

Medi-Cal's Most Costly FFS Populations

A Look At The Population,
Costs, And Diseases

Prepared by
DHCS Research and Analytical Studies Section

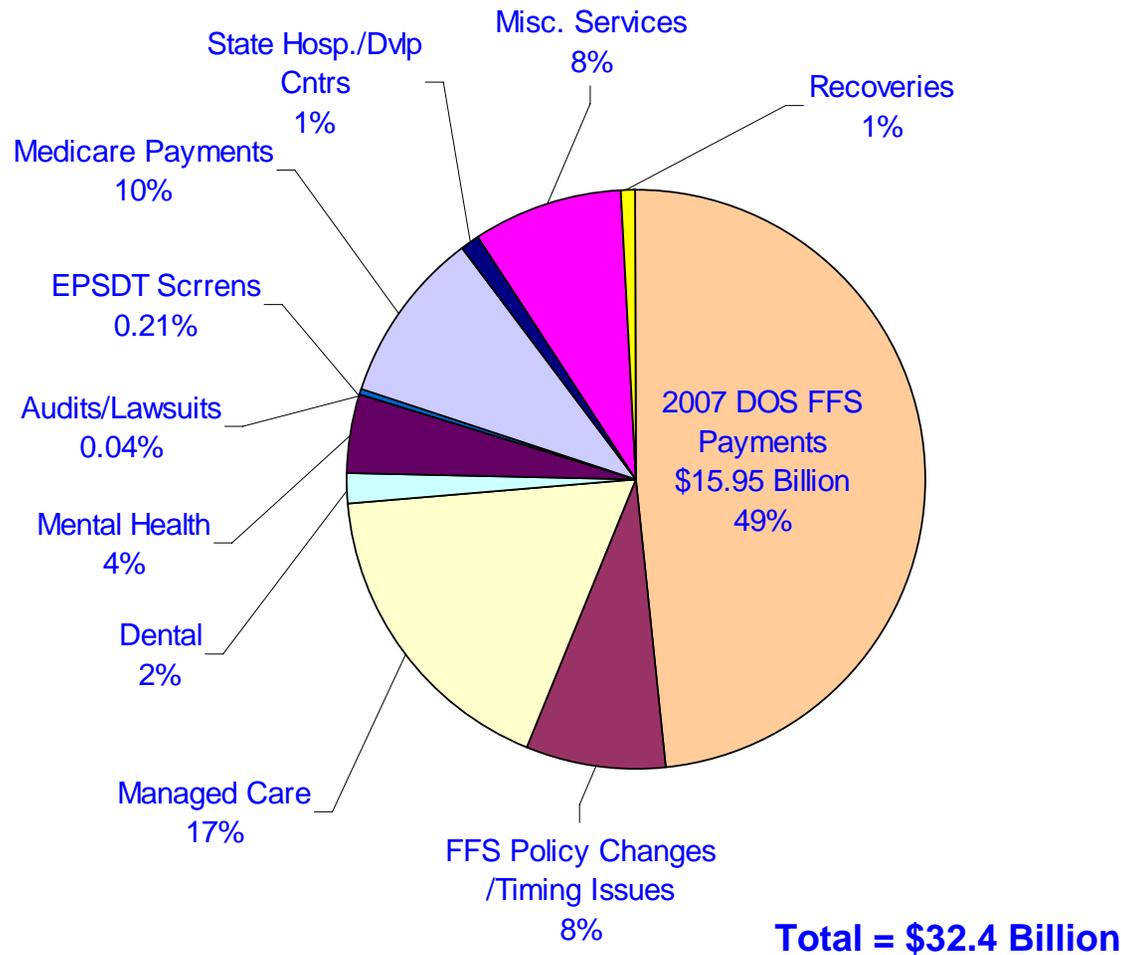
Which Populations Drive Medi-Cal FFS “Provider Payments”?

The Aged, Blind, Disabled, LTC, and children eligible for California Children's Services (CCS) are among the greatest cost drivers of any Medi-Cal subpopulations and when the costs of other departments are included, these subpopulations are significant drivers of publically funded health care expenditures

During calendar year 2007, Medi-Cal “provider payments” totaled \$15.9 billion.

Eighty-two percent of this total was associated with the FFS Medi-Cal program relative to payments made on behalf of beneficiaries enrolled in the FFS program, managed care carve-outs, and other special programs such as Family PACT, presumptive eligibles, etc.

How Were Total Medi-Cal Funds Distributed Among Specific Program Elements?

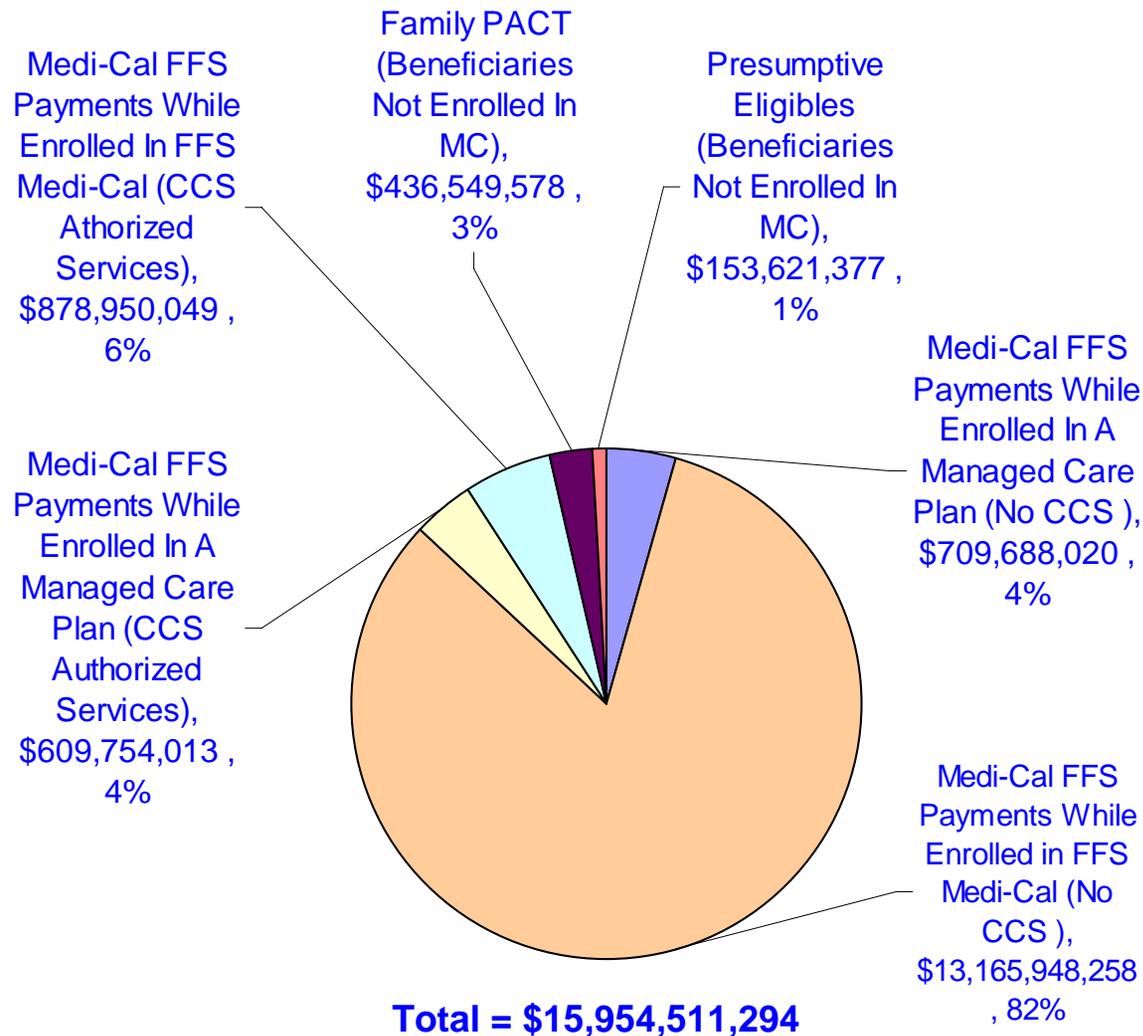


Forty-nine percent of the total Medi-Cal expenditures were associated with FFS “provider payments.”

For purposes of this presentation, “FFS provider payments” refers to those payments made by DHCS through their fiscal intermediary EDS.

Source: Created by the DHCS Research and Analytics Studies Section using the RDS2007 analytic file. Data reflects a 9-month lag. Totals for all categories except for FFS “provider payments” were derived from the May 2007 Medi-Cal Estimate. Values derived from the Estimate reflect the 2006-07 estimates.

