



***UNDERSTANDING MASSHEALTH MEMBERS  
WITH DISABILITIES***  
**A Report from the Massachusetts Medicaid Policy Institute**

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*In Collaboration with*  
The University of Massachusetts Medical School  
Commonwealth Medicine Center for Health Policy and Research  
and  
Boston University Health and Disability Working Group  
**June 2004**

# REPORT GOALS

- **Promote broader understanding of non-elderly (under 65) MassHealth members with disabilities**
- **Stimulate discussion among policymakers and consumers about current and future directions**

# **MEDICAID'S IMPORTANCE AS AN INSURER FOR THOSE WITH DISABILITIES**

- **Primary insurer for poor and near-poor**
- **Provides 'wrap-around' coverage for those with insurance limits (Commercial and Medicare)**
- **Improves quality of life for persons with disabilities**
  - **Provides support to stay in community**
- **Addresses health care barriers to seeking or maintaining employment**

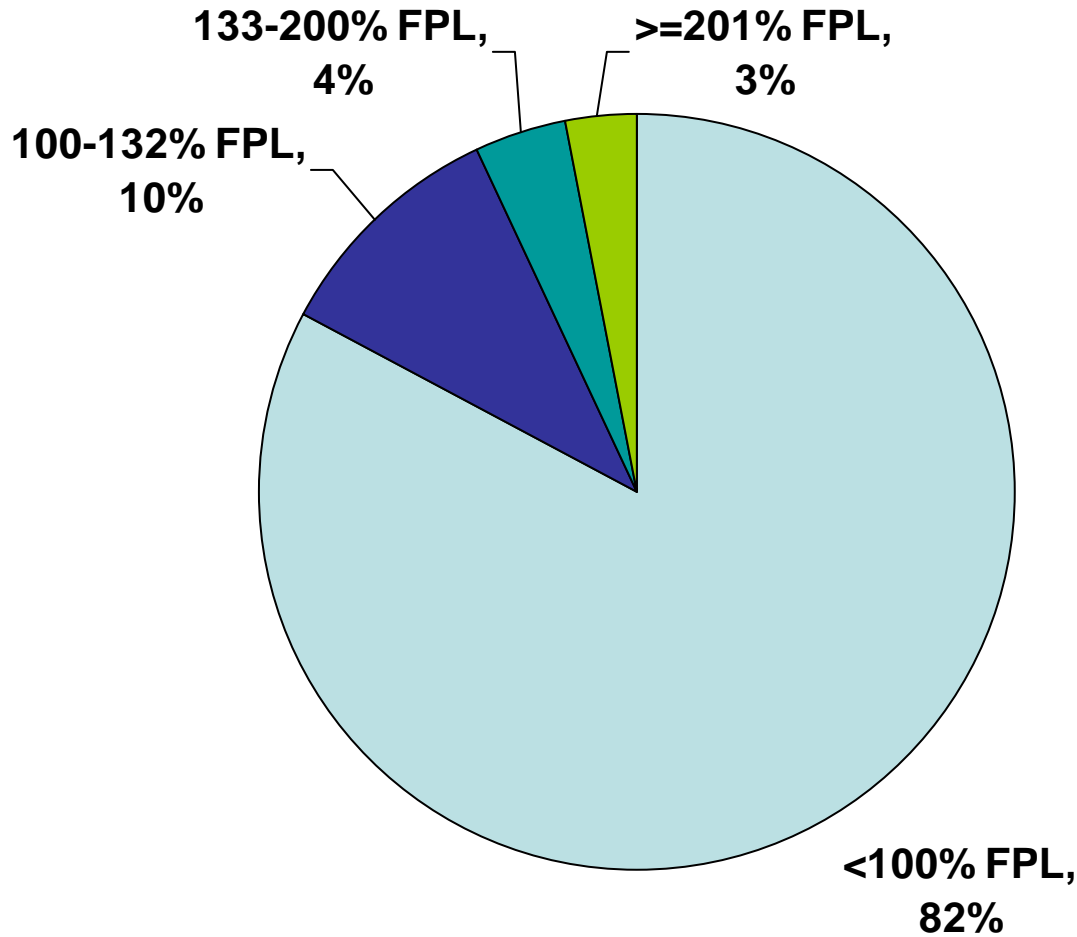
# MASSHEALTH DISABLED ELIGIBILITY REQUIREMENTS:

## All Groups Meet Federal Clinical Criteria

Eligibility Type	Eligibility Criteria	Other factors
<b>SSI Disabled</b>		
<b>Adults and Children</b>	Eligible for SSI (meets SSI Income Limit, Clinical Criteria, and Work Rules)	Asset Limit - \$2000 Individual / \$3000 Family
<b>Medicaid Disabled</b>		
<b>Adults</b>	Income from 88-133% FPL	No Asset Limit
<b>Children</b>	Up to 150% FPL	No Asset Limit
<b>CommonHealth</b>		
<b>Adults</b>	Income > 133% FPL	Sliding Scale Premiums
<b>Children</b>	Income > 150% FPL	Sliding Scale Premiums

Note: The Federal Poverty Level, or 100% of FPL for 2004 is \$9,310 for a one-person family, \$15,670 for a three-person family, and \$18,850 for a four-person family.

