

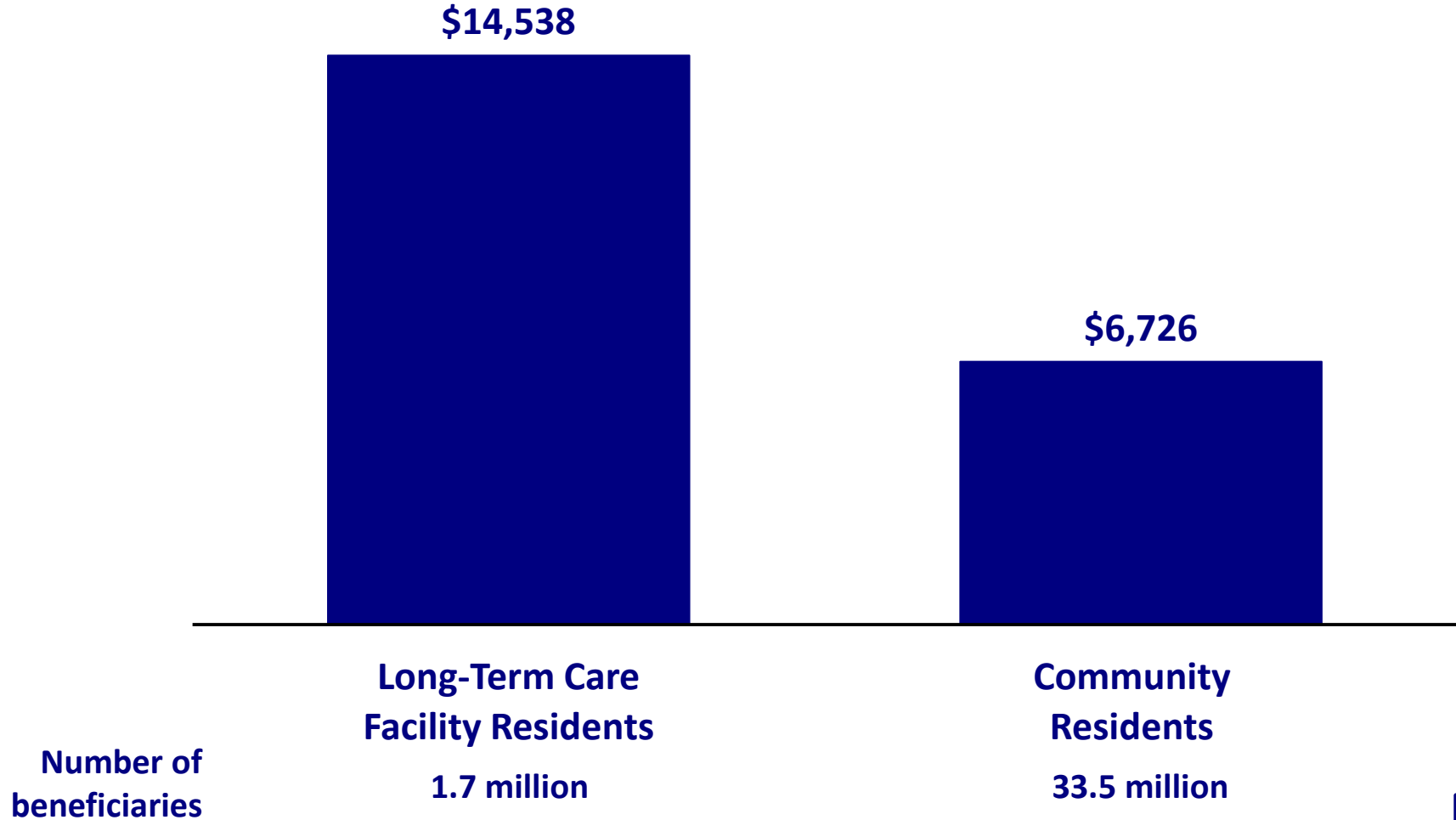
Medicare Spending and Use of Medical Services for Beneficiaries in Nursing Homes and Other Long-Term Care Facilities