How Were Medi-Cal FFS “Provider Payments” Distributed Among The FFS, Managed Care, and CCS Eligibles?



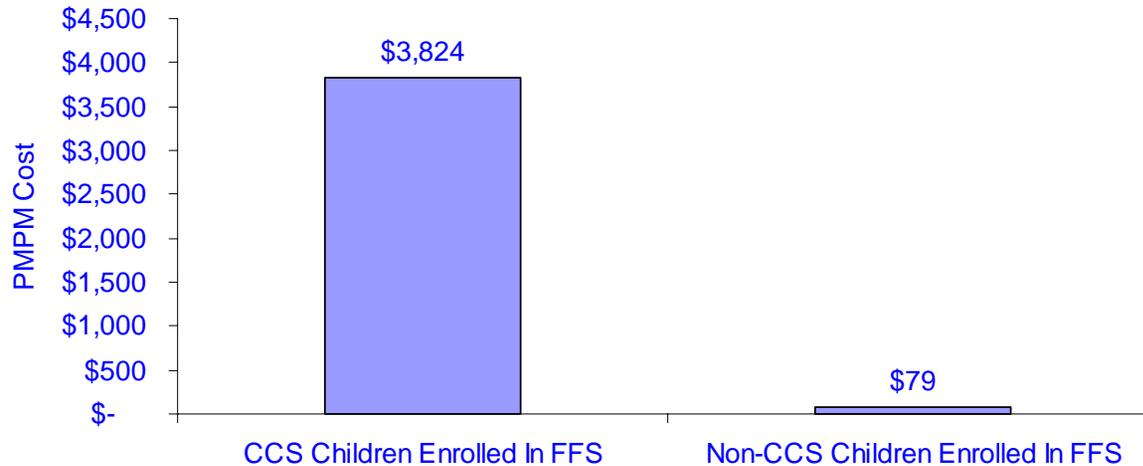
Source: Created by the DHCS Research and Analytics Studies Section using the RDS2007 analytic file. Data is based on calendar year 2007 dates-of-service.

Eighty-two percent of the FFS “provider payments” were associated with beneficiaries enrolled in Medi-Cal’s FFS program.

The remaining 18 percent of the FFS “provider payments” were associated with beneficiaries enrolled in Medi-Cal managed care plans for services that the contracting plans did not assume risk for, and programs such as Family PACT and the Presumptive Eligible Program.

How Were Member Months And PMPM Costs Distributed Among Groups Within The Medi-Cal FFS Program?

Aid Code Category	Total FFS Member Months	% Total FFS Member Months	Total FFS Payments While Enrolled In FFS (No CCS Authorized Services)	% Of Total FFS Payments While Enrolled In FFS (No CCS Authorized Services)	PMPM Costs For Beneficiaries Enrolled In FFS (No CCS Authorized Services)
Aged, Blind, Disabled, LTC - Adults	15,288,395	39%	\$ 9,503,112,335	72%	\$ 622
All Other Aid Codes - Adults	10,191,265	26%	\$ 2,199,795,601	17%	\$ 216
Aged, Blind, Disabled, LTC - Children	958,000	2%	\$ 437,714,475	3%	\$ 457
All Other Aid Codes - Children	12,824,346	33%	\$ 1,025,325,846	8%	\$ 79
Total	39,262,006	100%	\$ 13,165,948,258	100%	\$ 335



Source: Created by the DHCS Research and Analytics Studies Section using the RDS2007 analytic file. Data reflects a 9-month lag. **CCS Children PMPM costs represent total expenditures (CCS and NON-CCS). Roughly 60% of the CCS PMPM cost was associated with CCS services and 40% with non-CCS Services. Note, CCS children may be enrolled in any aid code.**

Medi-Cal's Aged, Blind, Disabled, and LTC populations generated 39 percent of the total FFS member months, yet accounted for 72 percent of all Medi-Cal FFS payments made on behalf of beneficiaries enrolled in FFS.

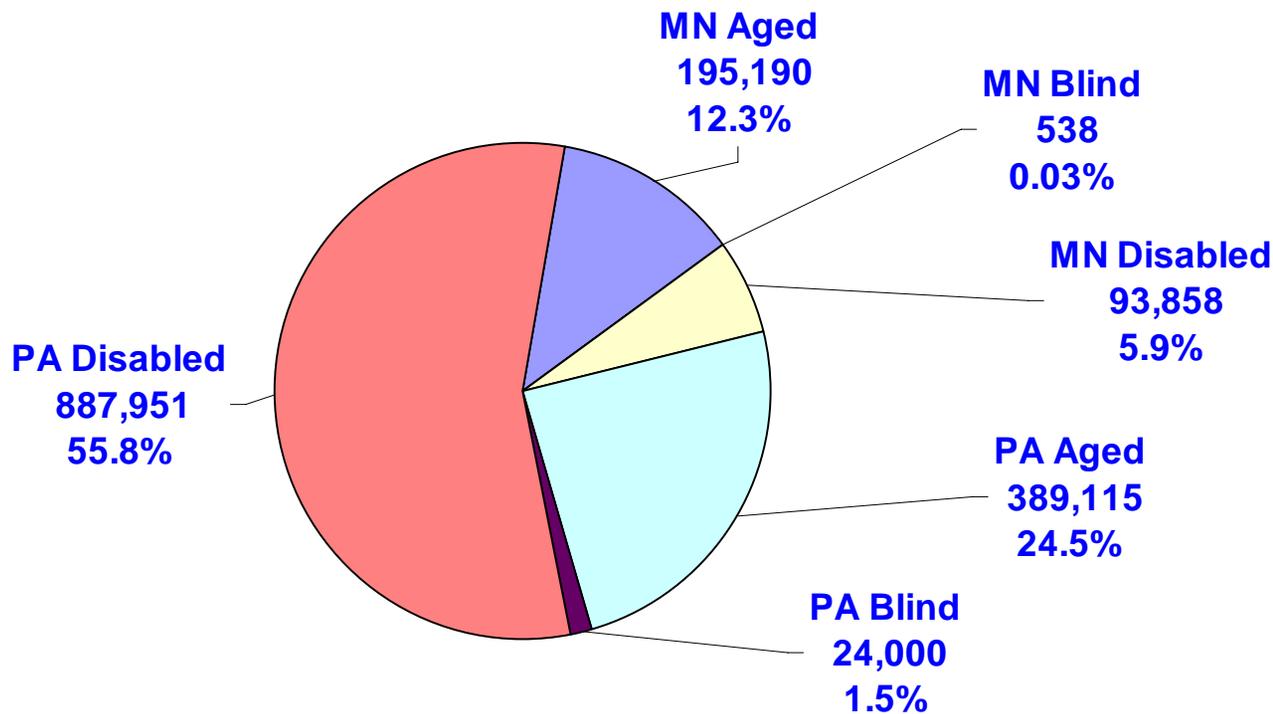
The adult Aged, Blind, Disabled, and LTC populations generated a PMPM cost of \$622, while the child Aged, Blind, Disabled, and LTC groups generated a PMPM cost of \$457.

Children not enrolled in a Blind, Disabled, or LTC aid code displayed the lowest PMPM cost (\$79).

Children eligible for FFS Medi-Cal with a CCS condition generated the highest cost PMPM (\$3,824).

Aged, Blind, Disabled, and LTC Populations

How Were The Aged, Blind, and Disabled Distributed By Aid Code Category?



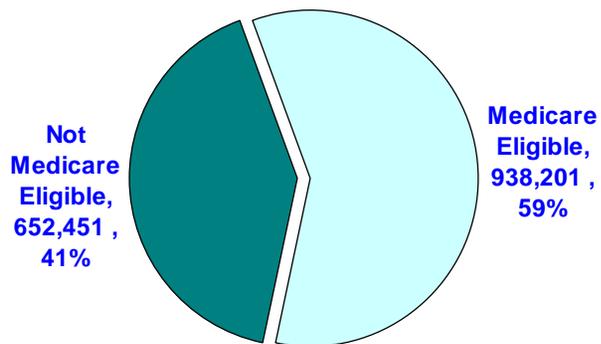
There were 1,754,343 beneficiaries who were enrolled in an ABD aid code for at least one month during 2006. On average, there were 1,590,652 ABD beneficiaries enrolled monthly.

The Disabled accounted for 62% of all ABD beneficiaries. The Aged accounted for 37%.

