MINNESOTA LTSS PROJECTION MODEL: MN-LPM

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December 7, 2018

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UNIVERSITY OF MINNESOTA

Background

MN Own your Future Objectives

Education and Awareness

- Making Minnesotans more aware of the need to plan for their long-term care,

Product Development

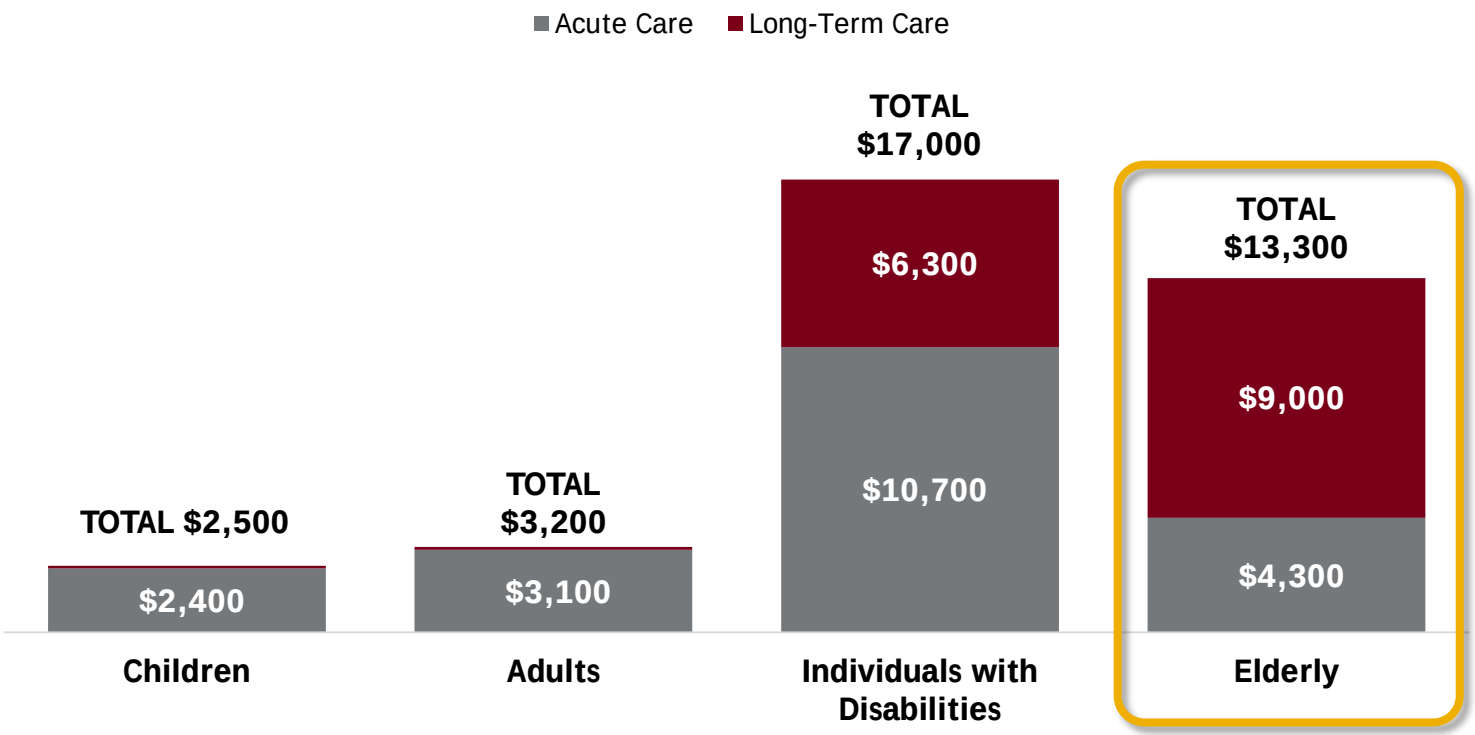
- Developing more affordable and suitable insurance and financial products that can help middle income Minnesotans pay for their long-term care,

Aligning Incentives

- So that Medicaid is supportive of private financing of long-term care.

Elderly represents 5.5% of Mcaid enrollment but costs are significant

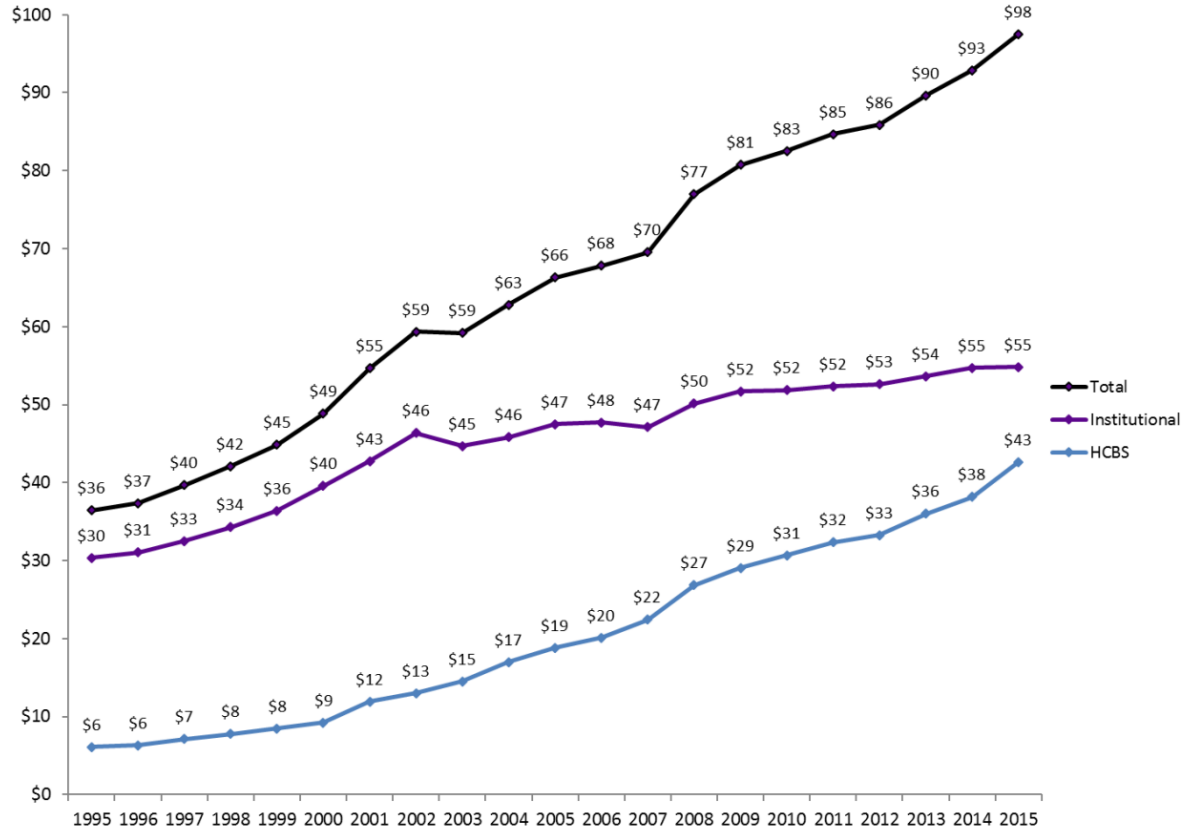
Medicaid per enrollee spending is significantly greater for the elderly and individuals with disabilities compared to children and adults.



