

Pandemic Disproportionately Drove Dually Eligible Medicare-Medicaid Beneficiaries to Skilled Nursing Facilities: Lessons from COVID-19

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The nearly 15,000 skilled nursing facilities (SNFs) across the United States played a critical role in the nation's early response to the COVID-19 public health emergency (PHE).¹ However, given high COVID-19 infection rates in SNFs, there was a strong preference to discharge hospitalized patients home rather than to SNFs during the first year of the pandemic.^{2,3}

Each year, about 1.4 million of the roughly 36 million beneficiaries covered by original fee-for-service (FFS) Medicare are admitted to SNFs,⁴ which provide short-term post-acute care and rehabilitative services, generally after a hospitalization (see Medicare SNF Benefit on page 4). Using Medicare claims data before and during the first two years of the pandemic (2017–21), this analysis examined SNF admissions among beneficiaries who were dually eligible for Medicare and Medicaid and beneficiaries who were eligible only for Medicare (see Methods on page 4). Dually eligible beneficiaries—compared to Medicare-only beneficiaries—tend to have lower incomes and fewer assets, are more likely to qualify for Medicare due to a disability (37 percent vs. 8 percent), and are much more likely to be in fair or poor health (44 percent vs. 17 percent).⁵ Annually, dually eligible beneficiaries account for a disproportionate share of Medicare and Medicaid expenses. For example, in Medicare, duals account for about 19 percent of enrollees and 34 percent of spending.⁶

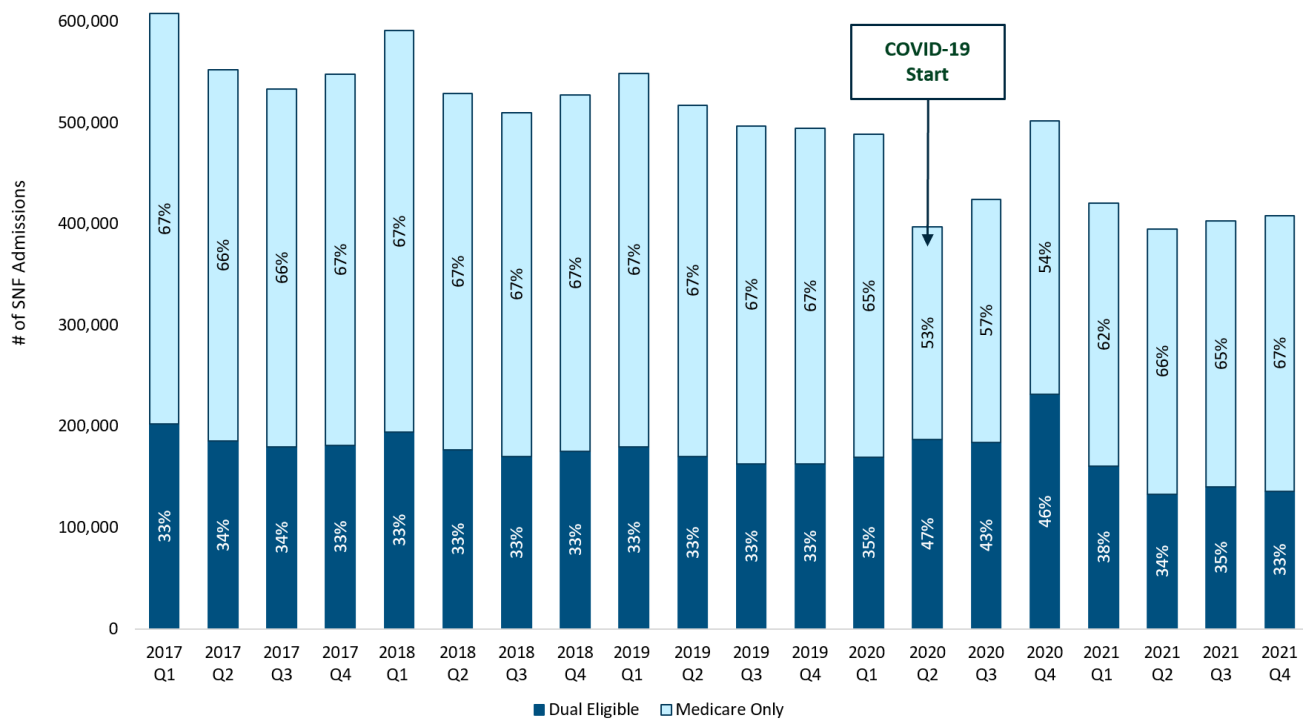
During the PHE, Medicare-only SNF admissions declined, but dually eligible beneficiary SNF admissions increased. Following the start of the PHE, Medicare-only beneficiary SNF admissions *dropped* by 34 percent from about 319,000 in Quarter 1 (Q1) 2020 to 210,000 in Q2 2020. Conversely, for dually eligible beneficiaries, SNF admissions *increased* 10 percent from about 170,000 in Q1 2020 to 187,000 in Q2 2020. Although less than 20 percent of Medicare FFS beneficiaries are dually eligible,⁷ they accounted for about a third of all SNF admissions before the PHE, as shown in Exhibit 1. Early in

