

# **Medicare Utilization of Long-term Care Services for Post-acute Care**

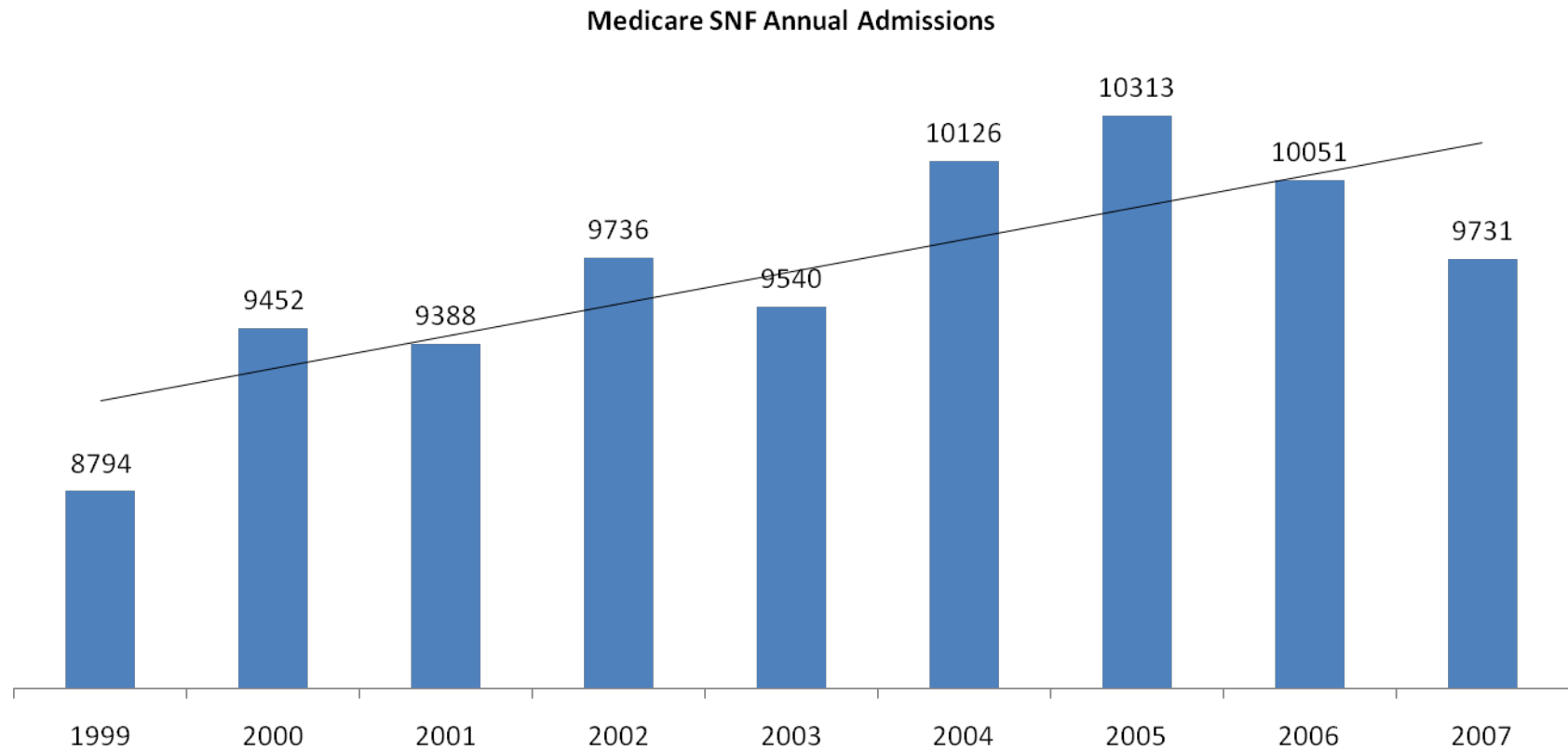
**Databook**

**5/12/2009**

## **Medicare Utilization of Skilled Nursing Facilities**

## Medicare use of SNF is trending higher

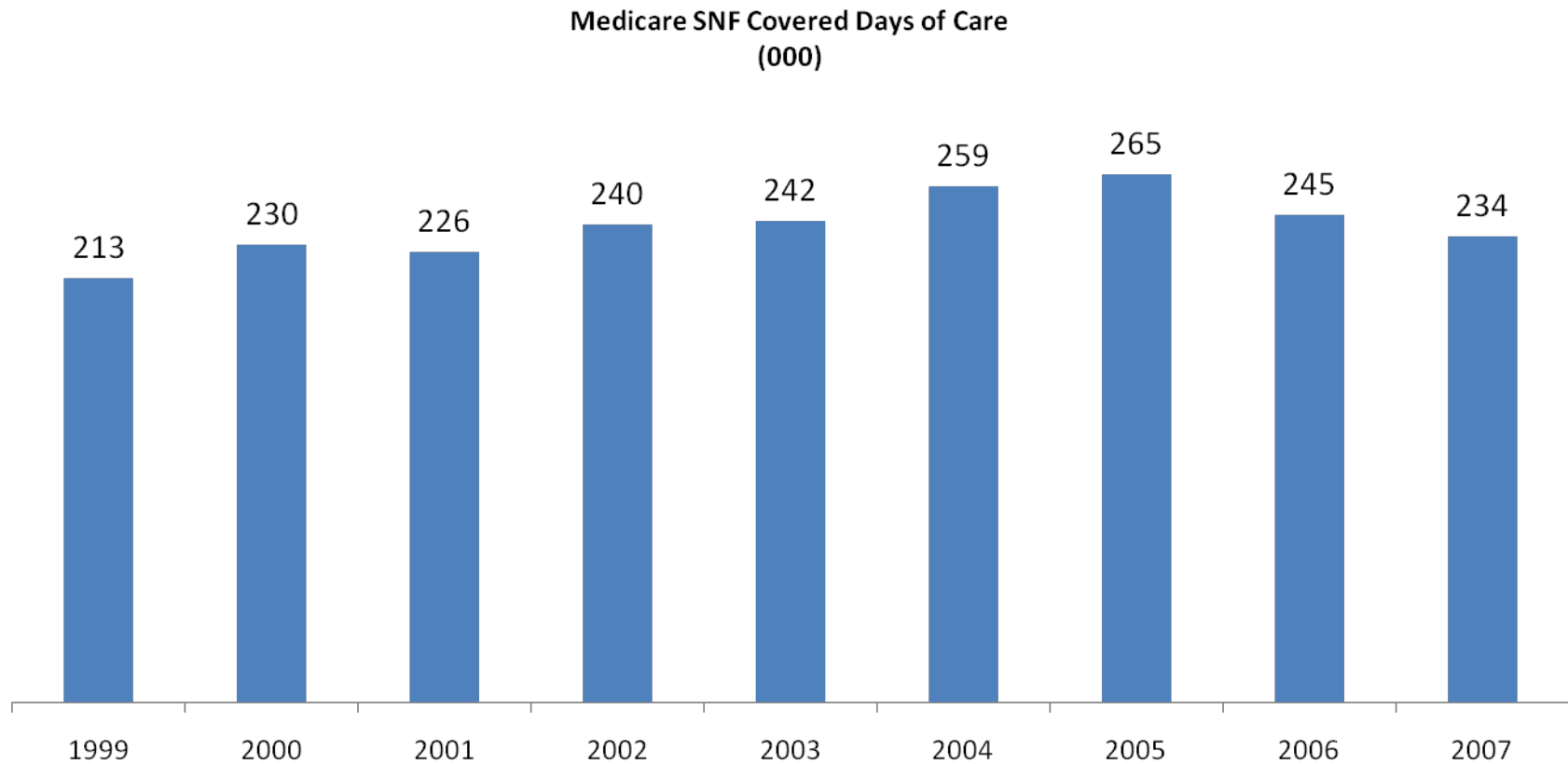
- ❑ SNF use is up 11% since 1999
- ❑ From the peak in 2005 SNF use would be up by 17%
- ❑ Medicare enrollment by contrast has only grown 2% (see page 12)



