

FACT SHEET

Medicaid Uses of AHRQ Research

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AHRQ is the lead Federal agency charged with supporting research designed to improve the quality of health care, reduce its cost, address patient safety and medical errors, and broaden access to essential services. AHRQ sponsors and conducts research that provides evidence-based information on health care outcomes; quality; and cost, use, and access. The information helps health care decisionmakers—patients and clinicians, health system leaders, and policymakers—make more informed decisions and improve the quality of health care services.



U.S. Department of Health
and Human Services
Public Health Service

The Agency for Healthcare Research and Quality (AHRQ) conducts and supports research on a wide range of topics that aim to improve the quality of health care and reduce costs to the Medicaid program. Providing a “safety net” for a broad cross-section of the Nation’s population, Medicaid provides health care services for well over half of all poor Americans and a quarter of the Nation’s children. One-fifth of all U.S. hospital stays are billed to Medicaid, and the program pays for over half of all nursing home care. Total Medicaid program payments in 1998 were \$169 billion, with the Federal share reaching \$95.6 billion. Finding a way to control costs and improve the quality of Medicaid services continues to provide a growing challenge for public policymakers. AHRQ research provides information and tools to assist them in addressing this challenge.

Use of Health Care Services

Lowering Medicaid coverage for anti-ulcer drugs reduced their use without increasing hospitalizations. After AHRQ-supported researchers published this finding, the Florida Medicaid program revised its coverage policies to pay for only one anti-ulcer drug prescription at a time; permit only one refill per written prescription; and limit coverage to 60 days for high-dose prescription treatment for acute disorders. Subsequently, the rate of

Medicaid reimbursement for anti-ulcer drugs decreased 33 percent (from 807,272 to 539,534 doses reimbursed per 100,000 Medicaid beneficiaries). But, there was no associated increase in the rate of Medicaid hospitalizations for complicated peptic ulcer disease (PUD), uncomplicated PUD, or non-ulcer peptic disease. Since anti-ulcer medications account for 10 to 13 percent of State Medicaid pharmacy budgets, this finding has important implications for State Medicaid programs.

Prior authorization of certain prescription drugs saved money without increasing use of other health care resources. An AHRQ-funded Tennessee study found that prior authorization requirements for nonsteroidal anti-inflammatory drugs (NSAIDs) can cut Medicaid costs for this expenditure by half. Tennessee alone saved more than \$12.8 million in NSAID costs over 2 years from this program, without increasing Medicaid expenses for other related medical care. If similar prior authorization measures were used nationally for even 20 percent of all NSAID prescriptions, Medicaid could save at least \$175 million annually in prescription costs.

Use of home- and community-based AIDS care for Medicaid patients improved quality of care while cutting costs. Florida is among the States that have initiated waivers for



home- and community-based services for people with AIDS in an attempt to reduce Medicaid hospital costs. A major AHRQ study of the State's "Project AIDS Care" Medicaid waiver program found that monthly expenditures for hospital care for AIDS were 335 percent lower for waiver participants than for those not participating in the waiver program—\$264 vs. \$1,146. In addition, the AIDS patients with waivers got services, such as personal care and home-delivered meals, not available to the nonparticipants. Although spending on drugs was higher for waiver participants than for nonparticipants, overall costs of care to Florida's Medicaid program were almost 10 percent lower for the participants. Since more than half of AIDS patients use Medicaid-covered health services, this finding has wide potential applications for other States.

Long-Term Care

Easy-to-use tool can predict which nursing home residents with pneumonia and other respiratory infections can be safely treated without costly hospitalizations.

AHRQ-funded researchers in Missouri developed a tool that nursing home clinical staff can use to determine the severity of pneumonia and the resident's risk of death; using this resource, staff can more easily choose the most effective location for treatment. Studies have shown that residents at low risk of dying may be managed best in the nursing home, which may also prevent stress and complications that can occur from a hospital admission. Medicaid charges for a hospital stay for pneumonia in 2000 averaged \$14,994, with 2000 aggregate charges to the Medicaid program for hospital treatment of pneumonia estimated at over \$3.4 billion.

