

Long Term Services and Supports: Financing Care for the Future

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**REPORT TO THE PRESIDENT
BETTER HEALTH CARE AND LOWER COSTS:
ACCELERATING IMPROVEMENT THROUGH
SYSTEMS ENGINEERING**

Executive Office of the President
President's Council of Advisors on
Science and Technology

May 2014

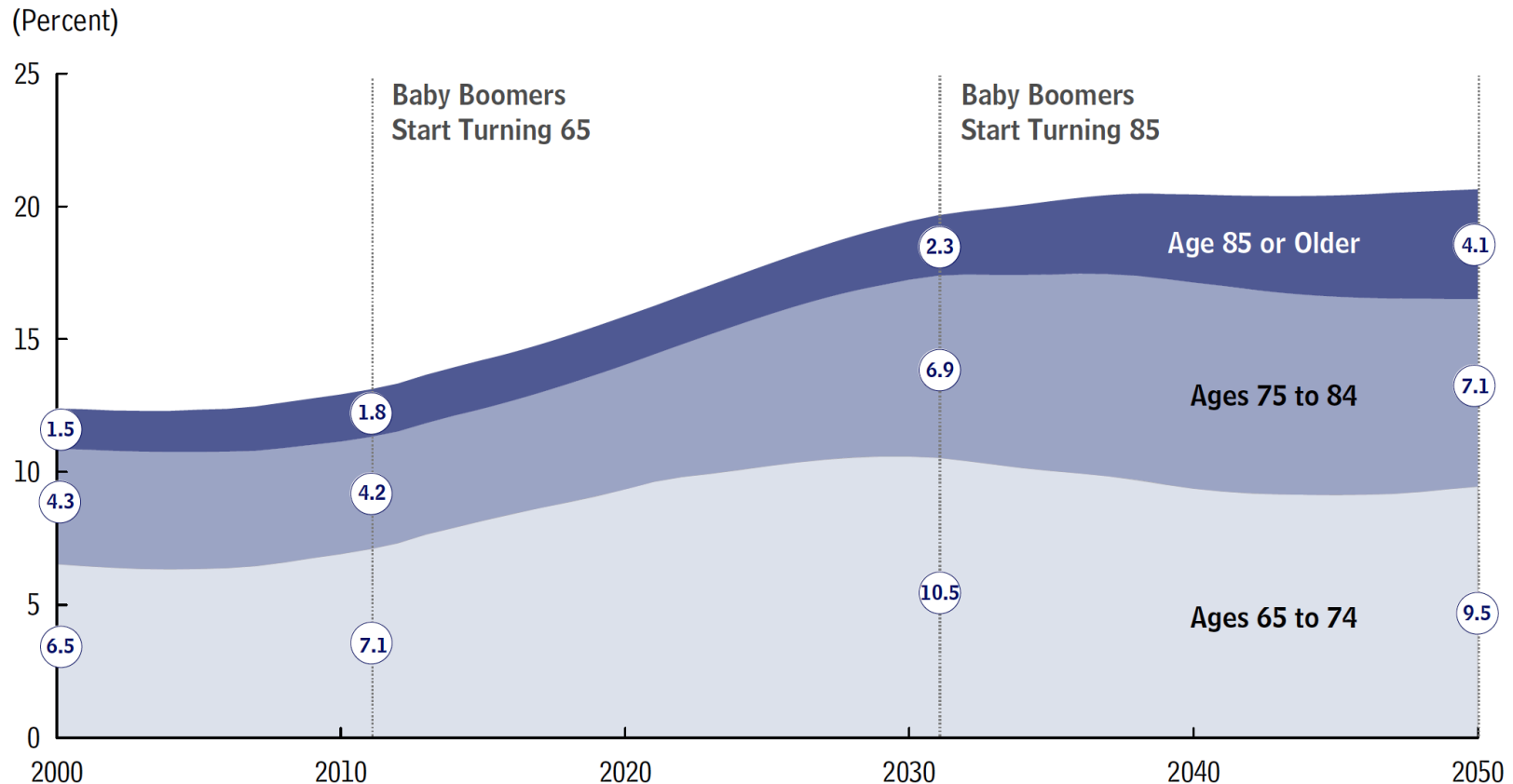


[http://www.whitehouse.gov/sites/default/
files/microsites/ostp/PCAST/
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Key Takeaways

- If you think the current state is difficult, projections show *increased challenges*
- Consider how a technology might be *paid for* in the current environment and *substitute for* other types of care
- Just as you plan to collect data on efficacy, think about collecting data in phase II or III to support a *value* proposition

