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# Rhode Island Medicaid: Analysis of High Utilizers

Rhode Island Executive Office of Health and Human Services

Fact pack

March 27, 2015

# Notes on this report

## Notes

- **This report is based on data from state fiscal year 2013** except where otherwise indicated. All data in this report is preliminary and subject to further review
- **The report includes neurological disorders and dementia in behavioral health.** We will separate them in our next iteration (see below)

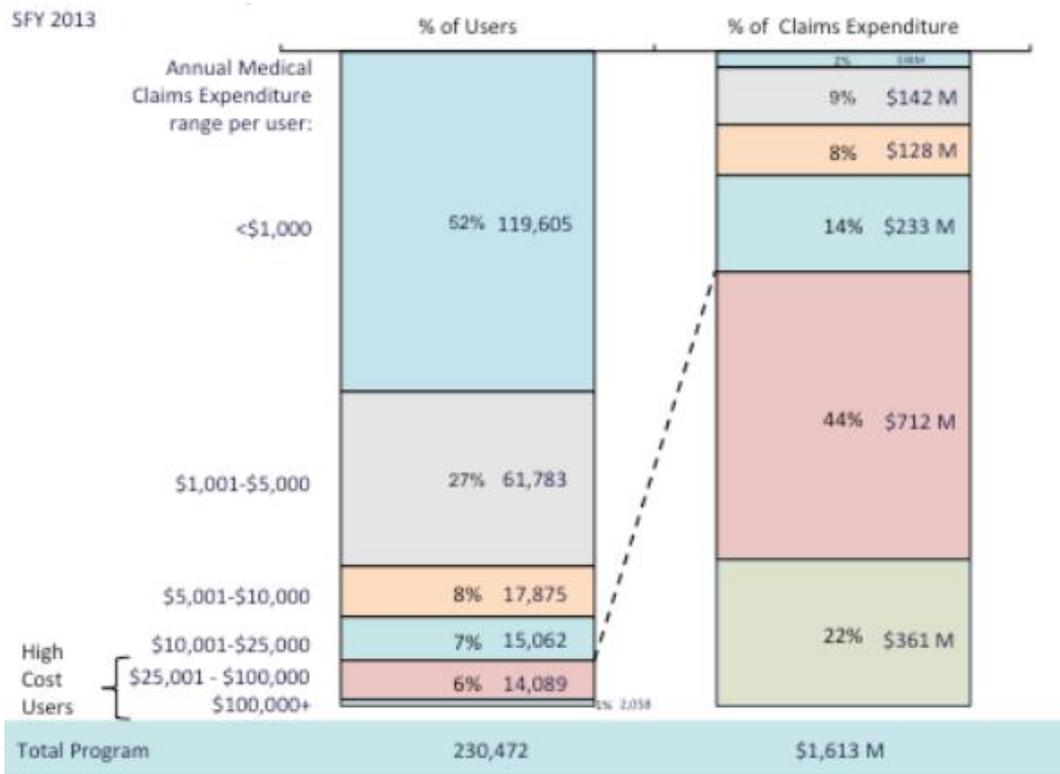
## Next steps

- **We are working to provide additional detail later this week**
  - We will separate out hospital, emergency care, and other patterns of utilization with each segment
  - We will separate out neurological disorders and dementia from behavioral health
- **We are also planning additional analysis for each segment.** Please contact us with any requests for additional analysis

# Medicaid expenditures are highly concentrated, with the 7% of members with costs over \$25,000 comprising 68% of total spend

## Medicaid spend distribution

% of members, % of spend



- The 7% of members with the highest annual expenditure account for 68% of total Medicaid spending. The next 7% of members are another 14% of total spend
- Understanding the drivers of high utilization will be central to reducing overall Medicaid spending
- Rhode Island is not atypical in this regard. National statistics show that 5% of Americans make up nearly half of national health expenditure

