Best Practice: Integrated Long Term Care

Medicaid Commission
Dallas,Texas

John R. Mach, Jr. M.D.
CEO, Evercare

Evercare™

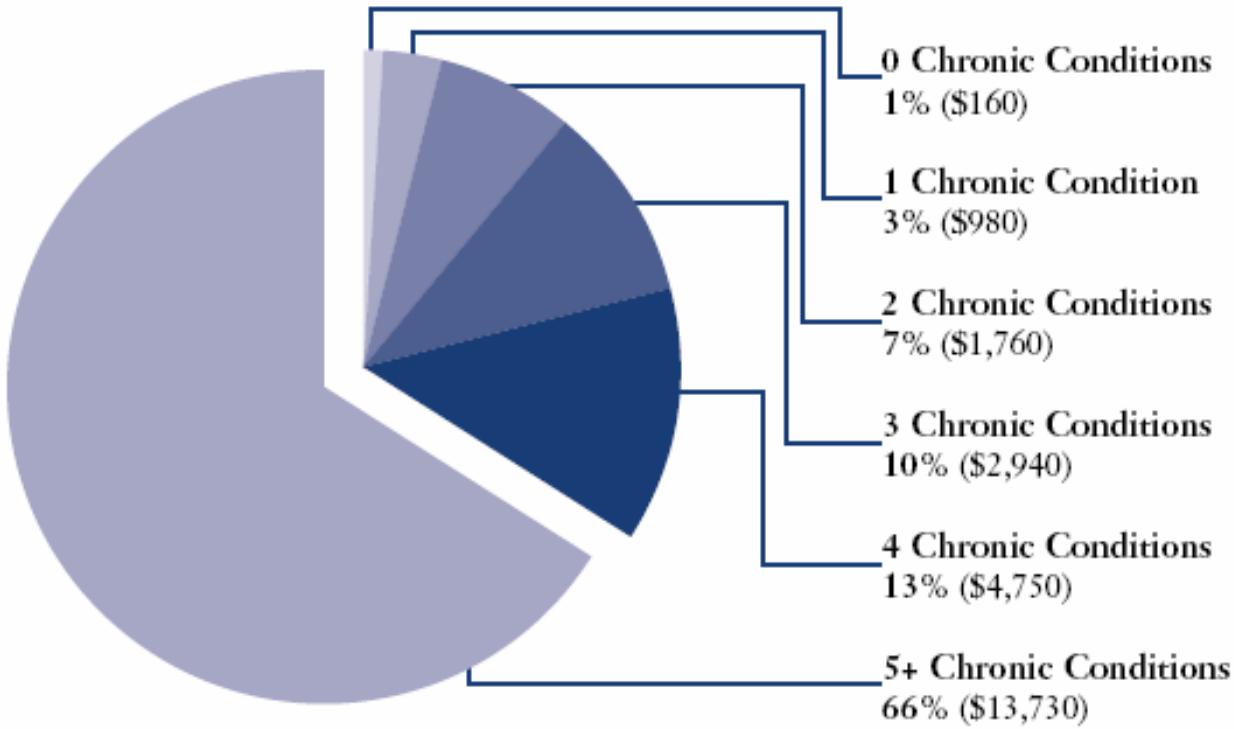
Overview

- Chronic Illness Driving Health Care Crisis in the United States
- Need for Care Management
- Integrating Medicare and Medicaid
- Medicaid Reforms to Encourage Integration

Evercare™

Individuals with 5+ Chronic Illnesses Account for 66% of Medicare Spending

Percent of Medicare Spending per Person by Number of Chronic Conditions
(Average Annual Expenditure)