# THE VAST MAJORITY OF THE MASSHEALTH POPULATION WITH DISABILITIES ARE POOR OR NEAR-POOR BY FEDERAL POVERTY STANDARDS

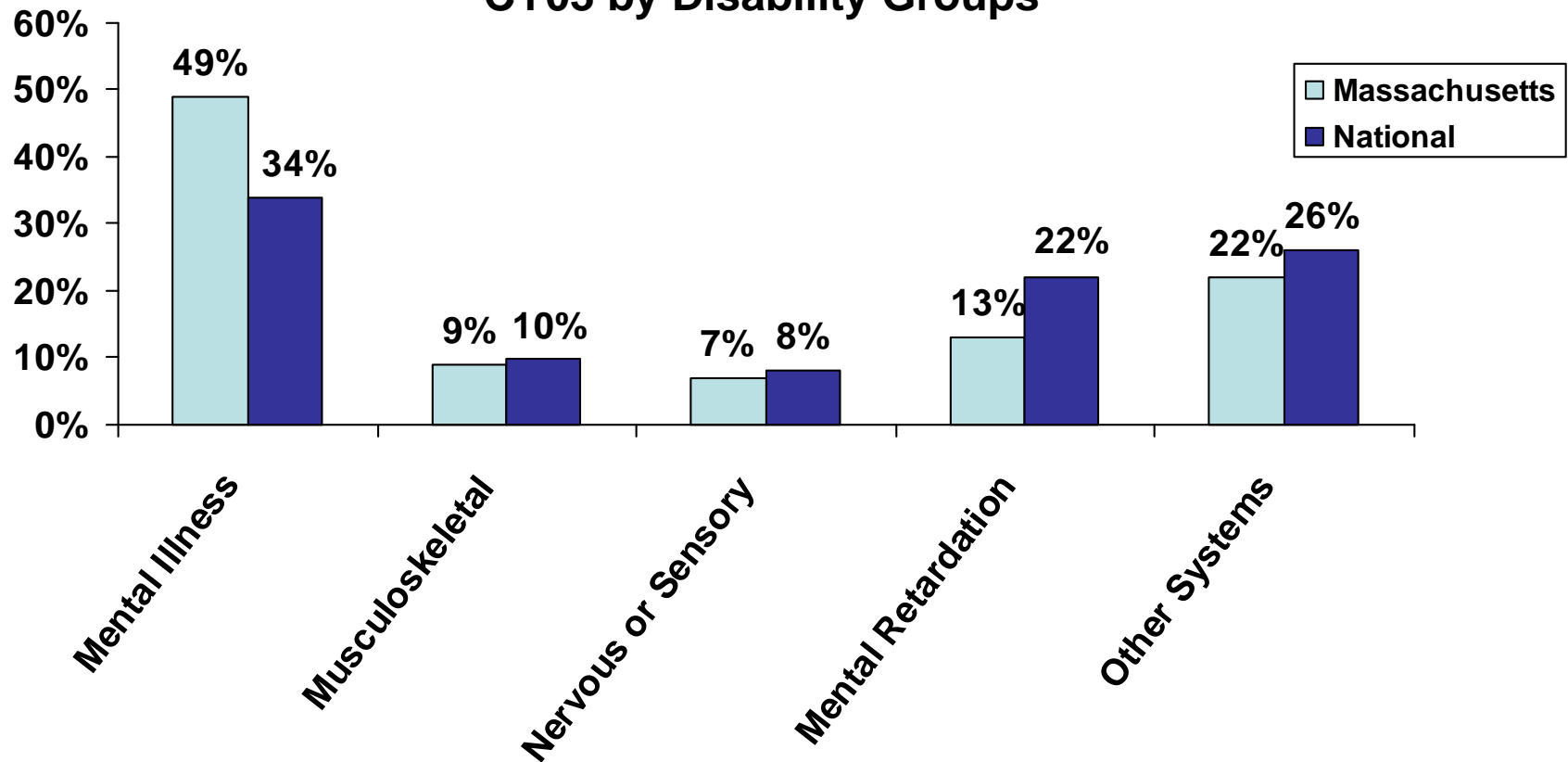


Source: UBER Eligibility Snapshot Data FY03

# MASSHEALTH MEMBERS WITH DISABILITIES ARE A HETEROGENEOUS GROUP

Members have a mix of Physical, Mental, & Developmental Conditions

## SSI POPULATION IN MASSACHUSETTS CY03 by Disability Groups



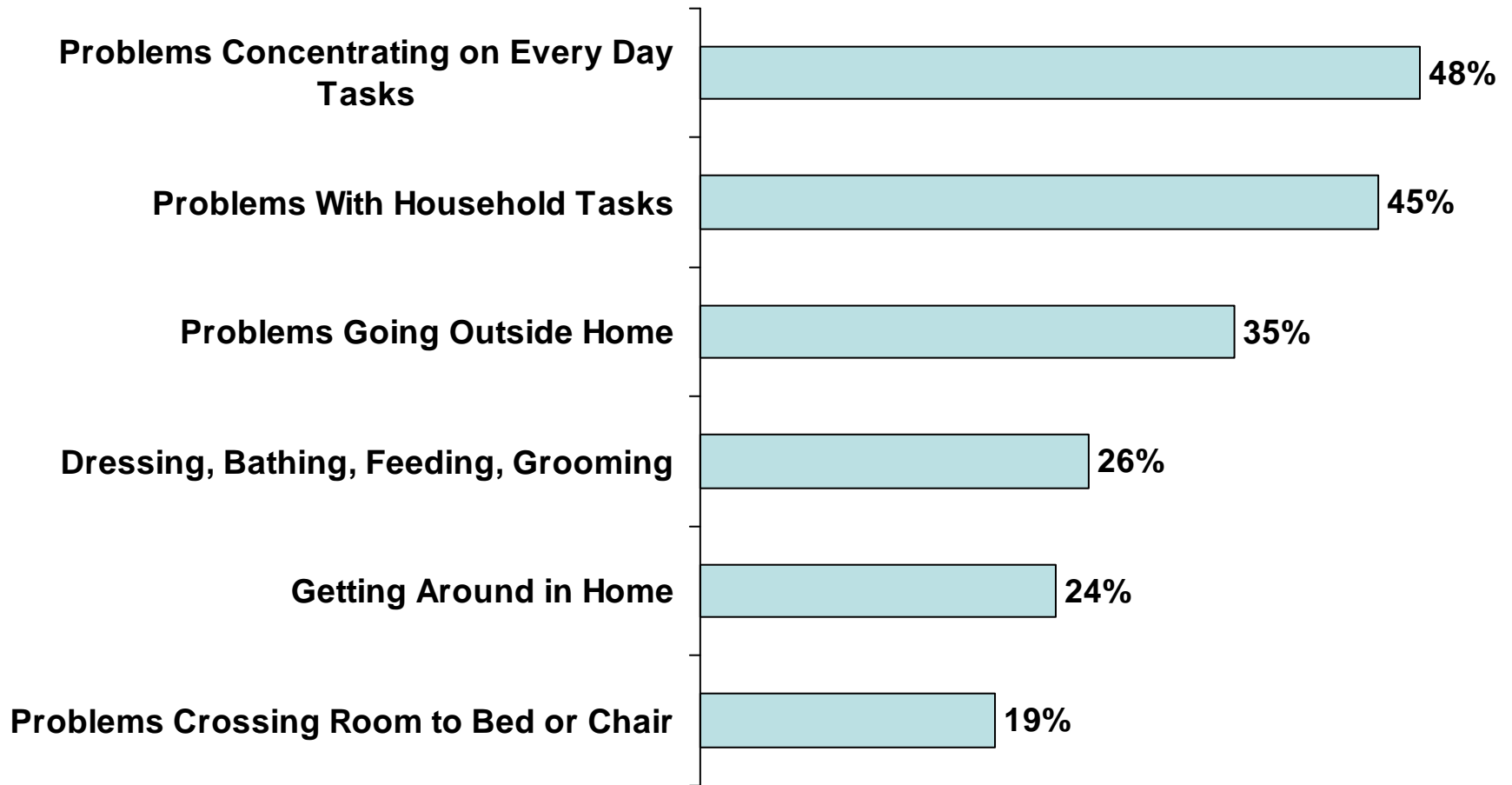
Source: SSI Work Incentive File and Revised Management Information Counts System (REMICS). Special data runs prepared for CMS by the Social Security Administration

# MEMBERS WITH DISABILITIES HAVE A HIGH PREVALENCE OF MENTAL DISORDERS AND OTHER CHRONIC CONDITIONS

	<b>Mental Disorder</b>	<b>Cardiovascular</b>	<b>Diabetes</b>	<b>Cancer</b>
<b>Adults and Children with Disabilities</b>	<b>54%</b>	<b>30%</b>	<b>14%</b>	<b>5%</b>
<b>Adults with Disabilities</b>	<b>56%</b>	<b>34%</b>	<b>16%</b>	<b>8%</b>
<b>Children with Disabilities</b>	<b>45%</b>	<b>8%</b>	<b>2%</b>	<b>1%</b>

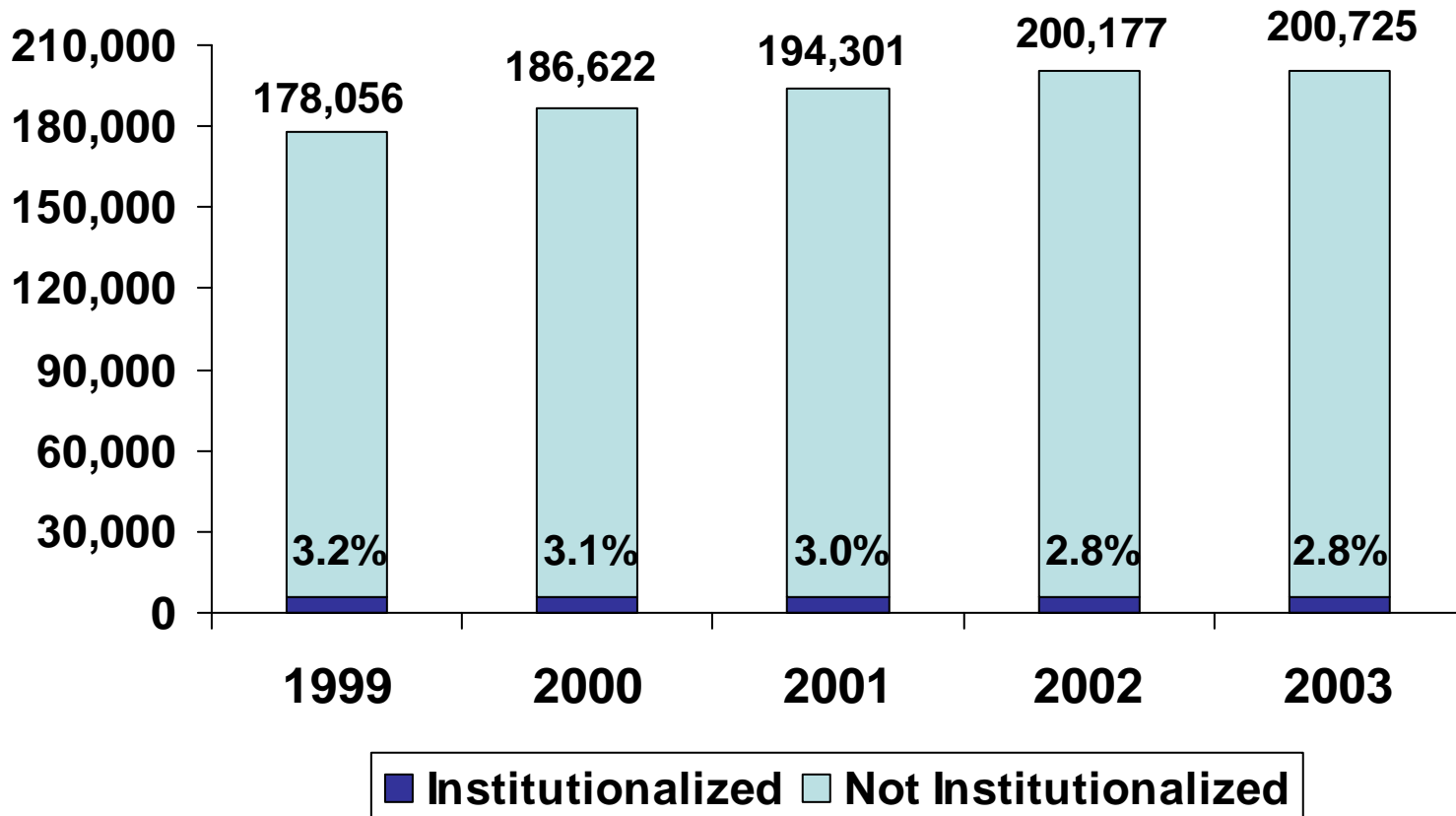
Note: Adults age  $\geq 18$ ; Children age  $< 18$ ; No TPL: No TPL during FY03

