

Long-Term Care Reform: Public-Private Partnerships

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Family Impact Seminar



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Preview of Presentation

- Background
- Public-Private Partnerships in Managed Long-Term Care (LTC)
- Public-Private Insurance Partnerships
- Questions



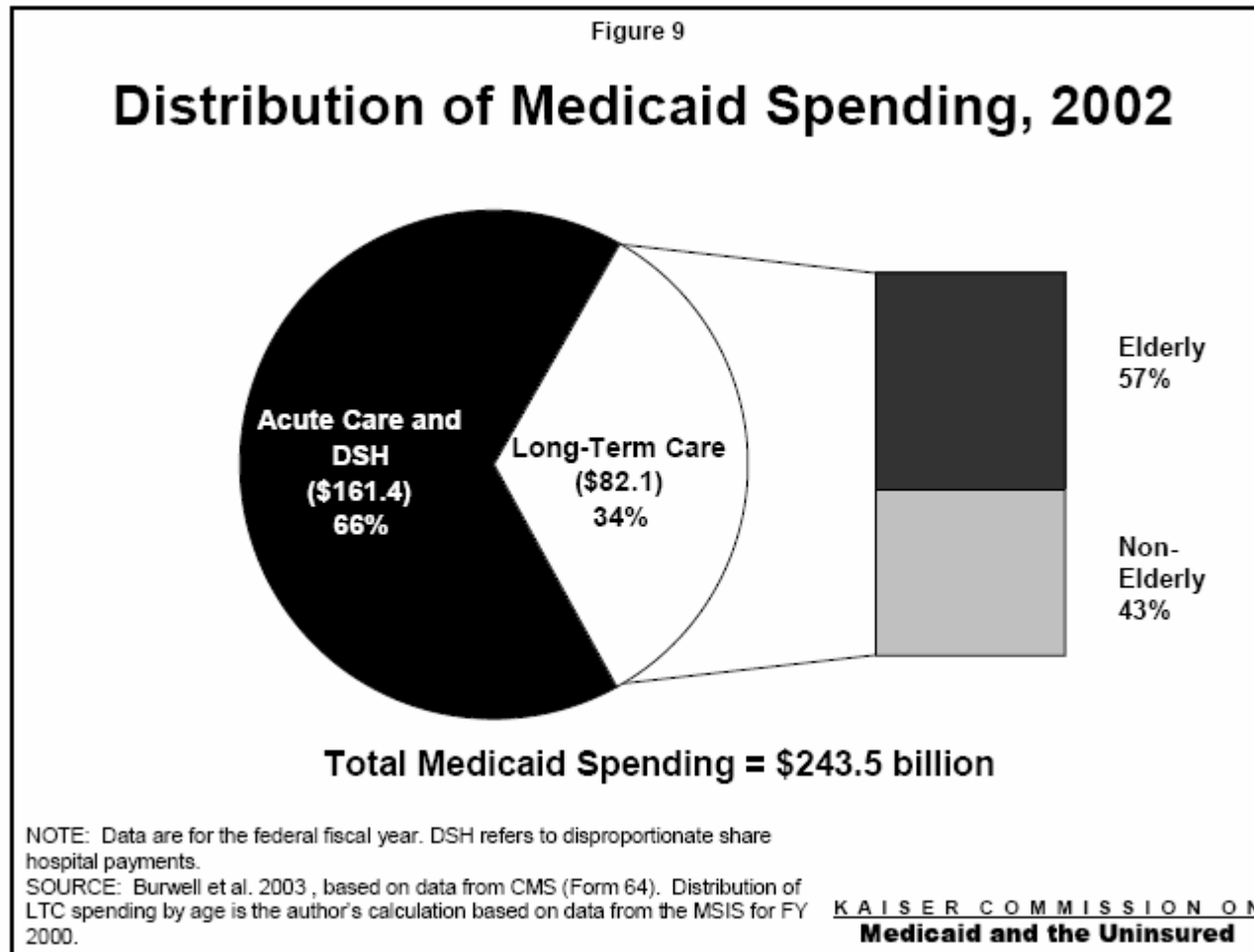
Background



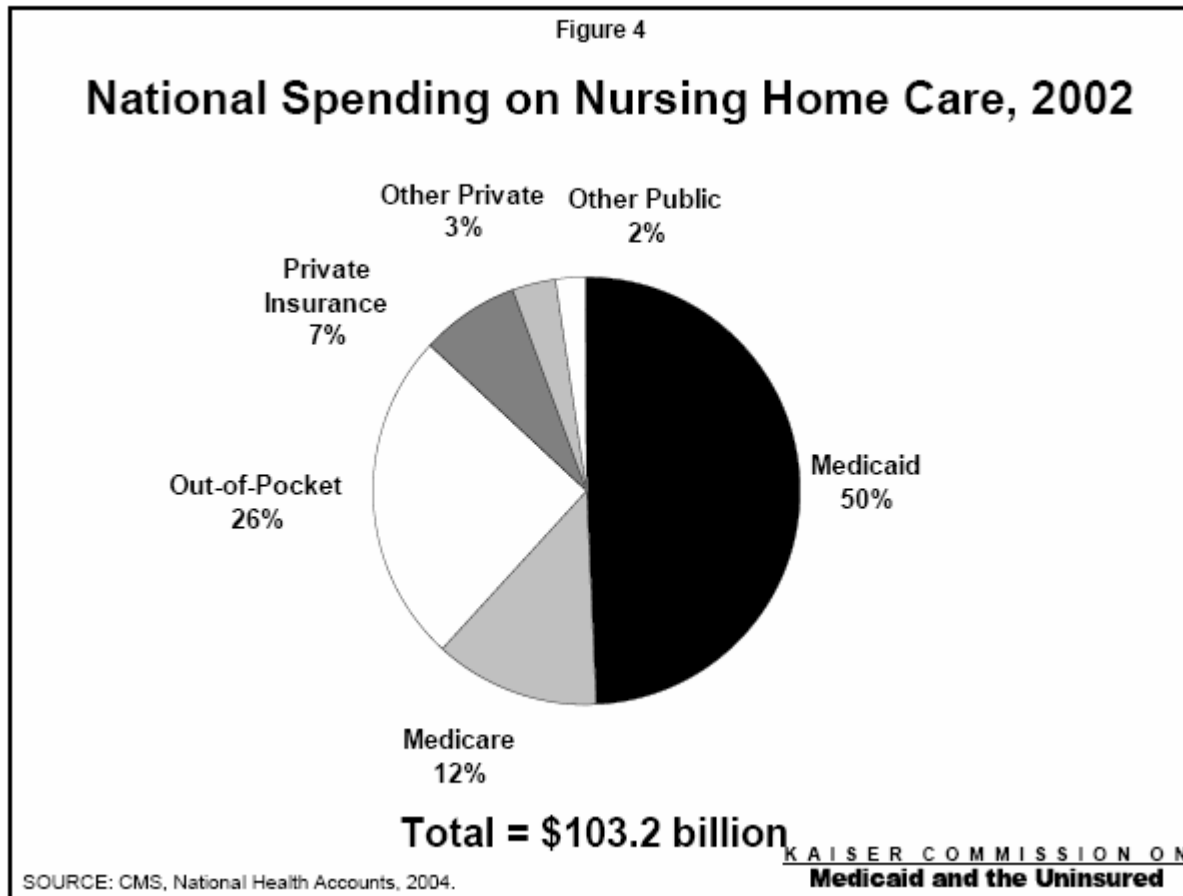
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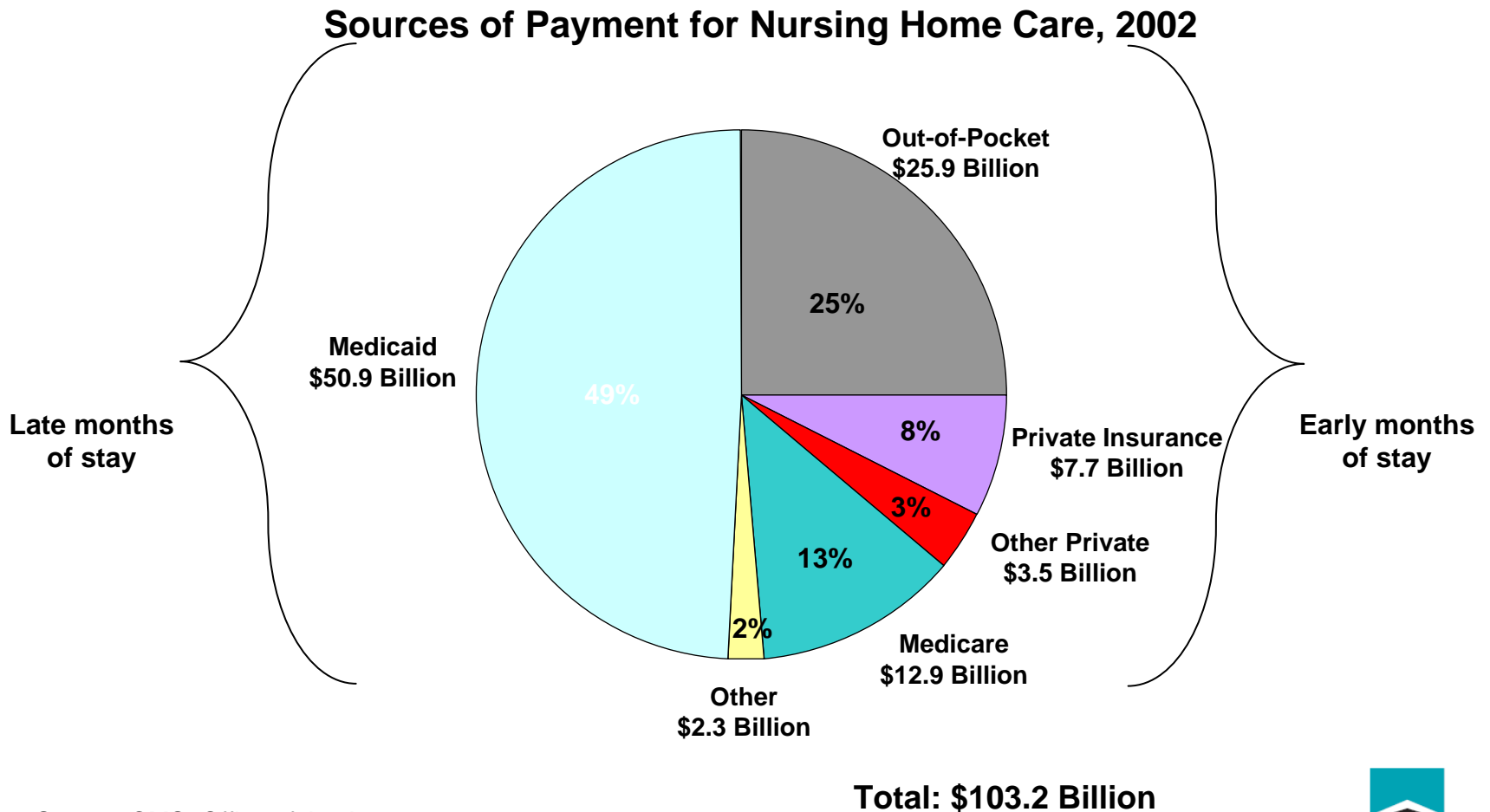
Managed LTC often is pursued because so much Medicaid money is involved in long-term care . . .