Source: Medicare Statistical Supplements various years; NP calculations

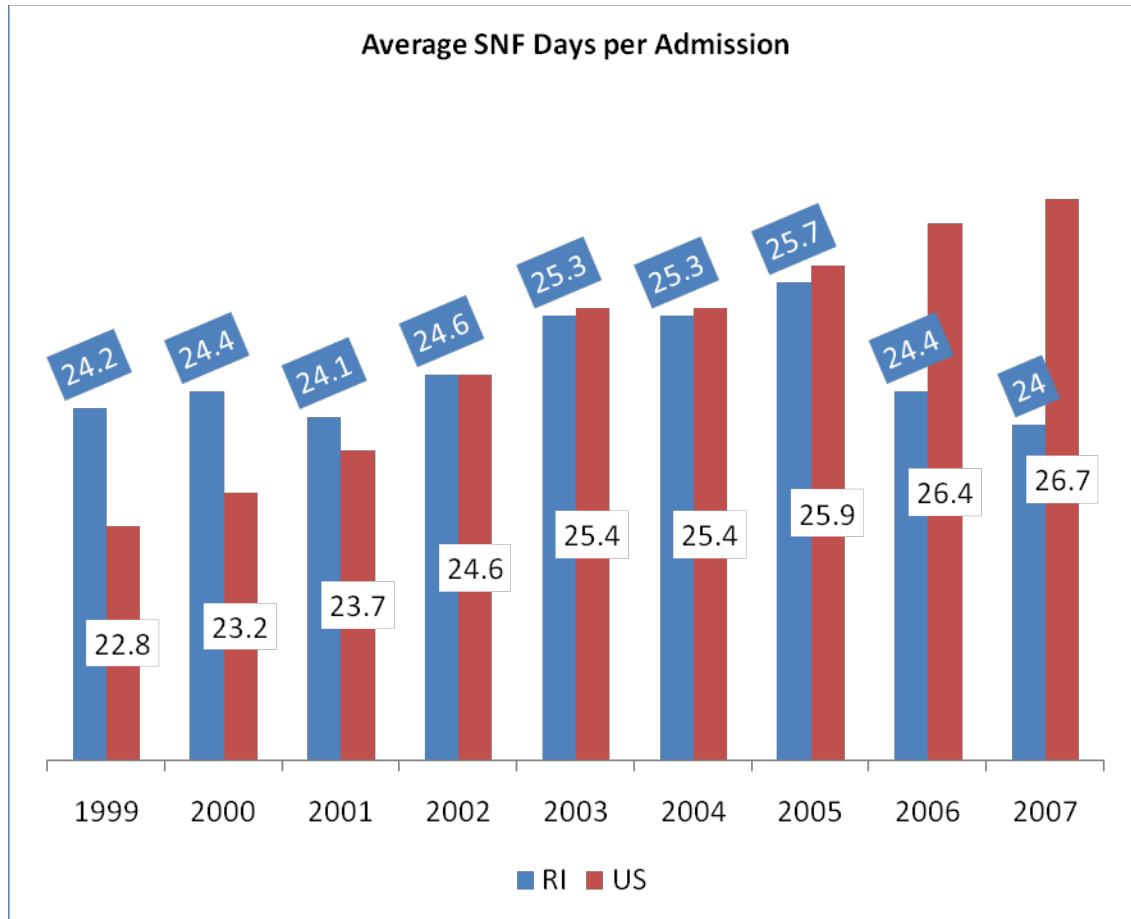
## Total covered days have fluctuated significantly since 1999

