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STATE HEALTH ACCESS DATA ASSISTANCE CENTER

MINNESOTA LTSS PROJECTION MODEL: MN-LPM

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August 17, 2018

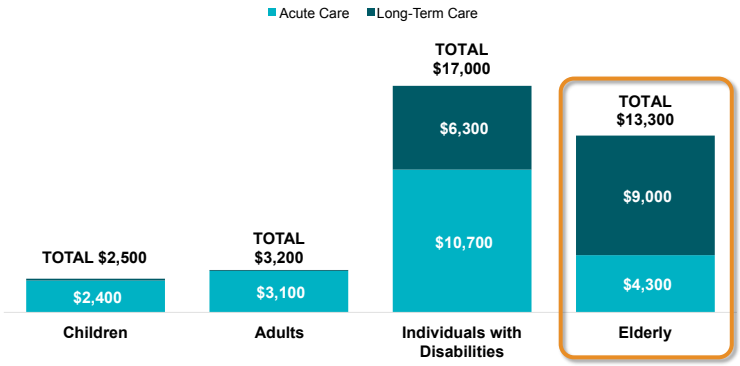
MN Own your Future Objectives

- **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.

own your future MINNESOTA
Choice - Control - Peace of Mind

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.

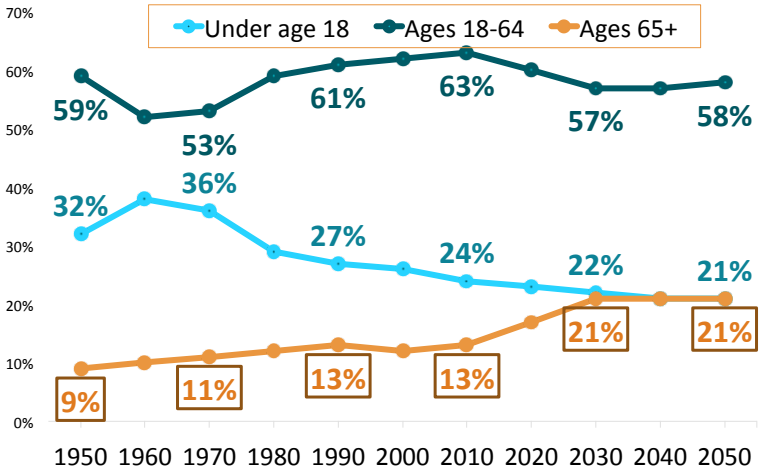


Note: Rounded to nearest $100. Spending may not sum to totals due to rounding.
Source: Kaiser Family Foundation and Urban Institute estimates based on data from FY 2013 MSIS and CMS-64 reports.
Due to lack of data, does not include CO, KS, NC, or RI

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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

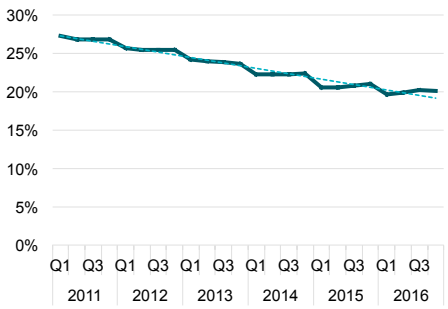


Source: U.S. Census Bureau, decennial census, and Minnesota State Demographic Center Projections.

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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

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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)