Key Findings

- At the start of the PHE—from first to second quarter 2020—SNF admissions *dropped* 34 percent for fee-for-service (FFS) beneficiaries with only Medicare coverage, while SNF admissions *increased* 10 percent for beneficiaries covered by both Medicare and Medicaid.
- Dually eligible beneficiaries—who make up less than 20 percent of all FFS Medicare beneficiaries—accounted for nearly half of all SNF admissions during the 2020 pandemic peak before returning to a one-third share of SNF admissions in 2021—the same as before the PHE.
- The results indicate that dually eligible beneficiaries were more severely affected by the PHE and had a more challenging recovery than Medicare-only beneficiaries.

the pandemic, dually eligible beneficiaries accounted for nearly half of all SNF admissions, before returning in 2021 to their pre-PHE admission one-third share. Medicare-only beneficiary SNF admissions gradually increased after Q2 2020 as COVID-19 spread but remained below pre-PHE levels at the end of 2021. The findings indicate that dually eligible beneficiaries were more severely affected by the PHE and had a more challenging recovery.

Exhibit 1. Number and Percentage of Skilled Nursing Facility (SNF) Admissions, by Medicare-Medicaid Dual Eligibility Status, Q1 2017–Q4 2021



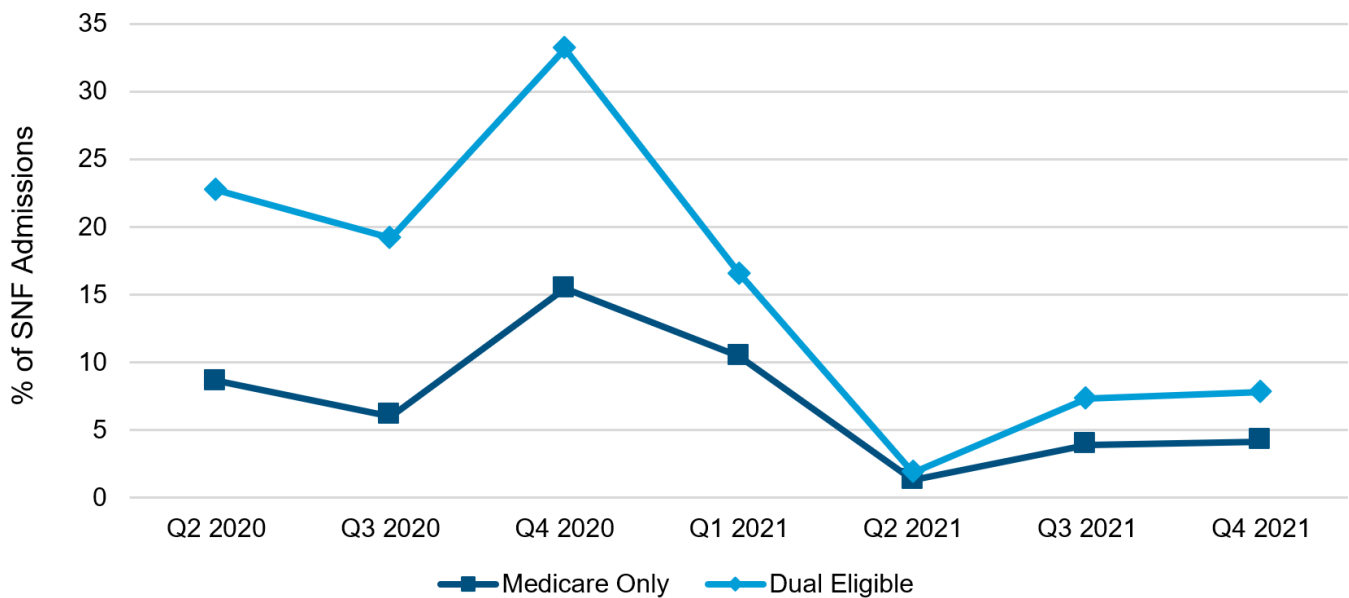
Note. The percentages represent the proportion of SNF admissions attributed to dually eligible and Medicare-only beneficiaries in each quarter. These percentages add up to 100% for every quarter.