# MEMBERS WITH DISABILITIES REPORT A NUMBER OF PROBLEMS WITH DAILY ACTIVITIES



# VERY FEW MEMBERS WITH DISABILITIES ARE RECEIVING INSTITUTIONALIZED CARE

Age 0 -64 Disabled Population



Source: UBER eligibility snapshot data  
LTC Flag used for institutionalized

# IMPORTANCE OF MEDICAID PROGRAM

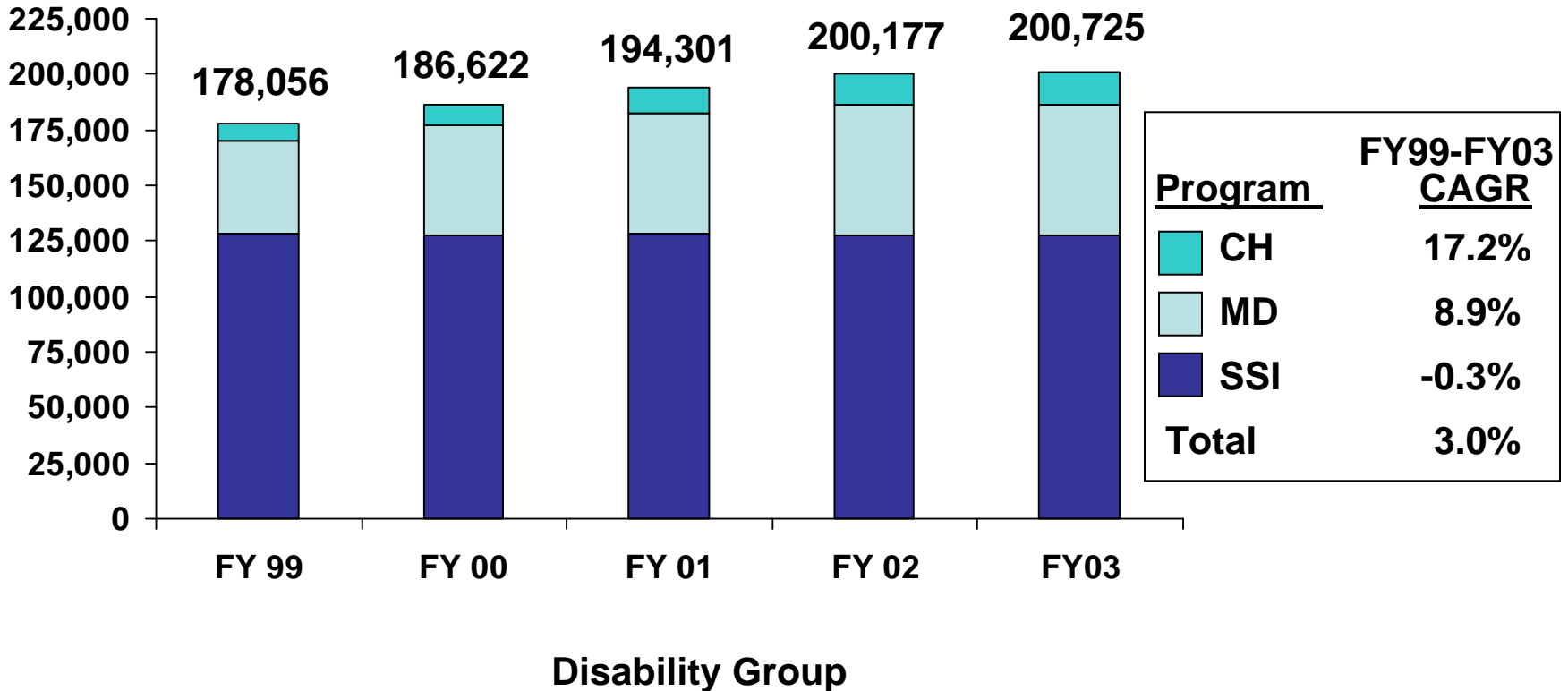
## Quotes from MassHealth Members

- ***“Without it [Medicaid] , I’d be ice cold.”*** James, 21, diagnosed HIV positive as a result of a blood transfusion when a child
- ***“Without CommonHealth, I’d be sunk. I’d be in a nursing home.”*** Ray, diagnosed with Left side hemiplegia after an auto accident in 1968
- ***“I feel very strongly that nobody owes me anything just because my children have disabilities. But my being able to get MassHealth benefits for my children helps keep my family intact, and keeps my children active and an integral part of the community.”*** Jude, mother of Stephen (15) and Timothy (12) both severely disabled

# NUMBER OF MEMBERS WITH DISABILITIES IS GROWING

Driven by growth in the CommonHealth and MassHealth Disabled Populations

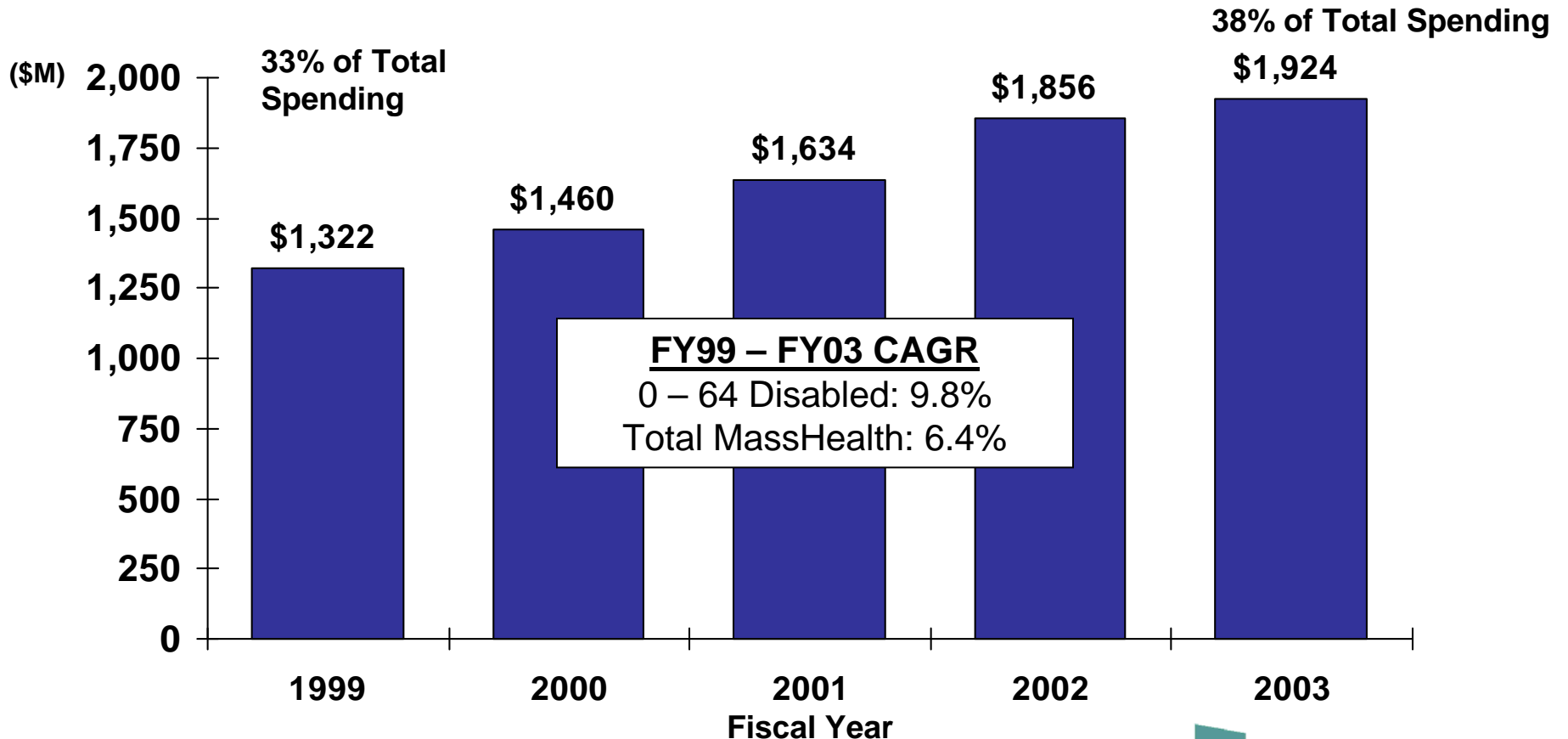
Age 0 -64 Disabled Population by Disability Group



Source: UBER eligibility snapshot data

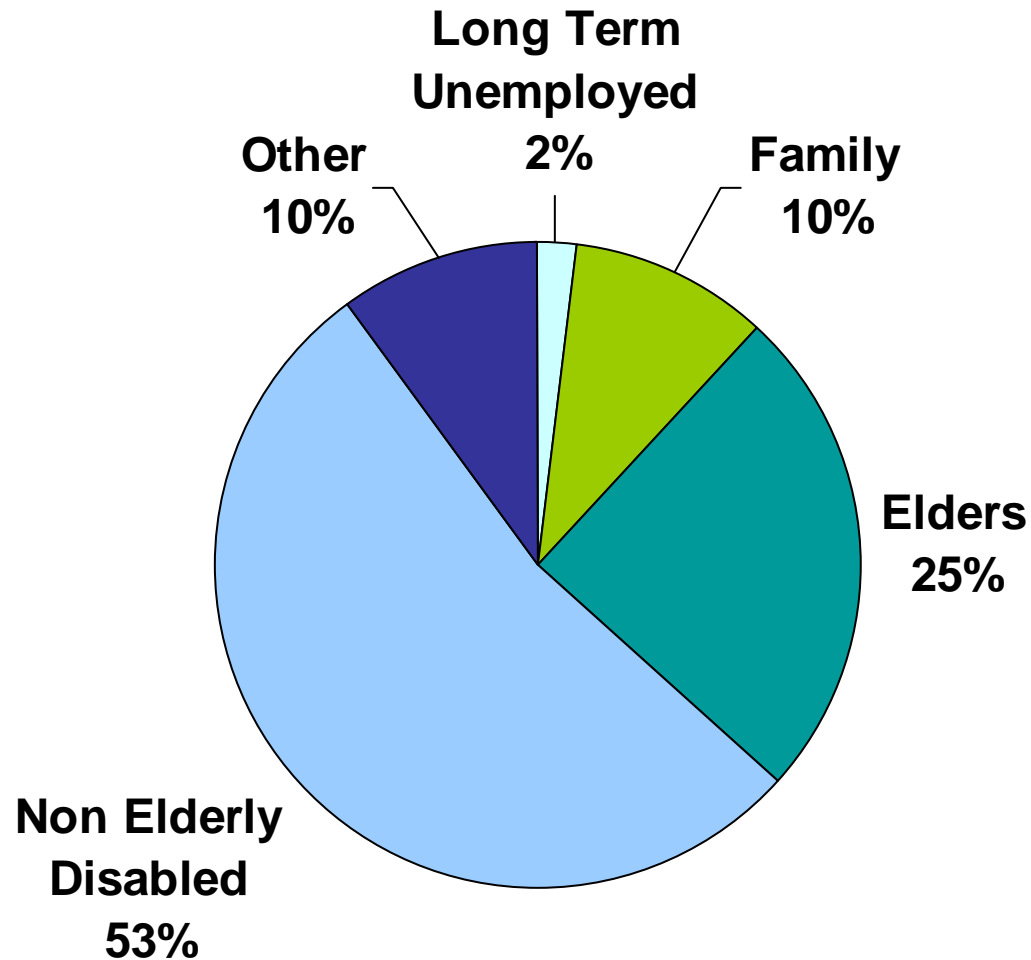
# EXPENDITURES FOR MEMBERS WITH DISABILITIES REPRESENT A GROWING SHARE OF TOTAL MASSHEALTH SPENDING

