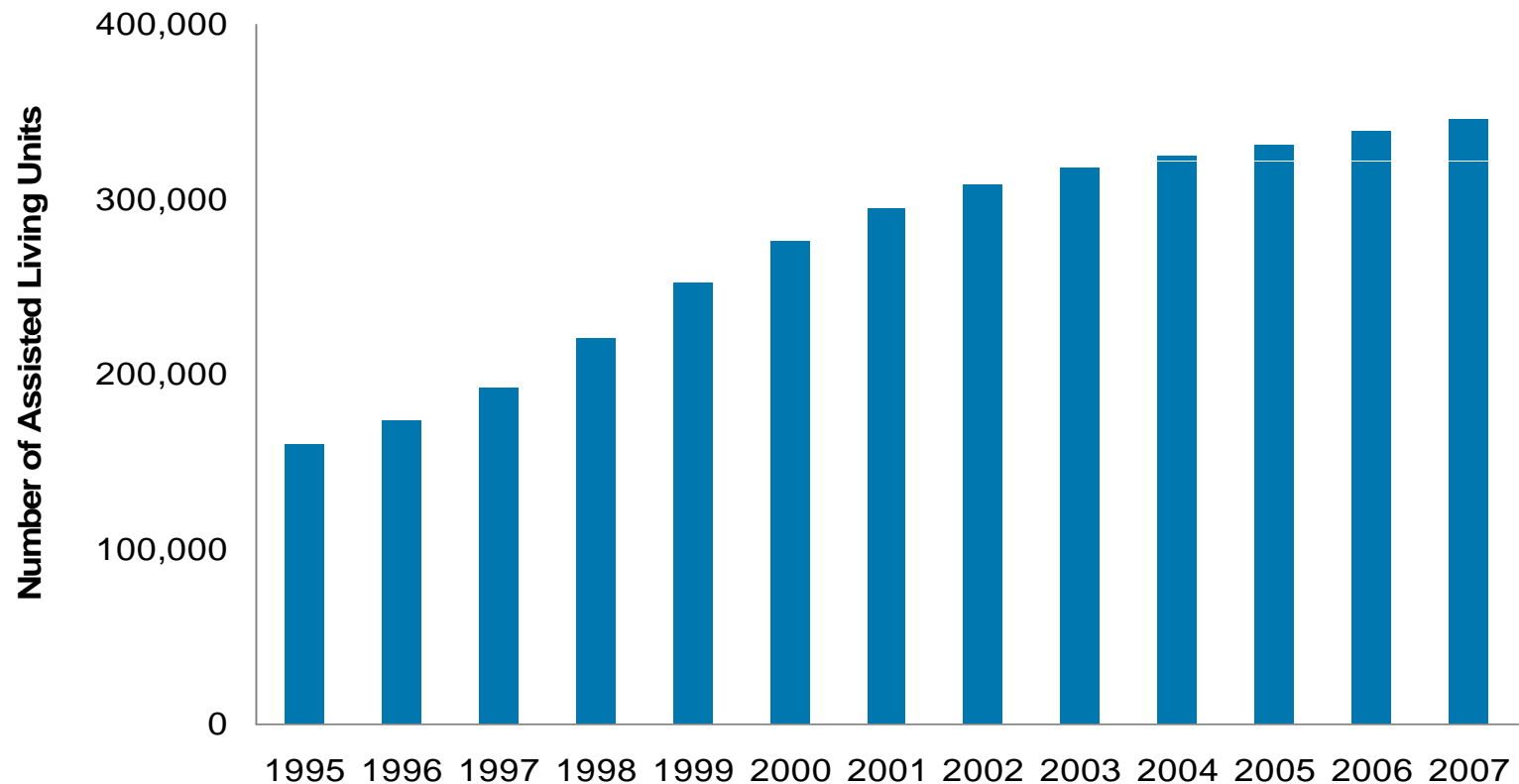
Source: 2006 CMS National Health Expenditure Data; Medicaid Expenditures for Long-Term Care Services: 2006 by Brian Burwell, Kate Sredl, and Steve Eiken; National Investment Center for the Seniors Housing and Care Industry MAP Data and Analysis Service, estimates include spending on assisted living, dementia care, and board and care homes.

\*Gibson, Mary Jo, Ari N. Houser, In Brief: Valuing the Invaluable: A New Look at the Economic Value of Family Caregiving, AARP Public Policy Institute, June 2007.

\*\*Other source includes Veterans Affairs and other state and local programs

# Individuals and Families' Willingness to Privately Pay for Assisted Living Care May Have Contributed to Rapid Growth

Growth in the Number of Assisted Living Units



Source: National Investment Center for the Seniors Housing and Care Industry, MAP Data & Analysis Service.

## Reform Your Thinking - Long-Term Care Matters To All Americans

92% of Americans agree: It's important to improve insurance coverage for services that help people remain in their own homes, instead of going to nursing homes.\*

79% of Americans say they are more likely to support a health care reform package that includes improved home and community-based long-term care coverage.

78% of Americans say health care reform would benefit them personally if it included improved home and community-based long-term care coverage.

Regardless of party ID, age, gender, or income level, concern about long-term care spans large majorities of all demographic groups.

•Lake Research Partners poll of 1,022 adults 18+ conducted  
•June 26–29, 2009. Margin of sampling error +/- 3.1 percentage points.