Elderly Adults As a Share of the U.S. Population, 2000 to 2050

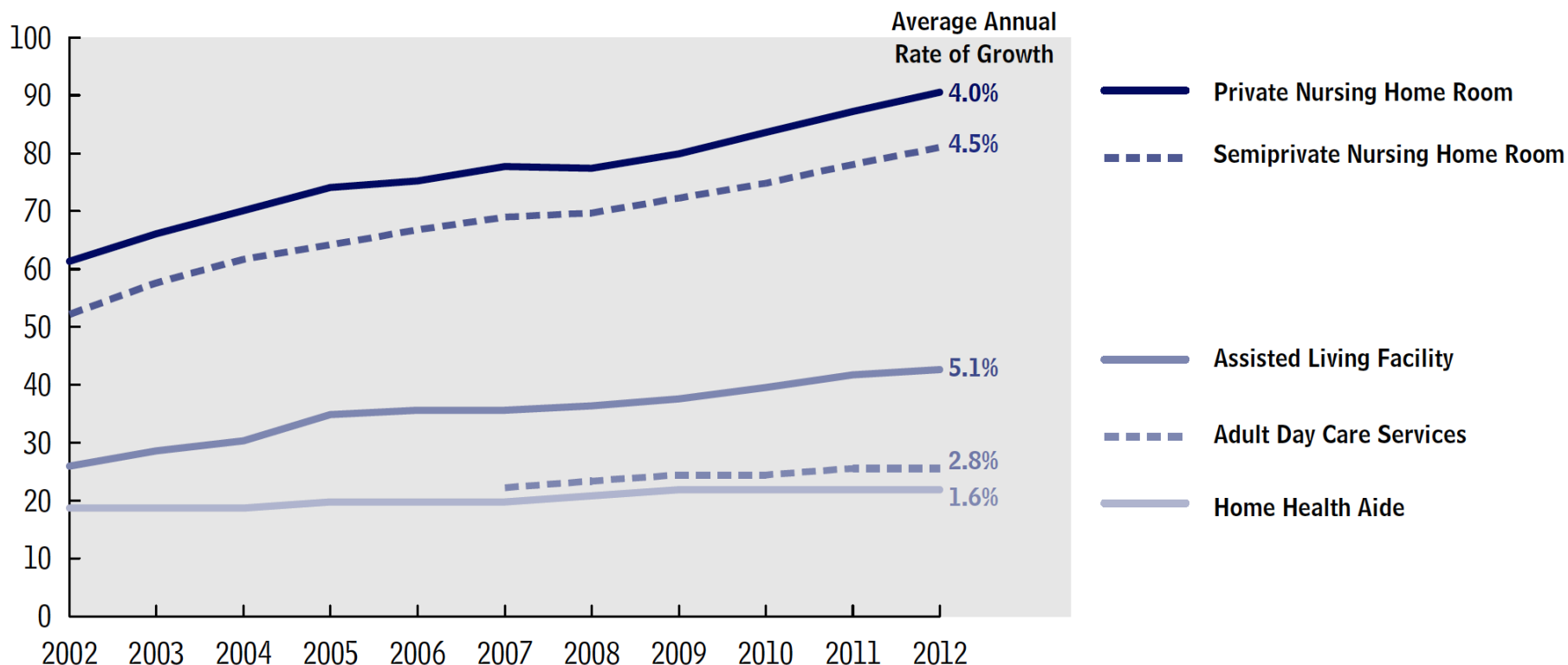


Source: Congressional Budget Office tabulations based on population projections reported in *The 2012 Long-Term Budget Outlook* (June 2012), www.cbo.gov/publication/43288.

Note: Members of the baby-boom generation (people born between 1946 and 1964) started turning 65 in 2011 and will turn 85 beginning in 2031.

