Enrolling Elderly and Disabled Medicaid Beneficiaries in Managed Care Can Achieve Better Outcomes and Save $150 Billion over 10 Years

Medicaid leverages state-based platforms to provide health coverage to 80 million low-income people.[1] While comprehensive managed care is Medicaid's dominant coverage model, states have been slower to transition Medicaid beneficiaries who are over 65 or who qualify as disabled under program rules (referred to hereafter as elderly and disabled Medicaid beneficiaries) from fee-for-service (FFS) to managed care. These complex, high-need individuals especially benefit from ongoing monitoring and care coordination to assess their needs, identify and treat additional health conditions, and close gaps in care that, if left unaddressed, can lead to poor outcomes, hospital admissions, or the inability to continue living in their own homes.[2]

Elderly and disabled Medicaid beneficiaries who remain enrolled in FFS Medicaid include a range of individuals, many of whom:

- Have chronic health conditions, cognitive impairments, or behavioral health conditions, often in addition to physical disabilities or functional limitations;
- Receive Medicaid-covered long-term services and supports (LTSS), which help individuals perform essential activities such as eating, bathing, dressing, housekeeping, and grocery shopping, often allowing them to continue living in their own homes and avoid institutional care; and/ or
- Are dual Medicare-Medicaid enrollees who opt to receive their Medicare-covered services through FFS.

During the next decade, Medicaid and Medicare will spend $4.4 trillion to cover more than 10 million elderly and disabled Medicaid beneficiaries who remain enrolled in FFS.[3] Comprehensive managed care better serves these individuals and delivers more value to states and the federal government.

Fee-for-Service	Comprehensive Managed Care
✗ No single entity owns responsibility for the care of complex, high-need individuals	✓ Establishes the health plan as the responsible entity for the care of beneficiaries
✗ Limited care management and no coordination between Medicare-covered and Medicaid-covered services	✓ Health plans partner with providers to coordinate services across the care continuum
✗ No financial incentives for Medicaid to avoid hospital stays, which are mostly paid for by Medicare	✓ Financial incentives and programs to reduce avoidable hospital admissions and readmissions
✗ Limited incentives and programs to help individuals continue living in their homes instead of in nursing facilities	✓ Strong incentives and programs to deliver care, including LTSS, in people's homes and reduce institutionalization in nursing facilities

Enrolling elderly and disabled Medicaid beneficiaries in comprehensive managed care lowers Medicaid and Medicare spending and can save states and the federal government $150 billion over 10 years.[4]

Savings Opportunity from Enrolling Elderly and Disabled Medicaid Beneficiaries in Managed Care: 2022-2031

Program	Projected FFS Spending		Potential Savings		Savings Opportunity
Medicaid	$ 2.9 T	x	2.6%	=	$ 75 B
Medicare	$ 1.5 T	x	5%	=	$ 75 B
Total	$ 4.4 T		3.4%		$ 150 B

Methodology and sources for citations are available at: http://www.uhg.com/medicaid-managed-care-research.

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