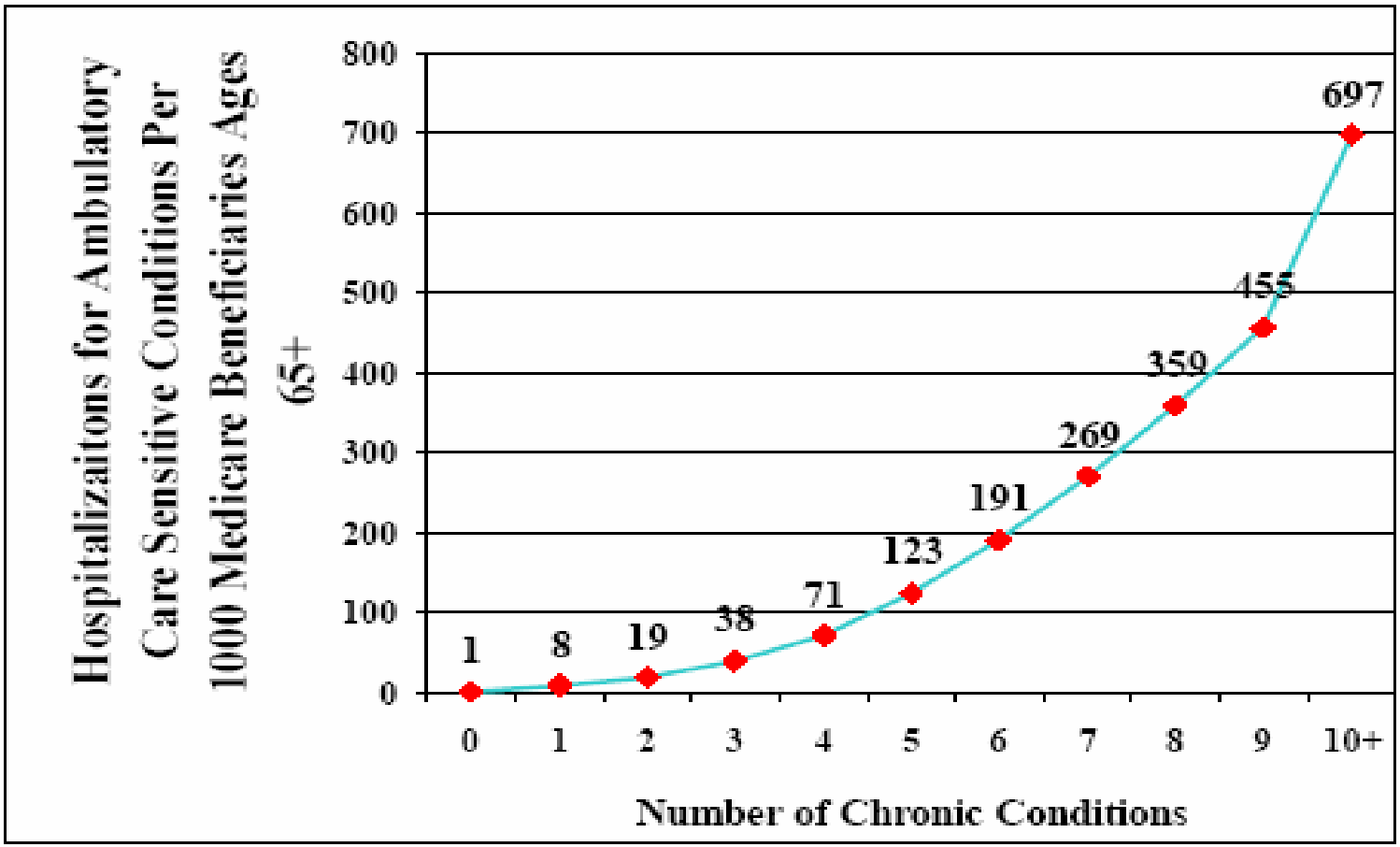


Source: Medicare Standard Analytic File, 1999.

