



# Medicare Spending for Older Adults Who Need Long-Term Services and Supports

Evidence From 2011 National Health And Aging Trends Study  
Data Linked To Medicare Claims

# Executive Summary

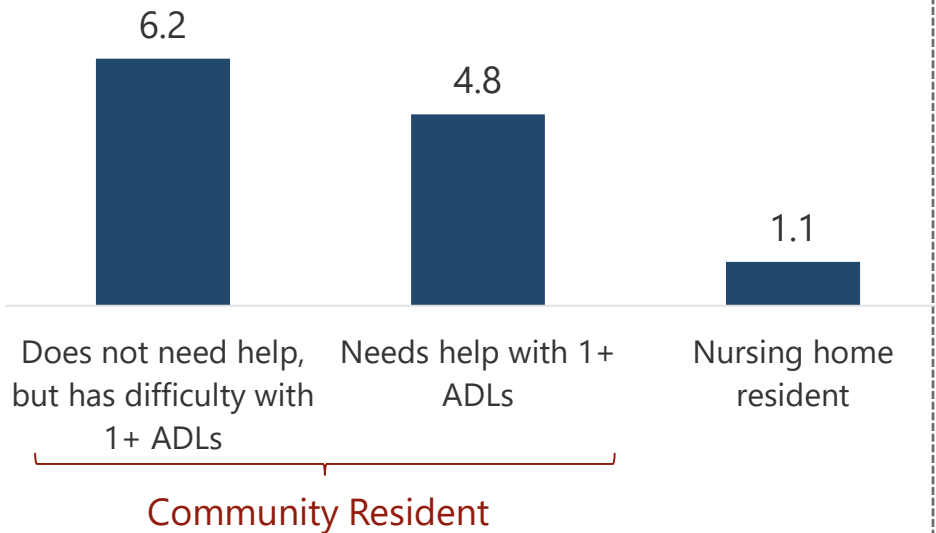
- Medicare spends **almost three times as much per capita** on the 13 percent of older adults who need long-term services and supports (LTSS) as on the other 87 percent of beneficiaries age 65+
- This high spending is not explained by these beneficiaries' age, chronic conditions, or Medicaid eligibility. In fact, LTSS need remains associated with high Medicare spending even when holding these other characteristics constant. Key findings include:
  - **Medicare spends 2X more on older adults with multiple chronic conditions when they also need LTSS**
  - **Medicare spends 2X more on older adults dually eligible for Medicaid when they also need LTSS**
  - **Medicare spends the same amount on dual eligible older adults who need LTSS and their non-dual eligible older adults who need LTSS**
- Innovations aimed at reducing Medicare spending could be enhanced if they focus on addressing and coordinating beneficiaries' LTSS need, **regardless of whether the LTSS is financed by Medicaid, out-of-pocket savings, or provided exclusively by unpaid family caregivers**

# Many Older Adults Have Physical and Cognitive Limitations That Make Everyday Tasks Difficult

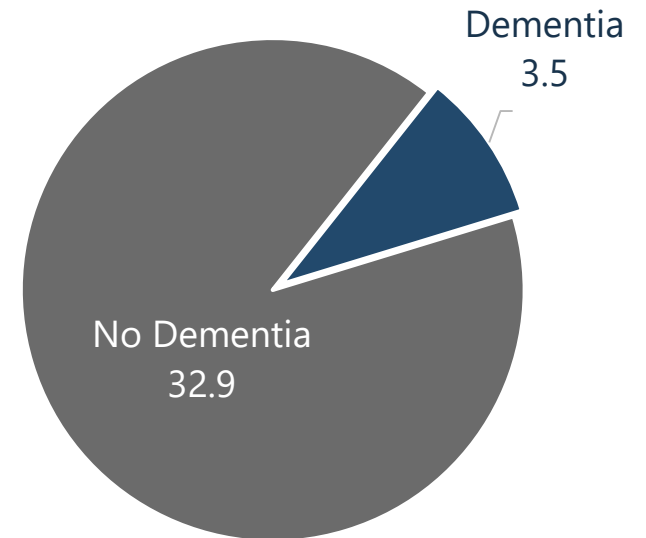
Millions of seniors are unable to perform activities of daily living (ADLs) without assistance from others: eating, bathing, using the toilet, getting dressed, transferring