☐ From 1999 to 2007 covered days are up 9.9%



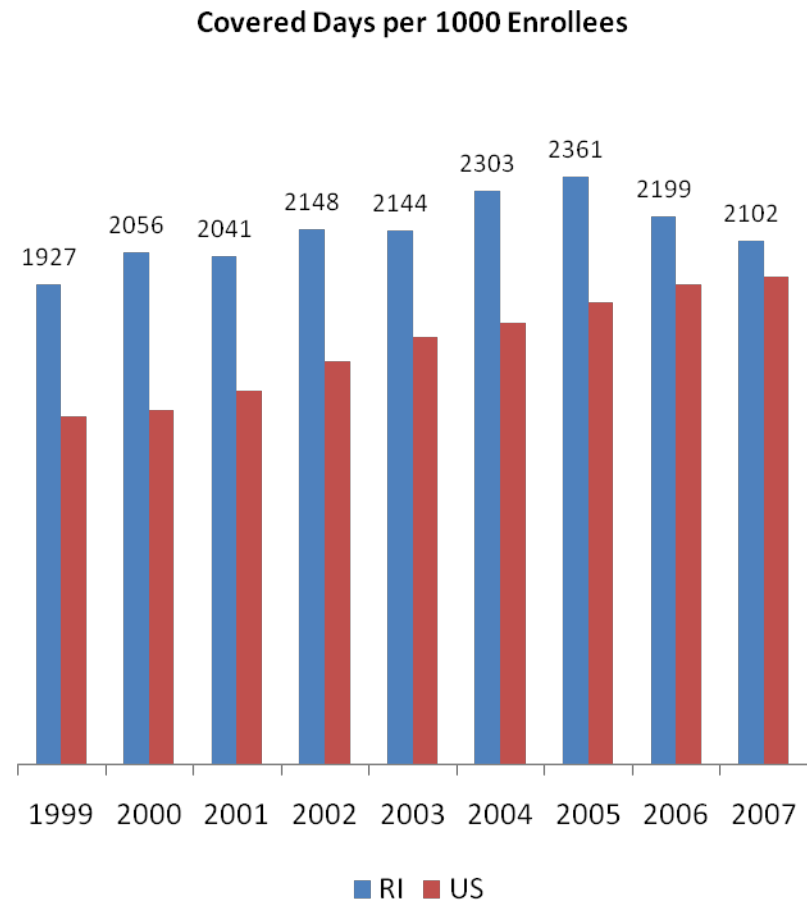
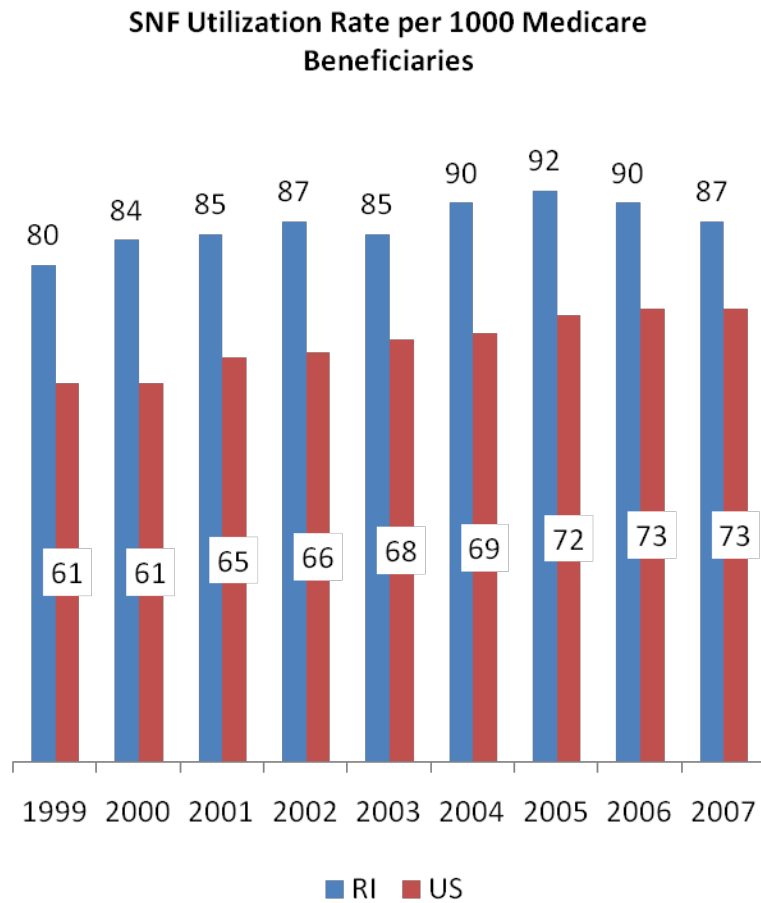
Source: Medicare Statistical Supplements various years; NP calculations

**RI Medicare SNF average days has stayed within a range around 24 days whereas nationally average days have been steadily increasing**



Source: Medicare Statistical Supplements various years; NP calculations

# Utilization rates of skilled nursing facilities by medicare enrollees



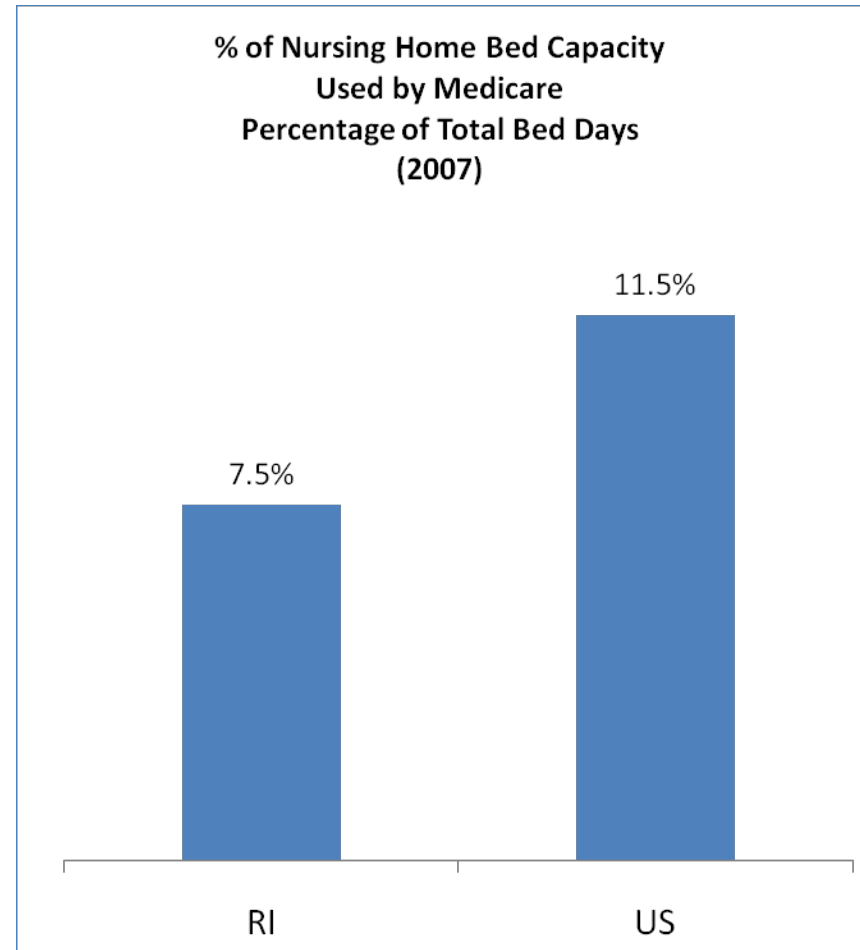
Source: Medicare Statistical Supplements various years; NP calculations

## Despite indications of higher utilization and comparable lengths of stay – Medicare occupies a smaller percentage of the state’s SNF capacity than nationally

- ❑ RI Total certified beds: 8581
- ❑ RI Total Bed Days: 3,132,065
- ❑ RI Occupancy rate: 92.2%
- ❑ RI Total Occupied Bed Days: 2,887,764
- ❑ RI Medicare Bed Days: 234,000
- ❑ RI Medicaid Bed Days: 2,029,597
- ❑ RI Other Paid Bed Days: 624,167
- ❑ RI Available Bed Days: 244,301

