MINNESOTA LTSS PROJECTION MODEL: MN-LPM

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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,
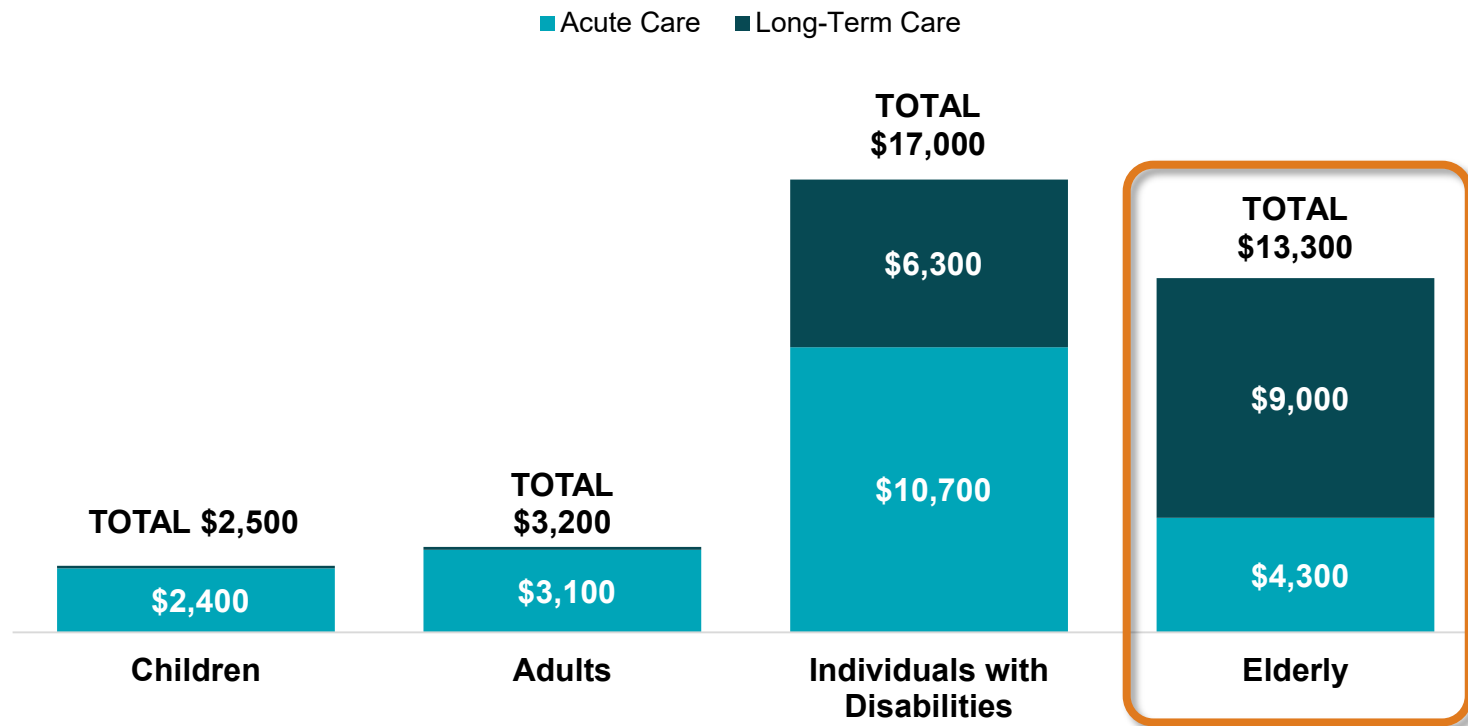
- **Aligning Incentives**
  - So that Medicaid is supportive

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.