More than three million seniors have dementia, which can also limit their independence

### ADL Impairment in the 65+ Population (Millions)



### Dementia in the 65+ Population (Millions)



# About 13% of the 65+ Medicare Population Need a High Level of Long-Term Supports and Services

*These seniors' physical and cognitive limitations are severe enough to meet eligibility requirements for long-term care insurance benefits or Medicaid nursing home care*

- **Definition of "LTSS Need"**

*Intended to mirror HIPAA definition of disability*

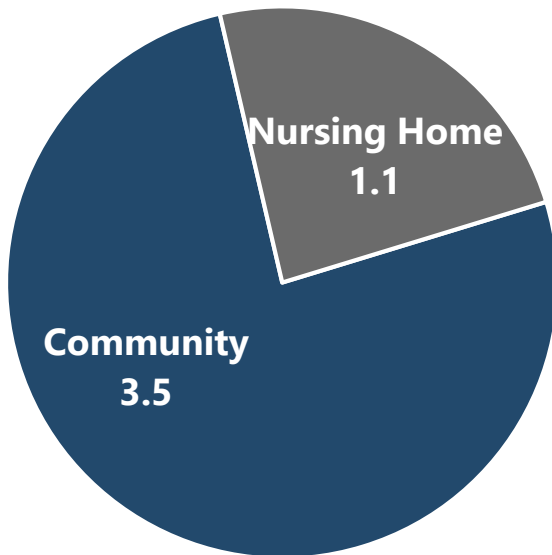
- Individual requires help with 2+ ADLs OR
  - "Severe Cognitive Impairment"  
(Individual has dementia AND requires help with 1+ ADLs OR 3+ IADLs)
  - All nursing home residents
- **Activities of Daily Living (ADLs):** eating, bathing, using the toilet, getting dressed, transferring
  - **Instrumental Activities of Daily Living (IADLs):** laundry, shopping for groceries/personal items, making hot meals, handling bills and banking, handling medication/injections

Category	Population Size	Population Share
Full Medicare 65+ Population	36.4 million	100%
LTSS Need in the Community	3.5 million	9.9%
Nursing Home Residents*	1.1 million	3.1%

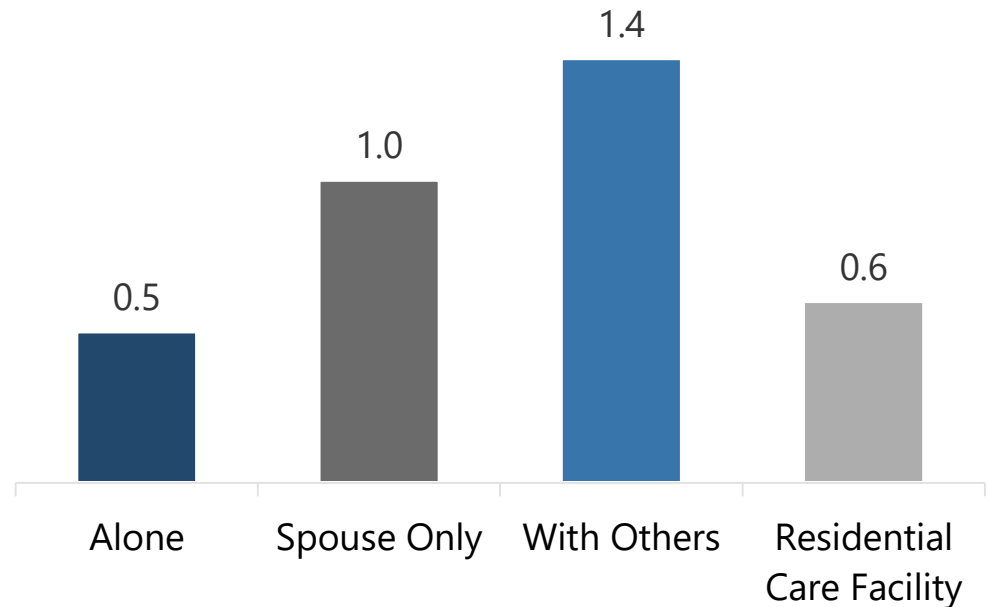
# Most Older Adults Who Need LTSS Live in the Community