. . . including half of all nursing facility industry revenue . . .



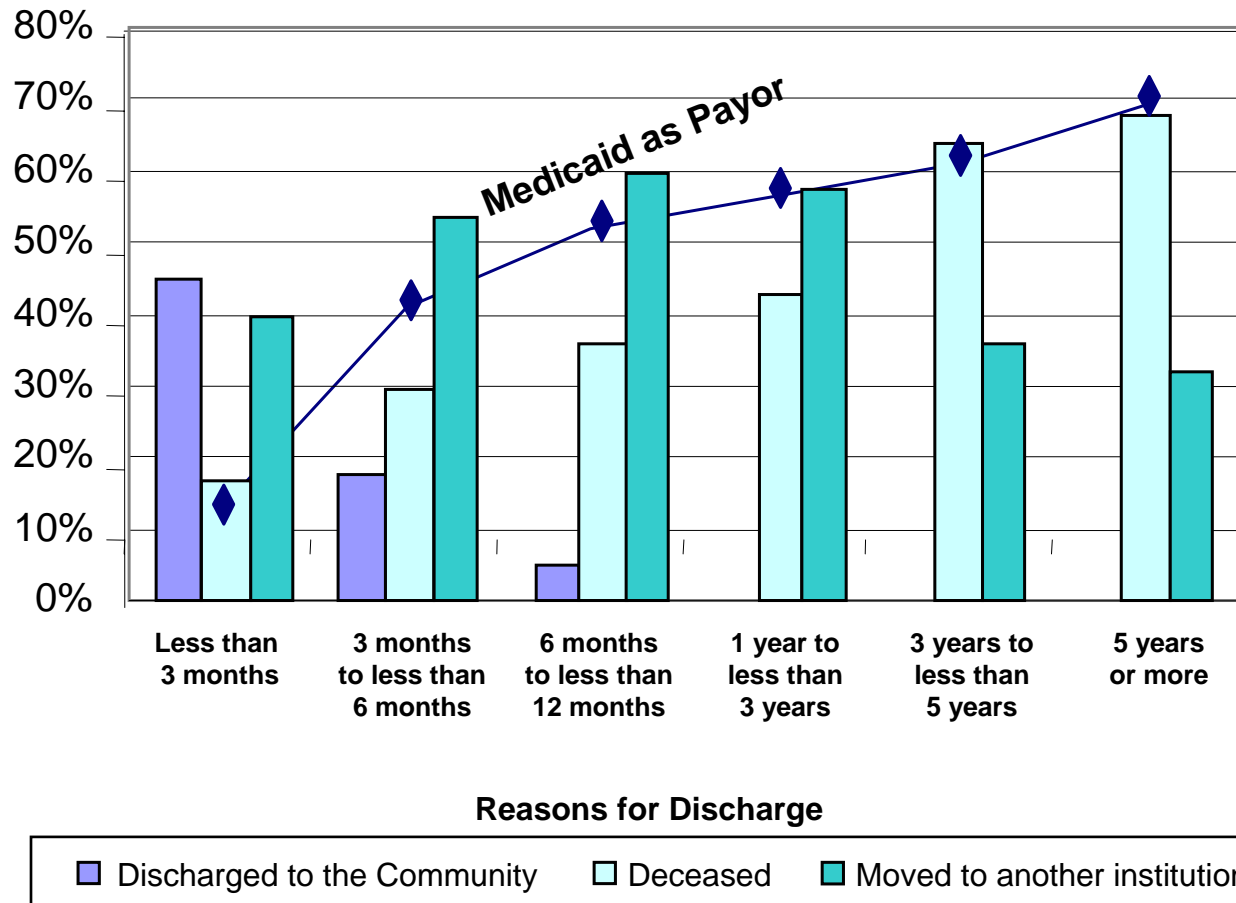
. . . and Medicaid cannot easily manage nursing facility costs or care, since a person often uses other funds in