# High-cost members can be segmented by type

## Segmentation of high-cost members

| Segment                                      | Spend, \$M  | Members | Description  |
|--|-------------|---------|--|
| 1 Community based                            | \$496 (40%) | 12,275  | <ul style="list-style-type: none"> <li>▪ Rlte Care</li> <li>▪ Children with Special Health Care Needs</li> <li>▪ Aged, blind, and disabled adults</li> </ul> |
| 2 Institutional and residential <sup>1</sup> | \$382 (31%) | 4,326   | <ul style="list-style-type: none"> <li>▪ Residents of rehab hospitals</li> <li>▪ Group homes for the developmentally disabled</li> <li>▪ Hospice</li> </ul>  |
| 3 Nursing home residents                     | \$299 (24%) | 5,115   | <ul style="list-style-type: none"> <li>▪ Individuals in nursing homes greater than 90 days</li> </ul>  |
| 4 Maternity                                  | \$68 (5%)   | 1,525   | <ul style="list-style-type: none"> <li>▪ Pregnant women</li> <li>▪ Newborn babies</li> </ul>   |

▪ **High-cost members generally fall into one of four categories.** Each category will require specialized initiatives to address

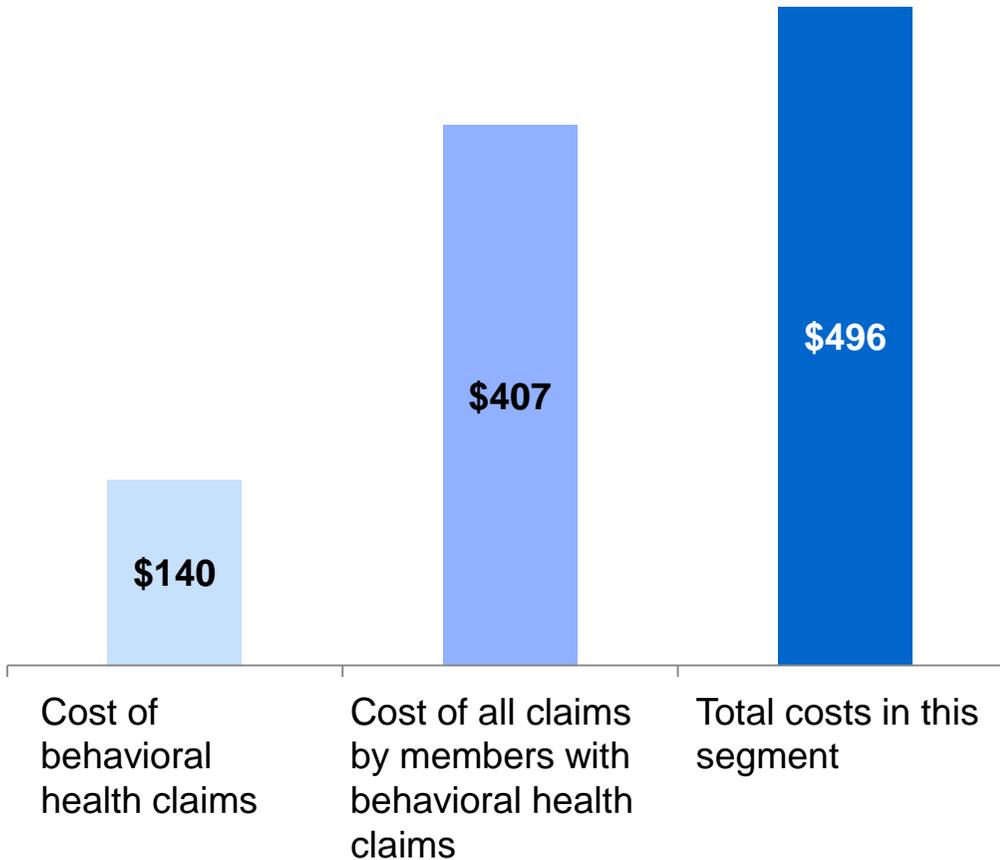
▪ **Nearly all residents of rehab hospitals, nursing homes, and NICU babies are high utilizers.** The best opportunity to reduce costs here is to keep individuals out of these settings

