



2008 Legislative Mini-Forums

What Drives MaineCare Costs

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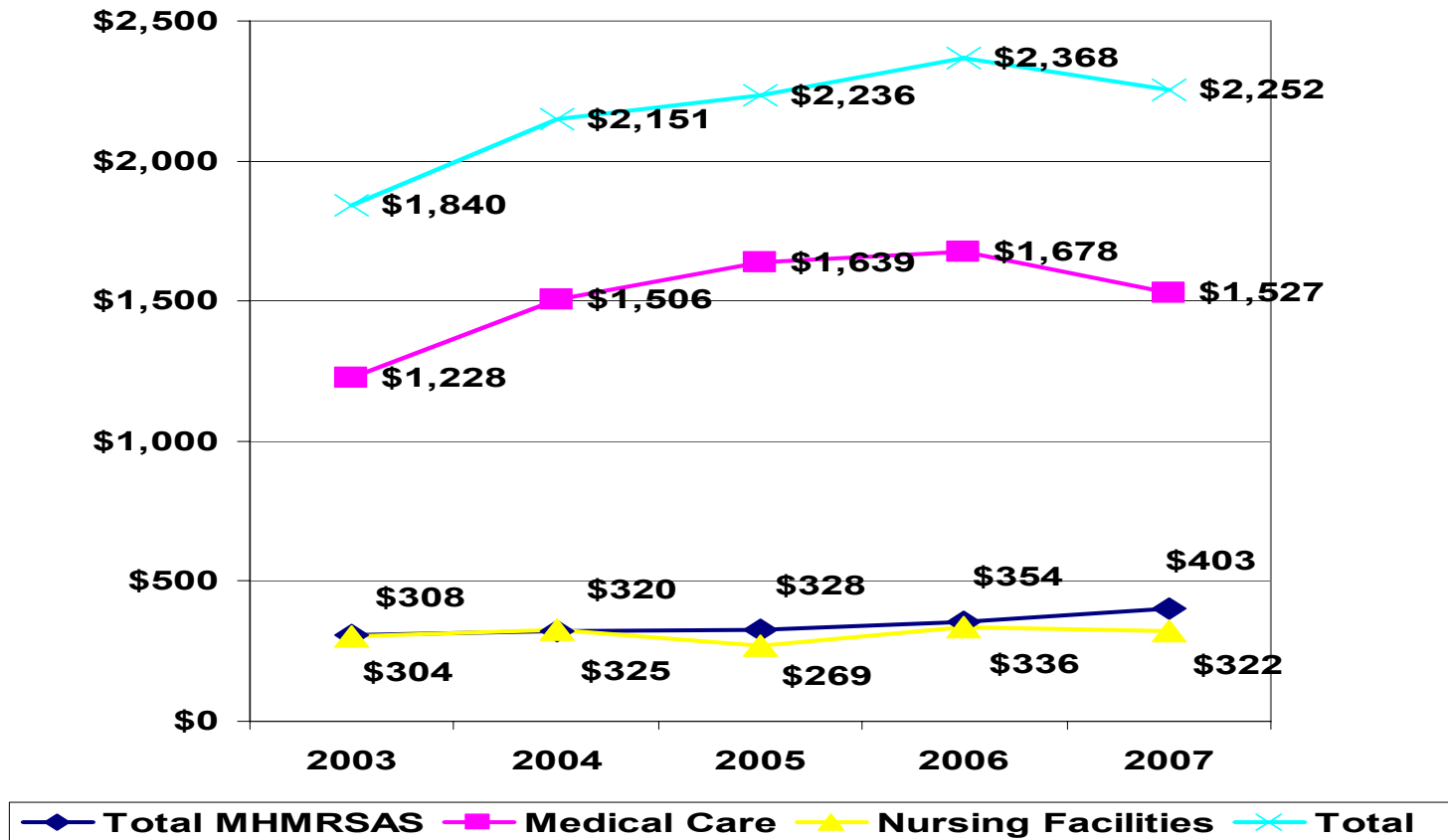
MaineCare Quick Facts

- MaineCare is the main source of health care coverage for 1 out of every 5 Maine citizens.
 - Maine has the second highest rate of Medicaid enrollment in the country and is tied for the lowest rate of uninsured.
- MaineCare is a joint state and federal partnership.
 - In 2006, the federal government paid \$1.7 billion, or about 63% of MaineCare's \$2.4 billion costs.
 - The state's share (\$644 million) of MaineCare funding is the second largest general fund expense.
- Medicaid is the largest payor of long term care and disability support services in the state and nation.
 - Older persons (65+) and persons with disabilities make up 27% of MaineCare membership and account for 59% of MaineCare spending in 2004.

MaineCare Expenditures 2003-2007

In recent years, the rate of growth in MaineCare expenditures has slowed, and, from 2006 to 2007, actually declined.

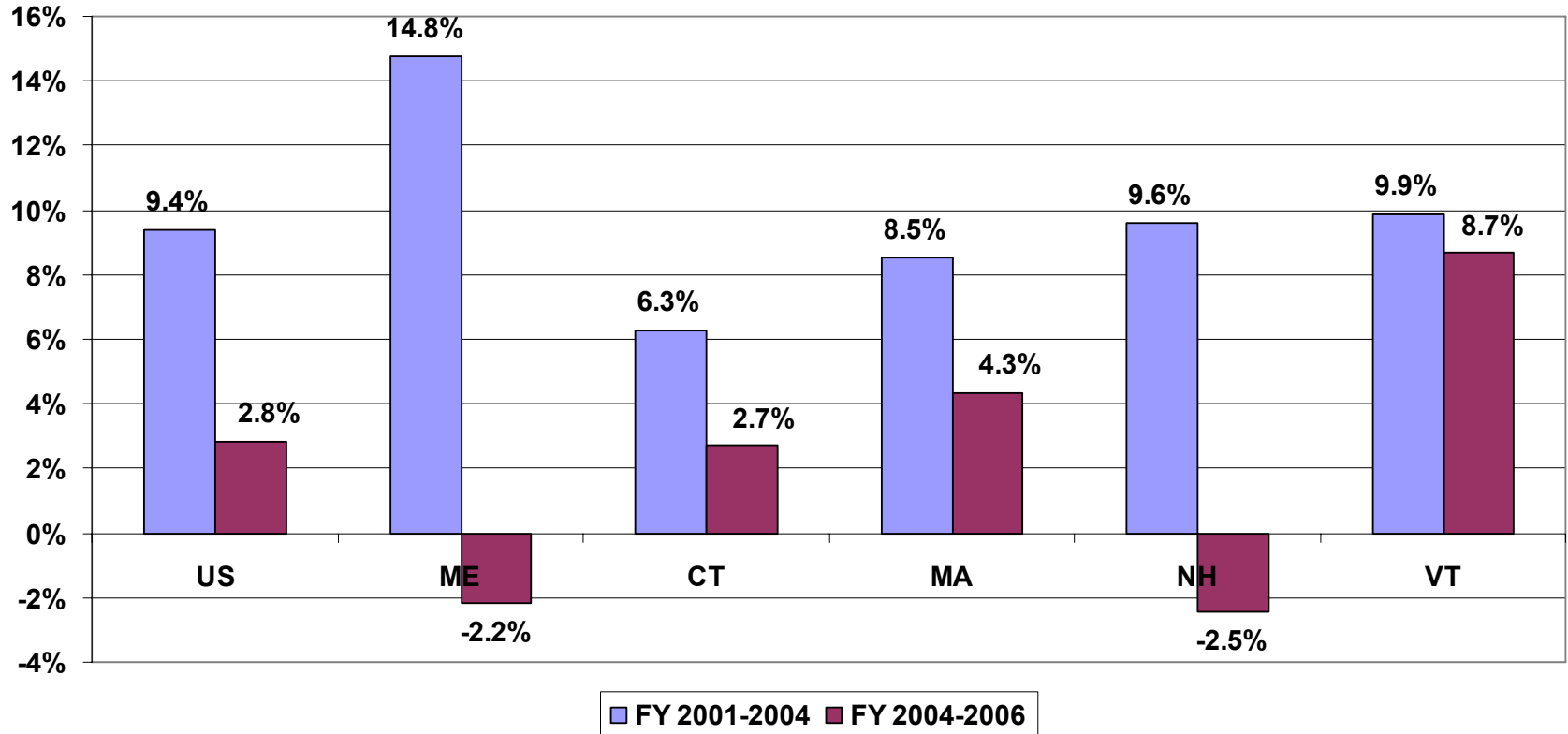
Expenditures
(in Thousands)



Source: Maine Legislature, Office of Fiscal and Program Review, Table OPF-2 All Operating Funds – Expenditures by Department & major Program 2003-2007; Includes payment for administration and services.