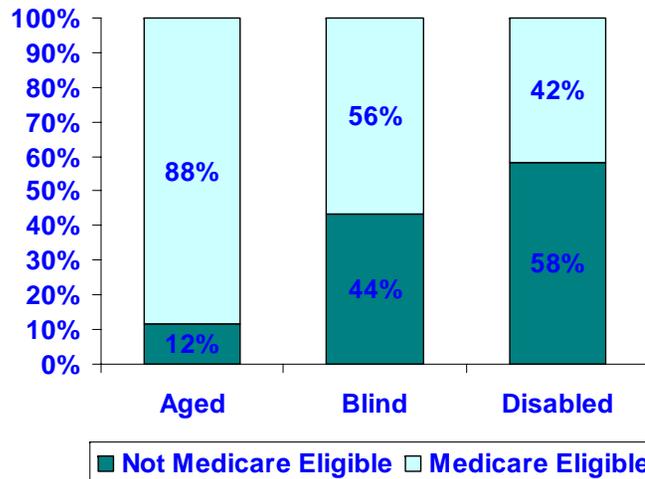
Source: Prepared by RASS using the CINByMOE Lagged table for 2006 extracted from MEDS system.

What Percentage Of The Total ABD Population Was Eligible For Medicare?

Distribution By Medicare Status



Distribution By Aid Category and Medicare Status



In 2006, 59 percent of the ABD beneficiaries were eligible for Medicare.

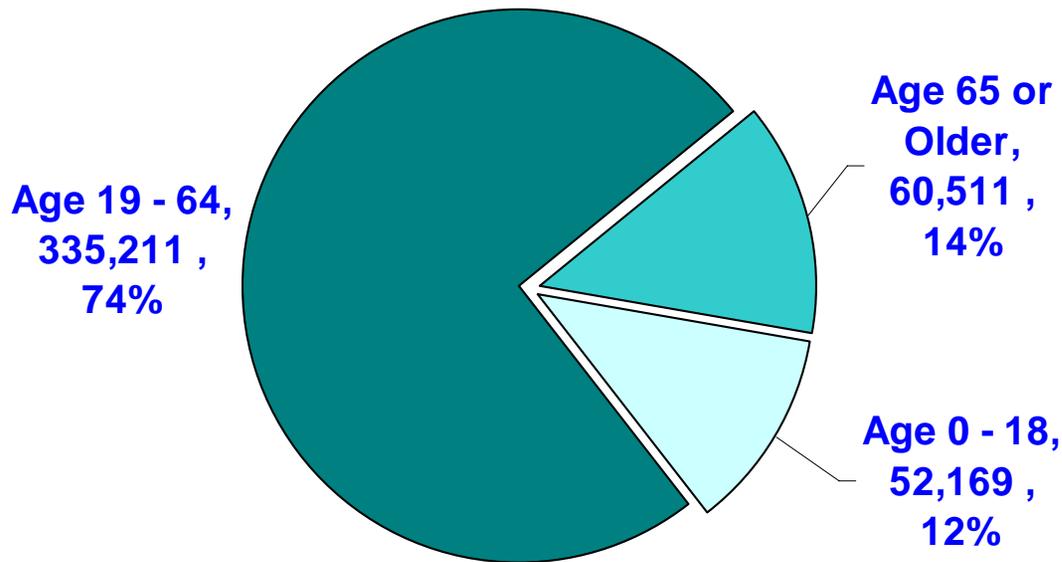
The Aged population had the highest proportion of Medicare eligible beneficiaries (88%), while the Disabled had the lowest proportion (42%).

Medicare Status	Unduplicated Beneficiaries	Average Monthly Eligibles
Medicare Eligible	1,043,752	938,201
Not Medicare Eligible	755,133	652,451

Source: Prepared by RASS using [CINByMOE Lagged](#) table for 2006 extracted from MEDS system.

How Were Non-Medicare Eligible, FFS, ABD Beneficiaries Distributed By Age Group?

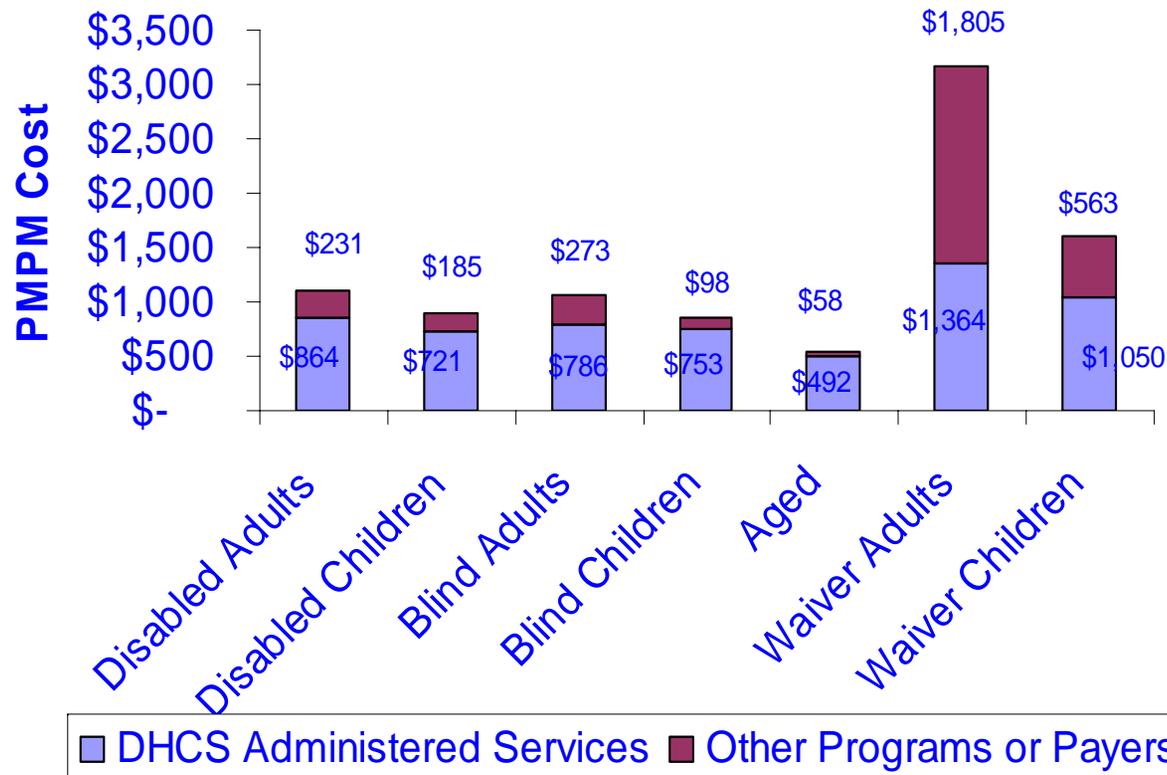
Non Medicare Eligible FFS Beneficiaries by Age Group
(Average Monthly Eligibles, excludes those with Other Health Coverage)



Source: Prepared by RASS using [CINByMOE Lagged](#) table for 2006 extracted from MEDS system.

Of the 447,891 average monthly FFS ABD eligibles not eligible for Medicare and having no other health care coverage, 74 percent were adults between the ages of 19 and 64. Twelve percent were children 18 and younger, while 14 percent were seniors 65 years of age or older.

How Expensive Were Members of The Population Eligible For Medi-Cal Only?



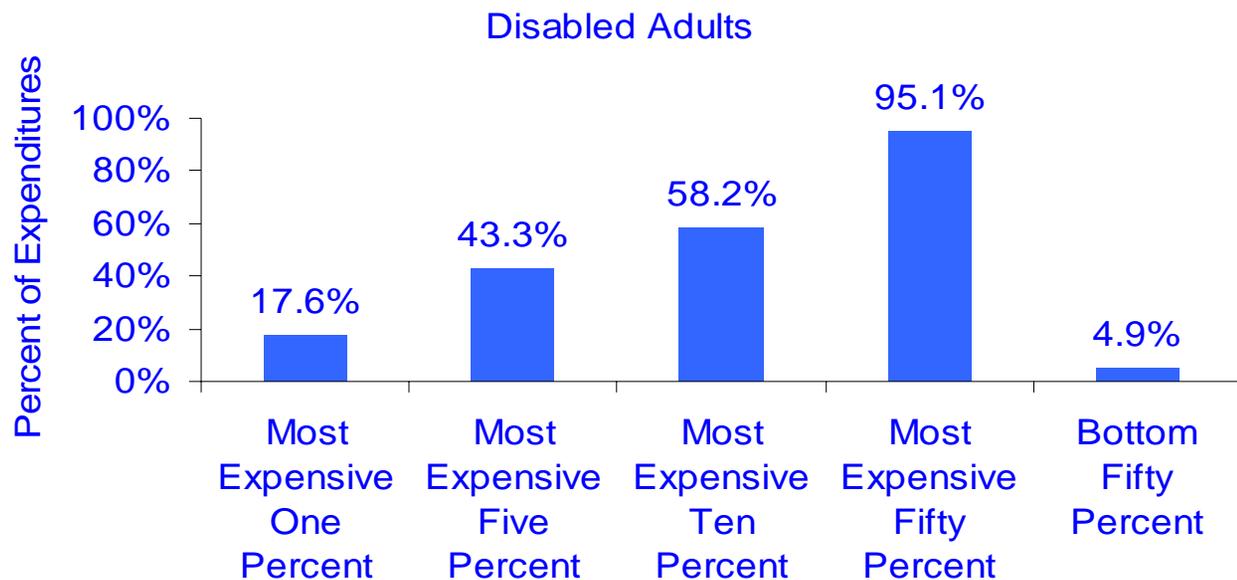
Source: Prepared by RASS using RDS2006 Analytic File.