<sup>1</sup> Excluding nursing homes

# 1 82% of community-based high utilizer spend comes from individuals with behavioral health claims

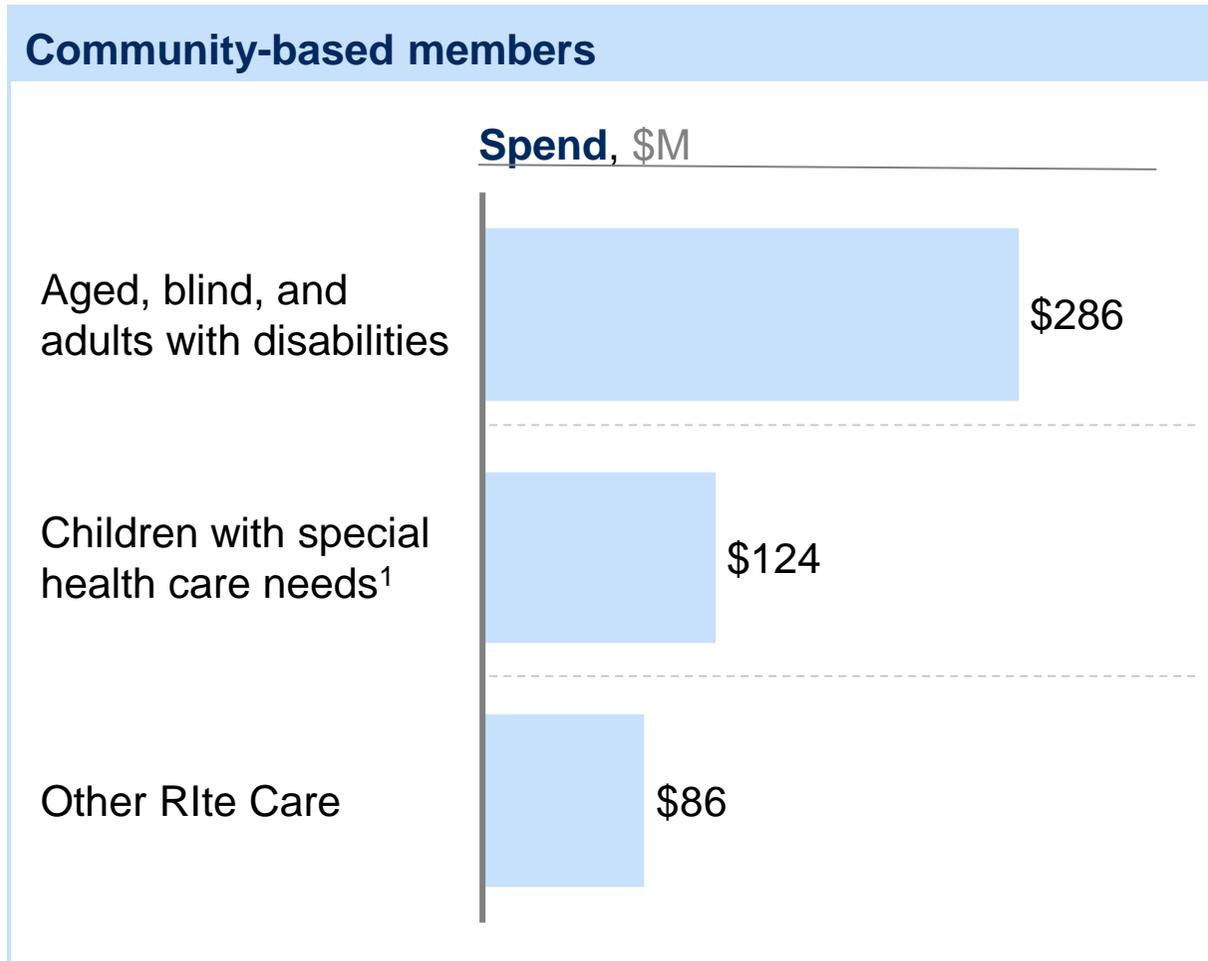
## Community-based high utilizers overwhelmingly have behavioral health claims

Claim costs, \$M



- **Behavioral health claims account for only 28% of segment spend**, but 82% of spend comes from individuals with behavioral health claims. This pattern is consistent across sub-groups.
- **Most high utilizers in non-institutional settings have multiple co-morbidities**, with both physical and behavioral health care needs
- **Cost containment strategies must take an integrated approach**

