Medicaid Managed Long-Term Services and Supports for Individuals with ADRD: Evidence from Wisconsin*

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Abstract

Medicaid is the largest payer of long-term services and supports (LTSS) in the US. In an effort to lower costs and improve the efficiency of service delivery, many states have adopted Medicaid managed long-term services and supports (MLTSS) programs, in which states pay managed care organizations a fixed amount to cover LTSS. Managed LTSS is often promoted as a way to improve care coordination and expand access to home- and community-based services (HCBS), but concerns persist that cost containment incentives may reduce service use or exacerbate disparities, particularly for predictably high-cost populations such as individuals with ADRD. This study provides new evidence on how Medicaid MLTSS affects service use and disparities for older adults with and without ADRD. We exploit a natural experiment created by Wisconsin's gradual, county-by-county rollout of a voluntary managed LTSS program between 2000 and 2018 and leverage newly available administrative Medicaid enrollment and claims data which allows us to observe detailed service use. We first document LTSS patterns before and after the introduction of the MLTSS program, focusing on differences by demographics and ADRD status. We then examine take-up of MLTSS relative to traditional Medicaid LTSS and characterize how enrollment choices vary by demographics, care needs and preferences, and ADRD status. Finally, we estimate the causal effects of MLTSS on outcomes such as HCBS utilization, nursing home residency, and LTSS expenditures, using event-study and generalized difference-in-differences designs. Preliminary results show that older, whiter Medicaid enrollees are more likely to enroll in MLTSS, and the presence of MLTSS reduces nursing home utiliization by 17% among Medicaid LTSS beneficiaries.

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