A Potential for Achieving Medicare Savings
and Improving the Quality of Care

Gretchen Jacobson
Tricia Neuman
Anthony Damico



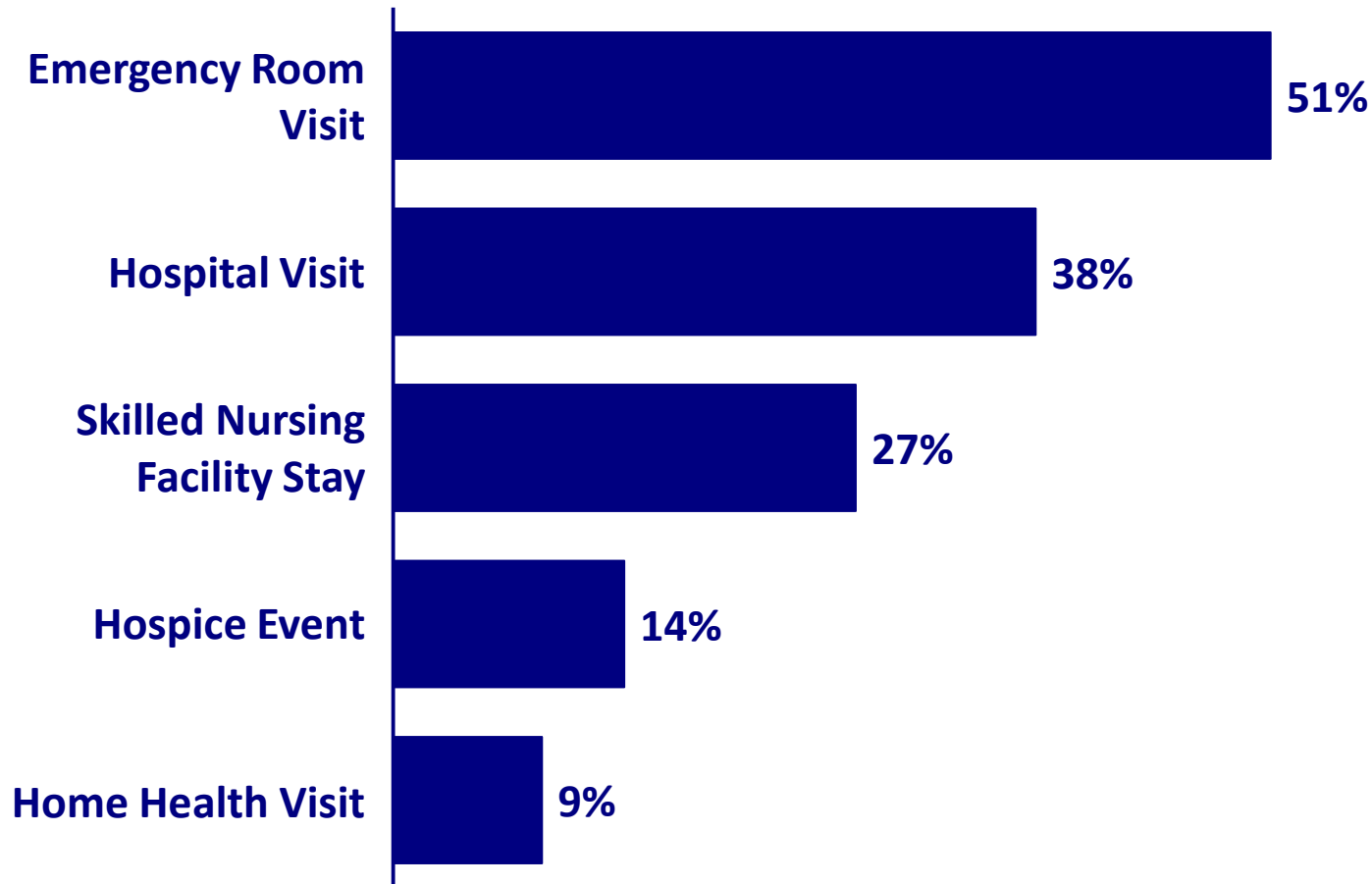
Average Per Capita Medicare Spending is More Than Double for Beneficiaries in Long-Term Care Facilities than for Others



NOTE: Excludes Medicare Advantage enrollees' spending. Excludes Medicare prescription drug spending.
SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey Cost & Use File, 2006.

