



# Maturation of CMS Long-term Services and Supports (LTSS) Expenditures & User Reporting

**HCBS Conference Presentation**

**August 29, 2023**

Andrea Wysocki and Cara Stepanczuk, Mathematica

Jennifer Bowdoin, CMS



# Agenda

- / Historical methods for Medicaid LTSS expenditure and user reporting**
- / New methods for Medicaid LTSS expenditure and user reporting**
- / Preview of preliminary Medicaid LTSS expenditures and users for 2021 based on new methods**
- / CMS perspective on changes**



# Historical methods for Medicaid LTSS expenditure and user reporting



# Background

- / Mathematica works with the Centers for Medicare & Medicaid Services (CMS) to produce annual expenditure reports and other output on Medicaid long-term services and supports (LTSS)**
- / These reports are part of a long-standing series of annual CMS reports documenting Medicaid-funded LTSS nationally and across states<sup>a</sup>**
  - The reports examine expenditures by setting, service category, and delivery system
  - We also calculate the proportion of Medicaid LTSS expenditures and users<sup>b</sup> allocated to home and community-based services (HCBS)

<sup>a</sup> Most recent publicly available annual Medicaid LTSS expenditure report available here: <https://www.medicaid.gov/medicaid/long-term-services-supports/reports-evaluations/index.html>

<sup>b</sup> Research brief covering LTSS users for Calendar Year 2019 available here: <https://www.medicaid.gov/media/142766>



# Historical data sources for expenditure report

## / Data sources

- CMS-64 Medicaid expenditure report data
  - CMS-64 FMR Net Services report data
  - Waiver Expenditures by Category of Service (COS) report from the CMS-64 to calculate expenditures claimed by the state for each waiver program
- State-reported MLTSS data
  - State collection process that requires states to calculate and submit data each year
- Money Follows the Person (MFP) worksheets for proposed budgets
- CMS 372 data on section 1915(c) waiver program population groups



# Historical methods for expenditure report

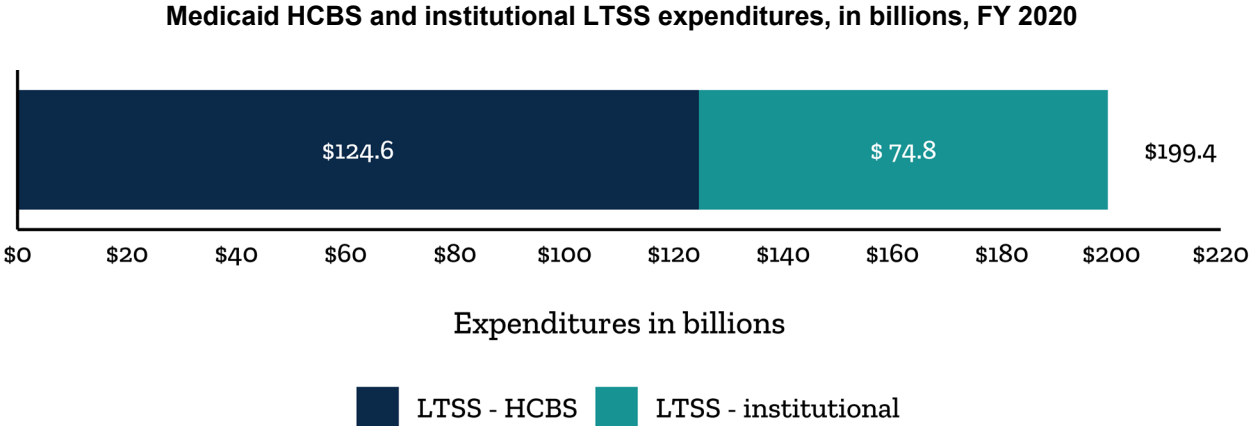
- / Combine information from each of the data sources to calculate national and state LTSS expenditures in total and by service category and type of LTSS (institutional or HCBS)**
- / Does not allow reporting of any information on LTSS users because the data sources do not contain beneficiary-level information**
- / The report covering FY 2020 is the last year for the historical expenditure report**



# Total Medicaid LTSS expenditures, FY 2020

**/ National Medicaid LTSS expenditures totaled \$199.4 billion in FY 2020**

- HCBS accounted for \$124.6 billion (62.5 percent) and institutional services accounted for \$74.8 billion (37.5 percent)