Note: Rounded to nearest $100. Spending may not sum to totals due to rounding.
Source: Kaiser Family Foundation and Urban Institute estimates based on data from FY 2013 MSIS and CMS-64 reports. Due to lack of data, does not include CO, KS, NC, or RI

Medicaid LTSS expenditures a large and growing part of state budgets

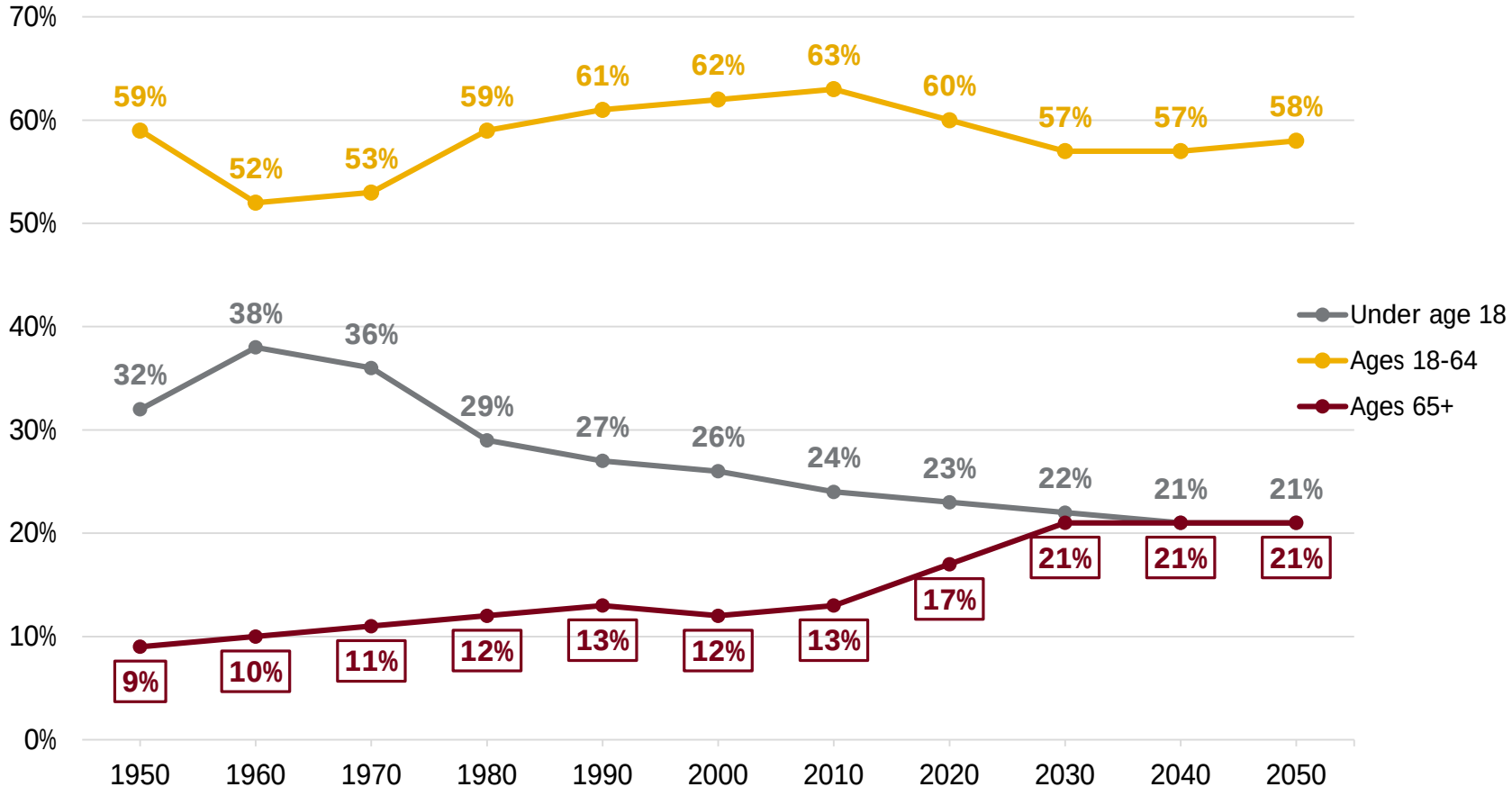
Figure 11. Medicaid LTSS Expenditures Targeted to Older Adults and People with Physical Disabilities, by Service Category, FY 1995–2015 (in billions)



Eiken S et al. Medicaid Expenditures for LTSS in FY 2015. Truven. 2017.

