Examining Near Duals Over Time

NORC | The SCAN Foundation

NORC
at the
University of
Chicago

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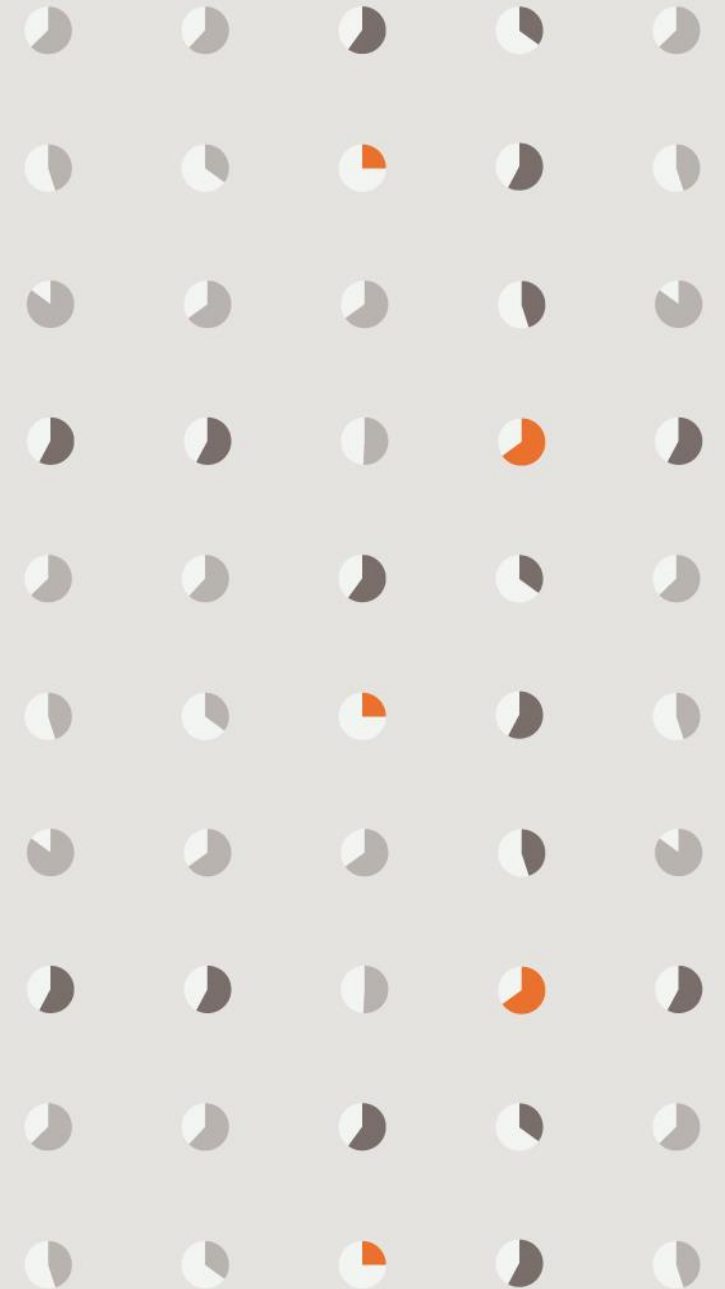
Research Overview

Why are we pursuing this analysis?

In its first analysis, NORC sought to develop an up-to-date profile of the Near Duals. However, policymaking for this population requires an understanding of the **commonalities and trends among those who remain Near Duals versus those who transition to full dual status over time**.

This analysis seeks to answer the research question:

What can we learn about the **demographic, health, and utilization patterns** of Near Duals who transition to full dual eligibility and those who remain Near Duals?

Who is included in this analysis?

Near Duals*

Older adults who remain on the cusp of Medicaid financial eligibility

65+ population experiencing financial insecurity with risk of spend down to full benefit Medicaid within 1-2 years. This group never becomes fully dually eligible during the study period.

Starting Population:

2017 Income Bounds: $10,454 – $26,388.

2017 Asset limit: $23,900.

Near to Full Transitioners

Near Duals who transition to full dual eligibility

65+ population that becomes dually eligible over the study period. This group starts as Near Duals in 2017 and becomes a full dual by 2020.

Note: Previous research has shown that only half of individuals eligible for Medicare Savings Programs (MSPs) are enrolled,[1] many of whom likely fall into the Near Dual population. The Near Dual cohort may include partial duals as well as those eligible for partial benefits who are not enrolled.

*May include partial duals who are enrolled in MSP and those eligible for MSP but not enrolled
1. Medicare Savings Programs: New Estimates Continue to Show Many Eligible Individuals Not Enrolled. MACPAC. 2017.

Why focus on the Near Dual population?

There is a knowledge gap around Near Duals

While NORC has conducted several analyses on the Forgotten Middle, there are **limited comprehensive, up-to-date studies** on Near Duals

The Near Dual population is highly financially insecure

Near duals are **among the most vulnerable groups** within the middle market – just one major financial shock away from imminent Medicaid spend-down.

New evidence is needed to inform policymaking

Near duals have **few policy options** dedicated to support their aging needs at the federal and state levels.

Key Findings

Size and Demographics

Between 2017 – 2020, **6% of Near Duals (roughly 400,000) transitioned to full dual status.** Near to full dual transitioners are **more likely to be older and unmarried** compared to those that remain Near Dual.

Health and Functional Needs

Compared to those who remain Near Duals, near to full transitioners have a **higher burden of chronic conditions, a greater number of IADLs, and are more likely to experience a fall that results in hospitalization** prior to the transition.

Health Care Coverage

A greater proportion of near to full dual transitioners **switch from Medicare Advantage to Fee-For-Service** before or at the point of transition compared to those that remain Near Dual.

Health Care Costs

Near to full dual transitioners have **higher health care costs** than Near Duals across inpatient stays, readmissions, skilled nursing facility stays, and home health visits.

*Expanded Primarily Health-Related Benefits
**Special Supplemental Benefits for the Chronically Ill