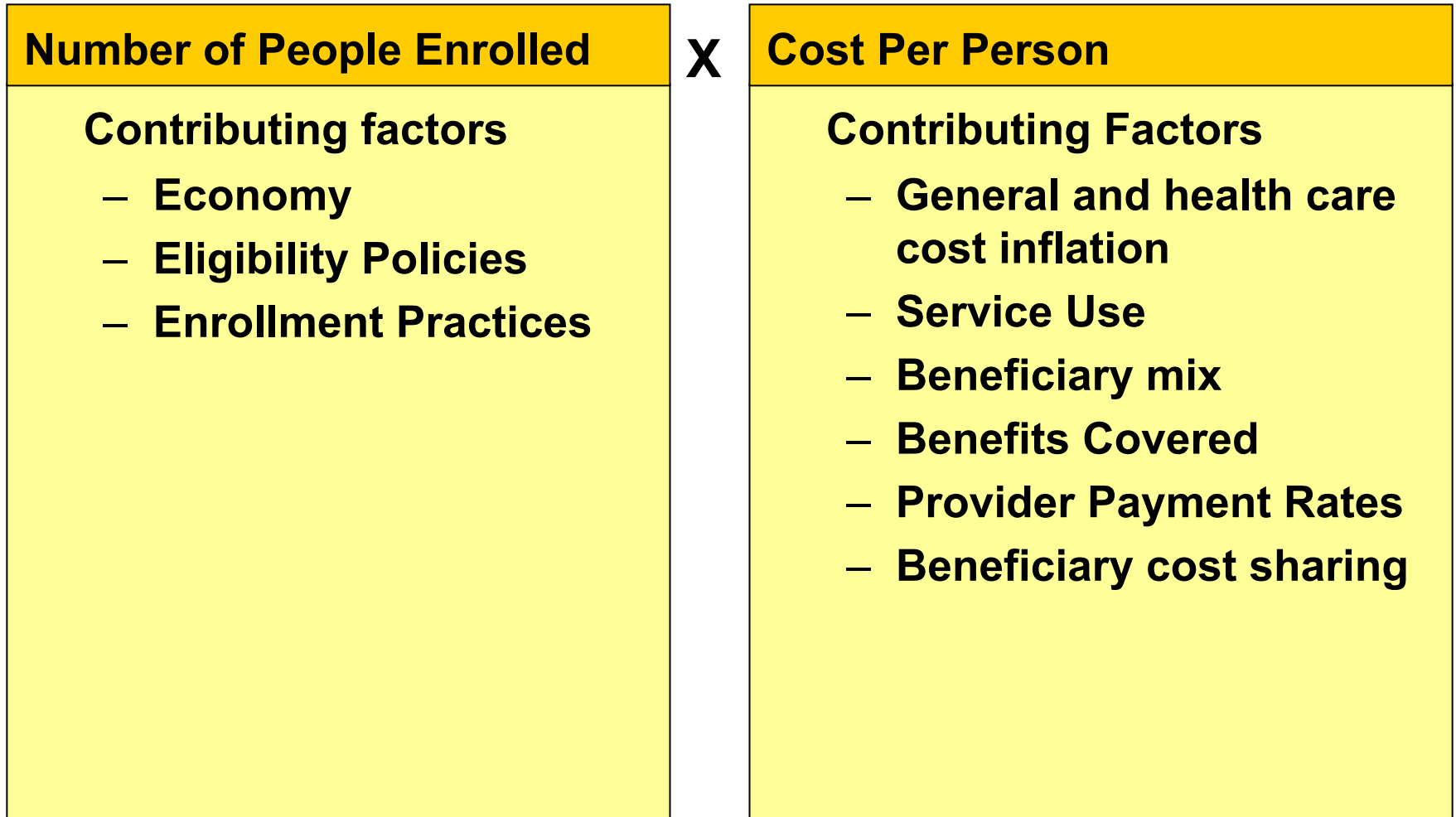
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From 2000 to 2004, MaineCare expenditure growth for service use was greater than the US and other NE states. More recently, the rate of spending on MaineCare services has declined.



Source: All spending includes state and federal expenditures. Growth figures reflect increases in benefit payments and disproportionate share hospital payments; growth figures do not include administrative costs, or accounting adjustments. Kaiser Family Foundation Website, Accessed 2/20/08.

MaineCare Cost Driver Framework



Health Care Inflation as a Cost Driver

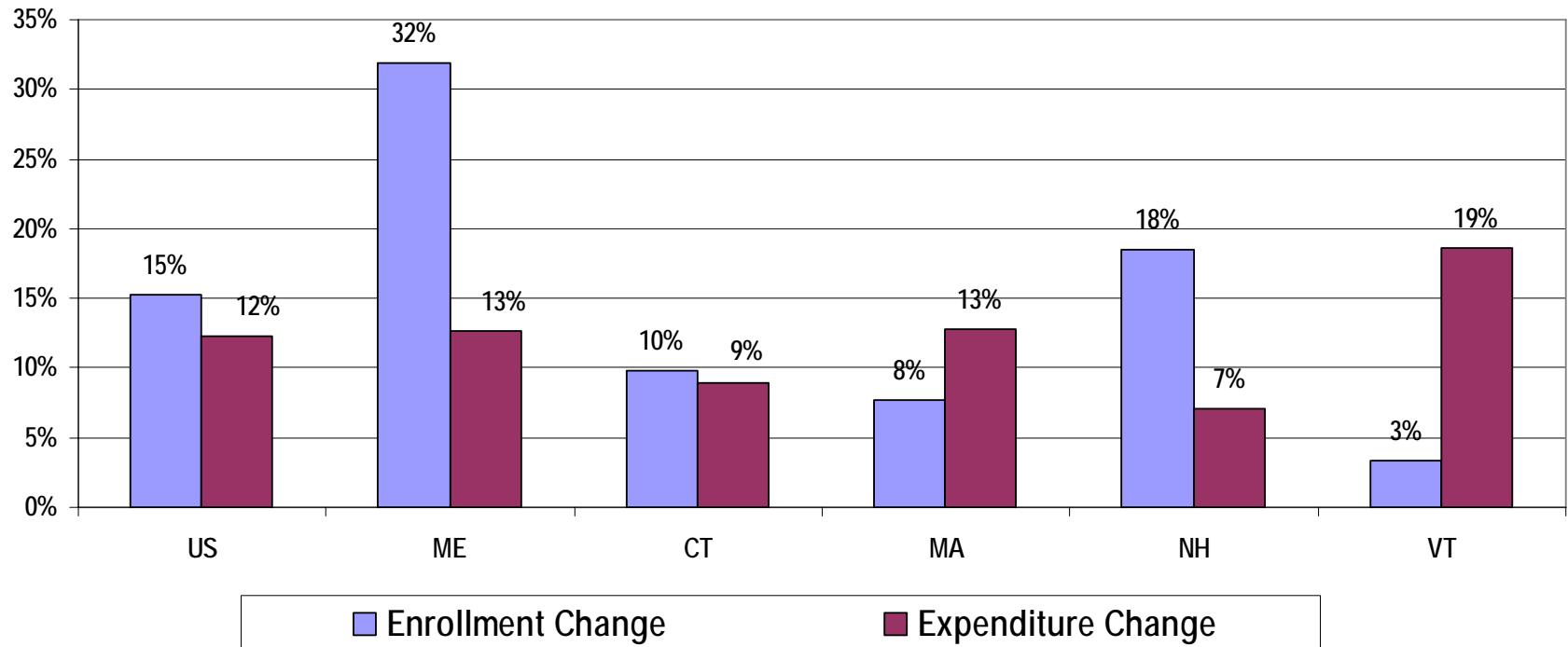
- In 2004, Maine per person spending on health care (\$6,540) ranked second highest in the U.S.
 - Maine spent \$8.6 billion on health care in 2004.
- Maine had the fourth highest average annual percent increase in health care spending 1999-2004: 9.7% versus 7.4% nationally.
 - During this same period MaineCare average annual increase was 12.3%.
- Hospital services, physician and clinical services, and prescription drugs accounted for 75% of all health care spending in Maine.
 - In contrast these same services account for 30% of MaineCare spending in 2004; MaineCare long term care services accounted for 30%, while behavioral health contributed another 24% of total expenditures.

