UNDERSTANDING MEDI-CAL HIGH UTILIZERS

Data Symposium on High Utilizers of Medi-Cal Services
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MEDI-CAL OVERVIEW

➢ **Medi-Cal covers a highly diverse population having widely different needs and is operated according to very complex state and federal policies**

➢ **In FY 2014-15, Medi-Cal will…**

  ✓ **Provide health insurance coverage for >12 million low income, disabled and other persons**

    ▪ **Covers approximately one-third of Californians**

    ▪ **Covers more than half of all children in the state**

  ✓ **Expend >$90 billion in state and federal funds**

➢ **From FY 2011-12 to FY 2014-15, Medi-Cal:**

  ✓ **Enrollment increased approx 75% (7M to 12M)**

  ✓ **Expenditures increased approx 109% ($43B to $90B)**

    ▪ **State GF expenditures increased 14% ($15.1B to $17.3B)**

    ▪ **Federal fund expenditures increased 135% ($24.3B to $57.2B)**

➢ **The average per capita expenditure for _all_ Medi-Cal members in 2011-12 was $4,211, but it ranged from $0 for 13% of all enrollees (40% of FFS members) to $18.7M for the most expensive member**

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Relationship Between Health Care Costs and Chronic Conditions

- ➤ **The primary business of health care today is managing chronic conditions**

- ➤ **Approximately 75% of all health care expenditures are for chronic conditions**

- ➤ **A typical Medicare patient has 4 chronic conditions and will see 7 doctors (including 5 specialists) in 5 different practices in a year***

- ➤ **40% of Medicare patients have 7 or more chronic conditions and are likely to see 11 physicians in 7 different practices in a year (and it is not unusual for a patient to see 15-20 different doctors, along with other caregivers, in a year)***

- ➤ **The cost of care is closely correlated with the number of chronic conditions**

  ***NEJM** 2007; 356:1130-1139*

Figure 1: Average per capita spending by number of chronic conditions
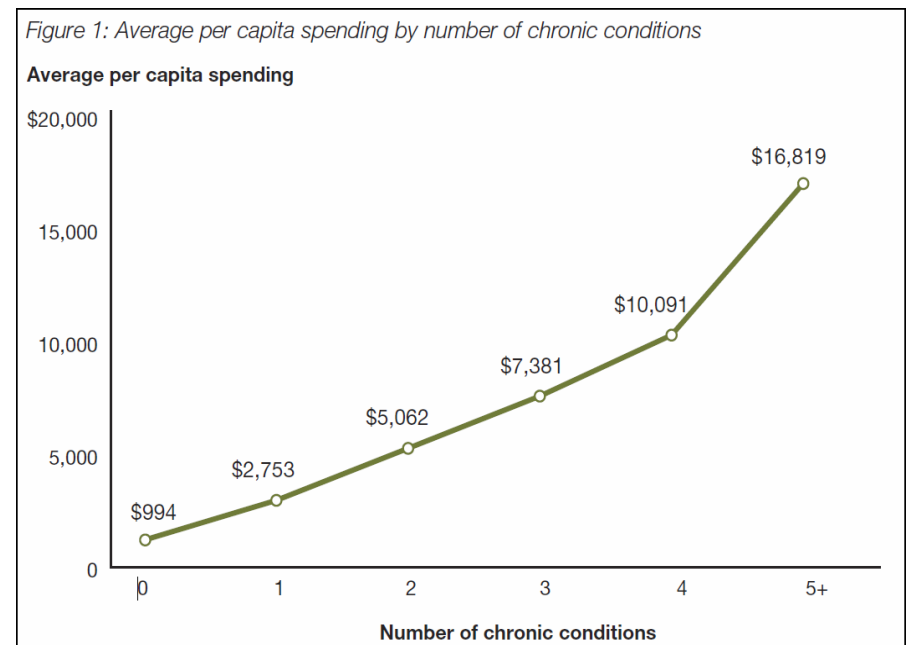
THE NEW YORKER

Medical Report | January 24, 2011 Issue

The Hot Spotters

By Atul Gawande

Can we lower medical costs by giving the neediest patients better care?

$3,500,000

Recognition of high utilizers ("hot spotters") is not new……..