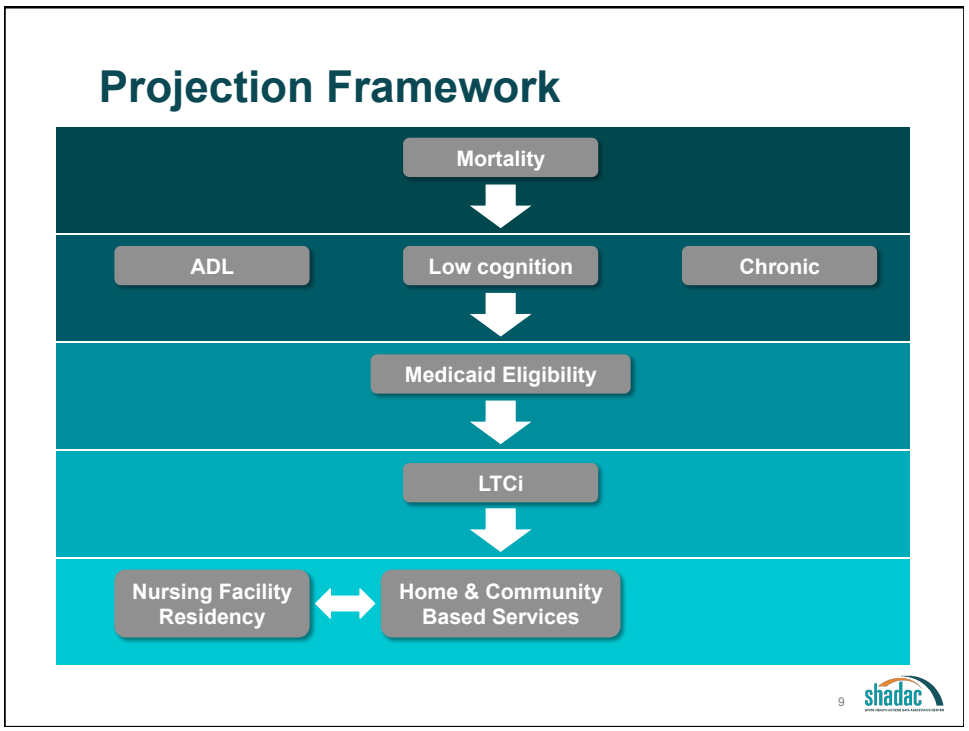
A few notes on the data

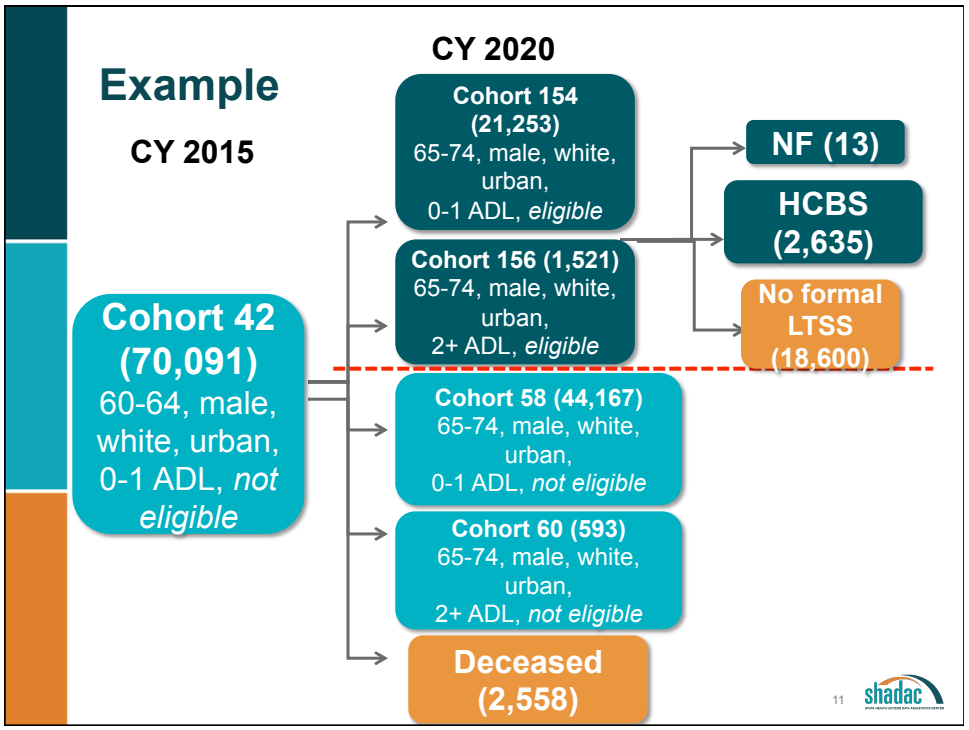
Baseline data – FFS data plus disaggregated encounter data

