

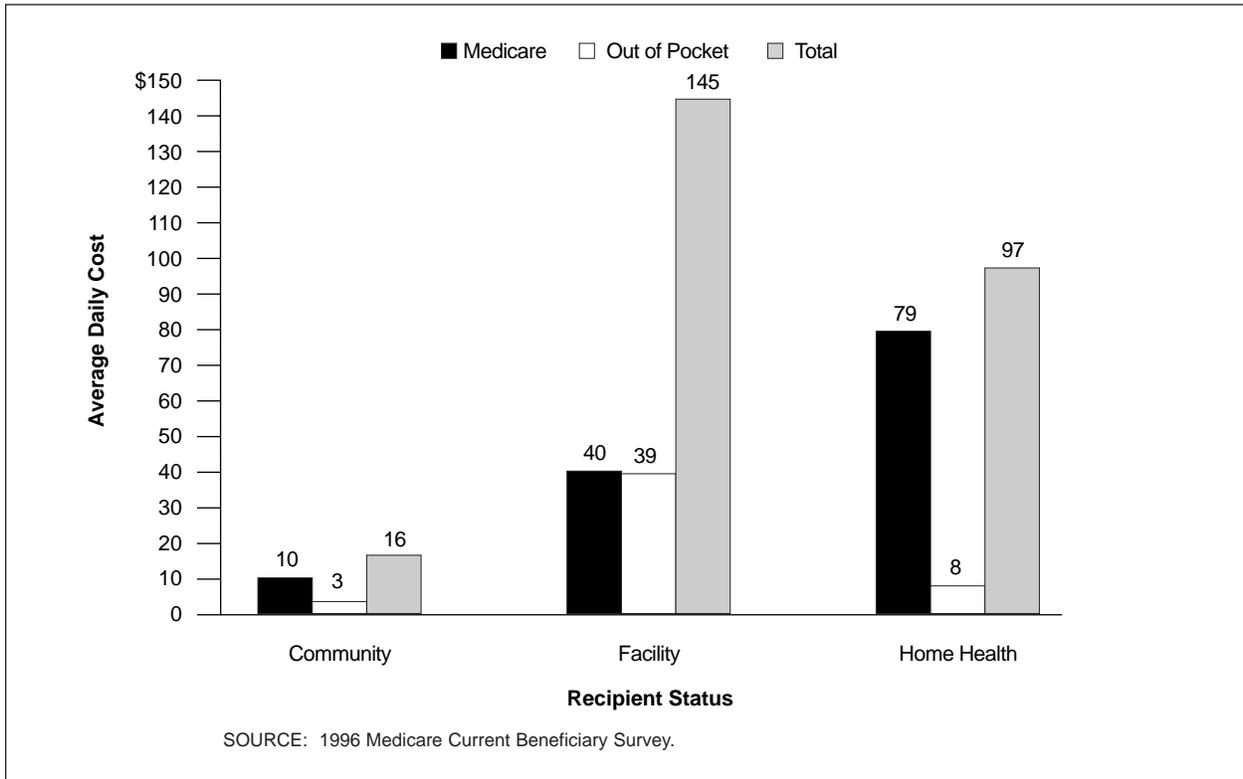
## Home Health, Facility, and Community Populations

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The Medicare Current Beneficiary Survey (MCBS) is a powerful tool for analyzing the Medicare population. Based on a stratified random sample, we can derive information about the health care use, expenditure, and financing of Medicare's 39 million enrollees. We can also learn about those enrollees' health status, living arrangements, and access to and satisfaction with care. Figures 1-3 present findings on Medicare beneficiaries in three very different living arrangements. We compare the health status and health expenditures of beneficiaries residing in the community and receiving home health services, beneficiaries residing in long-term care facilities, and beneficiaries residing in

