McKinsey & Company

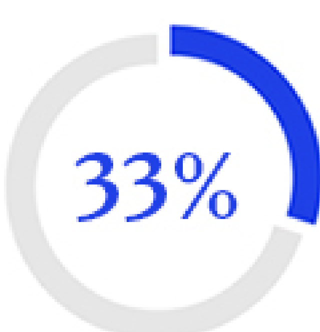
Duals demystified

Actions to drive quality, outcomes, and value for the dual eligible population

Individuals dually eligible for Medicare and Medicaid are a small population with complex care needs and a rapidly growing segment for payers

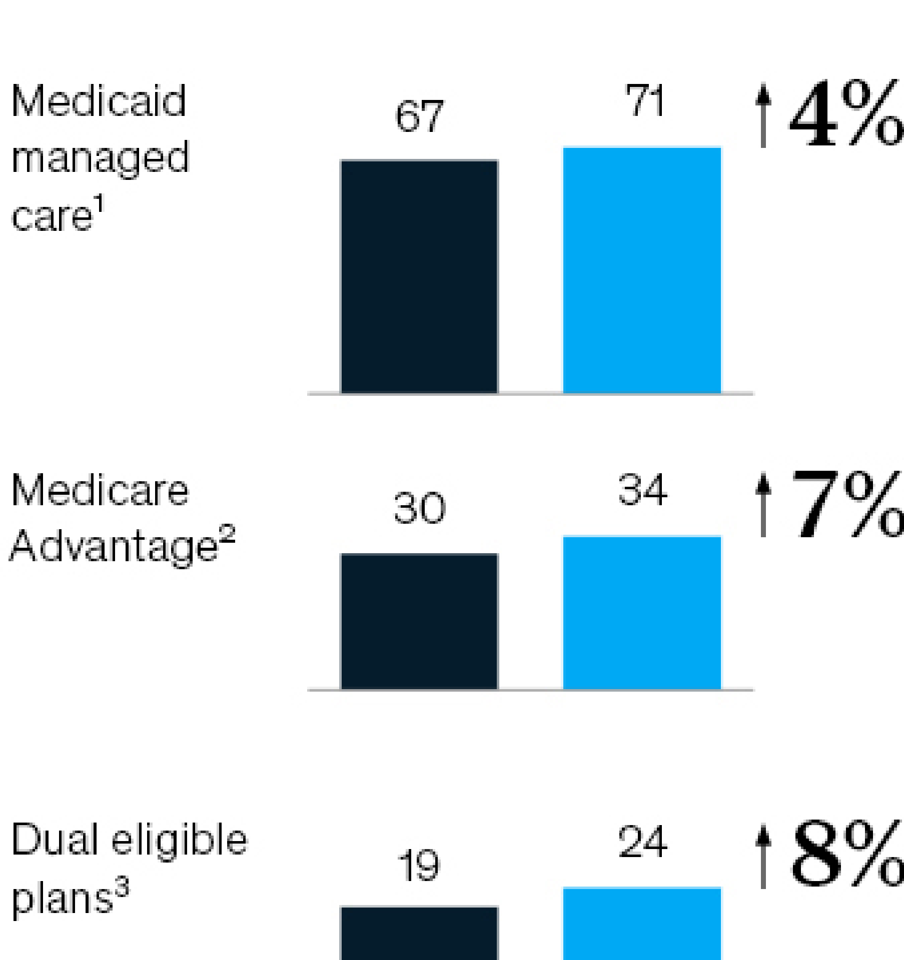
12M dual eligible beneficiaries

of total Medicare and Medicaid population…



…of Medicare and Medicaid spending

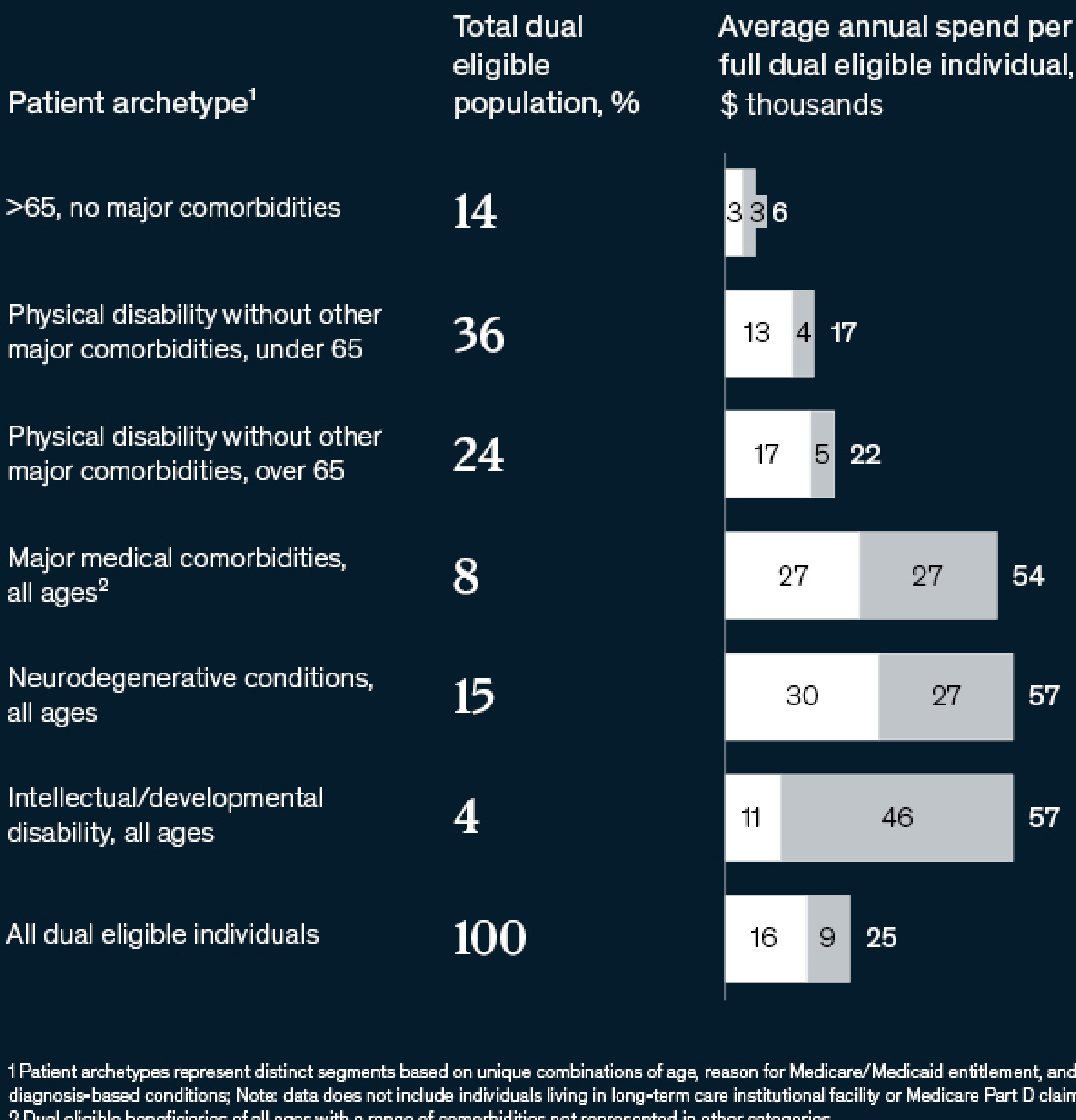
Managed care penetration across Medicare and Medicaid (%)



1 Enrollees in comprehensive, risk-based managed care as percentage of total Medicaid and Children's Health Insurance Program (CHIP) population.
2 Enrollees in Medicare Advantage (including Dual eligible Special Needs Plans (D-SNPs)) as percentage of total Medicare population.
3 Enrollees in D-SNPs, Program of All-Inclusive Care for the Elderly (PACE), and Financial Alignment Demonstrations as percentage of total dually eligible population.

Source: CMS Medicare Advantage Contract and Enrollment Data, MEDPAC and MACPAC Data Book, Beneficiaries Dually Eligible for Medicare and Medicaid, 2018

Cost of care among dual eligible patient archetypes varies by 10X, driven by a broad range of clinical and non-clinical needs