Sources: ACHSD Data Book: Investigating Maine's Health Care Cost Drivers; Analysis from MaineCare Annual Report

Enrollment as a Cost Driver

MaineCare has significantly increased coverage compared to other states, while experiencing an increase in costs of services that is comparable to other states during the same time period.

Percent Change in Enrollment Dec 01 to Dec 06 and Expenditure SFY 2001 to 2006



Source: Kaiser Family Foundation Website, Accessed 2/20/08.

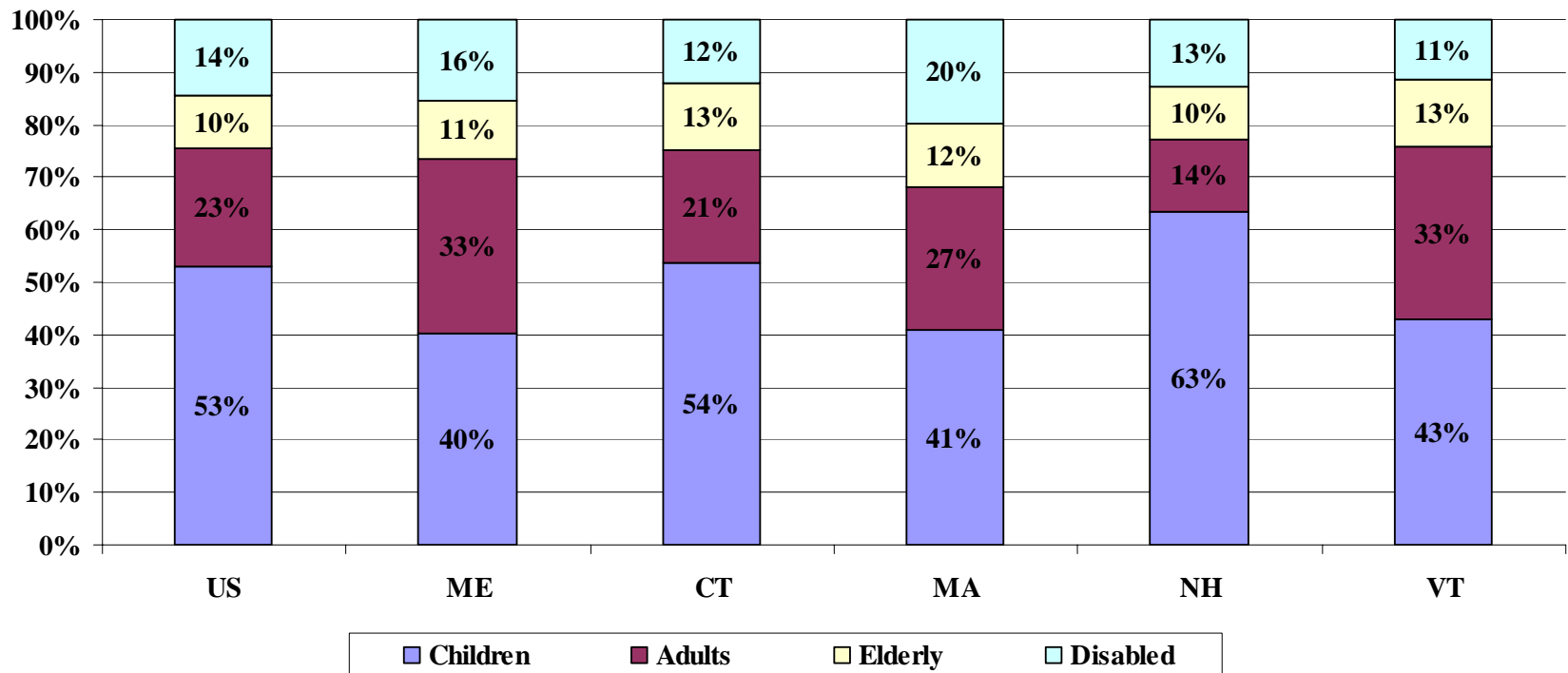
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Enrollment as a Cost Driver

Enrollment growth has been largely due to eligibility expansions to cover more children and adults.

MaineCare covers more adults than other states – 60% of members are adults.

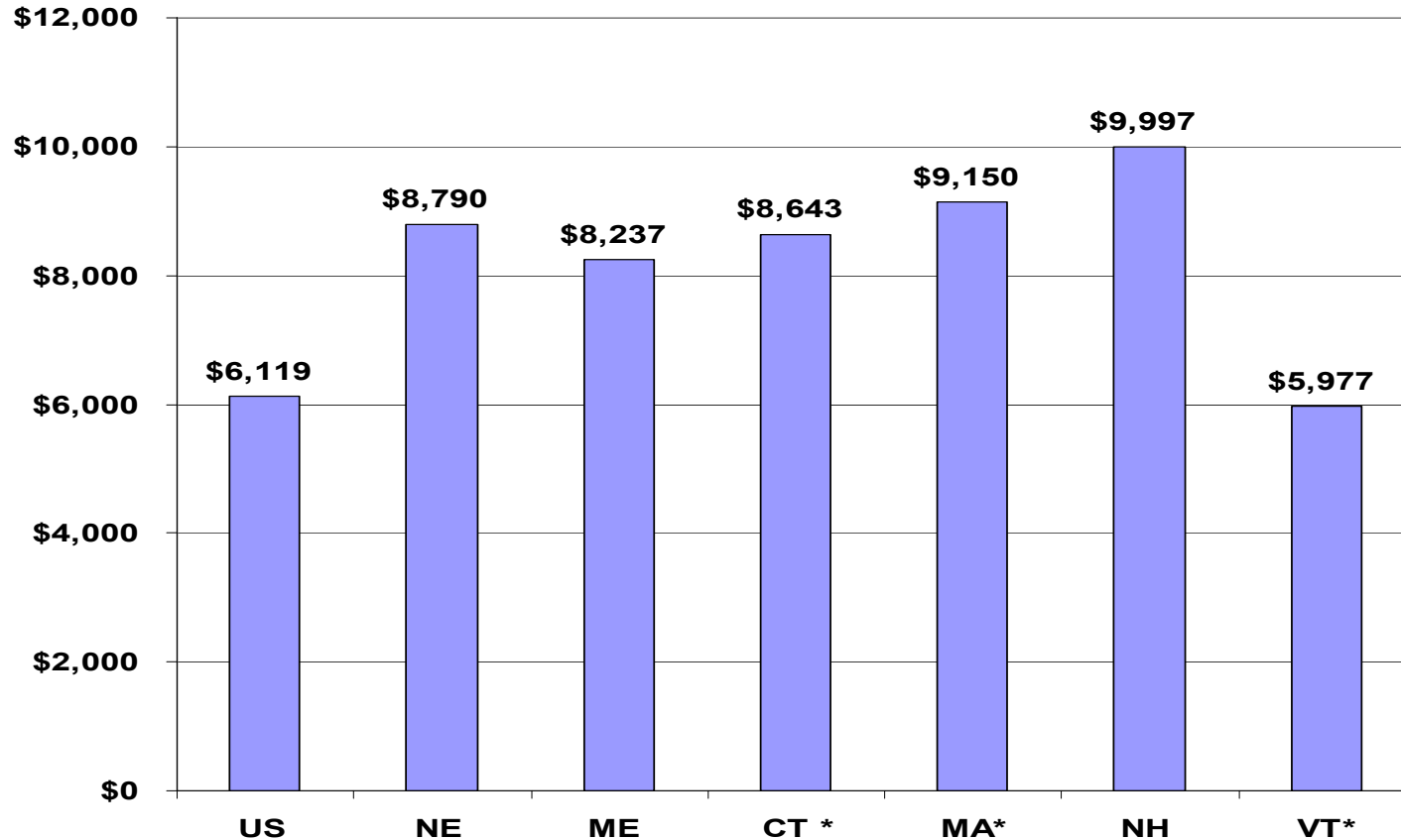
Medicaid and SCHIP Enrollment by Eligibility Groups, 2004



