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PROGRESS REPORT

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June 23, 2005

Flashback – June, 2002

- CMS co-hosts first meeting of national experts to discuss the concept of testing population-based disease management in FFS Medicare

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KEY QUESTIONS - June, 2002

- Where are the most promising opportunities?
- What would be essential program ingredients?
- How should payment be structured?
- What objections are we likely to encounter?
- How would we measure success?

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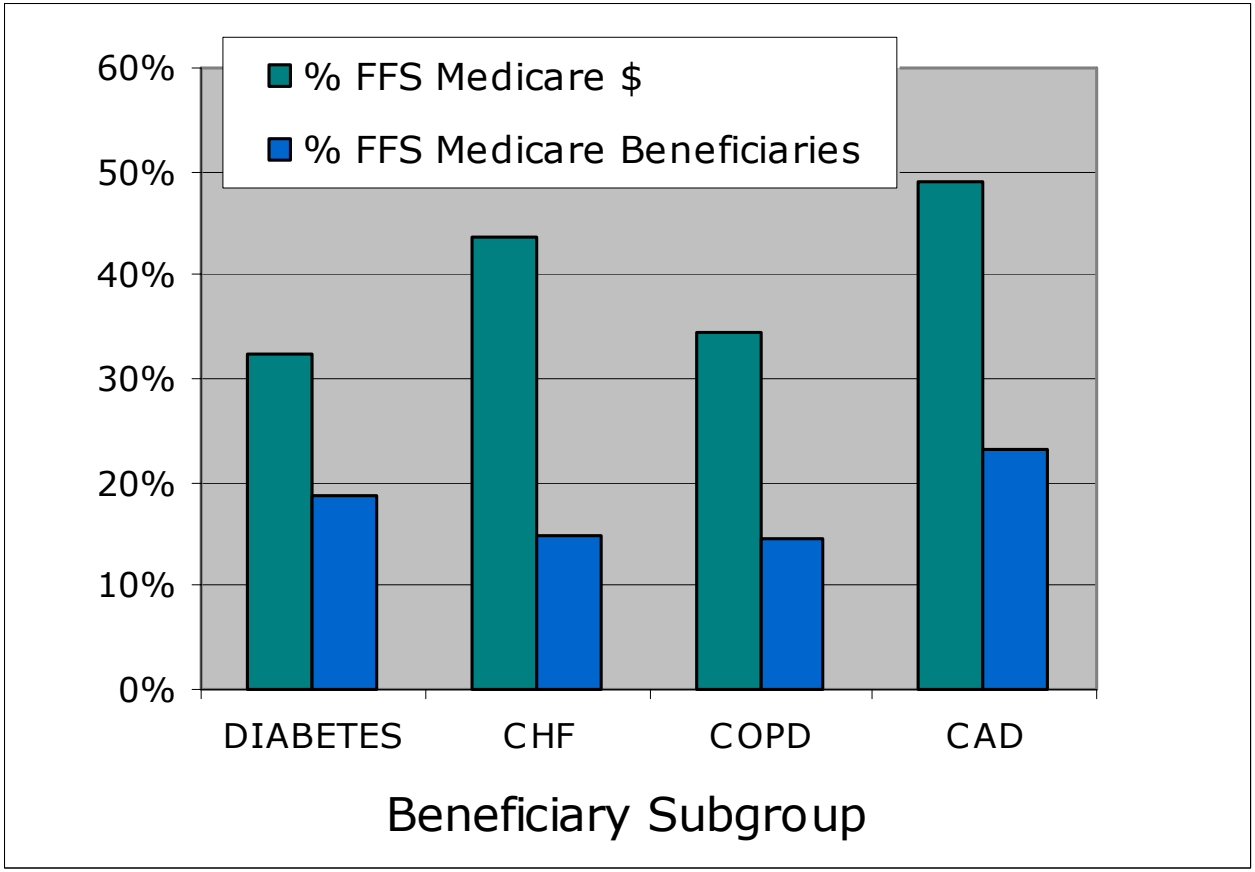
Target Populations?



