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 Medicaid 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 WI

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

Source: SHADAC analysis of MMIS, 2011-2016

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
Data Sources

Main data sources

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

Secondary data sources

• 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

1. Stayed 100 or more consecutive days at a nursing facility
2. Had a at least one nursing facility stay of 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
Projection Framework

- Mortality
- ADL
- Low cognition
- Chronic
- Medicaid Eligibility
- LTCi
- Nursing Facility Residency
- Home & Community Based Services

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)
Example (cont’d)

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

- NF (13)
  - Average cost: $37,882
  - Total cost: $492,466

- HCBS (2,635)
  - Average cost: $9,953
  - Total cost: $26.2 mill

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**

<table>
<thead>
<tr>
<th></th>
<th>Users</th>
<th>Total Cost (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NF residents</td>
<td>16,942</td>
<td>$620</td>
</tr>
<tr>
<td>HCBS</td>
<td>37,831</td>
<td>$371</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,773</td>
<td><strong>$991</strong></td>
</tr>
</tbody>
</table>

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

- Nursing Facility: 51.7%
- Personal Care: 38.9%
- Customized Living: 0.6%
- Adult Foster Care: 9.0%
- All Other: 5.7%

Number of Users: 54,770
2015 Baseline Community-Based LTSS Expenditures ($370.6 million)

- Nursing Facility 1.2%
- Adult Foster Care 8.9%
- Customized Living [VALUE]
- Other [VALUE]
- Personal Care [VALUE]

Number of Users: 37,830

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.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
<th>2030</th>
<th>2015-2030</th>
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</thead>
<tbody>
<tr>
<td>NF residents</td>
<td>16,942</td>
<td>12,000</td>
<td>19,000</td>
<td>12%</td>
</tr>
<tr>
<td>HCBS</td>
<td>37,831</td>
<td>56,000</td>
<td>75,000</td>
<td>104%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,773</td>
<td>68,000</td>
<td>94,000</td>
<td>76%</td>
</tr>
</tbody>
</table>

Source: MN-LPM

These projections assume a medium scenario for Medicaid eligibility and LTC.

### Utilization and Projections - Dollars

**Preliminary Results**

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

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
<th>2030</th>
<th>2015-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>NF residents (in millions)</td>
<td>$620</td>
<td>$505</td>
<td>$975</td>
<td>57%</td>
</tr>
<tr>
<td>HCBS (in millions)</td>
<td>$371</td>
<td>$496</td>
<td>$739</td>
<td>99%</td>
</tr>
<tr>
<td><strong>Total (in millions)</strong></td>
<td>$991</td>
<td>$1,001</td>
<td>$1,714</td>
<td>73%</td>
</tr>
</tbody>
</table>

Source: MN-LPM

These projections assume a medium scenario for Medicaid eligibility and LTC.

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%
Nominal estimates assume an annual inflation rate of 3%

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.
Preliminary Results (in 2015 Dollars)

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

Policies Effects, LifeStage

- 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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