the early months of a stay . . .



Source: CMS, Office of the Actuary



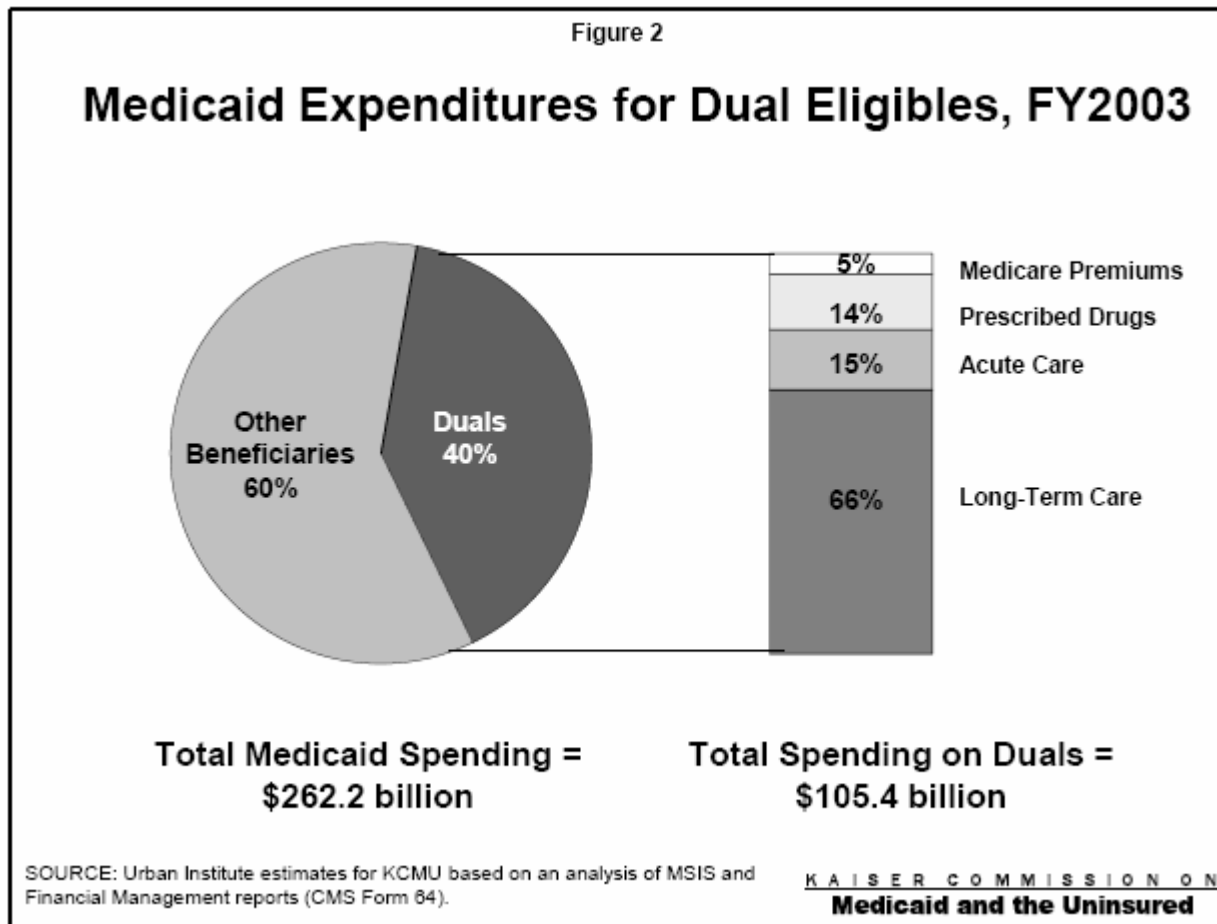
... so that individuals who move to the community do so after a short stay, before Medicaid is a major payor.