### NOTE:

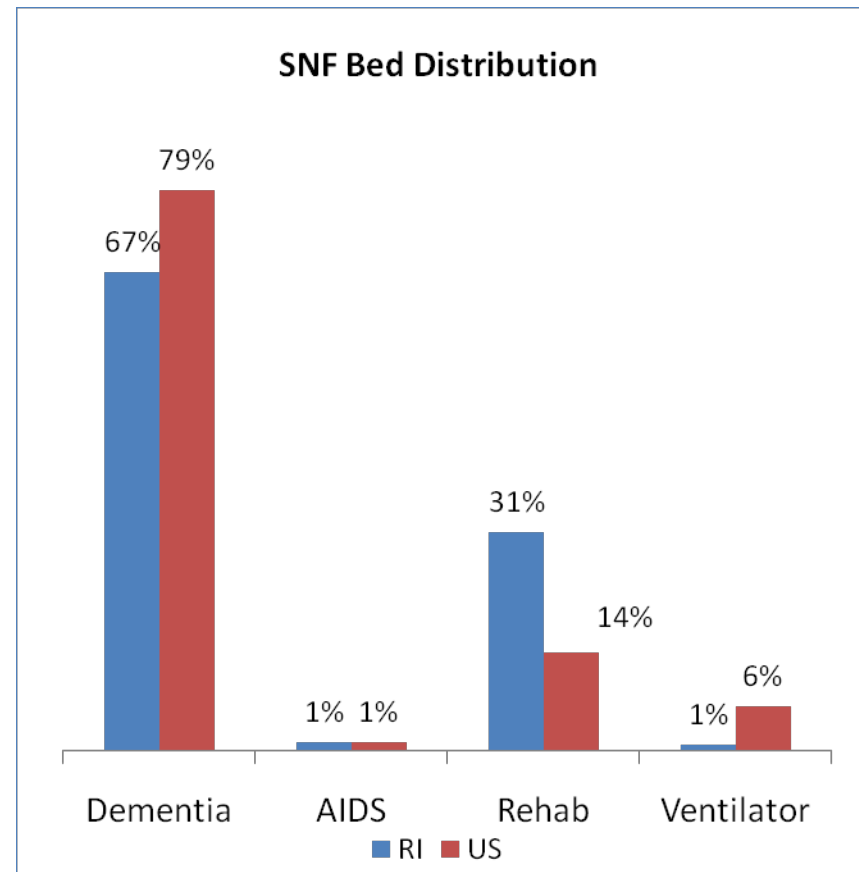
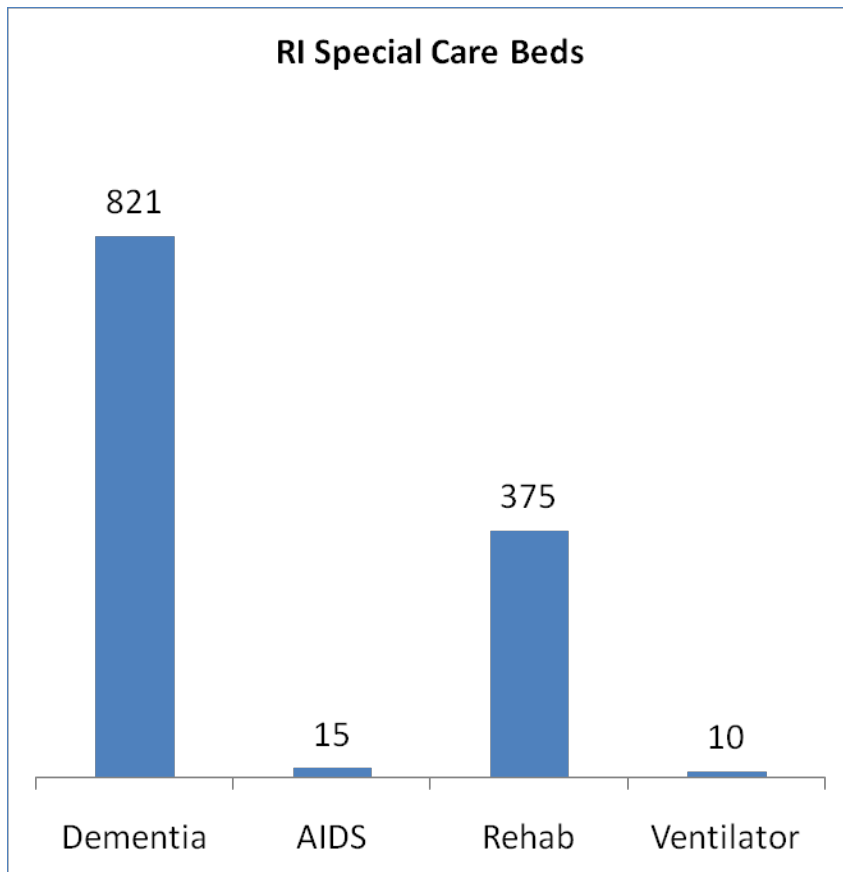
- ❑ In most health care planning environments 85% of capacity is considered full to provide for surge emergency capacity or down time. Accordingly RI nursing home beds for all practical purposes are “full” with little slack capacity



Source: Medicare Statistical Supplements various years; Kaiser State Health Facts; RI Medicaid Office; PAS Center; NP calculations