Source: Kaiser Family Foundation Website, Accessed 2/20/08.

Spending Per Enrollee, 2004

MaineCare spending per enrollee is higher than the national average and slightly lower than the NE average.

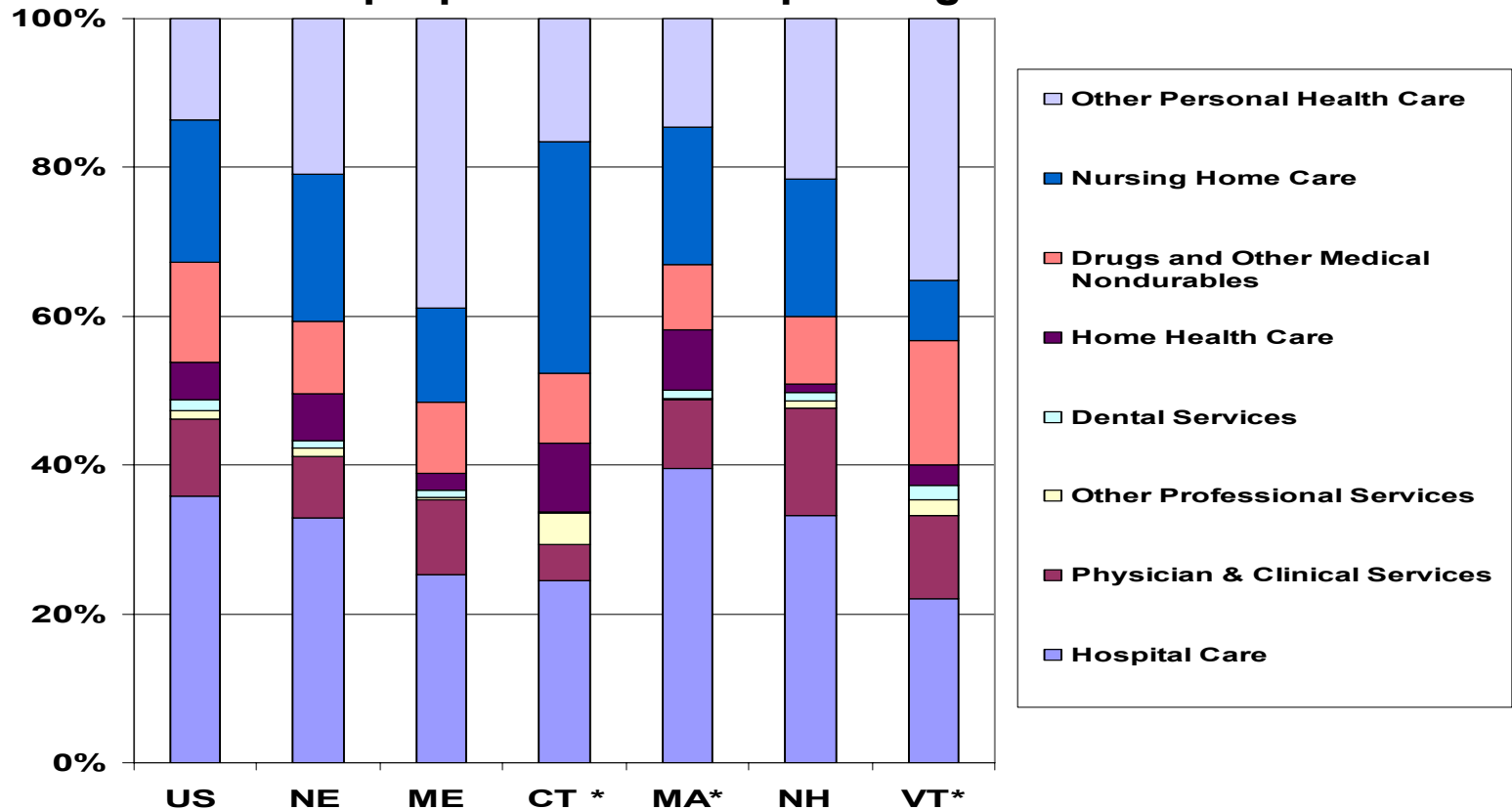


“*” These states enroll members in managed care.

Source: CMS National Health Care Expenditure Data, 2004.

Spending Per Enrollee, 2004

The composition of services included in that spending is different from other states, with other personal health care services making up a larger proportion of the spending mix.