Comprehensive advance directive allows nursing home residents and their families to decide which life-saving treatments they want (and do

not want). This program, called *Let Me Decide*, was developed with AHRQ support by researchers at McMaster University who found that nursing homes that used the program reduced their hospitalization rates without affecting residents' satisfaction with care or increasing mortality. The homes also saved about \$1,200 in per patient costs. Besides the directive, the program includes an audio cassette, video tapes, and in-service training for staff.

New pain scale can help identify untreated pain in nursing home residents. AHRQ-supported researchers found that over two-thirds of nursing home residents reported being in pain; one-fourth reported their pain as "horrible." The researchers developed a Minimum Data Set (MDS) Pain Scale—similar to the Visual Analog Scale (the gold standard for assessing pain) but easier to administer—to be used with routinely collected nursing home data to help indicate the presence and intensity of residents' pain.

Resources for Research and Policymaking

CAHPS®. AHRQ's Consumer Assessment of Health Plans (CAHPS®), an easy-to-use kit of survey and reporting tools, is being used by nearly half the States in the Nation to help improve care and monitor patient satisfaction with health services delivered by State Medicaid programs and Medicaid HMOs. The kit includes questionnaires (English and Spanish), sample formats for reporting results to consumers, software to assist in data analysis, and guidance and instructions. More information is available on the AHRQ Web site at:

www.ahrq.gov/qual/cahpfact.htm

Child Health Tool Box. This free online resource provides information for State and local policymakers and public health program directors on how to evaluate their Medicaid programs and other children's health care programs. Information on available

tools and tips on developing appropriate measures of program performance are included. Users can access the Child Health Tool Box on AHRQ's Web site at:

www.ahrq.gov/chttoolbx

MEPSnet. MEPSnet is an interactive online service that presents data from AHRQ's Medical Expenditure Panel Survey (MEPS). Free and publicly available on the AHRQ Web site, MEPSnet gives Internet users easy access to nationally representative MEPS estimates of health care use, expenses, sources of payment, and insurance coverage for the U.S. population—including the Medicaid population. More information on MEPSnet is available at:

www.ahrq.gov/data/mepsnet.htm

HCUPnet. HCUPnet is an easy-to-use online tool that gives Internet users easy access to statistics about hospital stays for the Nation as a whole as well as for selected States—including hospital charges paid by State Medicaid programs. HCUPnet, part of AHRQ's powerful Healthcare Cost and Utilization Project (HCUP), is publicly available at:

www.ahrq.gov/data/hcup/hcupnet.htm

HIVnet. HIVnet provides access to selected statistics (such as type of insurance coverage) based on medical resource use data collected by the HIV Research Network—a group of 18 large medical practices treating over 14,000 persons with HIV disease. HIVnet, which is cosponsored by AHRQ and three other agencies in the Department of Health and Human Services, is available at:

www.ahrq.gov/data/hivnet.htm

AHRQ Quality Indicators (QIs).

AHRQ has begun releasing new Quality Indicators to help health care program administrators and policymakers assess the effects of their program decisions and guide future health care policy choices. These AHRQ QIs expand and enhance the original HCUP QIs, which have been used by health systems such as the Healthcare Association of New York

State to help hospitals identify areas for quality improvement. Two modules of the AHRQ QIs are publicly available on the AHRQ Web site—the Prevention Quality Indicators (**www.ahrq.gov/data/hcup/prevqi.htm**) and the Inpatient Quality Indicators (**www.ahrq.gov/data/hcup/inpatqi.htm**). Development of the third module (the Patient Safety Indicators) is underway.

CERTs. AHRQ's Centers for Education and Research on Therapeutics (CERTs) conduct research and provide education on the cost-effective use of drugs, medical devices, and biological products. An overview of the CERTs program and list of centers are available at: **www.ahrq.gov/clinic/certsovr.htm**

EXCEED. Many ethnic and racial groups have not shared in the advances in health outcomes and health care. To understand the causes and factors of these inequalities, AHRQ awarded grants to nine "Excellence Centers To Eliminate Ethnic/Racial Disparities" (EXCEED). Each center is studying a different theme in an effort to identify and eliminate the causes of health disparities. More information is available at:

www.ahrq.gov/research/exceed.htm

For More Information

For more information on AHRQ's Medicaid-related research and other programs, visit the AHRQ Web site at: **www.ahrq.gov**





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AHRQ Pub. No. 02-P029
August 2002