The most expensive populations received services from specific service providers. For purposes of this analysis, these included beneficiaries that received services from the below provider types and were grouped into the “waiver” category.

- Certified Hospice,
- Intermediate Care Facility,
- State Developmental Center,
- State Mental Hospital,
- AIDS Waiver,
- Developmental Services Waiver,
- MSSP,
- Medi-Cal Targeted Care Management
- DDS Targeted Care Management.

How Were Medi-cal FFS Expenditures Distributed Among the Adult Disabled Population In CY 2006?

	Top One Percent	Top Five Percent	Top Ten Percent	Top Fifty Percent	Bottom Fifty Percent	Total
Number of Beneficiaries	3,585	17,928	35,856	179,283	179,285	358,568
Member Months	38,891	192,753	386,630	1,989,177	1,615,584	3,604,761
Total Amount Paid	\$ 547,767,366.65	\$ 1,349,084,909.70	\$ 1,814,456,221.80	\$ 2,963,495,244.10	\$ 151,586,786.56	3,115,082,031
Percent of Total Beneficiaries	17.6%	43.3%	58.2%	95.1%	4.9%	100.0%
Cost per Beneficiary	\$ 152,794.24	\$ 75,250.16	\$ 50,603.98	\$ 16,529.71	\$ 845.51	\$ 8,687.56
PMPM	\$ 14,084.68	\$ 6,999.03	\$ 4,693.00	\$ 1,489.81	\$ 93.83	\$ 864.16



A relatively small percentage of the adult disabled population generated a large percentage of their total Medi-Cal FFS expenditures.

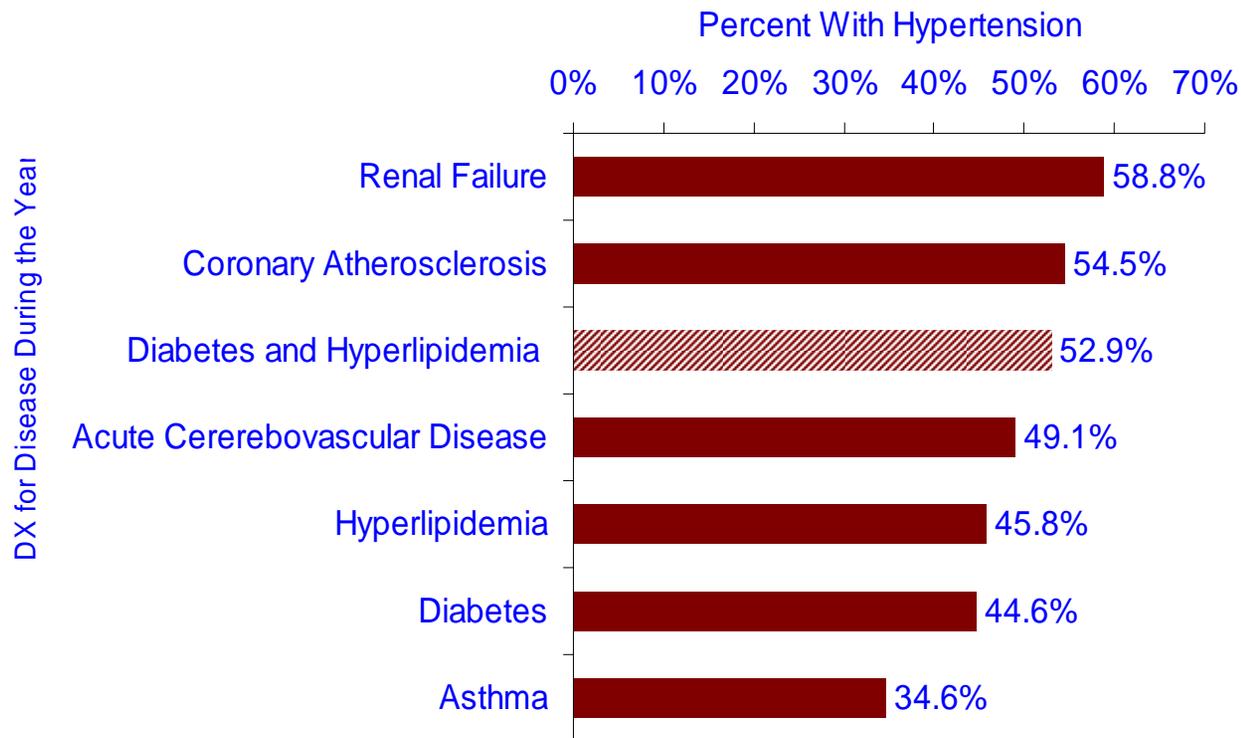
One percent of the adult disabled population generated roughly 18 percent of the total FFS Medi-Cal expenditures associated with this population.

The most expensive ten percent of the adult disabled population accounted for 58 percent their total Medi-Cal FFS expenditures.

Source: Created by the DHCS Research and Analytics Studies Section using paid claims data, CY 2006 data.

High Rates of Hypertension Were Found Among Study Population beneficiaries Suffering From Multiple Chronic Conditions

Concurrent Hypertension Among Aged, Blind, and Disabled Beneficiaries With Major Chronic Disease Conditions



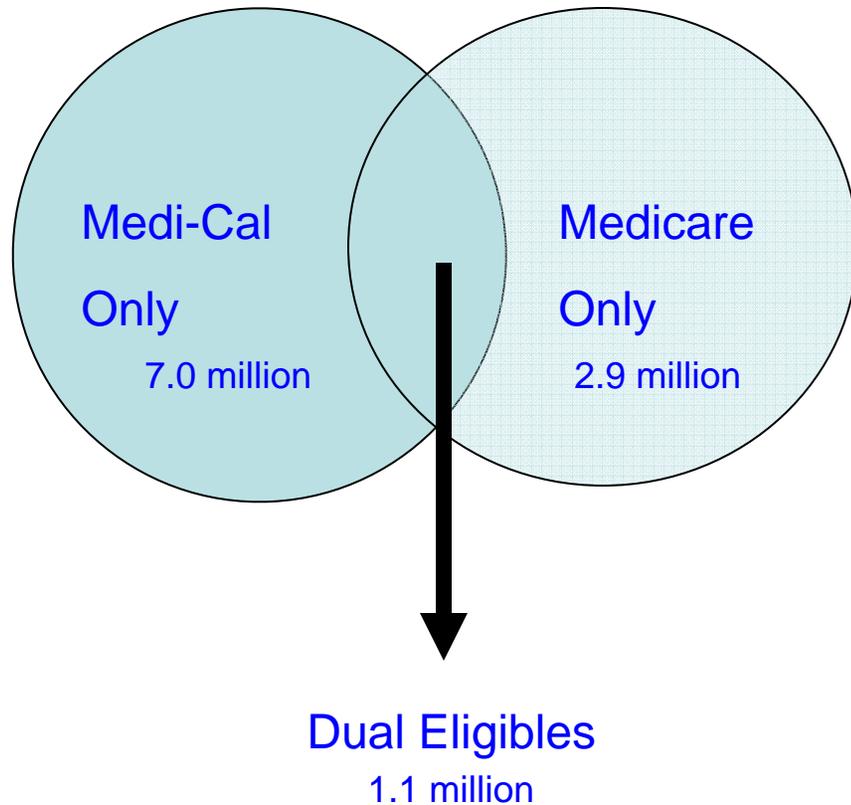
Source: Prepared by the RASS using MEDS, Paid Claims, and AHRQ Clinical Classification software. Data reflects a 6-month lag.

Uncontrolled Hypertension is a precursor for stroke, heart and kidney failure.

High rates of hypertension were found among beneficiaries in the study population with chronic renal failure, atherosclerosis and acute cerebrovascular Disease.