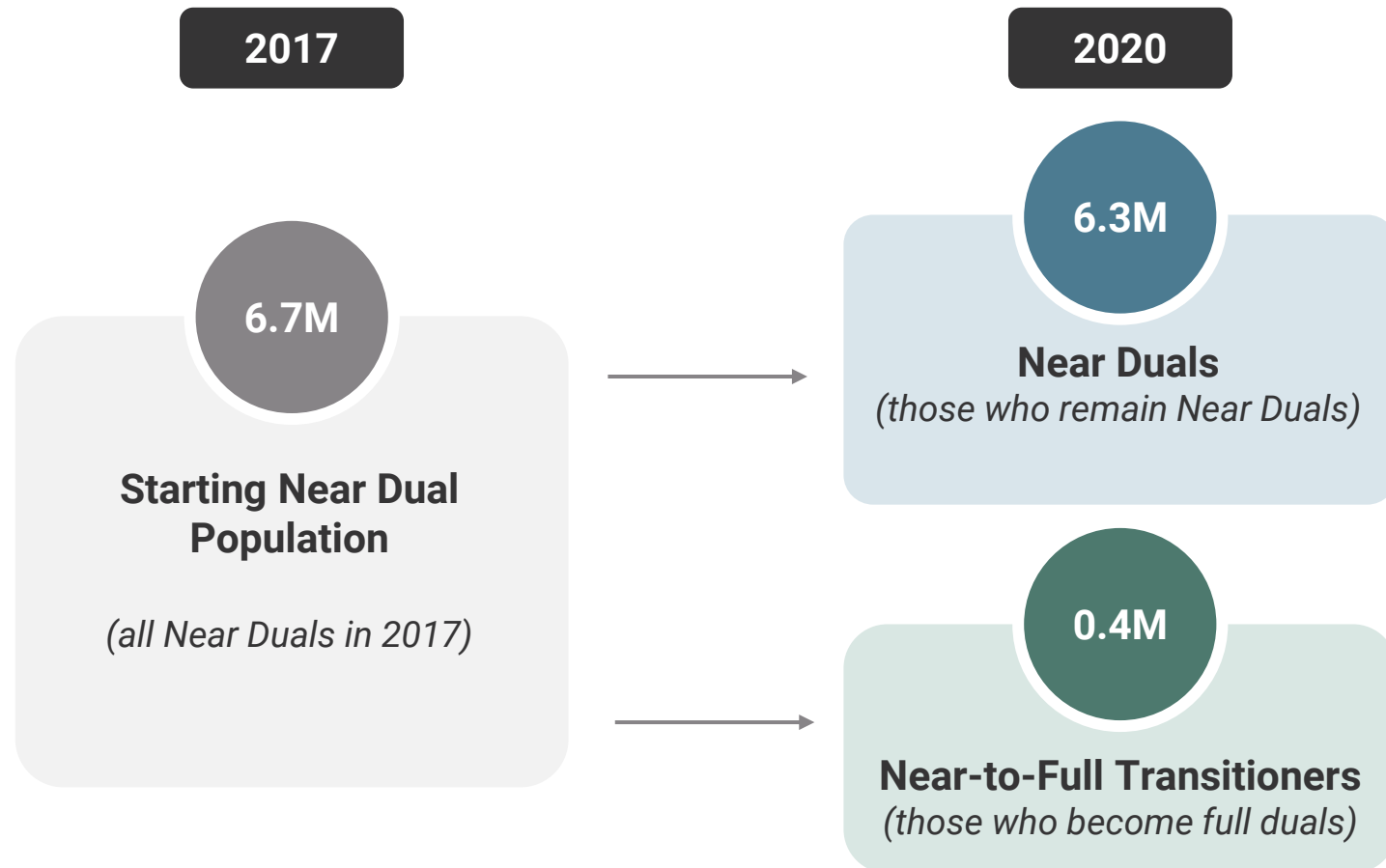# Key Findings

Demographics & SDOH

From 2017 to 2020, we found that a relatively small proportion of Near Duals transitioned to full dual eligibility

2017

2020

6.7M

Starting Near Dual Population

(all Near Duals in 2017)

6.3M

Near Duals
(those who remain Near Duals)

0.4M

Near-to-Full Transitioners
(those who become full duals)

NORC's longitudinal analysis from 2017-2020 examines differences between those who remain Near Dual and those who transition to full dual status.

Over the four-year observation period, about **6%** of Near Duals transitioned to full dual status. Other research on a slightly different population – partial benefit duals – found that roughly 10% were eligible for full Medicaid benefits after three years.[1]

1. Chapter 12: Promoting integration in dual-eligible special needs plans. MedPAC June 2019 Report to the Congress: Medicare and the Health Care Delivery System. June 2019.

Near to full dual transitioners are more likely to be over the age of 75 compared to those who remain Near Duals

Age Distribution of Beneficiaries, 2020

Near Duals — 65-74: 47%, 75-84: 37%, 85-94: 15%, 95+: 1%
Near to Full Transitioners — 65-74: 36%, 75-84: 49%, 85-94: 11%, 95+: 4%

Legend: ■ 65-74 ■ 75-84 ■ 85-94 ■ 95+
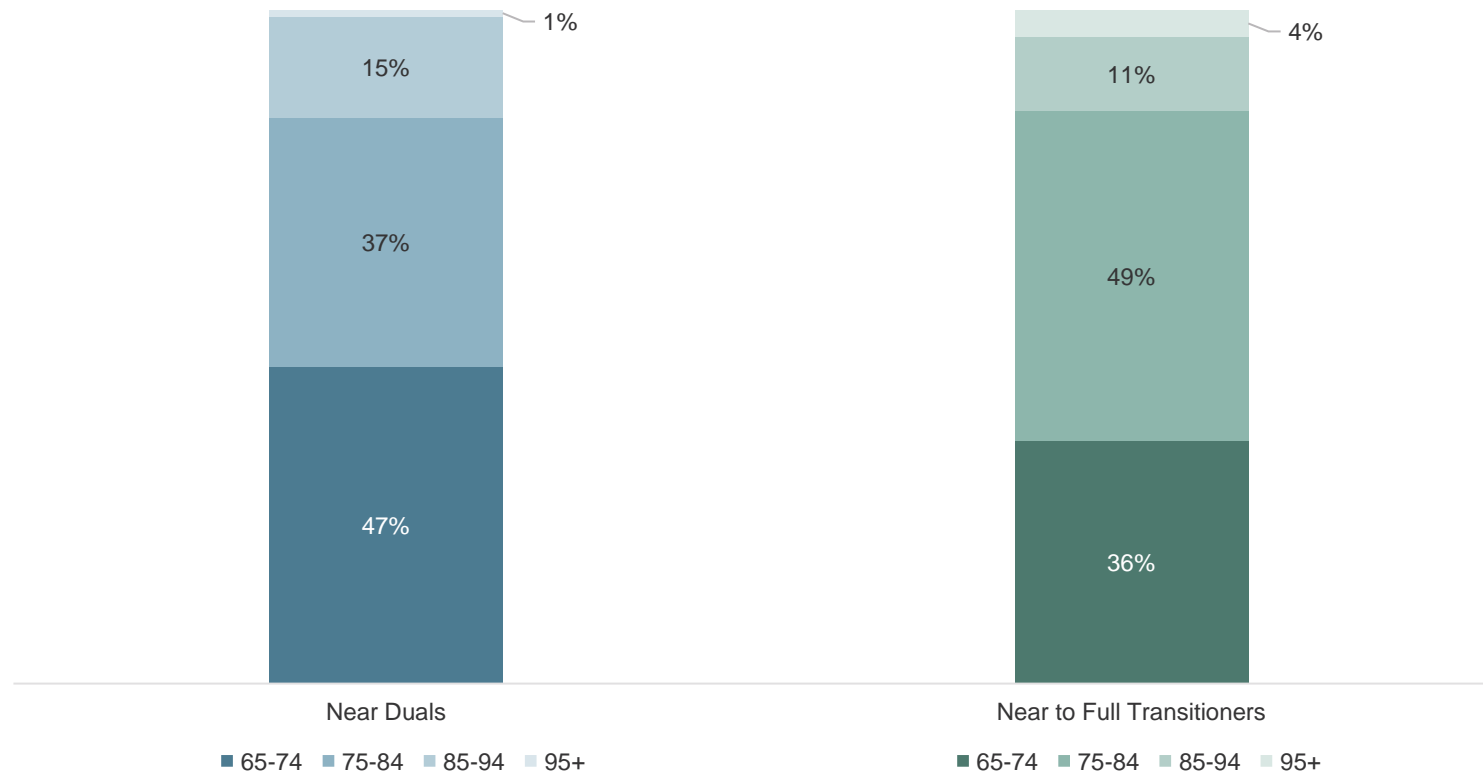
Almost two-thirds (64%) of near to full dual transitioners are above age 75, compared to just over half (53%) of those that remain Near Dual. This is understandable, as older adults tend to have greater health and functional challenges as they age.

