The Relative Efficiency of Managed Care and Traditional Fee-for-Services Long-Term Care Programs in Florida

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Background

- Medicaid Waiver HCBS in all 50 states (Miller, 2003).
- Allows states to pay for NH alternatives without making it available statewide as an entitlement.
- Cost effectiveness has been mixed (Grabowski, 2003; Wiener et al., 2004) but most studies are dated.
- With the rapid expansion, policy research needed to determine their cost effectiveness (Grabowski, 2003).
- Increased interest by Federal and State governments in managed LTC solutions.
- In Florida, Medicaid pays for LTC to 88,000 persons aged 60+: 2/3 NH and 1/3 HCBS.

Research Questions

Are there significant differences between managed care and FFS long-term care programs in the use of:

1. hospital in-patient care?
2. nursing home care?
3. overall cost?

Data Sources

- DOEA assessment and eligibility data (CARES and CIRTS).
- Florida Medicaid eligibility and utilization data.
- Florida Department of Health Death Certificates.
- Provider data from the managed care contractors.
- State-wide population data on hospitalizations and outpatient care from the State Center for Health Statistics (AHCA).
- Medicaid nursing home occupancy ratios (AHCA).

Methods: Population

- Medicaid consumers age 60 and older
- Enrolled first time in one of five Medicaid programs during SFY 1999-2000.
- Managed LTC
  - Channeling
  - Diversion
  - Frail Elder Project (FEP)
- Fee-For-Service LTC
  - Aged and Disabled Adult Waiver (ADA)
  - Assisted Living for the Elderly (ALE)
- Meet nursing home level of care and frailty.

Table 1
Medicaid Waiver Programs and Demonstration Projects in Florida

	Fee-For-Service		Managed Care		
	Aged and Disabled Adult	Assisted Living	Diversion	Frail Elder Project	Channeling
Year Implemented	1990-91	1994-95	1998-99	1987	1982
Monthly Rate SFY 2002-03	FFS	$840	$2,342	$1,190	$771
Enrollees SFY 2001-02	15,063	3,976	1,154	4,302	1,724
Service Area 1999-2002	All counties	Counties with participating ALFs	Orange Osceola Palm Beach Seminole	Dade Broward	Dade Broward
Lowest level of need to be eligible for program	Receives case management and one other waiver service	2 ADLs or Dx of Alzheimer's Disease	3 ADLs or Dx of Alzheimer's Disease	2 ADLs or Dx of Alzheimer's Disease	2 or more unmet long-term care needs

Methods

- Longitudinal study with a single cohort followed for three years through SFY 2001-2002.
- At least one assessment during the three year period (6,014; 82% of all enrollees).
- Two-stage PROBIT regression to test the effects of the explanatory variables on hospital inpatient and nursing home days (relatively rare events).
- Ordinary least squares regression to test the effects of explanatory variables on total Medicaid claims data.

Results: Demographics

- Average age 81; 75% are female; 43% are African American or Hispanic.
- Need some or total help with three or more activities of daily living (out of a total of six) and nearly 7 instrumental activities of daily living (out of 8).
- Three chronic health conditions (average).
- 37% have dementia.
- 40% have a caregiver.

Results: Hospital Utilization

- Lower Hospital Utilization:
  - Assessment in a nursing home or hospital.
  - Program enrollment (ADA, ALE, Channeling)
- Higher Hospital Utilization:
  - Program enrollment (Diversion, FEP).
  - Months in Diversion, FEP.
  - Hospitalizations prior to program enrollment.
  - Race (White).
- $R^2=.44$

Results: Nursing Home Utilization

- Lower NH Use:
  - Higher Medicaid nursing home bed occupancy rates in County.
  - Living in the community prior to enrollment.
  - Months in *any* fee-for-service or managed care program.
- Higher NH Use:
  - Assessment in a nursing home or hospital.
  - Higher inpatient days or higher outpatient claims.
  - Enrollment in Diversion or FEP.
- R^2=.40

Results: PMPM Total Medicaid Claims

- Lower monthly claims:
  - Death (-$252)
  - FEP (-$130)
  - All regions compared to Miami/Dade (-$208 to -$416)
  - ADA (-$55)
- $R^2=.61$
- Higher monthly claims:
  - Diversion (+$944)
  - ALE (+$229)
  - Channeling (+$88)
  - Inpatient days (+$68)
  - Nursing home days (+$88)
  - Meet Diversion frailty criteria (+$81)
  - Living in community (+$80)
  - Caregiver available (+$42)

Limitations

- Florida Medicaid does not assign enrollees to Medicaid HCBS at random; potential for selection bias.
- Enrollees can switch from one HCBS program to another (9.6%).
- Excluded NH enrollees in order to look at the relative efficiency of the alternatives.

Discussion

- Managed care enrollees less likely to be white and more likely to have a caregiver and to use the hospital or nursing home.
- FEP had similar health outcomes but cost the state $130 less relative to the other programs; Diversion cost $944 more. ($1,074 spread)
- ALE (FFS) serves mostly whites, persons with dementia, and those without a caregiver, and is less likely to use hospital or nursing home. Costs the state $229 more. Effective option for those without a caregiver.

Discussion

- Enrollment in Diversion contributed to higher inpatient and nursing home use (measure of poorer health outcomes). The capitated rate includes only Medicare co-pays so hospitalizations and short NH stays represent a savings to Diversion contractors.
- Private non-profit aging network providers (ADA waiver) costs $55 less than the other programs and enrollees are less likely to use the hospital but more likely to use nursing home (perhaps permanent move).
- Longer enrollment in any program reduced the time in a nursing home (fulfilling mission of these waiver programs).
- Intriguing finding: living in the community (incl. ALF) and caregiver available slightly increased total claims.

Conclusions

- Managed LTC can be efficient if capitation rates are set at appropriate levels (e.g. FEP).
- FFS Aging Network program (ADA) is efficient for individuals with a caregiver.
- FFS Assisted Living waiver is efficient for those without a caregiver.