Long-Term Care Reform: Public-Private Partnerships

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Family Impact Seminar
Preview of Presentation

- Background
- Public-Private Partnerships in Managed Long-Term Care (LTC)
- Public-Private Insurance Partnerships
- Questions
Background
Managed LTC often is pursued because so much Medicaid money is involved in long-term care . . .

Figure 9

Distribution of Medicaid Spending, 2002

- Acute Care and DSH ($161.4) 66%
- Long-Term Care ($82.1) 34%

Total Medicaid Spending = $243.5 billion

NOTE: Data are for the federal fiscal year. DSH refers to disproportionate share hospital payments.
SOURCE: Runwell et al. 2003, based on data from CMS (Form 64). Distribution of LTC spending by age is the author’s calculation based on data from the MSIS for FY 2000.

KAISER COMMISSION ON Medicaid and the Uninsured
including half of all nursing facility industry revenue . . .

Figure 4
National Spending on Nursing Home Care, 2002

Medicaid 50%
Medicare 12%
Out-of-Pocket 26%
Private Insurance 7%
Other Private 3%
Other Public 2%

Total = $103.2 billion

... and Medicaid cannot easily manage nursing facility costs or care, since a person often uses other funds in the early months of a stay ...
... so that individuals who move to the community do so after a short stay, before Medicaid is a major payor.

Source: The National Nursing Home Survey: 1999 Discharge Data Summary
Another reason for managed LTC is that dual eligibles have represented 14% of Medicaid enrollment yet 40% of Medicaid dollars...
... and Medicare benefits drive use of Medicaid benefits.
Public-Private Partnerships in Managed LTC
One response: try to coordinate at the “plan level,” with a private sector managed care entity . . .
there are pros and cons in using private sector managed care entities.

Pros

- May hold Medicare contract as “Special Needs Plan” (SNP)
- Broad networks
- Access to capital
- Leverage with nursing facilities
- Ease of use of informal supports for “paid” care

Cons

- Higher admin/margin
- Risk of abandoning market
- Refusal to use traditional and public providers
... one risk in “consumer direction” inside managed LTC is the fear of substitution: a woodwork effect ...
... and program design cannot avoid the issue of Medicare “choice.”
Public-Private Insurance Partnerships
Types of LTC Insurance Partnership Programs

- Dollar-for-dollar
  - Connecticut and California

- Total asset protection
  - New York

- Hybrid
  - Indiana
Who purchases these policies?

- Average age ranges from 58-63, by state
- Married and in “excellent” or “good” health
- 90% first-time buyers of LTC insurance
- Majority own assets above $350,000
- Percent with monthly income above $5,000 range from 49% (Indiana) to 62% (CT)
Only a few policyholders have ever accessed Medicaid.

<table>
<thead>
<tr>
<th>Long-Term Care Insurance Partnership Program Experience</th>
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<tbody>
<tr>
<td>Number of policies ever purchased</td>
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<tr>
<td>Number of policyholders who have ever received long-term care insurance benefits</td>
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<tr>
<td>Number of policyholders who died while receiving benefits</td>
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<tr>
<td>Cumulative value of assets protected of policyholders who died while receiving benefits</td>
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<tr>
<td>Number of active policyholders who have exhausted long-term care insurance benefits</td>
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<tr>
<td>Have accessed Medicaid</td>
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<tr>
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*Data from California, Connecticut, and Indiana.
Questions

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