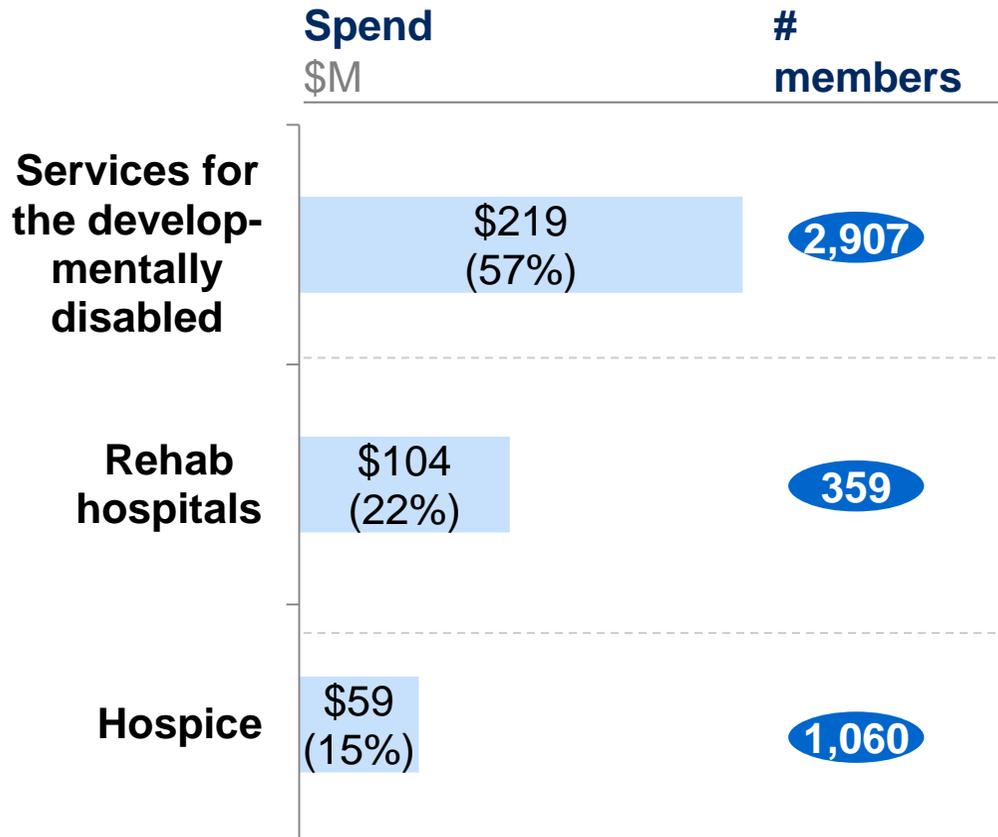
# 1 Backup: Community-based members are split into adults with disabilities, children with special health care needs, and other Rlte care members



<sup>1</sup> Children with special healthcare needs include children receiving adoption subsidies or other substitute care, early intervention, Katie Beckett, or federal supplemental security income (SSI) <21,

## 2 Institutional and residential members<sup>1</sup> are divided into rehab hospital residents, developmentally disabled individuals, and hospice