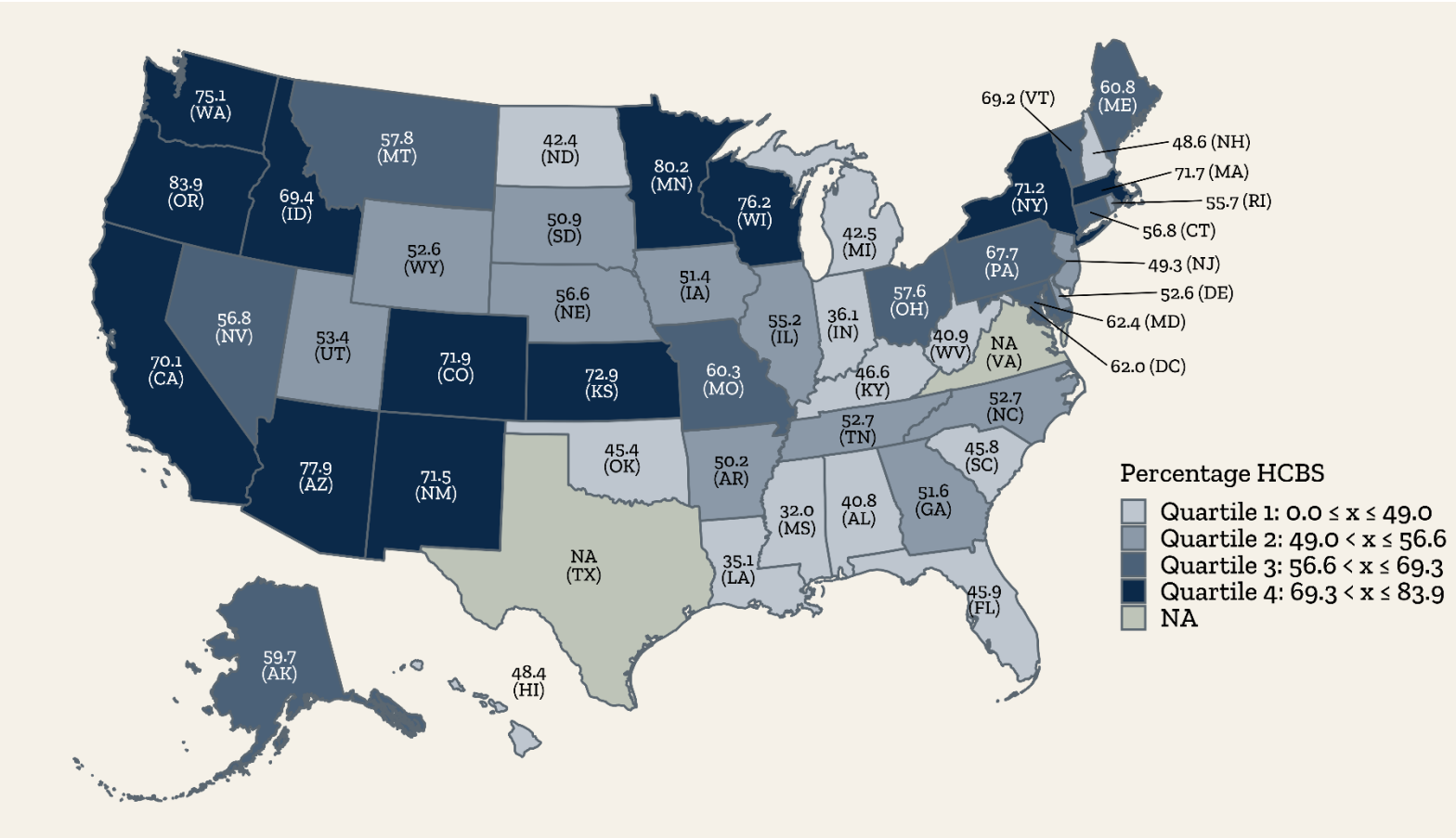




# HCBS rebalancing measure, FY 2020

**62.5%**  
FY 2020 U.S. TOTAL HCBS EXPENDITURES AS A PERCENTAGE OF TOTAL MEDICAID LTSS EXPENDITURES

Map of state Medicaid HCBS expenditures as a percentage of total Medicaid LTSS expenditures, FY 2020



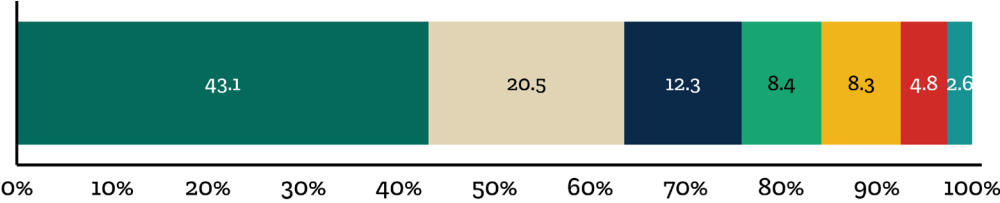




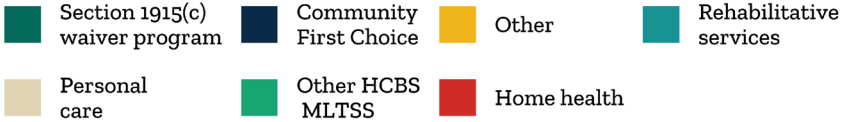
# Distribution of expenditures by service category, FY 2020

- / Spending on section 1915(c) waiver programs represented the largest share of HCBS expenditures in FY 2020, accounting for 43 percent of these expenditures
- / Spending on nursing facility services represented the majority of institutional LTSS expenditures, accounting for 78 percent of these expenditures in FY 2020

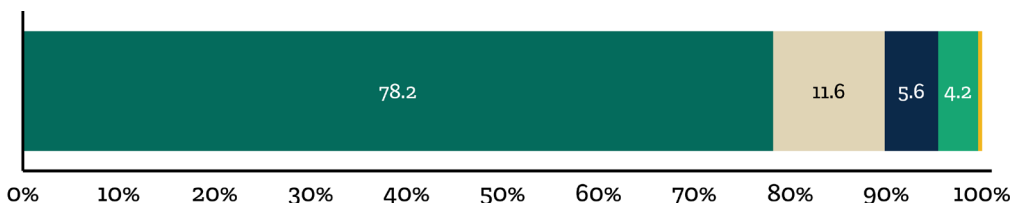
Distribution of Medicaid HCBS expenditures by service category, FY 2020



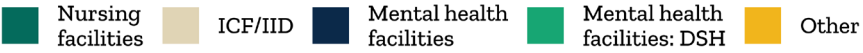
Percentage of Medicaid HCBS expenditures



Distribution of Medicaid institutional LTSS expenditures by service category, FY 2020



Percentage of Medicaid institutional expenditures





# **New methods for Medicaid LTSS expenditure and user reporting**



# Changes in reporting

## / **For the next report cycle, we are transitioning to using T-MSIS Analytic File (TAF) data to calculate all Medicaid LTSS output<sup>a</sup>**

- TAF includes state-reported Medicaid and Children's Health Insurance Program (CHIP) operational data about beneficiaries, providers, claims, encounters, and financial transactions

## / **The benefits of using TAF data include:**

- Having a single source of data allows for more standardized reporting
  - Using standardized TAF codes also allows for more comparable data across states
- Decreased burden on states to submit separate MLTSS data
- Ability to incorporate individual-level characteristics to stratify output and better understand LTSS patterns across different types of LTSS users

<sup>a</sup> Started the transition by creating output on LTSS user counts for Calendar Year 2019: <https://www.medicaid.gov/medicaid/long-term-services-supports/reports-evaluations/index.html>



# Changes in Reporting, continued

## / **What will the upcoming report include?**

- TAF-based LTSS user counts and expenditures both nationally and by state for 2019-2021
- Stratifications include LTSS category, delivery system, and LTSS user characteristics (including age group, sex, dual-eligibility status, urban/rural residency, language, and race and ethnicity)
- The LTSS rebalancing ratios (by user counts and expenditures)

## / **What will the report look like?**

- Results will be summarized in a series of issue briefs instead of one long narrative report
- Additional detailed 2019-2021 output will be made available via Excel workbooks on [Medicaid.gov](https://www.Medicaid.gov)
- Methodology document will be provided, along with notes on any data quality issues or state anomalies
- We are in the process of building an interactive dashboard to display the report results



# Methods

## / Methodology for historical LTSS expenditures reports vs. TAF-based expenditure calculations

| Item                                | Historical LTSS Expenditures Reports   | TAF-based expenditure calculations  |
|-------------------------------------|--|---|
| Definition of managed care          | <ul style="list-style-type: none"> <li>Expenditures under specific MLTSS programs</li> <li>Subset of LTSS categories</li> </ul>                | <ul style="list-style-type: none"> <li>All managed care expenditures for a given LTSS category</li> <li>All LTSS categories</li> </ul>  |
| Source of managed care expenditures | <ul style="list-style-type: none"> <li>Capitation payments from states to MLTSS plans</li> </ul>   | <ul style="list-style-type: none"> <li>Payments from managed care plans to providers (except for PACE) reported on encounter records</li> <li>Capitation payments from states to plans (for PACE only)<sup>a</sup></li> </ul> |
| Source of FFS expenditures          | <ul style="list-style-type: none"> <li>CMS-64</li> <li>MFP Budget Worksheet for Proposed Budget data</li> </ul>                                | <ul style="list-style-type: none"> <li>FFS claims</li> </ul>  |
| Date of expenditures                | <ul style="list-style-type: none"> <li>Claim payment date</li> </ul>   | <ul style="list-style-type: none"> <li>Claim service date</li> </ul>  |
| Time frame of expenditures          | <ul style="list-style-type: none"> <li>Payments made in FY</li> <li>Payments made in FY to adjust amounts reported in prior year(s)</li> </ul> | <ul style="list-style-type: none"> <li>Payments (including adjustments) for services provided during calendar year (CY)</li> </ul>  |

<sup>a</sup> Encounter records for PACE plans are not uniformly available in TAF. Therefore, we relied on the capitation payments that states paid to PACE plans to calculate PACE expenditures.