## Rhode Island may be under-resourced in some key special care beds

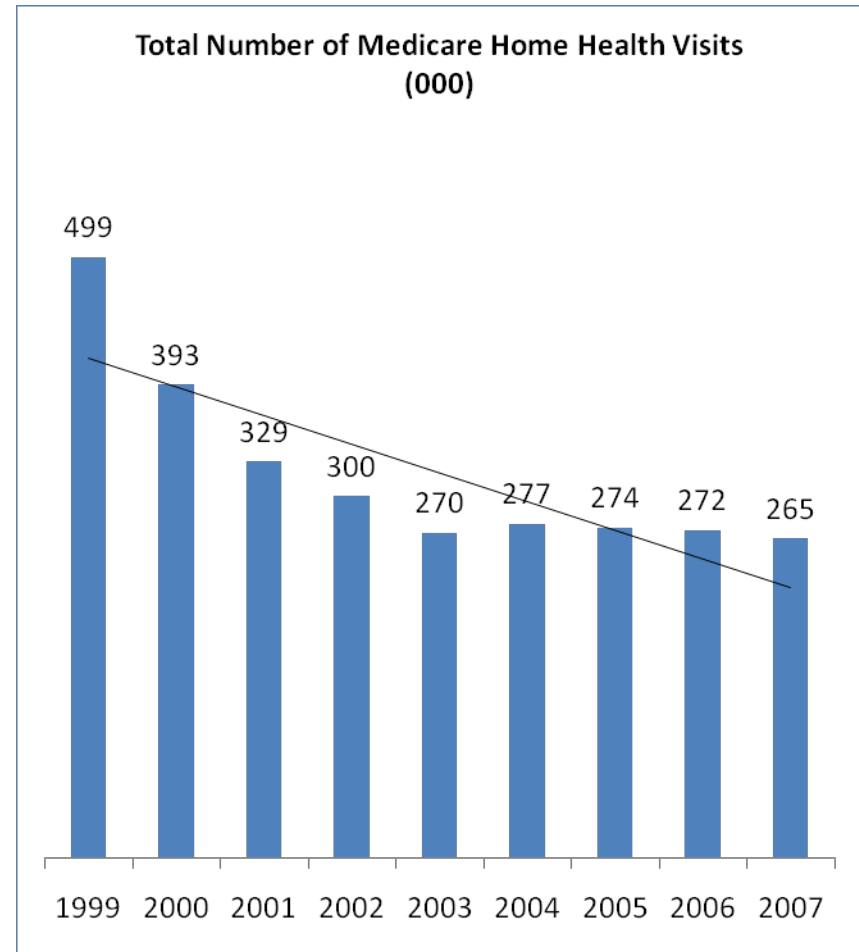
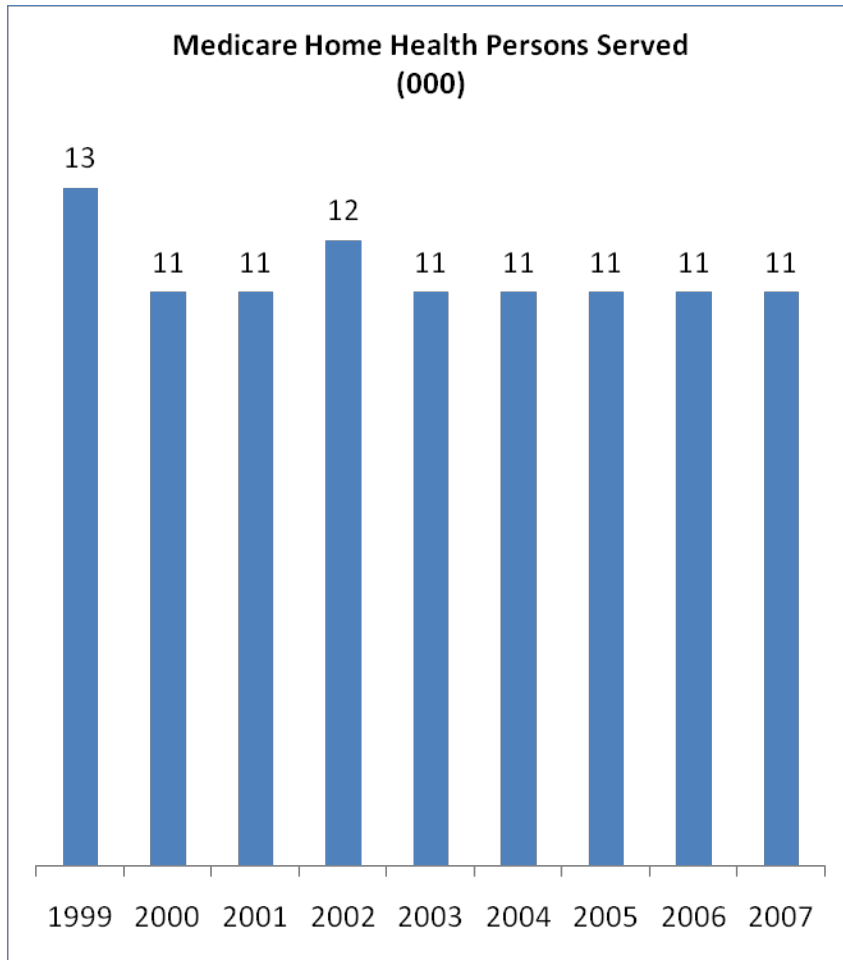
- ❑ Medicaid reimbursement policy may be a factor
- ❑ It should be noted that annually approximately 470 medicare patients require special care beds due to their clinical complexity – at a given moment in time 40% of the state’s special care bed capacity