Table 1: Distribution of Health Expenditures for the U.S. Non-Institutionalized Population, By Magnitude of Expenditures as a % of U.S. Population

Pop. Top	1%	5%	10%	50%
1970	26%	50	66	96
1977	27%	55	70	97
1980	29%	55	70	96
1987	28%	56	70	97
1996	27%	55	69	97

Source: Derived from Berc & Monheit Health Care Trends

Population Health Care Expenditure Pyramid
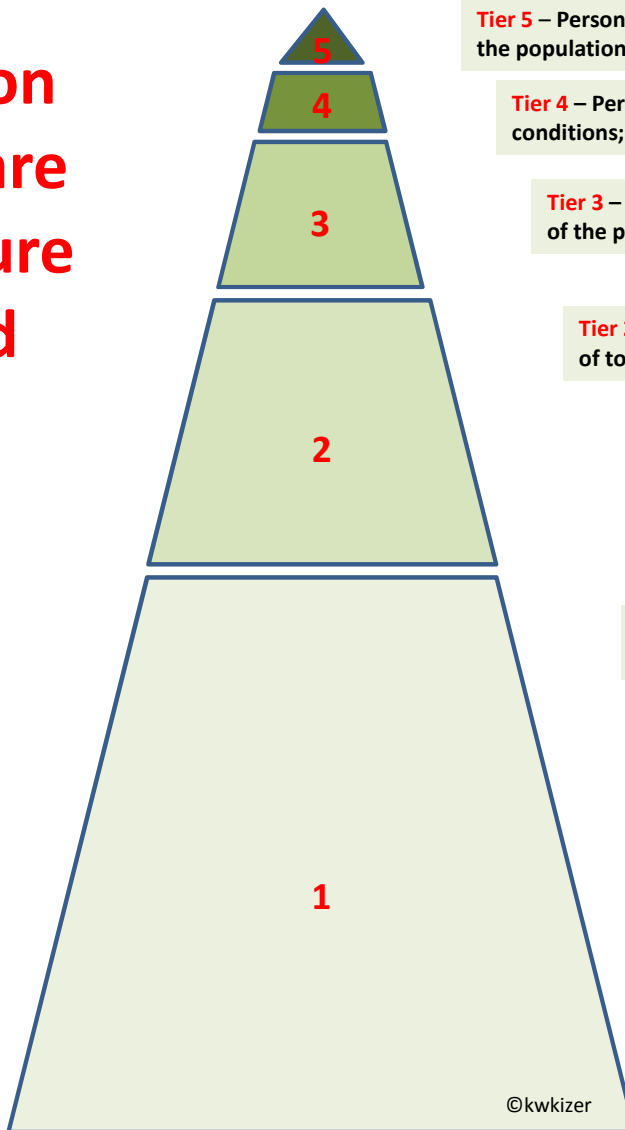
Tier 5 – Persons with multiple severe complex chronic or otherwise devastating conditions; typically about 1% of the population and 20-25% of total expenditures

Tier 4 – Persons with multiple serious chronic conditions, with or without one or more dominant severe conditions; typically 4-5% of the population and 25-30% of total expenditures

Tier 3 – Persons with multiple chronic conditions or one dominant severe chronic condition; typically 10-15% of the population and 15-20% of total expenditures

Tier 2 – Minor chronic conditions; typically about 30% of the population and approximately 25% of total expenditures

Tier 1 – Generally healthy persons having acute illnesses or injuries; typically about 50% of the population and approximately 3% of total expenditures