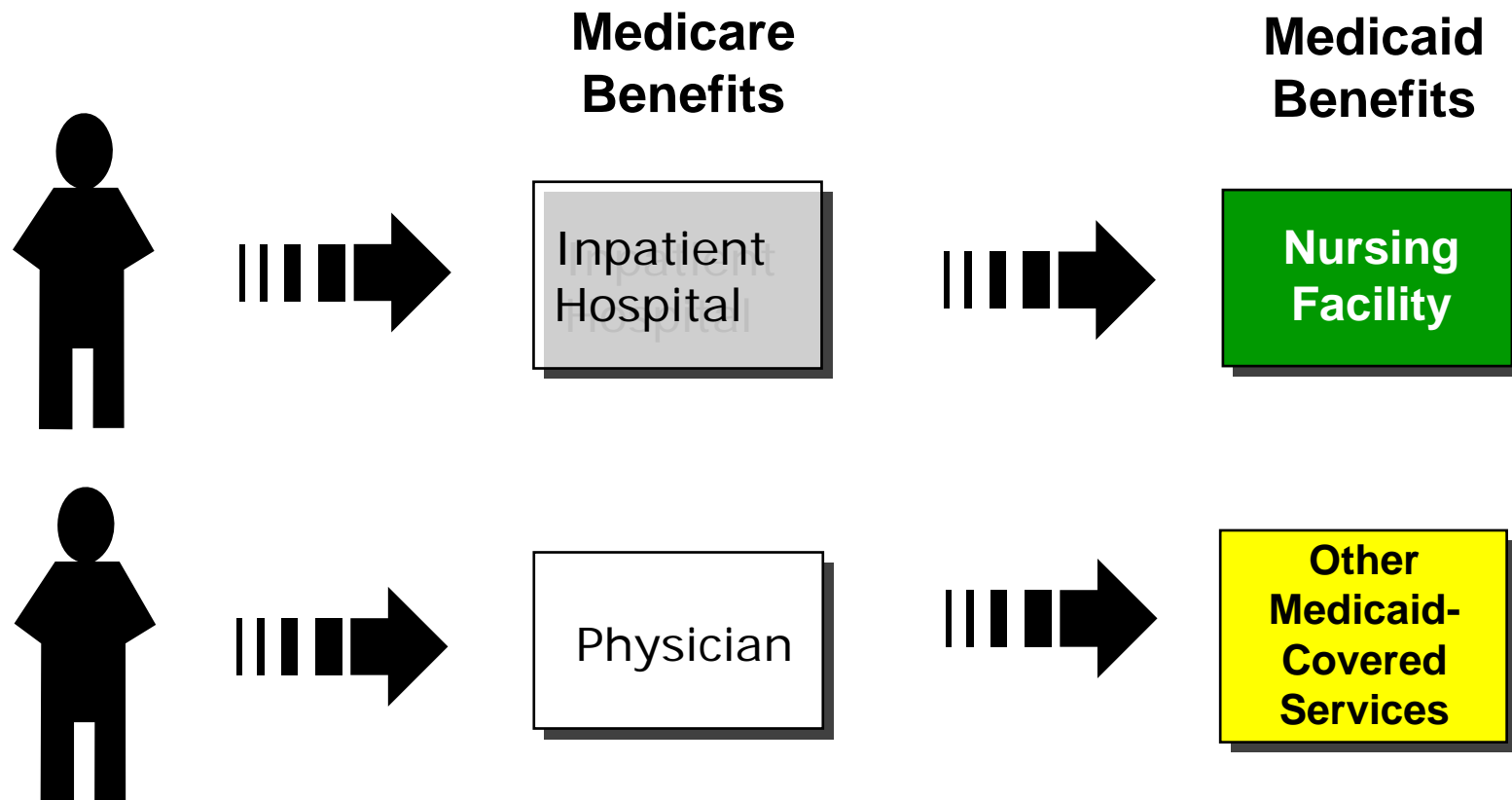
Source: The National Nursing Home Survey: 1999 Discharge Data Summary