Source. Medicare fee-for-service (FFS) claims data.

COVID-19 drove SNF admissions, especially for dually eligible beneficiaries, early in the pandemic.

Dually eligible beneficiaries had a disproportionately greater number of COVID-19-related SNF admissions compared to Medicare-only beneficiaries (Exhibit 2). These results align with findings from the Centers for Medicare & Medicaid Services (CMS) that dually eligible beneficiaries were twice as likely to contract COVID-19 and 2.5 times as likely to be hospitalized because of COVID-19, compared to Medicare-only beneficiaries.⁸ Furthermore, the percentage of all COVID-19 SNF admissions among dually eligible beneficiaries increased from 23 percent in Q2 2020 to 33 percent in Q4 2020 before decreasing to 8 percent by the end of 2021. In contrast, smaller changes occurred for Medicare-only beneficiaries: their percentage of all COVID-19 SNF admissions increased from 9 percent in Q2 2020 to 15 percent in Q4 2020 before decreasing to 4 percent by the end of 2021.

Exhibit 2. Percentage of Skilled Nursing Facility (SNF) Admissions with COVID-19 as Primary Diagnosis, by Medicare-Medicaid Dual Eligibility Status, Q2 2020–Q4 2021



Note. The percentage of SNF admissions that had COVID-19 as the primary diagnosis was calculated separately for dually eligible and Medicare-only beneficiaries.

Source: Medicare fee-for-service (FFS) claims data.

Implications

In sum, the most vulnerable Medicare beneficiaries—those dually eligible for Medicaid—were much more likely to be discharged to high-risk SNF settings early in the pandemic than Medicare-only beneficiaries. Both dually eligible and Medicare-only beneficiaries are covered for medically necessary Medicare home health services, including part-time skilled nursing; physical, speech, and occupational therapy; and part-time home health aide services. Therefore, other factors like illness severity, lack of caregiver support at home, or greater health-related social needs such as food insecurity may have contributed to greater SNF use by dually eligible beneficiaries. Understanding why dually enrolled Medicare beneficiaries were disproportionately discharged to SNFs can help policymakers improve care for this vulnerable population because they account for a large and disproportionate share of health care spending.

The study findings indicate that significant opportunities exist to provide more equitable care and underscore the need for policymakers to design, establish, and test programs that better serve dually eligible beneficiaries. Given dually eligible beneficiaries’ lower incomes, worse health, and greater functional limitations, initiatives that address both their medical and social needs could help prevent SNF admissions following an acute hospitalization. Programs that tackle housing and food insecurity,

health care access, and behavioral health, as well as coordinate these multiple services, could prove to have significant benefit.

MEDICARE SNF BENEFIT

Medicare covers care in a SNF for up to 100 days each benefit period, which begins the day a beneficiary is admitted to a SNF and ends when the beneficiary has been out of the SNF for 60 consecutive days or remains in the nursing facility without receiving any skilled nursing care for 60 consecutive days. Before the PHE, Medicare FFS beneficiaries typically were required to have a hospital stay of at least three days to qualify for SNF benefits. In March 2020, to help free up hospital capacity for COVID-19 patients, Medicare waived the prior hospitalization requirement for SNF coverage, enabling otherwise eligible beneficiaries to be admitted to a SNF without a qualifying hospital stay.⁹ Additionally, for beneficiaries who exhausted their 100-day SNF benefits, CMS authorized extended SNF coverage for an additional 100 days without requiring a new benefit period.¹⁰ These waiver flexibilities ended when the PHE ended on May 11, 2023. Unlike Medicaid, Medicare does not provide coverage for institutional long-term care.

Methods

This Data Point used FFS claims data in the Medicare SNF file with a claim through date between 2017 and 2021 from a 100 percent sample of Medicare beneficiaries enrolled in Medicare Part A but not Part C, Medicare Advantage, for the complete three-month duration of the study quarter. Medicare beneficiaries are considered dually eligible if they had Medicaid coverage for at least one month during the claim through year, and the sample includes beneficiaries dually eligible for full Medicaid benefits as well as those eligible for Medicaid assistance with Medicare premiums and cost sharing. Unique SNF stays were identified by grouping claims with the same beneficiary ID and claim admission date. The study included 9.9 million unique SNF stays during the entire study period.

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Endnotes

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