

Efforts to Rebalance Long-Term Services and Supports Contribute to Reduced per-Member per-Month Medicaid Costs

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RESEARCH OBJECTIVE

The Money Follows the Person (MFP) program is a rebalancing demonstration grant funded by the Centers for Medicare and Medicaid Services that provides support to facility-dwelling enrollees to transition to a community-based setting. The program has transitioned nearly 1,700 people in Georgia over five years. The program has focused on transitioning individuals with a traumatic brain injury, physical disability, developmental disability, and older adults. This analysis compares the Medicaid costs for enrollees six-months prior to transition and six-months post transition.

STUDY DESIGN

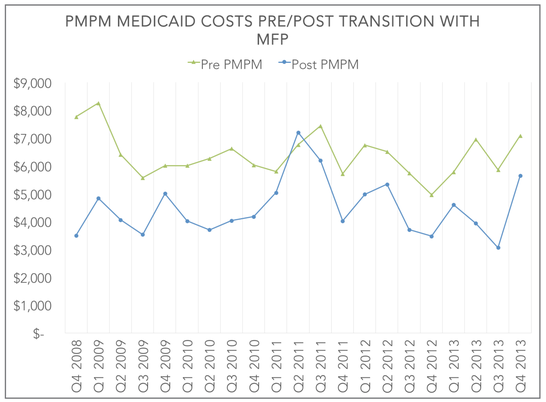
Analysis of MFP participants' Medicaid costs six months pre- and post-transition. Medicaid expenditures included health care (hospital, physician, and other), pharmaceutical, and long-term services and supports costs. Supports participants provided by fund sources other than Medicaid are not included.

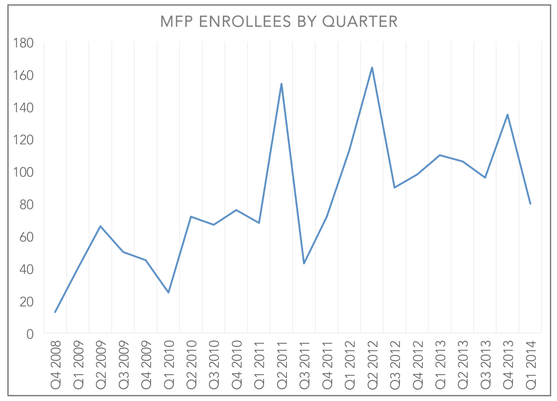
POPULATION STUDIED

Approximately 1,700 MFP participants in Georgia who incurred pre- or post-transition Medicaid costs between when the program began in 2008 and the first quarter of calendar year 2014. Participants were identified utilizing a unique identifier in the Medicaid administrative data files.

PRINCIPAL FINDINGS

The per-member per-month cost difference pre-to-post transition varied by calendar quarter from a high of 48 percent (lower) to a low where the post-transition cost exceeded the pre-transition cost. Overall, the average cost per-member per-month prior to transition from an institution was $6,326, which decreased to $4,688 post-transition, a 26 percent reduction.





CONCLUSION

The effort to rebalance Medicaid long-term services and supports through the MFP program was found to reduce the average cost of Medicaid for an enrollee by about 26 percent over the six months after transition from an institution to a community setting. The successful transition of participants shifts the costs from institutional to community-based long-term services and supports and reduces the costs to Medicaid in the time frame immediately following transition.

IMPLICATIONS FOR POLICY OR PRACTICE

As an increasing number of individuals seek long-term services and supports and Medicaid continues to serve as the long-term services and supports safety-net, providing care in a more cost-efficient manner will become increasingly important. The findings from this analysis suggest that enrollees with high-levels of need are able to be served in community-based settings at lower cost. As a rebalancing initiative, these findings also suggest that the state will have the opportunity to shift the costs from institutions to community-based settings and serve more individuals with the funds available. Future policies may seek to delay and/or avoid nursing facility placement in order to provide care at a lower cost for a longer period of time.

RESEARCH FUNDERS

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Georgia Health Policy Center

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