Source: Medicare Current Beneficiary Survey Cost and Use Files, 1999

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Selected Regions?

State	> 500,000 Medicare Beneficiaries	> 17% Diabetes or > 12% CHF	> 16% Minorities in Medicare	Low Avg. Quality Rank	>20% Pop. Rural
Alabama	√	√	√	√ (42)	√
Georgia	√	√	√	√ (47)	√
Illinois	√	√	√	√ (46)	
Louisiana	√	√	√	√ (51)	√
South Carolina	√	√	√	√ (32)	√
Texas	√	√	√	√ (49)	
Florida	√	√	*	√ (41)	
Indiana	√	√	*	√ (27)	√
Michigan	√	√	*	√ (26)	√
New Jersey	√	√	*	√ (43)	
Pennsylvania	√	√	*	√ (31)	√

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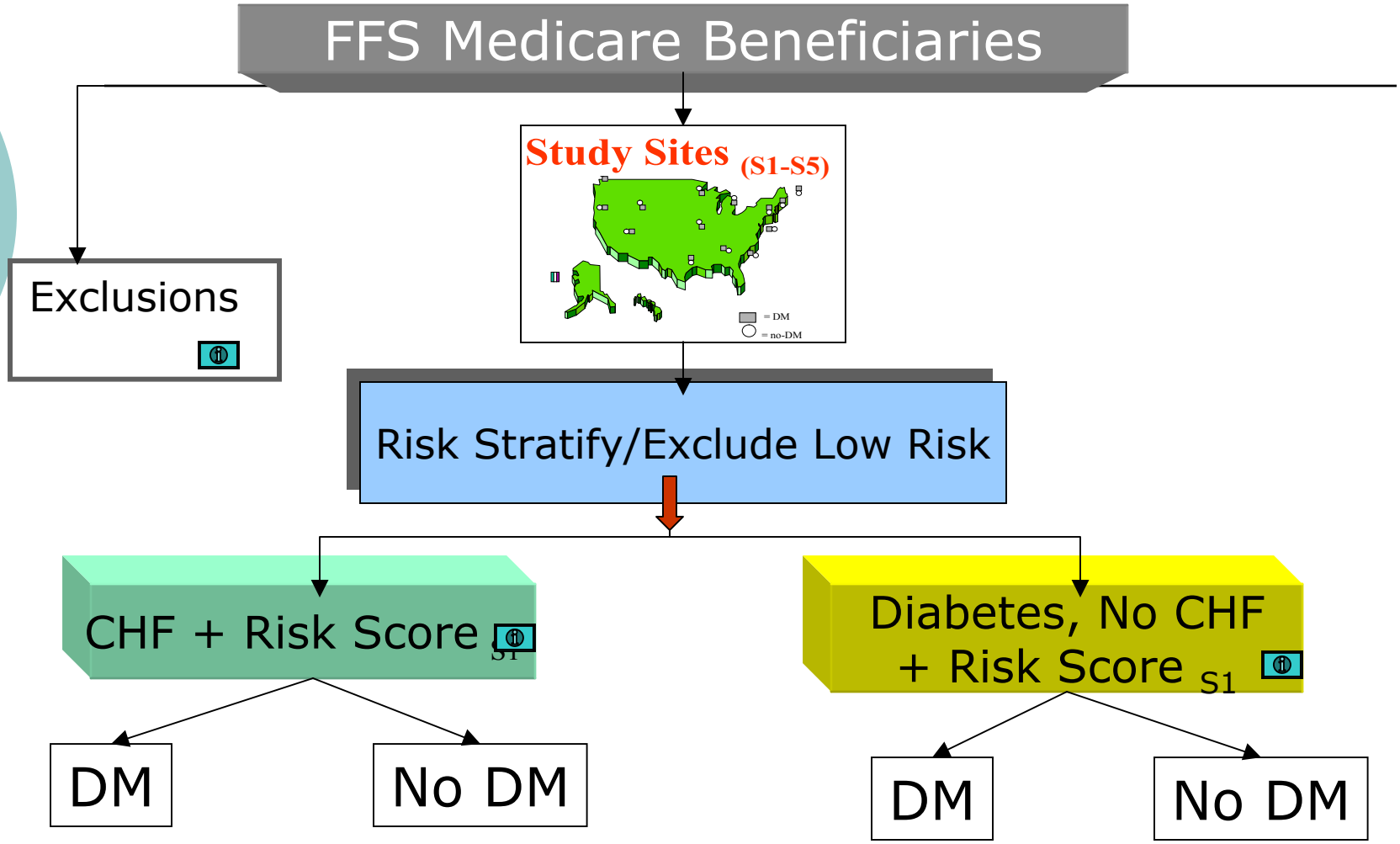
Population Selection and Randomization