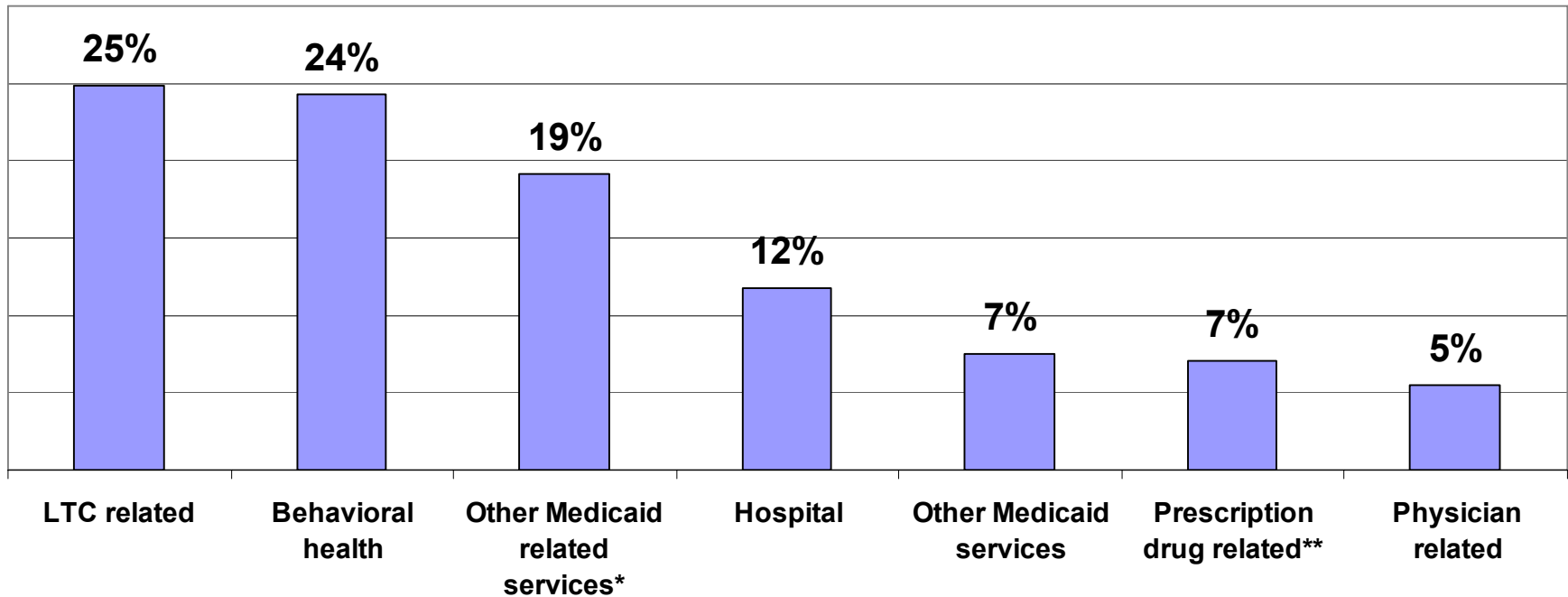


“*” These states enroll members in managed care.

Source: CMS National Health Care Expenditure Data, 2004.

Spending Trends as a Cost Driver

Long-term care (25%) and behavioral health services (24%) account for half of the increase MaineCare spending from 2000 to 2004.



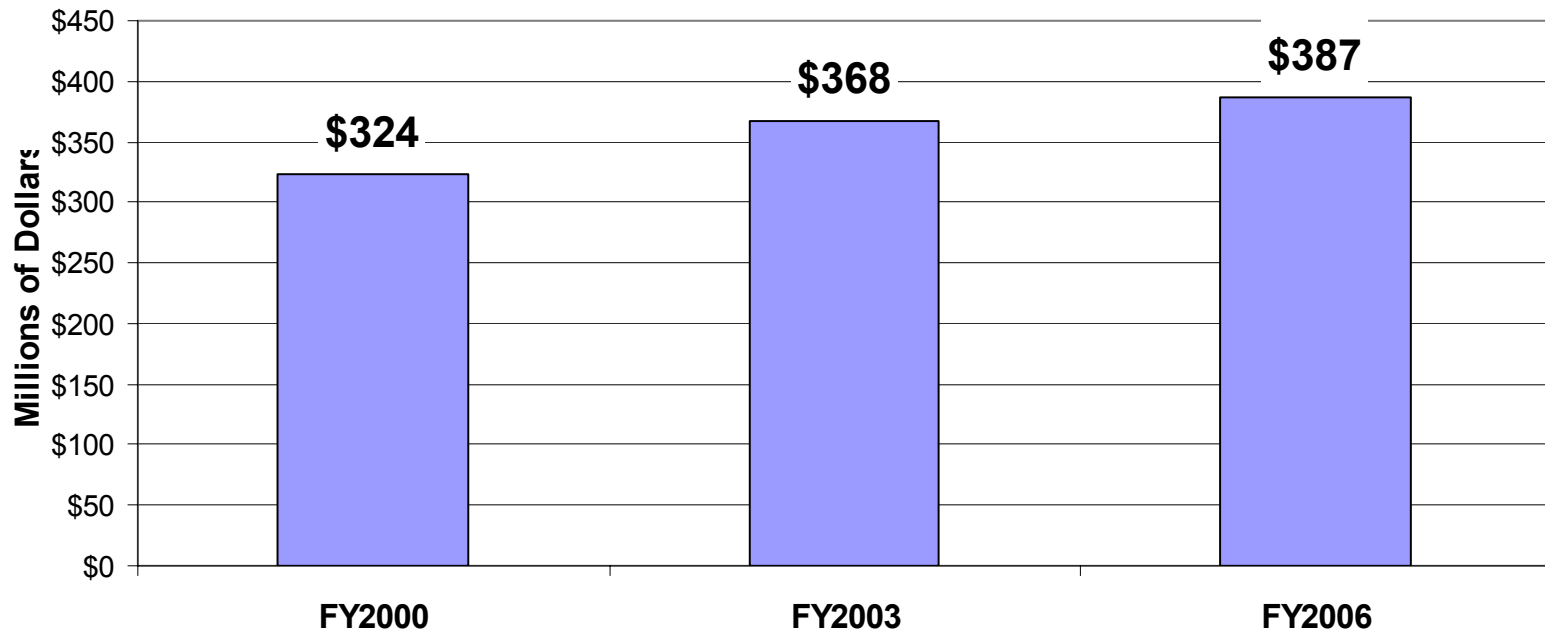
*The report aggregated non-categorical waiver costs and reported under other Medicaid related, Therefore total dollars by service area are under reported.

**Rebates are applied and off set change in pharmacy payments.

Source: MaineCare Annual Report 2003 and 2004, DHHS – calculated from summary tables.

From 2000 to 2006, long-term care expenditures for nursing facilities and home and community-based care have increased 19%.

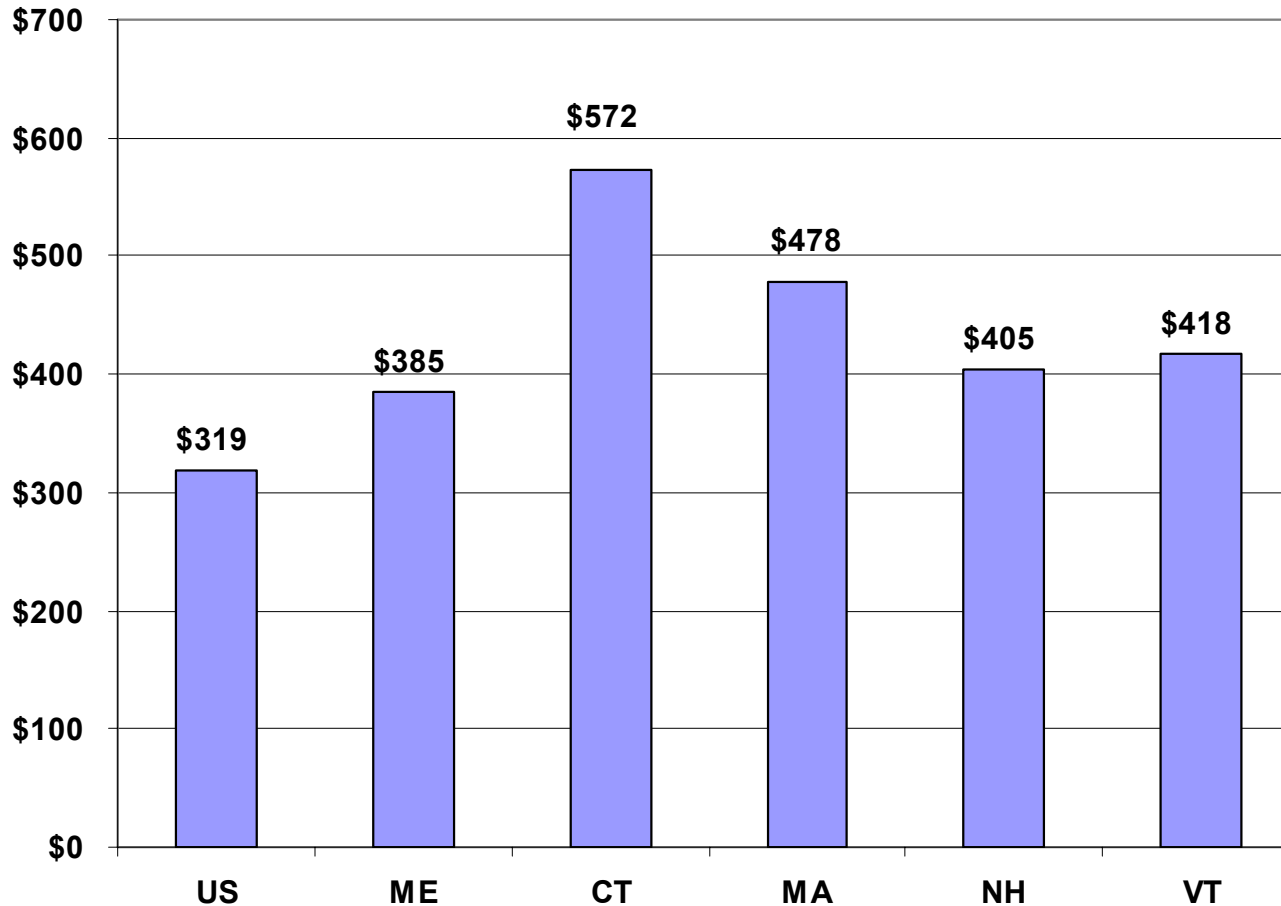
Long-Term Care Expenditures: SFY2000 to SFY2006