# Methods, continued

## / **HCBS categories align with section 9817 of the American Rescue Plan Act of 2021 (ARP)**

- Section 1915(c) waiver programs
- Section 1915(i) HCBS state plan option
- Section 1915(j) self-directed personal assistance services
- Section 1915(k) Community First Choice
- Program of All-Inclusive Care for the Elderly
- Personal care services
- Home health services
- Rehabilitative services<sup>a</sup>
- Case management services
- Private duty nursing services<sup>a</sup>

## / **Institutional categories**

- Nursing facilities
- Intermediate Care Facilities for Individuals with Intellectual Disabilities
- Mental health facilities
- Mental health facility Disproportionate Share Hospital (DSH) payments

<sup>a</sup> Claims from the following settings are excluded: prisons/correctional facilities, inpatient hospitals, skilled nursing facilities, nursing facilities, custodial care facilities, inpatient psychiatric facilities, ICF/IIDs, residential substance abuse treatment facilities, psychiatric residential treatment centers, and comprehensive inpatient rehabilitation facilities.



# **Preview of preliminary national Medicaid LTSS expenditures and users for 2021 based on new methods**



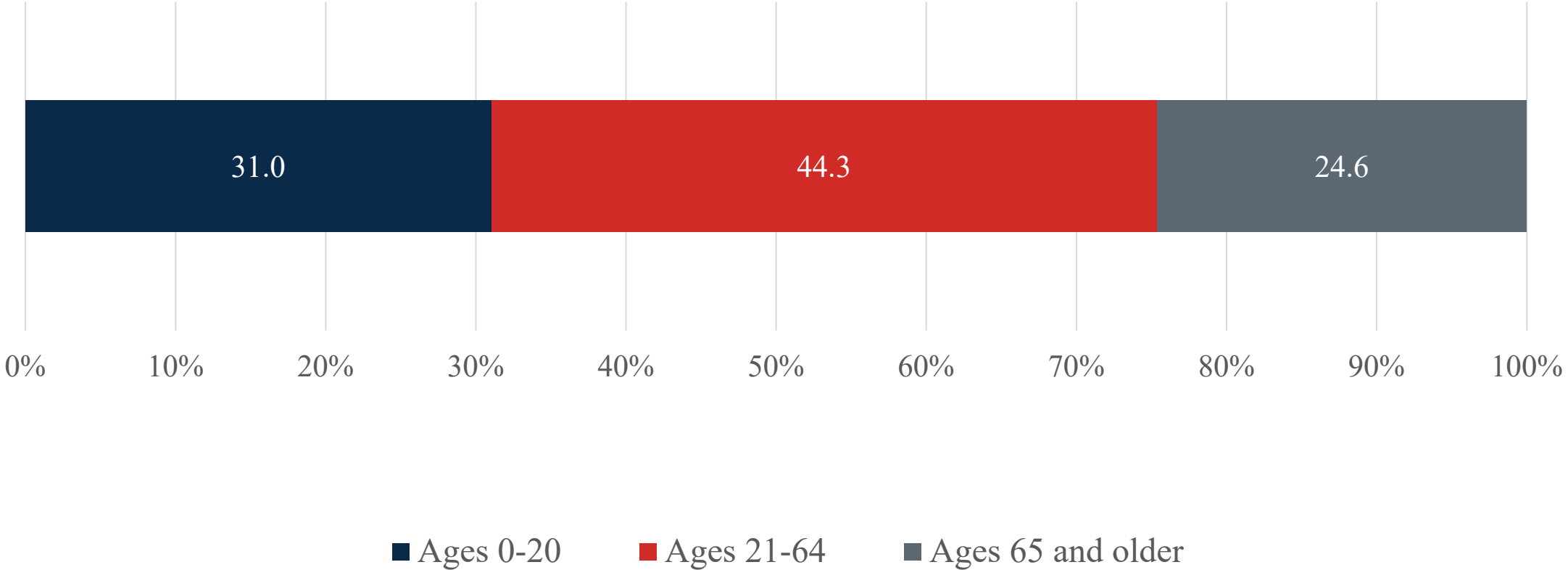
# LTSS user characteristics

National preliminary output for 2021





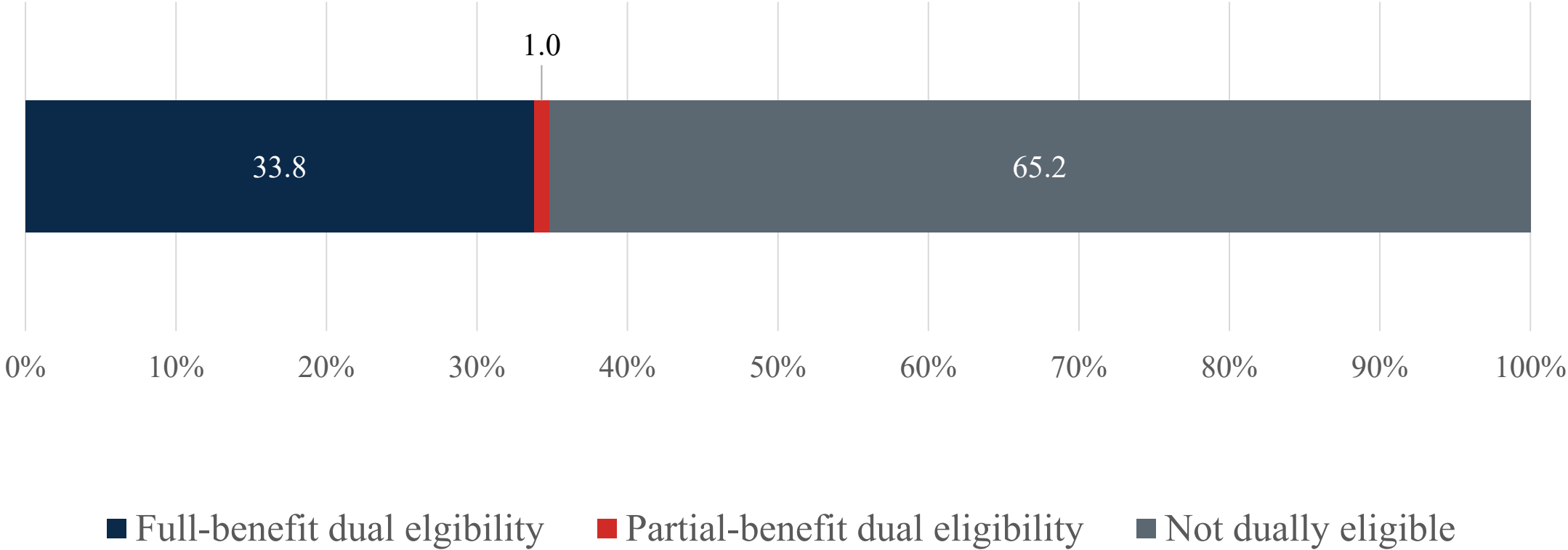
# LTSS users: distribution by age group



Source: 2021 TAF data (Release 1)



