

# *Medicare and Disease Management*

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# *Caring for Chronically Ill Beneficiaries*

- Heavily burdened by their illnesses
- Neither fee-for-service Medicare nor Medicare+Choice is currently configured to provide adequate care for these beneficiaries

# *Caring for Chronically Ill Beneficiaries*

- Fee-for-service Medicare:
  - emphasis on provision of services by individual providers
  - centered on single encounter or spell of illness
  - discourages coordinated care needed by the chronically ill

# *Caring for Chronically Ill Beneficiaries*

- Medicare+Choice:
  - should be an appropriate environment for coordinated care
  - but current payment system based mostly on costliness of average beneficiary
  - Medicare+Choice rules limit ability to specialize in specific types of patients

# *Cost of Chronically Ill Beneficiaries*

- 78 percent of Medicare beneficiaries have at least 1 chronic condition, accounting for 99 percent of Medicare spending
- 20 percent of Medicare beneficiaries have at least 5 chronic conditions, accounting for 66 percent of Medicare spending

(SOURCE: The Johns Hopkins University, Partnership for Solutions.)

# *Implications for Medicare*

- We need to find better ways to coordinate care for Medicare beneficiaries with chronic illnesses
- There's a lot of money on the table that can be better used to encourage the appropriate care
- Disease management approaches have been developed to combine adherence to evidence-based medical practice with better coordination of care across providers



# *Medicare Disease Management Demonstrations*

- Medicare has the authority to waive certain rules in order to develop and test changes that might improve the effectiveness and efficiency of the program
- The Centers for Medicare & Medicaid Services is conducting and developing an array of demonstration projects to test the ability to apply disease management approaches in the context of the Medicare program

# *Objectives*

- Improving access to needed and appropriate care
- Improving coordination of care
- Improving physician performance by making them more involved and responsive to patient needs
- Improving patients' ability to become involved in health care decisions and participate in their own care



# *What Are We Testing?*

- What needs to be done to get disease management programs up and running
- How best to provide disease management services
- Which services work in the context of Medicare
- Which conditions lend themselves best to disease management
- Impact of different approaches



# *Questions to be Addressed*

- Focus (what conditions should be targeted, what services should be provided)?
- Data requirements (identify potential enrollees, monitor their needs, evaluate results)?

# *Questions to be Addressed*

- What organizational structures work best?
- Which disease management approaches work best?
- How can payment be designed to be compatible with these approaches (and with Medicare)?
- How can all these issues be appropriately evaluated?

# *Where We Are Today*

## Case Management Demonstration

- Fee-for-service
- CHF, diabetes
- 2 sites
- 300 enrollees

# *Where We Are Today*

## Coordinated Care Demonstration (BBA)

- Fee-for-service
- CHF, heart, liver, and lung diseases, Alzheimer's and other dementia, cancer, and HIV/AIDS
- 15 sites (urban and rural)
- 7,500 enrollees

# *Where We Are Today*

## Demonstration of Disease Management for Severely Chronically Ill Medicare Beneficiaries (BIPA)

- Fee-for-service (including prescription drugs)
- Advanced-stage CHF, diabetes, coronary heart disease
- 3 sites
- Up to 30,000 enrollees

# *Where We Are Today*

## Physician Group Practice Demonstration

- Fee-for-service (with gain-sharing)
- Large, multispecialty physician groups
- 6 or more sites

# *Where We Are Today*

## Capitated Disease Management Demonstration

- Capitated payment (fully risk-adjusted)
- Stroke, CHF, diabetes, others
- Proposals due May 29, 2003



# *Ideas for the Near Future*

- ESRD Disease Management
- Population-Based Disease Management

# *What Do We Hope to Learn?*

- Data
- Techniques
- Effectiveness
- Medicare's role

*Stay tuned*

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