## Expenditures for Members with Disabilities (Age 0-64)



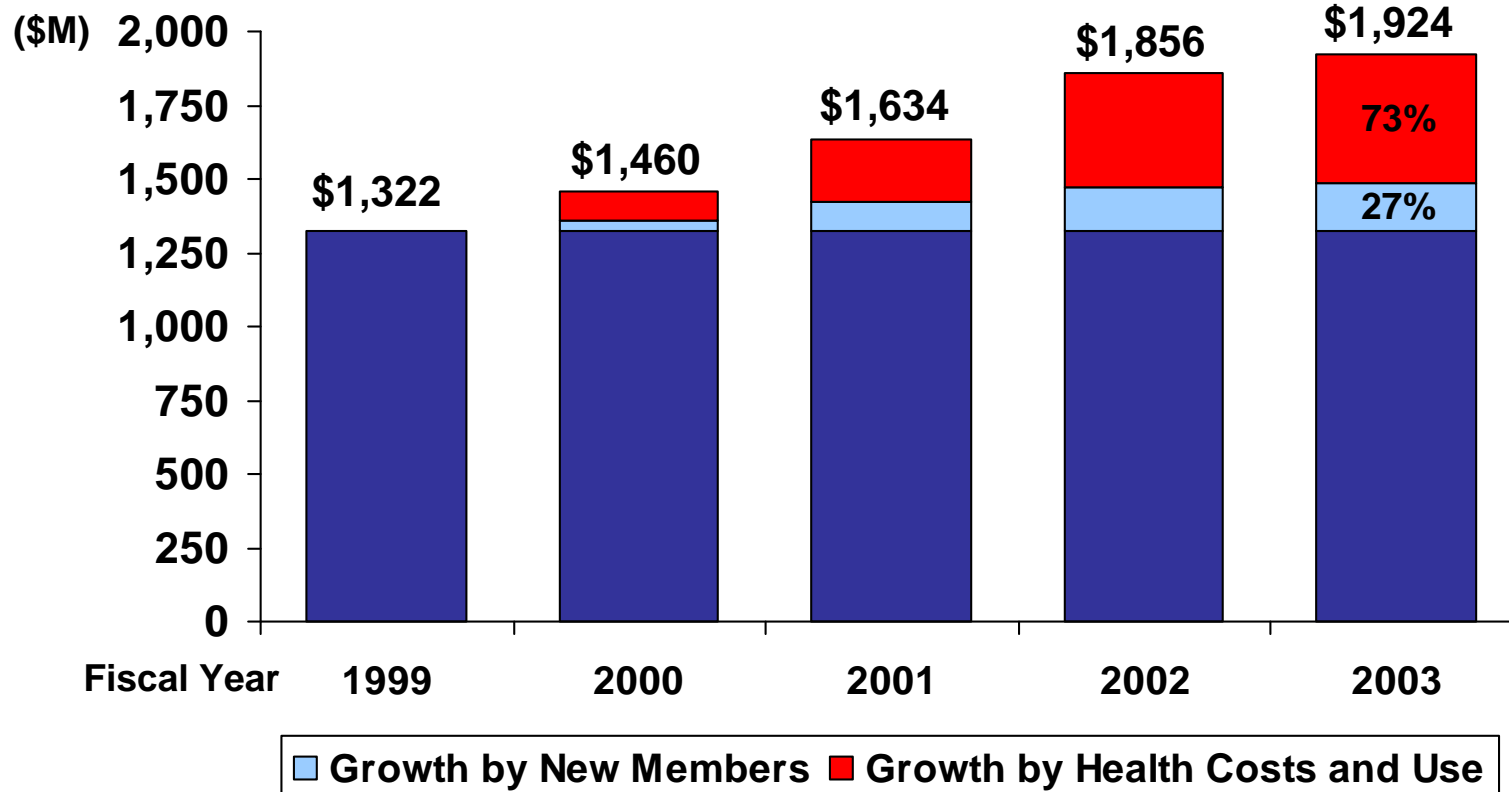
Source: UBER eligibility snapshot data  
 TRAP claims data, disburse=0

# MEMBERS WITH DISABILITIES ACCOUNTED FOR 53% OF MASSHEALTH EXPENDITURE GROWTH BETWEEN FY99 AND FY03



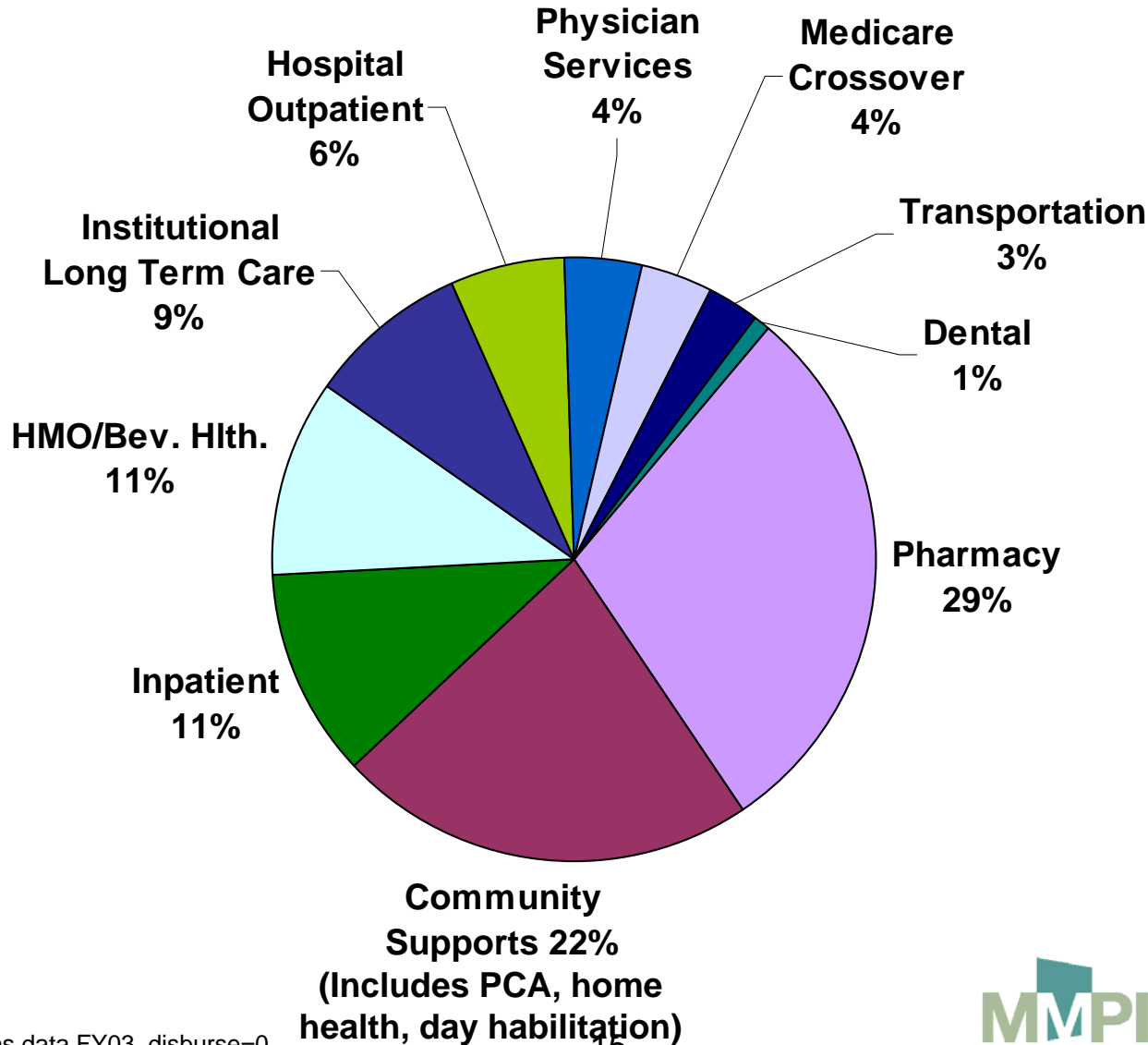
# MORE THAN 70% OF SPENDING GROWTH HAS COME FROM RISING HEALTH CARE COST AND USE, RATHER THAN ENROLLMENT GROWTH

Expenditures for Members with Disabilities (Age 0-64)



Source: UBER eligibility snapshot data  
TRAP claims data, disburse=0

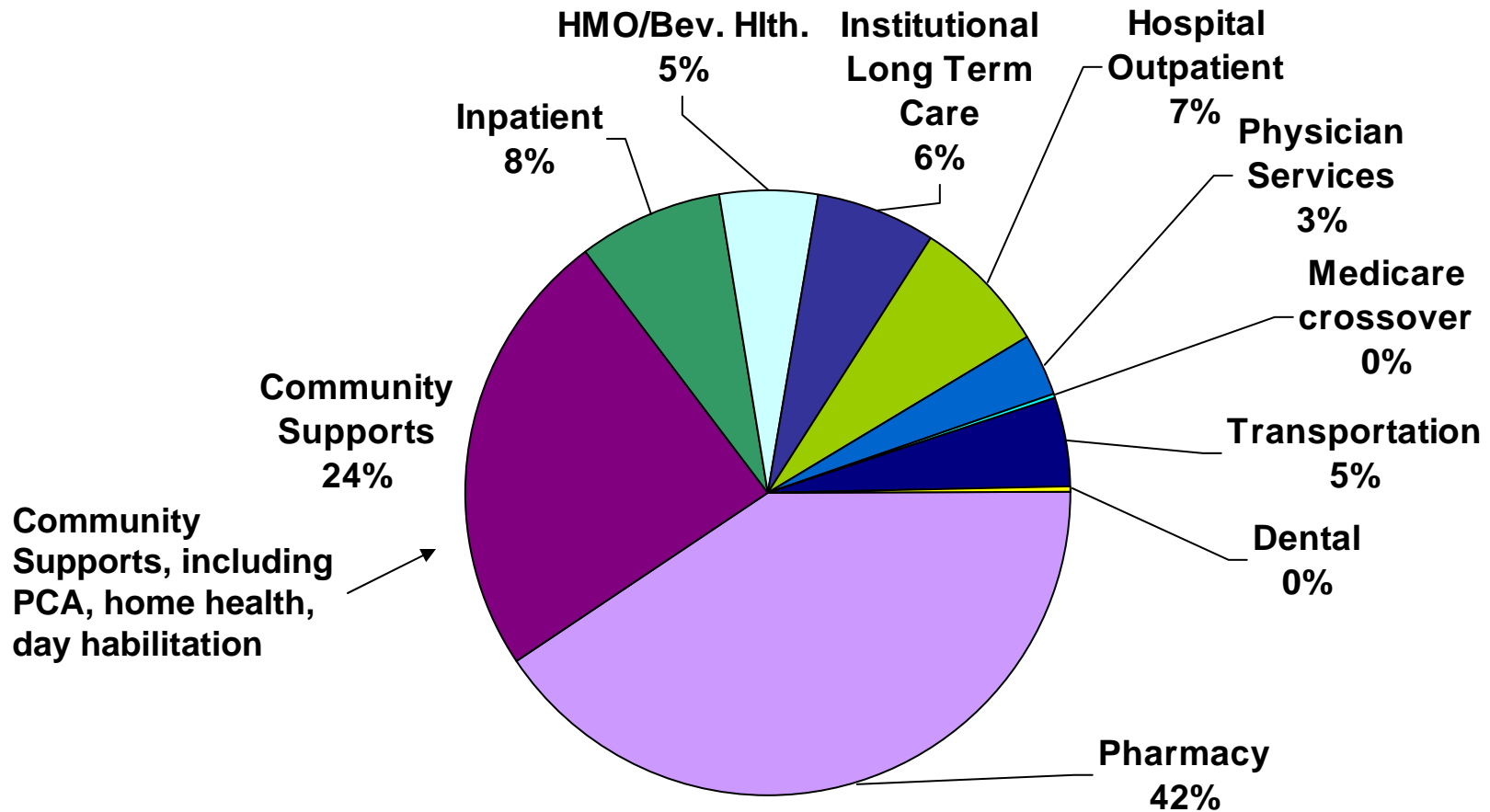
# THE MAJORITY OF SPENDING FOR MASSHEALTH MEMBERS WITH DISABILITIES GOES FOR PRESCRIPTION DRUGS AND COMMUNITY SUPPORTS