Prices of Long-Term Services and Supports for People Paying Out of Pocket or With Private Insurance, 2002 to 2012

(Annualized price, in thousands of dollars)

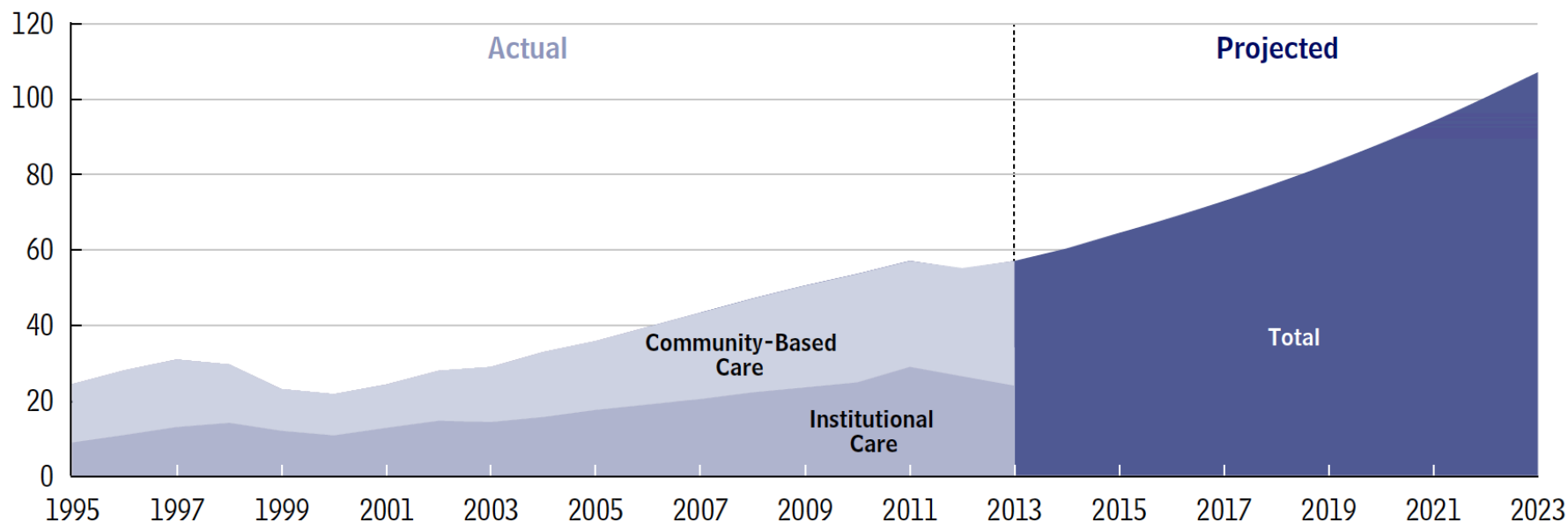


Source: Congressional Budget Office based on MetLife Mature Market Institute, *Market Survey of Long-Term Care Costs*, 2002 to 2012.

Medicare Spending for Post Acute Care, for Beneficiaries Age 65 or Older, FY 1995-2023

(Billions of dollars)