Source: MaineCare Paid Claims and OES Administrative Data including nursing homes, waivers, PDN, PCS, PNMI levels IV and III, adult day care and home health. Presentation to Appropriations Committee by DHHS, 2008.

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Maine's per capita long-term care (LTC) spending is much lower than the other NE states. In 2005, Maine ranked 14th in the nation in LTC spending.

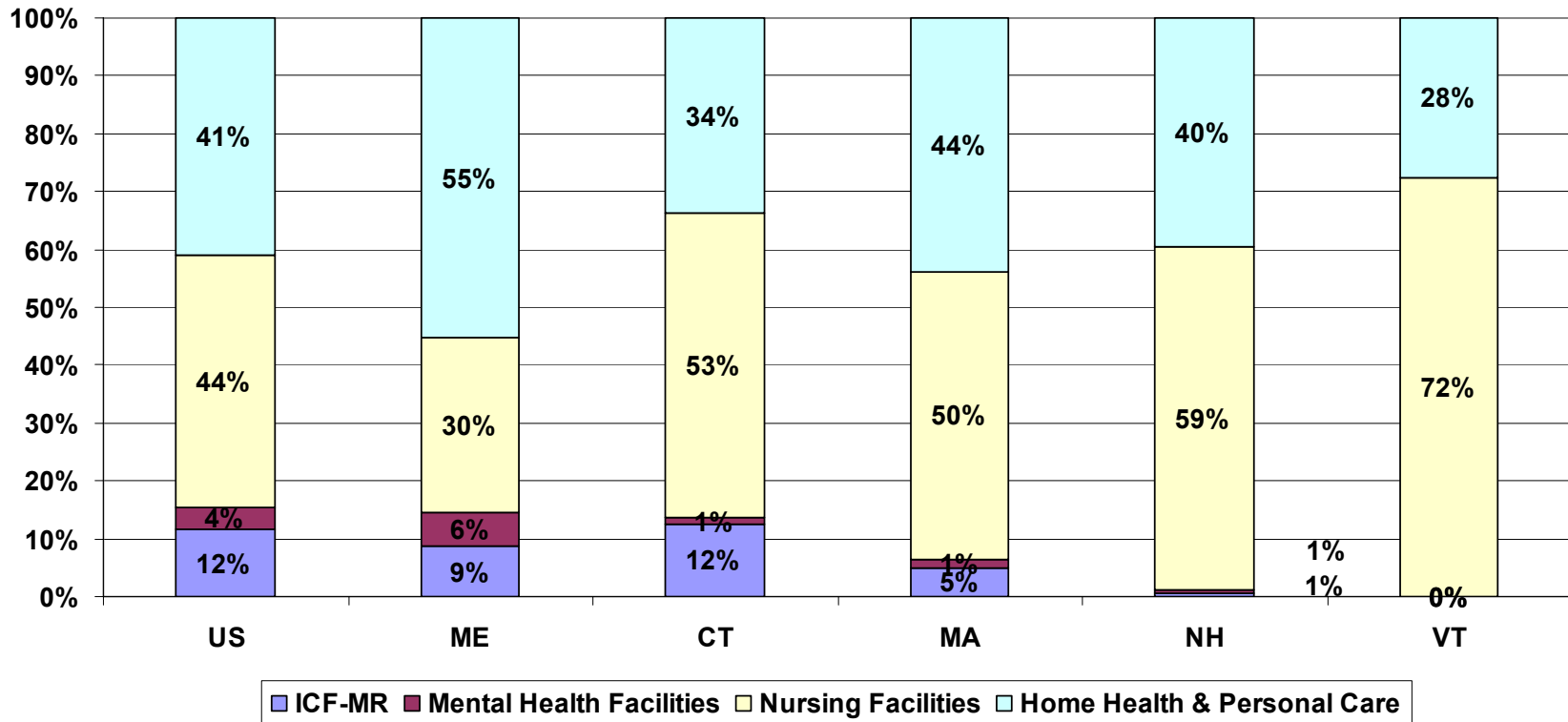


Source: Across the States: Profile in Long-Term Care and Independent living, 2006 from AARP.

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Long-term care (LTC) reform in Maine has resulted in a high proportion of MaineCare LTC dollars providing community support.

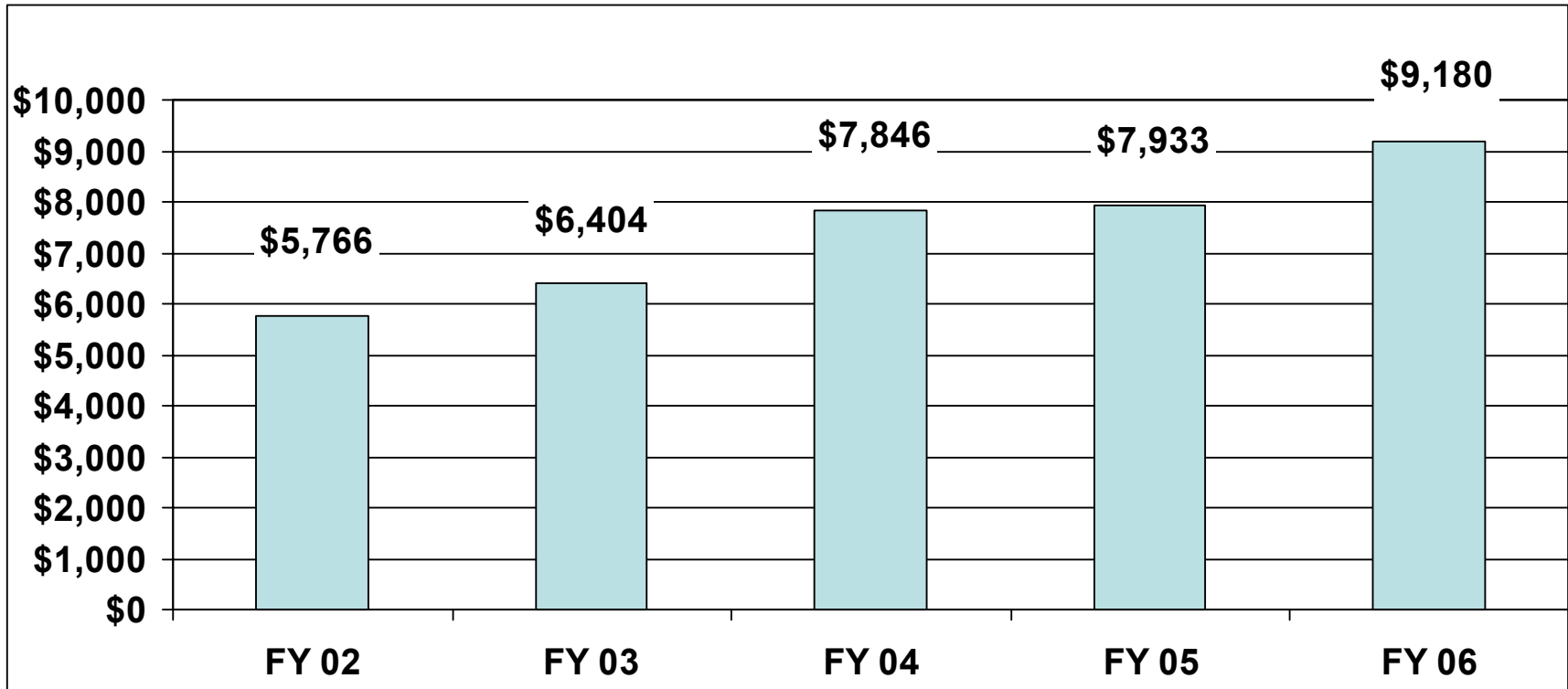
The largest MaineCare long-term care growth area was private, non-medical facilities (PNMIs). (State level comparison data for this service was not available.)