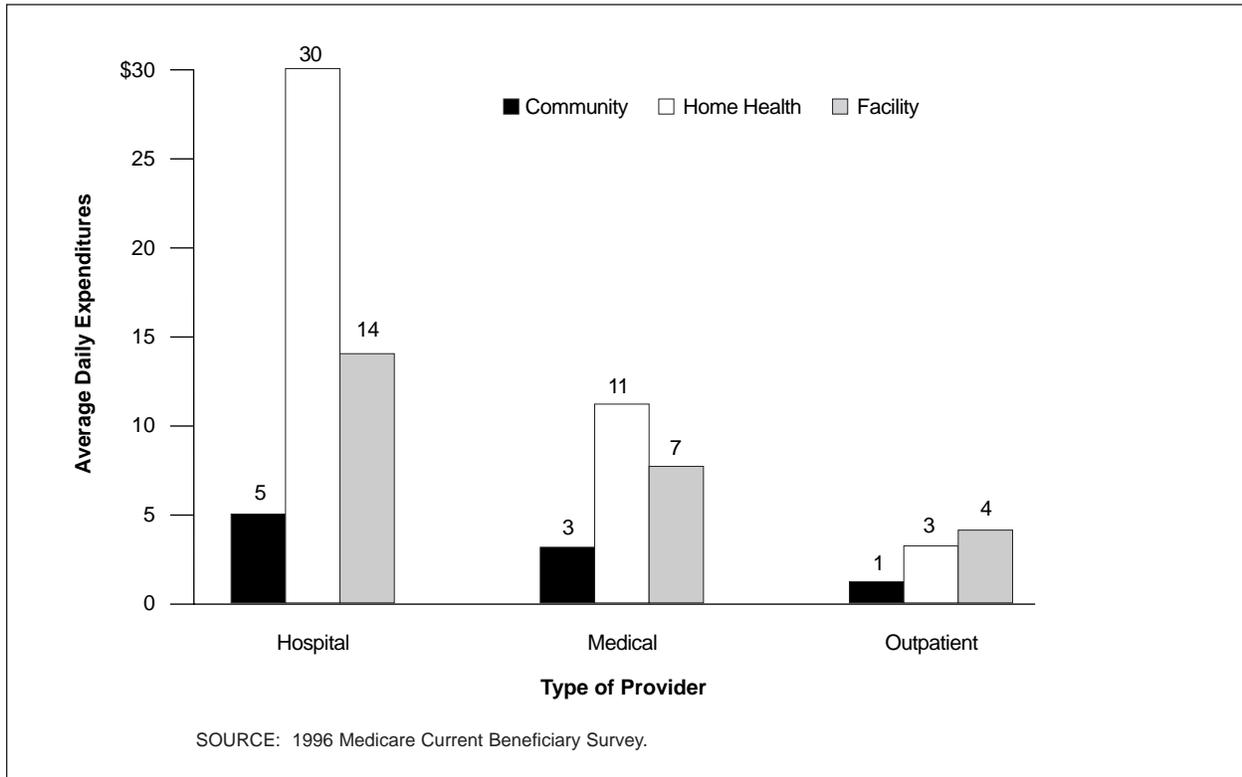
the community and not receiving home health services. Home health services have become an important part of Medicare services for individuals after an inpatient hospital event. Over 3.5 million beneficiaries received at least one day of home health services in 1996. Beneficiaries who received home health averaged 136 days of service. Medicare covers the majority of services provided by home health agencies resulting in low out-of-pocket costs for beneficiaries. In 1996, Medicare spent nearly \$38 billion on beneficiaries who were receiving home health services, of which almost \$17 billion went directly for services from home health agencies.