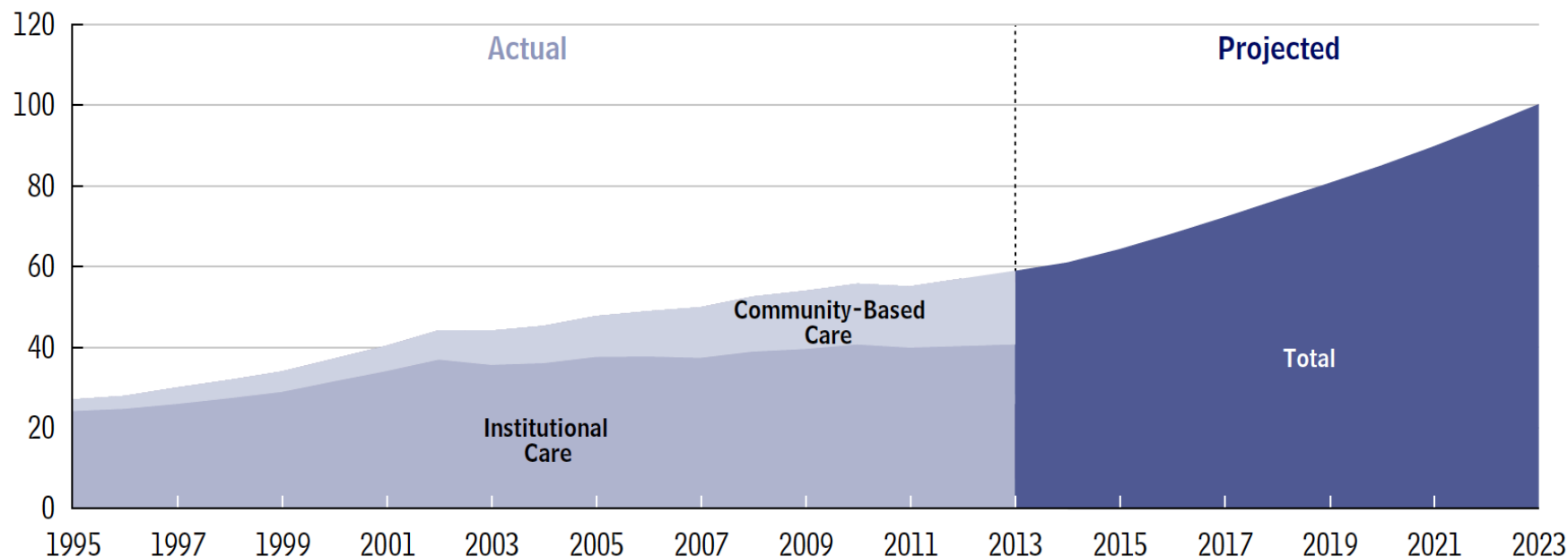
Medicare Spending for Postacute Care



Medicaid Spending for Long-Term Services and Supports, for Beneficiaries Age 65 or Older, FY 1995-2023

(Billions of dollars)

State and Federal Medicaid Spending for Long-Term Services and Supports

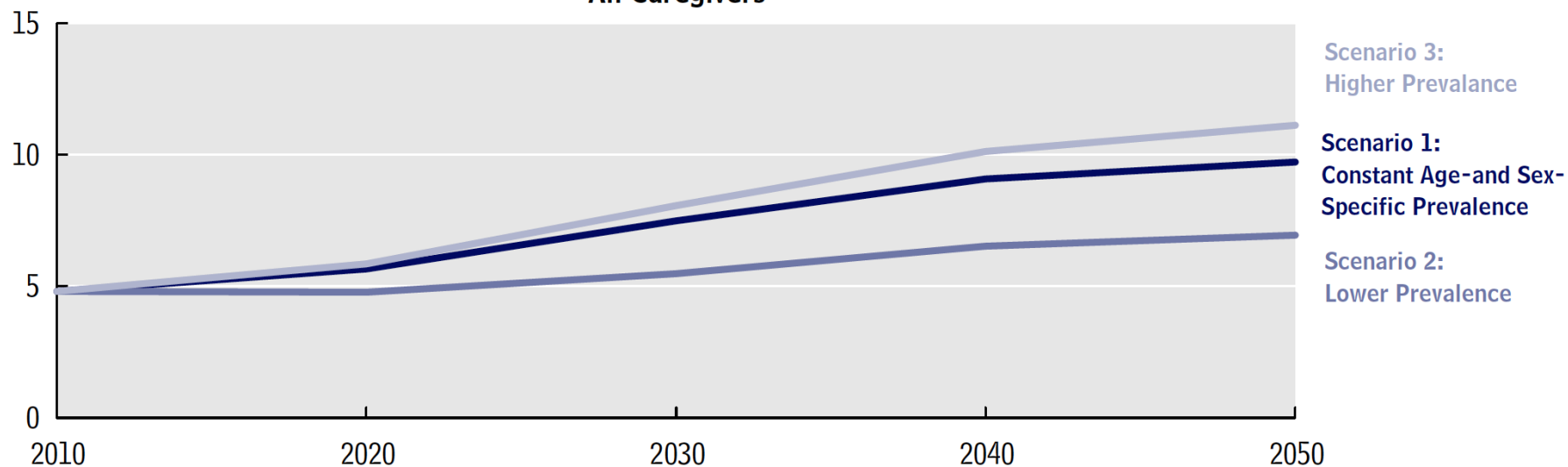


Sources: Congressional Budget Office; Centers for Medicare & Medicaid Services.

Projected Demand for All Caregivers for Elderly People Living in the Community: Three Possible Scenarios, 2010 - 2050

(Percentage of the adult nonelderly population)

All Caregivers



Home and Community Based Services vs. Institutionalization

- The utilization rate and financial expenditures for HCBS waiver programs is growing faster than the rates for institutionalization¹ (KFF, 2012)
- Targeting “high need” sub-populations for HCBS Medicaid waivers improves efficiency of the programs²
- A March 2014 study found that individuals enrolled in a HCBS waiver program are more likely to experience both preventable and non-preventable hospitalizations than individuals living in an institution³

¹Kaiser Family Foundation, 2014. <http://kff.org/medicaid/report/medicaid-home-and-community-based-service-programs/>

² Chattopadhyay, A, et al. 2013. SpringerPlus, 2:305

³ Wysocki, A., et al. 2014. Health Services Research, 49(3): 778-797.

