

The Faces of Medicaid III: Refining the Portrait of People with Multiple Chronic Conditions

Authors: Rick Kronick, PhD, Melanie Bella, and Todd P. Gilmer, PhD
Published October 2009

Made possible with support from Kaiser Permanente.

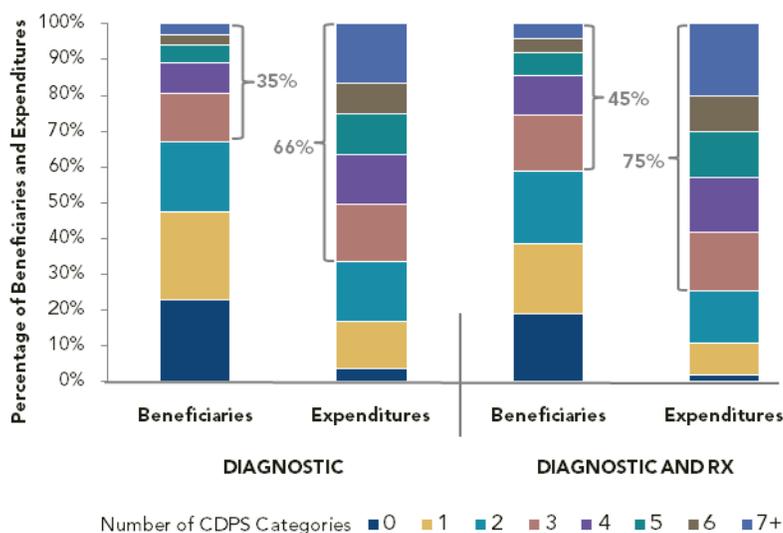
Executive Summary

In Medicaid, the elderly and adults with disabilities make up only 25 percent of beneficiaries, but account for the majority of program spending. Within this population, fewer than 5% of beneficiaries account for more than 50% of overall Medicaid costs. By better understanding the specific health conditions of these beneficiaries, states can make more informed decisions about how to best manage care, thereby improving health outcomes, increasing quality of life, and controlling program costs.

This third edition of the *Faces of Medicaid* was commissioned by the Center for Health Care Strategies (CHCS) to further refine what is known about Medicaid beneficiaries with multiple chronic conditions, particularly those with serious mental illness. It builds on an earlier *Faces of Medicaid II* analysis published in 2007 that presented a groundbreaking examination of the prevalence and patterns of chronic conditions within Medicaid populations. This new analysis adds two data elements to the original study. First, 12 months of pharmacy data were added to determine the number of individuals with comorbidities who might not be identified solely via claims-based diagnostic codes, but who could be identified through pharmacy utilization. In addition, five-years of diagnostic data were analyzed to identify how the portrait of Medicaid beneficiaries with multiple comorbidities would be enhanced by examining a longer period of time.

A more complete portrait of Medicaid beneficiaries emerges through this new analysis. In sum, it revealed that Medicaid beneficiaries with disabilities frequently have multiple chronic conditions and particularly high rates of psychiatric illness and cardiovascular disease. The analysis also reinforced that spending for beneficiaries with disabilities is skewed disproportionately to those with high levels of comorbidity — 45% of those with three or more chronic conditions account for 75% of costs (see next page for detailed findings). These enhanced insights can help states and health plans better prioritize high-opportunity groups of beneficiaries and design programs that integrate physical, behavioral, and social supports to more effectively meet beneficiaries' needs.

Distribution of Beneficiaries and Expenditures for Medicaid-only Beneficiaries with Disabilities, by Number of CDPS (Diagnostic) Categories, 2002



Study Design

The Center for Health Care Strategies (CHCS) partnered with Rick Kronick, PhD, and Todd Gilmer, PhD, from the University of California, San Diego, to conduct this analysis of the prevalence and patterns of chronic conditions among Medicaid beneficiaries. The one-year diagnostic and pharmacy data analysis uses 2002 data from the Medicaid Analytic eXtract (MAX) files. The five-year longitudinal study examined MAX

data from 2001-2005. Prevalence of chronic conditions was determined based on the diagnostic classification framework of the Chronic Illness and Disability Payment System (CDPS).

Key Findings

Pharmacy Data Analysis — The addition of pharmacy data to the diagnostic data used in the earlier *Faces II* analysis reveals higher rates of comorbidity among Medicaid beneficiaries with disabilities, including significantly higher rates of psychiatric illness and cardiovascular disease. Following are key findings resulting from the addition of pharmacy data:

- The proportion of Medicaid beneficiaries with disabilities who are diagnosed with three or more chronic conditions increases from 35% to 45%.
- The frequency of psychiatric illness among Medicaid beneficiaries with disabilities increases from 29% to 49%. Similarly, the prevalence of cardiovascular disease increases from 32% to 44%.
- Costs for Medicaid-only beneficiaries with three or more chronic conditions increases from 66% to 75% of total spending for beneficiaries with disabilities.
- Psychiatric illness is represented in three of the top five most prevalent pairs of diseases, or dyads, among the highest-cost 5% of Medicaid-only beneficiaries with disabilities; in looking at diagnostic data alone, psychiatric illness was not among the top five pairs.
- A few pairs of diagnoses demonstrate strong correlations, which were strengthened by the addition of pharmacy data. For example, 82% of Medicaid-only beneficiaries with disabilities diagnosed with diabetes also have cardiovascular disease, representing a nearly 25% increase in prevalence when pharmacy data are used in addition to diagnostic data.

Five-Year Diagnostic Data Analysis — Examining five years of diagnostic data results in even larger increases in the proportion of beneficiaries who are identified with multiple comorbidities, in particular:

- With five years of diagnostic data, two-thirds (67%) of Medicaid-only beneficiaries with disabilities have three or more chronic conditions, more than twice the 29% identified through only one year of data.

Implications/Next Steps

This more in-depth picture of Medicaid's highest-need, highest-cost populations reinforces the need for care management strategies that recognize multimorbidity. A first step in breaking down the complexity of patient needs is by examining the patterns and prevalence of chronic conditions and identifying the clusters of conditions — i.e., the dyads and triads — that are common among beneficiaries with disabilities. This will allow for better prioritization and tailoring of care management for high-risk subsets of beneficiaries and enable the critical shift from piecemeal, condition-based care management to more holistic, patient-centered care. In particular, as this analysis highlights, the predominance of psychiatric illness among Medicaid beneficiaries with disabilities reinforces the need to integrate the delivery and financing of physical and behavioral care and overcome the fragmentation that pervades our current health care delivery system.

Building on this study, future CHCS efforts will explore the relationship between comorbidities and hospital readmission rates as well as specific comorbidity patterns among people with mental illness. Such investigation would potentially uncover rich opportunities to further aid Medicaid stakeholders in prioritizing care management resources.

Download the Full Report

The Faces of Medicaid III: Refining the Portrait of People with Multiple Chronic Conditions was published by the Center for Health Care Strategies in October 2009 through funding from Kaiser Permanente. It is the third edition in CHCS' *Faces of Medicaid* series. The full report can be downloaded at www.chcs.org/facesofmedicaid.