*Of the 3.5 million seniors with LTSS need living in the community, about 600,000 live in residential care facilities—that is independent or assisted living facilities*

Residential Setting (Millions)



Living Arrangement Among Seniors in the Community Who Need LTSS (Millions)



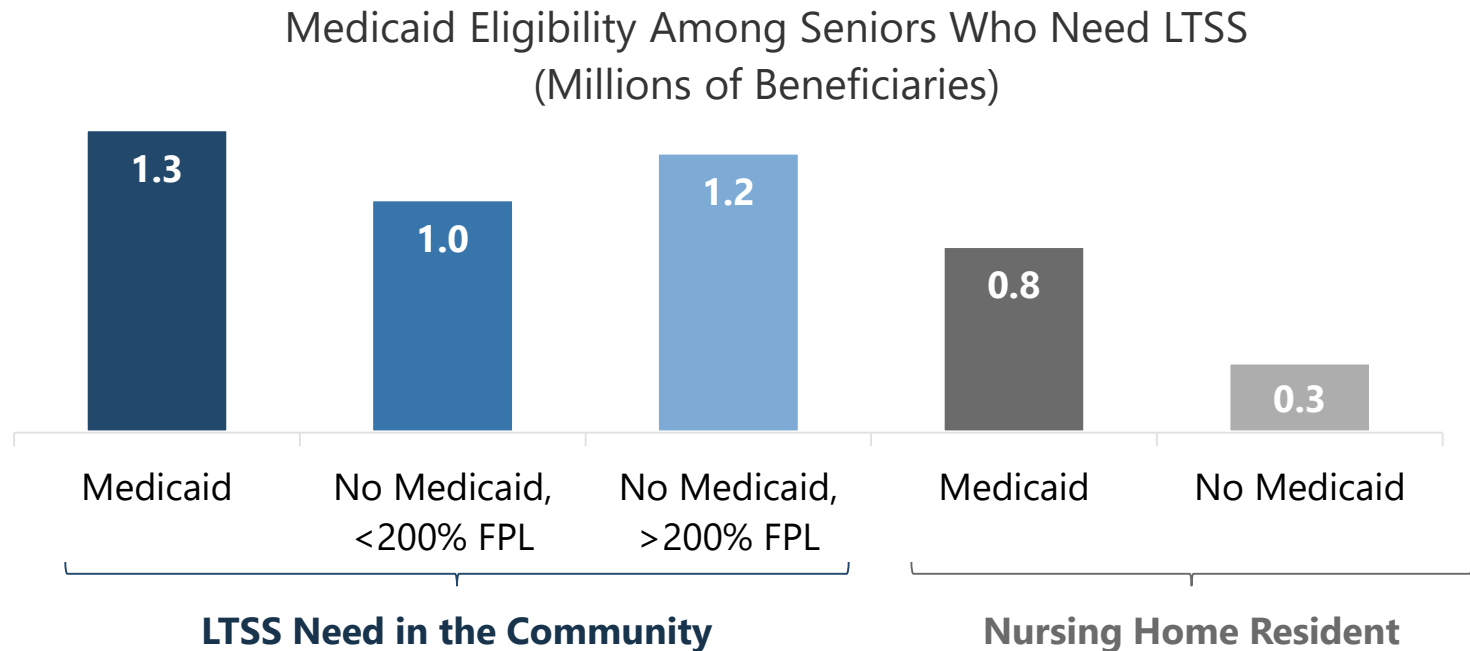
# Older Adults Who Need LTSS Are Vulnerable