Aged, Blind, Disabled, and LTC
populations eligible for both Medi-Cal
and Medicare or “dually eligible”

Dual Eligible Beneficiaries Enrolled In Medi-Cal



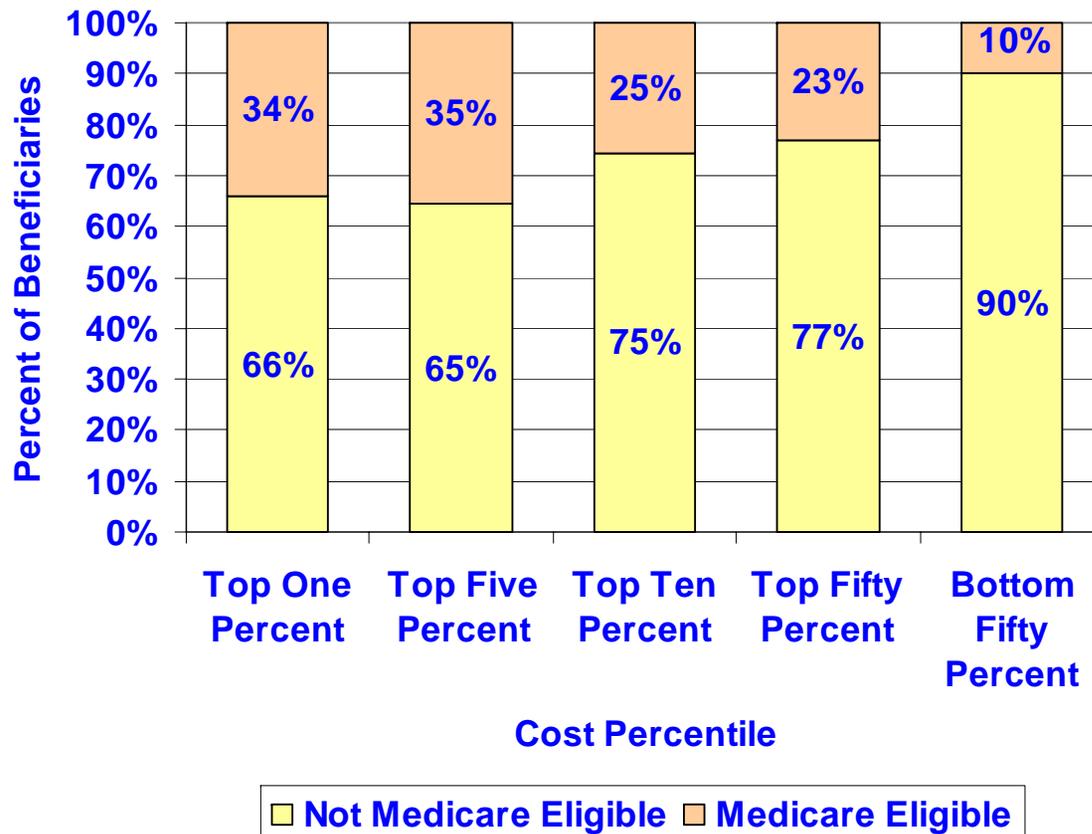
During CY 2007, there were 1.1 million Medi-Cal beneficiaries, enrolled for at least one month who were eligible for both Medi-Cal and Medicare.

Source: Prepared by RASS using RDS Analytic file and Medicare eligibles in California from Kaiser Foundation for 2007

<http://www.statehealthfacts.kff.org/profileind.jsp?cat=6&sub=75&rqn=6>

Why Focus On Medi-Cal's Dual Eligible Population?

Distribution of FFS Beneficiaries by Cost Percentile and Medicare Eligibility Status; CY 2006



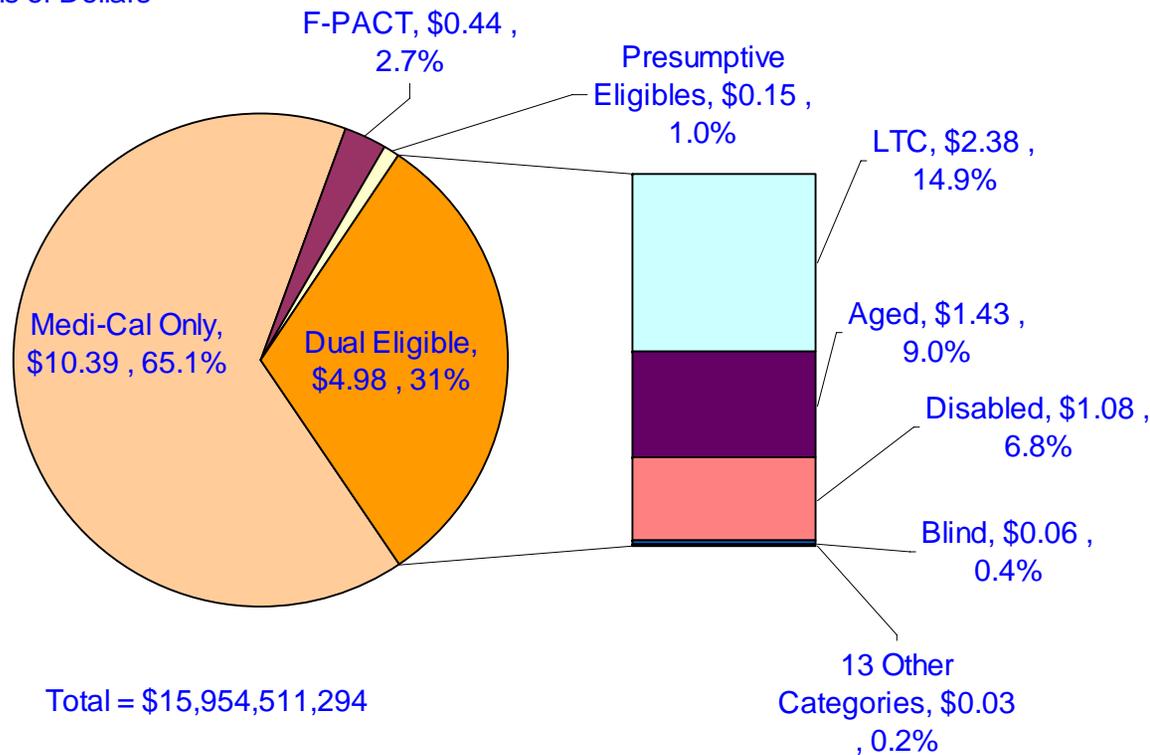
Dual eligible beneficiaries were well represented among the most costly Medi-Cal beneficiaries.

Over one-third of the most expensive one percent of Medi-Cal's FFS population were eligible for Medicare.

Source: Prepared by RASS using RDS2007 Analytic File.

How Were DHCS Administered FFS Expenditures Distributed Between The Medi-Cal Only And The Dual Eligible Populations and By Aid Category?

In Billions of Dollars



Medi-Cal's dual eligible population generated roughly 31 percent of the total Medi-Cal FFS provider payments during CY 2007.

The Long Term Care Aid Category accounted for \$2.38 Billion, and represented almost 50% of the payments made on behalf of the Dual Eligible population.

Source: Prepared by RASS using RDS2007 Analytic File.

How Was Medi-Cal's Dual Eligible Population Divided For The Analysis of Expenditures?

Grouping	Unduplicated Beneficiaries	% of Dual Eligible Population	Total Paid (DHCS Administered and Other Departments)	% of \$ Paid
FFS	958,329	82%	\$ 8,487,216,377	90.4%
FFS HCP Mix	28,545	2%	\$ 129,831,367	1.4%
HCP	185,625	16%	\$ 776,080,677	8.3%
Total	1,172,499	100%	\$ 9,393,128,420	100.0%

Three primary groups were evaluated. Dually eligible beneficiaries enrolled in Medi-Cal Fee-for-service (FFS) for the entire year, dually eligible beneficiaries enrolled in FFS Medi-Cal and a health plan for part of the year, and dually eligible beneficiaries enrolled in managed care health plans for the entire year.

The majority of beneficiaries enrolled in health care plans for the entire year were members of County Organized Health Systems (COHS).

Source: Prepared by RASS using RDS2007 Analytic File.

How Were Medi-Cal FFS PMPM Expenditures Associated With Medi-Cal's Dual Eligible Population Enrolled In FFS The Entire Year Distributed By Service Category?

