

Study defines spending trends among dual-eligible beneficiaries

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While there has been much effort to control spending for individuals eligible for both Medicaid and Medicare in the United States, for the first time a team of Vanderbilt University health policy researchers have analyzed spending trends for this population over a multiyear period in order to gain a much clearer understanding of exactly how much is being spent and by whom.

"We measured how much Medicare spends per dual-eligible beneficiary and how much that changed between 2007 to 2015, and we compared those trends to other beneficiaries who don't have Medicaid," said lead author Laura Keohane, Ph.D., assistant professor of Health Policy at Vanderbilt University School of Medicine. "After adjusting for increases in Medicare payment rates, over this time period we found that dual-eligible beneficiaries over age 65 on average had very similar spending growth compared to other Medicare beneficiaries. In the most recent years of our study, dual-eligible beneficiaries had lower average annual spending growth."

For younger Medicare beneficiaries under age 65, the team found that dual-eligible beneficiaries actually had slightly lower average spending growth over the entire time period and especially lower spending growth in the latest years of the study period.

The results of their study, which was funded by The Commonwealth Fund, were published in the August edition of *Health Affairs*, a peer-reviewed journal published by Project Hope.

"It is important for policy makers to know that during this period of slow growth in Medicare spending per beneficiary, spending growth for dual-eligible beneficiaries was even slower," said one of the authors, Melinda Buntin, Ph.D., professor and chair of the Department of Health Policy at Vanderbilt, one of the study's co-authors.

In 2016, there were 11.7 million individuals simultaneously enrolled in Medicare and Medicaid, according to a recent report from the Centers for Medicare and Medicaid Services (CMS). These dual-eligible beneficiaries typically experience high rates of chronic illness, with many having multiple chronic conditions and long-term care needs. Additionally, 41 percent of dual-eligible beneficiaries have at least one mental health diagnosis. About half of dual-eligible beneficiaries rely upon some form of long-term supports and services, including institutional as well as home and community-based supports (HCBS).

Dual-eligible beneficiaries are challenged by the need to navigate two separate programs: Medicare for coverage of most health care services and prescription medications, and Medicaid for coverage of long-term care, certain behavioral health services, and for help with Medicare premiums and cost-sharing.

"It is very true that dual-eligible beneficiaries have higher spending levels than other Medicare beneficiaries, but the implication of our work is that the gap in spending levels between dual eligible beneficiaries and other beneficiaries is not increasing over time," Keohane said. "If anything, in the last couple of years that gap has decreased a little bit."

"So, yes, dual-eligible beneficiaries are a very high cost population, but in terms of understanding the sustainability of future spending for this population, it is at least somewhat reassuring that their spending growth rates are similar or even lower than other Medicare beneficiaries."

Another finding of the study is that when looking at spending growth across all Medicare beneficiaries, one group with the highest average annual spending growth was individuals who use long-term nursing home use. This population had average annual spending growth rates ranging from 1.7 to

4.1 percent depending on age group and Medicaid participation.

The next step for this line of research is discovering why dual-eligible beneficiaries have lower spending growth in recent years and if that decrease is related to some of the measures that have been put in place to contain cost, such as the shift to value-based payments and efforts to better coordinate care for dual-eligible beneficiaries, Keohane said.

"To be able to benchmark dual-eligible beneficiaries' spending growths and how [spending](#) varies across different sectors and for individuals with different diseases and different demographic characteristics is helpful for being able to better identify areas where we might be able to do more for the dual-eligible population," Keohane said.

"There is better data available than ever about who is participating in Medicaid; lack of data had historically been one of the major challenges trying to research this population.

"It's so exciting to see more and more researchers making use of that data. It can be challenging because there are a lot of variations across states in how Medicaid programs operate and important distinctions between types of Medicaid benefits, but considering the health needs of this population, we need more research attention in this area."

Provided by Vanderbilt University Medical Center

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