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data
Findings are statistically significant at $p < 0.05$

Near to full dual transitioners are more likely to be unmarried compared to those who remain Near Duals

Proportion of Married Beneficiaries, 2020

Married — Near Duals 27%, Near to Full Transitioners 15%
Unmarried — Near Duals 73%, Near to Full Transitioners 85%
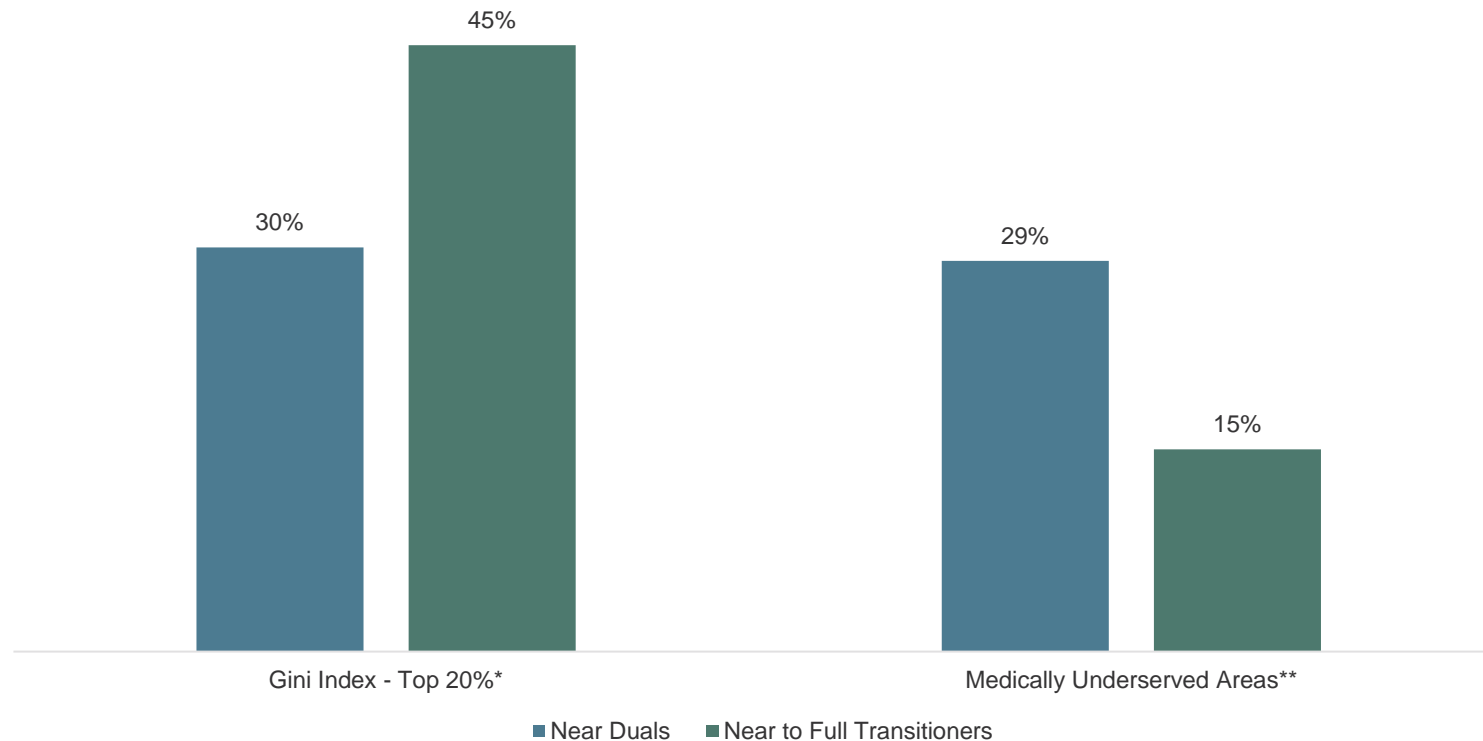
■ Near Duals ■ Near to Full Transitioners
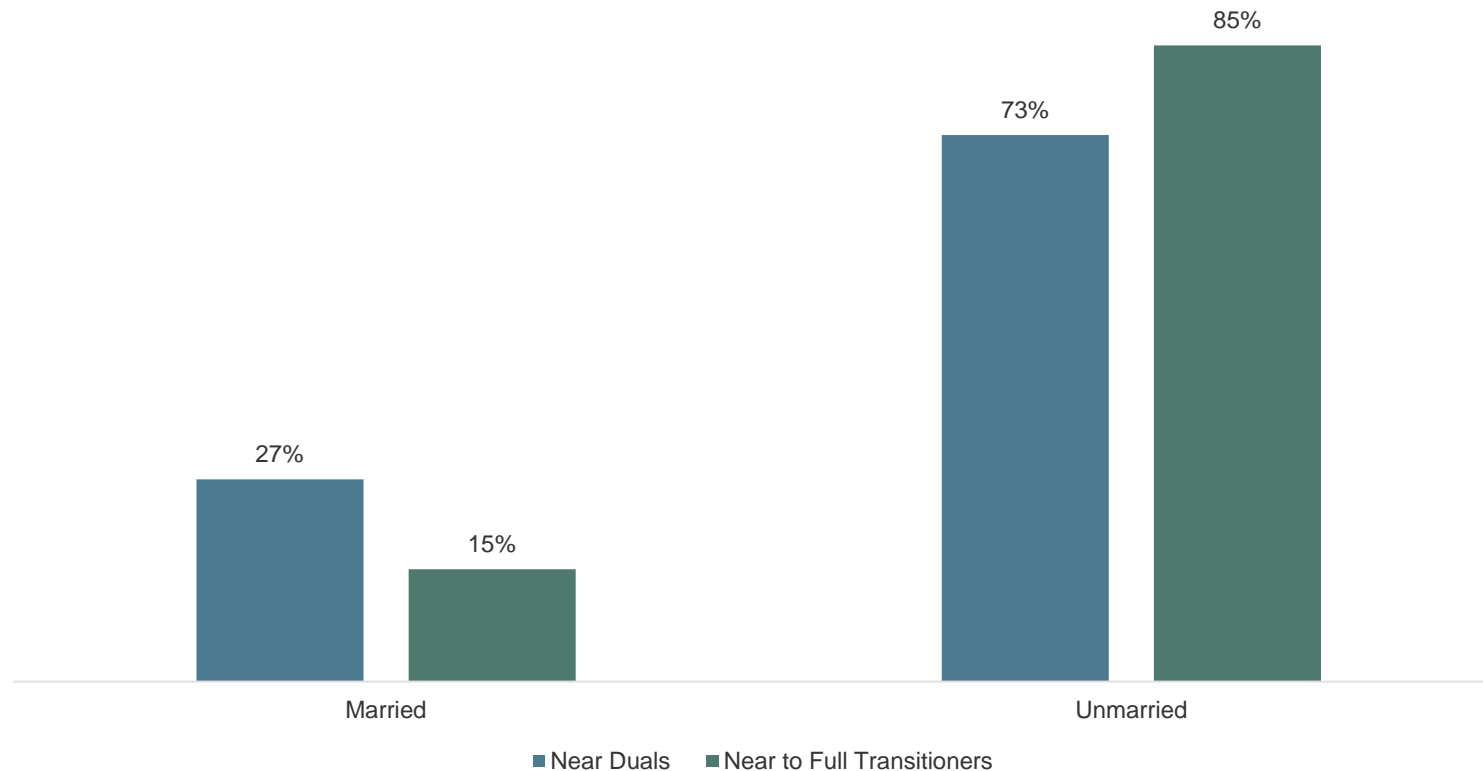
While fewer Near Duals are unmarried (73%) compared to those who transition to full dual status (85%), the majority of beneficiaries in both groups are unmarried, which may impact access to informal caregiving.