Characteristics of Today's Long-Term Care Financing Options¹

Medicaid

- Income must be low enough to qualify
- Must have certain level of impairment
- Limitations of providers and non-nursing home care

Long-Term Care Insurance

- Covers 8.2 million people
- May have pre-existing condition exclusions
- Must be able to pay premiums
- Cover all long-term care services

Hybrid Insurance

- Covers 266,000 people
- May have pre-existing condition exclusions
- Must be able to pay for products
- Covers all long-term care services

Health Savings Accounts (HSAs)

- Covers 13.5 million people
- Must be able to make sizable contributions
- Covers all long-term care services

Reverse Mortgages

- Covers 775,000 people
- Requires home ownership
- Must be 62 years or older
- Cannot leave home to live in a facility

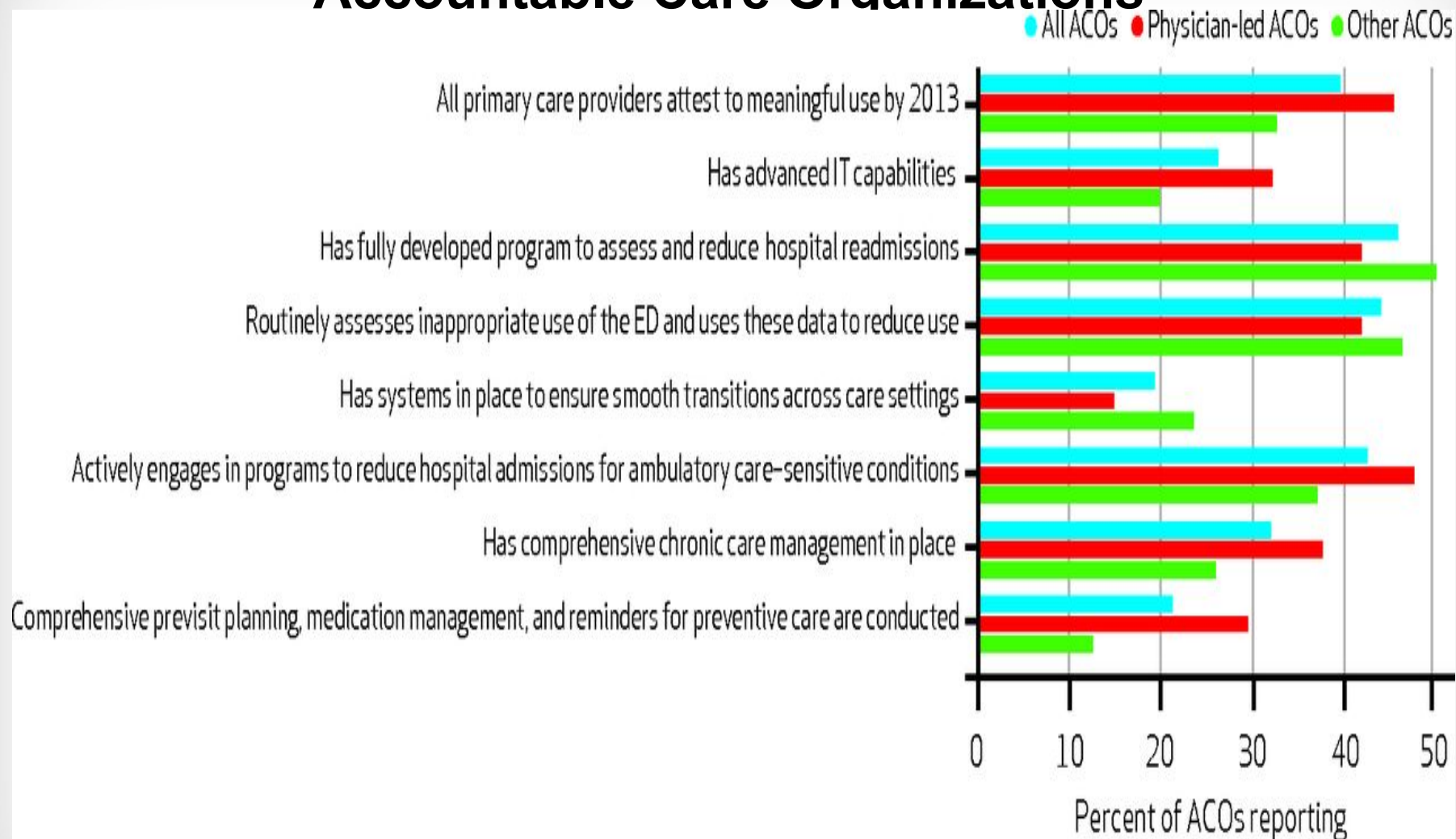
¹Source: Scan Foundation, 2013

Restructuring Long-Term Care Insurance to Address Low Enrollment and LTSS Financing Challenges¹