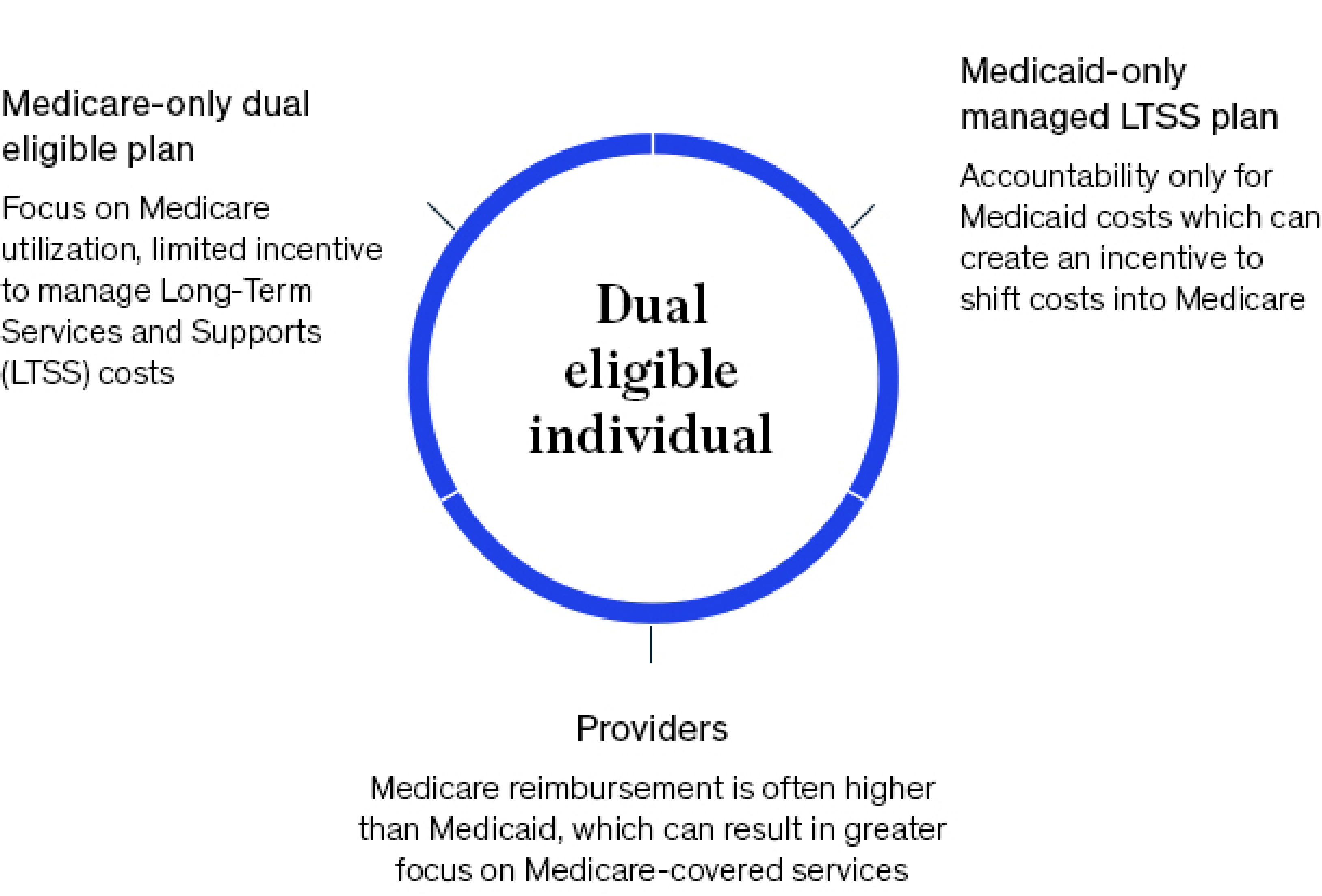


Patient archetype[1]	Total dual eligible population, %	Medicare	Medicaid	Average annual spend per full dual eligible individual, $ thousands
>65, no major comorbidities	14	3	3	6
Physical disability without other major comorbidities, under 65	36	13	4	17
Physical disability without other major comorbidities, over 65	24	17	5	22
Major medical comorbidities, all ages[2]	8	27	27	54
Neurodegenerative conditions, all ages	15	30	27	57
Intellectual/developmental disability, all ages	4	11	46	57
All dual eligible individuals	100	16	9	25

1 Patient archetypes represent distinct segments based on unique combinations of age, reason for Medicare/Medicaid entitlement, and diagnosis-based conditions; Note: data does not include individuals living in long-term care institutional facility or Medicare Part D claims.
2 Dual eligible beneficiaries of all ages with a range of comorbidities not represented in other categories.

Source: Linked Medicare and Medicaid claims data, CY 2016 (CMS Limited Data Set and blinded Medicaid data)

Historically, limited alignment has driven uncoordinated and inefficient care for this population …



… though innovation in care models has shown potential to deliver improved outcomes and value for the dual eligible population

Care management intensity →

Care model archetype	Tech-enabled care management services	Field-based care	High-touch, clinic-based care
Population served	Patients with chronic disease	Individuals with multiple chronic conditions, with a focus on elderly patients	Seniors with chronic conditions who do not require nursing home level of care
Services offered	Care management, risk stratification analytics, customized care plans for payers/providers, technical support for population health management	A full staff including field team coordinators, physicians, nurses, physician extenders, patient engagement specialists	Range of medical and behavioral health specialties, palliative medicine, social worker, and translation

Healthcare stakeholders can take action now to improve quality, outcomes, and value of care for dual eligible individuals at scale

States

Refine programs for the dual eligible population to coordinate effectively across Medicare and Medicaid programs (and share in savings across both programs)

Providers

Redefine model of care, build capability to provide value-based care across both Medicare and Medicaid

Federal partners

Improve and expand upon programs that enhance integration with a focus on offering consistent benefits across both programs

Sustain innovation through grants and other funding programs

Innovators and investors

Invest in innovation that supports integration and coordination:

- Care delivery models with community-level approach to health
- Technology to deliver a labor-intensive care model at scale, e.g., transportation, remote patient monitoring

Payers

Collaborate with state and federal partners to scale-up service to dual eligible beneficiaries

Build out next-generation chassis to serve this population (e.g., care management, coordination across full ecosystem of care, data/analytics)