### Distribution of institutional and residential high utilizers



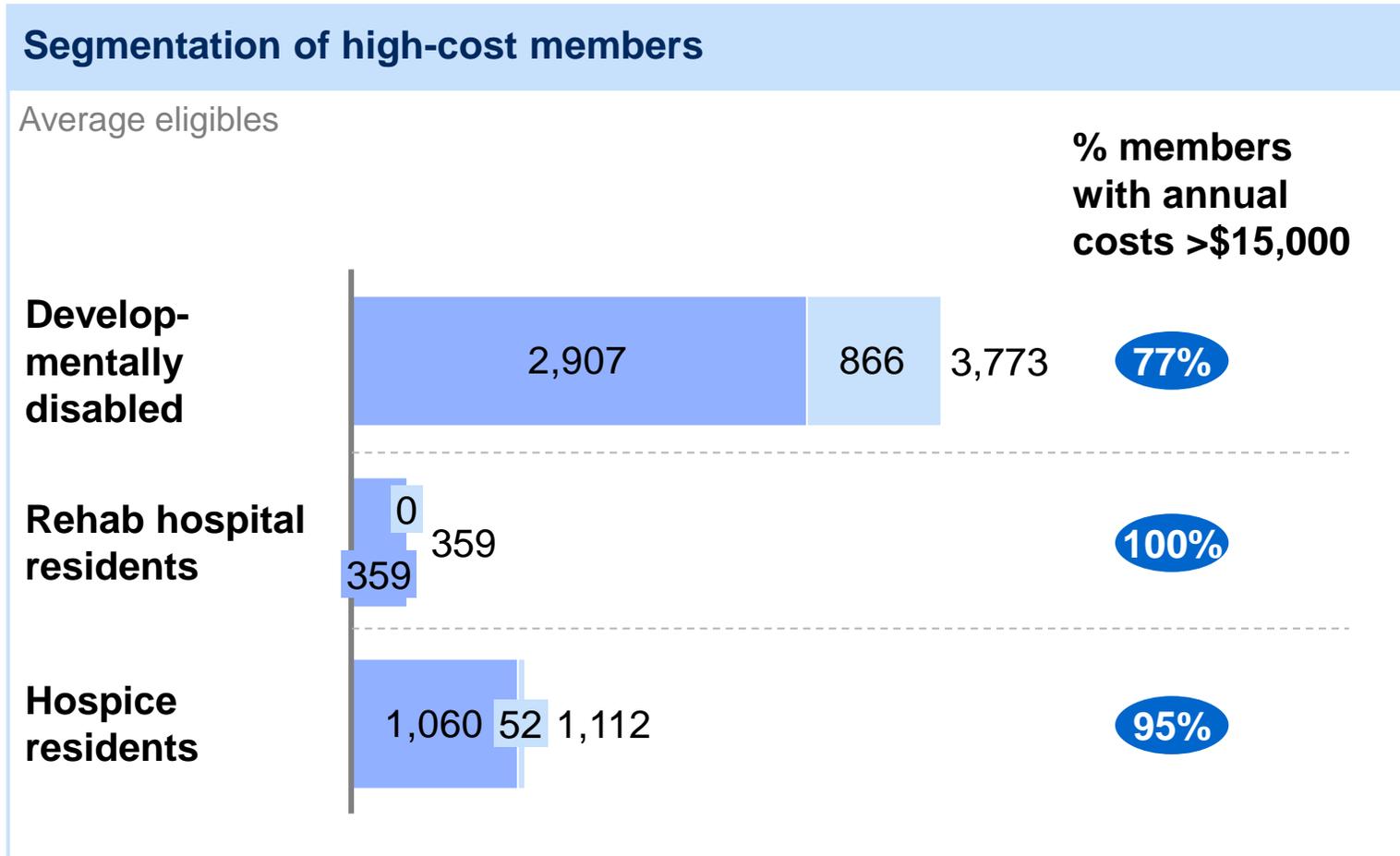
- Nearly all members in an institutional setting are high utilizers (e.g., 100% of rehab hospital members are high utilizers). Cost strategies must focus on preventing individuals from entering these institutions and returning them to the community more quickly
- Rehab hospital residents are the single most expensive sub-group in this analysis, costing \$104M for only 359 members (\$24,089 PMPM)