- Simplify/standardize products
- Index premiums
- Expand educational campaign and warnings
- Expand employer role
- Mandate employer-sponsored availability
- Create smart opt-out/ forced-choice program
- Create targeted subsidy for individuals up to 400% FPL
- Create state (or multi-state) sponsored reinsurance pools
- Expand employer role
- Foster joint marketing with health insurance programs, such as employer-sponsored insurance or Medicare Advantage plans
- *Should we add expand role of assistive technologies?*

¹Frank, Cohen, & Mahoney; 2013

Care Management And Technology Capabilities Of Accountable Care Organizations

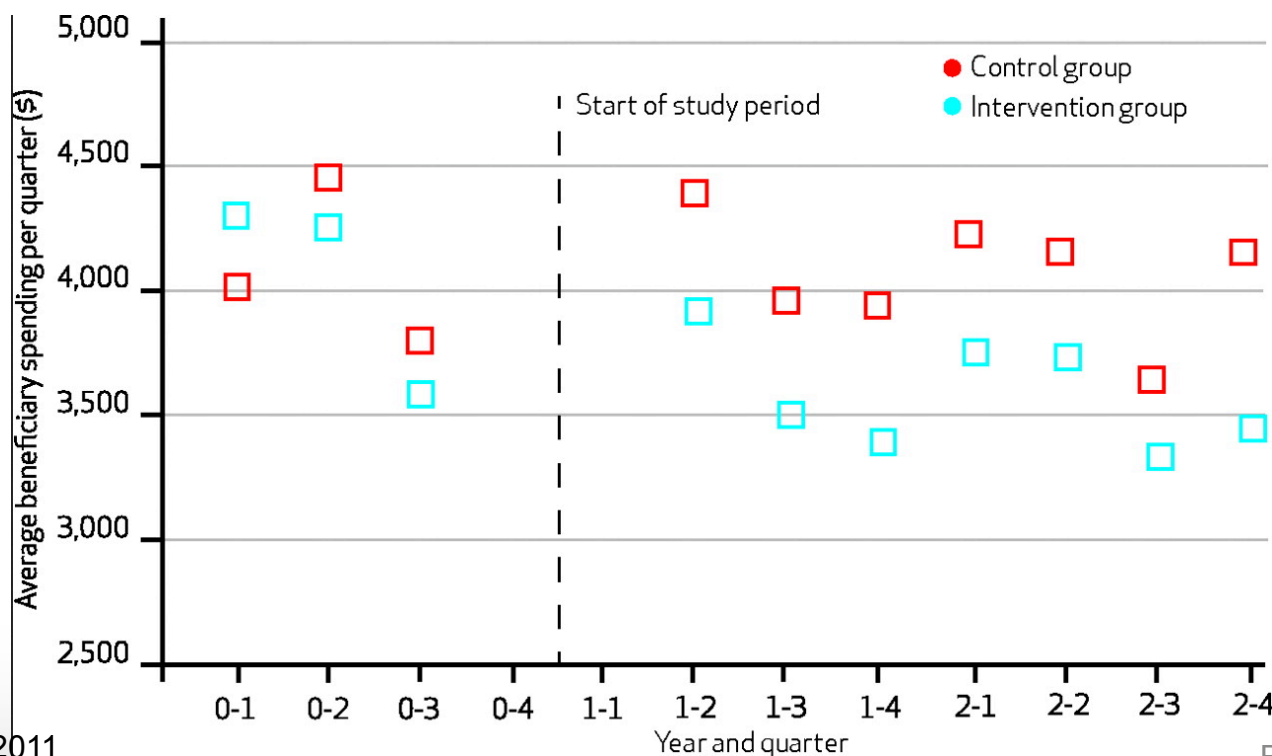


Colla C H et al. Health Aff 2014;33:964-971

HealthAffairs

Evaluation Example: Cost-saving In-home Technology for Chronically-ill Medicare Beneficiaries

Health Buddy Program integrates a telehealth tool with care management for chronically-ill Medicare beneficiaries to increase communication between patients and physicians¹



**How do we create an
environment in which older
adults can stay in their homes,
as long as they are reasonably
capable of independent living,
with the assistance of
technology?**