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Desired Outcomes?

- Randomized controlled trials showed self-care support programs improved health outcomes and reduced Medicare claims costs for selected target populations with diabetes and/or CHF.
- Adherence to evidence-based treatment guidelines increased.
- Rates of hospitalization and emergency room visits decreased.
- Sophisticated data analysis tools and expert clinical systems were used to support program operations.

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More Desired Outcomes…

- Programs were acceptable to physicians
- New integrative infrastructure was created to reduce fragmentation in delivery system
- Programs focused on patient total health
- Programs were adaptable, scalable and replicable nationally
- Quality and cost outcomes were sustainable over time
- Administrative model worked and showed how/when/where interventions were effective
- Business model (fees at risk) was successful
- Programs were effective in dually eligible populations

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Flashback – June, 2003

- CMS solicitation written for a population-based DM demonstration
- Medicare reform debate heats up, including "Voluntary Chronic Care Improvement in Traditional Fee-For-Service" in H.R. 1

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KEY QUESTIONS - June, 2003

- How large should Phase I be?
- Should there be only one program per region?
- How should the programs be financed?
- What services should be required?
- How will Phase II expansion be triggered?

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Congressional Proposals

S.1

- **Title IV, Section 443, Medicare FFS Care Coordination Demonstration Program (6 sites)**
- **Available to "high risk" beneficiaries**
- **Case mgmt organizations**
- **Any eligible beneficiary in demonstration areas may participate**

H.R. 1

- **Subtitle C, Section 721, Chronic Care Improvement Program**
- **New national program envisioned**
- **Population-based program structure**
- **Contracted programs regionally**
- **Eligible beneficiaries prospectively identified and offered participation**

Flashback – June, 2004

- Medicare Prescription Drug, Improvement and Modernization Act of 2003 enacted (December, 2003)
- Section 721 implementation begun!
- Solicitation issued; applications due August, 2004
- CMS infrastructure development underway

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KEY QUESTIONS - June, 2004

- How will the industry respond?
- How will physician leaders engage nationally and regionally?
- How can CMS help maximize the potential for Phase I success?

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Current Status

- 9 Phase I awards made; roll out planned summer-fall, 2005
- CMS infrastructure assembled
- Physician engagement strong
- Widespread support for MHS