Beneficiaries Living in Long-Term Care Facilities Have High Rates of Hospitalizations, ER Visits and Other Medicare-Covered Events

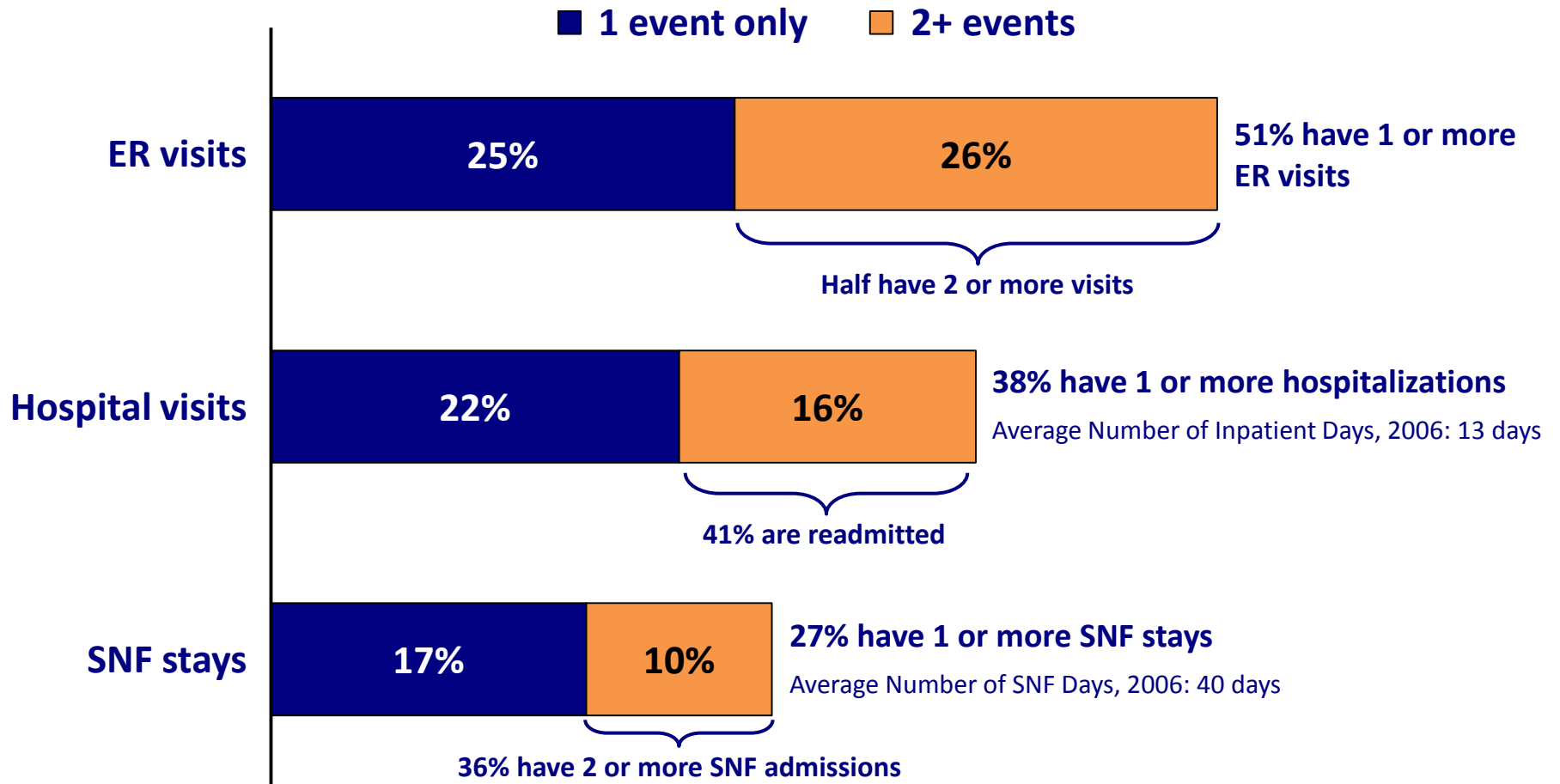
Percent of beneficiaries with at least one Medicare-covered:



NOTE: Includes beneficiaries who were in long-term care facilities as of January 1, 2006, including those who died before the end of 2006. Excludes Medicare Advantage enrollees. Excludes Medicare prescription drug spending.

SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey Cost & Use Files, 2006.

