

# Medicare & Disease Management

Issues & Strategies

# Medicare & Disease Management

- Why Medicare needs successful disease management
- What is needed for Medicare to be successful with disease management

# Medicare Needs for DM

- An acute care program with a chronic disease population
- Quality problems, e.g. chronic care
- Wide area-to-area variations
- Limited successes of other cost control strategies: price controls, M+C

# Medicare Challenges for DM

- Requires fundamental changes from existing statute & standard operating procedures
- Requires new CMS research strategies
- Requires new CMS business models
- Requires new CMS administrative models
- Multiple constituencies & agendas: executive, legislative, interest groups, enrollees

# Medicare: A Non-DM Program

- SEC. 1801. [42 U.S.C. 1395] Nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided....

# Medicare: A Non-DM Program

- “We just pay bills”
- An entitlement
  - For beneficiaries
  - For any-willing-providers
- For “medically necessary” services
- Operated through contractors
  - Provider nomination (Part A)
  - Insurance companies (Part B)
- PROs/QIOs - medical societies, local patterns of care

# Medicare & Change

- Remarkably few changes since 1965/1972
  - Eligibility (disabled, ESRD)
  - Benefits
    - Home health & hospice
    - Rx & catastrophic repealed
  - Contractors, not business partners
- Medicare pays bills *very* efficiently
- A very popular, successful program

# Medicare & Change

- R&D & experience
  - Small scale successes are often difficult to generalize to Medicare entitlements for beneficiaries and providers
  - “Add-on” benefits seldom contain costs, when added as a general entitlement
    - History: SNF, ICF, home health, outpatient, hospice, Rx
    - Different providers w/ different capabilities & motivations
    - Psychology: overspend all budgets
  - OMB’s “budget neutrality” requirement



# Medicare & Change

- Change is harder for Medicare than for private sector purchasers
  - Statutory mission & political oversight
  - National, rather than targeted, benefits
  - Regulation & contractor instruction-oriented
  - A very large program
  - Limited administrative resources
  - Inertia
- Medicare needs new private sector resources, e.g. DM, PBM

# Rising Interest in Medicare DM

- CMS, CBO, OMB, MedPac, Congress, others
- Potential tool for dealing with
  - Costs
  - Quality
  - Improving health
- Using friendly support & evidence-based guidelines

# Rising Interest In Medicare DM

- Used in private sector, good results
- Not “managed care”
- Avoids rationing, government getting into doctor/patient relationship & practice of medicine
- A major concern: it won’t work, but it will be a runaway popular new benefit

# Medicare & Successful DM

- Scientifically sound demonstrations of effectiveness and cost-effectiveness
- Satisfied customers
  - CMS, OMB, MedPac, Congress
  - Beneficiaries/enrollees
  - Physicians
  - Health policy/expert community
- Avoiding disaster(s): voluntary participation, transparency, non-coercive, privacy

# Medicare & Successful DM

- A new CMS research strategy
  - Interventions for targeted populations, trigger conditions & areas
  - Different approaches & flexibility, but with enough standardization for valid research
  - New CMS business & administrative models being tested, as well as DM
- Aimed at rapid CMS/&DM learning in a complex & changing environment

# Medicare & Successful DM

- A new CMS business model, with private sector
  - Performance-based contracting
  - Limited risk, between FFS & M+C
  - Population based
  - Business partnership and relationship management
  - Monitoring & evaluation of contractor performance

# Medicare & Successful DM

- A new CMS administrative model
  - CMS/HHS management team...actuarial, clinical, R&D, timely& useable data
  - Interactive w/ contractors, data for DM
  - Aimed at rapid learning, as well as valid research
  - Building up CMS capacity for use of DM on a broader scale

# Conclusion

- Medicare DM demonstrations are important threshold events for the Congress, the Executive branch, Medicare, CMS, DM, physicians, and enrollees
- Medicare needs to become a successful health program, as well as a bill-payer