

Executive Summary:

Medi-Cal's Dual Eligible Population Demographics, Health Characteristics and Costs of Health Care Services

April 2010



Introduction

This analysis profiles the demographic composition, health characteristics and patterns of expenditure for Medi-Cal's Dual Eligible Population.

- *Dual eligibles are beneficiaries simultaneously eligible for Medicare Part A and/or B and/or D and some form of Medicaid benefits. (CMS)*
- *Dual eligibles include chronically disabled people under age 65 and individuals age 65 and older who have coverage under Social Security or Railroad Retirement. (CMS)*
- *The Dual Eligible population uses “Medicaid to pay for Medicare premiums and cost-sharing and to cover critical benefits not covered by Medicare, such as long-term care.” (Coughlin, Waidmann, and Watts).*

Dual eligible beneficiaries are those individuals who meet the eligibility requirements for both Medicare and Medi-Cal and are enrolled in both programs. But, this simple characterization does not truly convey the complexities associated with this unique population.

Analytic Steps and Methodology

DHCS RASS staff utilized retrospective data analysis to evaluate the expenditures and characteristics of Medi-Cal's 1.1 million dual eligible beneficiaries. A three-step approach was utilized in this analysis.

First, RASS staff evaluated the entire dual eligible population utilizing Medi-Cal paid claims only, and then examined this population's impact on overall Medi-Cal expenditures.

In step two, RASS staff narrowed its focus to the disabled dual eligible population. In this part of the analysis, RASS staff evaluated clinical conditions and total expenditures across both Medi-Cal and Medicare.

Lastly, RASS evaluated differences in cost, use of services and disease burden among dual eligibles in samples from four different aid categories.

Samples:

RASS created five samples to compile a combined Medi-Cal and Medicare data set.

- 1. 1,000 Disabled beneficiaries eligible for Medi-Cal only**
- 2. 1,000 dual eligible Disabled beneficiaries**
- 3. 1,000 dual eligible Aged beneficiaries**
- 4. 1,000 dual eligible Blind beneficiaries**
- 5. 1,000 dual eligible Long-Term Care beneficiaries**

Medicare and Medi-Cal: Division of Responsibility

Medicare is the primary payer for dual eligibles and covers medically necessary services such as: acute care services, physician services, hospital services, SNF services, and home health care services.

Medi-Cal is the secondary payer and generally covers:

- *Services not covered by Medicare. This may include services such as transportation, dental, vision, some mental health services, and until 2006, most outpatient prescription drugs.*
- *Services such as cost-sharing and deductibles for Medicare as well as acute care and skilled nursing facility services that are delivered after the Medicare benefit is exhausted or specific criteria has not been met.*
- *Long-term care, including custodial nursing facility care, home and community-based services, and personal care services.*
- *Medicare Part A and B premiums for some dual eligible populations.*

“Full” and “Partial” Dual Eligibles

Dual Eligible Category	Type of Medicaid Benefit			
	Part A Premium	Part B Premium	Medicare cost-sharing	Full Medicaid Benefits
Full Dual eligible				
MN optional	Yes	Yes	Yes	Yes
HCBS waivers optional	Yes	Yes	Yes	Yes
Special Income Level Institutionalized optional	Yes	Yes	Yes	Yes
Poverty Level optional	Yes	Yes	Yes	Yes
SSI Cash Assistance mandatory	Yes	Yes	Yes	Yes
Partial Dual eligible (Medicare Savings Programs)				
QMB mandatory	Yes	Yes	Yes	No
QMB Plus	Yes	Yes	Yes	Yes
SLMB mandatory	No	Yes	No	No
SLMB Plus	No	Yes	No	Yes
QI mandatory	No	Yes	No	No
QDWI mandatory	Yes	No	No	No

Acronyms: QMB - Qualified Medicare Beneficiary, SLMB –Specified Low-income Medicare Beneficiary. QDWI - Qualified Disabled and Working Individual

Beneficiaries who are considered “full” dual eligibles are entitled to premium assistance for Medicare and full Medicaid benefits.

Other Dual eligible beneficiaries with higher income and asset levels may be eligible for only Medicare premium assistance, cost sharing, (co-insurance and deductible) or full Medicaid benefits . Medicare refers to this as the Medicare Savings Program.