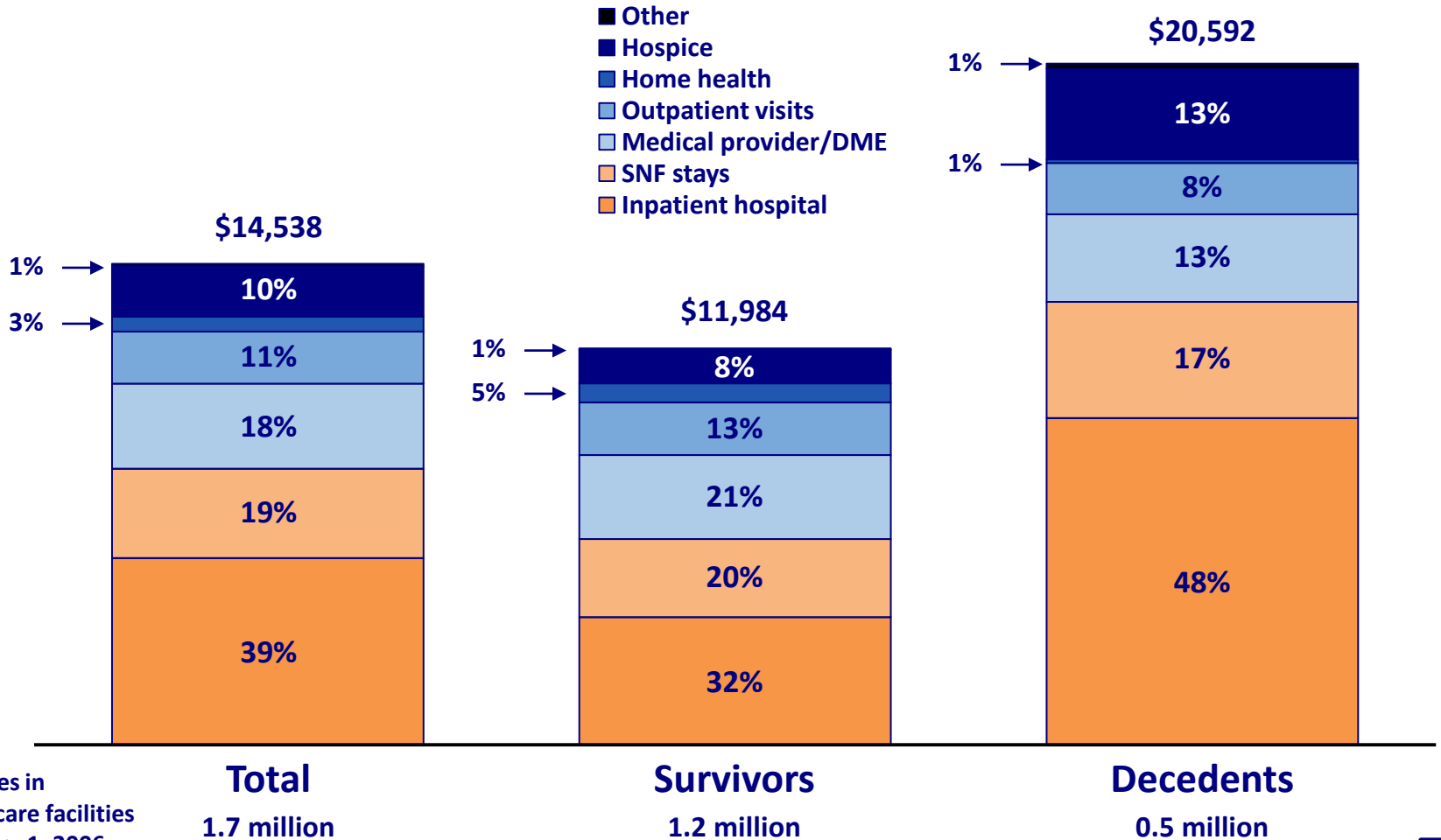
Beneficiaries in Long-Term Care Using ER, Hospital, or SNF Services Often Have Multiple Events



NOTE: Includes beneficiaries who were in long-term care facilities as of January 1, 2006, including those who died before the end of 2006. Excludes Medicare Advantage enrollees' spending. Excludes Medicare prescription drug spending. SNF is skilled nursing facility. ER is emergency room.

SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey Cost & Use Files, 2006.

Hospitalizations Account for the Largest Share of Medicare Spending for Long-Term Care Facility Residents, 2006



NOTE: Includes all beneficiaries in long-term care facilities as of January 1, 2006, including those who died before the end of 2006. Excludes Medicare Advantage enrollees' spending. Excludes Medicare prescription drug spending.
SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey Cost & Use Files, 2006.

Potential for Medicare Savings

- Research by others suggests between 30 and 67 percent of hospitalizations for long-term care facility residents are potentially preventable
- Conservatively, we estimate potential Medicare savings of least \$2.1 billion in 2010 if hospitalizations were reduced by 25%
 - Does not include reductions in spending associated with reductions in others services, such as post-hospital SNF admissions, ER visits or ambulance costs
 - Would likely produce additional some savings for Medicaid – to the extent that Medicaid incurs costs associated with medical care
- Does not take into additional (unknown) costs associated with interventions
- Delivery system reforms that focus on long-term care facility residents have potential to improve the quality of patient care and reduce Medicare spending