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

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

Long-Term Care Facility Residents: $14,538 (1.7 million beneficiaries)
Community Residents: $6,726 (33.5 million beneficiaries)

EXHIBIT 2

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:

- **Emergency Room Visit**: 51%
- **Hospital Visit**: 38%
- **Skilled Nursing Facility Stay**: 27%
- **Hospice Event**: 14%
- **Home Health Visit**: 9%

**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.

EXHIBIT 3

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

- **ER visits**: 25% have 1 event only, 26% have 2+ events. 51% have 1 or more ER visits. Half have 2 or more visits.
- **Hospital visits**: 22% have 1 event only, 16% have 2+ events. 38% have 1 or more hospitalizations. Average Number of Inpatient Days, 2006: 13 days. 41% are readmitted.
- **SNF stays**: 17% have 1 event only, 10% have 2+ events. 27% have 1 or more SNF stays. Average Number of SNF Days, 2006: 40 days. 36% have 2 or more SNF admissions.

**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.

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 at least $2.1 billion in 2010 if hospitalizations were reduced by 25%.
  - Does not include reductions in spending associated with reductions in other 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.