Medi-Cal Dual Eligible By Age and Gender

Gender	Unduplicated Beneficiaries	% Of Total Unduplicated Beneficiaries
Female	687,736	59%
Male	484,761	41%
Total	1,172,497	100%

Age Group	Unduplicated Beneficiaries	% Of Total Unduplicated Beneficiaries
Between 0 and 19	306	0%
Between 20 and 39	73,257	6%
Between 40 and 64	271,928	23%
65+	827,006	71%
Total	1,172,497	100%

Consistent with the literature reviewed, Medi-Cal's dual eligibles were more likely to be female than male. Roughly 59% of Medi-Cal's dual eligible population was female. Ninety-four percent of Medi-Cal's dual eligible population was 40 years of age or older.

Source: Created by DHCS RASS using the 2007 CINByMOE analytic file.

Medi-Cal Dual Eligible Enrollment By Aid Category and Plan Type

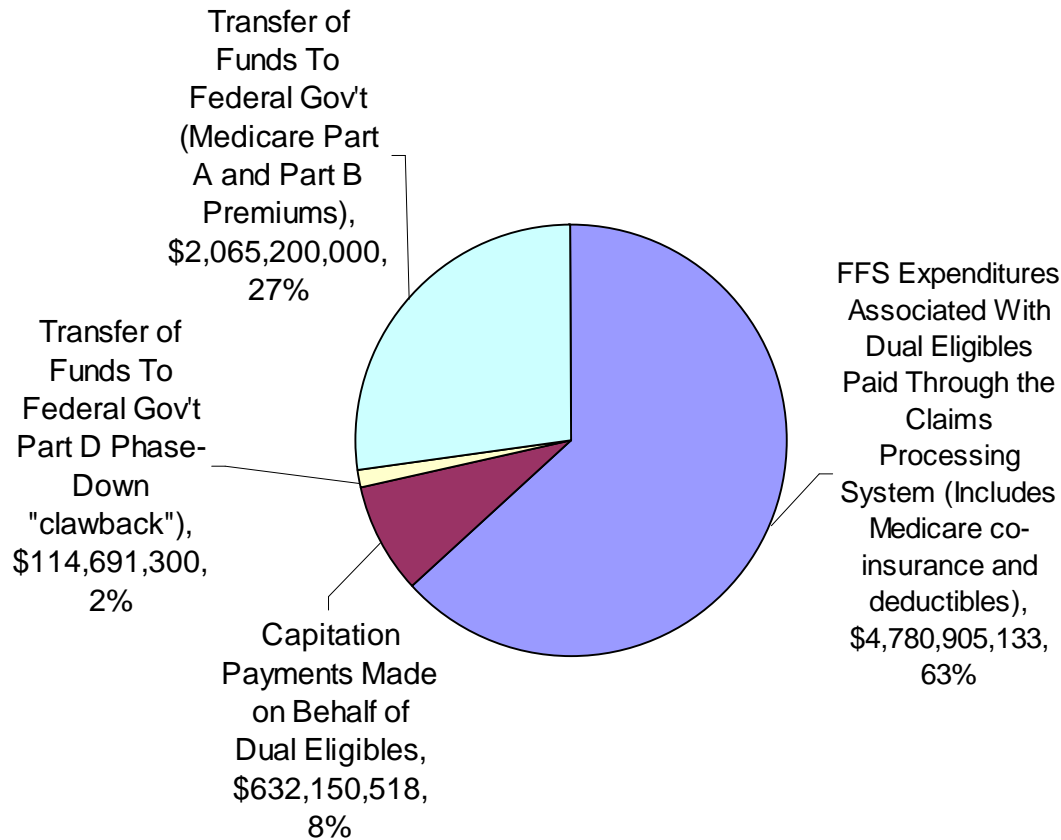
CY 2007 Months of Enrollment	While Eligible For Medicare A or B			
Eligibility Category	Member Months While Enrolled In FFS	Member Months While Enrolled In A Managed Care Plan	Total Member Months For Dual Eligibles	% of Total member Months
Aged	5,368,023	1,036,222	6,404,245	51%
Blind	138,543	25,631	164,174	1%
Disabled	4,188,132	894,728	5,082,860	40%
LTC	602,886	91,102	693,988	6%
Other	151,343	112,446	263,789	2%
Total	10,448,927	2,160,129	12,609,056	100%
Percentage of Enrollment	83%	17%	100%	

During calendar year 2007, 1,172,497 dual eligible Medi-Cal beneficiaries were eligible at some time throughout the year. They accounted for 12,609,056 member months.