Minnesota's aging population continues to grow as baby boomers age

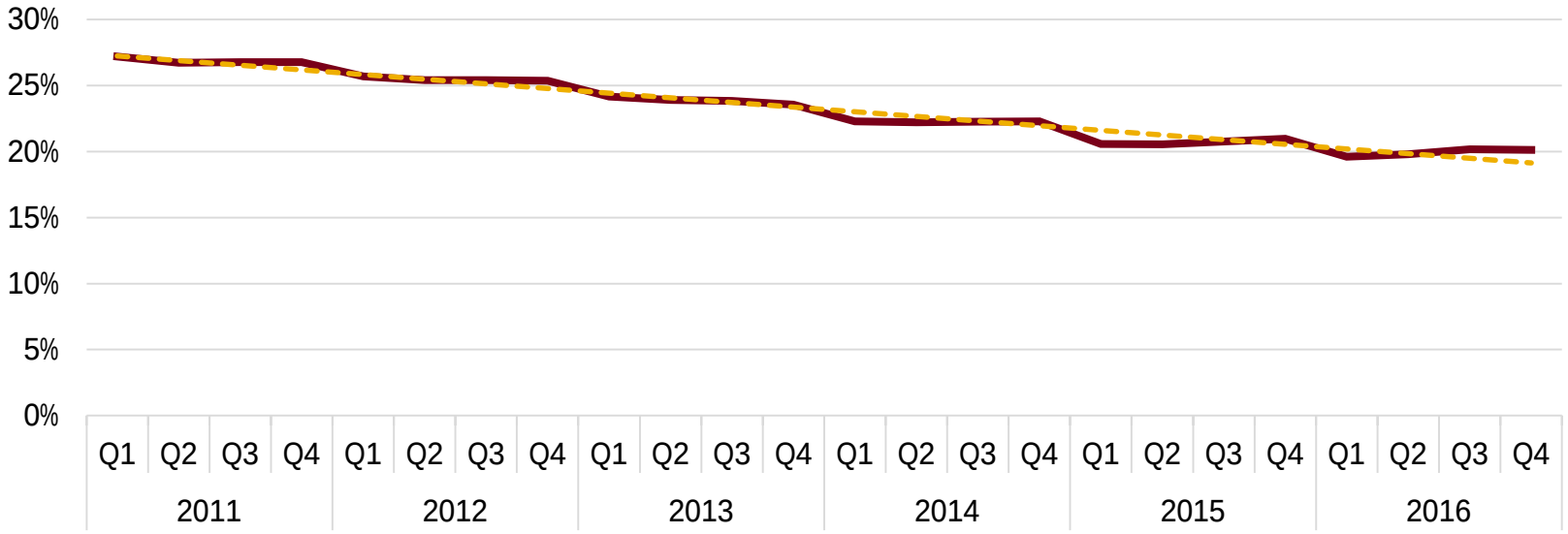
Historical and Projected Population Shares By Three Major Age Groups, Minnesota, 1950-2050



Source: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center Projections.

Rebalancing: Minnesota's use of Nursing Facilities has declined over time

Decline of 25% from 2011 to 2016



Medicaid Elderly Waiver

Alternative Care Program

***State-Funded* Essential Community Support**

Source: SHADAC analysis of MMIS, 2011-2016

Our model

Model Overview

Projections

- Use and Costs of LTSS for MN Medicaid Elderly
- Baseline of 2015 projected to 2020 and 2030

Use of Minnesota-specific Data

- 2015 MMIS on LTSS spending as baseline
- Minnesota-specific demographic inputs

Target Population

- Elderly age 65 +
- Excludes disabled and under age 65
- Excludes acute care services

Minnesota residents aged 50 or older in 2015 who will be 65 or older in 2030

Data Sources

Main data sources

- American Community Survey, five-year file (2015)
- Minnesota's Medicaid Management Information System (2014-2016)

Secondary data sources

- Health and Retirement Study (2000, 2006, 2014)
- Minnesota Health Access Survey (2015)
- Survey of Older Minnesotans (2015)
- Behavioral Risk Factor Surveillance System (2015)

A few notes on the data

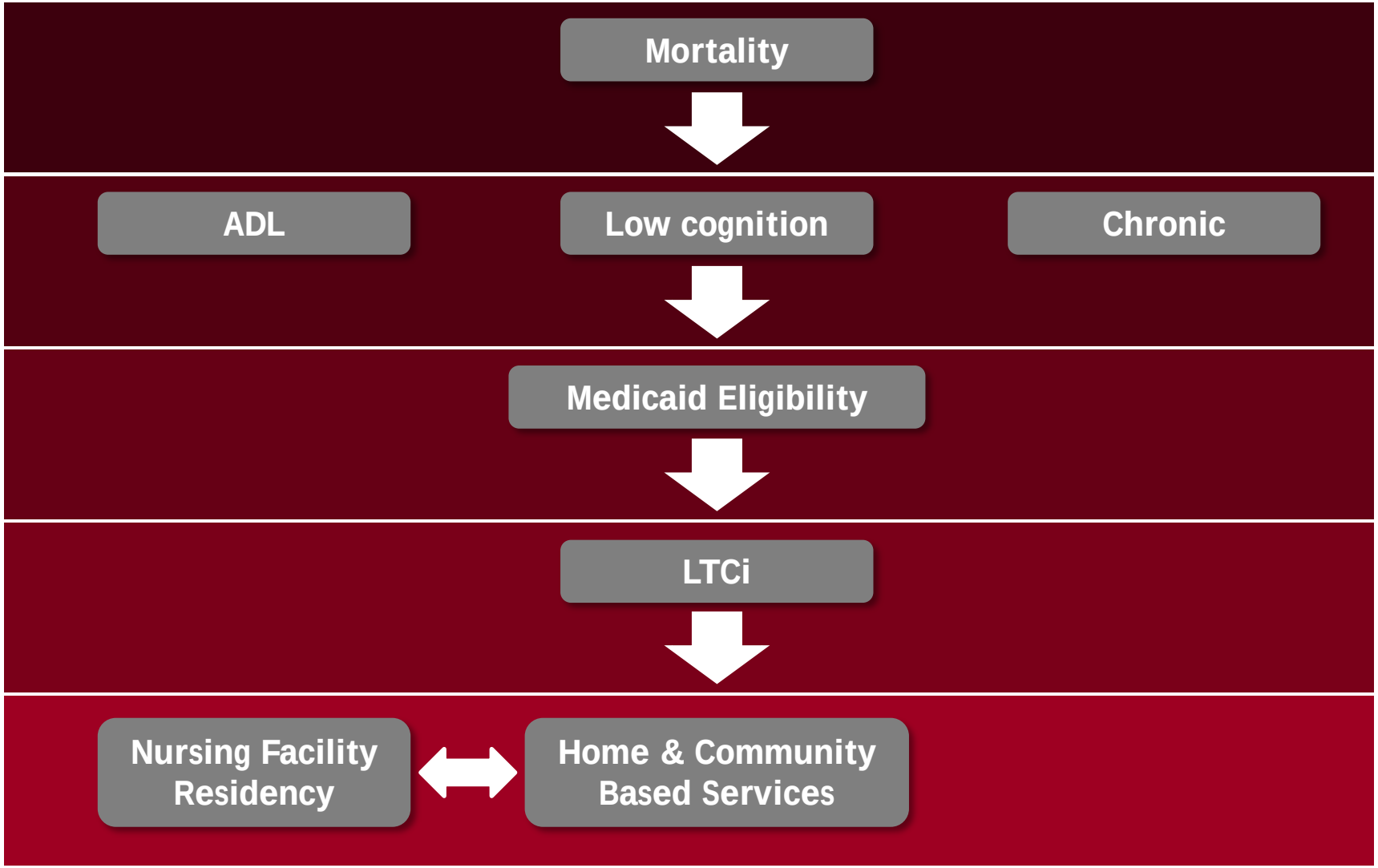
Baseline data – FFS data plus disaggregated encounter data