Though not included in our analysis, the higher rate of unmarried transitioners may be associated with the loss of a spouse that potentially precipitates Medicaid financial eligibility for the widow/er.[1]

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data
Findings are statistically significant at p < 0.05

[1]The Economic Security of American Households, Issue Brief Three: The Economic Security of Older Women. U.S. Treasury Department. 2017.

Near to full dual transitioners are less likely to live in medically underserved areas, but are more likely to live in areas with higher income inequality

Measures of Inequality and Health Access of Beneficiaries, 2020

Gini Index - Top 20%*   Medically Underserved Areas**

■ Near Duals ■ Near to Full Transitioners

*The Gini Index measures income inequality by summarizing income distribution dispersion into a single statistic.
**Medically Underserved Arears are geographic areas and populations with a lack of access to primary care services.
Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data.
Findings are statistically significant at p < 0.05

This finding aligns with the urban-rural distribution of near to full dual transitioners. Most medically underserved areas are in rural areas, which has a greater proportion of those who remain Near Duals. This underscores the challenges Near Duals may face in accessing care in their area.

The Gini index, a summary measure of income inequality, suggests that more near to full dual transitioners live in areas with higher income inequality.

Health & Functional Needs

Near to full transitioners have a higher prevalence of chronic conditions overall and experienced an increase in depression and heart failure from 2017-2020

Change in Prevalence of 4+ Chronic Conditions, 2017-2020

Near Duals — 62% / 66%

Near to Full Transitioners — 77% / 80%

● 2017   ● 2020

Change in Prevalence of Specific Chronic Conditions Among Beneficiaries, 2017-2020

Depression — 20% / 20%   39% / 68%

Heart Failure — 13% / 14%   31% / 48%

● 2017 Near Duals   ● 2017 Near to Full Transitioners
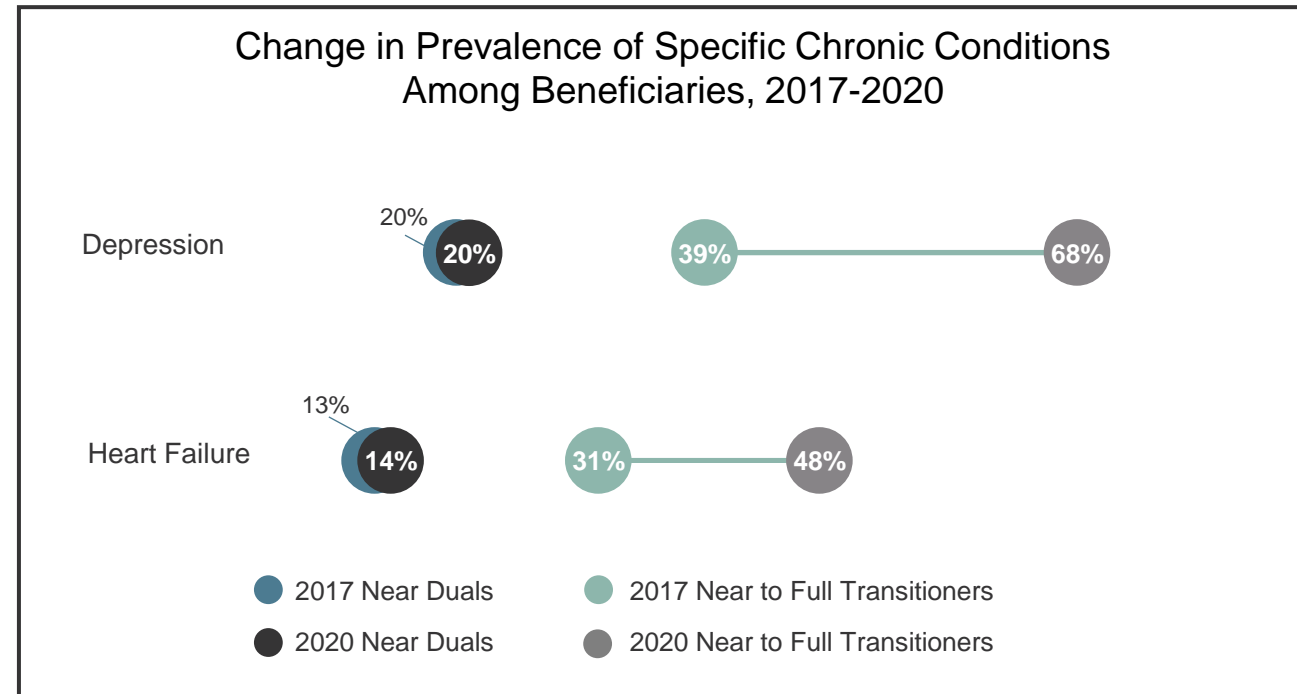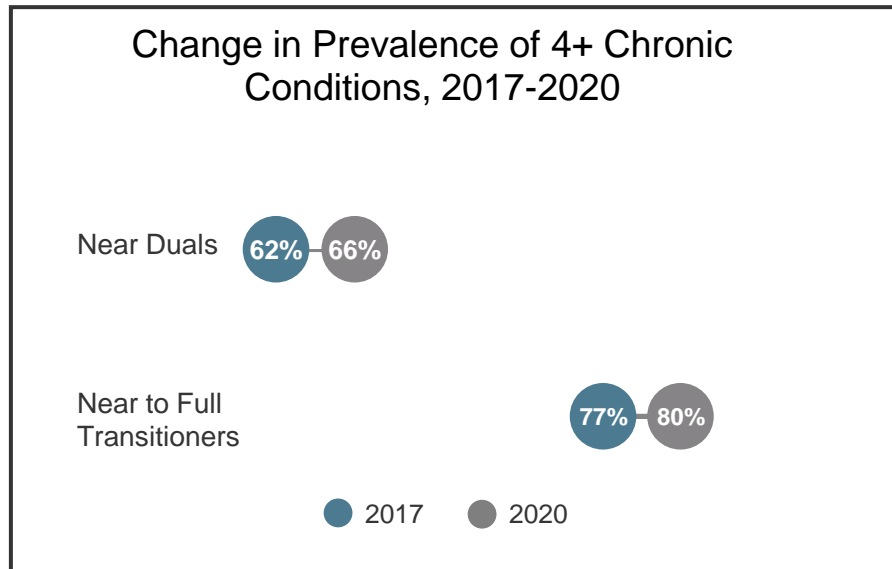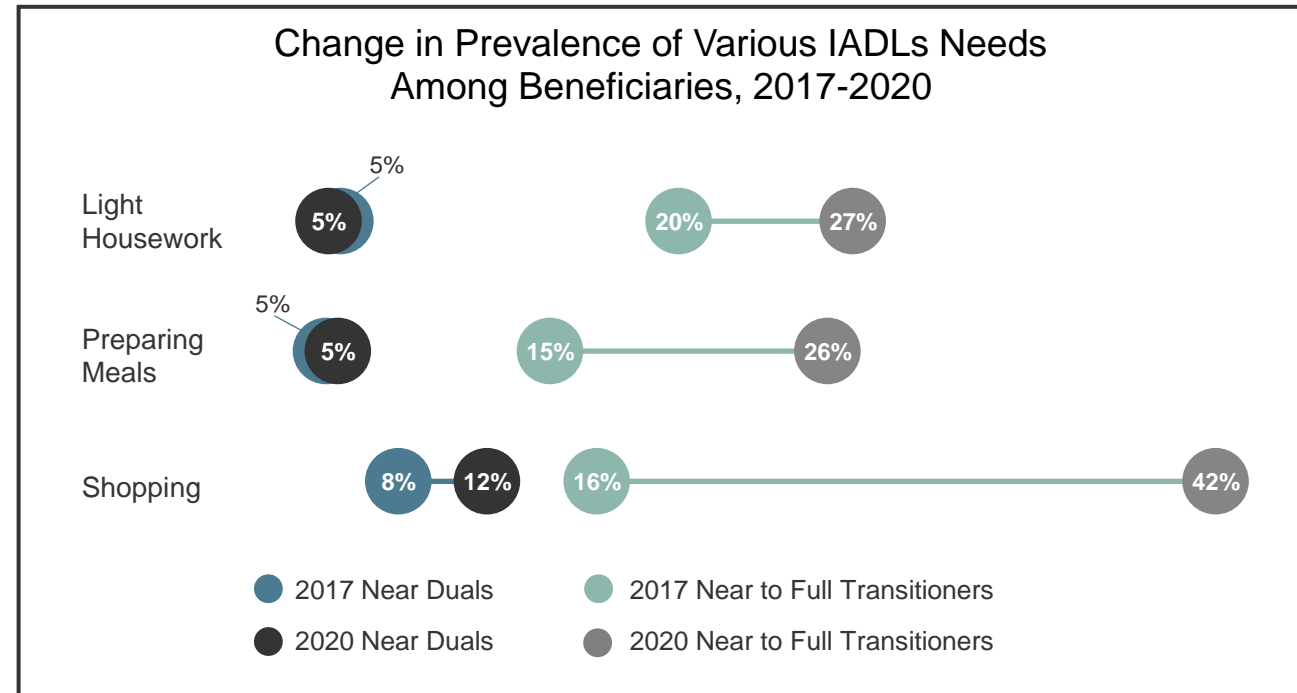● 2020 Near Duals   ● 2020 Near to Full Transitioners