■ Acute Care ■ Long-Term Care

TOTAL $17,000

TOTAL $13,300

$6,300

$9,000

TOTAL $2,500

TOTAL $3,200

$10,700

$4,300

$2,400

$3,100

Children

Adults

Individuals with Disabilities

Elderly

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

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

Historical and Projected Population Shares By Three Major Age Groups, Minnesota, 1950-2050
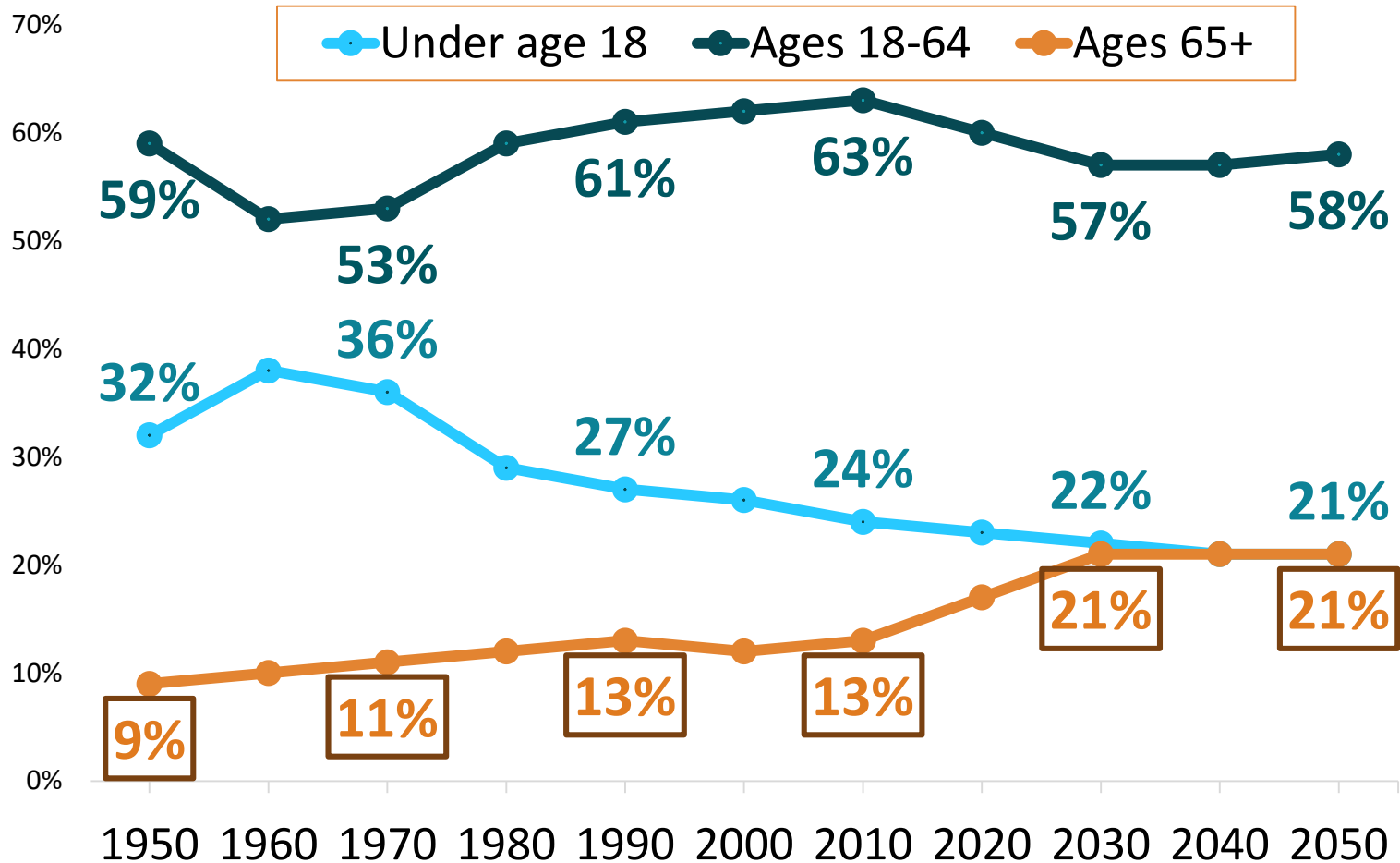
Source: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center Projections.

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

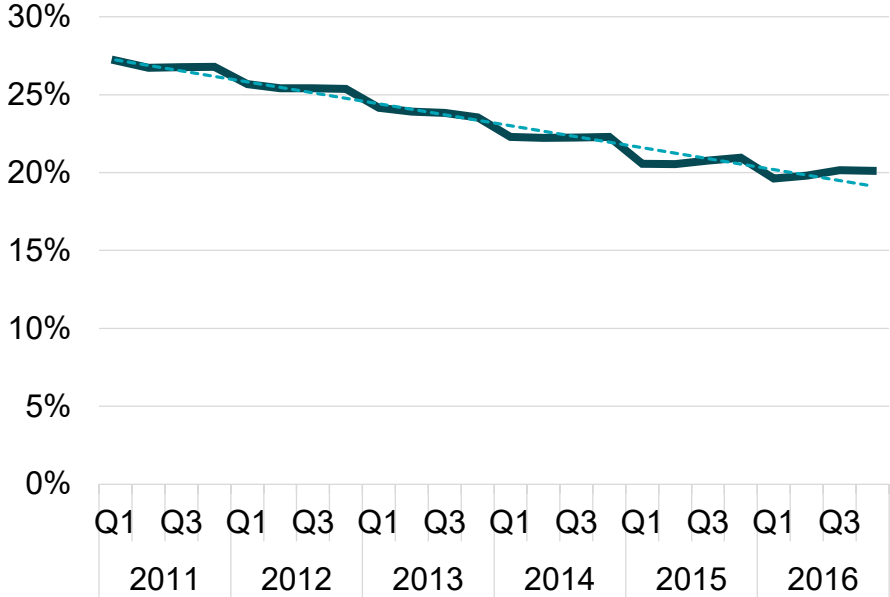**Decline of 25% from 2011 to 2016**

✓ **Mcaid Elderly Waiver**

✓ **Alternative Care Program**

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

Chart: Line graph showing decline from about 27% (Q1 2011) to about 20% (Q3 2016). Y-axis: 0% to 30%. X-axis: Q1 Q3 across years 2011, 2012, 2013, 2014, 2015, 2016.