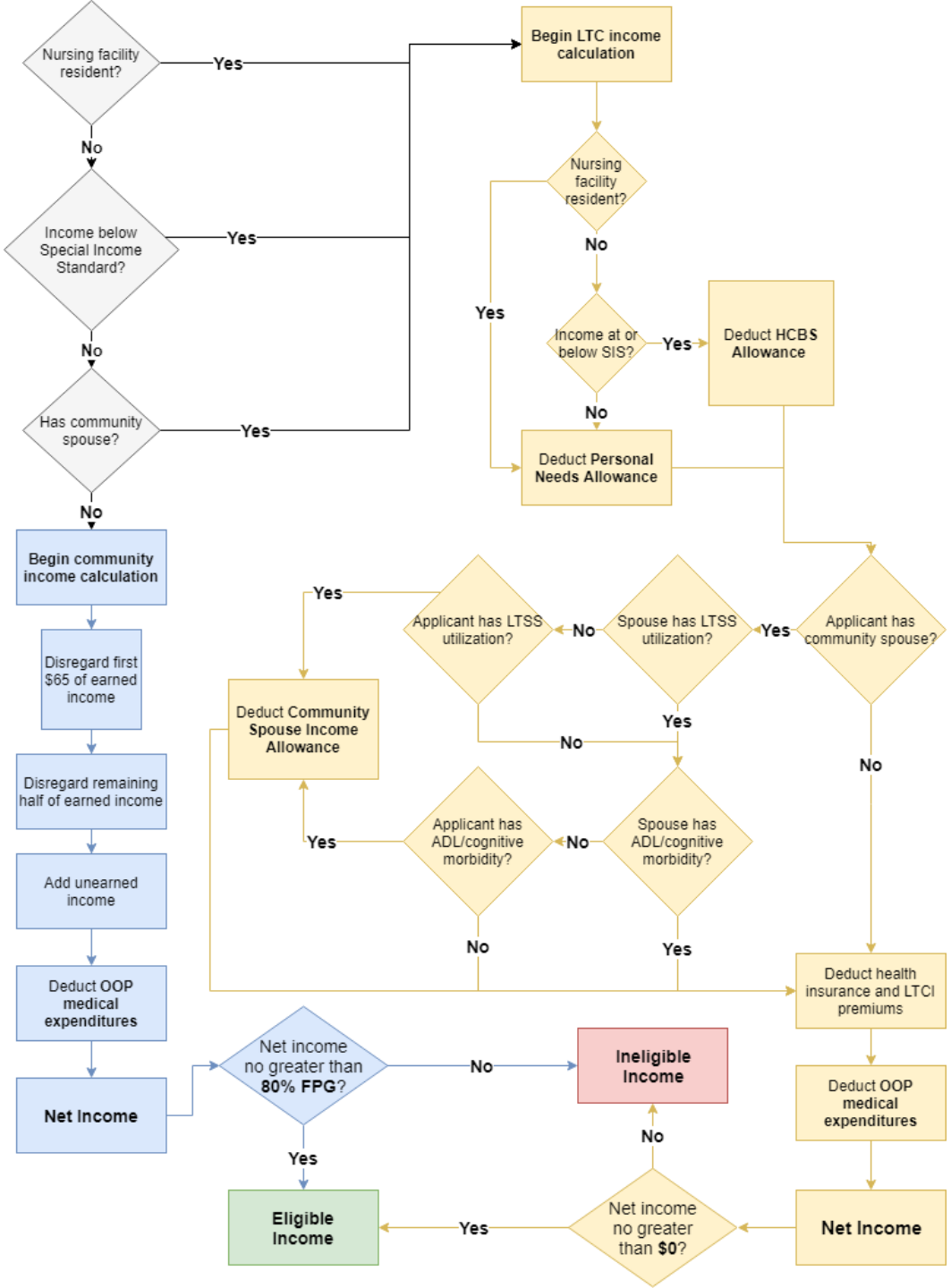
- Managed care plans represent apx 60% of all expenditures

Nursing Facility Definition

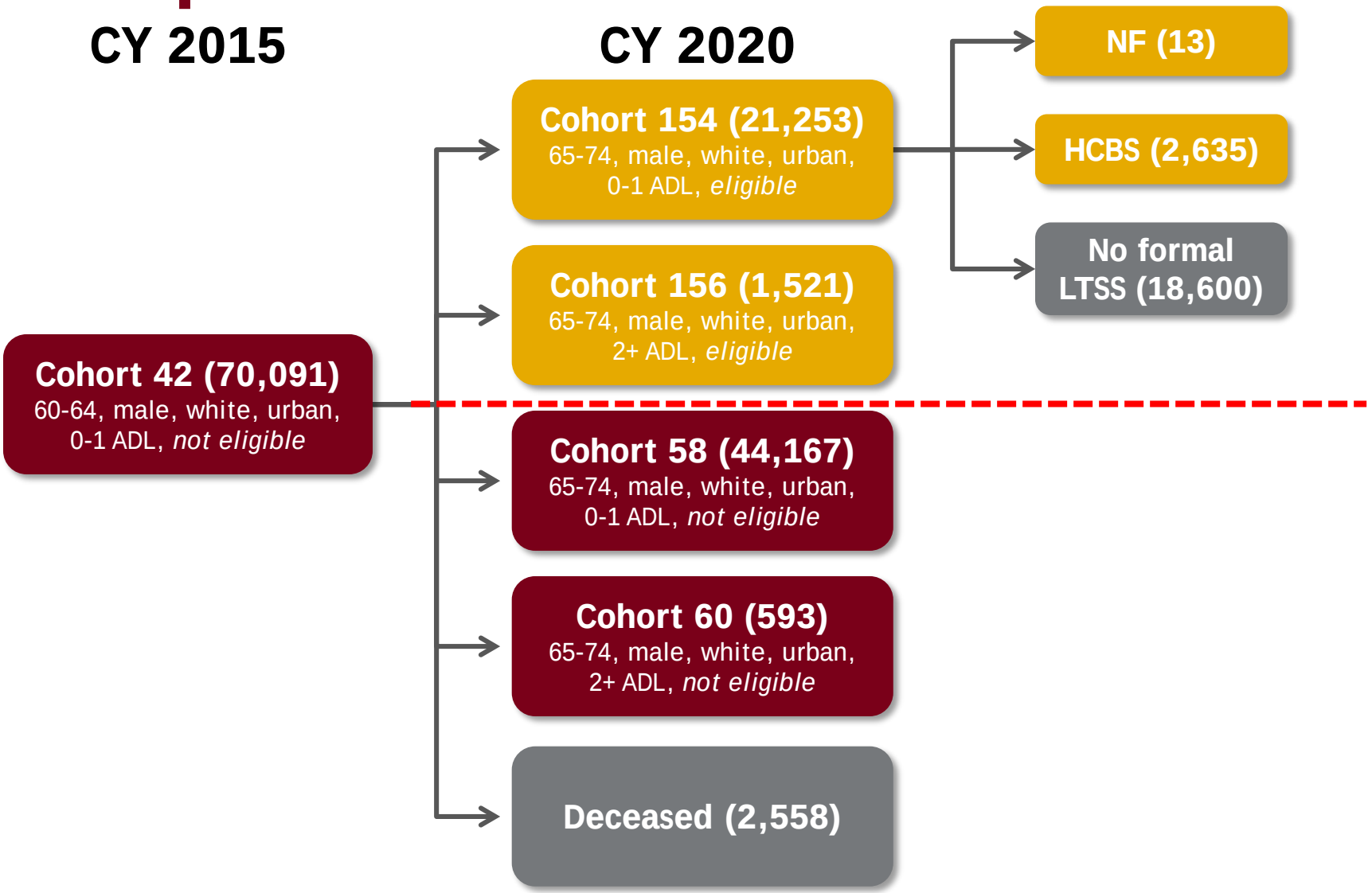
- Stayed 100 or more consecutive days at a nursing facility
- Had a at least one nursing facility stay in 6 or more months in 2015
- Spent 180 or more days in a nursing facility in 2015.
- Excludes post-acute short term rehab stays