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data
Findings are statistically significant at p < 0.05, except for the prevalence of 4+ chronic conditions between Near Duals and Near to Full Transitioners in 2020, which was not found to be statistically significant.

The prevalence of various IADL needs significantly increased among near to full transitioners from 2017-2020 compared to the remaining Near Duals

Change in Prevalence of 3+ IADLs Among Beneficiaries, 2017-2020

Near Duals — 6% / 6%

Near to Full Transitioners — 17% / 26%

● 2017   ● 2020

Change in Prevalence of Various IADLs Needs Among Beneficiaries, 2017-2020

Light Housework — 5% / 5% ; 20% / 27%

Preparing Meals — 5% / 5% ; 15% / 26%

Shopping — 8% / 12% ; 16% / 42%

● 2017 Near Duals   ● 2017 Near to Full Transitioners
● 2020 Near Duals   ● 2020 Near to Full Transitioners

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data
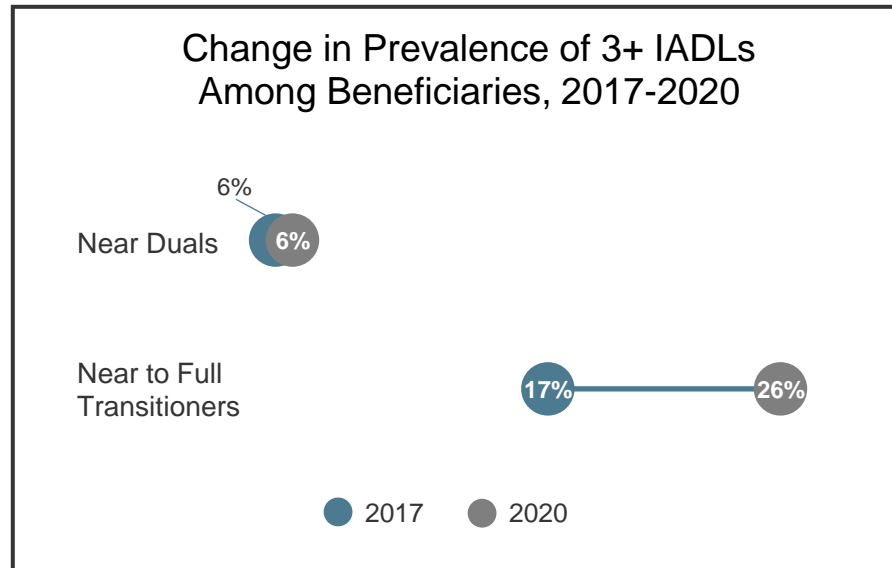Findings are statistically significant at $p < 0.05$

Transitioners were more likely to have experienced a fall resulting in hospitalization prior to their transition to full dual eligibility

Proportion of Beneficiaries Who Experienced a Fall Resulting in Hospitalization, 2017-2020
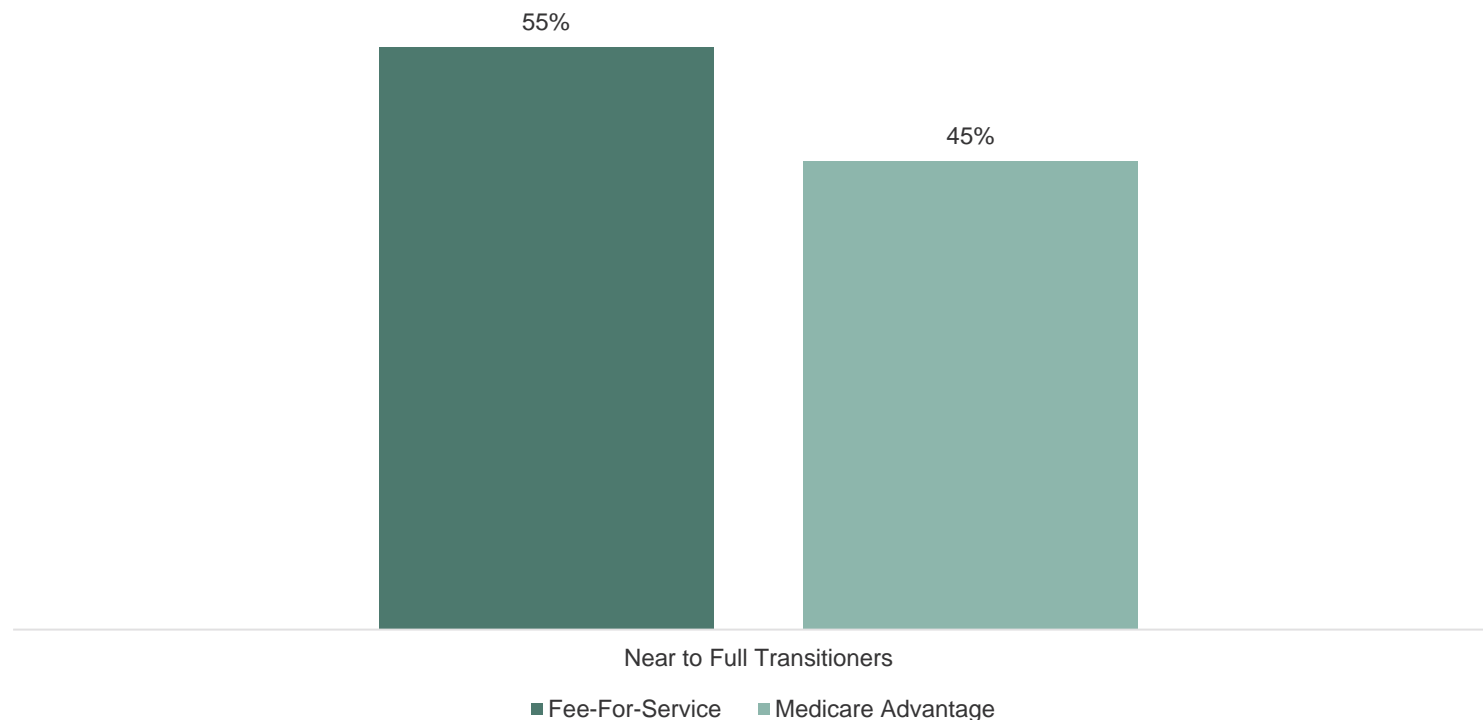