Source: Created by DHCS RASS using the 2007 CINByMOE analytic file.

Medi-Cal Dual Eligible Expenditures

Total Medi-Cal Expenditures and Transfers of Funds Associated With Dual Eligible Beneficiaries
 Total Expenditures/Transfer of Funds = \$7.6 Billion

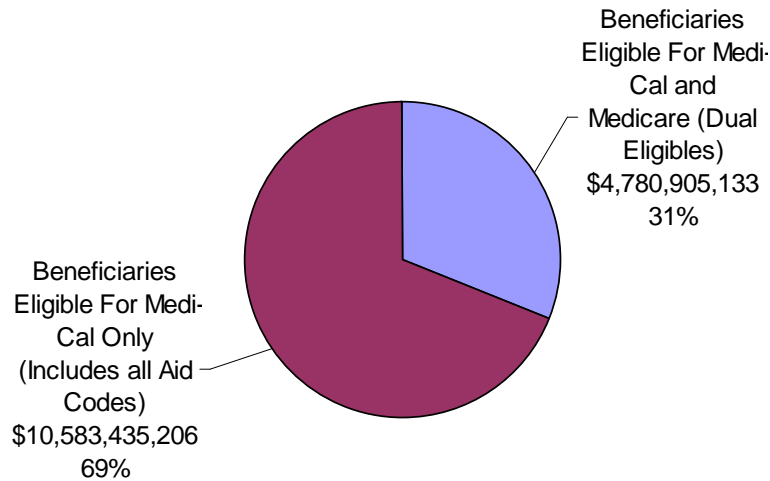


Medi-Cal's spending on behalf of dual eligibles can be grouped into four distinct elements: (1) expenditures associated with the payment of Medi-Cal FFS providers and reflected in the administrative claims, including Medicare co-insurance and deductibles, (2) the transfer of funds associated with Medicare Part A and B premiums made on behalf of dual eligibles, (3) expenditures associated with dual eligibles enrolled in Medi-Cal managed care plans, and (4) the transfer of funds associated with Medicare Part D (i.e., "clawback").

Source: Created by DHCS RASS using the 2007 Research Data Set (RDS) analytic file.

Medi-Cal Dual Eligibles Share of Total Fee-for-Service Expenditures

Total CY 2007 FFS Medi-Cal Expenditures
Dual Eligible vs. Non-Dual Eligibles
Total Expenditures = \$15.3 Billion



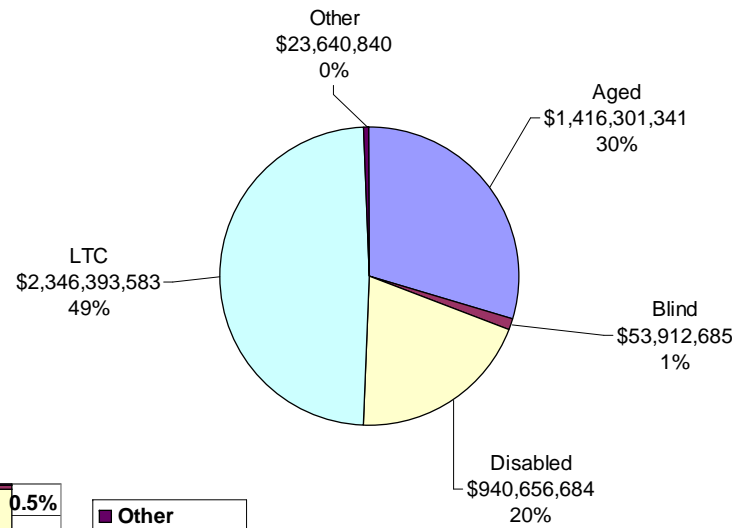
Source: Created by DHCS RASS using the 2007 Research Data Set (RDS) analytic file.

Total Medi-Cal FFS claim expenditures associated with dual eligibles equaled \$4.77 billion for CY 2007 dates-of-service

It should be noted that these expenditures represent DHCS administered services only, and not services paid for by other programs or payers.