Projection Framework

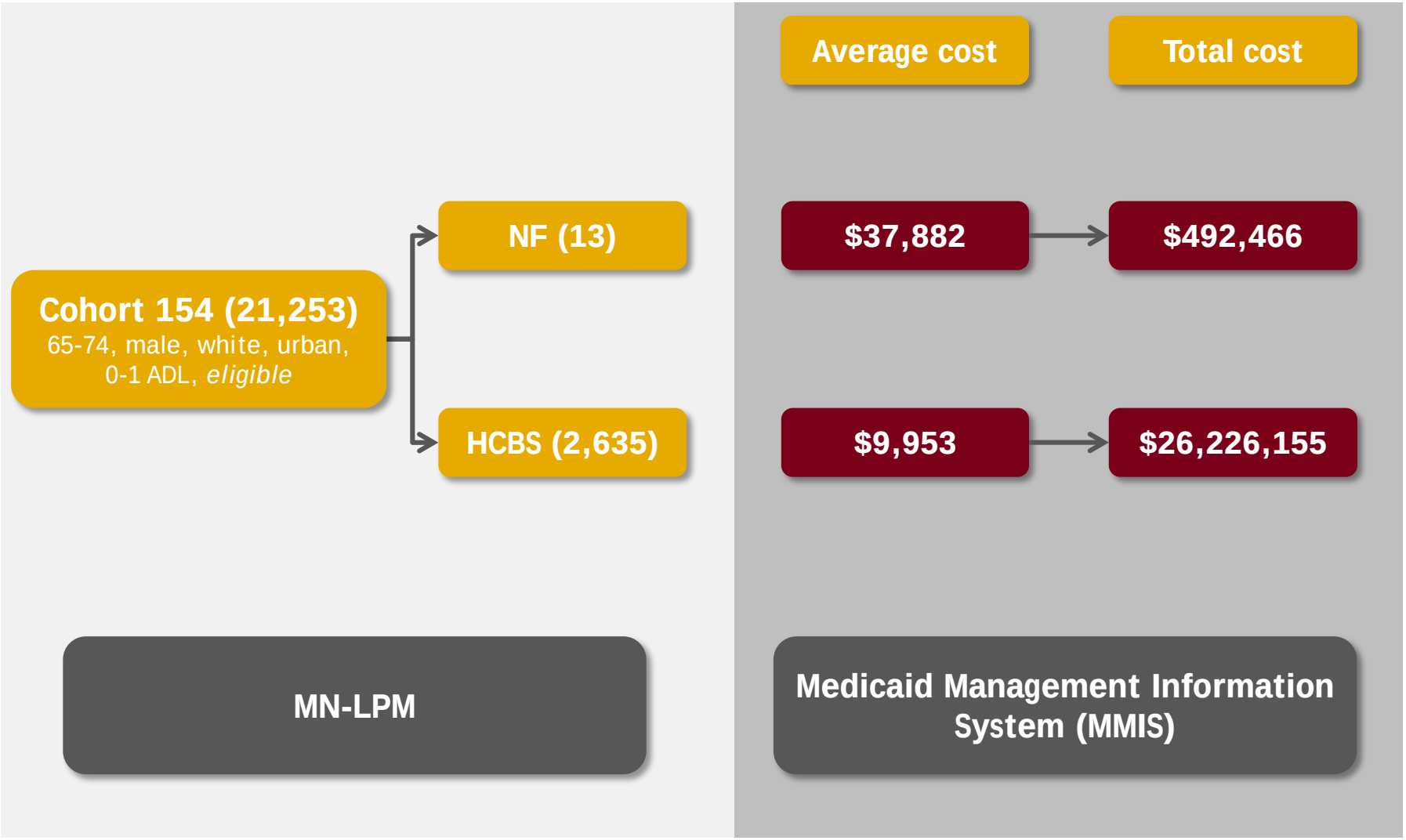



Nursing facility resident?
Yes
No
Income below Special Income Standard?
Yes
No
Has community spouse?
Yes
No
Begin LTC income calculation
Nursing facility resident?
No
Yes
Income at or below SIS?
Yes
Deduct HCBS Allowance
No
Deduct Personal Needs Allowance
Begin community income calculation
Disregard first $65 of earned income
Disregard remaining half of earned income
Add unearned income
Deduct OOP medical expenditures
Net Income
Applicant has LTSS utilization?
Yes
No
Spouse has LTSS utilization?
Yes
No
Applicant has community spouse?
Deduct Community Spouse Income Allowance
Applicant has ADL/cognitive morbidity?
Yes
No
Spouse has ADL/cognitive morbidity?
No
Yes
Deduct health insurance and LTCI premiums
Deduct OOP medical expenditures
Net Income
Net income no greater than $0?
Yes
No
Net income no greater than 80% FPG?
Yes
No
Eligible Income
Ineligible Income