Evercare™

From "Chronic Conditions: Making the Case for Ongoing Care", Johns Hopkins University for the Robert Wood Johnson Foundation, December 2002

Multiple Chronic Conditions Lead to Increased Unnecessary Hospitalizations



Source:2001 Medicare Standard Analytic File

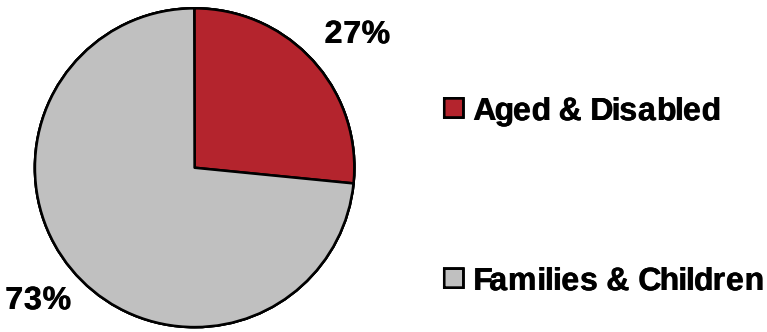
Evercare™

Impact of Chronic Illness on Medicaid

- 87% of Medicare/Medicaid dual eligibles have 1or more chronic conditions
- 63% of dual eligibles have 1 or more limitations in activity limitations

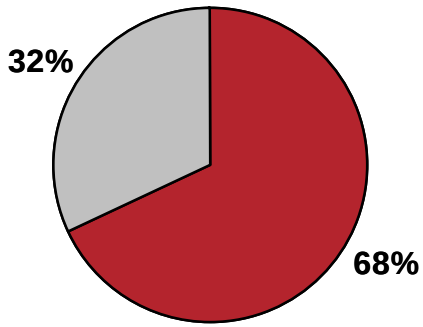
From "Chronic Conditions: Making the Case for Ongoing Care", Johns Hopkins University for the Robert Wood Johnson Foundation, December 2002

Total Medicaid Enrollment



2003 Medicaid Enrollment = 40.6 Million

Total Medicaid Spending



2003 Medicaid Spending = $223.5 Billion

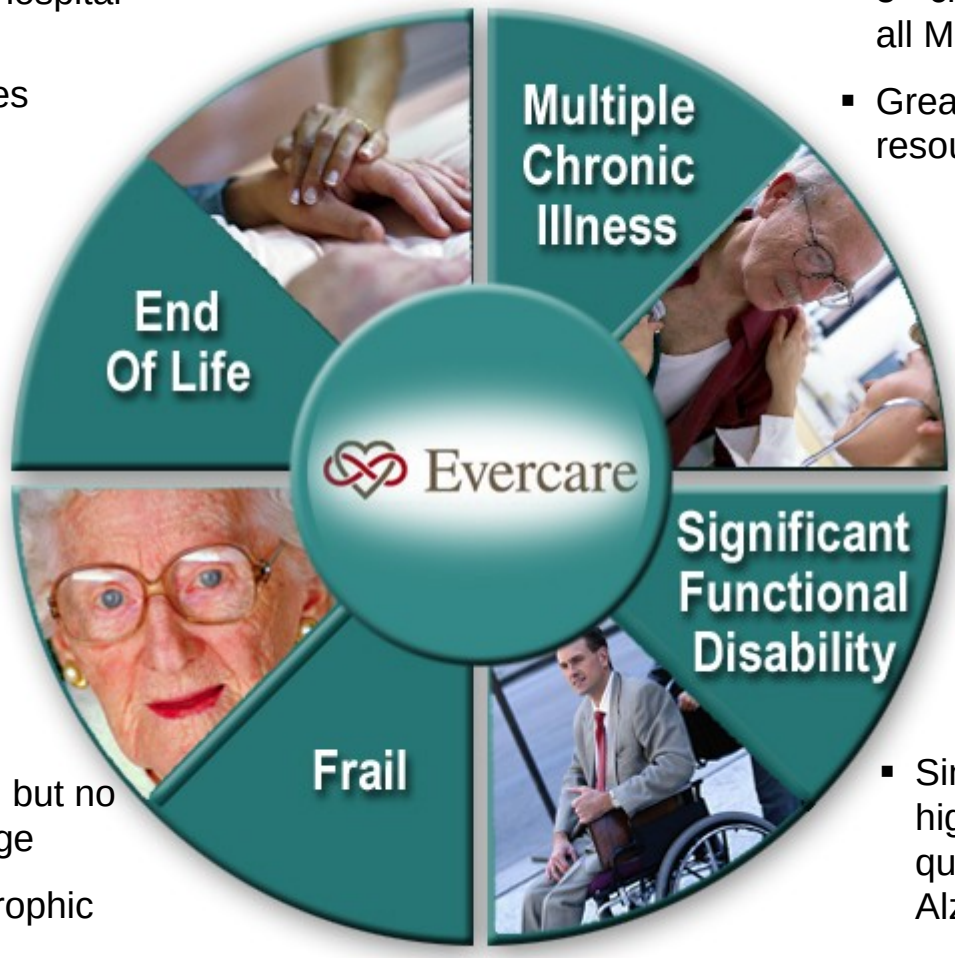
Holahan and Ghosh,
"Understanding The Recent Growth In Medicaid Spending, 2000–2003", Health Afffairs, January 2005

