



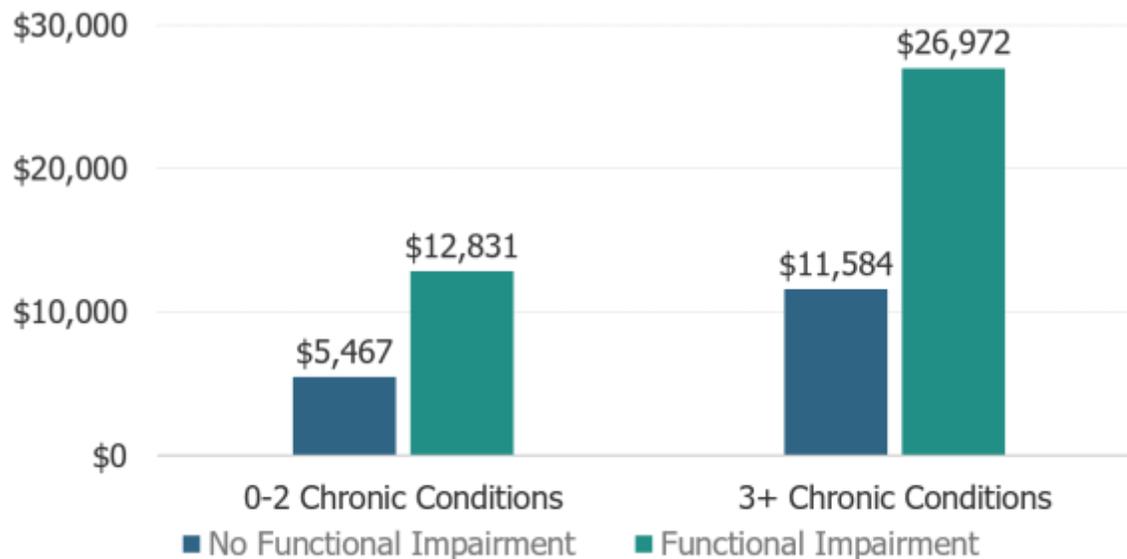
CHRONIC Care Act: Making the Case for Non-Medical Services and Supports in Medicare Advantage Supplemental Benefits

New analysis from research firm Anne Tumlinson Innovations (ATI) found that Medicare beneficiaries with multiple chronic conditions and functional impairment are twice as expensive to Medicare than individuals who have multiple chronic conditions but no functional impairment.

The study suggests that Medicare Advantage (MA) plans and the Centers for Medicare & Medicaid Services (CMS) will fail to reduce healthcare costs if they do not target solutions to beneficiaries with functional impairment. To address healthcare costs, functional ability should be included in the eligibility criteria for the new non-medical supplemental benefits available under the *Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care Act of 2018*.

Figure 1 shows that Medicare spends, on average, half as much annually (\$11,584) on beneficiaries with multiple chronic conditions as it does on individuals who *also* have functional impairment (\$26,972). Functional impairments include a need for non-medical supports and services for at least one daily activity such as bathing, eating, or dressing. The *combination* of functional impairment and chronic conditions is associated with high healthcare spending.

Figure 1: Per Capita Medicare Spending, 2015



Note: Data is limited to fee-for-service Medicare beneficiaries living in the community. Source: 2015 MCBS linked to claims.

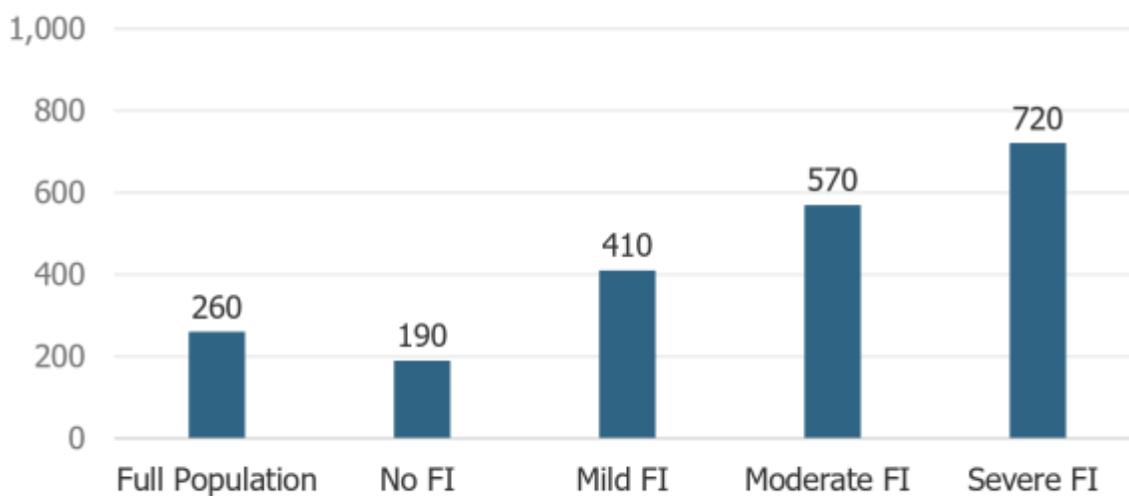


This research comes at a time when CMS is working to implement the [CHRONIC Care Act](#), which gives MA plans more flexibility to target non-medical benefits to Medicare beneficiaries who need them.ⁱ At the same time, MA plans are also considering how to design non-medical interventions, programs, and benefits that will improve outcomes and reduce spending for their high-cost populations.