Source: TRAP claims data FY03, disburse=0

# % DISTRIBUTION OF GROWTH IN SPENDING FOR MEMBERS WITH DISABILITIES

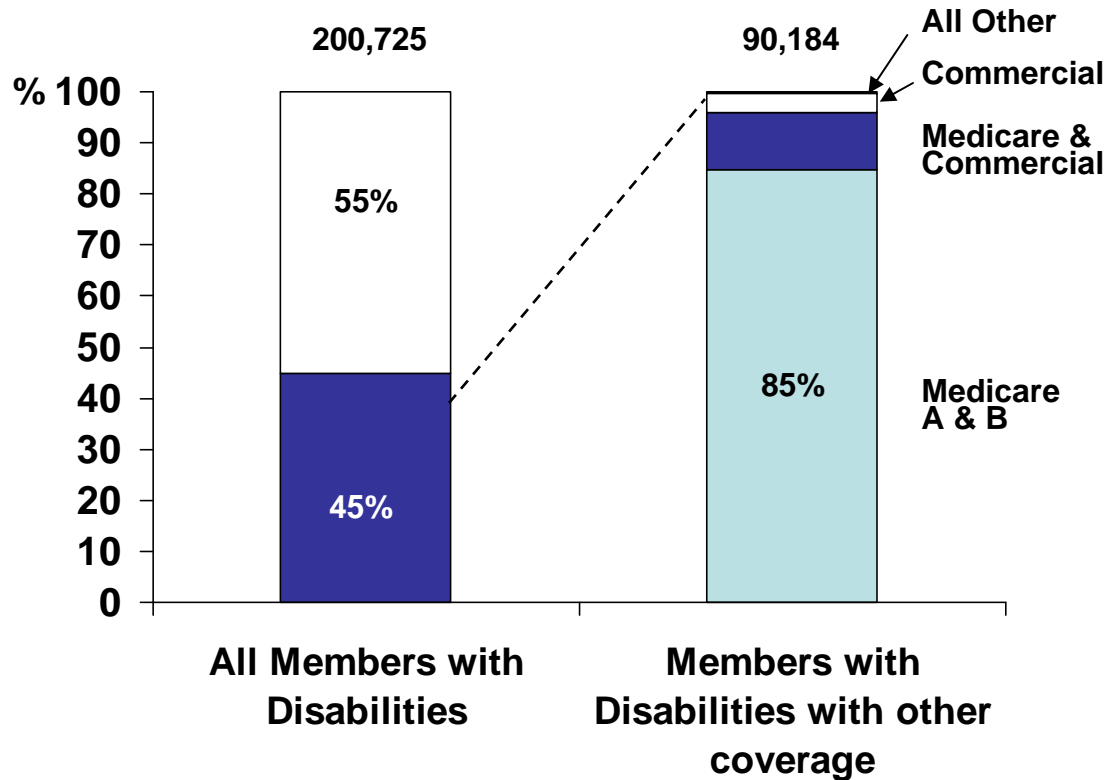
Primarily Driven by Drugs and Community Supports  
 FY99 – FY03 Growth in Expenses By Invoice Type



**FY99 – FY 03 Growth: \$602.4 million**

# 45% OF MEMBERS WITH DISABILITIES HAVE OTHER INSURANCE; 38% HAVE MEDICARE AS PRIMARY COVERAGE

## Other Sources of Health Insurance Coverage for Members with Disabilities



Note: Combination of LTC and Medicare variables were used to identify members with other insurance coverage

# MEDICARE DOES NOT COVER KEY SERVICES FOR THE “COVERED POPULATION”

Service	Medicare	Medicaid
<b>Nursing facility services</b>	✓ <sup>1</sup>	✓
<b>Home health care</b>	✓ <sup>1</sup>	✓
<b>Home and community-based care for those with chronic needs</b>	<b>Not covered</b>	✓ <sup>2</sup>
<b>Personal care assistance</b>	<b>Not covered</b>	✓
<b>Outpatient Prescription Drugs</b>	<b>Limited Coverage<sup>3</sup></b>	✓ <sup>2</sup>
<b>Rehabilitation and physical therapy services.</b>	✓ <sup>4</sup>	✓ <sup>2</sup>
<b>Case Management Services</b>	<b>Not covered</b>	✓ <sup>2</sup>
<b>Diagnostic, Preventive and Screening</b>	✓ <sup>4</sup>	✓