*Seniors who need LTSS are older, more likely to be female, have more chronic conditions, are more likely to be enrolled in Medicaid, and are less likely to have finished high school*

Characteristic	No LTSS Need	LTSS Need in the Community	Nursing Home Resident
Population	31.8 million	3.5 million	1.1 million
Average age (years)	75	81	84
Age 80 or older	25%	59%	71%
Female	55%	68%	73%
Enrolled in Medicaid	14%	36%	64%
Average number of chronic conditions	2.0	2.7	No Data
Four or more chronic conditions	11%	29%	No Data
Did not graduate high school	20%	38%	No Data

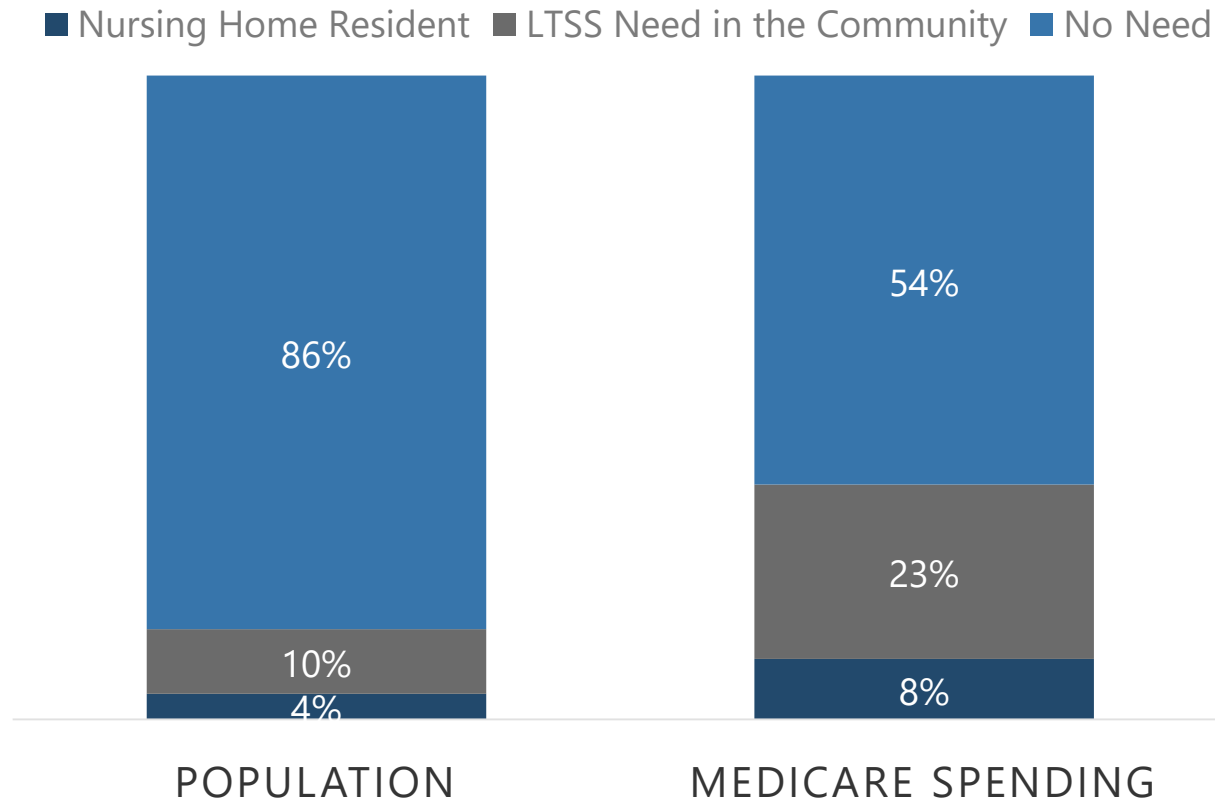
# Over Half of the 4.6 Million Older Adults Who Need LTSS Are Not Eligible For Medicaid—the Only Public Program That Covers LTSS

