

## Medicaid Health Plans and Integrated Care for Dual Eligibles



- *For over two decades, states have turned to Medicaid health plans to provide coordinated care to Medicaid beneficiaries while experiencing improved quality outcomes and predictable costs.*
- *Many of the nation's 8.9 million beneficiaries eligible for both Medicaid and Medicare ("dual eligibles") suffer from receiving fragmented care and present cost, quality and access challenges to policymakers.*
- *Medicaid health plans are equipped to provide the coordinated care to dual eligibles necessary to achieve cost savings and improve health outcomes.*

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### **About dual eligible beneficiaries**

Nearly 9 million Americans are eligible for both Medicare and Medicaid. Medicare serves as the primary payer for hospital and physician benefits, and operates a separate program (Part D) providing coverage for prescription drugs. Medicaid is responsible for covering Medicare cost-sharing and long-term care benefits.

### **Dual eligibles are sicker than most beneficiaries in Medicare or Medicaid**

Dual eligibles are more likely to suffer from chronic conditions and mental illness than other Medicaid and Medicare enrollees. They are therefore more likely to use a broader range of medical services, especially costly hospitalizations, emergency room use and long-term care.

### **Dual eligibles are a high-cost population**

At just 15% of the Medicaid population, dual eligibles account for 39% of total Medicaid spending; two-thirds of this spending is for long term care.<sup>i</sup> Medicare and Medicaid spending averaged over \$20,000 per dual, about five times greater than spending on other Medicare beneficiaries.

### **Dual eligibles receive uncoordinated health care**

Most dual eligibles are forced to navigate between multiple programs to obtain health care services. A patient may see a physician through Medicare, receive home and community-based support services through Medicaid, and receive prescription drugs through a Part D plan. The lack of communication between providers, unmanaged episodes of care, and the subsequent higher utilization, are major contributors to the high cost and poor health outcomes for the dual eligible population.<sup>ii</sup>

### **Medicaid health plans can provide integrated care for dual eligibles...**

Medicaid health plans are structured to provide coordinated and have a history of doing so. Effective care coordination for this population involves developing comprehensive provider networks, preventing hospitalizations, nursing home diversion through home and community-based services, coordinating care transitions (home to community to nursing to acute, etc.), the alignment of social, medical, and behavioral services, individual care plan development, and community-based outreach, all supported by robust data sharing in information systems.

### **...yet few benefit by receiving health care and benefits that are coordinated**

Currently, only 10% of dual eligibles are enrolled in Medicaid health plans.<sup>iii</sup> Of the 1.5 million dual eligibles in Medicare Advantage and SNP plans, only 120,000 are in programs that fully integrate Medicare and Medicaid services.<sup>iv</sup>

## **Enrolling dual eligibles in Medicaid health plans will lead to cost savings**

The Congressional Budget Office estimated that the National Commission on Fiscal Responsibility and Reform's recommendation to enroll dual eligible beneficiaries into Medicaid managed would save the federal government \$12 billion by 2020.<sup>v</sup> The UnitedHealth Group estimated that expanded use of coordinated care for dual eligibles to support people with chronic conditions can save \$250 billion in the first 10 years and \$1.62 trillion over 25 years.<sup>vi</sup>

MHPA is supportive of Medicaid demonstration and pilot projects where states receive Medicare funding and combine it with Medicaid to administer one truly integrated program that is implemented through managed care. A comprehensive funding stream allows for personalized and proactive treatment without the existing barriers between Medicare and Medicaid.

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## **About MHPA**

Medicaid Health Plans of America (MHPA) is the leading trade association solely focused on representing Medicaid safety net health plans. MHPA provides advocacy, research and organized forums that support the development of policy solutions to enhance the delivery of quality health care. For more information, visit Medicaid Health Plans of America at [www.mhpa.org](http://www.mhpa.org) or email at [info@mhpa.org](mailto:info@mhpa.org).

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<sup>i</sup> Dual Eligibles: Medicaid's Role for Low-Income Medicare Beneficiaries. Kaiser Commission on Medicaid and the Uninsured. December 2010.

<sup>ii</sup> Supporting Integrated Care for Dual Eligibles. Center for Health Care Strategies. July 2009.

<sup>iii</sup> 2009 Medicaid Managed Care Enrollment Report. Centers for Medicare and Medicaid Services.

<sup>iv</sup> Supporting Integrated Care for Dual Eligibles. Center for Health Care Strategies. July 2009.

<sup>v</sup> The National Commission of Fiscal Responsibility and Reform. The Moment of Truth. December 2010.

<sup>vi</sup> UnitedHealth Center for Health Reform & Modernization. US Deficit Reduction: The Medicare and Medicaid Modernization Opportunity. Working Paper 4. October 2010.