



Report: \$1.9 Billion and Rising - Largest Share of MassHealth Dollars Provides a Safety Net for the Growing Number of Members with Disabilities

BOSTON - June 11, 2004 - Providing health coverage and services for people with physical and mental disabilities is the largest and fastest growing part of the state's nearly \$8 billion Medicaid program, according to a new policy report released today by the non-partisan Massachusetts Medicaid Policy Institute (MMPI). The report entitled, "Understanding MassHealth Members with Disabilities," will serve as a focal point of a panel discussion today at the Omni Parker House in Boston. MMPI is affiliated with the **Blue Cross Blue Shield of Massachusetts Foundation**.

"Most people think of Medicaid as a program for low-income children and their mothers, and elders in nursing homes," said Nancy Turnbull, executive director of MMPI. "But the program is a critical safety net for children and adults with disabilities. It spends nearly \$2 billion on members with disabilities, more than spending on elders and nearly twice as much as on services for children and families. The importance of this group of MassHealth members is huge, growing and, for the most part, unrecognized in policy discussions. We hope this report will focus attention on the challenges of financing and providing services for the growing number of MassHealth members with disabilities."

The report was co-authored by Turnbull, Carol Tobias of the Health and Disability Working Group at the Boston University School of Public Health, and Dr. Jay Himmelstein and colleagues at the University of Massachusetts Medical School Commonwealth Medicine Center for Health Policy and Research.

Approximately 201,000 people, or one in five members, qualify for MassHealth on the basis of a disability. Ninety percent are adults and 10% are children. These individuals are a diverse group but all have serious and chronic physical, developmental and/or mental conditions.

The report includes profiles of eight members: James, a young man who was infected with HIV during a blood transfusion; Stephen and Timothy John, two adolescents who have multiple and severe conditions that will require a lifetime of care; Debbie, a woman with mental retardation; Sophia, who suffers from severe depression; Ray, whose MassHealth coverage enables him to work despite disabilities suffered in a car accident;

Larry, who has bipolar disorder; and Lauren, a young girl who has a range of physical and developmental issues.

Key findings of the report include:

- The number of MassHealth members with disabilities is growing, consistent with national trends. Since 1999, the number of members with disabilities has grown by nearly 23,000, an increase of 13%. All of the increase in membership has come from state program expansions beyond federal minimum requirements.
- The percentage of the state's population with disabilities enrolled in MassHealth and the cost per enrollee are somewhat above the national average but close to the levels in most peer states (i.e., other high income states that get the same federal reimbursement rate for Medicaid).
- Overall spending on MassHealth members with disabilities increased from \$1.3 billion in FY99 to \$1.9 billion in FY03, an increase of 45% and an average annual growth rate of nearly 10% per year.
- Per member spending for people with disabilities is growing at an annual rate of 6.7%, more than twice the rate for non-disabled members.
- As a result of these trends, the share of total MassHealth spending going to people with disabilities rose to 38% in 2003, compared to 33% in 1999.
- Seventy percent of the increase in spending for the members with disabilities has come from rising medical expenditures, with only 30% related to increase in enrollment. The most significant and most rapidly rising types of expenditures are prescription drugs and long-term supports in the community, including personal care attendants, home health care, private duty nursing and day rehabilitation.
- Medicaid plays a vital role in supplementing other health coverage for people with disabilities; nearly half of members with disabilities have other health coverage, and almost 40% have Medicare. Filling in the gaps in Medicare and private insurance has profound implications for MassHealth spending. Members with other coverage account for nearly 40% of total spending, and nearly two-thirds of this spending is for prescription drugs, community supports and institutional long-term care, services not covered by other insurers.
- The majority of members with disabilities are not enrolled in managed care programs and so receive no care coordination or case management. Although MassHealth has a variety of specialized managed care programs for members with disabilities, most of these programs are very small.

"Massachusetts has been a leader and national model for the expansion of Medicaid for people with disabilities," said Jay Himmelstein, M.D., one of the report's co-authors. "The state has used the MassHealth program to address gaps in private health insurance and Medicare that create barriers to living and working in the community, to reduce the number of people without insurance, and to maximize federal reimbursement for services. Without these policy initiatives, many people with disabilities would not have access to the care and services they need, many would not be able to work, and many more would be living in institutions," he added.

The report identifies a number of important areas for attention, including: continuing aggressive actions to contain prescription drug spending; expanding efforts to develop and promote new systems and models of care; developing a strategy to address the special issues of members with disabilities who also have Medicare coverage; and enhancing the MassHealth administrative and information infrastructure.

"The growing number of MassHealth members with disabilities is a success story," added Turnbull. "It's a testament to technological advances, to efforts to move people with a range of disabilities from institutions to community settings, and to state initiatives to expand coverage. But these successes are creating enormous challenges as well. Unless we can find ways to moderate the growth in MassHealth spending by building new systems of care for people with disabilities, we're going to continue to be faced with more draconian choices--cutting eligibility, cutting benefits, raising copayments, reducing provider payments. These strategies won't make low-income people and their health care needs disappear--they will only shift the costs elsewhere in the budget, to the uncompensated care pool or to providers in the form of charity care."

To review the complete report, please visit MMPI's website at www.massmedicaid.org.

About the Massachusetts Medicaid Policy Institute

The Massachusetts Medicaid Policy Institute (MMPI) is an independent and nonpartisan source for information and analysis about the Massachusetts Medicaid program (often referred to as "MassHealth"). MMPI seeks to promote broader understanding of the MassHealth program and a more rigorous and thoughtful public discussion of the program's successes and the challenges ahead. It collaborates with a wide spectrum of policy makers, legislators, researchers, providers, advocacy groups, consumer organizations, business and other stakeholders.