Service Cat.	Aged	Blind	Disabled	LTC
Member Months	5,341,756	140,013	4,271,247	608,920
Hospital Inpatient	\$ 38.25	\$ 65.21	\$ 40.38	\$ 39.13
Hospital Other	\$ 5.37	\$ 6.72	\$ 8.56	\$ 2.41
Phys/Clinical	\$ 13.23	\$ 19.38	\$ 18.11	\$ 7.19
Home Health	\$ 0.03	\$ 0.33	\$ 0.26	\$ 0.01
Pharmacy	\$ 18.44	\$ 37.47	\$ 34.72	\$ 22.90
Nursing Facility	\$ 108.38	\$ 128.66	\$ 67.05	\$ 3,660.46
FQHC	\$ 3.21	\$ 3.32	\$ 5.84	\$ 0.82
Other	\$ 67.03	\$ 134.20	\$ 62.48	\$ 41.25
Subtotal DHCS	\$ 253.94	\$ 395.29	\$ 237.40	\$ 3,774.17
Dental	\$ 8.05	\$ 7.88	\$ 9.75	\$ 9.58
DDS Waiver	\$ 2.13	\$ 101.37	\$ 138.90	\$ 0.96
DSS IHSS	\$ 242.22	\$ 506.17	\$ 239.34	\$ 2.87
DDS Target Case Mgt	\$ 0.20	\$ 9.63	\$ 15.61	\$ 0.51
MC Target Case Mgt.	\$ 0.24	\$ 0.58	\$ 0.87	\$ 1.03
EPSDT	\$ 0.00	\$ 0.00	\$ 0.00	\$ -
DDS Devlp Center	\$ 0.23	\$ -	\$ 2.69	\$ 496.64
State Mental Hospital	\$ -	\$ -	\$ 0.02	\$ 4.25
SD Comm Hospital	\$ 0.14	\$ 0.74	\$ 3.90	\$ 1.51
Short Doyle Clinic	\$ 0.36	\$ 1.36	\$ 5.00	\$ 0.13
SD MH Rehab	\$ 1.82	\$ 6.27	\$ 42.38	\$ 3.17
Mental Health Inpatient	\$ 0.07	\$ 0.23	\$ 1.01	\$ 0.72
Subtotal Other Depts.	\$ 255.46	\$ 634.23	\$ 459.47	\$ 521.38
Total	\$ 509.40	\$ 1,029.52	\$ 696.87	\$ 4,295.56

Source: Prepared by RASS using RDS2007 Analytic File.

Nursing facility costs, hospital inpatient, and durable medical equipment (included in Other) were significant cost drivers among the expenditures associated with DHCS administered services.

Among the services administered by other departments, IHSS was by far the greatest cost driver.

How Were The PMPM FFS Expenditures Associated With Medi-Cal's Dually Eligible Population Enrolled In A Health Plan For The Entire Year Distributed By Service Category?

Service Cat.	Aged	Blind	Disabled	LTC
Member Months	973,085	25,142	880,194	89,324
Hospital Inpatient	\$ 3.10	\$ 6.03	\$ 5.23	\$ 6.78
Hospital Other	\$ 1.08	\$ 0.72	\$ 0.70	\$ 0.61
Phys/Clinical	\$ 3.85	\$ 7.34	\$ 4.61	\$ 1.06
Home Health	\$ 0.00	\$ -	\$ 0.12	\$ -
Pharmacy	\$ 0.65	\$ 1.67	\$ 4.75	\$ 0.98
Nursing Facility	\$ 14.45	\$ 6.08	\$ 12.09	\$ 711.38
FQHC	\$ 3.44	\$ 3.31	\$ 8.00	\$ 0.58
Other	\$ 27.60	\$ 30.30	\$ 16.35	\$ 7.56
Subtotal DHCS	\$ 54.17	\$ 55.45	\$ 51.85	\$ 728.95
Dental	\$ 7.19	\$ 6.01	\$ 8.80	\$ 9.53
DDS Waiver	\$ 2.16	\$ 114.02	\$ 146.62	\$ 0.34
DSS IHSS	\$ 141.60	\$ 363.03	\$ 162.28	\$ 1.49
DDS Target Case Mgt	\$ 0.23	\$ 8.53	\$ 15.65	\$ 0.23
MC Target Case Mgt.	\$ 0.33	\$ 0.35	\$ 1.13	\$ 0.83
EPSDT	\$ -	\$ -	\$ 0.00	\$ -
DDS Devlp Center	\$ -	\$ -	\$ 1.39	\$ 979.66
State Mental Hospital	\$ 0.00	\$ -	\$ 0.20	\$ 1.09
SD Comm Hospital	\$ 0.09	\$ 0.01	\$ 1.46	\$ 0.41
Short Doyle Clinic	\$ 0.17	\$ 1.32	\$ 3.43	\$ -
SD MH Rehab	\$ 2.04	\$ 5.90	\$ 55.48	\$ 2.30
Mental Health Inpatient	\$ 0.03	\$ -	\$ 1.13	\$ 1.40
Subtotal Other Depts.	\$ 153.84	\$ 499.18	\$ 397.57	\$ 997.27
Total	\$ 208.00	\$ 554.63	\$ 449.42	\$ 1,726.23

Source: Prepared by RASS using RDS2007 Analytic File.

These payments were in addition to capitation payments associated with enrollment in a Medi-Cal managed care plan.

Generally, DHCS administered expenditures represent services that have been carved-out of the managed care contract.

For the services not administered by DHCS, these services were paid and administered by departments other than DHCS and its contracting Health Plans. The Services reflected were not part of the contract.

Medi-Cal's CCS Population

Program Intent: What Is The Purpose of The CCS Program?

The primary purpose of the CCS program is to provide necessary medical services to physically handicapped persons under the age of 21 whose parents are unable to pay for such services.

Basic goals of the program are:

- Locate handicapped children in need of medical care.*
- Encourage families to obtain services for maximum physical, mental, social and educational development of the child.*
- Provide needed financial assistance for families unable to pay.*

What Are the Medical Eligibility Criteria for CCS Enrollment?

The medical eligibility criterion is outlined in regulation and includes a variety of medical conditions and treatment criteria.

Examples of CCS-eligible Conditions:

- *Certain Endocrine, Nutritional and Metabolic Diseases*
- *Rheumatoid Arthritis*
- *Chronic Lung Diseases*
- *Congenital Anomalies*
- *Diseases of Blood or Blood-forming organs such as Hemophilia*
- *Neonates and Infants in a CCS-approved Neonatal Intensive Care Unit and require specific services*
- *Neoplasms which constitute a significant disability*
- *Cerebral Palsy*
- *Uncontrolled Idiopathic Epilepsy*

Source: California Code of Regulations, Title 22, Division 2, Subdivision 7, Chapter 3, Article 2

Enrollment into the CCS program is dependent on a review of records by a CCS program consultant or designee to ensure that the individual meets the medical eligibility criteria.

CCS also provides medical therapy services (22 CCR § 41517.5)

Other CCS Program Enrollment Requirements

- *Must be a resident of California;
and*
- *Be under the age of 21;
and*
- *Have a family income under
\$40,000 based on the adjusted
gross income.*

Source: Health and Safety Code, Section 123805 and 123870

*The Family
Income Rule may
be waived under
certain
conditions
including full-
scope Medi-Cal
or Healthy
Families
enrollment.*

Relationship Between CCS and Medi-Cal Managed Care Plans

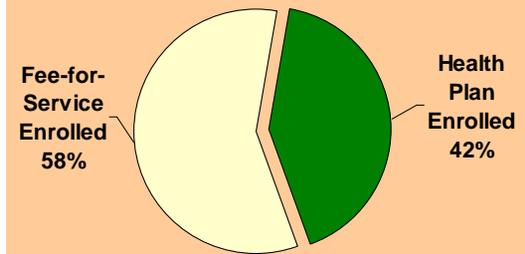
Most Medi-Cal Managed Care Plans do not cover CCS-authorized services, but remain responsible for providing primary care and prevention services not related to the CCS-eligible condition.

CCS-authorized services are paid through the Medi-Cal fee-for-service (FFS) program.

Source: Welfare and Institutions Code, Section 14094.1(b)

Expenditures for CCS-enrollees in Medi-Cal Managed Care Plans included both FFS and managed care capitation payments.