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.



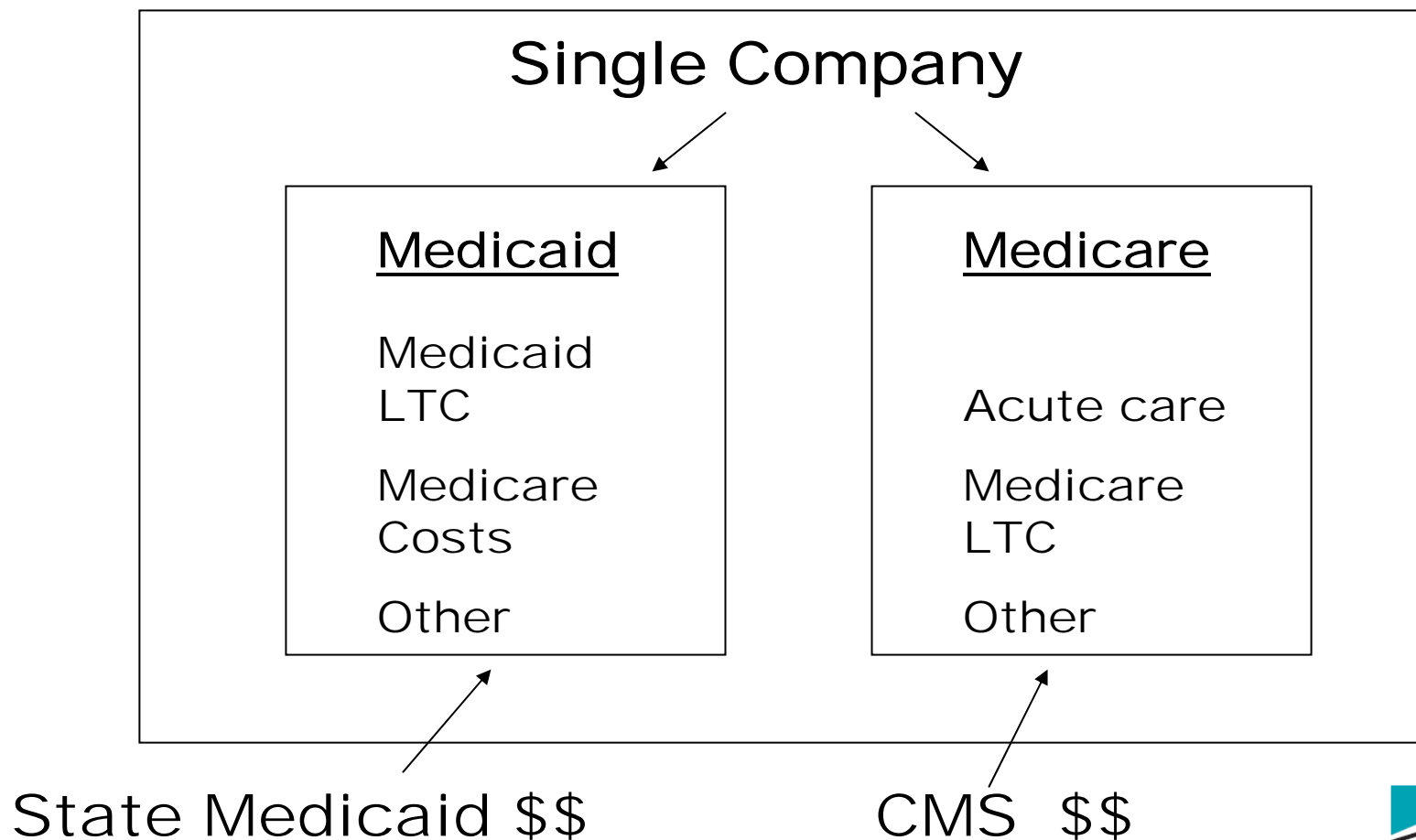
Public-Private Partnerships in Managed LTC