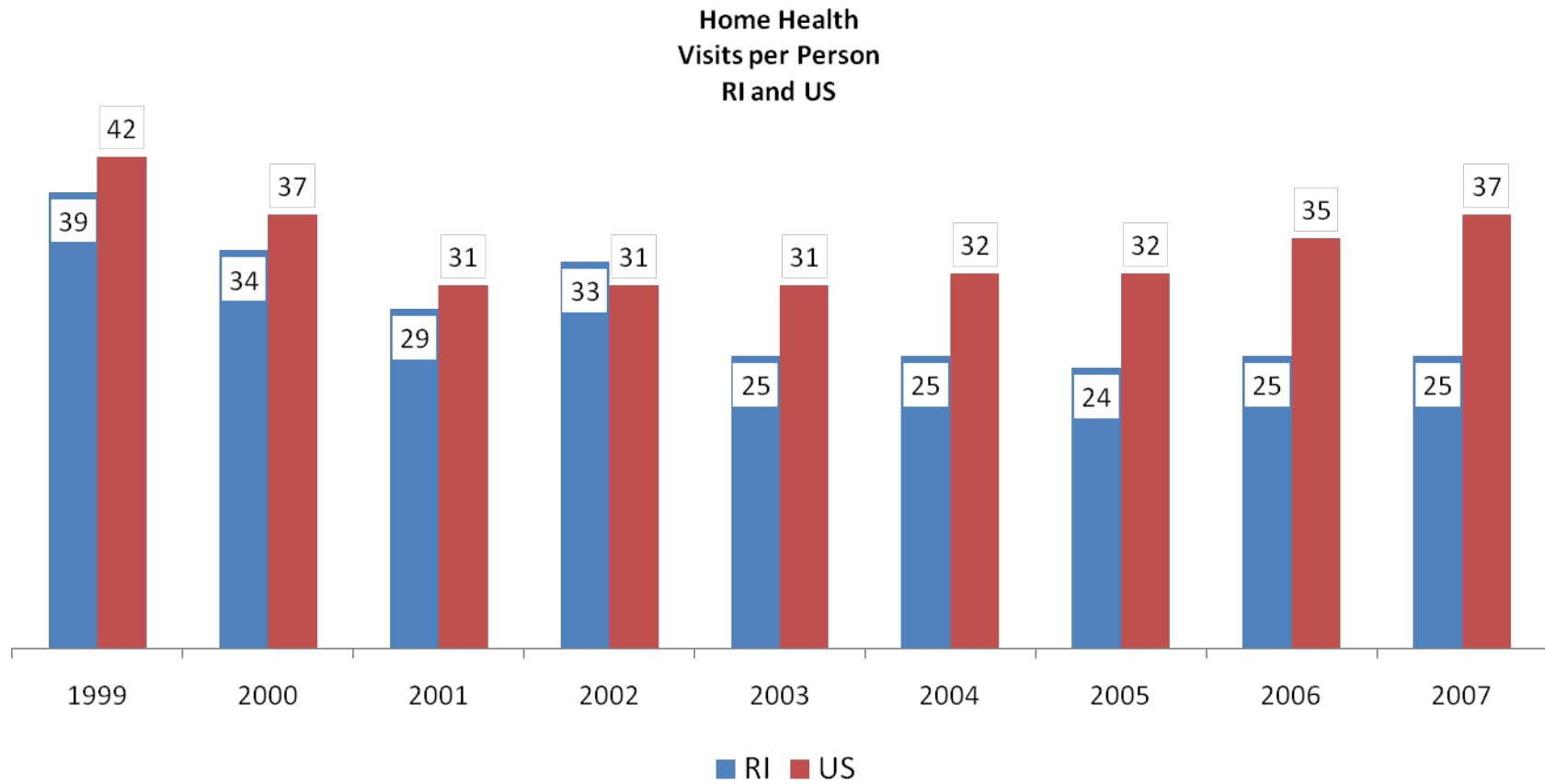
## Home Health Agencies

## Medicare home health utilization is essentially flat since 2002 (cont)



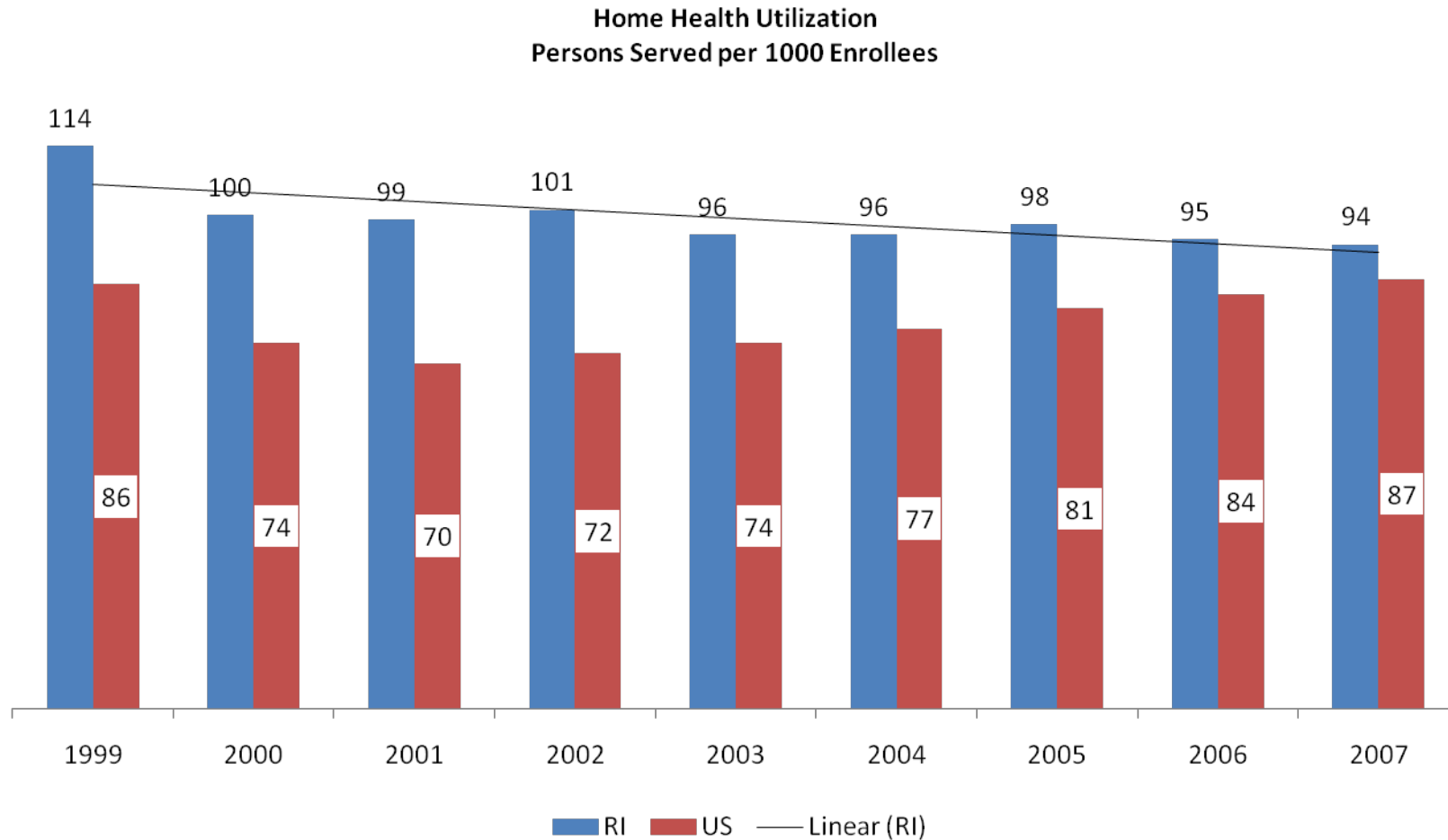
Source: Medicare Statistical Supplements various years; NP calculations