**Figure 1**  
**Average Daily Cost for Medicare Beneficiaries, by Recipient Status, 1996**



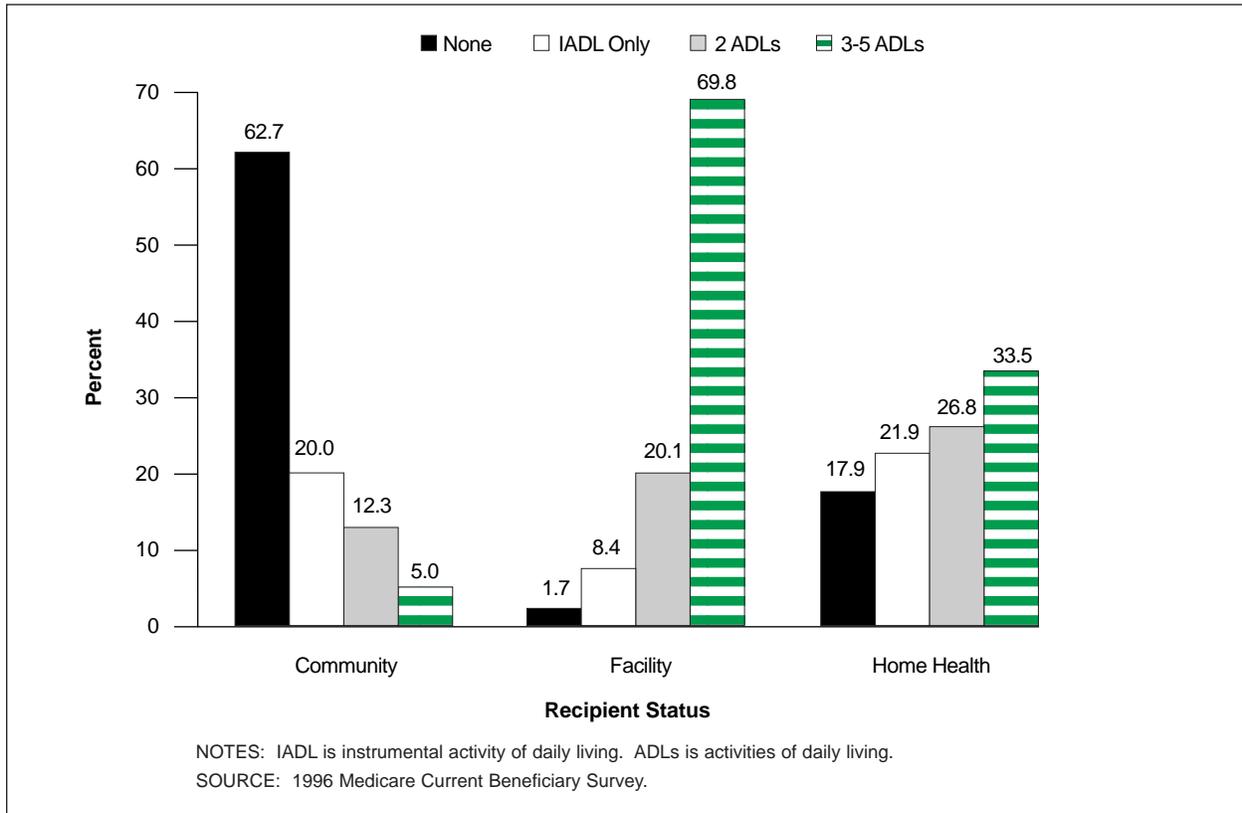
- Average total daily health care expenses are \$16 for a community beneficiary, \$145 for a facility resident, and \$97 for a beneficiary receiving home health care services.
- Medicare paid for 59 percent of health care expenditures for beneficiaries living in the community and only 27 percent of health care expenditures for persons living in facilities. However, Medicare covered 81 percent of total expenditures for beneficiaries receiving home health services.
- Medicare pays twice as much per day for persons receiving home health services than for persons in facilities.
- Beneficiaries receiving home health services have a lower ratio of out-of-pocket expenses to Medicare covered expenses than beneficiaries in the community not receiving home health and beneficiaries in facilities. For every dollar out of pocket spent by home health recipients, Medicare pays \$10. By contrast, for every dollar spent out of pocket by beneficiaries in facilities Medicare pays about \$1.

**Figure 2**  
**Average Daily Medicare Expenditures for Medical Services, by Type of Provider, 1996**



- Average daily expenses for Medicare covered services are much higher for beneficiaries receiving home health services than for other beneficiaries.
- Inpatient hospital expenses paid by Medicare are six times higher for home health recipients than for beneficiaries living in the community and not receiving home health and more than twice as high as beneficiaries in facilities.
- Average daily expenses for medical provider events were also much higher for home health recipients. This does not include the \$36 per day which is spend on services being provided by home health agencies (such as physical and occupational therapy). Medicare spend four times as much on services by medical providers and home health workers for home health recipients than for services by medical providers for beneficiaries in facilities.

**Figure 3**  
**Percent of Beneficiaries with Functional Limitations, by Recipient Status, 1996**



- Community beneficiaries, not surprisingly, have the fewest number of people with functional limitations. Over 60 percent of community beneficiaries have no functional limitations.
- The majority of beneficiaries in facilities have functional limitation in at least 3 to 5 ADLs. Almost none have no functional limitations.
- One-third of the beneficiaries receiving home health services have functional limitation in 3 to 5 activities of daily living (ADLs). A little under 20 percent have no limitations.

The authors are with the Office of Strategic Planning, Health Care Financing Administration (HCFA). The views expressed in this article are those of the authors and do not necessarily reflect the views of HCFA.

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