

# KEY HEALTH POLICY ISSUES FOR 2011

A Luncheon Series for Policymakers

## Long Term Care: Balancing and Reforms

March 24, 2011 • Columbus, Ohio

### Speaker Bio

#### Barbara Coulter Edwards

Barbara Coulter Edwards is director of the Disabled and Elderly Health Programs Group in the Center for Medicaid, CHIP, and Survey & Certification at the Centers for Medicare & Medicaid Services. She has almost 30 years of public- and private-sector experience in health care financing. She is a nationally recognized expert in Medicaid policy, including managed care, cost containment, long-term care, and state and federal health care reform. She served for eight years as Ohio's Medicaid director and was a principal with Health Management Associates, Inc. (HMA). Ms. Edwards's work at HMA focused on Medicaid, national health reform, and service delivery for persons with chronic and disabling conditions. She also spent six months as the interim director of the National Association of State Medicaid Directors.



Ms. Edwards is a frequent national presenter on Medicaid trends and state health policy challenges. During her time as Ohio's Medicaid director, she led significant program reforms, including implementation of Ohio's comprehensive strategy to promote access to home and community-based long-term services and supports, development of a preferred drug list for outpatient prescription drugs, expansion of managed care to serve Medicaid consumers, and implementation of Ohio's State Children's Health Insurance Program. She served on the federal State Pharmacy Assistance Program Transition Commission during implementation of Medicare Part D, served on the National Quality Forum Steering Committee that recommended standards for nursing home care, and was vice chair of the National Association of State Medicaid Directors.



For an extensive list of health policy resources for legislators, please visit

[www.hpio.net/legislators](http://www.hpio.net/legislators)

## A Strong Foundation for System Transformation



**Barbara Coulter Edwards**

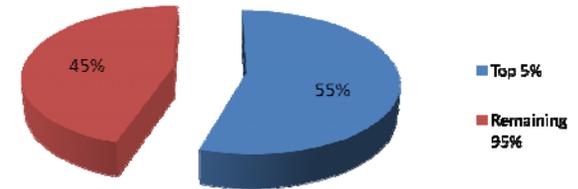
Director

Disabled and Elderly Health Programs Group  
Center for Medicaid, CHIP and Survey & Certification  
Centers for Medicare & Medicaid Services

March 24, 2011

## Medicaid Top 5% Expenditures

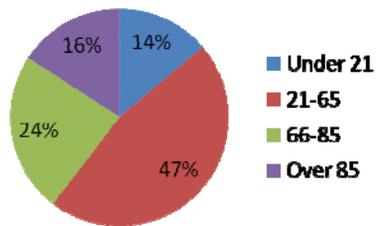
Top 5% Drive 55% of Expenditures



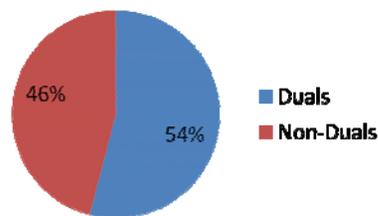
Source: CMS Analysis of MSIS data FY2008