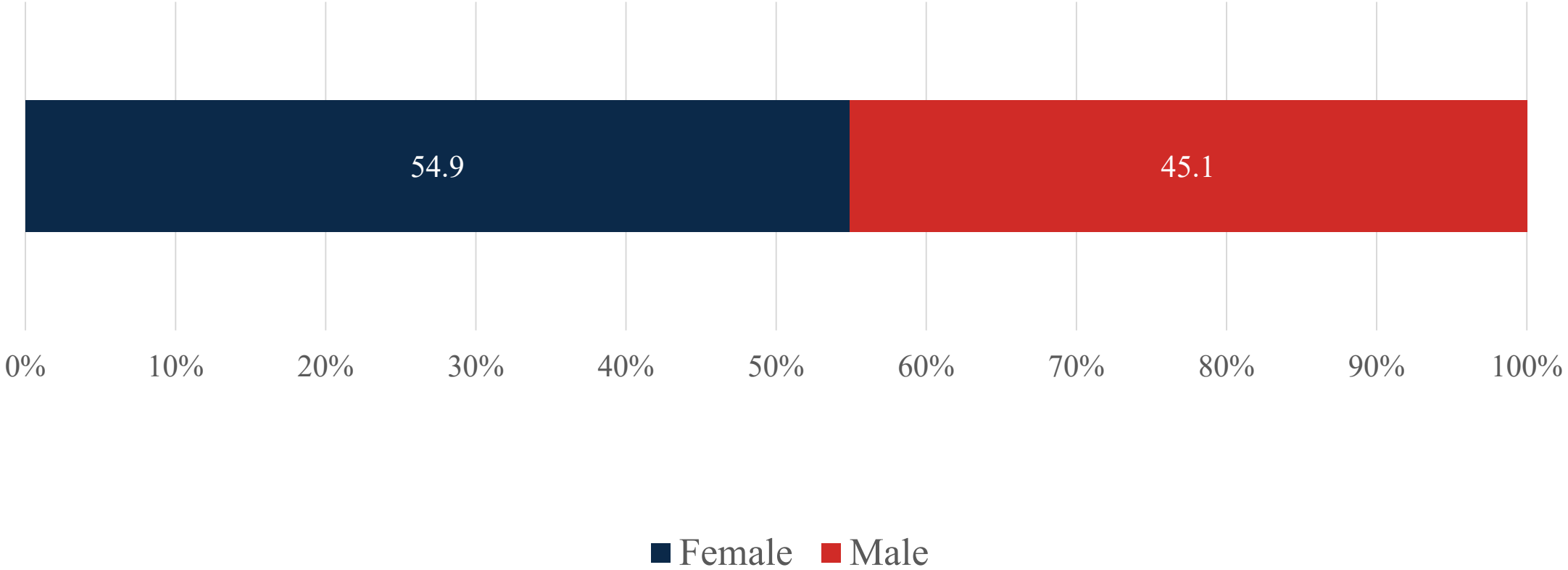
# LTSS users: distribution by dual-eligibility status



Source: 2021 TAF data (Release 1)



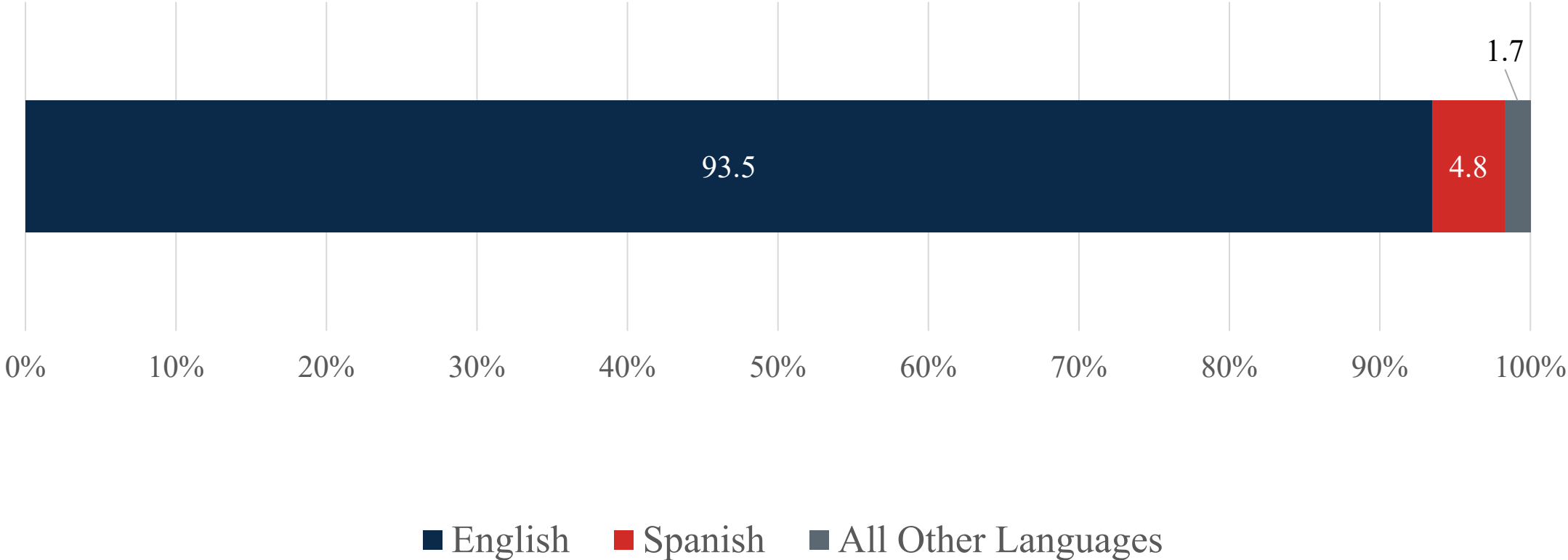
# LTSS users: distribution by sex



Source: 2021 TAF data (Release 1)



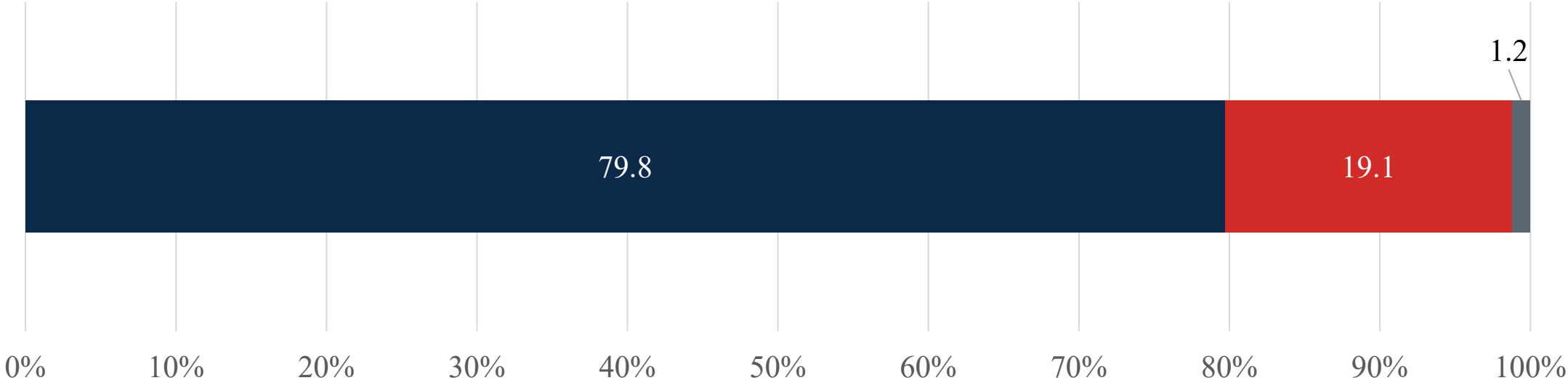
# LTSS users: distribution by primary language