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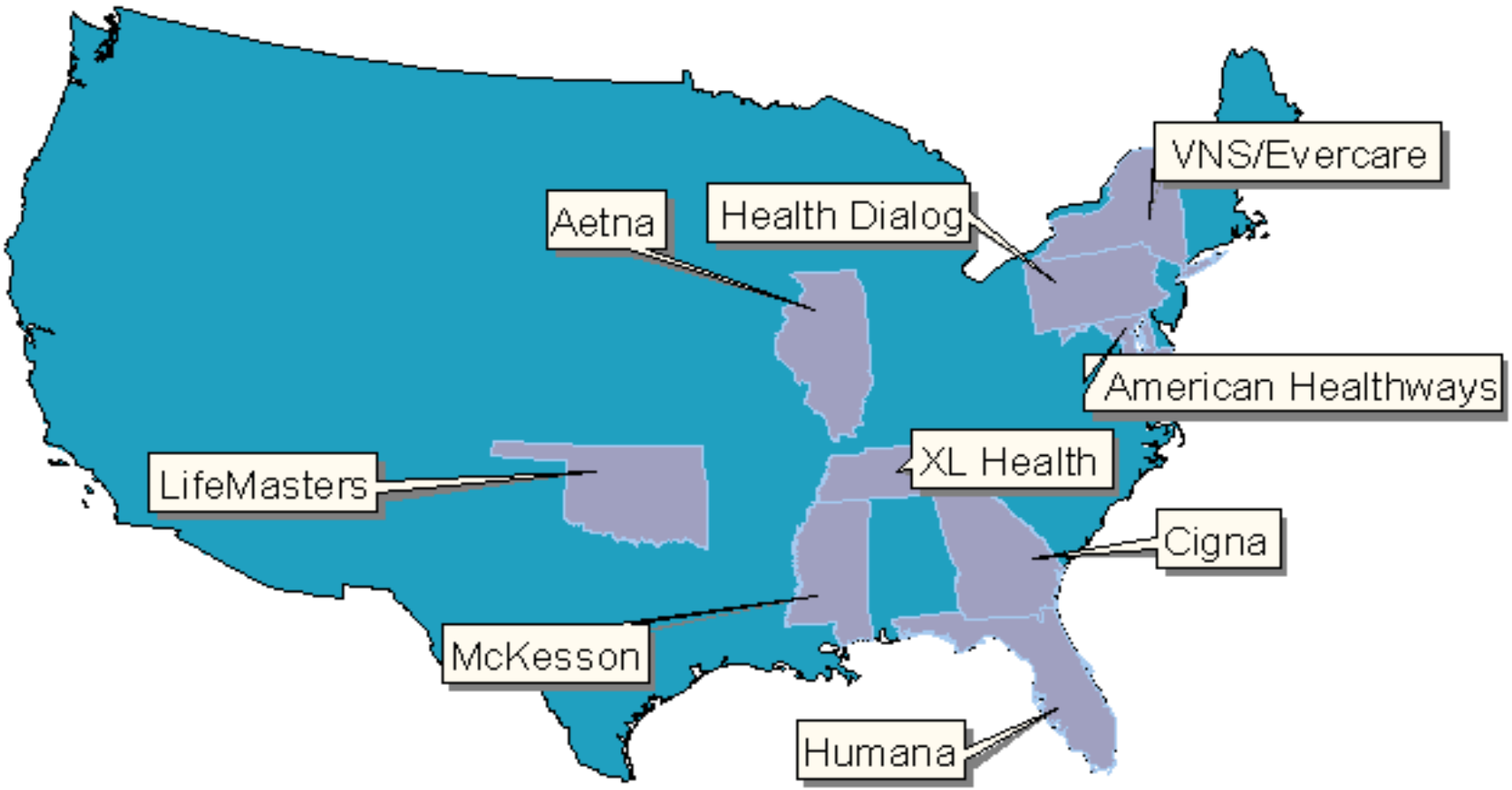
Phase I Pilot Programs



Core MHS Program Elements

- Self-care education for beneficiaries
- Facilitating beneficiary-provider communications
- Collaboration to enhance communication of relevant clinical information