Evercare™

Special Needs Populations

- 50% of people die in hospital outside of Hospice
- Poor palliation services

- 5+ chronic conditions= 2/3 of all Medicare costs
- Greatest suffering = ineffective resource utilization



- Maybe functioning well, but no reserve secondary to age
- Sudden event is catastrophic

- Single condition but very high impact, e.g. quadriplegia, advanced Alzheimer's Disease

The Case for Care Coordination

- The care process should essentially be the same for all four groups. These principles are:
  - Individualized
  - Comprehensive
  - Coordinated
  - Continuous

- Current care system is designed for acute care
  - Fragmentation among numerous providers
  - Poor transitions across care settings
  - Lack of systematic approach to prevention and early identification of change

Evercare™

Best Practice: Chronic Care Model

holistic

consumer-centered

continuous

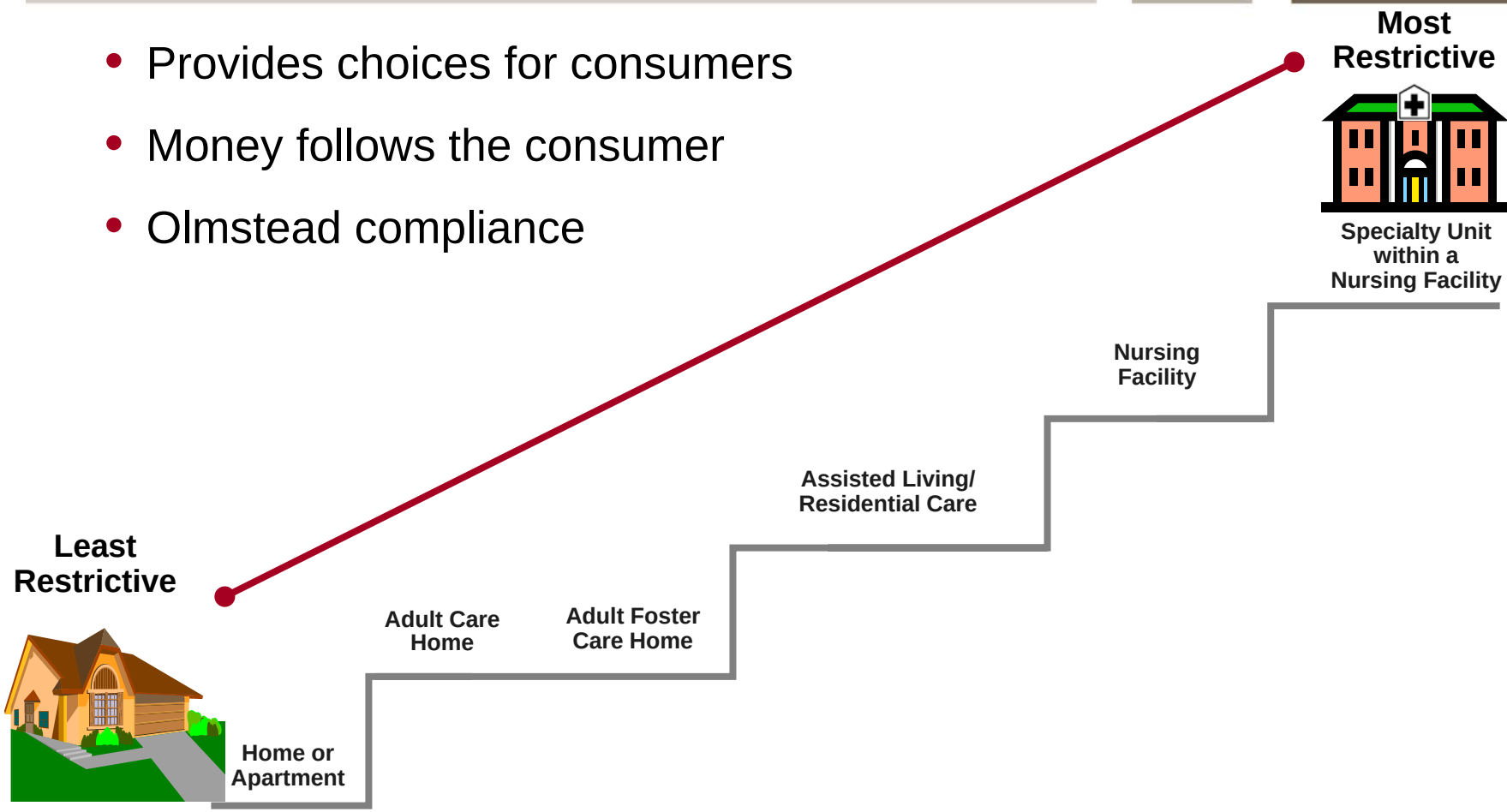
collaborative

focus on preventive care

evidence-based

Full Continuum of Placement Options

- Provides choices for consumers
- Money follows the consumer
- Olmstead compliance