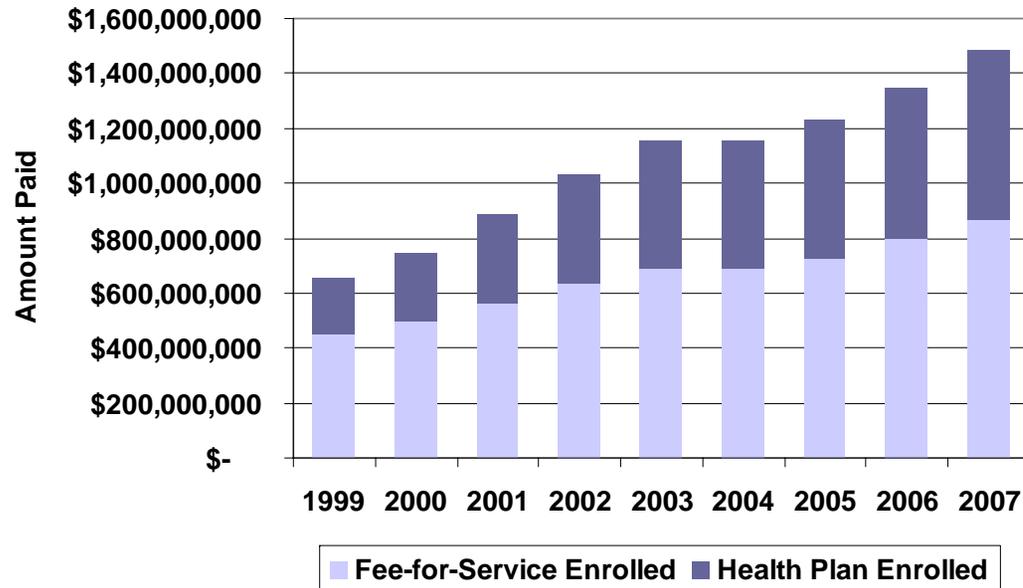
Distribution of CCS Expenditures Paid Under Fee-for-Service by Plan Enrollment Indicator



Medi-Cal FFS Payments for CCS-Authorized Services Have Risen Sharply.

Trend in Fee-For-Service Payments for CCS-Related Services

(Beneficiaries 0-20 Years of Age)



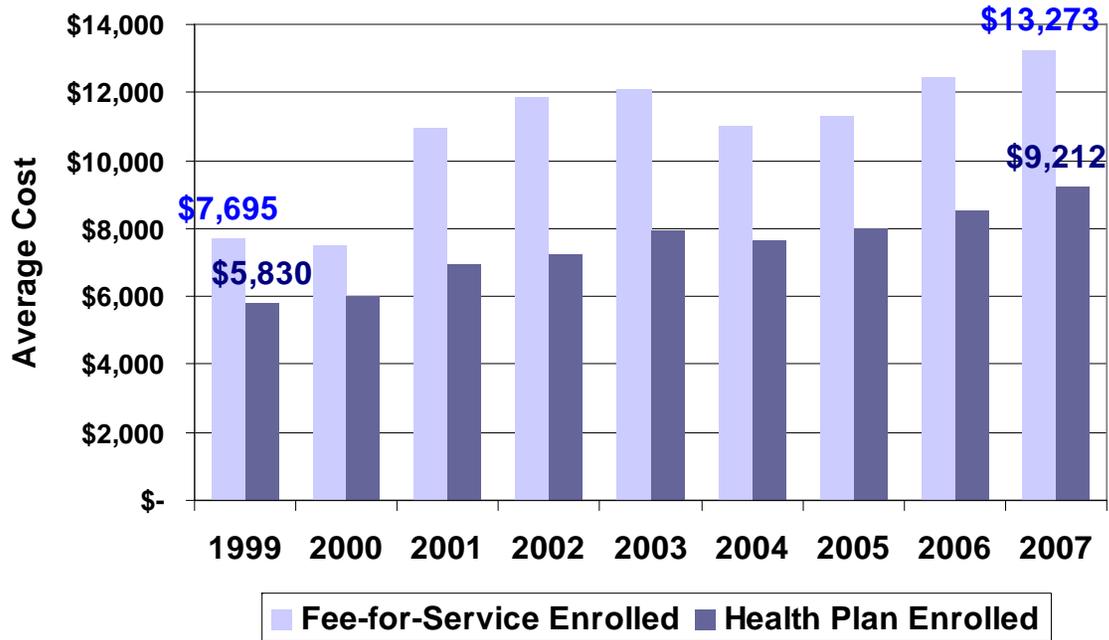
Fee-for-Service payments for CCS-authorized Services were 125% greater in 2007 than in 1999.

In 2007, FFS-enrolled children generated over \$878 million in CCS authorized payments, while those enrolled in health plans generated \$617 million in CCS-related carve-out payments.

Source: Prepared by RASS using EDS-paid claim detail month of payment files. Data reflects a 6-month claims processing lag.

The Average Cost Per User In 2007 Was 65% Greater Than In 1999, While Health Plan Enrolled Users Were Significantly Less Expensive

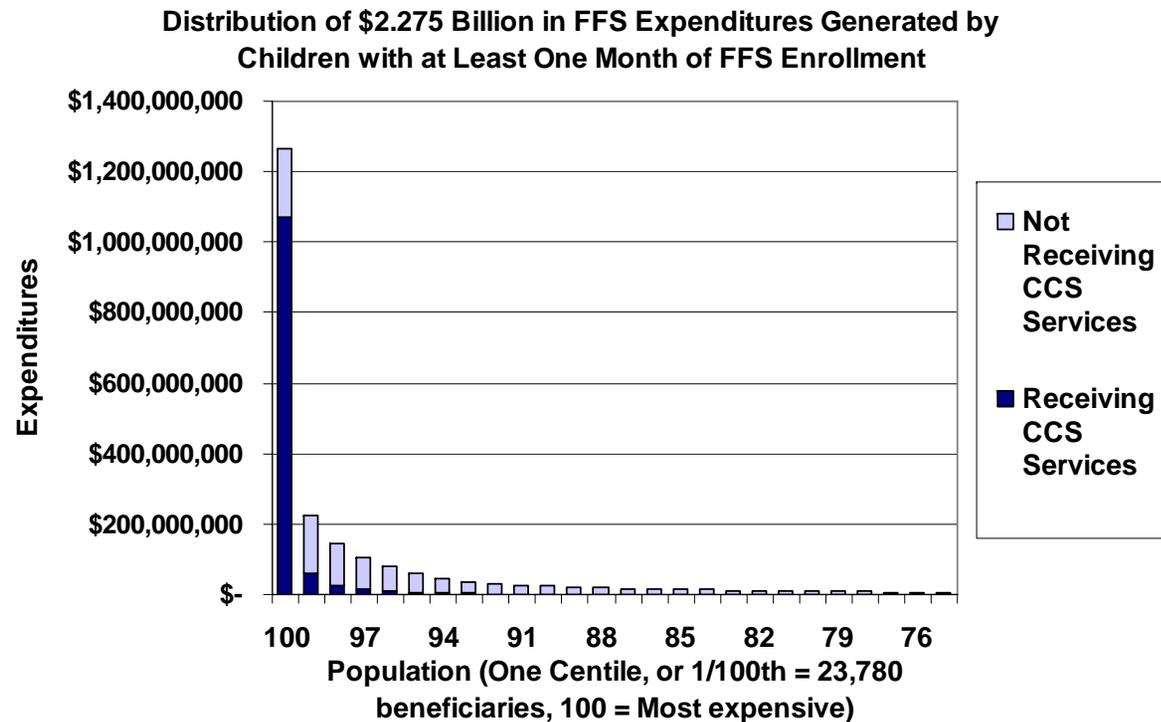
Average Cost of CCS Services Per CCS User; 1999 - 2007
(Users with FFS-Paid services only)



In 2007, health plan enrolled users of CCS-authorized services were 31% less expensive than their FFS-enrolled counterparts.

Source: Prepared by RASS using the EDS-paid claim detail month of payment files. Data reflects a 6-month claims processing lag. Data has been arrayed by date-of-service.

Children Receiving CCS Services Were Among The Most Expensive Within The Population Of FFS Enrolled Child Medi-Cal Beneficiaries



The distribution of costs among children is extremely skewed with the most expensive one percent of children enrolled in FFS generating fifty-six percent of FFS costs.