- Managed care plans represent apx 60% of all expenditures

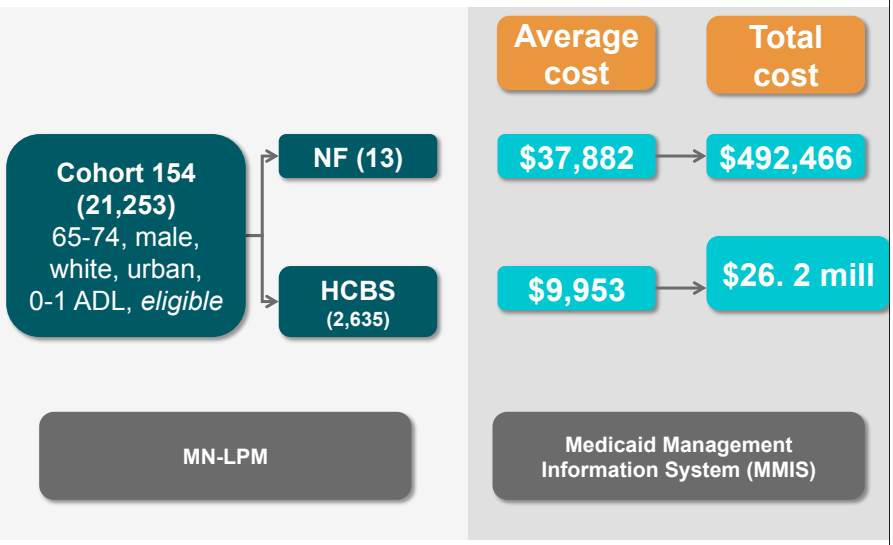
Nursing Facility Definition

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
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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)
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Example (cont'd)



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**

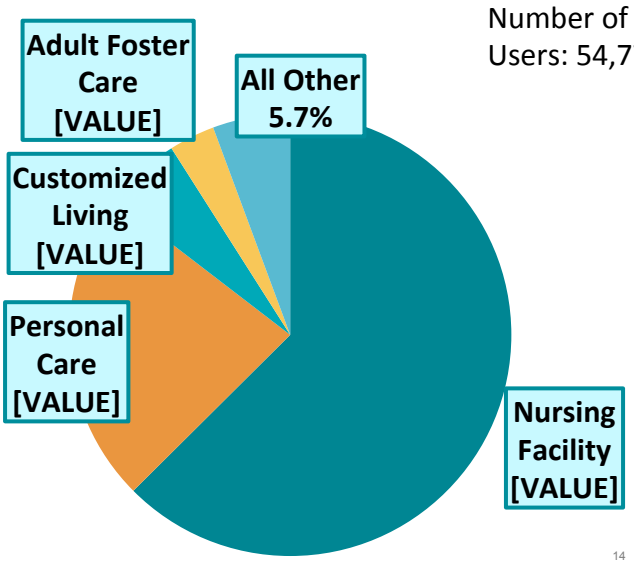
	Users	Total Cost (millions)
NF residents	16,942	$620
HCBS	37,831	$371
Total	**54,773**	**$991**

Source: SHADAC's analysis of MMIS, 2015

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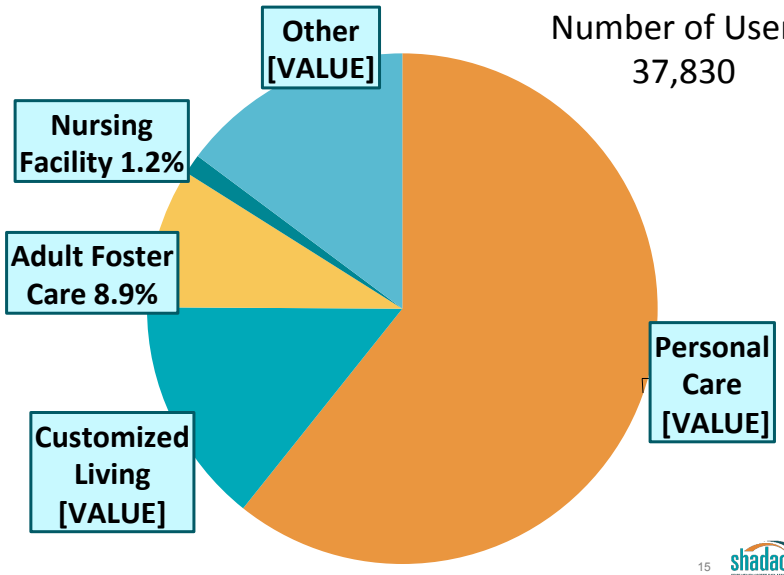
2015 Baseline - All Medicaid LTSS Expenditures ($990.6 million)