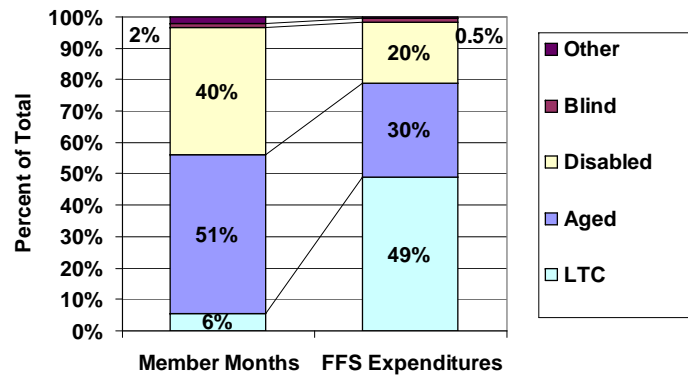
Medi-Cal Dual Eligible Fee-for-Service Expenditures by Aid Category

Distribution of Medi-Cal FFS Expenditures Associated With Dual Eligible Beneficiaries by Eligibility Category, CY 2007
 Dates-of-Service; Total Expenditures = \$4.7 Billion



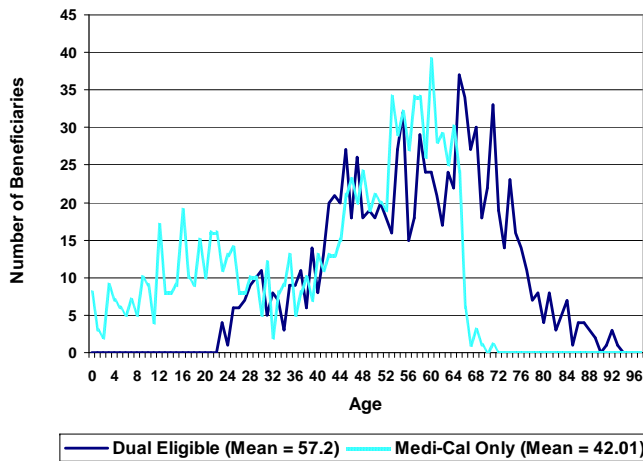
Of the \$4.78 billion, 20 percent or \$940 million was associated with disabled dual eligibles.

Dual eligibles residing in long-term care facilities generated the greatest expenditure totals, accounting for \$2.3 billion or 49 percent of all Medi-Cal FFS claim expenditures associated with dual eligibles.



Source: Created by DHCS RASS using the 2007 Research Data Set (RDS) analytic file.

Analysis of Samples: Disabled Dual Eligibles Compared to Disabled Medi-Cal Only



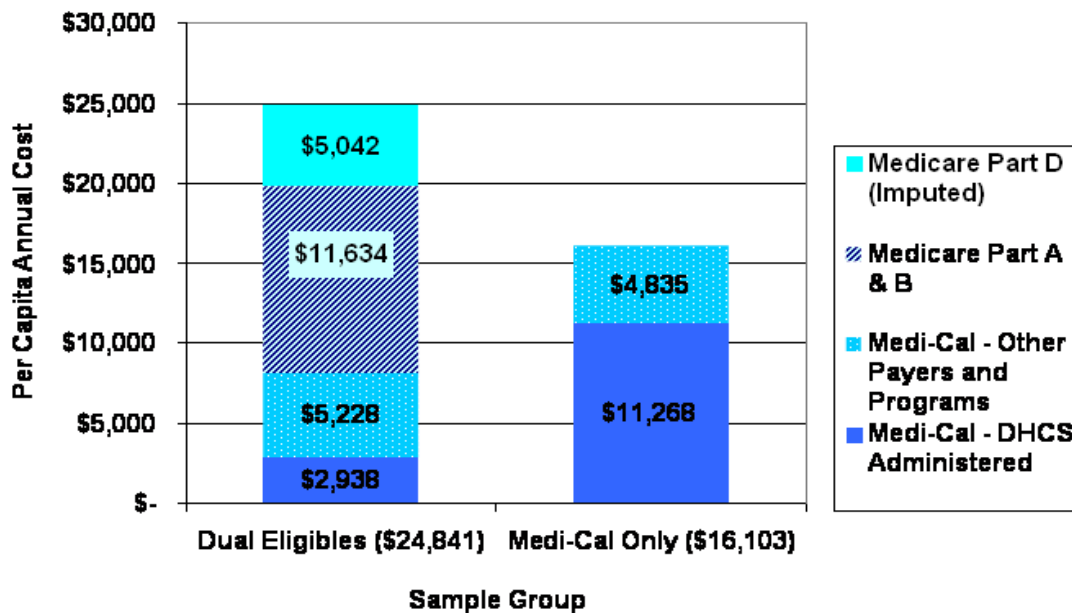
Sample Group	Dual Eligible	Medi-Cal Only
Mean	57.1	42.1
Median	58.0	48.0
Mode	65.0	60.0
Minimum	23	0
Maximum	93	71

Sample Group	Dual Eligible		Medi-Cal Only	
	<i>number</i>	<i>percent</i>	<i>number</i>	<i>percent</i>
Female	540	54.0%	448	44.8%
Male	460	46.0%	552	55.2%
Grand Total	1,000	100.0%	1,000	100.0%

Analysis of the demographic characteristics of the two samples found some differences between disabled dual eligibles and disabled beneficiaries covered by Medi-Cal only. The most significant was associated with age .