**Are there opportunities to serve these populations in lower-cost care settings?**

<sup>1</sup> Nursing homes are broken out separately

## 2 Backup: Nearly all institutional members are high utilizers

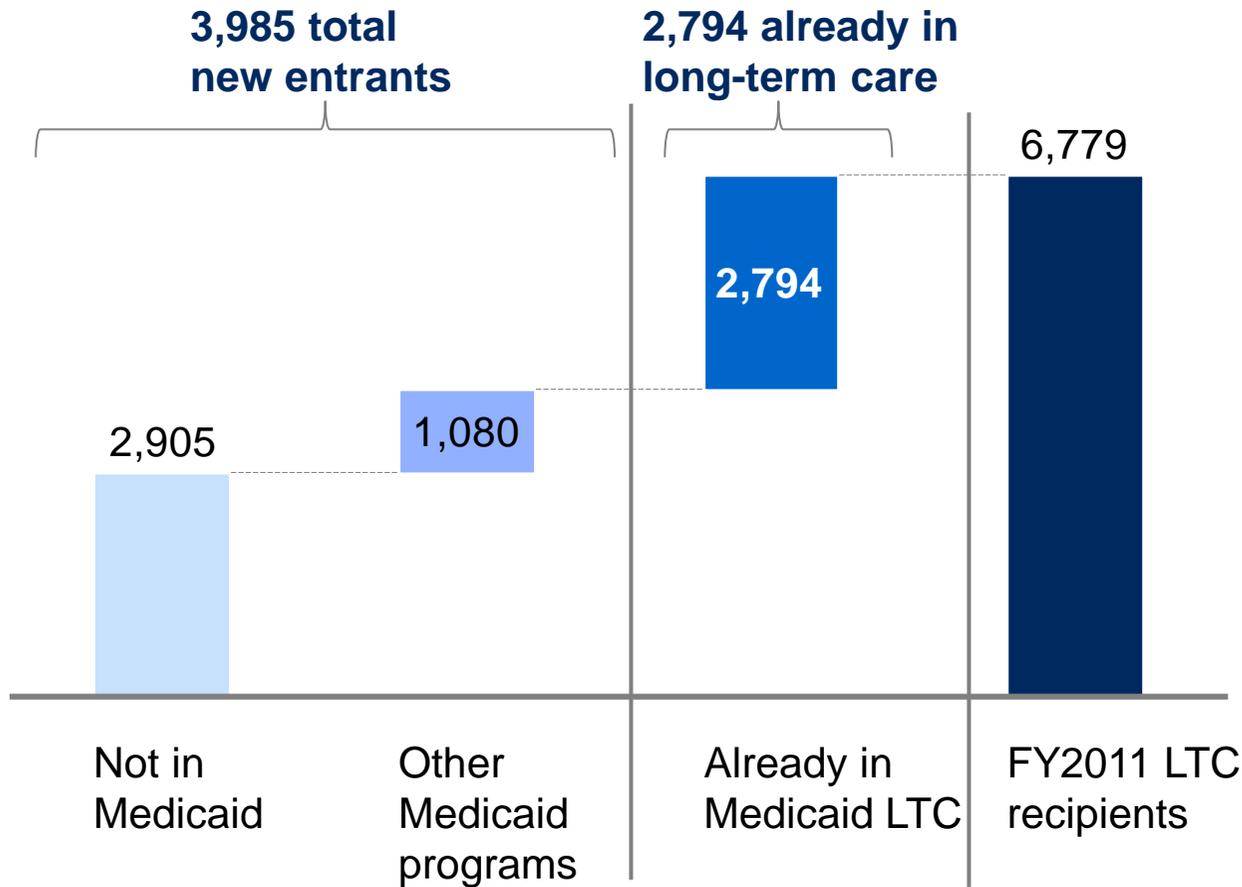
- # members with annual cost >\$15,000
- # members with annual cost <\$15,000