Source: 2021 TAF data (Release 1)



# LTSS users: distribution by urban/rural residence



■ Urban ■ Rural ■ Out of state or Unknown

Source: 2021 TAF data (Release 1)



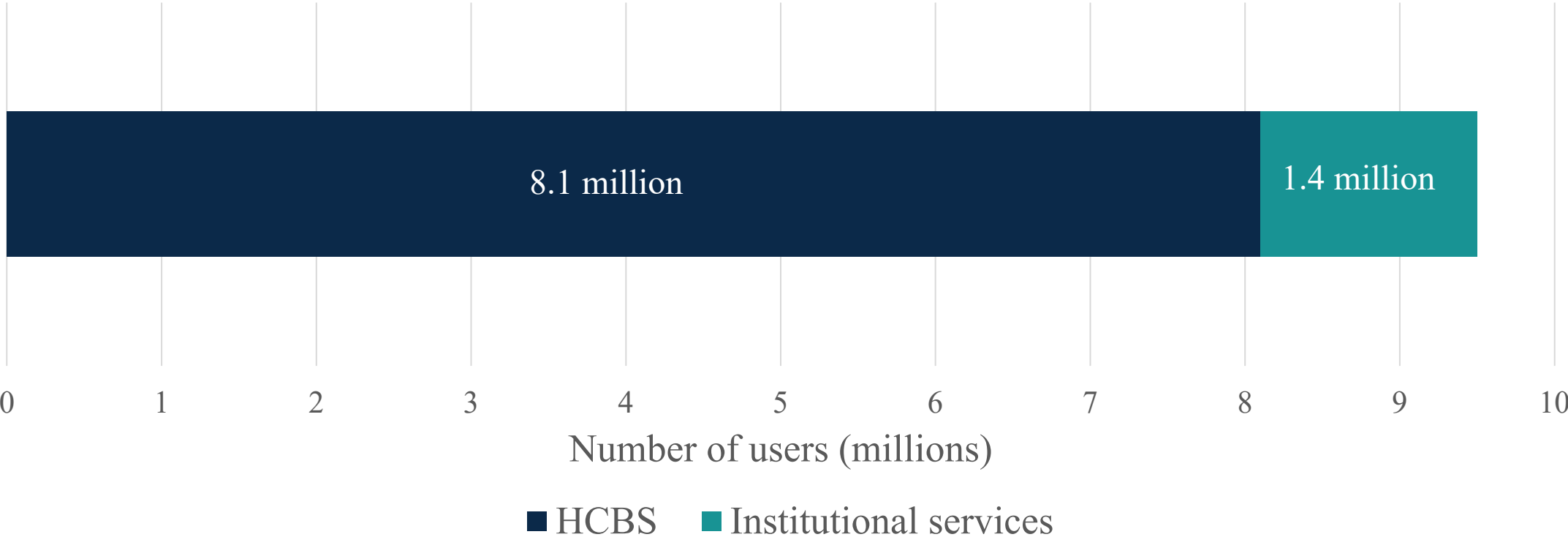
# **LTSS user rebalancing measure and stratifications**

**National preliminary output for 2021**



# LTSS user rebalancing measure, 2021 TAF data

**/ HCBS users represent 87% of the 9.3 million total LTSS users**

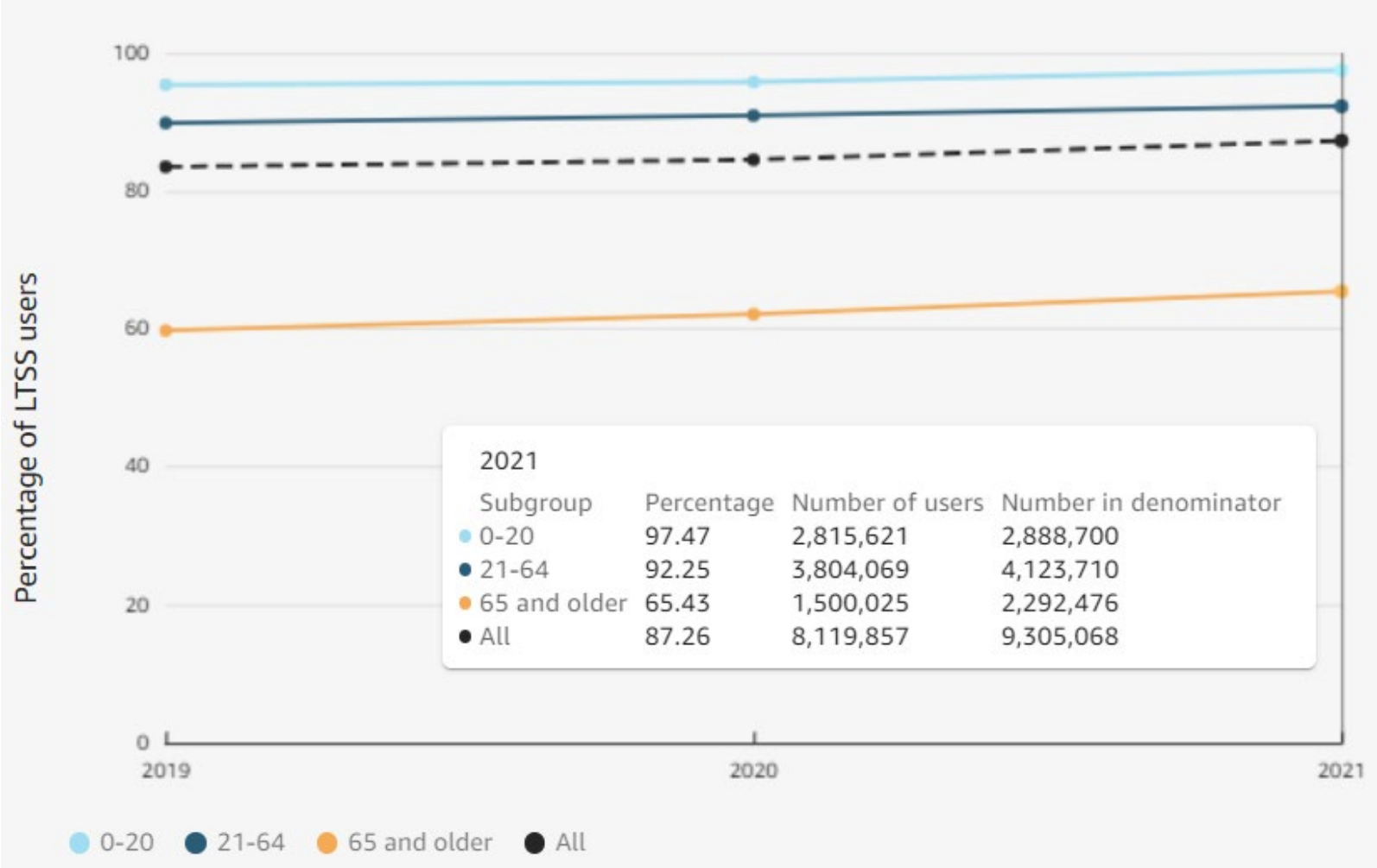


Source: 2021 TAF data (Release 1)



# Percentage of LTSS users who used HCBS, by age group

Source:  
2019 TAF data (Release 2),  
2020 TAF data (Release 1),  
2021 TAF data (Release 1)