Source: Kaiser Family Foundation Website, Accessed 2/20/08.

MaineCare Mental Health Expenditures: Spending per Member, SFY 02-06

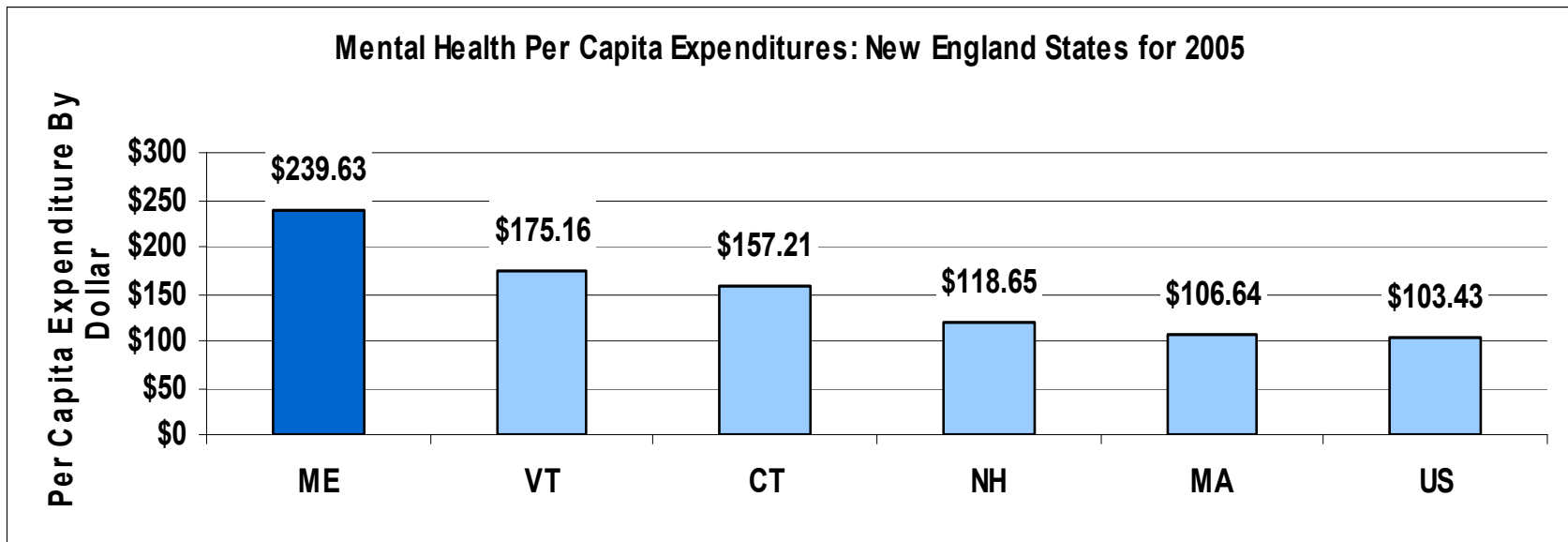
Between SFY02 and SFY 06, MaineCare mental health per member user spending has increased 59%.



Source: MaineCare Paid Claims and OES Administrative Data from Presentation to Appropriations Committee by DHHS.

MaineCare Mental Health Expenditures: Spending per Capita, SFY 02-06

Maine ranks #1 in per capita mental health expenditures among other New England states and #2 in the country, second only to Alaska.



Source: NRI Mental Health Revenue and Expenditure Study; Data from Presentation to Appropriations Committee by DHHS, 2/1/2008. Maine data corrected for this presentation by state from the values found in this reference.

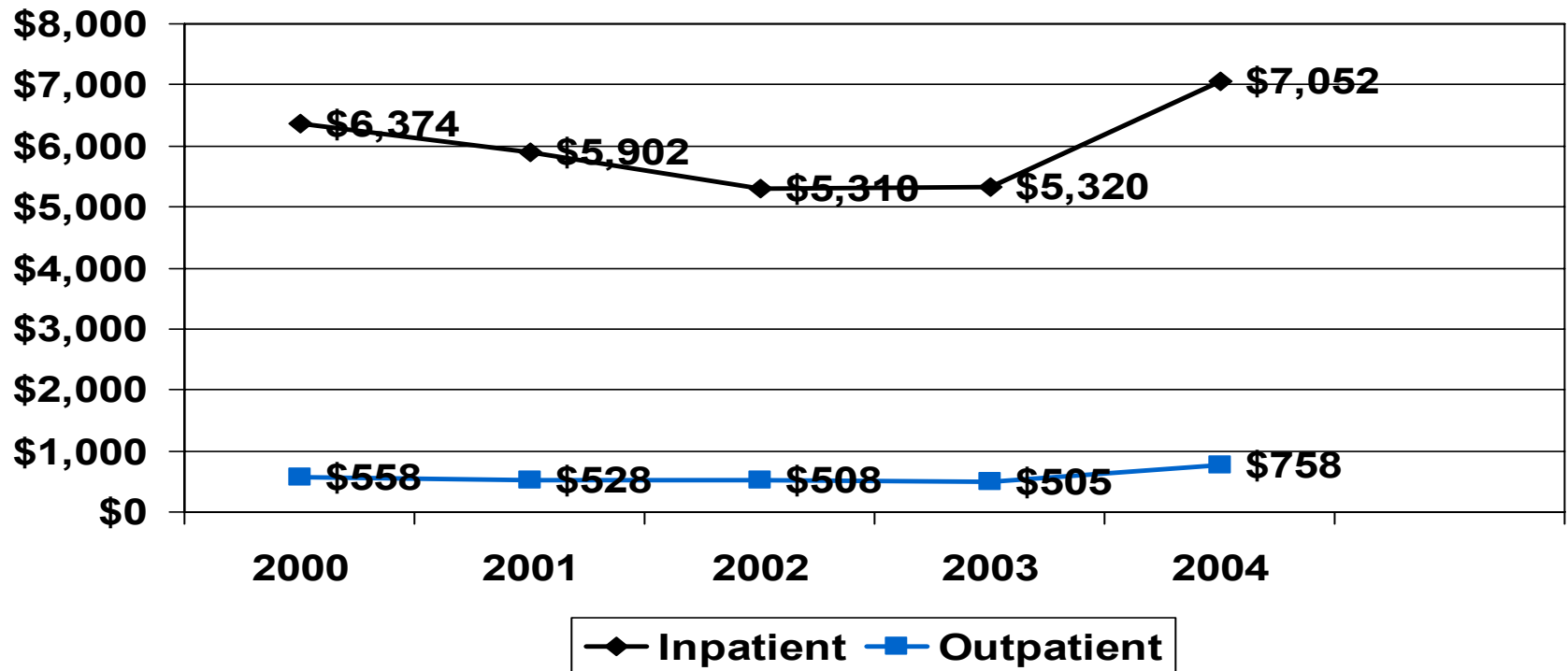
What drives Maine's mental health service use?