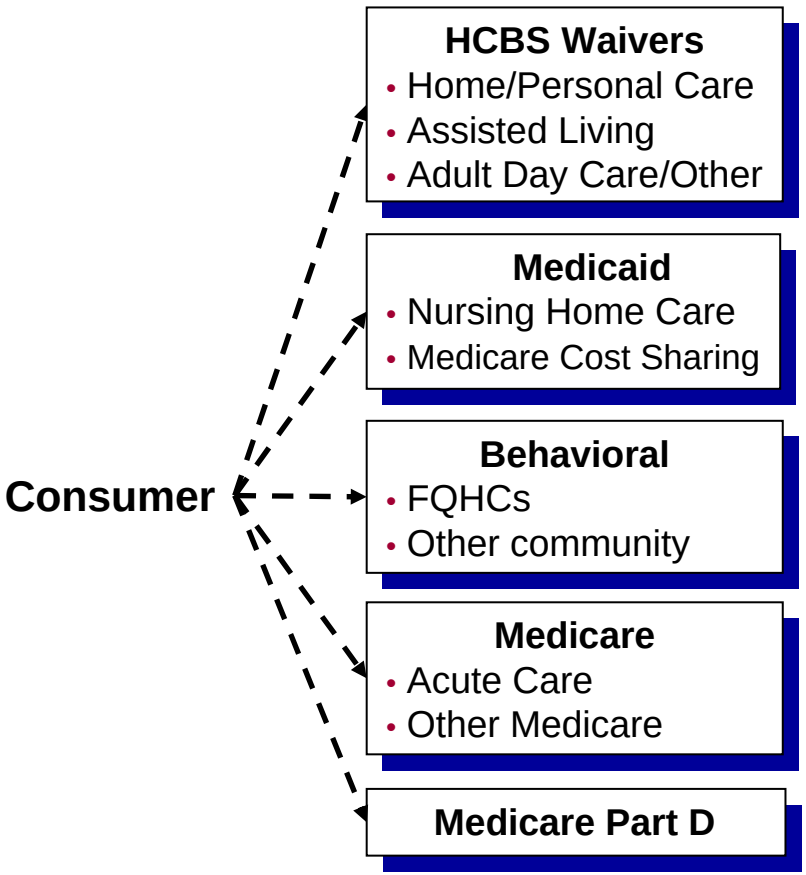
Evercare™

Medicare and Medicaid Integration

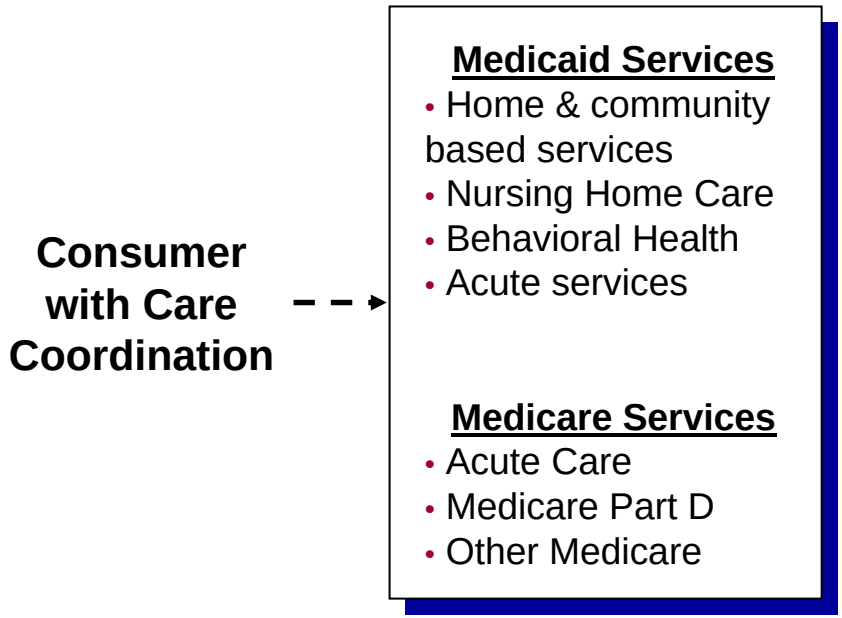
Evercare™

Dual Eligibles Face a Highly Fragmented Health Care System

Current System



Integrated LTC Program

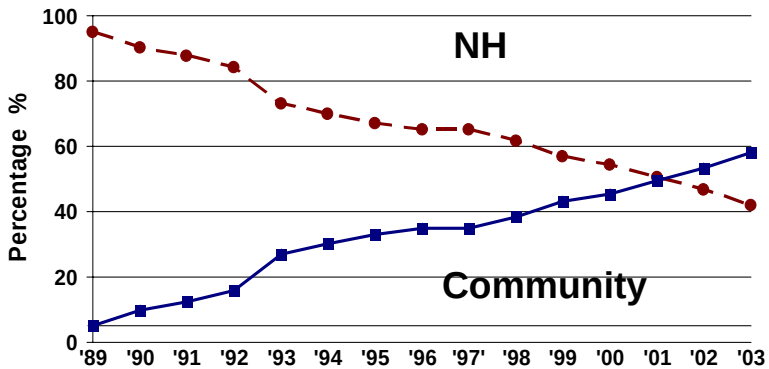


Evercare™

Consumer Outcomes

Maintain Independence

- Florida NH Diversion
  - Program cares for clients with higher impairment in community
- Texas STAR+PLUS
  - Increased # of LTC providers
  - 31% increase in clients receiving personal care
  - 30% increase in adult day care
- Arizona ALTCS
  - Increased community placement > 50%



% Consumers in NH vs. Community

Source: *State of Arizona Claims Data; as of 3/31/03.*

Improve Quality of Care/Satisfaction

- Florida NH Diversion
  - Report fewer unmet needs
  - Higher satisfaction with case management
- Wisconsin Family Care
  - Expanded residential options
- Texas STAR+PLUS
  - 90% of clients report having a medical home
  - 22% reduction in hospital use
  - 38% reduction in ER use
- Minnesota MSHO
  - 91% satisfaction with program
  - 90% report receiving care they need
  - 96% would recommend care manager

Evercare™

Medicaid Reforms to Encourage Integration

Evercare™

Specific Obstacles to Reform

- Poor alignment between Medicare and Medicaid results in:
  - Cost shifting, administrative duplication, lack of accountability for cost and quality
  - Confusion for the individual and family
- Medicaid waiver requirements: uncertain; complicated and slow
- Early financial benefits accrue to Medicare (reduced hospitalizations); state Medicaid savings accrue later (delayed nursing home placement).
- The transition to more community-based care is a fundamental change for all LTC stakeholders.