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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**

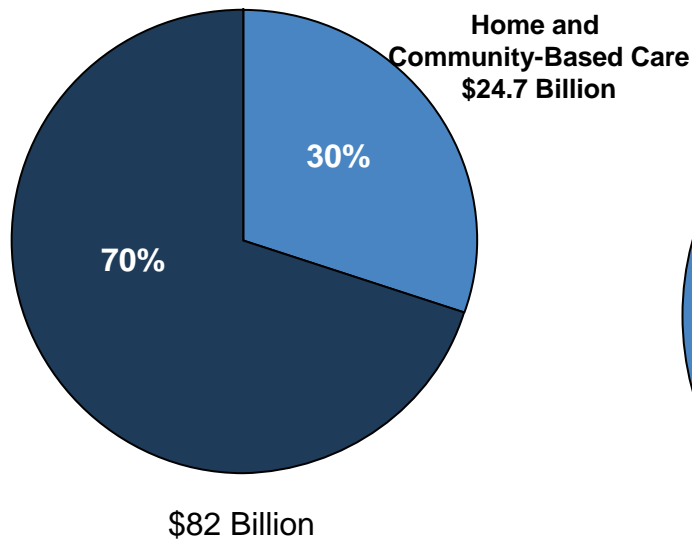
Cons

- **Higher admin/margin**
- **Risk of abandoning market**
- **Refusal to use traditional and public providers**



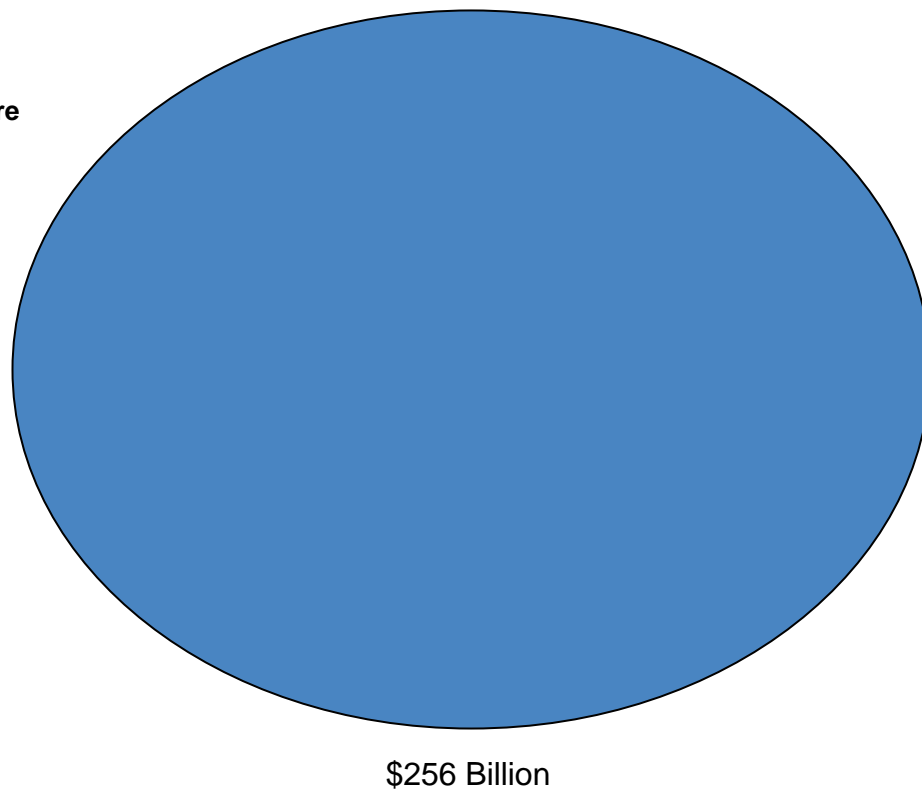
... one risk in “consumer direction” inside managed LTC is the fear of substitution: a woodwork effect ...

