Enrolling Elderly and Disabled Medicaid Beneficiaries in Managed Care Can Achieve Better Outcomes and Save $150 Billion over 10 Years: Methodology and Citations

Methodology

Medicaid beneficiaries who are over 65 (elderly beneficiaries) or who qualify as disabled under program rules (disabled beneficiaries) represent two distinct enrollment categories under Medicaid statute. In this brief they are referred to as elderly and disabled Medicaid beneficiaries. Many of Medicaid's 7 million elderly beneficiaries have disabilities. Some of Medicaid's 10 million disabled beneficiaries have turned 65 without being recategorized as elderly beneficiaries. Not all individuals with disabilities enrolled in Medicaid qualify as disabled under program rules.

Projected enrollment for elderly and disabled Medicaid beneficiaries—including those who are enrolled in fee-for-service (FFS) and those who are dual Medicare-Medicaid enrollees—was estimated using data from the Congressional Budget Office (CBO) and the Centers for Medicare & Medicaid Services (CMS). Projected Medicaid spending for elderly and disabled Medicaid beneficiaries—including those who are enrolled in FFS, those who use long-term services and supports (LTSS), and those who are dual Medicare-Medicaid enrollees—was estimated using data from CBO and CMS. Projected Medicare spending for Medicaid beneficiaries who are dual Medicare-Medicaid enrollees and who remain in FFS Medicare was estimated using data from CBO, CMS, and the Medicare Payment Advisory Commission (MedPAC). The savings opportunity from shifting Medicaid and Medicare enrollment and spending from FFS to comprehensive managed care was estimated using data from The Menges Group and from Financial Alignment Initiative evaluations prepared for CMS by RTI International.

Medicaid savings includes savings for dual Medicare-Medicaid enrollees and Medicaid-only enrollees. Medicare savings reflect reduced Medicare utilization from shifting dual Medicare-Medicaid enrollees into managed care both for Medicare-covered and Medicaid-covered services. Enrolling beneficiaries who receive LTSS in managed care can lower Medicaid spending on LTSS (e.g., by helping individuals continue living in their homes instead of in nursing facilities) and lower Medicare and Medicaid spending on acute care (e.g., by helping to avoid hospital admissions). Savings estimates do not assume compound reductions in spending growth over time due to longer-term Medicaid LTSS program transformation; as a result, the potential savings opportunity may be understated.

Citations

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Medicaid enrollment totals include child enrollment in the Children's Health Insurance Program (CHIP).

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