### 3 Many nursing home high utilizers entered nursing homes before enrolling in Medicaid

#### Where were Medicaid long-term care recipients 3 years prior?

Enrolled members

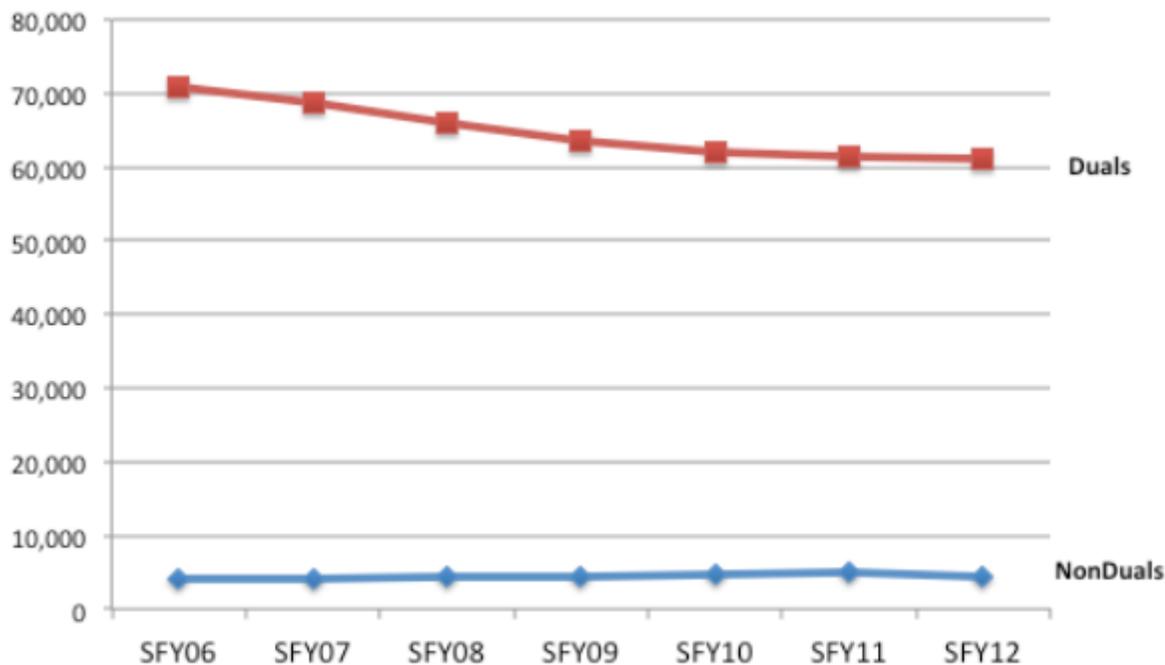


- Only ~25% (1,080 of the 3,985 new entrants between 2008 and 2011) of long-term care residents are in Medicaid three years prior to entering a facility
- **Any cost strategy will need to be multi-payor and population wide**

### 3 Strategies to date to shift nursing home residents to community services have been moderately successful

#### Nursing home and skilled nursing facility volume

Days per thousand eligibles

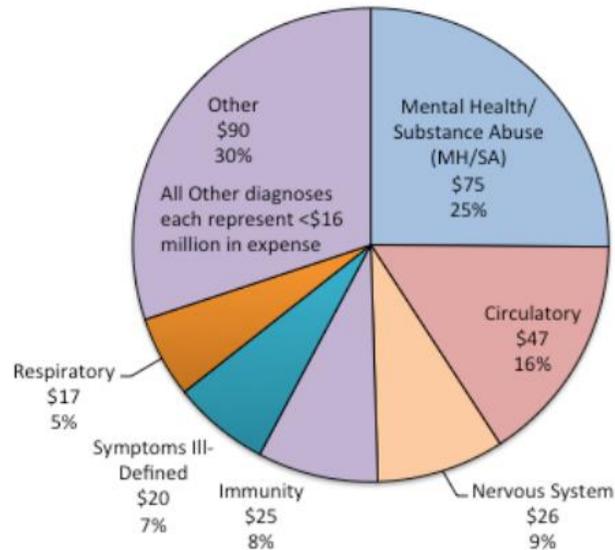


- **Nursing home volume has declined 1-4% annually since 2006**, partly due to shifts into community care settings
- Overall, members in community care settings tend to be younger (68 vs. 82 average age), and fewer have behavioral health comorbidities (60% vs. 74%)
- It may be difficult to shift additional volume away from nursing homes

### 3 Nursing home residents would be expensive to care for in any care setting

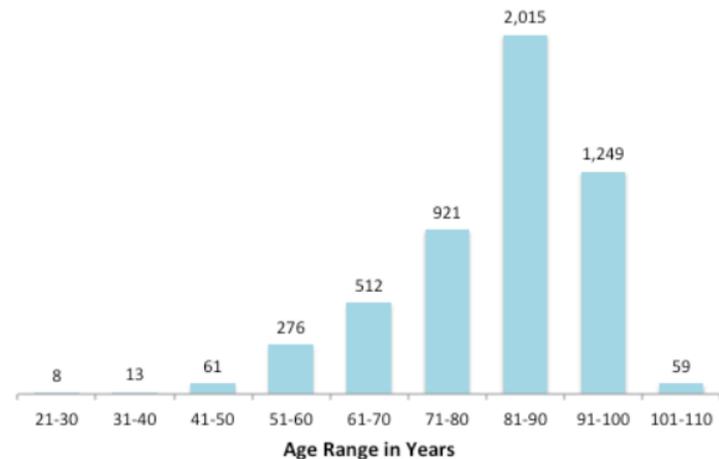
#### Nursing home expense by primary diagnosis