- Maine has a high use of mental health services: 37.4 service users per 1000 population compared to 24.8 nationally and 19.9 for the Northeast.
 - Maine teens (ages 13-17) have a mental service use rate of 79.6 per 1000, compared to 42.9 nationally and 37.1 for the Northeast.
- Maine has a higher use of out-of-home placements:
 - 12.7% live in residential care, compared to 4.4% nationally
 - 3.2% are in jail, compared to 2% nationally
 - 5.8% are in an institutional setting, compared to 2.7% nationally
 - 6.4% are homeless, compared to 2.9% nationally
- 92% of persons served by the State Mental Health Agency (SMHA) are Medicaid; compared to 62% nationally.

Source: 2006 Community Mental Health Service Uniform Reporting System (URS) Tables.

Hospital Spending Per Service User, 2004

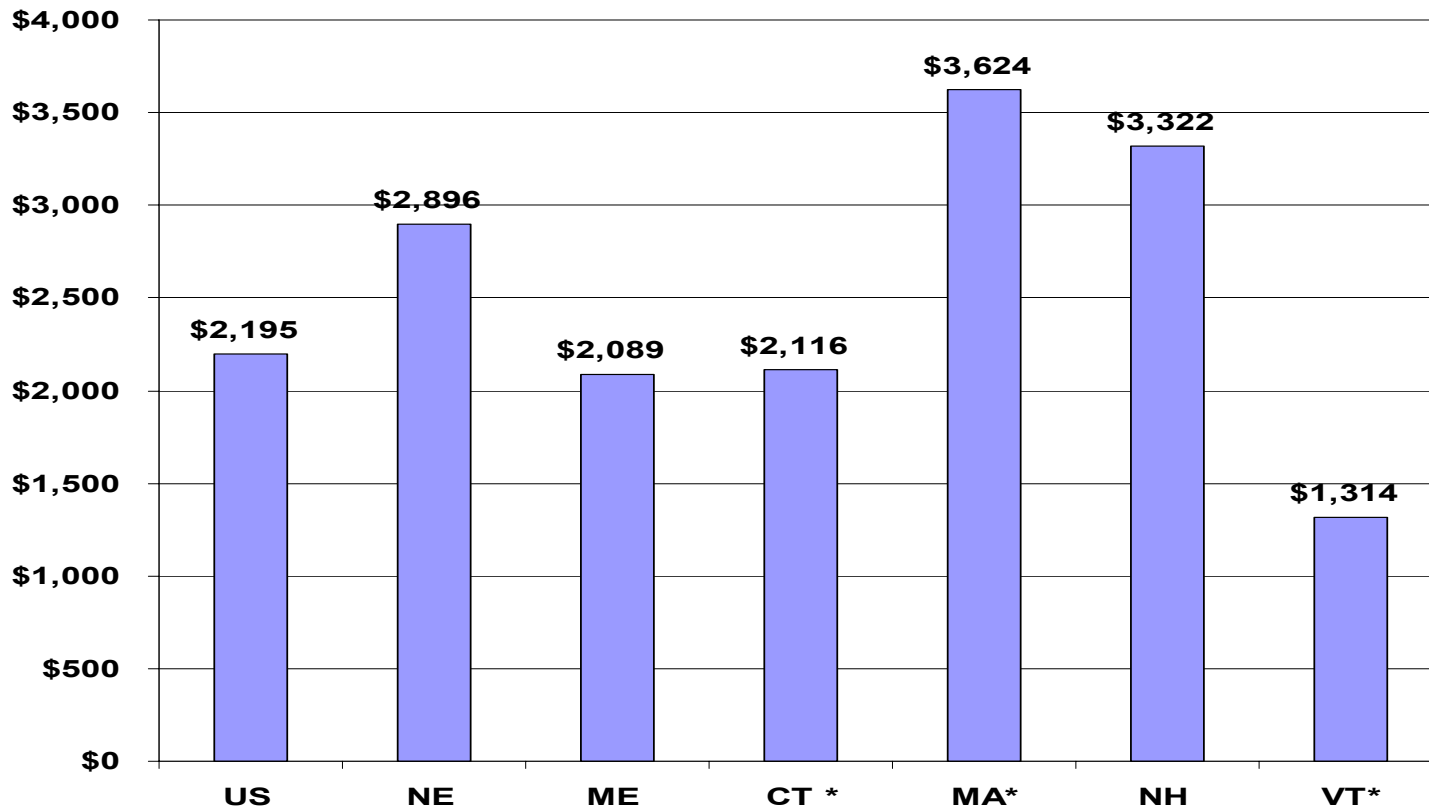
General inpatient and outpatient per service user spending declined for hospitals until 2004 when payment rates were adjusted and the hospital tax was implemented.



Source: MaineCare Annual Report, 2004.

Hospital Spending Per Service User, 2004

Maine hospital spending was lower than the national and NE average. State comparison data are difficult to determine due to the use of managed care organizations that cover these services.



“*” These states enroll members in managed care.

Source: CMS National Health Care Expenditure Data, 2004.

Cost Containment Strategies

- Maine, like many other states, has implemented various cost containment strategies to control rising costs and provider payments, including:
 - Reducing or freezing some provider payments;
 - Controlling drug costs;
 - Maximizing Medicaid reimbursement;
 - Increase use of home and community based long term care programs;
 - Implementing a disease management program (high costs users - 7/2006; expanded 7/2007);
 - Implementing an Administrative Service Organization (ASO) to manage behavioral health costs (12/2007);
 - Increase member co-pays; and
 - Decreased benefits for non-categorical waiver participants.

Resources

- Kaiser Family Foundation: <http://www.kff.org/>
 - State Health Facts: <http://www.statehealthfacts.org/>
- Center for Medicaid and Medicare Services (CMS): <http://www.cms.hhs.gov/>
 - Medicaid Budget and Expenditure Reports: <http://www.cms.hhs.gov/MedicaidBudgetExpendSystem/>
 - National Health Care Expenditure Data: <http://www.cms.hhs.gov/NationalHealthExpendData/>
- Center for Mental Health Services Uniform Reporting System: <http://mentalhealth.samhsa.gov/cmhs/MentalHealthStatistics/UniformReport.asp>
- MaineCare Annual Reports: <http://www.maine.gov/dhhs/bms/providerfiles/reportsdetails.htm>
- NASMHPD Research Institute, Inc.: <http://www.nri-inc.org/>
- ACHSD Data Book: Investigation Maine's Health care Cost Drivers, Governor's Office of Health policy, Augusta, Maine 10/29/07: <http://www.dirigohealth.maine.gov/ACHSD%20Data%20Book%20-%20Investigating%20Maine's%20Health%20Care%20Cost.pdf>
- Issue Brief: key National and State Medicaid Issues, Saucier, P., and Rosigana, K.: <http://muskie.usm.maine.edu/Publications/PLA/Medicaid.pdf>
- MaineCare and Its Role in the Maine's Health Care System. Kaiser Commission on Medicaid and the Uninsured: <http://www.kff.org/medicaid/7255.cfm>
- Understanding MaineCare: A Chart book About Maine's Medicaid Program, Garfield, R. Maine Governor's Office of Health Policy and Finance: <http://www.dirigohealth.maine.gov/MaineCare%20Chartbook%201-6-05.pdf>
- DHHS Review of Services and Outcomes, presentation by Quality Improvement Services to the Joint Standing Committees on Appropriations and Financial Affairs and Health and Human Services, Feb. 1, 2008.

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