Summary of MCBS Findings; expected change in Medicare spending by percentage increase in healthcare utilization

November 2025

Professional literature confirms that access to LTC pharmacy services reduces utilization of emergency departments, reduces hospital admissions, and slows transfer of assisted living facility residents to nursing homes. The Senior Care Pharmacy Coalition (SCPC) commissioned ATI Advisory to evaluate the impact a reduction in Medicare beneficiary access to long-term care (LTC) services beneficiaries currently receive due to increased utilization of hospital emergency departments, hospital admissions, and nursing home admissions. SCPC specifically requested an analysis of how much overall Medicare spending would increase over 10 years if utilization increased x% at y% annual medical inflation.

Adjustment Factors	Scenario 1	Scenario 2
Additional Increase in Utilization	**1%**	**2.5%**
Medical Price Inflation	**4.3%**	**4.3%**
10-Year Impact on Medicare Spending	**$1,954,507,170.60**	**$4,886,267,926.51**

Last Updated: 11/12/2025

SCPC - Impact of Long-Term Care Pharmacy Closure

Project Description

The Senior Care Pharmacy Coalition (SCPC) engaged ATI Advisory (ATI) to independently model potential Medicare spending under hypothetical reductions in access to long-term care (LTC) pharmacy services. Using public evidence and client-informed, literature-supported assumptions, ATI created a model that enables adjustment of two key variables: the percentage increase in utilization and the annual medical inflation rate. The model estimates the one-year incremental cost impact and projects that cost over a 10-year period by applying a constant annual medical inflation rate. This approach assumes the cost increase remains stable year-over-year, with each year's cost adjusted for cumulative inflation. It does not account for external or confounding factors such as capacity constraints, behavioral responses, or other system-level effects. The results are illustrative and not intended to predict actual Medicare spending outcomes.

Data Sources

Data analytics in this workbook reflect ATI Advisory analysis of Medicare Current Beneficiary Survey (MCBS) and survey-linked fee-for-service (FFS) claims reflecting national Medicare beneficiary population utilization and healthcare cost.

The Summary tab data sources included:
- The MCBS (2018 - 2022) to identify individuals who reside in assisted living facility, nursing home / facility, and others.
- The MCBS-linked fee-for-service (FFS) claims (2018 - 2022) to identify healthcare utilizations and average healthcare costs for each types of encounter.
- The survey weights are used to estimate the national rate and prevalence of Medicare beneficiaries.
- Additionally, ATI used the Medical Price Inflation as reported from Bureau of Labor Statistics (BLS). ATI selected "Medical Care Service Price, seasonally adjusted" for the month of August. This was used to inflate each average costs to 2025 dollars.

Methods

Populations: MCBS respondents who have 12 months of continuous enrollment in traditional Medicare program for each calendar year are included in the analysis.

Residence Type: Each MCBS respondents are grouped into four distinct residence types based on the definitions below:

Facility: MCBS respondents that self-reported to reside in either (1) nursing home or (2) short-term facilities **and** self-reported to receive help with at least two activities of daily living (ADLs). There are six ADLs; 1) bathing, 2) walking, 3) transferring in/out of chair or bed, 4) eating, 5) dressing, 6) toileting.

Assisted Living Facilities (ALF) with LTC Need: MCBS respondents that self-reported to reside in ALF **and** self-reported to receive help with at least two ADLs.

Community-Dwelling with LTC Need: MCBS respondents that self-reported to reside in the community (i.e. not in facility) **and** self-reported to receive help with at least two ADLs.

No LTC need (Others): All others who self-reported to receive help with only one ADLs or self-reported that they do not receive any help with their ADLs.

Healthcare Utilization and Costs: ATI analyzed the survey-linked FFS claims to identify average healthcare costs for each types of health encounter listed below and total utilization rates. Note that healthcare utilizations and costs from 2020 are not included in the analysis due to concern with the COVID pandemic impact on costs and utilizations.

ER visits: ER visits are identified from Outpatient claims with revenue center codes that either (1) ranges from "0450" and "0459" or (2) has the value "0981". Once ER claims are identified, ATI created an unique key by combining beneficiary ID and date of service. This unique key is used to identify all ER-associated services by assuming that all services rendered on the day of ER visits are associated with ER visits.

Inpatient admissions: Inpatient admissions are identified from Inpatient claims with unique admission date.

Skilled Nursing Facilities (SNF) discharges: SNF discharges are identified from SNF claims with unique admission date. For Medicare beneficiaries who reside in ALF with LTC needs, the 2022 SNF admissions are not included in the analysis as the claim data showed "0" SNF admissions, which may be erroneous.