- Among those without Medicaid, many are low income
- A million seniors living in the community who need LTSS have incomes below 200% of the federal poverty level but do not qualify for Medicaid



# Older Adults Who Need LTSS Account for a Disproportionate Share of Medicare Spending

*Although seniors who need LTSS make up only 14% of Medicare fee-for-service beneficiaries, they account for 31% of spending*





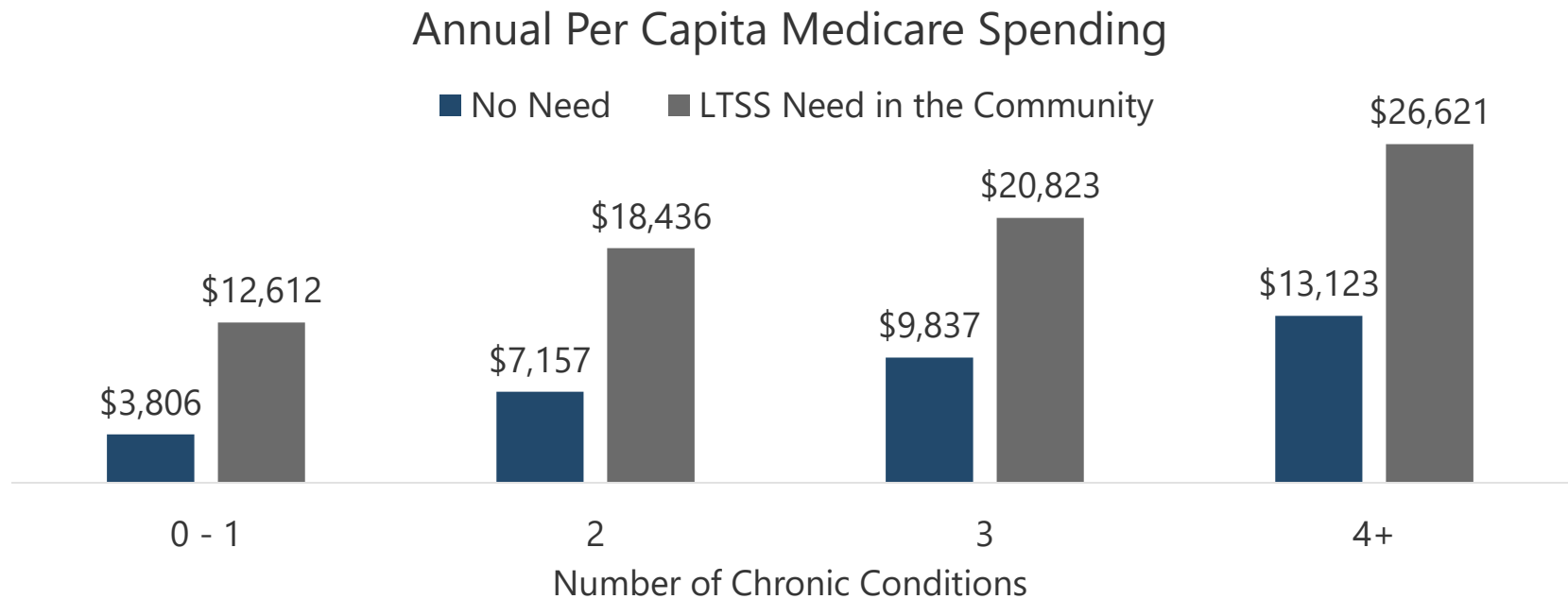
# Medicare Spends Nearly Three Times as Much Per Person on Older Adults Who Need LTSS Than for Those With No Need