**In Massachusetts, over 40% of total MassHealth spending on disabled is for the dual eligible population**

1 After Acute Hospitalization Only

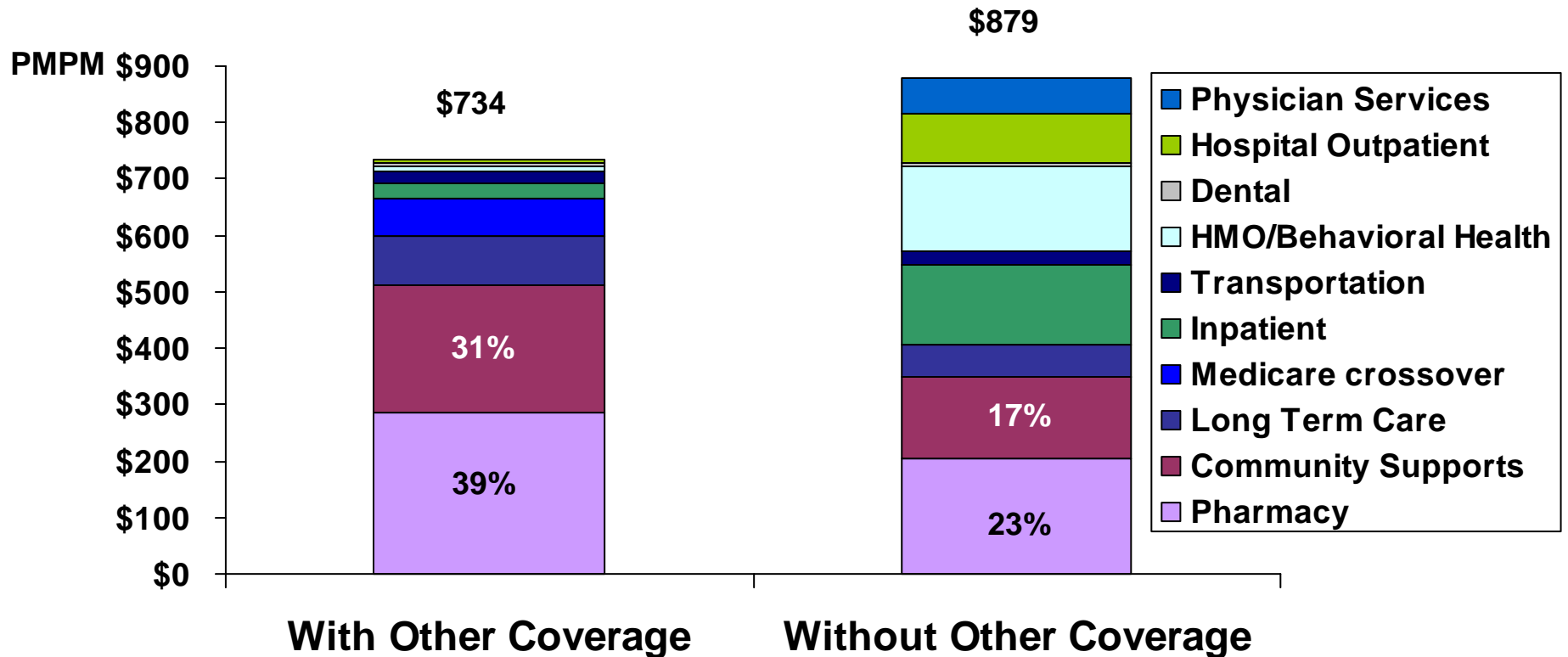
2 Optional Service

3 Injectables, Inhalants, and Diabetes Drugs

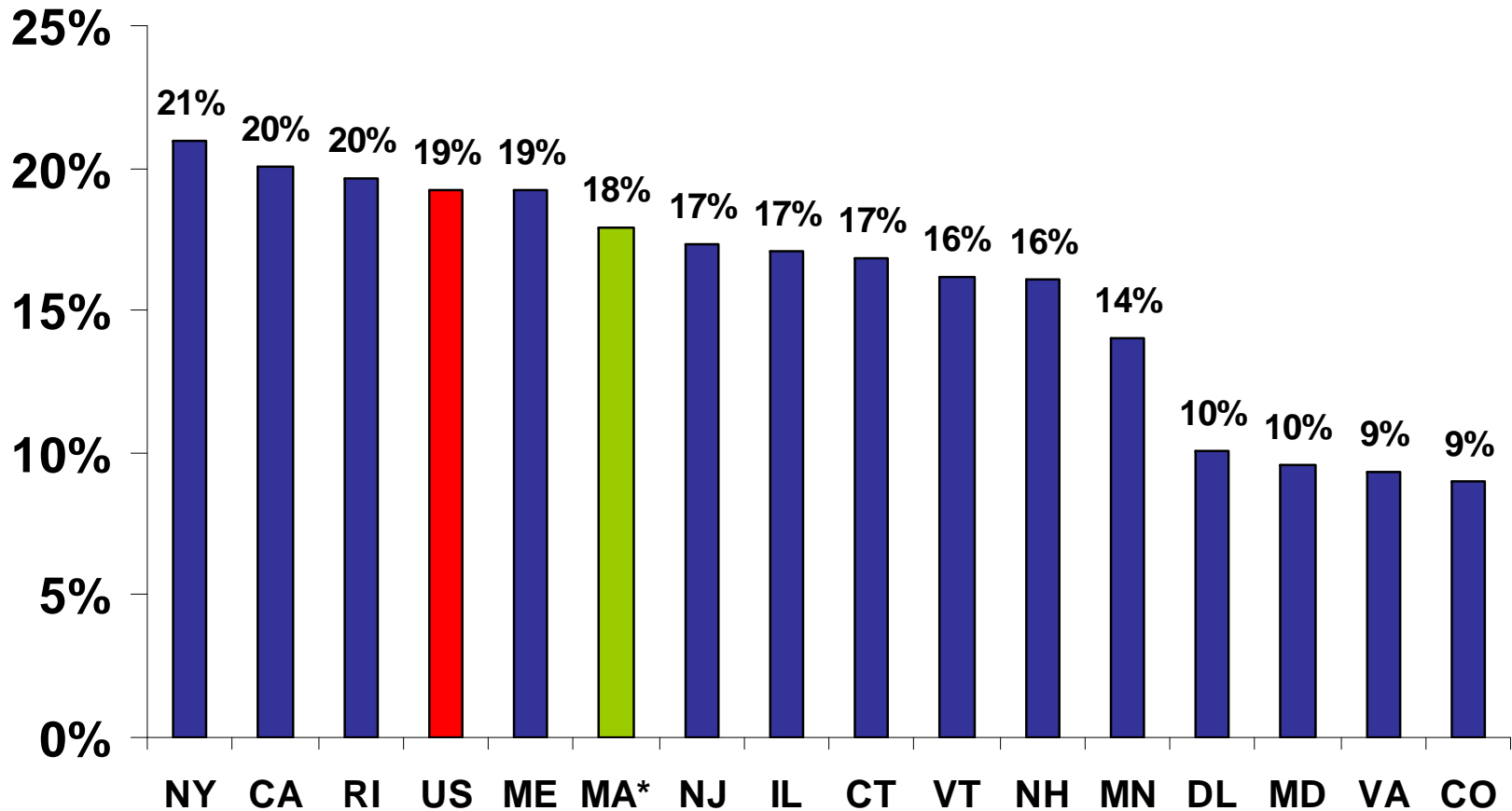
4 With Restrictions

# MASSHEALTH SPENDING PER MEMBER PER MONTH IS HIGHER FOR THOSE WITHOUT OTHER COVERAGE

## The Mix of Services is Different



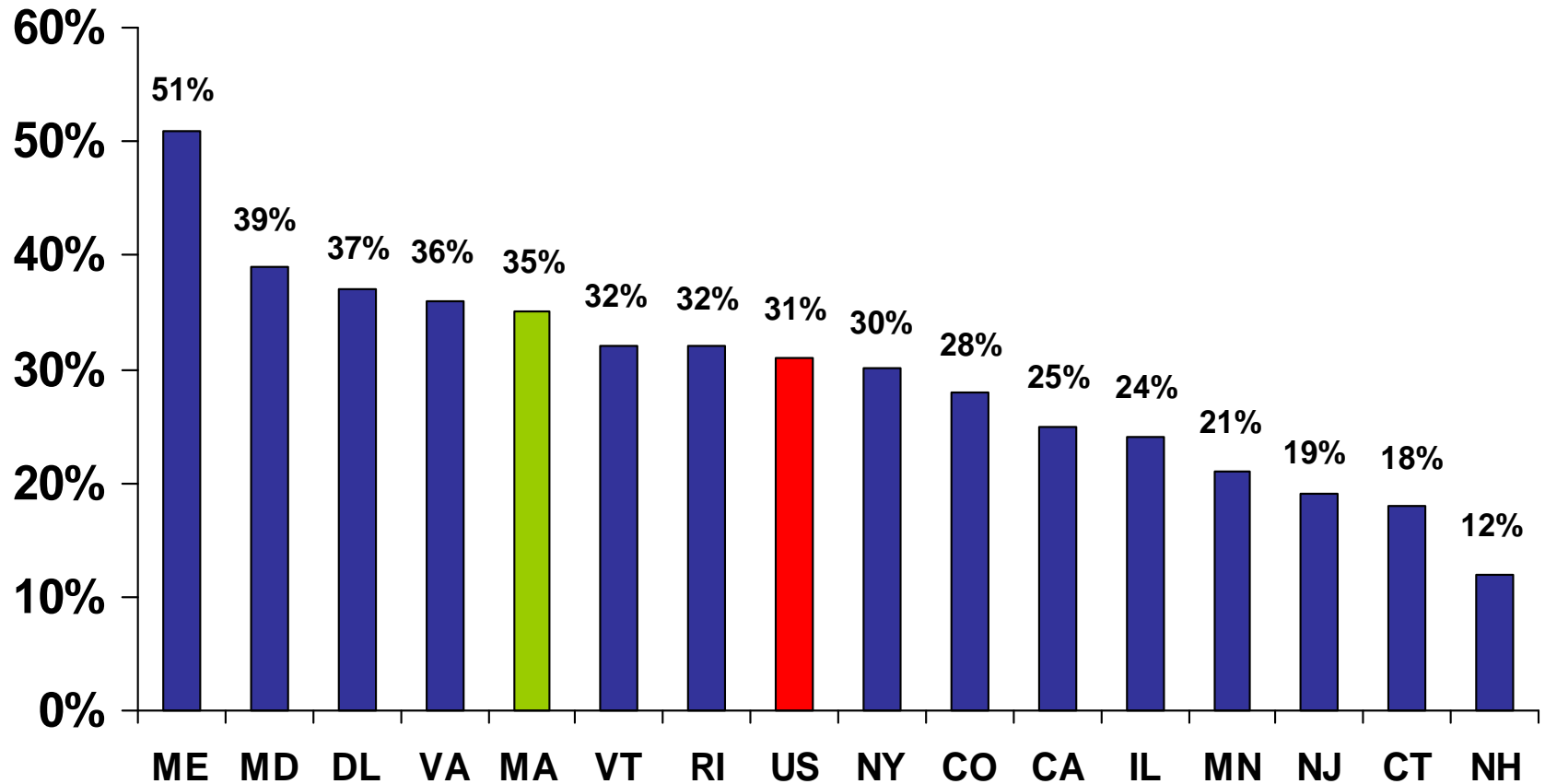
# PERCENT OF POPULATION AGED 21-64 WHO ARE DISABLED USING THE CENSUS DEFINITION



Source: U. S. Census 2000, Summary File 3

Note: Percentage equal to the number of people 21 – 64 who reported a disability, divided by total population of the state, age 21 – 64, according to the US Census 2000

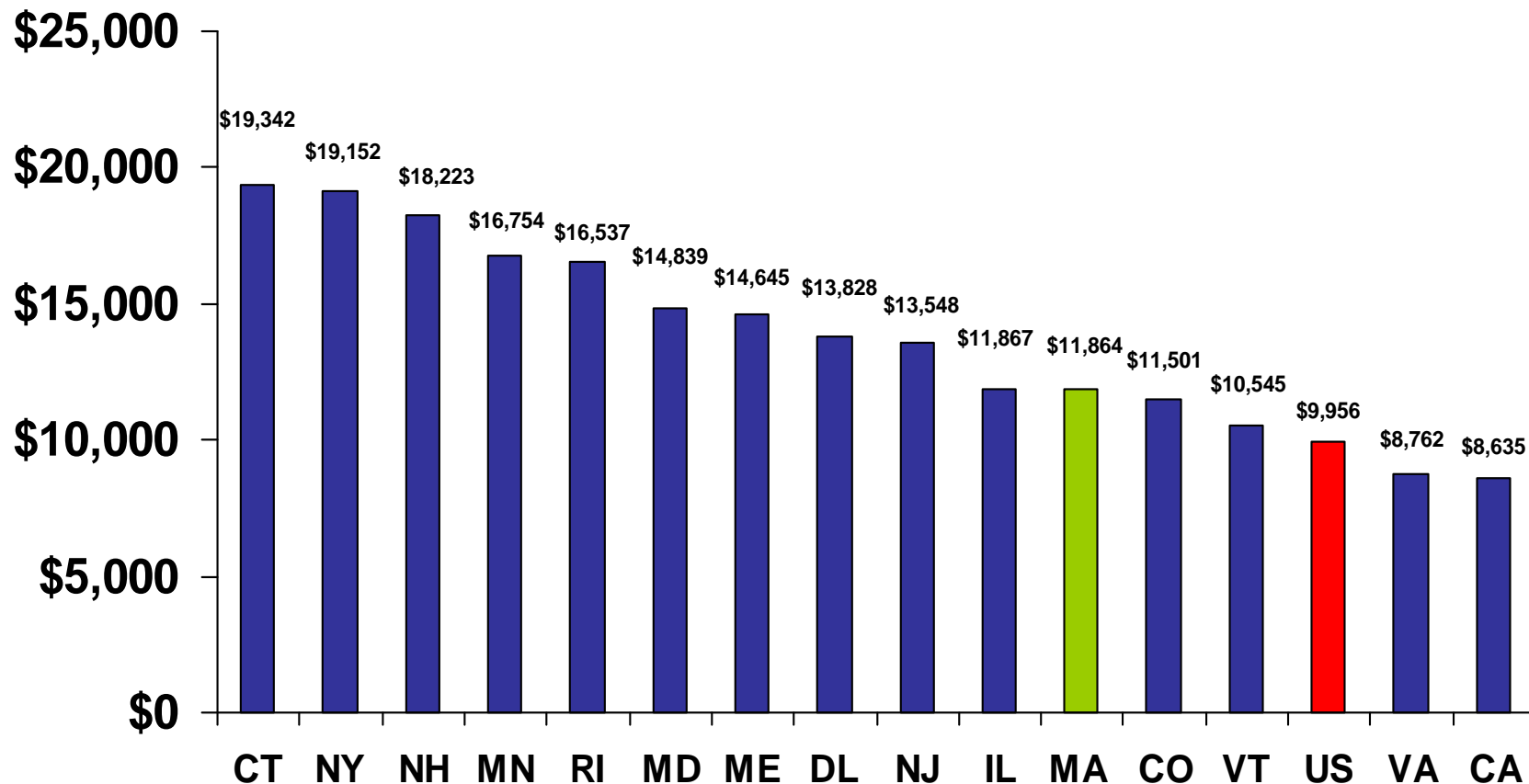
# ENROLLMENT OF PEOPLE WITH DISABILITIES IN STATE MEDICAID PROGRAMS AS A PERCENTAGE OF PEOPLE AGES 21 – 64 REPORTING DISABILITIES