2/3 of all spending on nursing facility services



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



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Utilization and Projections

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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

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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%**

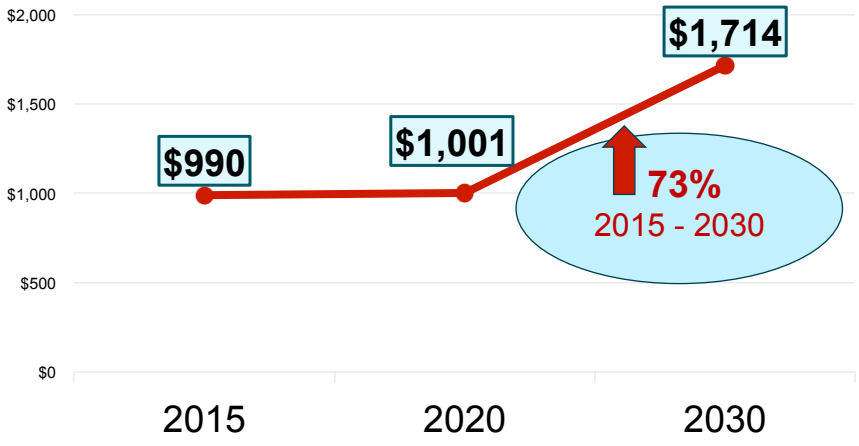
Source: MN-LPM
These projections assume a medium scenario for Medicaid eligibility and LTCi
Estimates assume an average inflation rate of 2%

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

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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%

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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.

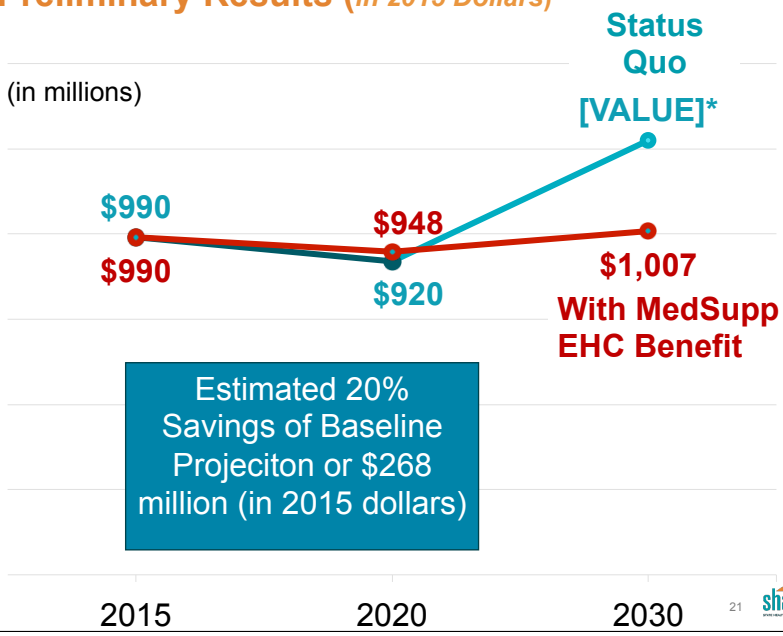
-Life insurance benefit up to age 64 and after age 65 becomes a LTCi policy.

-Targeted to employed adults with high school or higher education, aged 35–55, with annual household income between $50,000 and $500,000.

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

* Statistically different



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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

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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

Acknowledgements

- **University of Minnesota-SHADAC**
  - Giovaan 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

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