Analysis of Samples: Medi-Cal, Medicare, and Other Payers Expenditures Associated With the Disabled Dual and Non-Dual Medi-Cal Populations

Based on an analysis of these three claims sources, the disabled dual eligible average per-capita cost for all payer sources equaled \$24,841. In contrast, the Medi-Cal eligible only disabled population generated an average per-capita cost for all payer sources of \$16,103.



For this analysis, RASS staff captured Medi-Cal costs that are administered by DHCS (generally referred to as EDS processed claims), Medicare costs, and Medi-Cal costs associated with programs administered by departments such as Department of Mental Health, Department of Social Services, Department of Developmental Services. Programs such as Short-Doyle, Personal Care Services, etc. are included in the non-DHCS programs. Claims information for Medicare Part D was available so costs were calculated using regression analysis and estimation techniques.

Source: Created by RASS utilizing Medi-Cal and Medicare claims detail. The chart summarizes claims with dates-of-service between Jan 1, 2007 and Dec 31, 2007.

Clinical Conditions Driving Cost and Utilization - Disabled Dual Eligibles

	Clinical Classification	Frequency	% of Total
	In descending order by number of beneficiaries	Sample Members	% of Sample w/ condition
1	Essential hypertension	369	37%
2	Diabetes mellitus without complication	269	27%
3	Disorders of lipid metabolism	267	27%
4	Other lower respiratory disease	255	26%
5	Spondylosis; intervertebral disorders	254	25%
6	Blindness and vision defects	245	25%
7	Other connective tissue disease	225	23%
8	Abdominal pain	217	22%
9	Mood disorders	179	18%
10	Diabetes mellitus with complications	177	18%

To better understand the clinical conditions and disease burden for the dual eligible population, RASS staff utilized the Agency for Healthcare Research and Quality's Clinical Classifications Software (CCS) to group both Medi-Cal and Medicare claims by diagnostic category.

The analysis found that not only was there a high percentage of dually-eligible disabled beneficiaries suffering from costly and debilitating conditions, but also a high percentage who suffered from multiple chronic diseases.

Clinical Conditions Driving Cost and Utilization - Disabled Dual Eligibles

	Clinical Classification	Frequency	% of Total
	In descending order by number of beneficiaries	Sample Members	% of Sample w/ condition
11	Chronic obstructive pulmonary disease	169	17%
12	Other nervous system disorders	163	16%
13	Cataract	151	15%
14	Deficiency and other anemia	150	15%
15	Coronary atherosclerosis (145)	145	15%
16	Other skin disorders	143	14%
17	Osteoarthritis	142	14%
18	Schizophrenia	133	13%
19	Cardiac dysrhythmias	126	13%
20	Other gastrointestinal disorder	125	13%

The most prevalent diseases within the dual eligible sample group included chronic conditions such as hypertension, diabetes, high cholesterol and schizophrenia. 313 members of the dual eligible sample group, or 31%, had a diagnosis associated with diabetes, a rate nearly four times greater than that found in the U.S. general population (7.8%). Other frequently occurring conditions within the sample, such as spondylosis, osteoarthritis, cancer, and vision defects, may reflect the older average age of the dual eligible population.

Clinical Comorbidity - Disabled Dual Eligible and Medi-Cal Only Samples

	Dual Eligible		Medi-Cal Only	
	#	%	#	%
Number of CCS Diagnostic Conditions				
No Services	39	3.9%	111	11.1%
No Specific Disease Diagnosis	36	3.6%	51	5.1%
One Condition	54	5.4%	100	10.0%
Between 2 and 4 Conditions	154	15.4%	232	23.2%
Between 5 and 9 Conditions	265	26.5%	274	27.4%
Between 10 and 19 Conditions	318	31.8%	192	19.2%
Twenty or More Conditions	134	13.4%	40	4.0%
Grand Total	1,000	100.0%	1,000	100.0%

Of the 313 members of the dual eligible sample with some form of diabetes, 178 (56%) also had a diagnosis for essential hypertension. Members of the dual eligible sample with both conditions generated, on average, \$35,926.79 in expenditures, excluding pharmacy.