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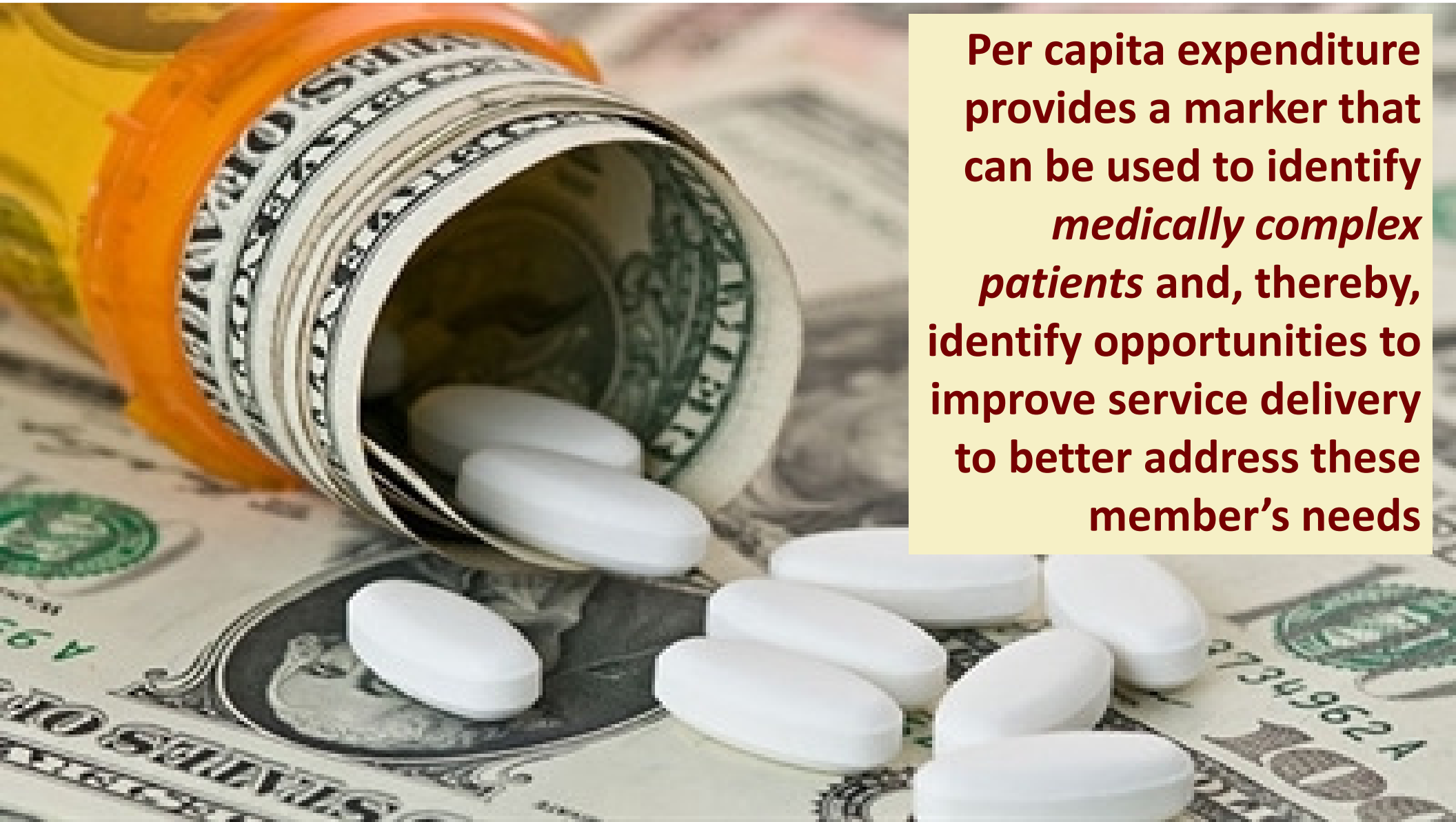
Per capita expenditure provides a marker that can be used to identify *medically complex patients* and, thereby, identify opportunities to improve service delivery to better address these member's needs

Many Causes of Medical Complexity (High Utilization)

➤ **Persons who are frequently hospitalized for a single condition**

➤ **Persons who need frequent hospitalizations and/or other services due to multiple conditions**

➤ **Persons who have suffered a calamitous traumatic event**

➤ **Persons who have a serious congenital/genetic condition**

➤ **Persons who suffer from mental illness and/or substance use, with or without other medical conditions**

➤ **Persons who are medically fragile because of extreme age**

➤ **Persons who are challenged by difficult personal or community circumstances which compound the management of any health condition**

➤ **Other**

To better serve Medi-Cal's different populations of complex patients (high utilizers), and to get better value from limited health care funds, *actionable health intelligence* is needed – e.g., who are the high utilizers and why, and what programmatic or policy interventions will improve outcomes

Jim Watkins presentation of illustrative data….

SOME OBSERVATIONS FROM MEDI-CAL HIGH UTILIZER DATA

➢ **Mental illness is a major driver of high utilization across health conditions; addressing mental health needs is paramount**

➢ **In-patient use is 16x higher for the top 1% and their ALOS is 2x longer; finding ways to minimize the need for hospitalization is key**

➢ **Emergency department use is 6-7x greater for the top 5%; finding alternatives to emergency department use is important in and of itself and for reducing hospitalizations**

➢ **Enrolling low utilizers into managed care adds material cost; better data is needed to demonstrate the outcomes value of doing this**

➢ **Medi-Cal coverage policies effectively preclude reducing utilization (e.g., readmissions) for some covered populations**

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QUESTIONS