mhpa Medicaid Health Plans of America

Issue Brief

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Supporting the Delivery of Quality Care for Individuals that are Dually Eligible for Medicare & Medicaid

In 2020, approximately 12.5 million individuals were eligible for both the Medicare and Medicaid programs. Individuals that are "dually eligible" qualify for some level of benefits from both programs.

MEDICARE

Enacted under the Social Security Amendments of 1965, Medicare is a federal health insurance program for people who are 65 years-of-age or older, certain individuals with disabilities, and people with End-Stage Renal Disease. About 65 million individuals receive health coverage through the Medicare program. Health care services are provided through a traditional Medicare fee-for-service (FFS) model or through Medicare Advantage plans.

MEDICAID

A joint federal and state program, Medicaid provides free or low-cost health coverage to millions of Americans, including some low-income individuals, families and children, pregnant women, the elderly, and people with disabilities. As of November 2022, reflecting the impact of the COVID-19 pandemic public health emergency policies, Medicaid and Children's Health Insurance Program (CHIP) covered more than 91 million beneficiaries. Health care services are provided through a Medicaid FFS model or Medicaid managed care organizations (MCOs).

According to the Medicaid and CHIP Payment and Access Commission (MACPAC), most dually eligible individuals qualify because they receive Social Security Income benefits (34%) or through poverty-related eligibility pathways (44%).

DUAL-ELIGIBLE CATEGORIES

Individuals eligible for full Medicaid benefits must meet a state's Medicaid eligibility criteria to be entitled to the package of benefits under the Medicaid program in their state of residence. Individuals that are eligible for "**partial benefits**" typically qualify under the income and resource limits established for the Medicare Savings Programs set annually by the Centers for Medicare & Medicaid Services (CMS) and may receive assistance with Medicare premiums and/or support with cost-sharing.

Medicare covers services and items considered "**medically necessary**" to treat a disease or condition. Under Medicaid, states must meet mandatory federal coverage requirements, but flexibility in the Medicaid program leads to variability of covered services among states with certain benefits considered **optional**. Medicaid benefit packages can also include services not covered in traditional Medicare such as certain long-term services and supports (LTSS), behavioral health, transportation, and vision services.

Research in the *American Journal of Managed Care* indicates that dually eligible individuals account for 20% of Medicare beneficiaries and 15% of those receiving Medicaid, but account for one-third of total expenditures for each program.

While the benefit packages for Medicare and Medicaid include many of the same services, Medicaid is considered the "payer-of-last-resort" - meaning that Medicaid acts like secondary insurance and Medicare is considered the primary payer.

CHARACTERISTICS OF INDIVIDUALS WHO ARE DUALLY ELIGIBLE

In its February 2022 Databook, MACPAC cites that individuals who are dually eligible are more likely

to be women (59%), and nearly half (49%) are people of color. Almost 90% of dually eligible individuals had an annual income below $20,000 compared to one in five Medicare beneficiaries without Medicaid coverage (20%), according to the Kaiser Family Foundation (KFF).

Data show that dually eligible individuals experience high rates of chronic illness, with many having multiple chronic conditions and/or social risk factors. A January 2023 KFF analysis found that:

- more than four in ten Medicare-Medicaid enrollees (44%) were in fair or poor health compared with 17% of Medicare beneficiaries without Medicaid coverage.
- 48% had at least one limitation in activities of daily living (ADLs) compared to 23% of Medicare beneficiaries without Medicaid coverage.

A larger share of full-benefit enrollees (40%) than partial-benefit enrollees (23%) had two or more limitations in ADLs, according to MACPAC.

CHALLENGE OF CARE COORDINATION

Due to separate eligibility requirements, benefits, and rules for Medicare and Medicaid, KFF notes that dual eligible individuals often experience "fragmented and disjointed system of care. Navigating two separate government health care programs puts dually eligible individuals at risk for uncertainty and confusion, raises barriers to care, and can result in overall increased costs. Most recently, the COVID-19 pandemic highlighted the varied and complex health and social challenges commonly faced by dually eligible individuals and underscored the benefits of improved coordination of care.

State efforts to improve care coordination between the two programs have included partnerships with Medicaid managed care, the availability of Programs of All Inclusive Care for the Elderly (PACE), participation in the Financial Alignment Initiative (FAI)'s Medicare-Medicaid plan model and contracting with dual eligible special needs plans (D-SNPs).

DUALLY ELIGIBLE INDIVIDUALS AND THE ROLE FOR MEDICAID MCOS

In 2022, an estimated 3 million people were enrolled in comprehensive Medicaid managed care. Across the country, 28 states maintained partnerships with Medicaid managed care plans to cover some or all benefits for dual-eligible individuals. States can require that dually eligible individuals enroll in Medicaid MCOs or establish Medicaid managed care as an optional alternative to Medicaid FFS.

MHPA POLICY POSITION

MHPA supports meeting the health care and social service needs of dually eligible individuals through the delivery of care and services that are coordinated and integrated and that are aligned in the best interests of dually eligible individuals. We believe this approach facilitates the delivery of quality care, better outcomes, and increased value to the health care system through reduced spending and the elimination of silos that create care fragmentation.

Dually eligible individuals have considerable medical and non-medical needs; accountability for their care is split between Medicare and Medicaid and often involves multiple payers. Medicaid MCOs are experienced, accountable, and well-positioned to work with their state partners, providers, federal and state policymakers, and other stakeholders to support the continued development and implementation of arrangements that meet the varied and often complex health and social service needs of dually eligible individuals.