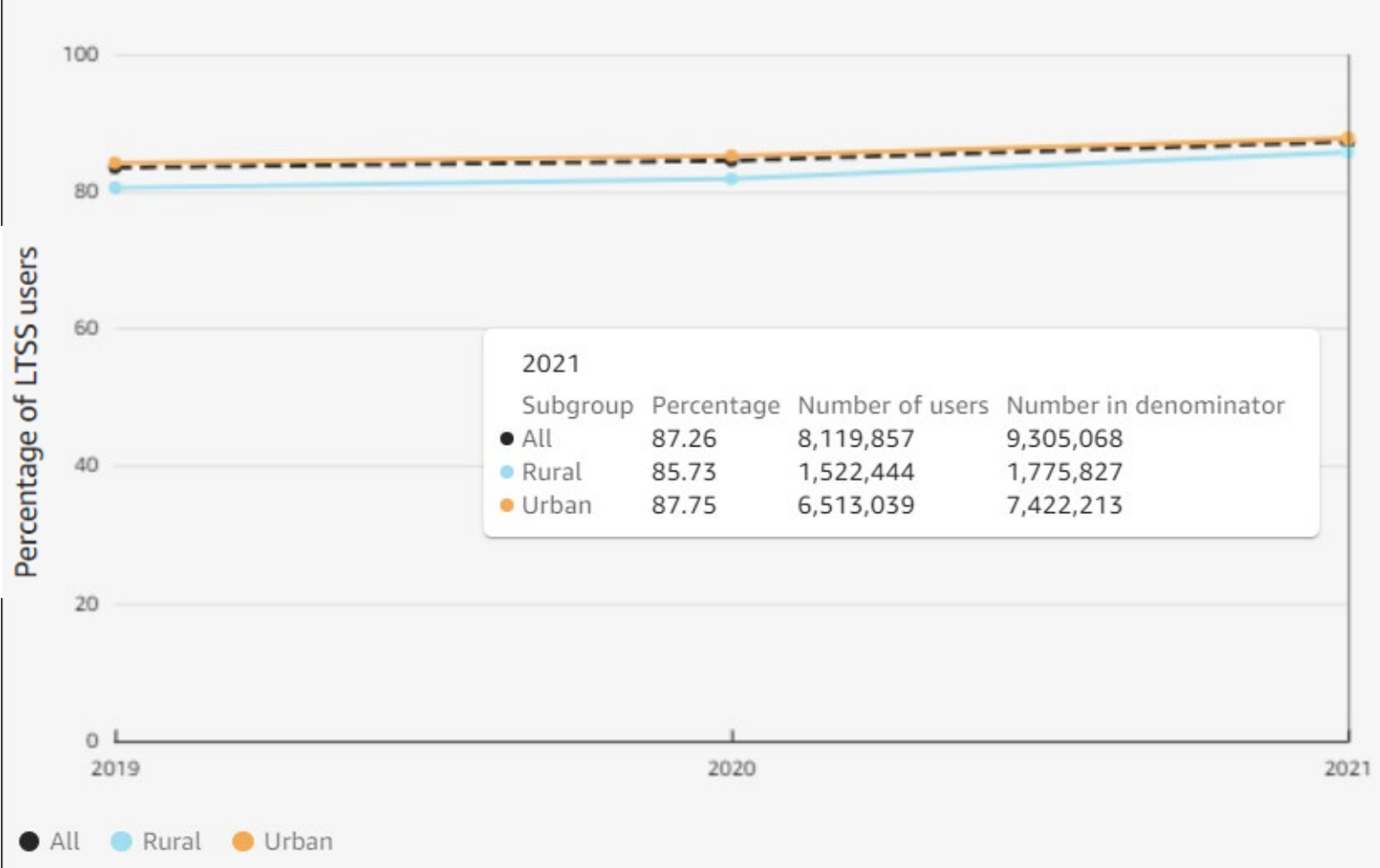






# Percentage of LTSS users who used HCBS, by rural/urban residence

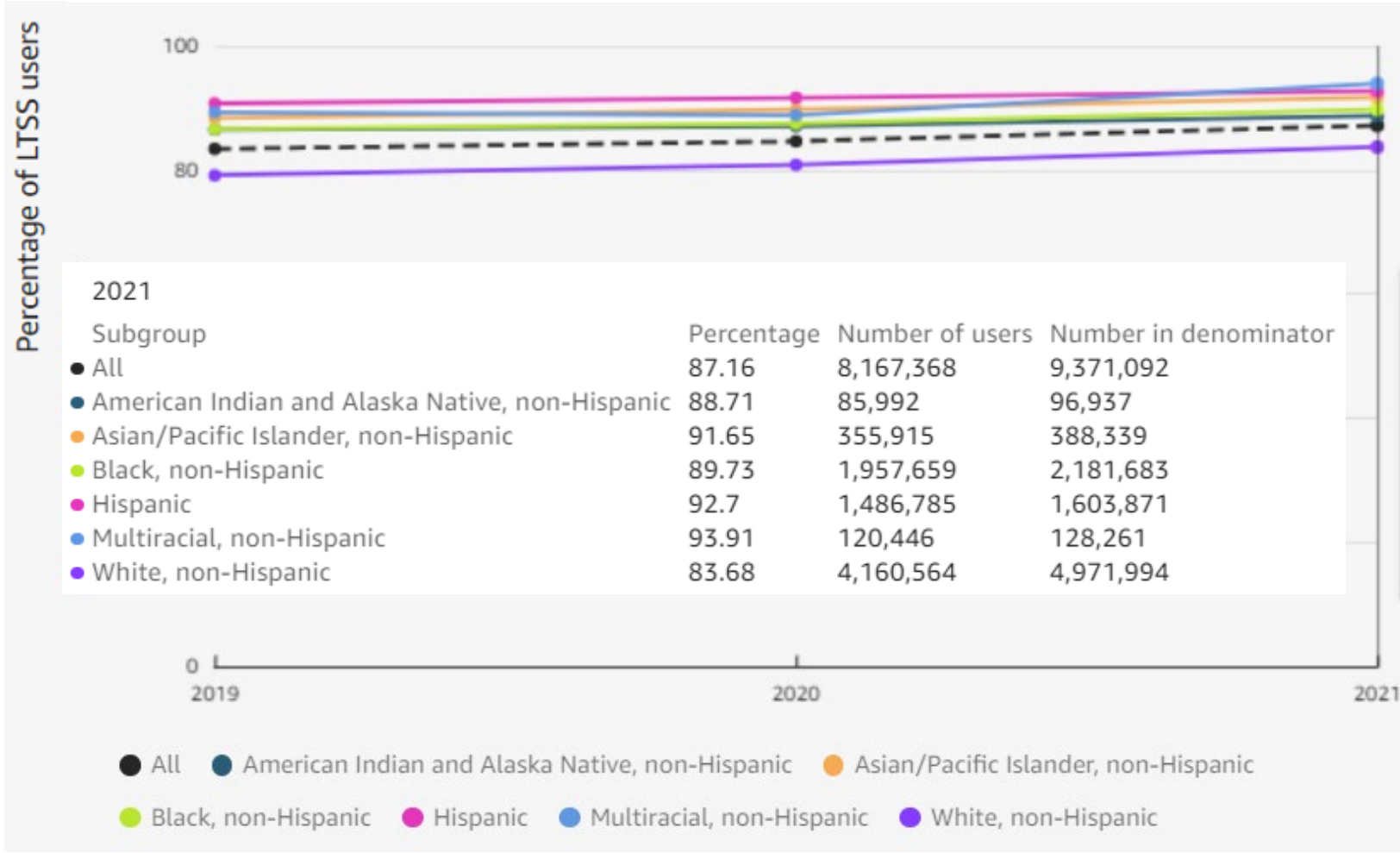
Source:  
2019 TAF data (Release 2),  
2020 TAF data (Release 1),  
2021 TAF data (Release 1)