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Model Overview

- **Projections**
  - Use and Costs of LTSS for MN Mcaid 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

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

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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

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

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

- Universe: Minnesota residents aged 50 or older in 2015 (who will be 65 or older in 2030)

Projection Framework
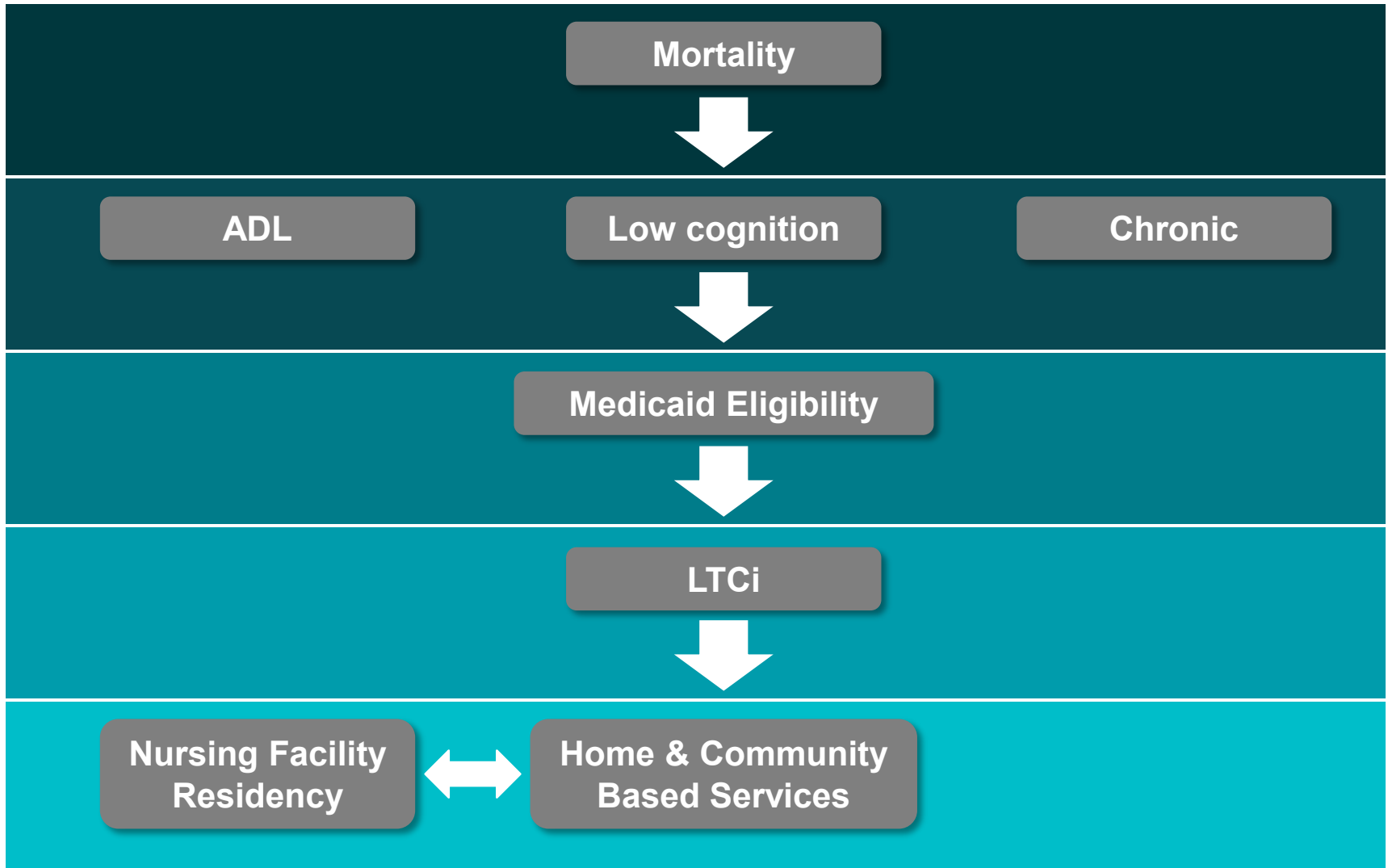
Example

CY 2015

Cohort 42 (70,091)
60-64, male, white, urban, 0-1 ADL, *not eligible*

CY 2020

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)
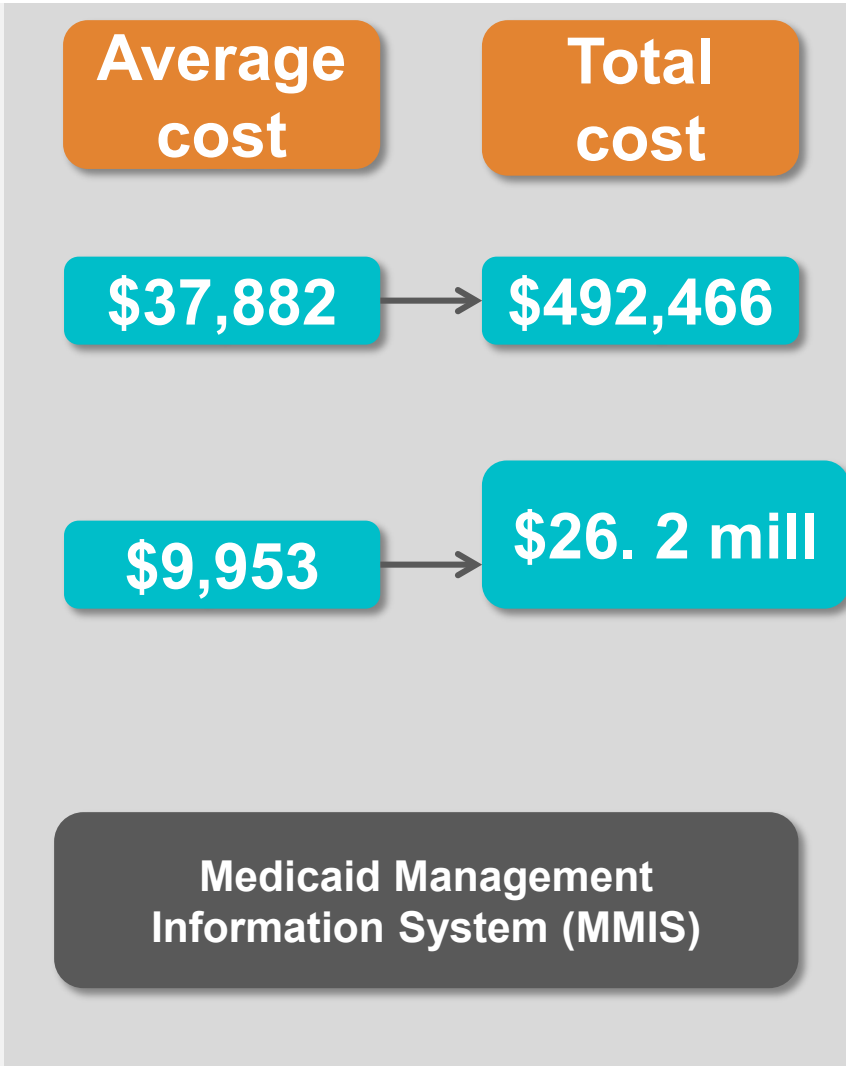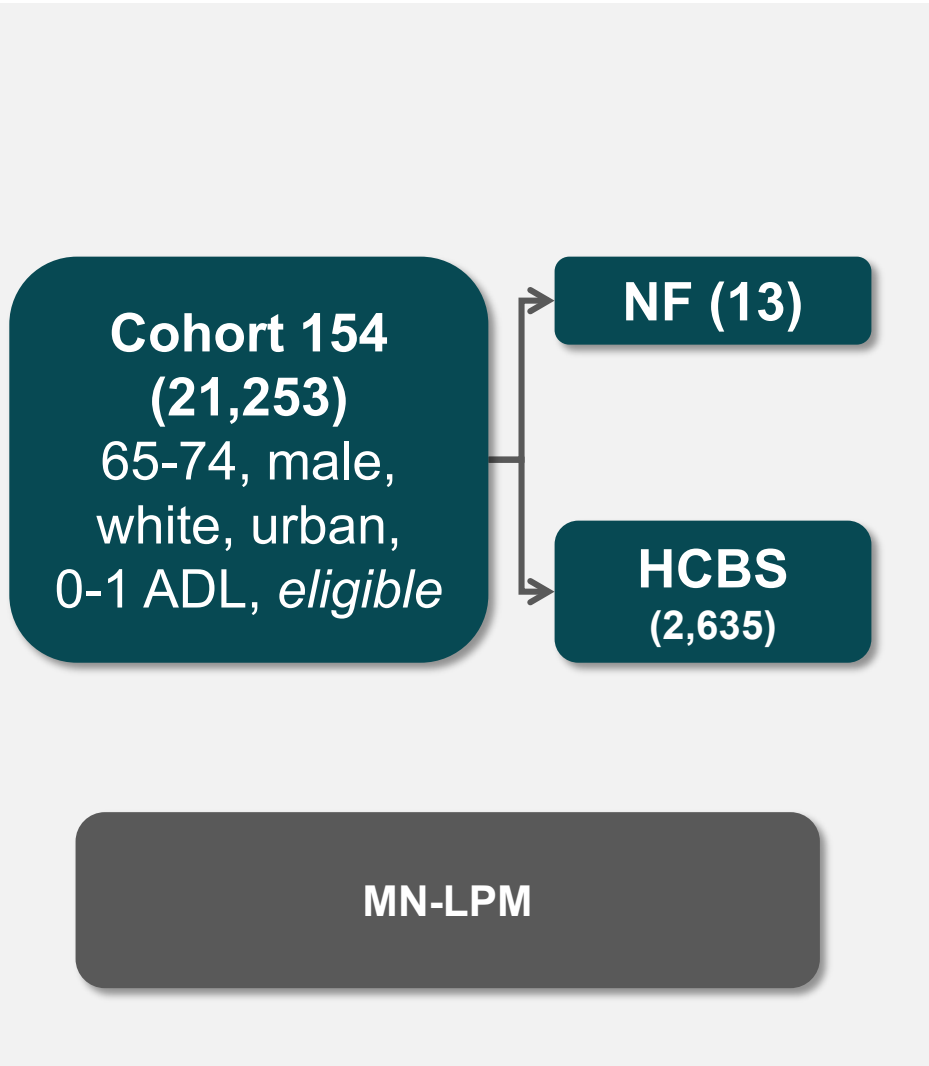65-74, male, white, urban, 2+ ADL, *not eligible*