■ Near Duals ■ Near to Full Transitioners
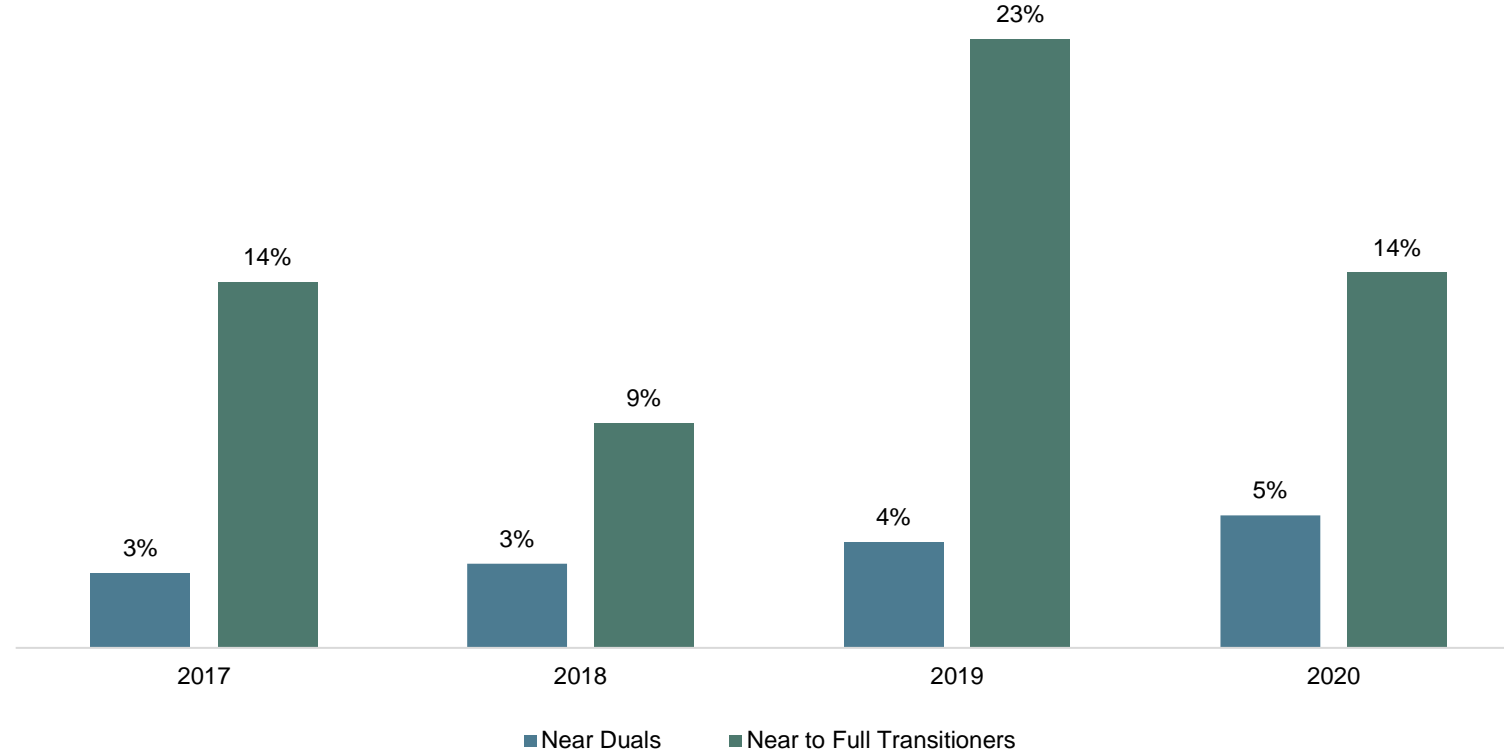
Near to full dual transitioners were more likely to have experienced a major fall resulting in a hospitalization within the year they transitioned to full dual status compared to the annual fall rate resulting in hospitalization of those who remained Near Duals. This suggests that a significant medical event, such as a fall and the subsequent health care costs, may serve as a catalyst for transition to full dual status.

Source: NORC analysis of 2017-2020 Medicare administrative claims data.
2017 and 2019 findings are statistically significant at p < .05; 2018 and 2020 results are statistically significant at =< 0.1.

Health Care Coverage & Utilization

Among the Near Duals who transitioned to full dual eligibility, 55 percent were enrolled in traditional Medicare at the point of transition

Medicare Coverage Type of Near to Full Transitioners at the Point of Transition, 2017 - 2020

55%

45%

Near to Full Transitioners

■ Fee-For-Service ■ Medicare Advantage

Our most recent data shows that Near Duals tend to have Medicare Advantage (MA) coverage− about 65% in 2021. However, between 2017 and 2020, 55% of near to full transitioners were enrolled in Fee-for-Service (FFS) at the time of their transition.

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data

Near to full transitioners were more likely to switch from MA to FFS prior to their transition compared to those who remain Near Duals

Proportion of MA Beneficiaries Who Switched to FFS, 2017-2020

8%	17%
92%	83%
Near Duals	Near to Full Transitioners
■ Non-Switchers ■ Switchers	■ Non-Switchers ■ Switchers
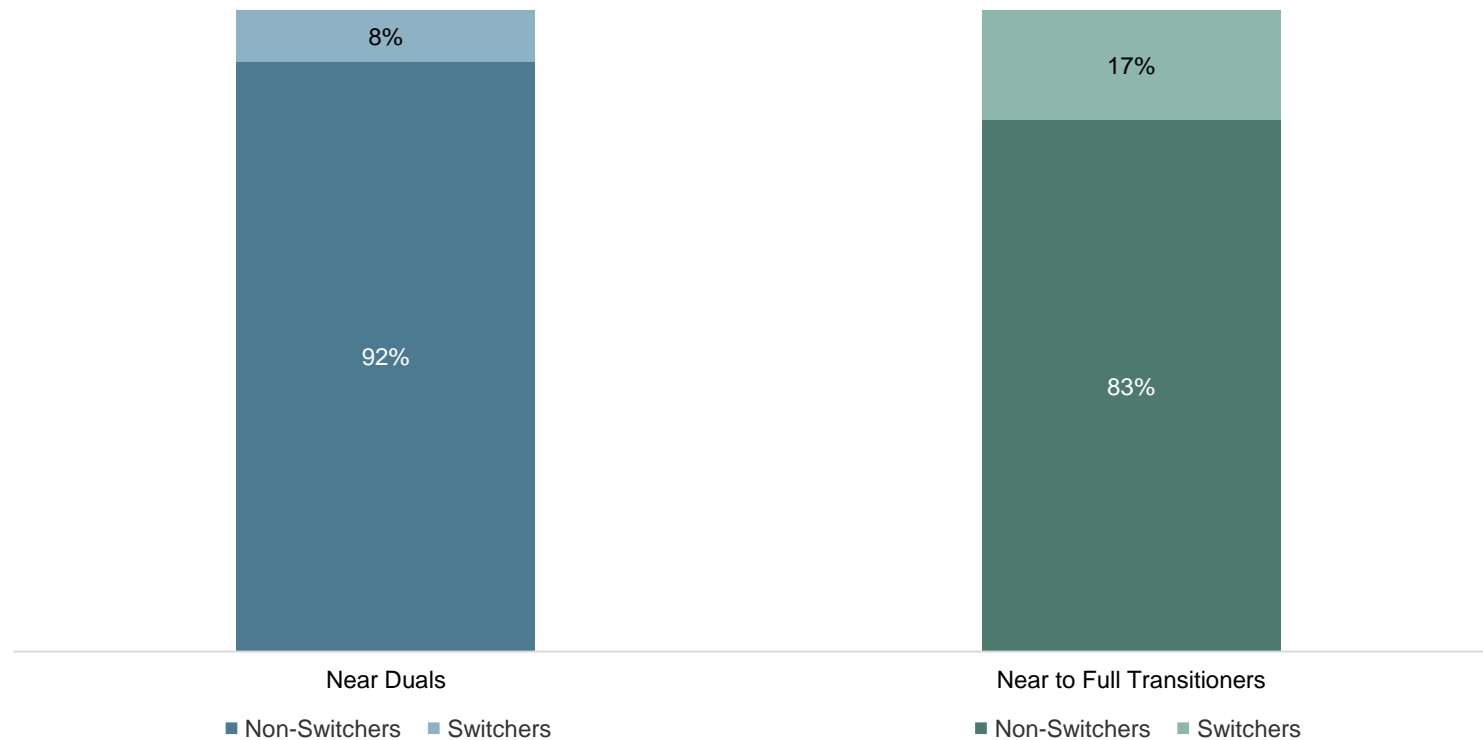
17% of near to full transitioners switched from an MA plan to traditional FFS plan before or at the time of their transition to dual eligibility.