The analysis found the incidence of comorbidity to be high in both sample groups of disabled beneficiaries (i.e. duals as well as non-duals). It was significantly higher, however, among the dual eligibles, which was consistent with the literature (Moon and Shin, Cough, Waidmann and Watts, O'Leary, Sloss, and Melnick).

The Most Expensive Clinical Conditions

Disease	Number of Sample Members	Total Cost of Beneficiaries (Excluding RX)	Cost per Beneficiary
Hypertension	414	\$11,019,614	\$26,617
Diabetes	313	\$9,080,292	\$29,011
COPD	169	\$6,283,794	\$37,182
Spondylosis	254	\$6,021,722	\$23,708
Coronary atherosclerosis	145	\$5,850,115	\$40,346
Congestive Heart Failure	98	\$5,712,677	\$58,293
Mood Disorders	179	\$5,142,973	\$28,732
Pneumonia	65	\$4,717,925	\$72,583
Schizophrenia	133	\$4,053,985	\$30,481
Chronic Renal Failure	65	\$3,704,282	\$56,989
Respiratory Failure	35	\$3,461,318	\$98,89
Septicemia	30	\$3,185,592	\$106,186
Acute Cerebrovascular Disease	47	\$2,761,534	\$58,756
Developmental Disorders	58	\$2,379,285	\$41,022

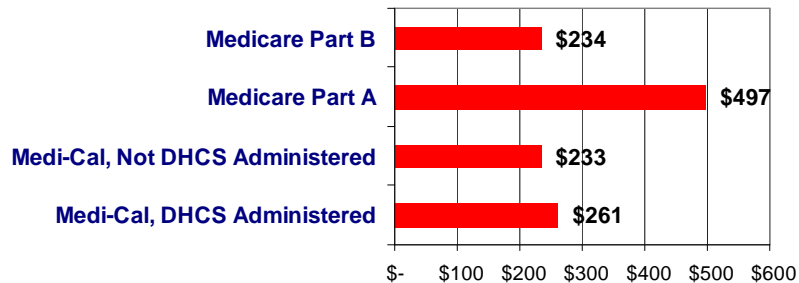
The chart to the left displays the total costs of care (excluding pharmacy) for members with the specific disease. Medicare and Medi-Cal costs are combined.

Note: The disease categories below are not mutually exclusive and members may be counted under more than one category.

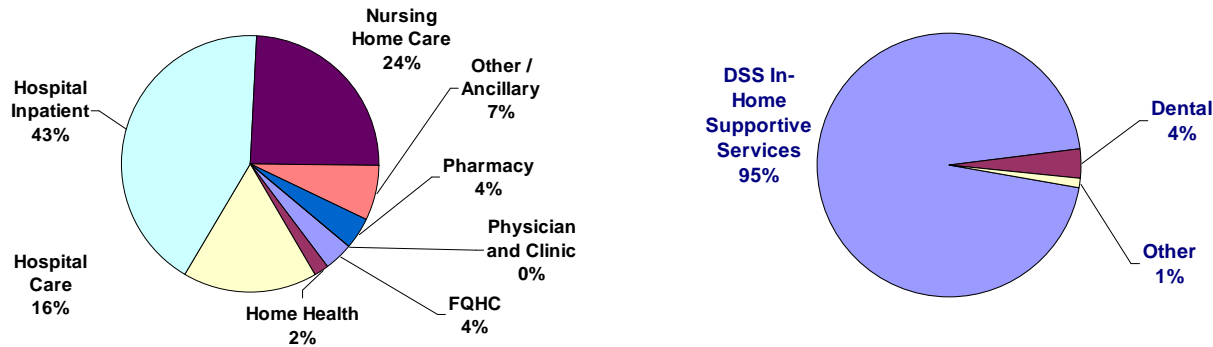
Source: Created by RASS utilizing Medicare and Medi-Cal paid claims data. Dates-of-service: Jan 1, 2007 through Dec 31, 2007. Clinical Classifications were assigned by RASS utilizing the AHRQ Clinical Classification algorithm.