The ATI analysis shows eligibility criteria and targeting for these benefits need to include functional impairment, in addition to clinical diagnoses, in order to most effectively address the needs of complex care populations and reduce healthcare spending. These research findings are consistent with a statement in Bipartisan Policy Center’s recent policy brief [Implementing the Bipartisan Budget Act](#), “Basing eligibility on functional limitations may align needs with benefits. That could mean measuring an enrollee’s needs based on his or her activities of daily living—such as the ability to prepare food and feed oneself, to drive oneself, or to use public transportation—would give plans greater security in targeting benefits.”ⁱⁱ

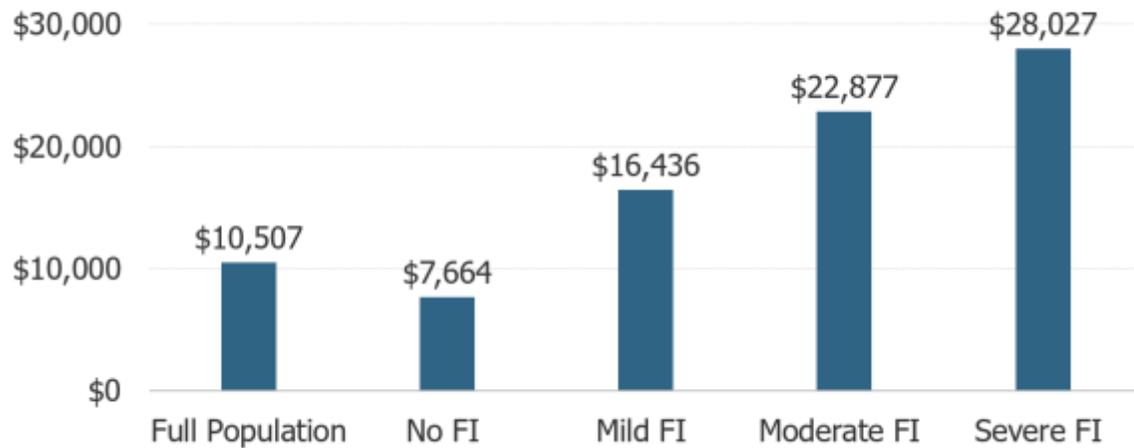
ATI also found that healthcare utilization and spending increase as the level of functional impairment increases (Figures 2 and 3). ATI analyzed Medicare claims data to determine the hospitalization rate and healthcare spending for populations with varying degrees of functional impairment. These levels include having difficulty with one or more activity of daily living (mild), needing help with one or more activity of daily living (moderate), or needing help with two or more activities of daily living (severe). Individuals with the highest level of need use inpatient hospital services much more frequently, and Medicare spends nearly three times as much on them as the overall Medicare population.ⁱⁱⁱ

Figure 2: Average Medicare Inpatient Admissions per 1,000 Beneficiaries, 2015



Note: Data is limited to fee-for-service Medicare beneficiaries living in the community. Source: 2015 MCBS linked to claims.

Figure 3: Per Capita Medicare Spending, 2015



Note: Data is limited to fee-for-service Medicare beneficiaries living in the community. Source: 2015 MCBS linked to claims.

This research demonstrates the importance of considering how functional impairment contributes to high healthcare spending and how addressing needs for non-medical supports and services may help in creating integrated and high value healthcare delivery for all older adults.

For more information on the *CHRONIC Care Act of 2018*, long-term services and supports, and other issues related to the management of complex care needs, visit www.annetumlinsoninnovations.com and www.thescanfoundation.org.

ⁱ The SCAN Foundation (2018). The CHRONIC Care Act of 2018: Advancing Care for Adults with Complex Needs. Retrieved from: https://www.thescanfoundation.org/sites/default/files/chronic_care_act_brief_030718_final.pdf.

ⁱⁱ Bipartisan Policy Center (2018). Improving Care and Lowering Costs for Chronic Care Beneficiaries: Implementing the Bipartisan Budget Act. Retrieved from: <https://bipartisanpolicy.org/wp-content/uploads/2018/08/Improving-Care-and-Lowering-Costs-for-Chronic-Care-Beneficiaries-Implementing-the-Bipartisan-Budget-Act.pdf#page=8>.

ⁱⁱⁱ Using the 2015 Medicare Current Beneficiary Survey (MCBS) and Cost Supplement file, analyzing Part A, B, and D Medicare claims for Medicare beneficiaries enrolled in fee-for-service, ATI examined the relationship between chronic conditions, functional need, other individual characteristics (e.g., Medicaid eligibility, cognitive impairment), and Medicare spending. Full Methodology: <https://annetumlinsoninnovations.com/wp-content/uploads/2018/10/Anne-Tumlinson-Innovations-Methodology-for-Chronic-Care-Research.pdf>.