Deceased (2,558)

NF (13)

HCBS (2,635)

No formal LTSS (18,600)

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Example (cont'd)

Cohort 154 (21,253)
65-74, male, white, urban, 0-1 ADL, *eligible*

NF (13)

HCBS (2,635)

MN-LPM

Average cost

Total cost

$37,882 → **$492,466**

$9,953 → **$26. 2 mill**

Medicaid Management Information System (MMIS)

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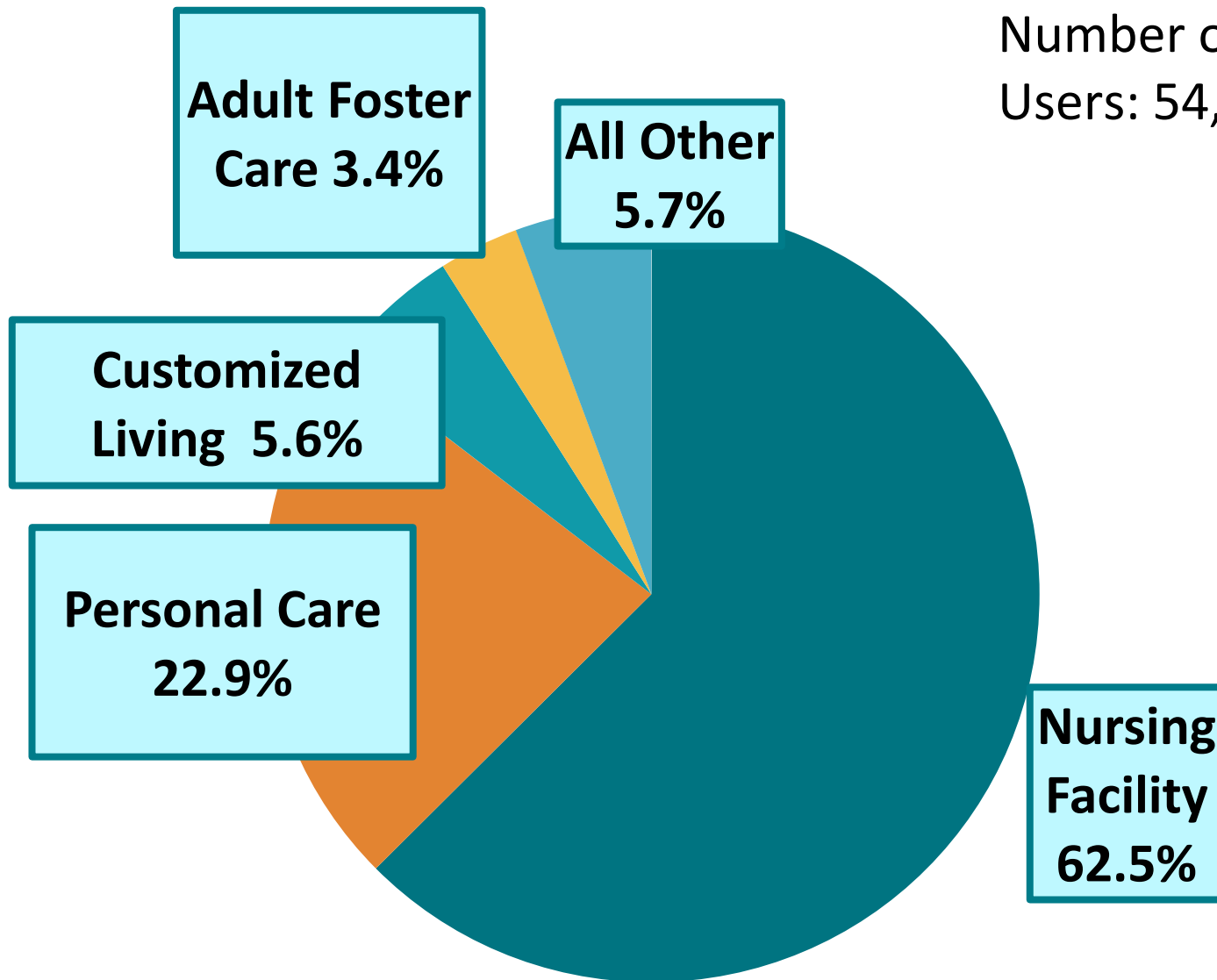
Baseline Data