# Percentage of LTSS users who used HCBS, by imputed and self-reported race/ethnicity

Source:  
 2019 TAF data (Release 2),  
 2020 TAF data (Release 1),  
 2021 TAF data (Release 1)





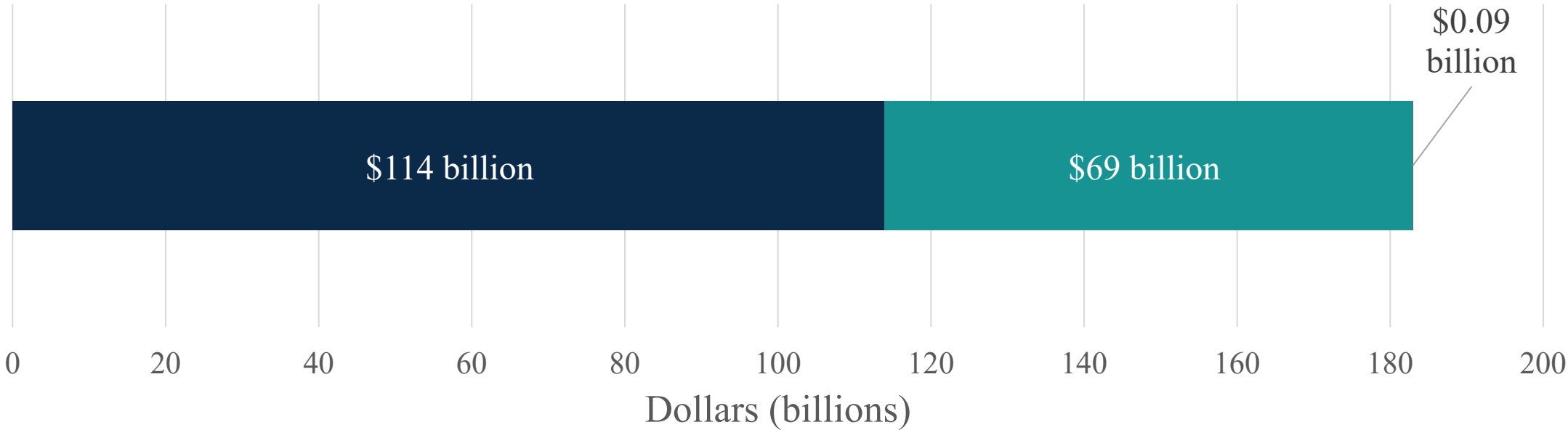
# LTSS expenditures

## National preliminary output for 2021



# LTSS expenditures by delivery system, 2021 TAF data

/ Fee-for-service expenditures represent 62% of the \$183 billion total LTSS expenditures



■ Fee-for-service   ■ Managed care   ■ Mental health facility DSH payments

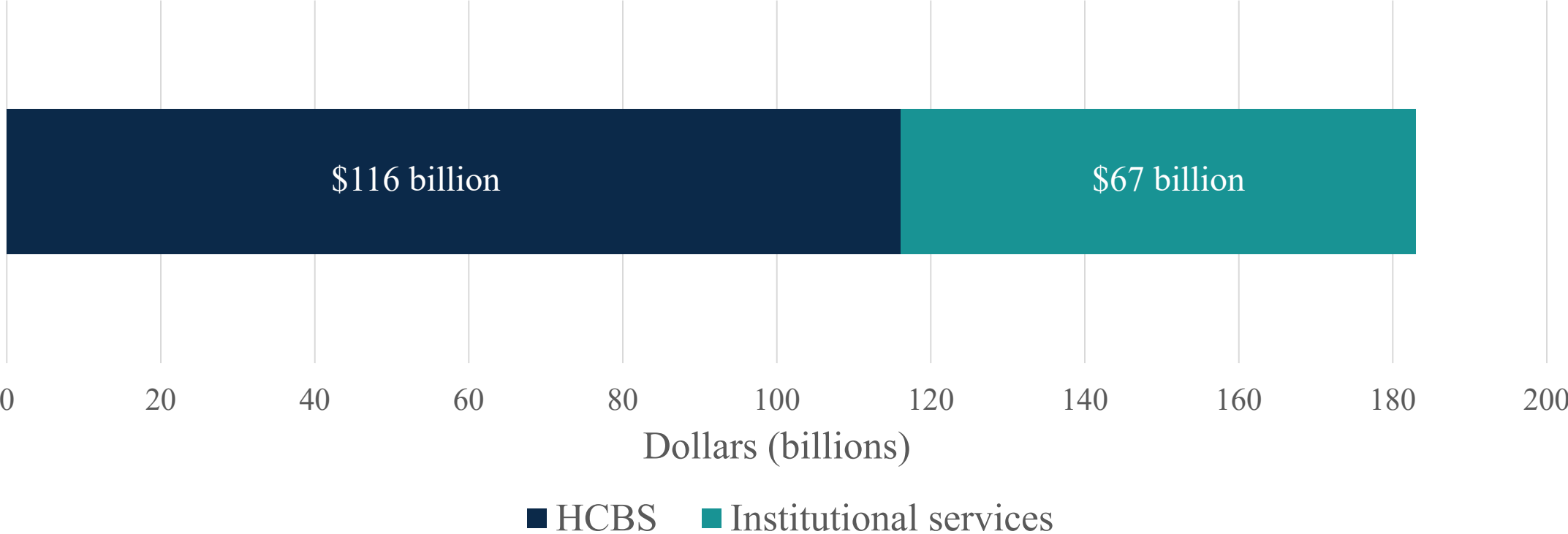
DSH = Disproportionate Hospital Share payments

Source: 2021 TAF data (Release 1)



# LTSS expenditures rebalancing measure, 2021 TAF data

/ **HCBS expenditures represent 63% of the \$183 billion total LTSS expenditures**