Characteristics of Dual Eligibles in the Aged Sample

PMPM Cost of Services for Members of the Aged Aid Category Sample



Distribution of DHCS and Non-DHCS Costs



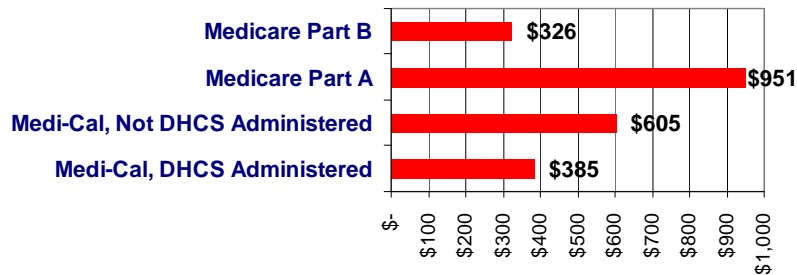
Created by RASS utilizing Medicare and Medi-Cal paid claims data. Chart based on claims with dates-of-service from Jan 1, 2007 through Dec 31, 2007

The members of the sample of beneficiaries from the Aged eligibility category were sixty-one percent female and had an average age of 76 .

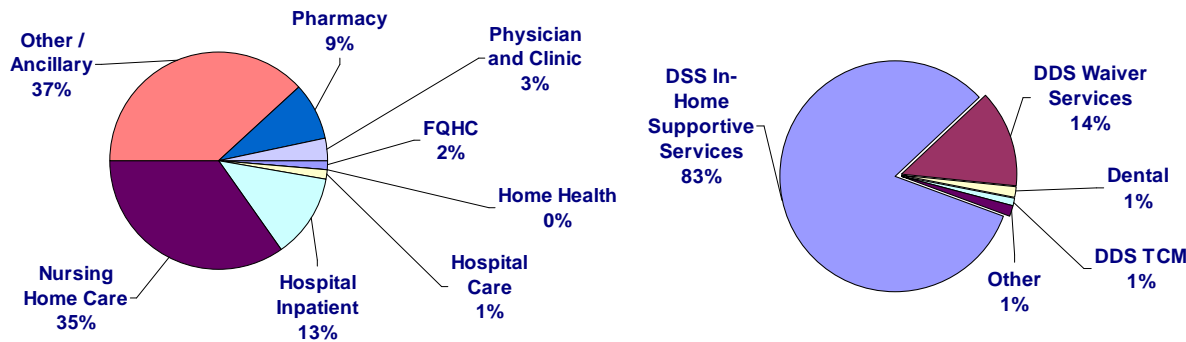
The most prevalent clinical conditions among these beneficiaries were manageable chronic diseases such as Hypertension, Hyperlipidemia and Diabetes

Characteristics of Dual Eligibles in the Blind Sample

PMPM Cost of Services for Members of the Blind Aid Category Sample



Distribution of DHCS and Non-DHCS Costs



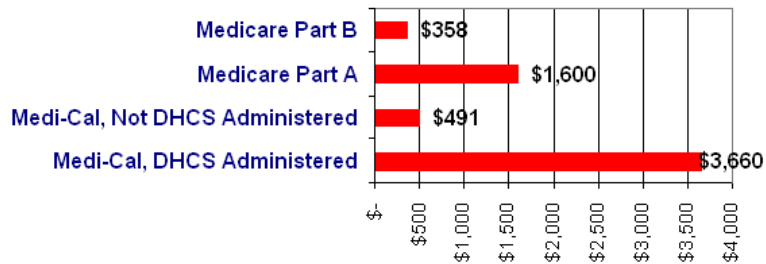
Created by RASS utilizing Medicare and Medi-Cal paid claims data. Chart based on claims with dates-of-service from Jan 1, 2007 through Dec 31, 2007

The members of the sample of beneficiaries from the Blind eligibility category were fifty-six percent female and had an average age of 65