## Medicare home health utilization is essentially flat since 2002 (cont)



Source: Medicare Statistical Supplements various years; NP calculations

# Medicare home health utilization in RI has had a continual downward trend since its peak in 1999

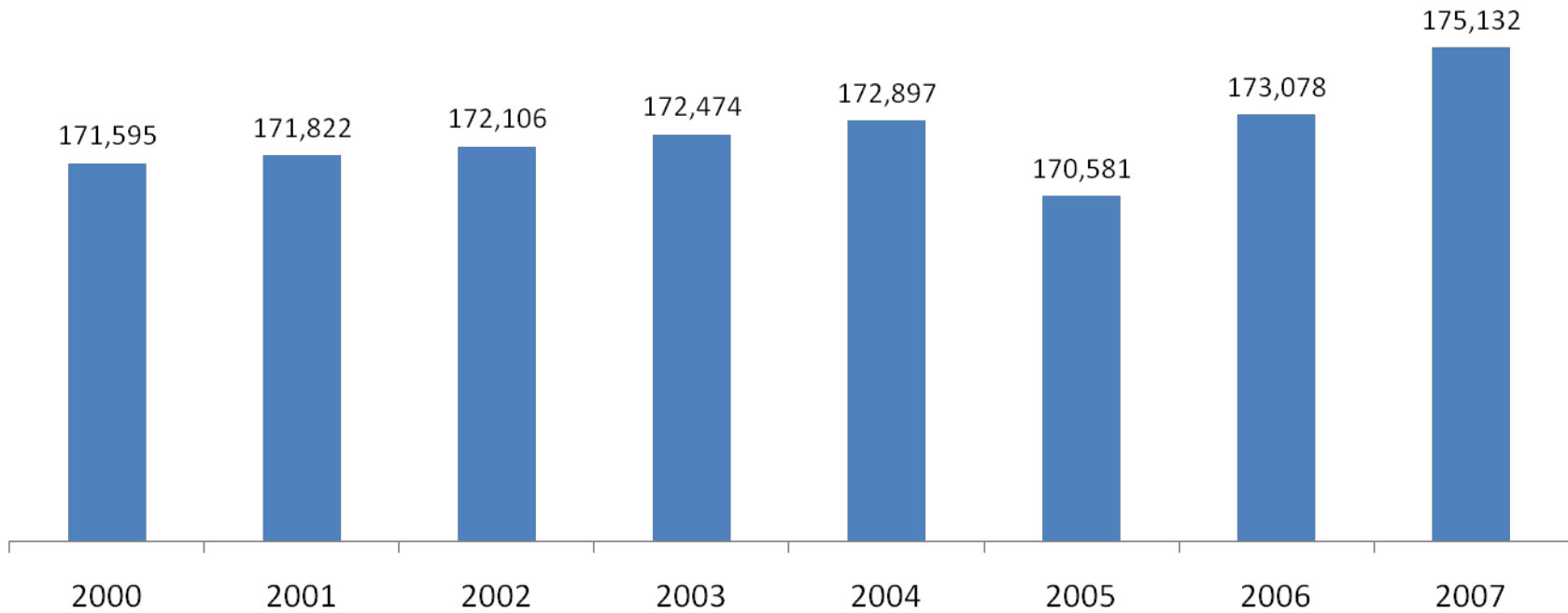


Source: Medicare Statistical Supplements various years; NP calculations

## Medicare Enrollment Trends

## Medicare enrollment has grown by 2%

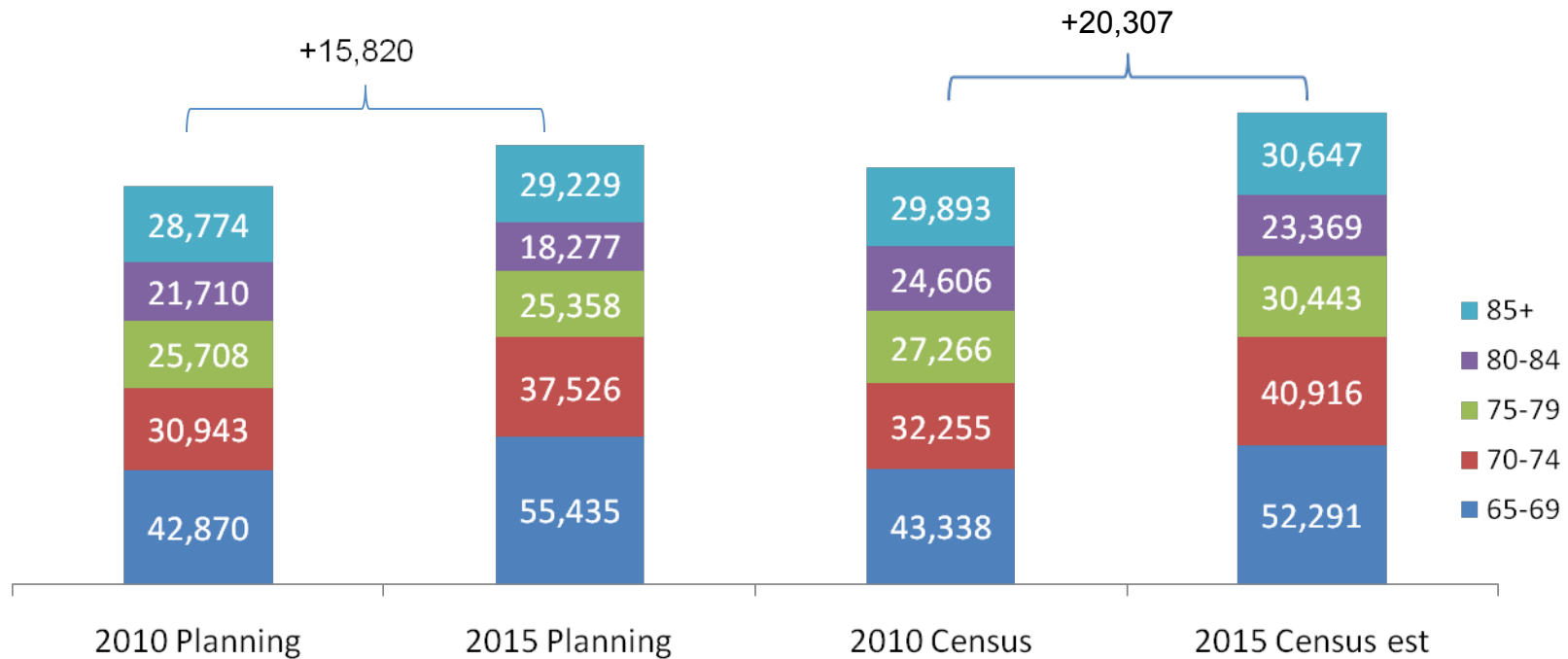
RI Medicare Enrollment Trends  
Aged and Disabled



Source: Medicare Statistical Supplements various years; NP calculations

## Population forecasts – medicare eligible by age to 2015

- ❑ Note: this excludes medicare eligibles due to an SSI determination
  - ❑ SSI represents approximately 30,000 people in the medicare program in RI
- ❑ RI Division of Planning forecast projects an increase of 15,820 in the age cohort 65 +
- ❑ Census Bureau forecasts projects 20,307 in this same cohort