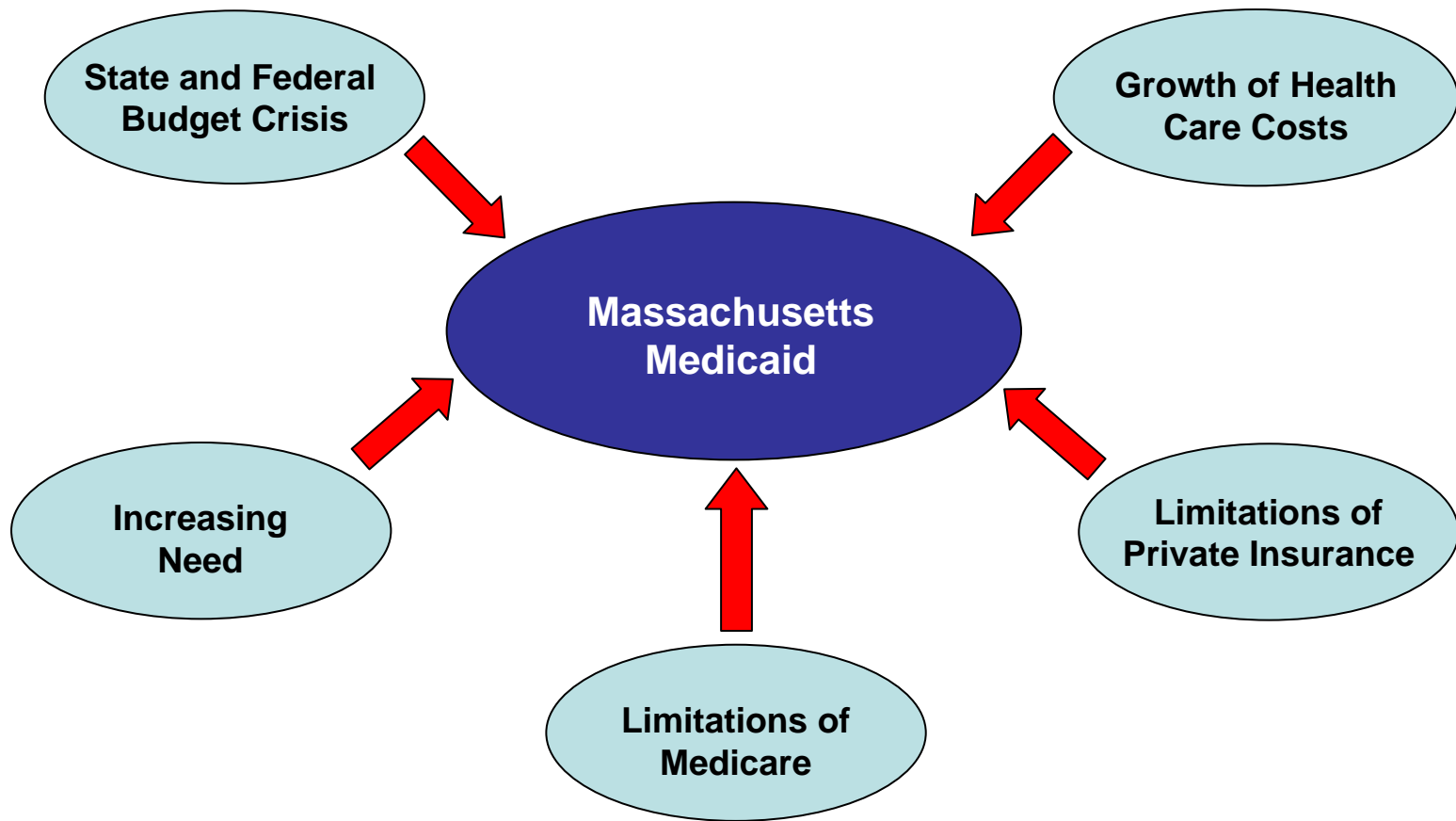
Source: MSIS Data, 2000 US Census Summary File 3,  
 \*2001 MSIS File without Hawaii which did not report.

# MA RANKS 19<sup>th</sup> AMONG ALL STATES IN ANNUAL SPENDING PER MEDICAID MEMBER WITH DISABILITIES

## Per Member Spending is Lower than Most Peer States



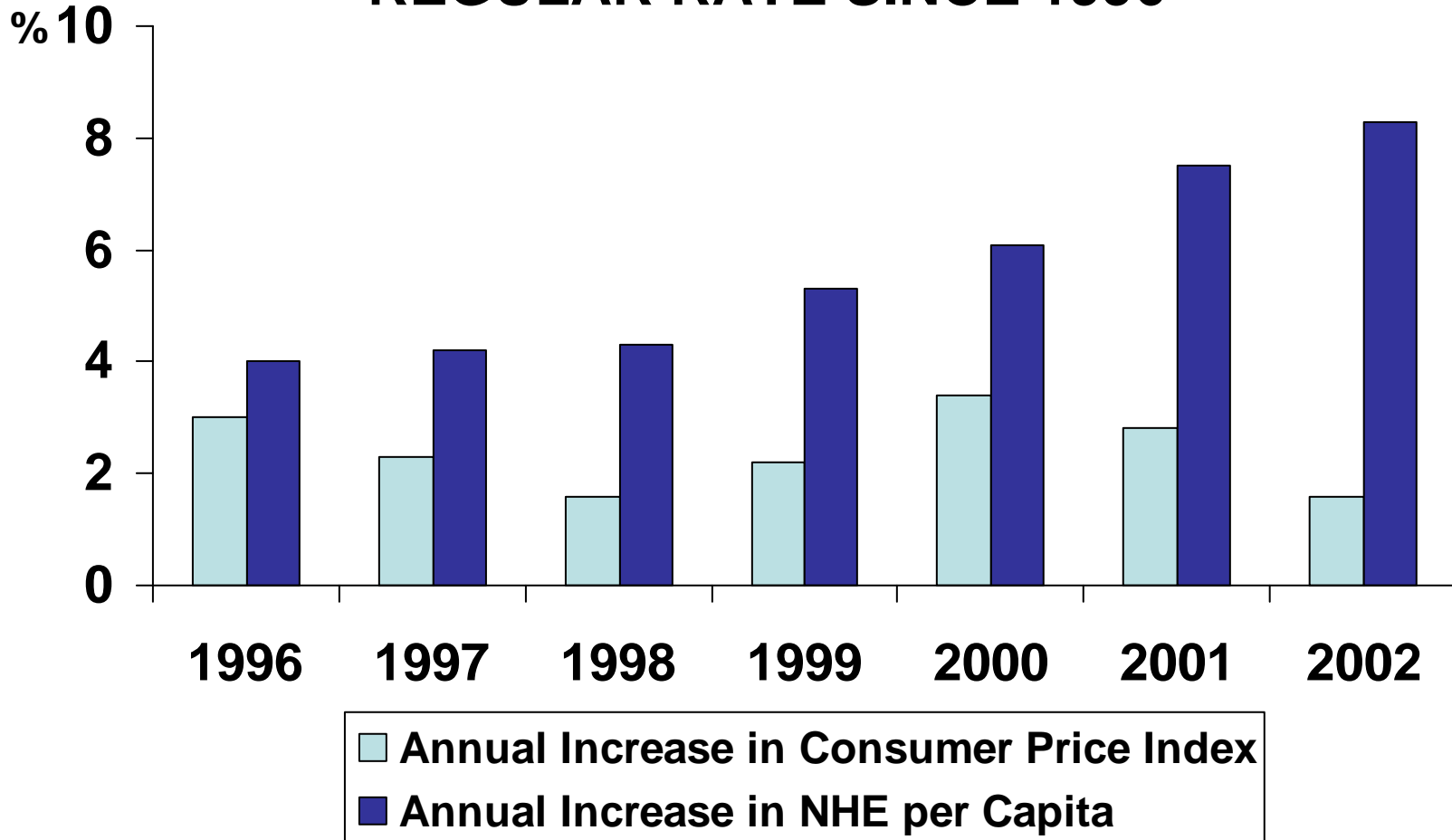
# MASSACHUSETTS MEDICAID PROGRAM IS UNDER **STRESS**



**Are we facing a crisis in coverage for people with disabilities?**

# PERCENT ANNUAL INCREASE IN NATIONAL HEALTH EXPENDITURES PER CAPITA(NHE) HAS BEEN INCREASING AT A REGULAR RATE SINCE 1996

Growth of Health Care Costs



# PROBLEMS AND LIMITATIONS OF COMMERCIAL INSURANCE

- **Unaffordable or unattainable individual health insurance policies**
- **Declining coverage, availability, and affordability of employer-sponsored insurance**
- **Limited coverage for:**
  - **Long-term care needs**
  - **Community based services**

