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# REAL SOLUTIONS: Policy Briefs

AMERIGROUP PUBLIC POLICY INSTITUTE

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## Savings in Medicaid Series

### Require Managed Care for Coordinated Long-Term Care (LTC)

#### Issue Defined

Seniors and people with disabilities can often benefit the most from a system of coordinated care due to their potential for multiple, chronic health needs. Managed long-term care (LTC) programs have shown they have the potential to provide the kind of care that LTC beneficiaries need. Additionally, coordinated managed LTC programs offer a solution to the fragmented mix of institutional, state plan, and home- and community based services. There is limited coordination and integration that currently exist across long-term care service program in Medicaid. Creating coordinated LTC support and services programs is an essential program change that can result in savings, as well as better outcomes and satisfaction for beneficiaries. For this reason, it is imperative that states move their LTC services into a coordinated managed care model.

#### Background

Nearly 10 million Americans need LTC services and support to assist them with their daily living activities. Many individuals with disabilities look to Medicaid to supplement their health care needs, including Medicare coinsurance, home health care, personal care, nursing facility services, assisted living and more. Managed LTC is designed to make clinical and non-medical services available to frail elderly and disabled populations in a home or community-based setting.

#### Recommendations

A number of states have seen the value of coordinated managed LTC programs. More states should include LTC services in a coordinated managed care model for two reasons: to control growth in their Medicaid expenditures and to improve care by helping Medicaid beneficiaries receive appropriate, quality services. Incorporate LTC services in a coordinated managed care model to:

- Ensure that beneficiaries and their caregivers have the help they need to make good choices about enrollment in Medicaid managed LTC plans
- Ensure that beneficiaries avoid unnecessary or premature nursing home placement
- Ensure that beneficiaries have access to home and community-based services
- Ensure that beneficiaries avoid unnecessary emergency room visits and hospital stays
- Ensure that beneficiaries have care managers and providers who have the requisite knowledge and skills to assist with and manage their care and needs
- Ensure that care managers, providers and professionals carry out assessment, care management, and service delivery in close cooperation with family and other primary caregivers.

#### Savings Outlook

LTC represents more than half of Medicaid spending now and that share will grow as Baby Boomers age. Nearly \$178 billion was spent on long-term services nationally in 2006. There is significant opportunity for savings through an enhanced coordination of managed care for this population. Amerigroup estimates that over a three-year period if all LTC programs were administered using a managed care

model a total savings of \$49.5 billion would be achieved. Ways in which states could approach measuring these savings include:

- Calculating savings through programmatic improvements
- Reducing incidents of fraud, waste, and abuse
- Reducing the number of people moving into nursing facilities
- Eliminating over utilization
- Reducing avoidable ER visits

The ultimate goal is for states to contain Medicaid costs and provide more community-based, coordinated LTC to the growing number of beneficiaries. Coordinated LTC support and services programs can be a valuable step towards achieving significant savings for Medicaid.