Annual Per Capita Medicare Spending  
(2011 Spending For Medicare Fee-for Service Enrollees)



# Compared to Similarly Sick Individuals, Medicare Spends Twice As Much On Older Adults Who Need LTSS Than On Those Who Do Not Need LTSS

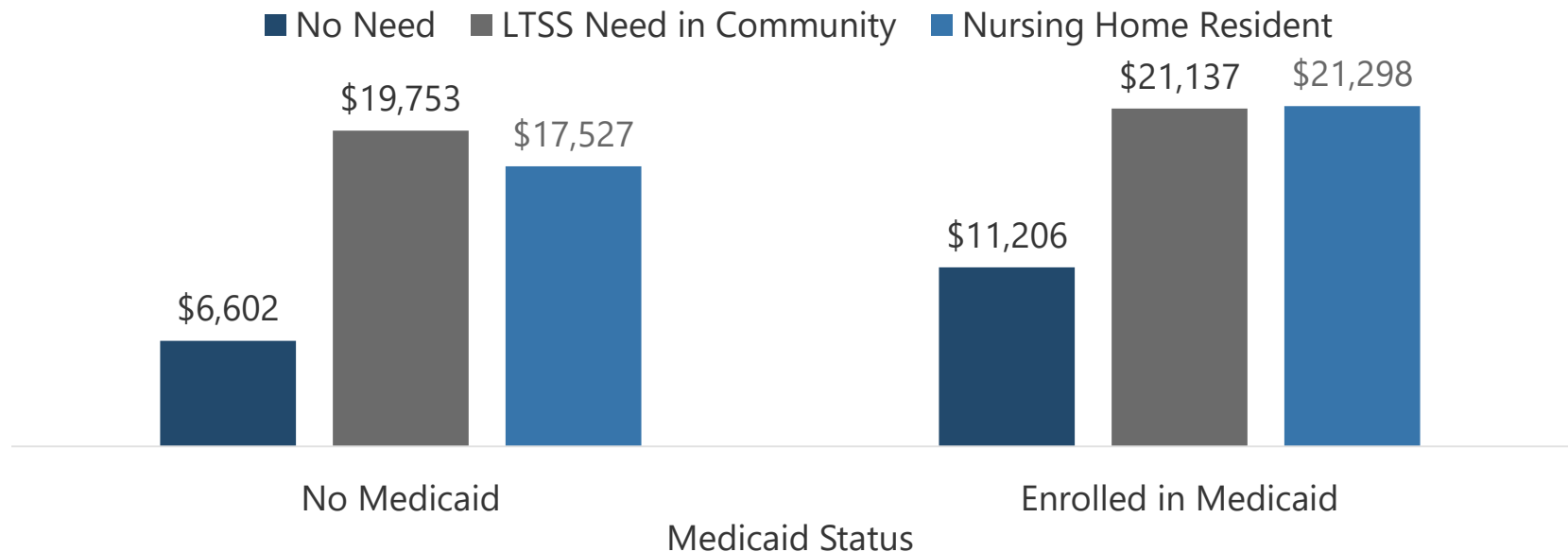
*The relationship between LTSS need and Medicare spending remains strong even after controlling for chronic conditions*



# Medicare Spending Is Much Higher for Non-Duals with LTSS Need Than for Duals Without LTSS Need

Although dual-eligible individuals—people enrolled in both Medicare and Medicaid—are often identified as a high-cost population, this data shows that LTSS need may be a better way to identify high-cost Medicare beneficiaries

### Annual Per Capita Medicare Spending



# Questions?

- To learn more about this study and find future publications, visit: <http://www.ltqa.org/>
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Thank You