## Top 5% in Medicaid Expenditures

**Age**



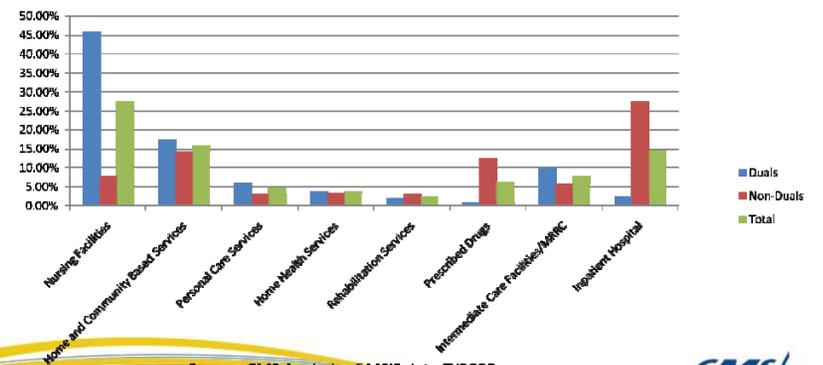
**Duals vs Non-Duals**



Source: CMS Analysis of MSIS data FY2008

## LTC Expenditures Dominate Top 5%

Top 5% Expenditures by Service



Source: CMS Analysis of MSIS data FY2008

## The Current Landscape: Medicaid LTC

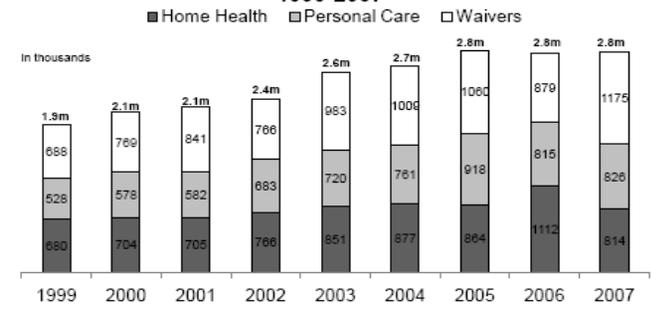
- LTC = 32% of total Medicaid spending, \$115 b 2009
- Institutional LTC (NFs) still the entitlement, though the Americans with Disabilities Act (ADA) makes it a civil right for individuals with disabilities to receive public services in most integrated community setting

Source: Thomson Reuters, Medicaid Long-Term Expenditures in FY 2009



## Growth in Medicaid HCBS, 1999-2007

Growth in Medicaid Home and Community Based Services Participants, by Program, 1999-2007



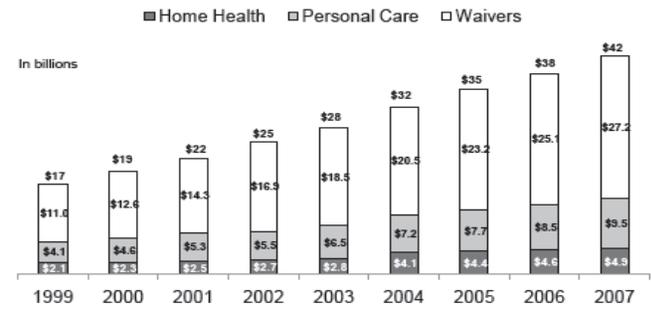
Percent Change: +8% +4% +12% +8% +4% +7% -1% +0.3%

Note: Figures updated annually and may not correspond with previous reports. Source: Kaiser Commission on Medicaid and the Uninsured and UCSF analysis of CMS Form 372 data and program surveys.



## Growth in Medicaid HCBS, 1999-2007

Growth in Medicaid Home and Community Based Services Expenditures, by Program, 1999-2007



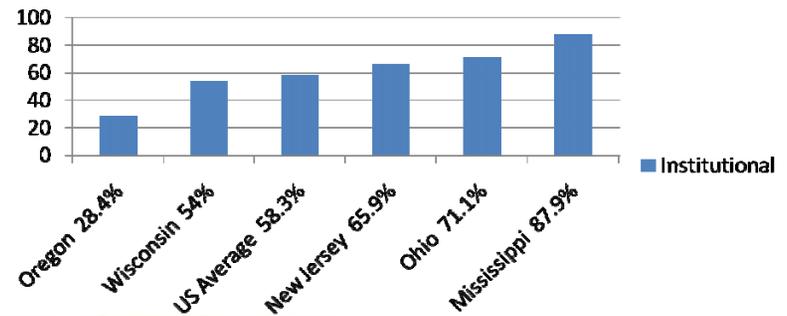
Percent Change: +13% +14% +14% +13% +13% +10% +9% +9%

Note: Figures updated annually and may not correspond with previous reports. Source: Kaiser Commission on Medicaid and the Uninsured and UCSF analysis of CMS Form 372 data and program surveys.