This is over double the MA to FFS switch rate observed among the population that remains Near Duals. It could suggest, consistent with prior research, that as Near Duals develop more complex needs, they are more likely to switch from their MA plans to traditional Medicare.[1]

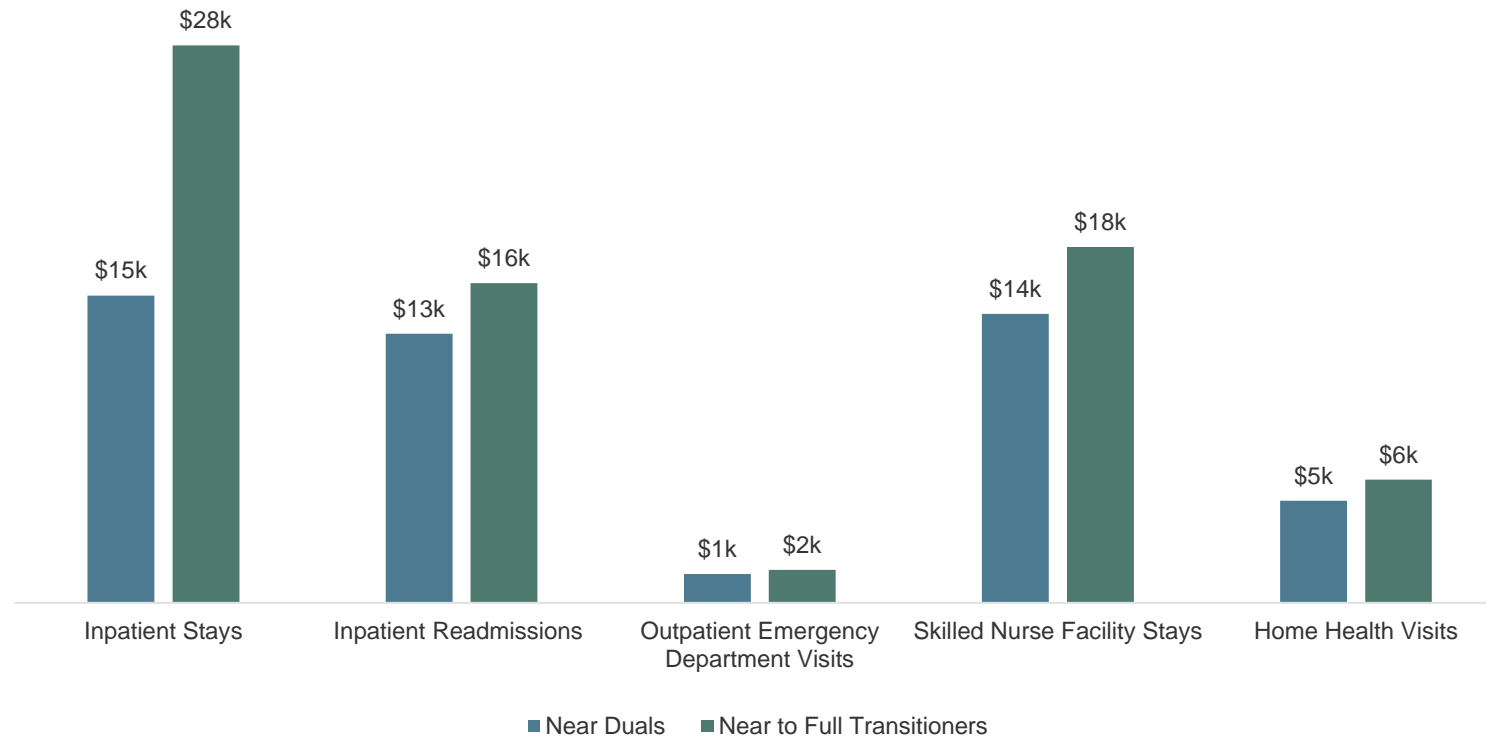Source: NORC analysis of 2017-2020 Medicare administrative claims.
Near to full transitioners were considered "switchers" if they had at least six months of MA enrollment before switching to FFS before or at the point of transition.
Near duals were considered "switchers" if they had at least six months of MA enrollment before switching to FFS during the study period, 2017-2020.
Findings are statistically significant at p < 0.15

1. Switching between Medicare Advantage and Traditional Medicare Before And After the Onset of Functional Disability. Health Affairs. 2020

Near to full dual transitioners with Medicare Fee-for-Service have higher costs of care compared to Near Duals

Average Annual Cost of Care Among Beneficiaries With at Least One Claim for that Service Type,*** 2017 - 2020

Chart legend: ■ Near Duals ■ Near to Full Transitioners

Categories and values:
- Inpatient Stays: Near Duals $15k, Near to Full Transitioners $28k
- Inpatient Readmissions: Near Duals $13k, Near to Full Transitioners $16k
- Outpatient Emergency Department Visits: Near Duals $1k, Near to Full Transitioners $2k
- Skilled Nurse Facility Stays: Near Duals $14k, Near to Full Transitioners $18k
- Home Health Visits: Near Duals $5k, Near to Full Transitioners $6k

In the 12 months prior to becoming a full dual, near to full dual transitioners' average inpatient costs were $13,000 more than those that remain Near Duals. This finding aligns with data demonstrating higher fall prevalence among near to full transitioners resulting in hospitalizations.