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: 54,770

Adult Foster Care 3.4%

All Other 5.7%

Customized Living 5.6%

Personal Care 22.9%

Nursing Facility 62.5%

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

Number of Users:

Other 14.8%

Nursing Facility 1.2%

Adult Foster Care 8.9%

Customized Living 14.4%

Personal Care 60.7%

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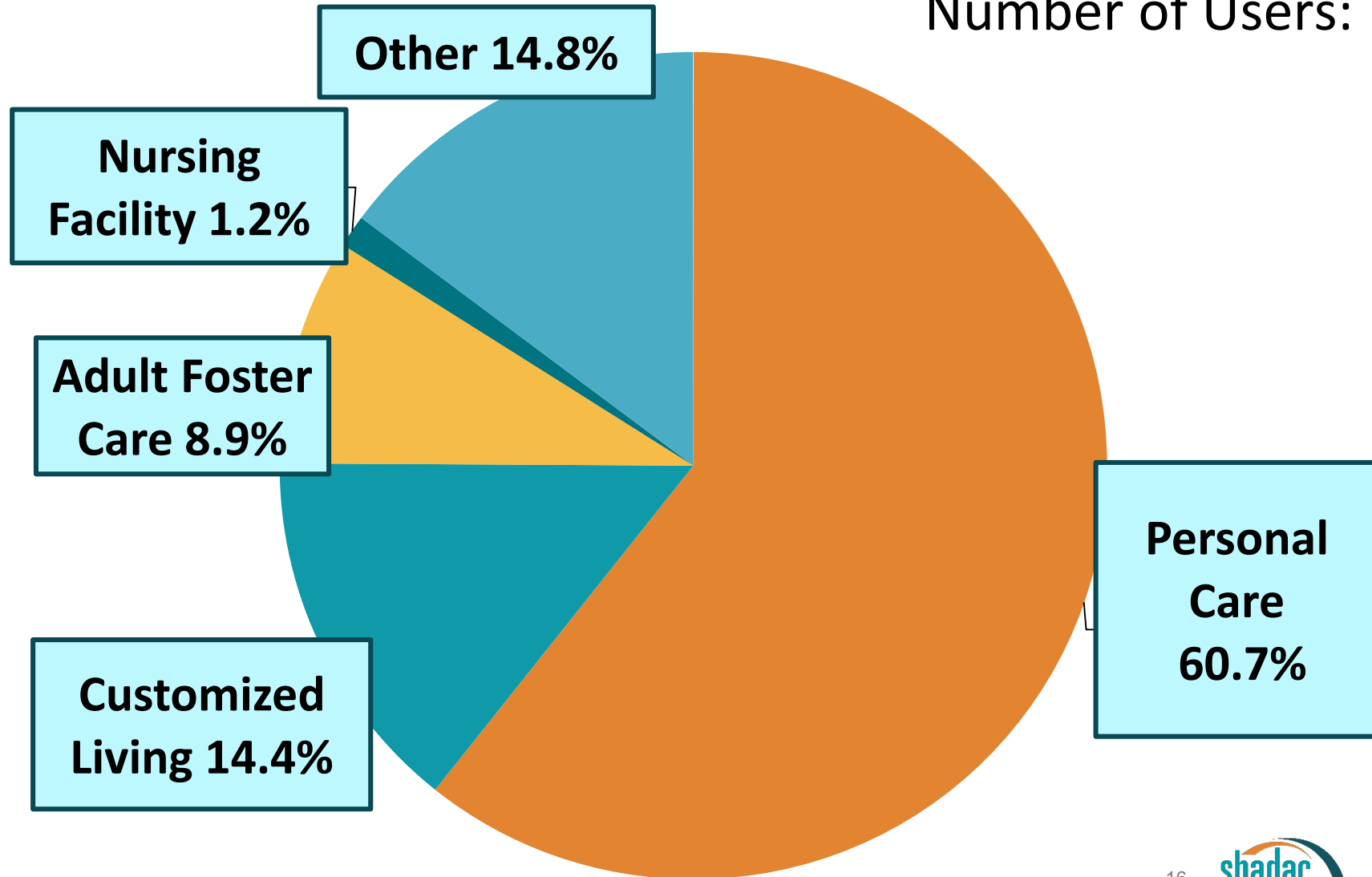
Utilization and Projections