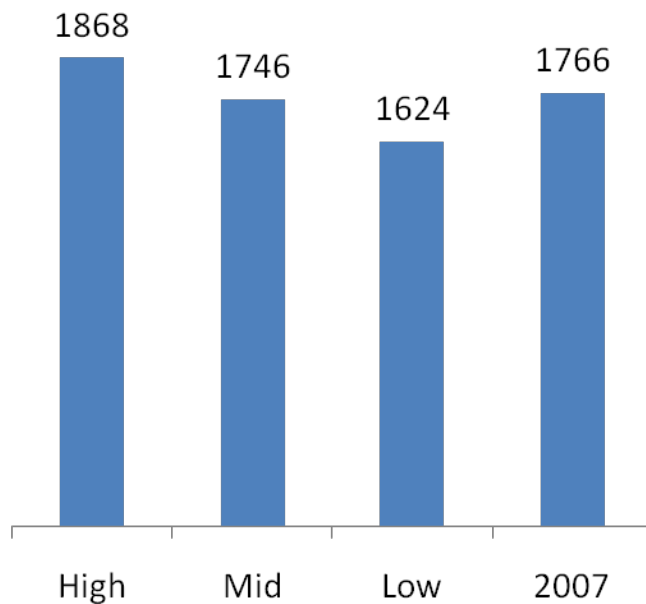
## Medicare Enrollment Trends



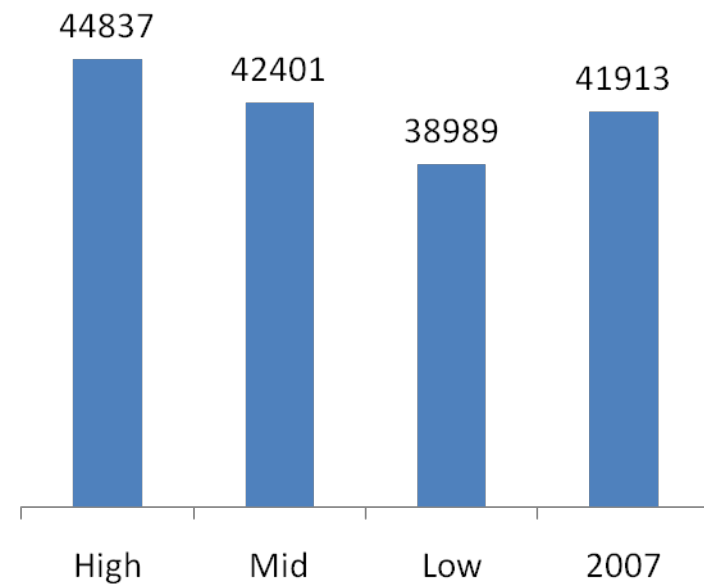
## Potential demand implications for Medicare SNF

- ❑ SSI is excluded because the annual additions vary between 1000 to 2000 additions per year and is not material to the forecast
- ❑ Forecast is based on 2007 and high/low /midpoint utilization rates

Potential Additional Admissions in 2015



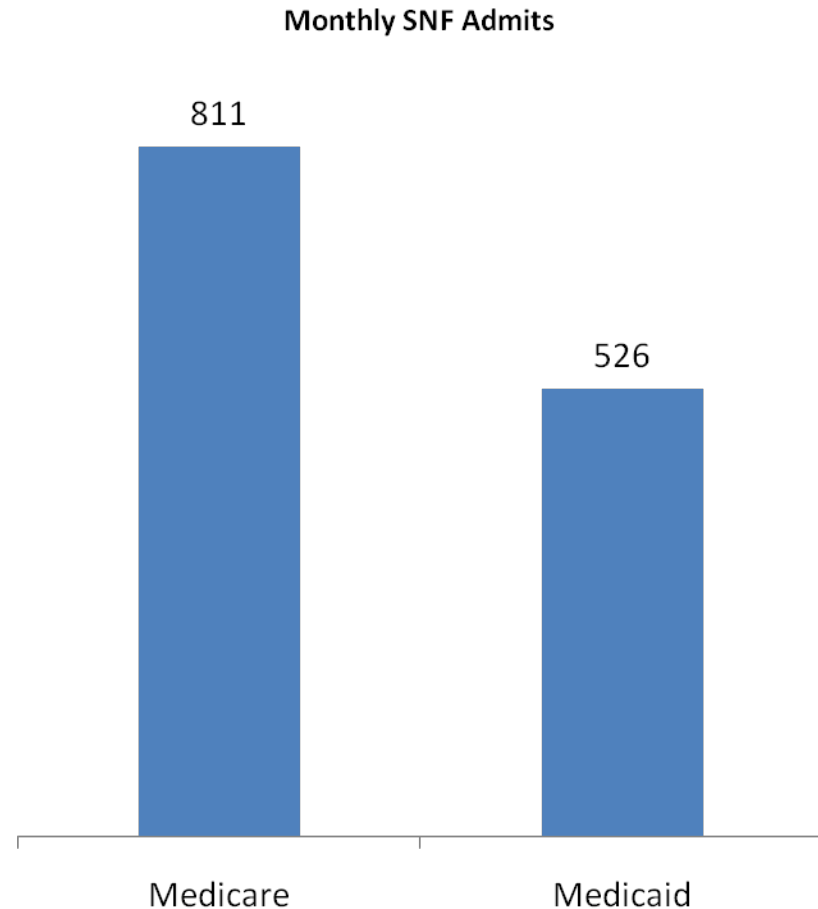
Potential Additional Required SNF Days in 2015



Source: Medicare Statistical Supplements various years; NP calculations

## Key comments and issues for consideration regarding SNFs

- ❑ RI has higher utilization rates than the nation so it is unlikely that there will be an increase in utilization by Medicare
- ❑ Increases are the result of the increase in the medicare eligible population – depending on the forecast between 11% and 13% in the next 5 years
- ❑ Important factors to consider
  - ❑ How medicaid NH beds are “taken down”
    - ❑ 8581 beds in the system - nearly all are dually certified
    - ❑ Distribution of critical care beds across nursing homes
    - ❑ Distribution of medicaid across nursing facilities and relationship to critical care beds
  - ❑ How critical care beds are supported through some type of case mix adjustment rate setting
  - ❑ Determination of adequate post-acute discharge capacity to serve both the medicare and private pay markets on a monthly admit basis



Source: Medicare Statistical Supplements various years; NP calculations

## Potential demand implications for Medicare home health services

- ❑ Unless there is a dramatic shift in reimbursement policy and staff availability there is little reason to believe that actual home health utilization by medicare will increase
- ❑ A key implication for the Medicaid program is going to be the reimbursement approach and level sufficient to support the development of additional capacity
  - ❑ And whether that capacity gets shifted to serve medicare to meet a potential unmet demand of about 2000 more patients and approximately 47000 more visits