Medicaid Long Term Care Expenditures, 2002



Source: The MEDSTAT Group, Medicaid HCBS Waiver Expenditures, FY 2002

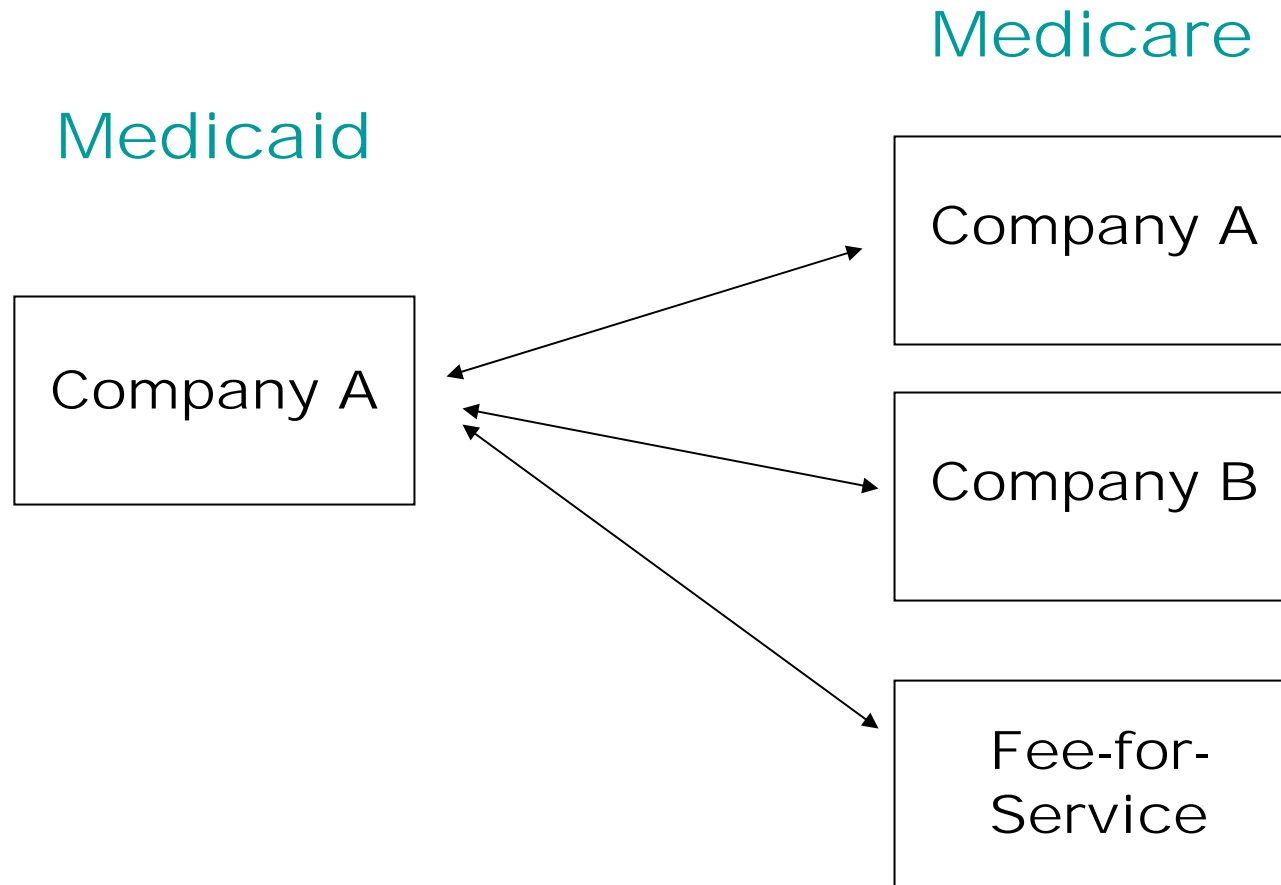
Value of Informal Caregiving, 2002



Source: P. Arno, et al., The Economic Value of Informal Caregiving, Health Affairs



. . . and program design cannot avoid the issue of Medicare “choice.”



Public-Private Insurance Partnerships



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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.

Long-Term Care Insurance Partnership Program Experience

Number of policies ever purchased	211,972
Number of policyholders who have ever received long-term care insurance benefits	2,761 (1.3%)
Number of policyholders who died while receiving benefits	899
Cumulative value of assets protected of policyholders who died while receiving benefits	\$10,869,369*
Number of active policyholders who have exhausted long-term care insurance benefits	251
Have accessed Medicaid	119 (47%)
Have not accessed Medicaid	132 (53%)
Cumulative value of assets protected of policyholders who have exhausted long-term care insurance benefits	\$11,319,409*
Have accessed Medicaid	\$4,162,812*
Have not accessed Medicaid	\$7,156,597*

Data Source: The above table summarizes data presented in the September 2005 GAO report, "Overview of the Long-Term Care Insurance Partnership Program."

*Data from California, Connecticut, and Indiana.



Questions

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