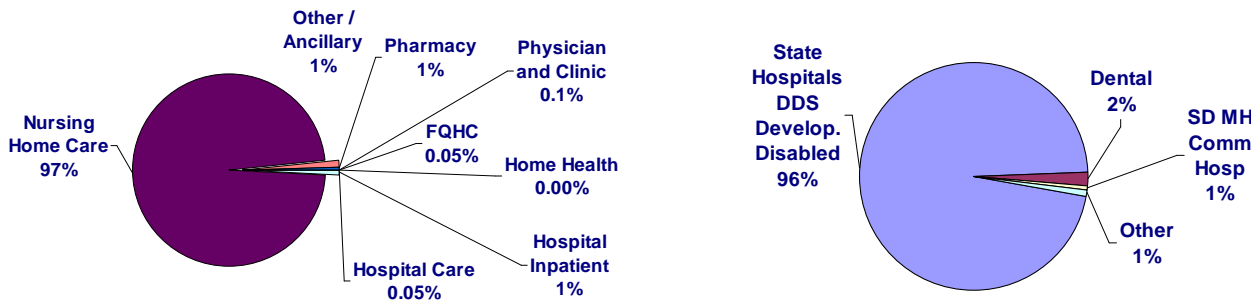
The most prevalent clinical conditions among these beneficiaries were manageable chronic diseases such as Hypertension, Hyperlipidemia and Diabetes.

Characteristics of Dual Eligibles in the Long-Term Care Sample

PMPM Cost of Services for Members of the Long-Term Care Aid Category Sample



Distribution of DHCS and Non-DHCS Costs



Created by RASS utilizing Medicare and Medi-Cal paid claims data. Chart based on claims with dates-of-service from Jan 1, 2007 through Dec 31, 2007

Members of the Long-Term Care sample were older in age and nearly-two-thirds female in gender (The average age was 76) The most prevalent clinical conditions among these beneficiaries were Mycoses, Respiratory Disease and Dementia.

Medical expenditures were concentrated in the DHCS administered programs, with LTC services driving roughly 97 percent of these expenditures.

List of Sources Consulted

Centers for Medicare and Medicaid Services. <http://www.cms.hhs.gov/DualEligible/>. (Accessed on July, 30th 2009).

CMS, *Dual Eligible Categories and List and Definition of Dual Eligibles*, 2/3/06.

http://www.cms.hhs.gov/DualEligible/02_DualEligibleCategories.asp

<http://www.cms.hhs.gov/MedicareEnRpts/Downloads/Buy-InDefinitions.pdf>

Coughlin, Teresa, Timothy Waidmann, and Molly O'Malley Watts. *Where Does the Burden lie? – Medicaid and Medicare Spending on Dual Eligible Beneficiaries*. Kaiser Commission on Medicaid and the Uninsured. April 2009.

Donohue, Julie M, Huskamp, Haiden A, and Zuvekas, Samuel, H. *Dual Eligibles With Mental Disorders and Medicare Part D: How Are They Faring*. *Health Affairs*, Vol. 28, No. 3. May/June 2009.

Dual Eligibles: Medicaid's Rose for Low-Income Medicare Beneficiaries, July 2005.

[http://www.kff.org/medicaid/upload/4091-04%20Final\(v2\).pdf](http://www.kff.org/medicaid/upload/4091-04%20Final(v2).pdf)

Health Assistance Partnership; *Medicare and Medicaid: Dual Eligible Beneficiaries*, December 2007.

<http://www.hapnetwork.org/assets/pdfs/duals-overview.pdf>

Holahan, John, Dawn M. Miller, and David Rousseau. *Rethinking Medicaid's Financing Role for Medicare Enrollees*. Kaiser Commission on Medicaid and the Uninsured. February 2009.

Kaiser, *Dual Eligibles: Medicaid Enrollment and Spending For Medicare Beneficiaries in 2005*, February 2009. <http://www.kff.org/medicaid/upload/7846.pdf>

List of Sources Consulted (continued)

Moon, Sangho, and Jaeun Shin. *Health Care Utilization among Medicare-Medicaid Dual Eligibles: a Count Data Analysis*. *Bio Medical Central Public Health*. 6:88 (2006) (Accessed via Medline on July 30th 2009).

O'Leary, John F. Ph.D., Elizabeth M. Sloss Ph. D., and Glenn Melnick Ph.D. *Disabled Medicare Beneficiaries by Dual Eligible Status: California, 1996-2001*. *Health Care Financing Review*. 28:4 (2007).

Report to Congress: New Approaches in Medicare, June 2004. Chapter 3, Dual Eligible Beneficiaries: An Overview. http://www.medpac.gov/documents/June04_Entire_Report.pdf

U.S. National Library of Medicine, *Impact of the Medicare Savings Programs on Services Use and Out-of-Pocket Costs: How Do Effects Differ By Coverage?*
<http://gateway.nlm.nih.gov/MeetingAbstracts/ma?f=103623094.html>