Medicare Beneficiaries with Serious Physical or Cognitive Limitations (PCI)

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OVERVIEW

• Medicare beneficiaries with serious physical and/or cognitive impairment need both medical care and long-term services and supports (LTSS)
  • 28% of community-dwelling Medicare beneficiaries with PCI plus
    5% of elderly Medicare beneficiaries in nursing homes
  • Medicare spending and out-of-pocket spending
  • Risk of nursing home placement
  • Risk of spending down to Medicaid

• Policies to Improve Coverage and Care
  • Medicare Help at Home: A policy proposal to cover home and community-based care under Medicare
  • Integrated Care Organizations: an extension of ACOs accountable for integrating medical and LTSS services
  • Innovative models of care delivery in the home and community

• Conclusion
One-third of Medicare Beneficiaries with PCI not Covered by Medicaid

Poverty Distribution of those with Integrated Care Needs
19% of Medicare Beneficiaries Have Integrated Care Needs

- Medicaid: 26%
- <200%: 34%
- >200%: 40%

MEAN ANNUAL MEDICARE SPENDING FOR MEDICARE BENEFICIARIES WITH PCI AND WITHOUT PCI, BY INCOME, 2016

High-Need, High-Cost Patients: Challenges and Promising Models
PERCENTAGE OF THOSE WITH HIGH OUT-OF-POCKET SPENDING AS A PERCENT OF INCOME FOR MEDICARE BENEFICIARIES WITH PCI AND WITHOUT PCI, 2016
ADJUSTED CUMULATIVE PROBABILITY OF BEING PLACED IN A NURSING HOME OVER THE FOURTEEN YEAR FOLLOW-UP PERIOD BY BASELINE PCI STATUS

Cumulative Probability

Years

Dementia
Serious Physical Impairment
Mild Cognitive Impairment
No PCI
### ENTRY INTO MEDICAID OVER TIME BY PCI AND HIGH OUT-OF-POCKET SPENDING AMONG MEDICARE BENEFICIARIES AGES 65 AND OLDER IN 1998

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<th>Time (Years)</th>
<th>High OOP: PCI</th>
<th>High OOP: No PCI</th>
<th>No High OOP: PCI</th>
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POLICIES TO IMPROVE COVERAGE AND CARE FOR MEDICARE BENEFICIARIES WITH PCI

• Medicare Help at Home: A policy proposal to cover home and community-based care under Medicare
• Integrated Care Organizations: an extension of ACOs accountable for integrating medical and LTSS services
• Innovative models of care delivery in the home and community
## New Home and Community Care Benefit for Medicare Beneficiaries with Integrated Care Needs

<table>
<thead>
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<th>Integrated Coordinated Care Benefit Option</th>
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<td><strong>Target group:</strong> Living at home or community with significant physical or cognitive impairment, end-of-life, temporary debilitating conditions</td>
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<td><strong>Estimated population at risk</strong> 17% of Medicare beneficiaries in community. Target the two-thirds at risk not on Medicaid</td>
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<td><strong>Coordinated integrated care benefit</strong> 20 hours per week of personal care or alternatively up to $400 weekly for home and community-based care; individualized care plan; support for family caregivers</td>
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<td><strong>Financing</strong></td>
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<td>• Income-related cost-sharing (5% to 50%)</td>
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<td>• Medicare beneficiary premium of $42 per month</td>
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<td>• Payroll tax financing (0.4 percent on employers and on employees)</td>
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<td><strong>Care Redesign</strong> Integrated Care Organizations Innovative Home and Community-based Care Delivery</td>
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High-Need, High-Cost Patients: Challenges and Promising Models
Conclusion

- Current Medicare benefit structure poorly suited to beneficiaries with serious physical or cognitive impairment who require both medical care and long-term services and supports (LTSS)
- About 9 million Medicare beneficiaries with integrated care needs account for 17% of all beneficiaries and 32% of Medicare spending
- Less than a third of Medicare beneficiaries with integrated care needs are dual eligibles; others with modest incomes are at high risk for future Medicaid eligibility and nursing home placement
- Need for expanding Medicare benefits to include home and community-based services for beneficiaries with integrated care needs to support independent living and family caregivers, and prevent nursing home placement
- Integrated Care Organizations (ICOs) providing home and community-based services to Medicare beneficiaries with integrated care needs living at home; adoption of innovative delivery models; ICOs eligible for shared savings from reduced nursing home placement
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Karen Davis, Amber Willink, and Cathy Schoen, Medicare Help at Home, Health Affairs, April 13, 2016
K. Davis et al. Innovative Care Models for High Cost Medicare Beneficiaries, American Journal of Managed Care, 21(5), 2015.

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