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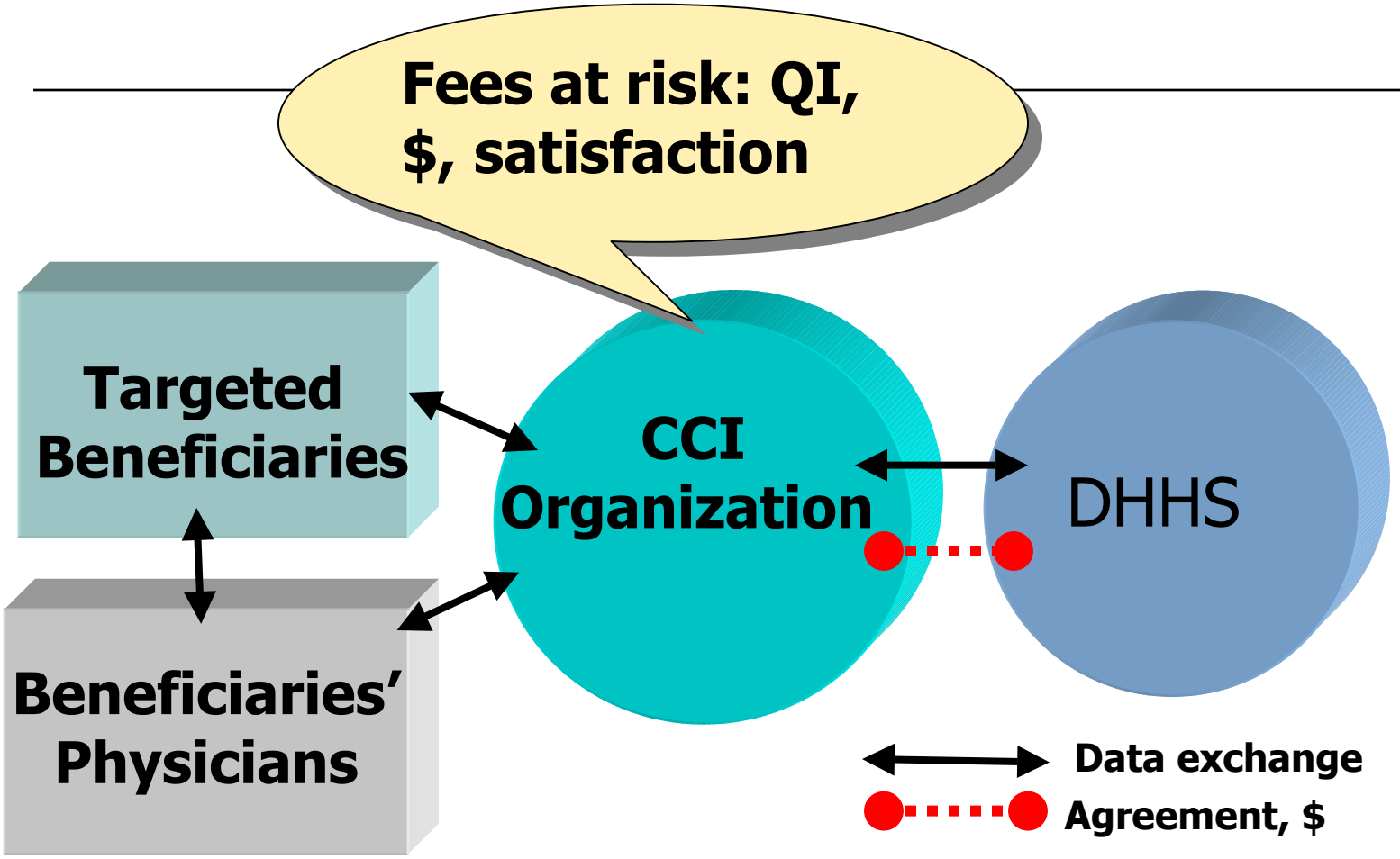
Program Structure



