Medicare-Medicaid Dual Eligibles
Characteristics, Care Needs, and Costs

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for the
National Health Policy Forum
Washington, DC
October 21, 2011
Introduction and Overview

- Dual eligibles under age 65 often have characteristics and care needs that differ from those of duals age 65 and over
  - Nearly 40 percent of dual eligibles are under age 65
  - Almost all have disabilities or chronic illnesses, and over 40 percent have mental illnesses

- Dual eligibles age 65 and older are generally sicker and poorer than non-dual Medicare beneficiaries age 65 and older
  - But many are healthy with relatively limited health care needs

- Overall Medicare and Medicaid expenditures for dual eligibles are approximately the same
  - Medicare covers most primary and acute care costs, and Medicaid covers most costs for long term supports and services (LTSS), including nursing facility and home- and community-based services

- Medicare and Medicaid financing, care delivery, and accountability are intertwined in exceedingly complex ways
  - There is no simple fix
Composition of the Dual Eligible Population

- 9 million dual eligibles in 2007 *(Kaiser, December 2010)*
  - 62 percent were age 65 or older, and 38 percent were under age 65
  - 77 percent were “full duals” receiving full Medicaid benefits
    - For “partial duals,” Medicaid pays only Medicare Part A and/or B premiums and – for some but not all – Medicare beneficiary cost sharing (deductibles, coinsurance, copayments)
Characteristics and Care Needs

- **Duals under age 65 compared to duals age 65 and older**
  
  (Kaiser, July 2010; MedPAC, June 2010)

  - **Duals under age 65 have:**
    
    - Similar low income and education levels *(MedPAC, June 2011)*
    - Lower incidence of physical illnesses (72% vs. 93%)
    - Higher incidence of physical disabilities
    - Higher incidence of mental/cognitive conditions (49% vs. 34%)
      
      - Higher levels of schizophrenia, depression, intellectual/developmental disabilities, and affective and other serious disorders
      - Lower levels of Alzheimer’s and other dementia
    
    - Lower nursing facility use
Characteristics and Care Needs (Cont.)

- Duals age 65 and older compared to other over-65 Medicare beneficiaries *(Kaiser, July 2010)*
  - Duals have:
    - Lower income and education levels *(MedPAC, June 2011)*
    - Higher incidence of physical illnesses (92% vs. 83%)
      - Higher levels of heart and lung disease and diabetes
    - Higher incidence of mental/cognitive conditions (34% vs. 18%)
      - Higher levels of Alzheimer’s, other dementia, and depression
    - Higher nursing facility use *(Kaiser, April 2009)*
Costs to Medicaid and Medicare

- 15 percent of total Medicaid beneficiaries in 2007, and 39 percent of total Medicaid expenditures (Kaiser, May 2011)

- 18 percent of Medicare FFS beneficiaries in 2007, and 31 percent of Medicare FFS expenditures (MedPAC, June 2011)

- Each program pays about half of total dual eligible costs, but for very different services
  - In 2005, Medicaid paid 63 percent of total costs of full duals enrolled in both programs for the full year (MedPAC, June 2010)
    • Based on linked Medicare and Medicaid claims data
    • Excludes capitated managed care payments and Medicaid payments for Medicare premiums
  - Transfer of Rx drugs from Medicaid to Medicare in 2006 reduced Medicaid share to about 50%
Distribution of Costs and Use by Type of Service

- **Medicaid spending by service, 2007** *(Kaiser, December 2010)*
  - Long-term care – 70%
    - 2/3 institutional and 1/3 community
  - Acute care not covered by Medicare and Rx drugs – 6%
  - Medicare acute care cost sharing (15%) and premiums (9%)  

- **Average annual Medicare payment per dual eligible by service, 2007** *(MedPAC, June 2011)*
  - **TOTAL - $16,512**
    - Inpatient and outpatient hospital - $7,016
    - Rx drugs – $4,262
    - Physician and related services - $2,884
    - Skilled nursing facility - $1,160
    - Home health - $752
    - Hospice - $403

- **Medicaid Rx drug use by dual eligibles in 2005** *(Mathematica-CMS, June 2009)*
  - **Under age 65**
    - 39% used antipsychotics and 58% used antidepressants
  - **Age 65 and over**
    - 16% used antipsychotics and 35% used antidepressants
  - **Full-year residents of nursing facilities**
    - 45% used antipsychotics and 64% used antidepressants
Sources


- Judy Kasper, et al. “Chronic Disease and Co-Morbidity Among Dual Eligibles: Implications for Patterns of Medicaid and Medicare Service Use and Spending.” Kaiser Commission on Medicaid and the Uninsured, July 2010

  - Available at: http://www.cms.gov/MedicaidDataSourcesGenInfo/08_MedicaidPharmacy.asp.


- MedPAC. “A Data Book.” Section 3, Dual-eligible beneficiaries, June 2011