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CONFERENCE ABSTRACT

The Financial Alignment Initiative for Low-Income Older People and Younger Adults with Disabilities: A Major Initiative to Integrate Medical Care and Long-Term Care

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Introduction: Almost 12 million frail and disabled Americans depend on both Medicare and Medicaid programs for their care. Medicare is a near universal entitlement program for older people and some adults with disabilities, covering medical care, but not long-term care. In contrast, Medicaid is a means-tested welfare program largely designed by the states; Medicaid is the main source of funding for long-term care in the US. Individuals eligible for both Medicare and Medicaid must navigate two sets of rules and coverage requirements, resulting in fragmented care and poor health outcomes. This separation also leads to misaligned incentives for payers and providers, resulting in cost-shifting, unnecessary spending, and an inefficient system of care.

In July 2011, the Centers for Medicare & Medicaid Services CMS, the agency that administers both programs, launched the Medicare-Medicaid Financial Alignment Initiative FAI in which states were invited to test capitated and managed fee-for-service integrated service delivery and financing models across these programs. In 2017, fourteen state demonstrations across 13 states are being implemented.

Methods: RTI International, the external independent evaluator for the FAI, designed and is currently conducting the multi-method evaluation of the state demonstrations. The evaluation research design has both qualitative and quantitative components and includes stakeholder interviews and focus groups, as well as claims data analysis. These analyses are performed to determine if each state demonstration was cost saving and to measure changes in utilization across settings, as well as to assess whether these demonstrations improved beneficiary experience, quality and access to care.

Key Results: This presentation will briefly describe the state demonstrations and will focus on enrollment, care coordination, and the acute care reduction outcomes for the states where preliminary results are already available. Currently, twelve demonstrations use a capitated design and two demonstrations use a managed fee-for service MFFS design. As of June 2017, 438,780 dually eligible Medicare-Medicaid beneficiaries were enrolled in these demonstrations. In capitated model demonstrations, managed care organizations are

implementing new care coordination approaches designed to integrate care across medical, LTSS, and behavioral health systems. In Washington MFFS demonstration, the care coordinating function resides within Medicaid health homes which receive monthly payments to provide extra services to enrollees. There is some evidence in the earliest demonstration states Washington, Ohio and Illinois that the FAI is helping to reduce acute and post-acute utilization.

Discussion: The state demonstrations under the FAI represent largest effort in the US to integrate care, improve quality and reduce costs for dual eligibles to date. Multiple factors influenced the rate of enrollment of eligible beneficiaries in the demonstrations; in most demonstrations, passive enrollment was very important to building enrollments.

Conclusions and Lessons learned: The FAI presents an important opportunity for state and federal government to integrate and streamline two financing and service delivery systems.

Limitations: Significant data lags and limitations in data availability.

Suggestions for future research: The evaluation is ongoing; state evaluations are released when complete data are available with final evaluation results being made public upon completion of each state demonstration and requisite data being complete.

Keywords: medicare; medicaid; care coordination; dual eligible beneficiaries