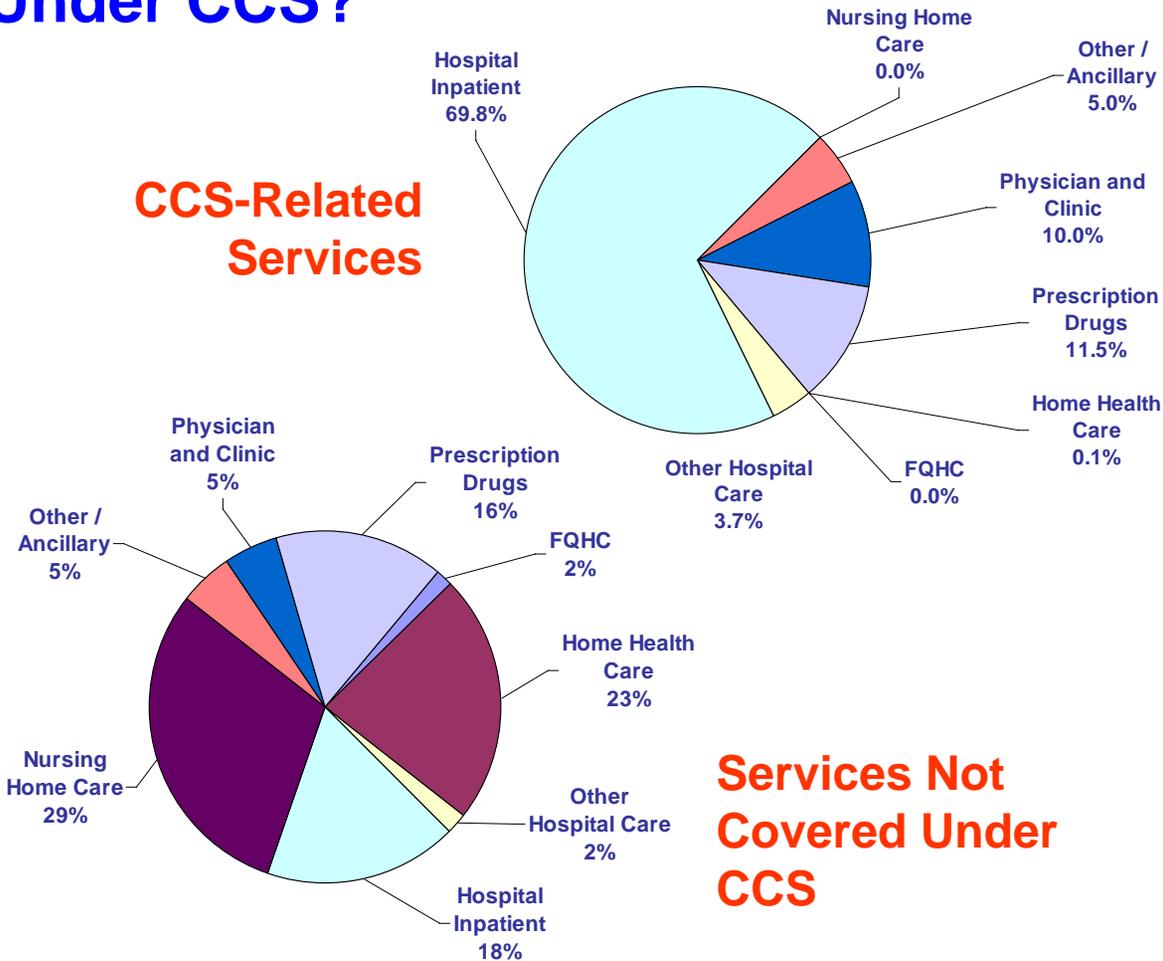
Source: Prepared by RASS using the RDS Research file for 2007. Data reflects a 6-month claims processing lag.

In 2007, there were 2,378,033 beneficiaries, age 0 to 20, with at least one month of FFS enrollment, who generated \$2,275 bil. in FFS payments. Sorting the beneficiaries in descending order by cost and dividing them into percentiles of 100, (23,780 beneficiaries), we can see that the most expensive centile, or one, one-percent, generated \$1.27 bil. (56%) of the total FFS expenditures.

Within the most expensive one percent were 16,649 children receiving CCS-services who generated \$1.07 bil. in expenditures.

What Types of Services Were Provided Under CCS?

CCS-Related Services

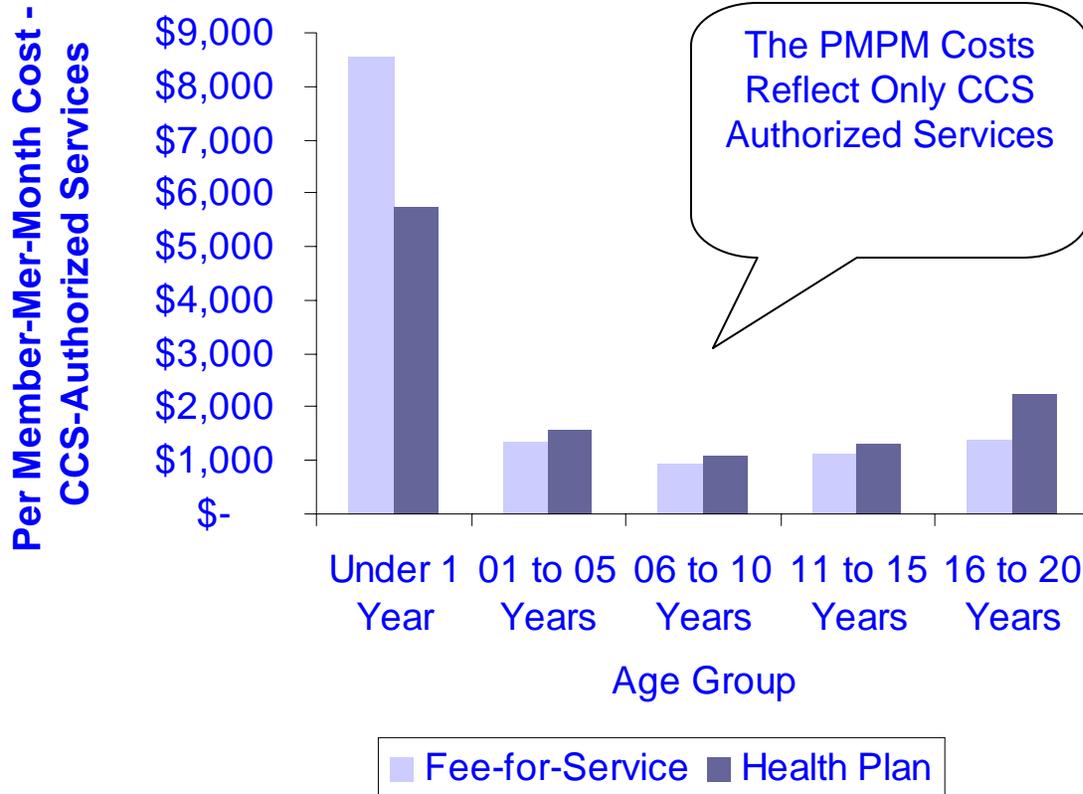


Services Not Covered Under CCS

For FFS enrolled beneficiaries with CCS-authorized services in the study population, CCS services comprised 61% of total costs on average with nearly 70% of CCS costs related to the Hospital – Inpatient acute setting.

Source: Prepared by RASS using the EDS-paid claim detail month of payment files with 2007 dates of service. Data reflects a 6-month claims processing lag. **Selection criteria for Study Population:** The Study Population contains both fee-for-service and health-plan enrolled beneficiaries, 0 to 20 years of age, eligible for Medi-Cal benefits under aid code 9N ("CCS Case Management") and residing in the one of the following seven counties (Riverside, San Bernardino, Contra Costa, Alameda, Sonoma, Shasta, Fresno).

How Did The Cost of Children with CCS-Authorized Services Differ By Age Group?



Within the study population, newborns and infants with CCS-conditions were clearly far more expensive than older children with CCS-conditions.

Source: Prepared by RASS using the EDS-paid claim detail month of payment files with 2007 dates of service. Data reflects a 6-month claims processing lag. **Selection criteria for Study Population:** The Study Population contains both fee-for-service and health-plan enrolled beneficiaries, 0 to 20 years of age, eligible for Medi-Cal benefits under aid code 9N ("CCS Case Management") and residing in the one of the following seven counties (Riverside, San Bernardino, Contra Costa, Alameda, Sonoma, Shasta, Fresno).

How Did The Costs of Children Receiving CCS Services Compare To Other Children Not Receiving CCS Authorized Services?

Per-Member Per-Month Cost, CY 2007		
Age Cohort	CCS-Children (FFS Enrolled)	Non-CCS Children (FFS Enrolled)
Under 1 Year	\$10,269	\$106
01 to 05 Years	\$2,783	\$51
06 to 10 Years	\$2,444	\$43
11 to 15 Years	\$2,406	\$55
16 to 20 Years	\$2,972	\$156
Overall PMPM	\$3,824	\$79

Source: Prepared by RASS using the EDS-paid claim detail month of payment files and RDS analytic files with 2007 dates of service. Data reflects a 6-month claims processing lag. The PMPM costs reflected in the table above represent total Medi-Cal costs (i.e., both CCS authorized services and services not authorized by CCS). **Selection criteria for Study Population:** The Study Population contains both fee-for-service and health-plan enrolled beneficiaries, 0 to 20 years of age, eligible for Medi-Cal benefits under aid code 9N ("CCS Case Management") and residing in the one of the following seven counties (Riverside, San Bernardino, Contra Costa, Alameda, Sonoma, Shasta, Fresno).

Children receiving CCS-authorized services in the study population were many times more expensive than other children enrolled in Medi-Cal not receiving CCS authorized services.