## Medicaid LTSS – Institutional Expenditures

% LTC Expenditures for Institutional Services (FY 2006)



Source: CMS 64 data, August 2007



## Provisions of The Affordable Care Act

- Supports most integrated setting appropriate
  - Offers new option for integrating and linking services for complex, high cost populations
  - Offers new or improved HCBS State Plan options
  - Offers enhanced FMAP to help states modify delivery systems



## Provisions of The Affordable Care Act: Section 2703: Health Homes for Individuals with Chronic Conditions

- Option for individuals with multiple chronic conditions or Serious Mental Illness effective January 1, 2011
- Coordinated, person-centered care
- Primary, acute, behavioral, long term care, social services = whole person
- Enhanced FMAP (90%) is available for the health home services (first 8 quarters)



## The Affordable Care Act (ACA) opens MFP to more States

- Extends and expands MFP through 2016
- Offers States substantial resources and additional program flexibilities to remove barriers
- Enhanced FMAP for community services for first year following transition from facility
- 43 States and the District of Columbia now participating in the demonstration



## Provisions of The Affordable Care Act: Section 2402: Removing Barriers to HCBS

- Section 1915(i) established by DRA of 2005
- State option to amend the state plan to offer HCBS as a state plan benefit; does not require institutional LOC
- Modified under ACA effective October 1, 2010 to allow comparability waivers, add “other services”
- States cannot waive statewideness or cap enrollment



## Provisions of The Affordable Care Act: Section 2401: Community First Choice Option

- Adds Section 1915(k)
- Optional State Plan benefit to offer Attendant Care and related supports in community settings, providing opportunities for self-direction
- Does not require institutional LOC under 150% FPL
- Includes 6% enhanced FMAP



## Provisions of The Affordable Care Act: Section 10202: Balancing Incentive Program

- Effective October 1, 2011
- Enhanced FMAP to increase diversions and access to HCBS
  - 2% if less than 50% LTSS spending in non-institutional settings
  - 5% if less than 25% LTSS spending in non-institutional settings
- CMS Guidance and Application targeted for mid-2011



## Dual Eligibles

- Federal Office of Coordinated Health Care
- Demonstrations - \$1 million to up to 15 states to design integrated models (including shared savings)
- Supported by Center for Innovations
- Health homes and MCOs/SNPs models for dual integration



## The Foundation for a Redesigned Service System for Individuals with Chronic Conditions



## CMCS Assistance to States

- Continuing serious budget concerns for States
- Secretary Sebelius' letter to Governors - committed to help States implement effective cost control
  - Modify benefits
  - Manage care for high cost enrollees
  - Purchase drugs more effectively
  - Assure program integrity

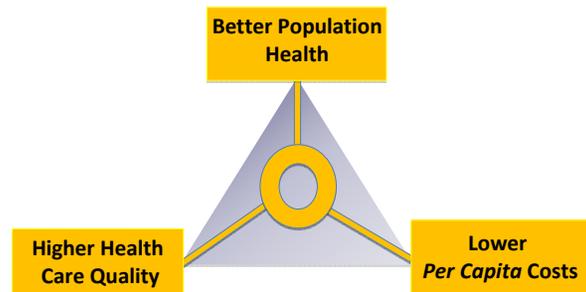


## LTSS System Transformation

- A key element of effective cost management
- Key to State compliance with obligations under Olmstead/ADA
- CMCS will offer TA to leverage ACA and other available tools of transformation
- Sec. 1115 waiver template to put HCBS first
- Guidance on managed care for persons living with chronic and disabling conditions



## Better Care, Better Health, Lower Costs



## SMDs and Regulations

- **Medicaid Prescription Drug Rebates** SMD 10006, SMD 10019
- **Community Living Initiative (Olmstead Tool Kit)** SMD 10008
- **Money Follows The Person Extension** SMD 10012
- **1915(i)** SMD 10015
- **Concurrent Hospice Care for Children** SMD 10018
- **5yr Approval or Renewal Period for Certain Medicaid Waivers** SMD 10022
- **Health Homes for Enrollees with Chronic Conditions** SMD 10024
- **Code of Regulations Rx AMP Withdrawal** Reg CMS-2238-P2



## Additional Information

### **CMS: Community Services and Long-Term Supports**

 [http://www.cms.gov/CommunityServices/01\\_Overview.asp#TopOfPage](http://www.cms.gov/CommunityServices/01_Overview.asp#TopOfPage)

### **State Medicaid Director Letters**

 <http://www.cms.gov/SMDL/SMD/list.asp#TopOfPage>

### **MFP Technical Assistance Website**

 <http://mfp-tac.com/>