*Near Duals' costs constitute the weighted average costs for those who remained Near Duals during the four-year study period from 2017-2020.
** Near to full transitioners' costs constitute the amount they spent during the 12-month period, between 2017 and 2020, before the transition to full dual eligibility.
*** Cost data reflect Medicare FFS beneficiaries only.
Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data

Near to full transitioners have higher utilization across all measures compared to Near Duals

Utilization Among Beneficiaries With at Least One Claim,* 2017 - 2020

	Inpatient Stays *Average Number of Stays per Beneficiary*	Outpatient ED *Average Number of Visits per Beneficiary*	Skilled Nursing Facility Stays *Average Number of Days per Beneficiary*	Home Health Visits *Average Number of Visits per Beneficiary*
Near Duals	1.53	1.78	26.7	29
Near to Full Transitioners	1.79	1.88	34.9	39.1

Near to full transitioners have greater number of inpatient stays, outpatient ED visit, and home health visits, and greater number of days at a skilled nursing facility.

Source: NORC analysis of 2017-2020 Medicare Current Beneficiary Survey (MCBS) data
* Utilization data reflect Medicare FFS beneficiaries only.

Policy Implications

Among Near Duals, those who transition to full dual status tend to be *older, sicker, and more likely to have experienced a fall resulting in hospitalization*.

While the transitioner cohort is particularly vulnerable, *only 6% of all Near Duals transition to full duals* over a four-year period, indicating that policies must also address the needs of a large population that remains on the cusp of Medicaid eligibility.
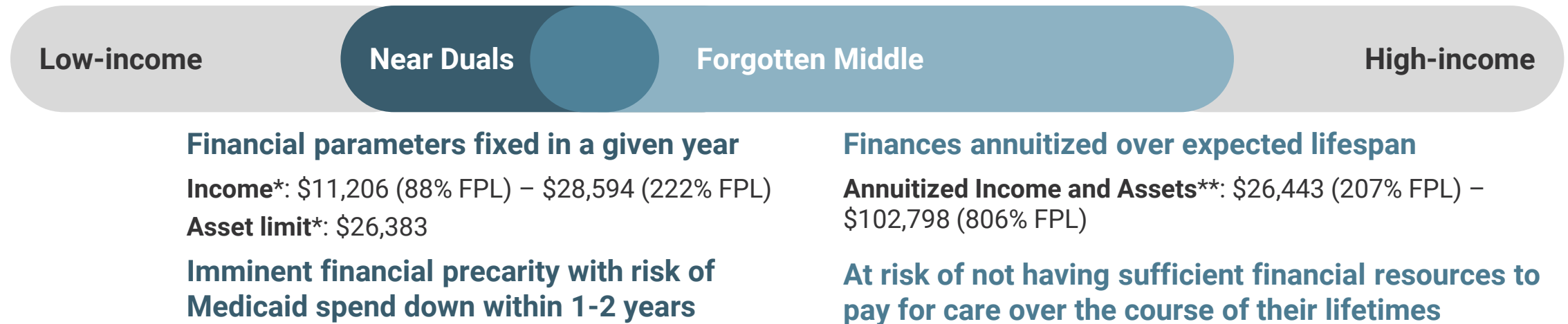
Appendix: Methods

Our latest analyses focuses on the Near Dual population – older adults at risk of imminently spending down to Medicaid

Who are the Near Duals and how do they differ from the Forgotten Middle?

| Low-income | Near Duals | Forgotten Middle | High-income |

Financial parameters fixed in a given year

Income*: $11,206 (88% FPL) − $28,594 (222% FPL)
Asset limit*: $26,383

Imminent financial precarity with risk of Medicaid spend down within 1-2 years

Finances annuitized over expected lifespan

Annuitized Income and Assets**: $26,443 (207% FPL) − $102,798 (806% FPL)

At risk of not having sufficient financial resources to pay for care over the course of their lifetimes

✳ While there is some overlap, Near Duals and the Forgotten Middle have distinct characteristics and needs that should be considered in future policy proposals

* In 20201 dollars for the purpose of this analysis
** In 2020 dollars. Forgotten Middle financial parameters are segregated by age group. These figures represent the highest and lowest bounds.

NORC leveraged three datasets to define, validate, and analyze the Near Dual population

HRS*

NORC established an initial Near Duals cohort in the HRS.

The **HRS** is the "gold standard" for financial analysis of older adults and the data source for previous *Forgotten Middle* studies.

MCBS**

NORC recreated the Near Duals cohort in MCBS to analyze health care related data.

The **MCBS** is a representative national sample of the Medicare population and is the leading source of information on Medicare.

MBSF*** & Claims

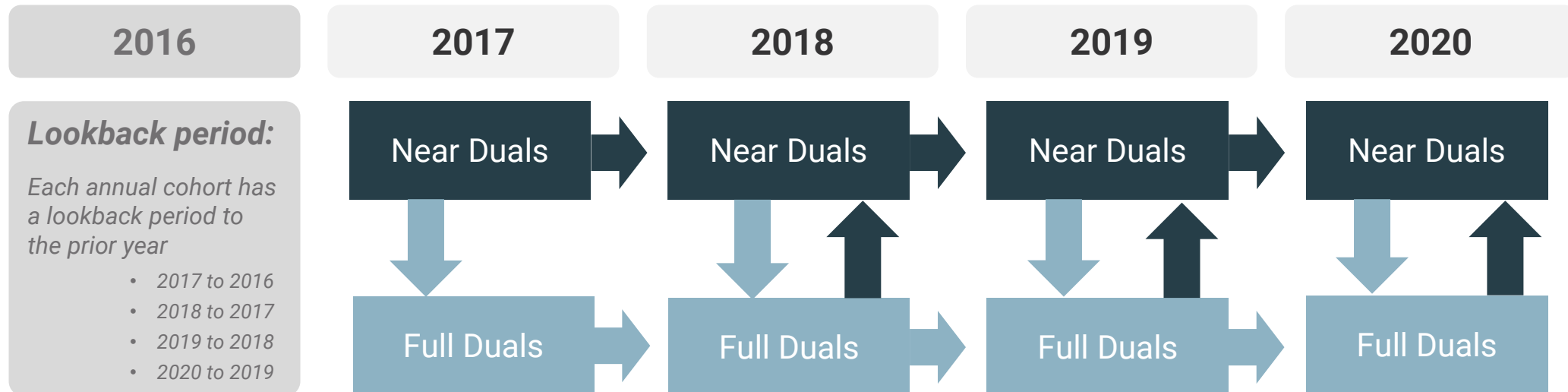**NORC conducted a crosswalk from MCBS respondents to Medicare enrollment and claims data.**

The **MBSF** contains beneficiary characteristics and enrollment information for all Medicare enrollees. **Medicare claims and encounter data** were used to analyze health care costs and utilization.

*HRS: Health and Retirement Study
**MCBS: Medicare Current Beneficiary Survey. Leveraged data from respondents living in home and community only.
***MBSF: Master Beneficiary Summary File

The longitudinal analysis examines demographic trends and utilization from 2017-2020 for Near Dual and full dual (near to full transitioners) groups

| 2016 | 2017 | 2018 | 2019 | 2020 |

Lookback period:

Each annual cohort has a lookback period to the prior year

- *2017 to 2016*
- *2018 to 2017*
- *2019 to 2018*
- *2020 to 2019*

Near Duals → Near Duals → Near Duals → Near Duals

Full Duals → Full Duals → Full Duals → Full Duals

2017-2020 Longitudinal Analysis

- The analysis examines patterns of dual status changes to assess differences between Near Duals and those who transition

- The analysis aggregates all Near Duals, including those who remain Near Duals each year, as well as those who transition between near and full duals status over the four-year period.

- Similarly, the analysis aggregates and analyses demographic and health services utilization for all full duals, including those who became full duals in 2017 and remained full duals through 2020 as well as Near Duals who transition to full duals each year.