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%

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)
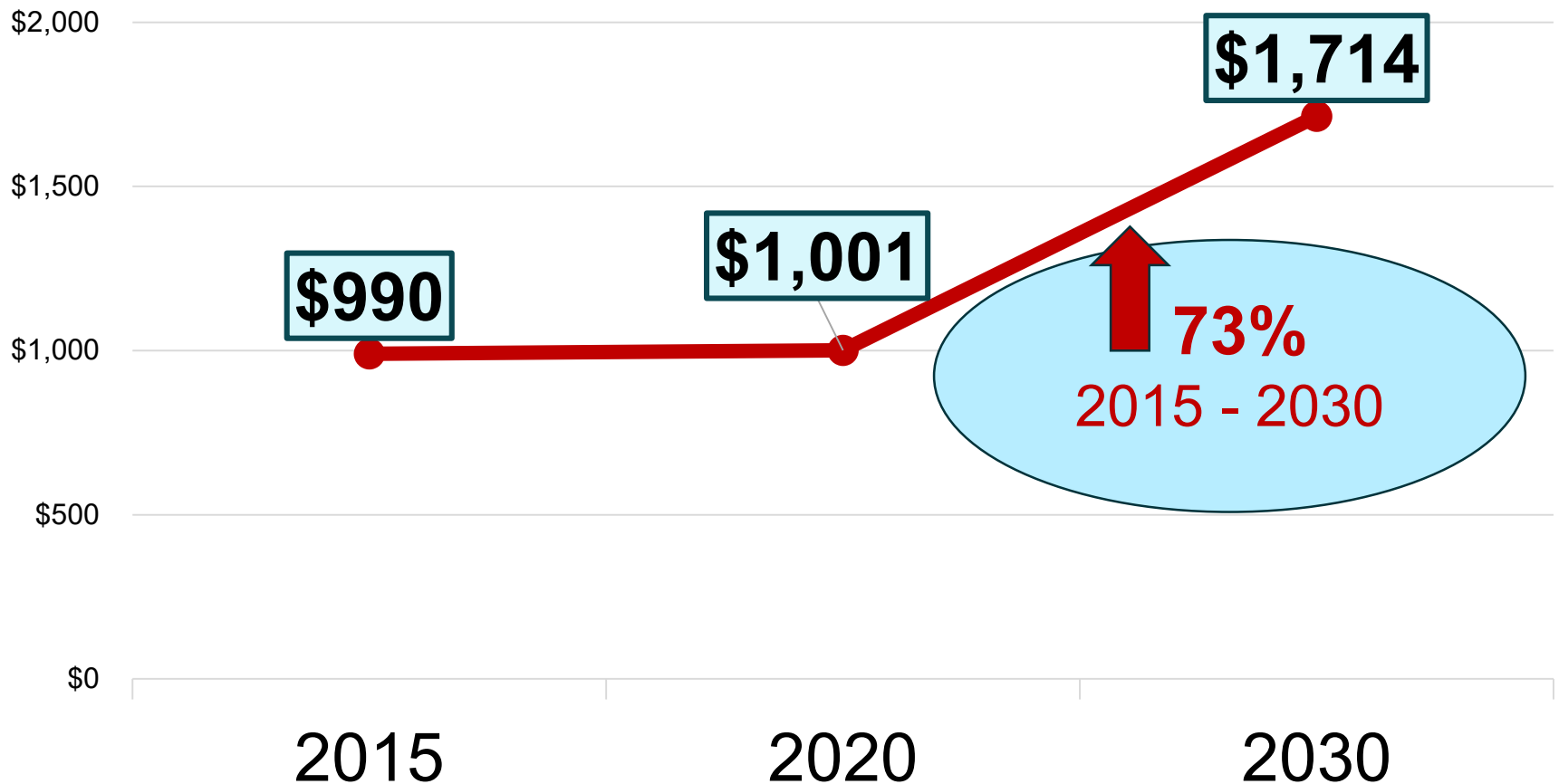
$1,714

$1,001

$990

73%
2015 - 2030

2015   2020   2030

$2,000
$1,500
$1,000
$500
$0

Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi
Estimates assume an average inflation rate of 2%
Nominal estimates assume an annual inflation rate of 3%

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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.

