



## Minnesota Department of **Human Services**

---

June 29, 2015

The Honorable Orrin Hatch  
Chairman  
Senate Committee on Finance  
219 Dirksen Senate Building  
Washington, DC 20510

The Honorable Ron Wyden  
Ranking Member  
Senate Committee on Finance  
219 Dirksen Senate Building  
Washington, DC 20510

Dear Chairman Hatch, Ranking Member Wyden and Members of the Senate Finance Committee:

Own Your Future Minnesota, an initiative of the Dayton Administration, appreciates the opportunity to submit comments regarding chronic care to the Senate Finance Committee's chronic care working group. One of the targeted populations in our initiative consists of chronic care patients that rely on the Medicare program to pay for their health care needs.

### **Background on Own Your Future Minnesota**

Own Your Future (OYF) Minnesota began in 2012 as a federal/state effort to encourage and enable Minnesotans to create a long-term care plan, including how to pay for their care. With the dramatic and permanent shift in the state's demographics—25 percent of the state's population will be over age 65 by 2030—the state wants to make people more aware of their growing life expectancy and the 70 percent risk of needing long-term care at some point in their later years. We are also identifying or developing more affordable private financing options for the middle income households so fewer will need to rely on Medicaid to pay for their care. This gives individuals more choice and addresses the concern about unsustainable budget increases in publicly funded long-term care in the future. Unlike other states that focused their Own Your Future campaign only on the need for long-term care planning, Minnesota expanded the Own Your Future campaign to also include identifying and developing more affordable insurance and financial products for middle income households. As a third component, Own Your Future will also be evaluating ways to alter Medicaid to better incent private payment for long-term care.

### **Reform of Medicare Supplemental Plans to Include Long-Term Care**

As we began the product development phase of our Own Your Future initiative, the importance of providing long-term care through Medicare became evident. Our acclaimed Minnesota Senior

Health Options (MSHO) program has provided cutting-edge care and services for our dual eligible elderly for many years. However, most Minnesotans who reach age 65 and enroll in Medicare do not have any financial protection for long-term services and support (LTSS) needs. Working with local Medicare experts and those familiar with our health systems, we developed a product concept. We are now evaluating a modest home care benefit that could be embedded in all newly issued Medicare supplemental plans sold in Minnesota. This would include traditional Medigap and all Advantage plans.

This benefit would provide a way for chronic care beneficiaries to pay for qualifying home and community-based services. Assisted living and nursing home care would not be covered under this proposal, since we recognize that the vast majority of those needing LTSS want to receive services in their home as long as possible. Care coordination could be a key element of this benefit, so that beneficiaries could receive assistance in obtaining the most effective services for their situation.

Medicare costs continue to rise, especially for chronic care individuals. By incorporating a home and community based benefit, people could more easily access wellness services as well as home care, which could prevent the need for more expensive long-term care services and supports later.

We envision that the benefit would provide a pool of money of approximately \$75,000 to be available over a two-year period and include the following product design parameters:

- A daily benefit cap of \$100 per day
- Offered on a one-time basis during the initial Medicare open enrollment period when applicants first reach Medicare qualifying age
- Mandatory inclusion in all Medicare Advantage and Medigap carrier offerings sold in the state
- The benefit would be included in the policy unless the consumer does not need or want it, then there would be an opportunity for consumer opt out
- Vesting period for 3 years, meaning benefit could not be applied for until 3 years from when policyholder became age eligible
- Reimbursement for services provided, with equivalent cash options available (if feasible)

Much work remains to be done to test this Medicare option. We will soon be doing focus groups with pre-Medicare individuals and current Medicare beneficiaries to determine their interest in this option and also their price sensitivity. We continue to look at the various types of waivers we will need from CMS/CMMI in order to pilot this concept in Minnesota.

Medicare is universally known, widely accepted and very popular among the 65+ population. Take-up of Medicare supplemental plans is substantial in Minnesota unlike long-term care insurance, which nationally is in a steady decline. Because this benefit will be paid for through increased premiums, it will not increase the cost of Medicare, and in fact we hope to evaluate any cost savings for either Medicare or Medicaid as part of the pilot.

Turning 65 is a trigger point for individuals who have not yet taken action on long-term care coverage, so we believe many would be predisposed to consider a long-term care option. Consumers – especially those with several chronic conditions--view LTSS as a logical extension of health care, and research has consistently shown that consumers believe that Medicare already

covers LTSS. Greater integration of the delivery and financing of LTSS is critical to better outcomes for these consumers.

### **Follow-up for More Information**

We would be happy to share more about our concept and our current work to design a demonstration and obtain CMS approval for a pilot of this concept in Minnesota.

Thank you for the opportunity to share our thoughts on ways to improve services for those who need chronic care. If you have questions about any of the information included in this letter, please feel free to contact me at [loren.colman@state.mn.us](mailto:loren.colman@state.mn.us) or at 651-431-2560.

Sincerely,

A handwritten signature in black ink, appearing to read "Loren Colman". The signature is fluid and cursive, with the first name "Loren" and last name "Colman" clearly distinguishable.

Loren Colman  
Assistant Commissioner  
Continuing Care for Older Adults