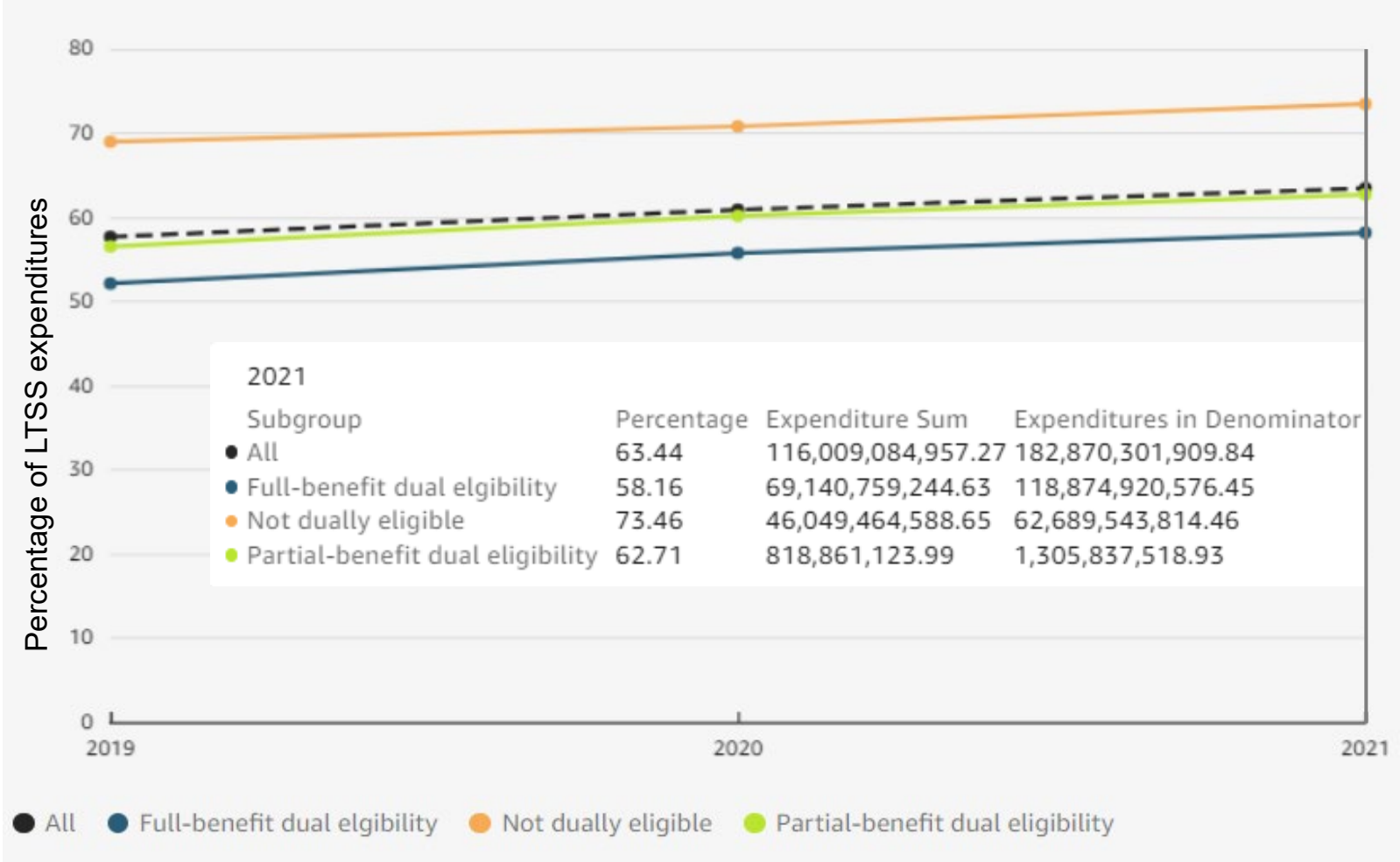


Source: 2021 TAF data (Release 1)



# Percentage of LTSS expenditures that are HCBS, by dual-eligibility status

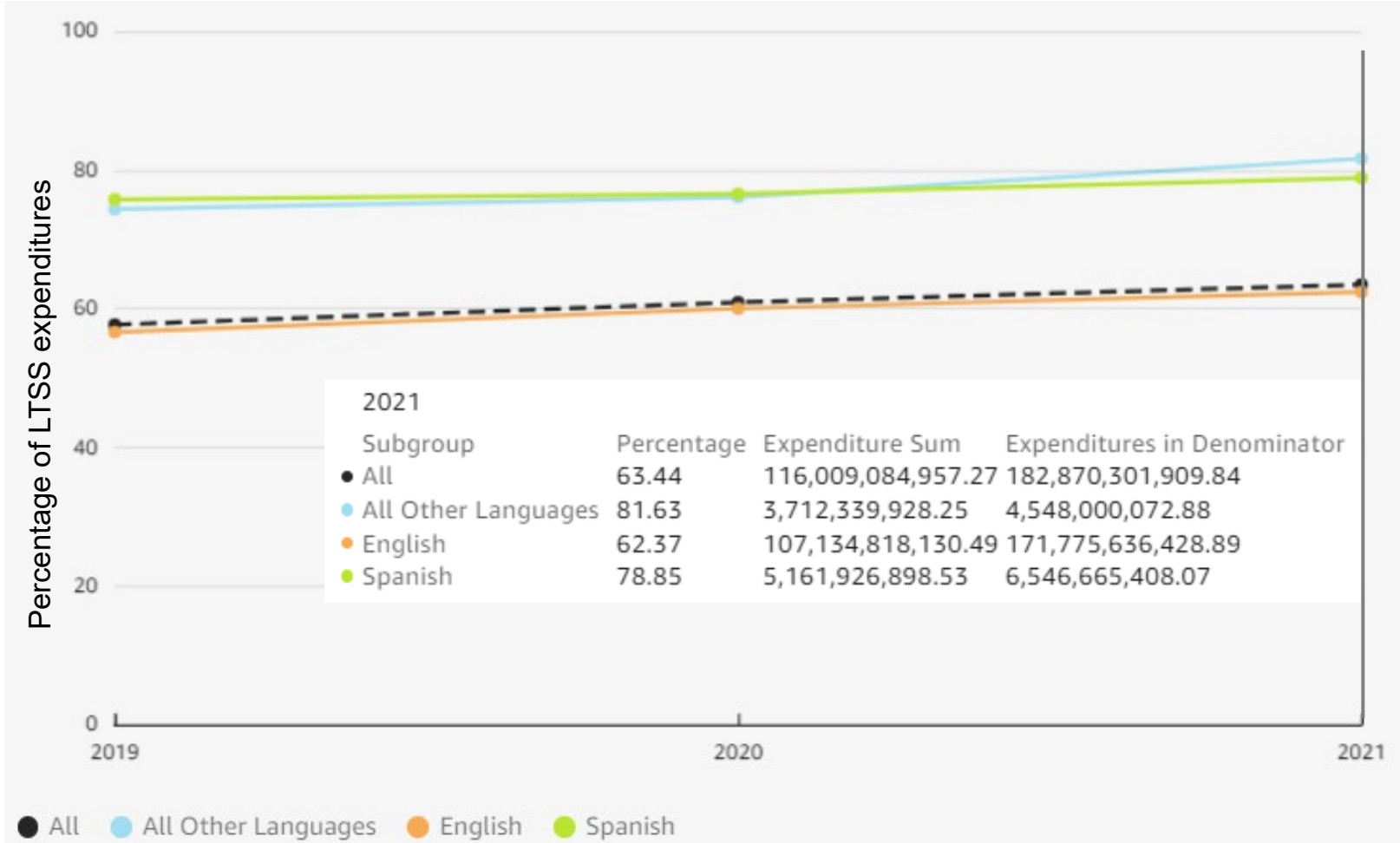
Source:  
2019 TAF data (Release 2),  
2020 TAF data (Release 1),  
2021 TAF data (Release 1)





# Percentage of LTSS expenditures that are HCBS, by primary language

Source:  
2019 TAF data (Release 2),  
2020 TAF data (Release 1),  
2021 TAF data (Release 1)





# CMS perspective





# Questions?

