Increase in 65+ Population - Impacts Medicaid Enrollment

Steepest increase is just beginning!

Source: Minnesota Compass
Average Lifetime Long Term Care Costs

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
<th>Everyone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$91,100</td>
<td>$182,000</td>
<td>$138,000</td>
</tr>
</tbody>
</table>

Source: Ann Tumlinson Innovations, Tables 4A-4B, Favreault and Dey (2015)

State Spending Growth on Medicaid

- % of State General Fund Spent on Medicaid: 23%
- Amount of Medicaid Spending on Care Centers & Elderly Waiver: 15%

Source: Minnesota Department of Human Services Budget Forecast
Medicaid Spending Will More Than DOUBLE in Next 10 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Medicaid $</th>
<th>Federal Medicaid $</th>
<th>State Medicaid $</th>
<th>Average, Federal %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$427.4</td>
<td>$270.7</td>
<td>$156.7</td>
<td>63%</td>
</tr>
<tr>
<td>2012</td>
<td>$431.0</td>
<td>$248.8</td>
<td>$182.2</td>
<td>58%</td>
</tr>
<tr>
<td>2013</td>
<td>$456.4</td>
<td>$262.2</td>
<td>$194.2</td>
<td>57%</td>
</tr>
<tr>
<td>2022 (est)</td>
<td>$853.8</td>
<td>$511.1</td>
<td>$342.5</td>
<td>60%</td>
</tr>
</tbody>
</table>


What are the Waiver Programs

Part of the Medicaid Program for clients Eligible to LTC that provides services outside an institution

Services include:
- Adult companion
- Adult day
- Chore
- Extended state plan services
- Family caregiver supports
- Home-delivered meals
- Homemaker
- Individual community living support (ICLS)
- Respite/ in-home and out-of-home
- Transportation/mileage
- Customized (assisted) Living

Source: Minnesota Department of Human Services
Elderly Waiver Enrollment Exceeds Medicaid Nursing Home Recipients

Source: Minnesota Department of Human Services, Spending Forecast, November 2017

Elderly Waiver is Economical Alternative to Care Centers

Source: Minnesota Department of Human Services, Spending Forecast, November 2017
Potential Threats to the Future of Medicaid

- End Federal Funding of Medicaid Expansion
- Cap federal match on state Medicaid spending
- State policy changes restricting coverage of some services (i.e., assisted living)

**Implications:** less services covered, fewer people covered, reduced provider rates, reduced funding for other govt programs, and/or higher taxes

Payment Trends Similar in Medicare and Medicaid

**MEDICARE**
- Integrated Services across all Health Care Settings
- Payment-Based Performance tied to Outcomes

**MEDICAID**
- Fee-for-Service Model
- Bending the Cost Curve
- Payment-Based on Cost Efficiencies
Minnesota has highest penetration of Medicare managed care

Context: Medicare Market Shift in Minnesota

Traditional Medicare Fee For Service
- Part A and B and D
- Deductibles
- Coinsurance

Enrollment: 257,000

Medicare Supplemental Benefits Plans
- Supplements Medicare FFS
- Only for non-Medicare covered services
- (deductible, co-insurance, added benefits under purchased plan)

Enrollment: 115,000

Minnesota Senior Health Options (MSHO)
- Specialized plan for dual eligibles over age 65 that integrates MA and Medicare services
- Oversight by DHS and CMS; administered by health plans

Enrollment: 38,000

Group Coverage
- Retiree coverage from a former employer
- Similar to Supplemental plan: Medicare pays first and group plan supplements

Enrollment: 45,000

Medicare Advantage Plans
- Covers everything Medicare covers
- Plan is like a pass through with administrative duties
- Majority of Medicare managed care members in cost but this will change in 2019 as members shift to Medicare Advantage and Med Supplements

Enrollment: 380,000

Medicare Supplemental Benefits/Plans
- Supplements Medicare FFS only for non-Medicare covered services

Enrollment: 115,000

Medicare Enrollment in Minnesota
Total MN enrollment = ~940,000

Sources: CMS 2015, DHS 2018, Kaiser Family Foundation 2017
Minnesota law now allows for-profit HMOs resulting in new health plan entrants (e.g., Aetna, United Health Group).

Shift from Cost Contract creating significant MN market shift of an older population (av. age 72)

Shift either to Medicare Advantage, Fee For Service, or Med Supp markets

Minnesota law now allows for-profit HMOs resulting in new health plan entrants (e.g., Aetna, United Health Group).

940,000 Currently Eligible
60,000 Minnesotans turning 65 each year*

*Sources: Minnesota State Demographic Center, December 2014