Example


CY 2015
CY 2020
Cohort 42 (70,091)
60-64, male, white, urban, 0-1 ADL, not eligible
Cohort 154 (21,253)
65-74, male, white, urban, 0-1 ADL, eligible
Cohort 156 (1,521)
65-74, male, white, urban, 2+ ADL, eligible
Cohort 58 (44,167)
65-74, male, white, urban, 0-1 ADL, not eligible
Cohort 60 (593)
65-74, male, white, urban, 2+ ADL, not eligible
Deceased (2,558)
NF (13)
HCBS (2,635)
No formal LTSS (18,600)

Example (cont'd)



Baseline

2015 Baseline: Utilization and Costs

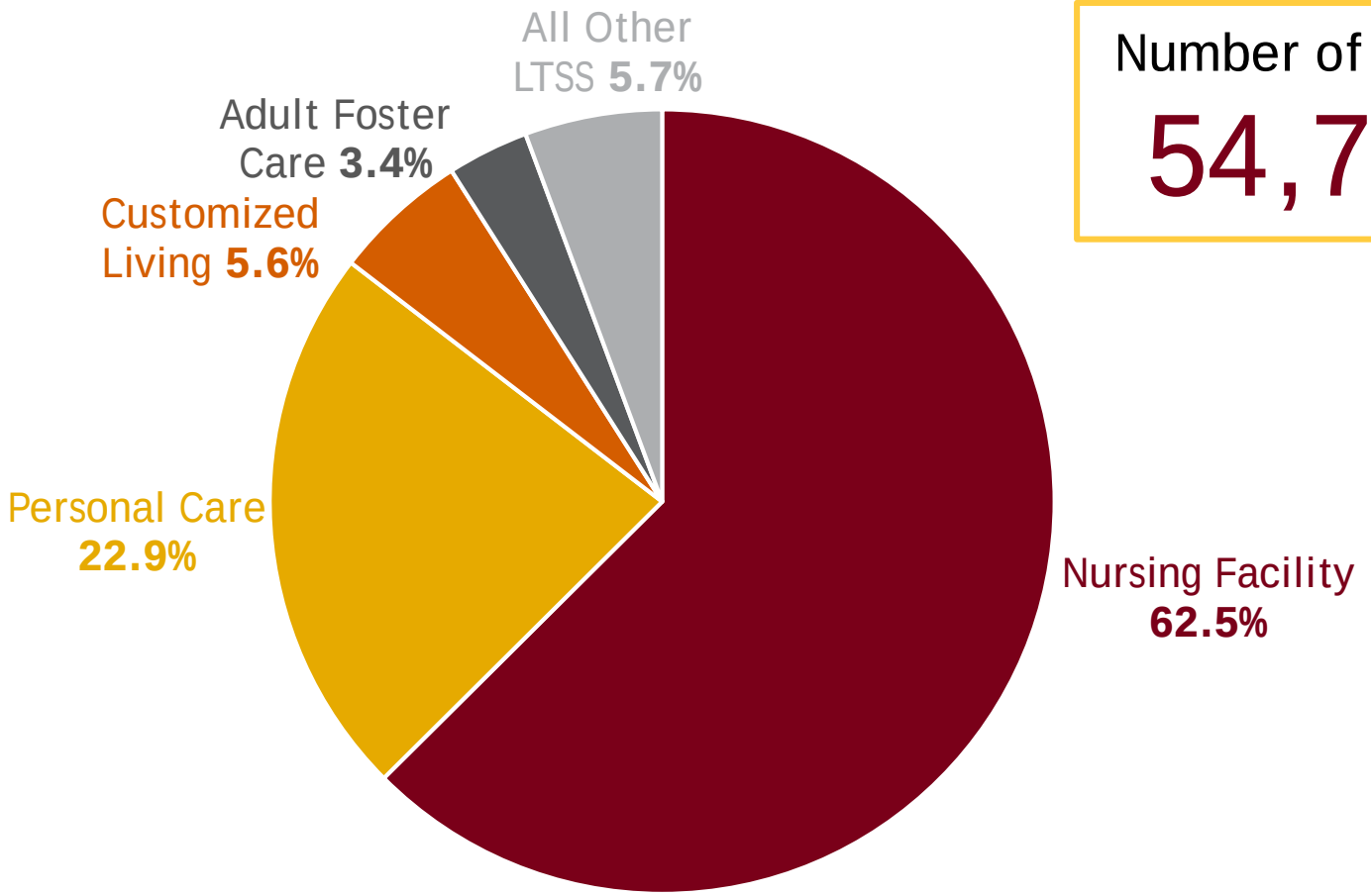
- **54,773** Minnesotans made claims for LTSS they received at home or in nursing facilities
- Medicaid spending on LTSS: **$991 million**

	Users	Total Cost (millions)
NF residents	16,942	$620
HCBS	37,831	$371
Total	**54,773**	**$991**