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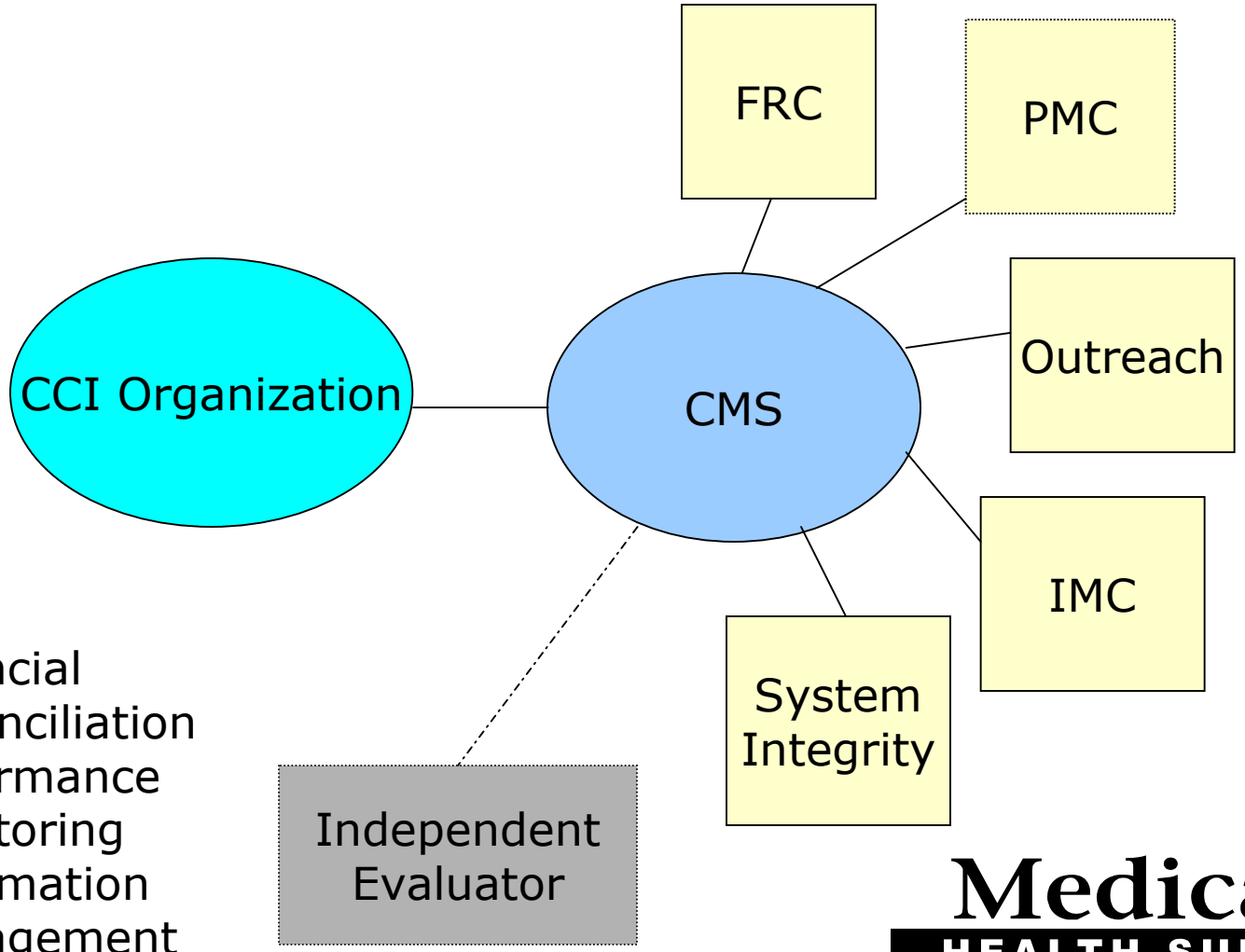
CMS Program Infrastructure



FRC= Financial Reconciliation
PMC=Performance Monitoring
IMC= Information Management

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Physician Engagement

New national and regional alliances developing with awardees

Examples:

- American College of Physicians
- American College of Cardiology
- American Academy of Family Physicians
- American Geriatric Society

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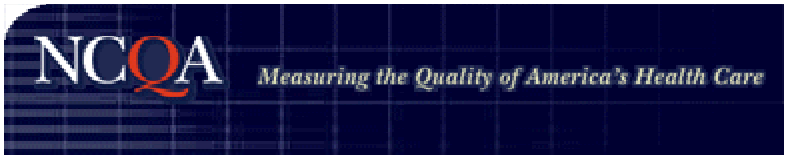
CMS Partners for Medicare HEALTH SUPPORT



…AND MANY OTHERS!

Lessons to date

"It takes longer than you expect, and it's hard work."

Crowson, T. and Wuorenma J. Disease Management Lessons Learned. HealthPartners internal document, 2001

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Moving forward…

- Maximize MHS awareness and participation
- Develop program operations that are robust, scalable, and flexible
- Keep asking, listening and learning

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KEY QUESTIONS – June, 2005

- How can we most effectively integrate Medication Therapy Management with MHS?
- How can MHS help facilitate connectivity across providers?
- What design issues are most important to begin exploring now for Phase II?

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