An Examination of the Woodwork Effect Using National Medicaid LTSS Data

Presentation at the National HCBS Conference
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A concern that if publicly funded home and community-based services (HCBS) are expanded:

1. More people will use publicly funded services (i.e., “come out of the woodwork”) if HCBS are expanded because HCBS are more attractive than institutional services

2. The additional beneficiaries will increase the overall growth rate of long-term services and supports (LTSS) expenditures, even if fewer people use institutional services.
Truven Health:

- Estimated the number of people who received Medicaid LTSS and Medicaid LTSS expenditures
- Adjusted the increases in persons served and expenditures to account for increases the number of people with functional impairments
- Adjusted expenditures for inflation
## DATA FOR PERSONS SERVED

Estimated Medicaid LTSS Beneficiaries, in thousands, 1999 - 2007

<table>
<thead>
<tr>
<th>Service Type</th>
<th>1999</th>
<th>2007</th>
<th>Percent Change</th>
<th>Annual Rate of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional: Nursing Facility and ICF/DD</td>
<td>1,621</td>
<td>1,572</td>
<td>-3%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>HCBS: 1915(c) Waiver, Personal Care, and Home Health</td>
<td>1,896</td>
<td>2,815</td>
<td>48%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Total LTSS</td>
<td>3,517</td>
<td>4,388</td>
<td>25%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Total: ICF/DD &amp; 1915(c) 1915(c) Waiver – DD</td>
<td>377</td>
<td>568</td>
<td>50%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Total: LTSS Excluding DD Services</td>
<td>3,139</td>
<td>3,820</td>
<td>22%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
ADJUSTMENT FOR PERSONS WITH FUNCTIONAL IMPAIRMENTS

- The National Health Interview Survey estimates the number of adults age 18 or older with Instrumental Activities of Daily Living (IADL) for people in the community (Note: similar conclusions are reached if Activities of Daily Living data are used instead)

- Data for residents of ICF/DD and nursing facilities were added for a total population estimate

- Medicaid LTSS beneficiaries increased by only 0.7% per year when adjusting for the number of people with functional impairments
## EXPENDITURES DATA

Estimated Medicaid LTSS Expenditures, in millions, 1999 - 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>1999</th>
<th>2009</th>
<th>Percent Change</th>
<th>Annual Rate of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional: Nursing Facility and ICF/DD</td>
<td>46,025</td>
<td>64,514</td>
<td>40%</td>
<td>3.4%</td>
</tr>
<tr>
<td>HCBS: 1915(c) Waivers, Waivers, HCBS provided under 1115 Waivers or 1915(a), Personal Care, Home Health, and PACE</td>
<td>16,942</td>
<td>55,896</td>
<td>230%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Total LTSS</td>
<td>62,967</td>
<td>120,410</td>
<td>91%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total: ICF/DD &amp; 1915(c) or 1115 Waivers – DD</td>
<td>18,064</td>
<td>39,250</td>
<td>117%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>
ADJUSTMENT FOR INFLATION AND FUNCTIONAL IMPAIRMENT DATA

- The method described earlier was used for functional impairment data.

- Inflation was estimated using the Consumer Price Index for All Urban Consumers.

- Medicaid LTSS expenditures increased by 1.8% per year when adjusting for inflation and the number of people with functional impairments.

- Price indices specific to LTSS indicate the cost to provide LTSS has risen more than inflation in the general economy, which explains part of this increase.
MEDICAID LTSS DATA SOURCES

- Medicaid LTSS Beneficiaries:
  - Medicaid Statistical Information System State Summary Data Mart for Nursing Facilities
  - University of Minnesota reports for ICF/DD
  - University of California – San Francisco reports for HCBS

- Medicaid LTSS Expenditures
  - Truven Health annual reports
CAVEATS

- Medicaid LTSS beneficiary data include double-counted individuals.
- Some LTSS is not included: e.g., HCBS in 1115 Waivers, PACE.
- HCBS data do not include average days of service. There may be an increase or decrease in days of service that affects utilization.
- Most data are based on state surveys.
- Functional impairment estimates are based on the general population, and trends may differ for low-income individuals.
- 1999 expenditures data did not include managed care data or prior period adjustments.