Source: SHADAC's analysis of MMIS, 2015

2015 Baseline - All Medicaid LTSS Expenditures ($990.6 million)

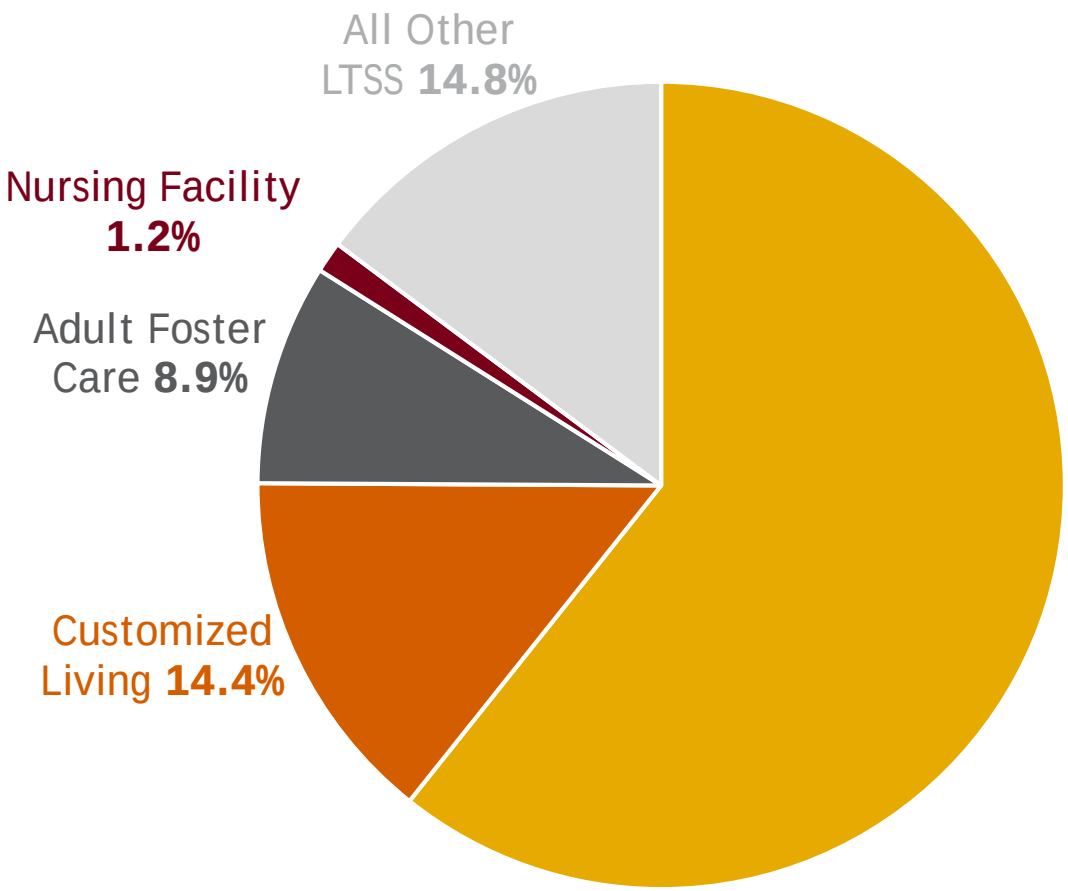
2/3 of all spending on nursing facility services



Number of Users:

54,773

2015 Baseline Community-Based LTSS Expenditures ($370.6 million)



Number of Users:

37,831

Utilization and Projections

Utilization and Projections - People

Preliminary Results

- If no policy is implemented, we project that by 2030 the number of Medicaid enrollees who are nursing facilities residents will grow 12%, whereas the number of Minnesotans using HCBS will double – 104% growth

	2015	2020	2030	2015-2030
NF residents	16,942	12,000	19,000	12%
HCBS	37,831	56,000	75,000	104%
Total	54,773	68,000	94,000	76%

Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi

Utilization and Projections - Dollars

Preliminary Results

- We project that by 2030 Medicaid expenditures on LTSS will grow by 73% ($723 million)

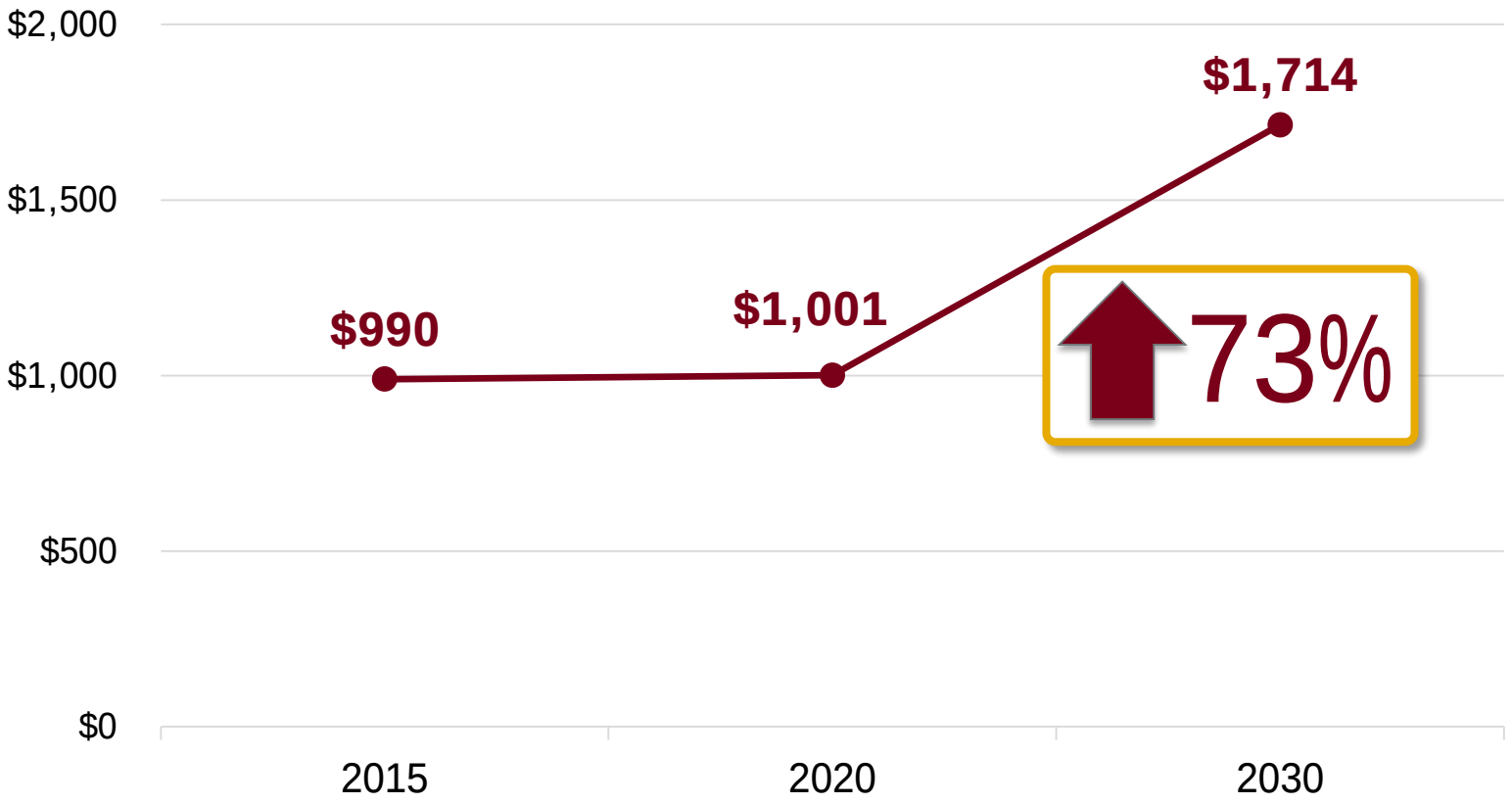
	2015	2020	2030	2015-2030
NF residents (in millions)	$620	$505	$975	57%
HCBS (in millions)	$371	$496	$739	99%
Total (in millions)	**$991**	**$1,001**	**$1,714**	**73%**

Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi
Estimates assume an average inflation rate of 2%