% of nursing home high utilizers



#### Nursing home patients by age

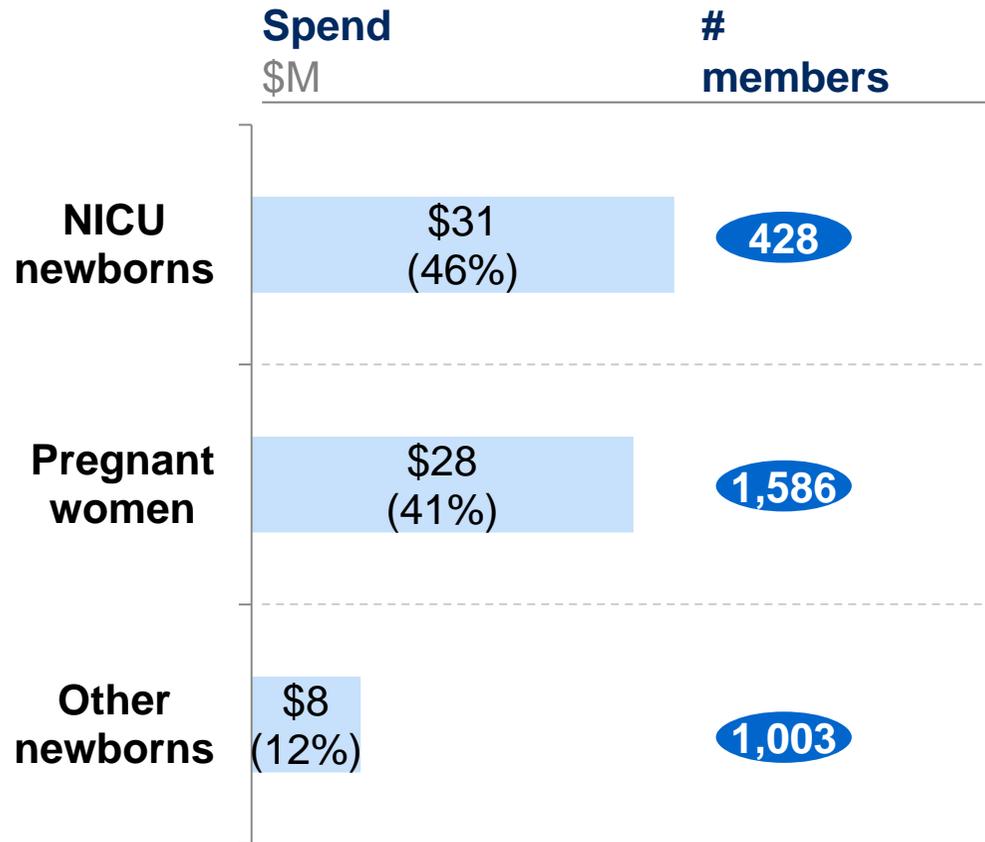
% of nursing home high utilizers



- Multiple studies have shown that health care cost and complexity increases significantly at approximately 80 years of age and with behavioral health diagnoses, both of which describe a plurality of nursing home high utilizers

#### 4 Maternity and delivery is the smallest segment, at \$68M

##### Distribution of maternity/deliver high utilizers



- **NICU babies are the second most expensive subgroup in the study**, and nearly all NICU babies are high utilizers. Most pregnant women and other newborns, however, are not high utilizers
- **Unlike in other segments, high utilizers here do not tend to be high utilizers in future years**
- **Other states have focused on bundled payments** (pregnancy through year 1) to incent providers to take an integrated approach dealing with complex pregnancies