Early Insights from Medicaid Directors: What Is the Impact of COVID-19 on Medicaid Utilization?

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COVID-19 is impacting the U.S. health care system in unprecedented and complex ways. Some segments of the health system, like hospitals and skilled nursing facilities, are responding to a surge of patients with COVID-19 and experiencing higher costs. Other swaths of the health care system are seeing a different impact: fewer patients seeking care due to social distancing and limits on elective procedures implemented to preserve hospital capacity and personal protective equipment.

Medicaid, the health coverage provider for over 70 million individuals, is actively evaluating how these changes in health care utilization are impacting the health and health care of people we serve.

This brief lays out our preliminary insights on service utilization from several states that directly pay providers for services and therefore are able to evaluate utilization changes more quickly through the claims they paying. It also outlines the key questions Medicaid programs are still trying to answer.

Early Insights on Service Utilization

- Nursing home utilization and costs have gone up since the pandemic began. Skilled nursing facilities had higher costs from treating COVID-19 patients and additional safety measures to prevent the spread of the virus.

- Inpatient hospital utilization held steady, at least initially. Restrictions on elective procedures did reduce utilization, but many states had high numbers of patients with COVID-19 that required hospital and intensive care unit levels of care, keeping the total volume of inpatient service use consistent with levels anticipated by Medicaid programs.

- Social distancing and the closure or limited capacities of outpatient practices reduced Medicaid service use in many categories in March and April. Examples included outpatient services, dental services, primary care services at federally-qualified health centers and community-based programs for individuals with disabilities. Depending on the state and service category, declines ranged anywhere from 10 to 90 percent.

- Service utilization may be slowly increasing. A few states are seeing an uptick in service use, which may be the result of more telehealth adoption, as well as easing of social distancing measures and increased access to personal protective equipment for providers. For example, one state saw an uptick in primary care services at community health centers, likely because of telehealth adoption. Another state pointed to an uptick in dental services in April, which they believe is the result of a return to face-to-face care delivery. A recent Harvard study confirms that the health care system is adapting to new ways to provide services. The study, which
examined outpatient service use across payers, found that utilization was starting to trend back upwards in April and May.¹

**Questions Medicaid Programs are Still Looking to Answer**

- **What is the impact that delays in care have had on the health of members and long-term Medicaid costs?** Providing coordinated care, timely care, and preventive care are tenets of the Medicaid program. These efforts improve health outcomes and prevent the need for costly hospital and emergency department use. Understanding the impact of delays in care and changed care patterns may take many months to years for Medicaid programs.

- **As the health care system adapts to new care delivery models, how will provider capacity to deliver services change?** Early indicators show COVID-related closures impacted many providers, especially certain Medicaid providers, like day programs for individuals with disabilities. It is likely that some providers will close their practices and programs. Other providers may have to limit the number of individuals they can see or change the services they are able to deliver. Medicaid programs will need to understand the impact on their provider networks and the capacity of providers to continue delivering care for beneficiaries.

- **What is the impact of increased telehealth on access and efficiencies in care delivery?** Many providers rapidly adopted telehealth as way to continue to care for their patients. Early in this pandemic, Medicaid programs made significant policy changes to facilitate the use of telehealth to provide access to care. Providers and patients alike have responded positively to telehealth, and Medicaid programs want to understand how telehealth increased access and created efficiencies in care delivery as they consider ways to preserve what worked and eliminate what didn’t work.

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