


## Super Committee Urged To Alter Coverage For Some Low-Income Medicare Beneficiaries

TOPICS: [MEDICARE](#), [MEDICAID](#), [HEALTH COSTS](#), [DELIVERY OF CARE](#)

By [PHIL GALEWITZ](#)

KHN Staff Writer

NOV 17, 2011

This story was produced in collaboration with 

Charles Barnum weighs himself every morning and the results are sent electronically to his health plan. If he gains or drops more than a pound or two, he gets a call from a nurse to see how he feels. Every few weeks, the plan sends a nurse to his Odessa, Mo., house to check on Barnum, 70, who suffers from diabetes, kidney and liver problems, and heart failure.



Charles Barnum, 70, and his daughter Mary separate his daily medicine on Tuesday, Nov. 15, 2011, in Odessa, Mo. Barnum qualifies as a dual eligible for both Medicaid and Medicare. (G. Newman Lowrance/AP Images for Kaiser Health News)

"They keep a close eye on him," said his daughter, Mary, who credits the plan, [Care Improvement Plus](#), for keeping her father out of the hospital and nursing home.

Because of his age, Barnum is covered by Medicare, the federal health program for the elderly and disabled. Because of his low income, Medicaid, the state-federal health program for the poor, pays for most health costs Medicare doesn't cover.

That makes him one of [9.2 million "dual eligibles,"](#) and his experience in a managed-care plan illustrates the potential benefits of a proposal under scrutiny by the congressional super committee as it looks to cut at least \$1.2 trillion from the federal deficit over the next decade. State Medicaid directors and health insurers' trade groups are urging the super committee to give states the option to mandate that most or all dual eligibles be enrolled in private plans that can closely manage their care.

As a group, dual eligibles cost state and federal governments a combined \$300 billion annually. They comprise 16 percent of Medicare's enrollees but account for 27 percent of its spending. They make up 15 percent of Medicaid beneficiaries but draw 39 percent of its spending, according to the [Centers for Medicare and Medicaid Services](#).

Medicare covers their basic acute-care services such as physician, hospital and prescription drug costs. Medicaid pays for most of their long-term care, whether in nursing homes or in community-based care, and it pays for Medicare's deductibles, co-payments and other cost-sharing the patient otherwise would owe out of pocket.



Charles Barnum and his daughter Mary pose for a portrait on Tuesday, Nov. 15, 2011, in Odessa, Mo. (G. Newman Lowrance/AP Images for Kaiser Health News)

Medicare and Medicaid were never designed to work together, so the way states and the federal government [split the dual eligibles' bills](#) leads to inefficient care, experts say.

Today, only about [12 to 15 percent of the duals are covered](#) by private health plans. Because they pay almost nothing for their health care, duals have little financial incentive to join a health plan that can restrict their ability to see certain health providers. As a result, duals usually stay in traditional fee-for-service Medicare, where they can use any doctor or hospital.

America's Health Insurance Plans (AHIP), the insurers' trade group, estimates that if all the duals were put into the best managed care plans, state and federal governments could [save as much as \\$125 billion](#) during the next decade.

The fiscal reform commission chaired by former Sen. Alan Simpson (R-Wyo.) and Bill Clinton's chief of state Erskine Bowles estimated putting duals into managed care plans would [save the federal government about \\$12 billion](#) over a decade.

Seniors' advocates, though, are leery about a mandate that could limit the choice of health care providers the dual eligibles could use.

"A quick so-called fix, such as mandatory enrollment of all duals in managed care plans, will most likely neither result in savings to taxpayers nor assure the health and

supportive care needs of this group will be met," said AARP legislative director David Certner.

Patricia Nemore, senior policy attorney with the Center for Medicare Advocacy, said there's no evidence putting duals into private health plans saves money, given the limited experience with that approach to date. "I would be very cautious about responding to health plan saying 'we can do it better and cheaper,'" she said.

With federal approval, at least half the states already require all or some of their Medicaid recipients to join private managed care plans. But typically, duals are excluded from such mandates.

States, which administer Medicaid, have little incentive to hold down hospital costs for the duals, because most of those bills are paid by the federal Medicare program. And Medicare has little incentive to hold down nursing home admissions, because most of those costs are borne by Medicaid.

Private health insurers say they can better coordinate care, saving both programs money.

Thomas Johnson, CEO of Medicaid Health Plans of America, a trade group, said health plans want either a [requirement for duals to join managed care](#) or a system where duals are automatically assigned to a private managed care plan but could opt out and stay in the traditional fee-for-service program.

"We feel like we are part of the solution," he said. "The status quo is not acceptable." He said managed care plans have branched out beyond urban areas and could adapt even in rural states such as Montana where managed care has not gained a foothold.

The Obama administration formed a [special office in HHS](#) to improve care for duals as part of the 2010 federal health care law. It has also given 15 states \$1 million each in planning grants to design better health coverage for that group and has offered to share some of Medicare's savings with the states. Since July, 37 states have submitted plans to CMS to set up new models of care to improve care to duals, with most focused on using private health plans.

Cindy Mann, the top CMS Medicaid official, said the administration opposes requiring all dual eligibles to get their Medicare coverage through a managed care plan. But she said she would support allowing states to steer the duals into private plans using an opt-out mechanism.

Two major obstacles stand in way of a mandate – wary seniors' advocates, including the powerful AARP, and rural senators, who worry managed care plans won't be able to operate where there's already a shortage of health care providers.

"It would make sense to put duals in managed Medicaid," said Ipsita Smolinski, president of Capitol Street, a consulting firm. But she said the proposed mandate faces long odds before the super committee because of the political hurdles.

Ken Thorpe, professor of health policy at Emory University in Atlanta, author of the [AHIP white paper](#) on dual eligibles, said the super committee needs to act. "The super committee needs to go where the savings are," he said. He said the Obama administration is moving in the right direction to give states more flexibility in designing new delivery systems for duals. "But we need to move faster," he said.

Ray Scheppach, public policy professor at the University of Virginia and former executive director of the National Governors Association, said it is unlikely the super committee would recommend managed care for all duals, given the absence of that option in many rural areas. He said a more reasonable approach would be to give states more room to experiment with managed care for duals.



© 2011 Henry J. Kaiser Family Foundation. All rights reserved.

*This article was reprinted from [kaiserhealthnews.org](http://kaiserhealthnews.org) with permission from the Henry J. Kaiser Family Foundation. Kaiser Health News, an editorially independent news service, is a program of the Kaiser Family Foundation, a nonpartisan health care policy research organization unaffiliated with Kaiser Permanente.*