- This increase in expenditures is driven by the growth in HCBS utilization (104% growth)

Utilization and Cost Projections

We estimate that total Medicaid spending on LTSS will more than double by 2030 (in millions)



Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi
Estimates assume an average inflation rate of 2%

Policies Evaluated - Preliminary

Enhanced Home Care Benefit

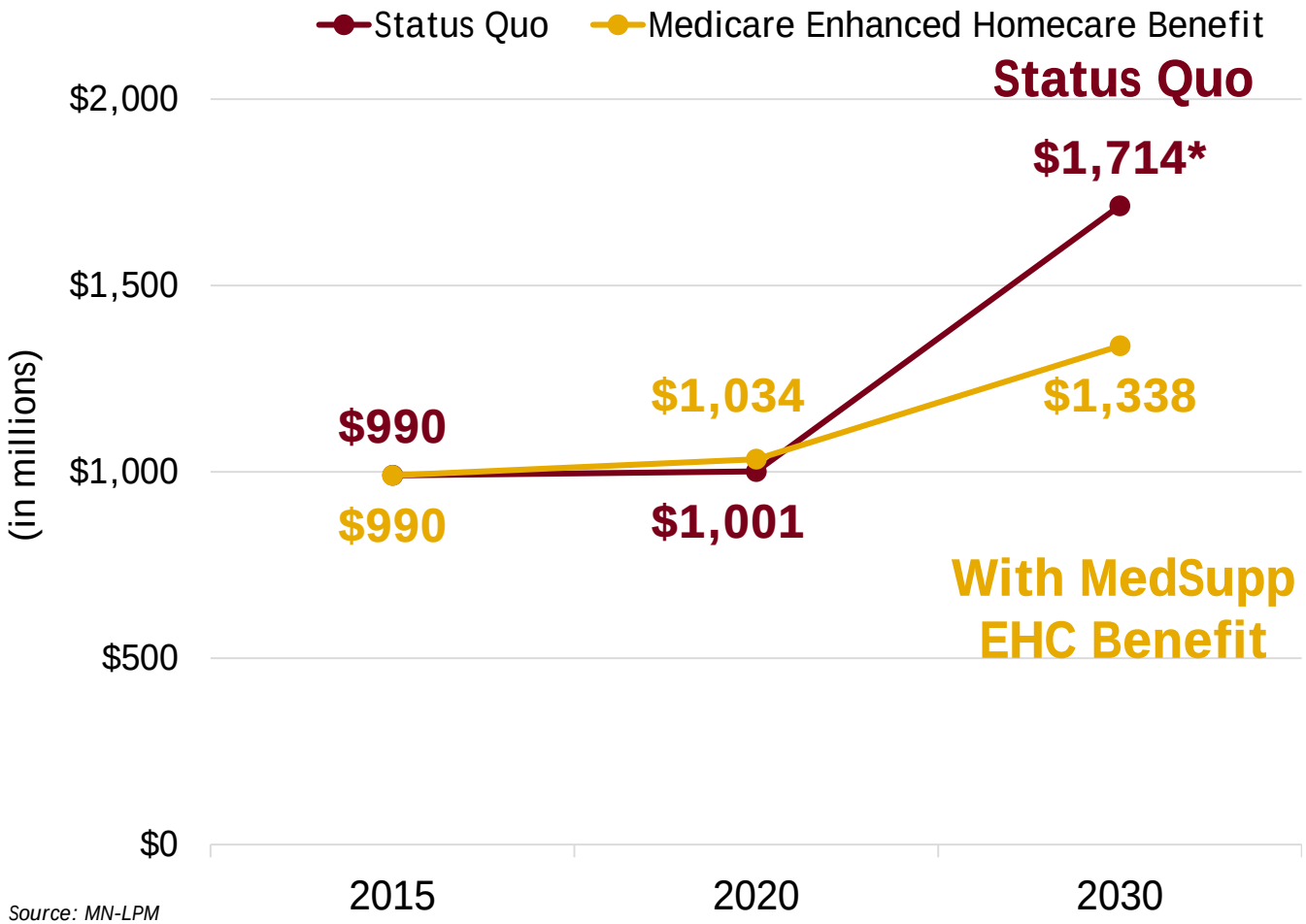
- Non-med chore services, service coordination, adult day care
- Maximum daily benefit of $100 and lifetime benefit of $50,000
- Benefit embedded in all Medicare Advantage, Medigap plans

LifeStage Insurance Product

- Blended product of life insurance and LTCi policy
- Life insurance benefit up to age 64 and after age 65 becomes a LTCi policy
- Targeted to employed adults with high school or higher education, aged 35–55, with annual household income between $50,000 and $500,00

EHC Benefit in MediSupp Plans

Preliminary Results



Estimated 22% Savings of Baseline Projeciton or $376 million (in 2030 dollars)

Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi
Estimates assume an average inflation rate of 2%

* Statistically different

Policies Effects, LifeStage

Preliminary Results

- **Our estimates do not show Medicaid LTSS cost savings under the LifeStage implementation scenario that are statistically different than the status quo**
  - LifeStage has a relatively young market target
  - More benefits are likely observable in projections beyond 2030
- **A full evaluation of LifeStage would require:**
  - Projections beyond 2030
  - Considering other outcomes
    - Out-of-pocket LTSS expenditures
    - Minnesotans' Assets and income

Summary – MN LTSS Projection Model

- **State Platform** that can be added to and developed over time
- Key is use of **state-specific data** inputs especially the MMIS LTSS expenditure data
- **Working collaboratively** with state Medicaid to understand eligibility criteria, existing and new programs, refine model
- **Disability service** costs important but different population, different needs and modeling approach

Next Steps

On-going refinements

- Projecting household income and savings into 2030 and how these would be affected by the policies evaluated

Other possible extensions

- Considering projections beyond 2030
- Policy options
  - Other LTC insurance options
  - Increases in disposable income (e.g., tax credits or reverse mortgage)
  - Social determinants of health (e.g., implementing programs that reduce food-insecurity)
- Context scenarios
  - Medical advancements (e.g., finding a cure for Alzheimer)
  - Provider supply (e.g., different scenarios of how the supply will respond to the increased demand for HCBS or NH care)

Acknowledgements

University of Minnesota-SHADAC

- Giovann Alarcon, Robert Hest, Mark Woodhouse, and Benjamin Capistrant

MN Department of Human Services

- Own Your Future, Aging Transformation-LaRhae Knatterud
- Marie Zimmerman, Medicaid Director

Consultants

- John Cutler and John O’Leary

THANK YOU

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