# KEY ISSUES WITH THE MEDICARE DUAL ELIGIBLE POPULATION

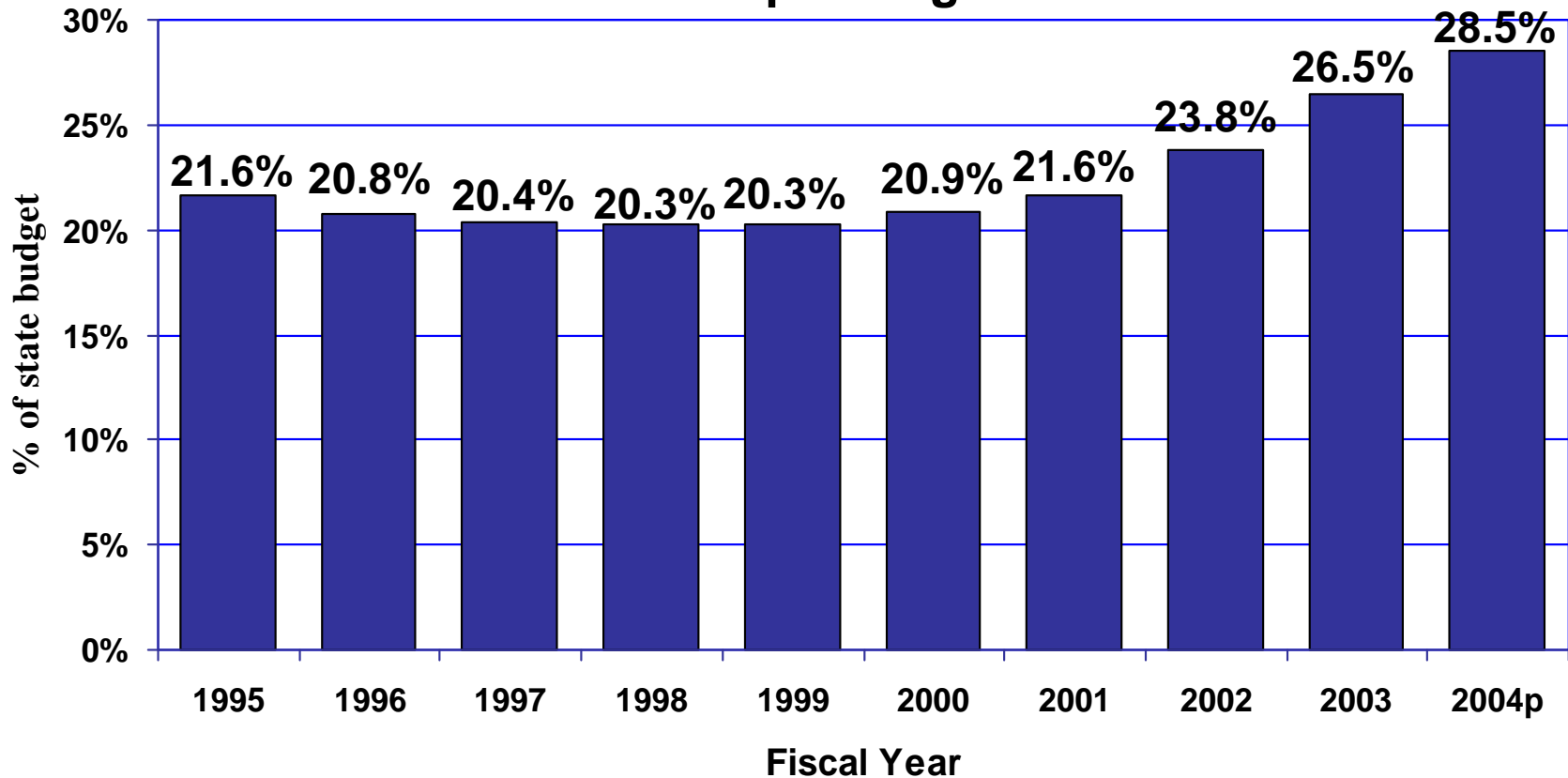
- **Massachusetts Medicaid is picking up a significant amount of the cost of health care for Medicare enrollees:**
  - **\$300+ million on drugs**
  - **\$120 million on PCA and home health services**
  - **\$70+ million on Medicare co-payments and deductibles**
  - **Dual eligibles are predominantly in fee for service arrangements**
- **Those who are eligible for Medicare due to a disability must wait more than two years before they receive Medicare benefits.**
  - **During this waiting period, MassHealth covers all acute and chronic services**

# **INCREASING NEED FOR MASSHEALTH COVERAGE FOR PEOPLE WITH DISABILITIES**

**Increasing  
Need**

- **Increasing applications for MassHealth coverage**
- **Ever-increasing cost of care**
  - **Technological advances**
- **Opportunities for improved life expectancy and quality of life**
  - **Community support services**
- **Legal pressure on state to expand community living options**

# MASSHEALTH IS A GROWING SHARE OF THE STATE'S BUDGET, Reflecting Both Increasing MassHealth Spending and Flat Overall State Spending

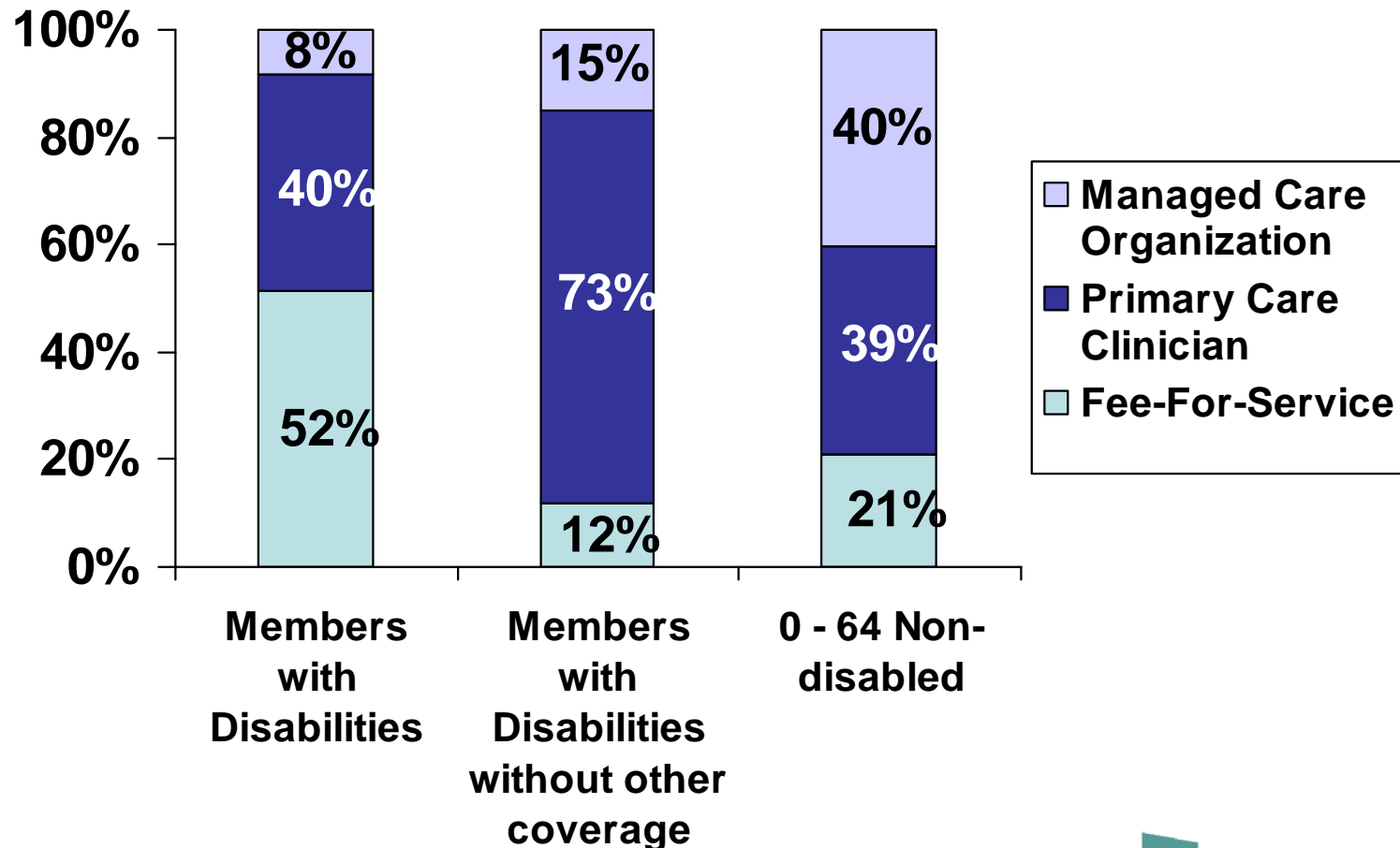


Source: Mass Taxpayers Foundation

# WHAT IS MASSACHUSETTS DOING TO CURB HEALTH CARE SPENDING GROWTH?

- **Controlling Utilization - Prior Approval for High Growth Areas**
  - **Pharmacy –**
    - **MassHealth Drug List promotes use of generics, prior approval for non-preferred drugs (estimated FY04 cost avoidance of 135 million)**
    - **Provider and Member interventions such as controlled substance management (lock-in) program, prescriber profile reports and high-utilization (8 or more drugs) educational intervention**
    - **Community Case Management**
- **Controlling Prices**
  - **Massachusetts Upper Limit Prices (MULP) for pharmaceuticals**
  - **Selective use of supplemental rebates for pharmaceuticals**
- **Controlling Demand**
  - **Higher co-payments for brand name drugs**
- **Appropriate billing of primary insurers - Medicare and commercial**

# MASSHEALTH MEMBERS WITH DISABILITIES ARE MUCH LESS LIKELY TO BE ENROLLED IN MANAGED CARE ORGANIZATIONS



# WHAT ELSE COULD BE DONE?

- **Continue aggressive approach to containing prescription drug spending**
- **Expand efforts to develop and promote new systems and models of care, especially for the dual-eligible population**
- **Continue to explore other approaches to moderate spending and improving care**
- **Continue to support and encourage participation in the community and work place**
- **Enhance the MassHealth administrative and information infrastructure to better support program development, implementation, monitoring, and evaluation**
- **Use caution with approaches aimed at moderating demand for services through co-payments and deductibles**
- **Be careful when considering changes to eligibility**

# SUMMARY OF KEY FINDINGS

- **The MassHealth program is a key health care safety net for children and adults with disabilities**
- **Consistent with national trends, enrollment and spending for MassHealth members with disabilities has been increasing.**
  - **Most of the enrollment growth is in “state optional” enrollment categories due to deliberate state policy initiatives**
  - **Much of the spending and the fastest growth is in pharmacy and community based long term care, services not covered by Medicare or most private insurers**
- **Comparison to nation and other states:**
  - **The percentage and cost of the state’s population with disabilities enrolled in MassHealth are above the national averages but are similar to levels observable in peer states**