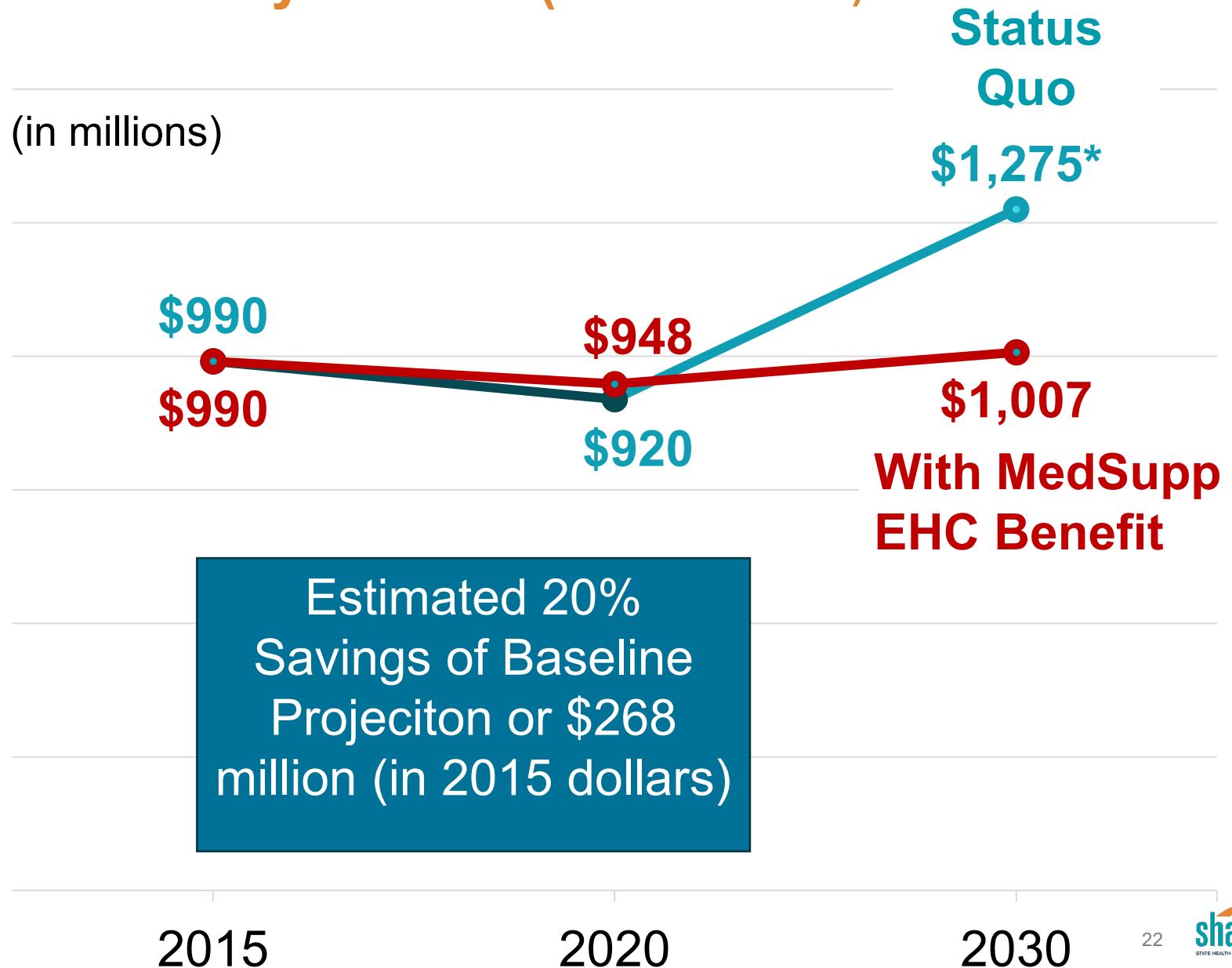-Benefit embedded in all Medicare Advantage, Medigap plans

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 $500,000.

EHC Benefit in MediSupp Plans
Preliminary Results (*in 2015 Dollars*)

* Statistically different

(in millions)

Status Quo

$1,275*

$990

$948

$990

$920

$1,007

With MedSupp EHC Benefit

Estimated 20% Savings of Baseline Projeciton or $268 million (in 2015 dollars)

2015   2020   2030

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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
  - A portion of policy holders are unlikely to become eligible for Medicaid

- 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

Possible Extensions

- 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)

- Outcomes
  - Out-of-pocket expenditures
  - Medicare spending

- Context scenarios
  - Medical advancements (e.g., finding a cure for Alzheimer)
  - Saving patterns (i.e., allow for a different savings pattern for baby boomers)
  - Provider supply

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