The impact of all of these obstacles is that only 2-3% elderly and disabled Medicaid beneficiaries are in integrated plans; we need to find a way to bring these models to a scale which will make a true difference in program outcomes.

Reform Proposal

- Allow for creation of coordinated, integrated LTC plans without a waiver through a new state plan option
  - Deficit Reduction Act provision allows HCBS services through the state plan; need an option for care management of all services
  - Allow HCBS state plan option at same income level as NH entitlement
  - Allow dual eligibles to enroll on an all-inclusive basis with an opt-out provision
  - Include care management as a covered benefit in managed care rates
- Align Medicare and Medicaid in areas of marketing, grievances, enrollment and quality assurance
- Rebate to the states half of the federal savings in the Medicare Advantage bid for each dual in an integrated plan

Evercare™

Evercare Background

Evercare™

Evercare Organizational Background

Our mission is to optimize the health and well-being of aging, vulnerable and chronically ill individuals

- Parent organization - UnitedHealth Group
  - Diversified health and well-being organization
  - Comprised of six business segments, each serving a unique population

- Part of Ovations, business segment focused on care for individuals over age 50
  - Medicare Advantage plans serving over 1 million beneficiaries
  - Evercare serves 100K elderly and physically disabled members
  - National PDP offering the *AARP MedicareRx Plan*, currently serving 4.5 million seniors nationwide
  - Provide Medicare supplement to 3.5 million AARP members
- Sister organization with AmeriChoice
  - Serving 1.4 million TANF, SCHIP and ABD beneficiaries

Evercare™

Evercare National LTC Experience

- Serving 51,000 elderly and disabled Medicaid beneficiaries through 7 programs in 6 states
  - Arizona Long Term Care System (ALTCS)
  - Florida Long Term Care Programs
    - Nursing Home Community Diversion Program
    - Frail / Elderly Program
  - Massachusetts Senior Care Options (SCO);
  - Minnesota Senior Health Options (MSHO)
  - Texas STAR+PLUS Program
  - New Mexico Medicaid Long-Term Care Program (pending late 2006)
  - Washington Medicaid/Medicare Integration Program
- Serving 29,000 institutionalized Medicare beneficiaries in 25 states
- Offering Medicare Dual Special Needs Plans in 30 states
  - Currently serving 18,000 community-based Medicare beneficiaries

Evercare™

State LTC Programs

		FUNDING	POPULATION	AGE	BENEFITS				ENROLLMENT
		Medicare Medicaid Duals	ABD vs. NHC	65 + 21+ Other	HCBS	Nursing Home	Acute	Rx	Mandatory vs. Voluntary
Evercare Products	**Arizona** (ALTCS)	Medicaid	NHC	0+	X	X	X	X	Mandatory
	Florida (Frail/Elderly Program)	Medicaid	NHC	21+	X		X	X	Voluntary
	Florida (NH Diversion)	Medicaid	NHC	65+	X	X	X	X	Voluntary
	Massachusetts (SCO)	Duals	ABD	65+	X	X	X	X	Voluntary
	Minnesota (MSHO)	Duals	ABD	65+	X		X	X	Voluntary
	Texas (STAR+PLUS)	Medicaid	ABD	0+	X		X		Mandatory
	Washington (MMIP)	Duals	ABD	65+	X	X	X	X	Voluntary
Other Programs	**New York** (MLTC)	Medicaid	NHC	21+	X	X	X	X	Voluntary
	Wisconsin (WIPP)	Duals	NHC	18+ disabled 65+ others	X	X	X	X	Voluntary
	Wisconsin (Family Care)	Medicaid	NHC	18+	X	X			Mandatory
	PACE	Duals	NHC	55+	X	X	X	X	Voluntary

ABD = All Aged, Blind and Disabled
NHC = Individuals meeting nursing home criteria only

Evercare™