



# **State Approaches to Medicaid Disease Management**

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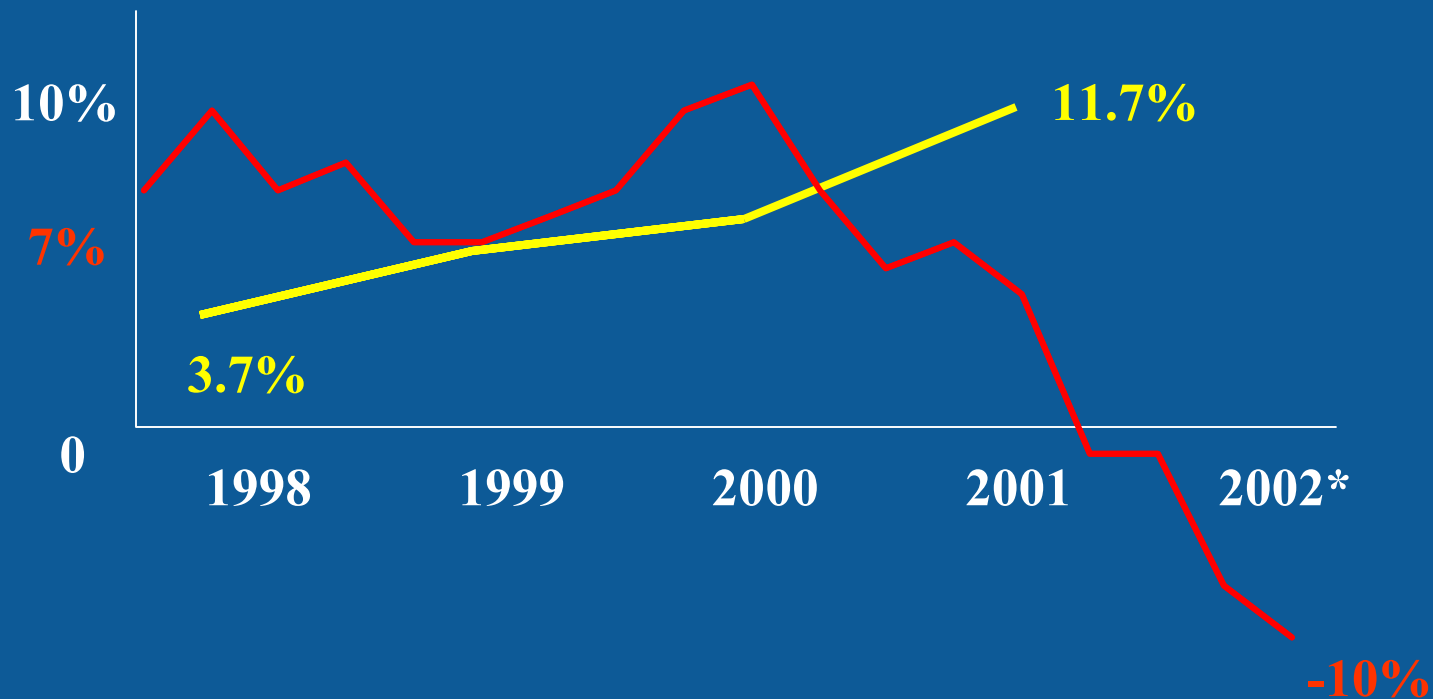


# States Seeking Solutions for Medicaid

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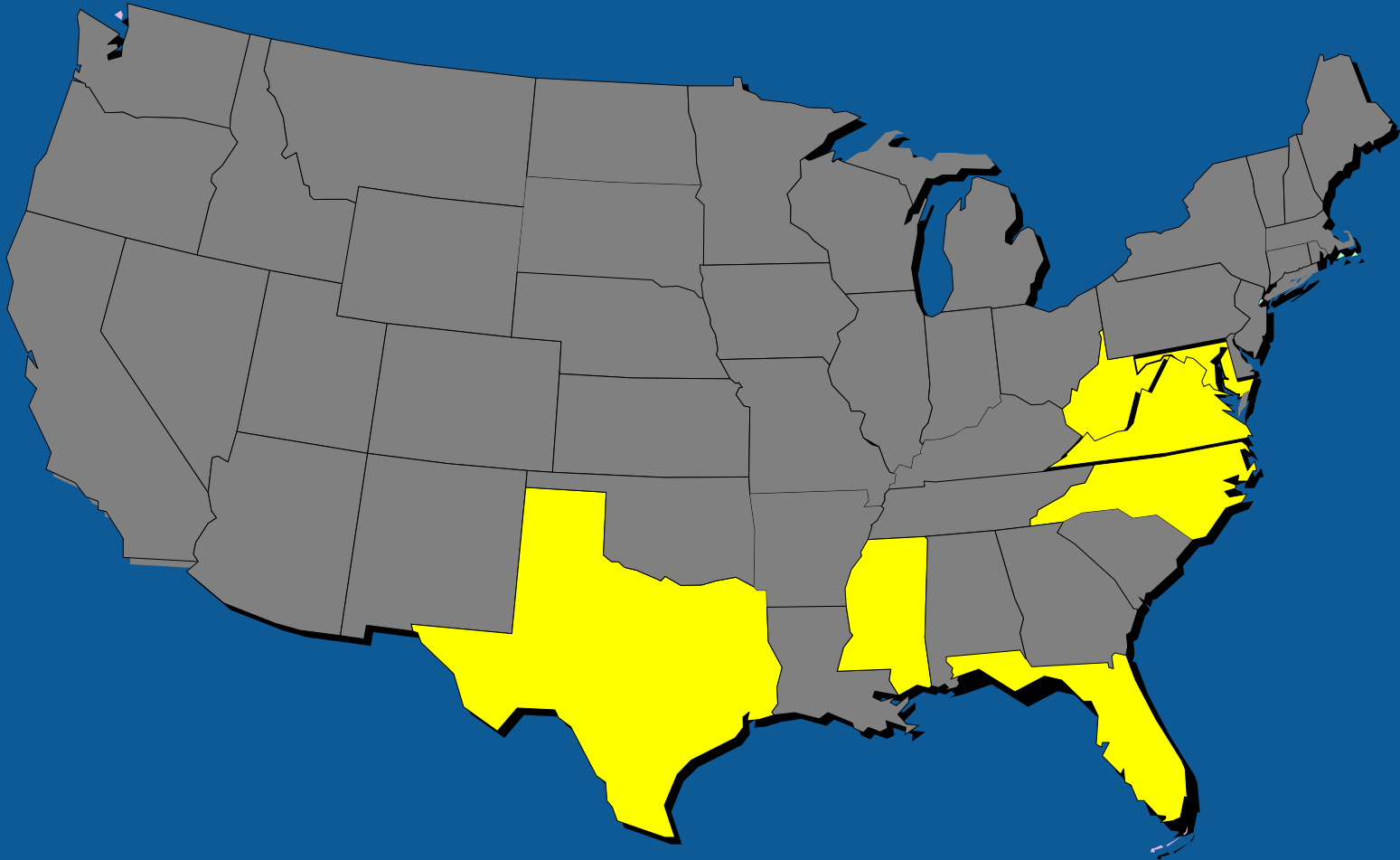
- States facing significant budget shortfalls
- DM one of the few policy options that potentially will improve quality while also containing costs
- Other options include: cutting provider payments, covered services, and program eligibility
- DM targets high-cost, chronically ill enrollees that are driving spending increases

# Increasing Medicaid Expenditures... Declining Tax Revenues

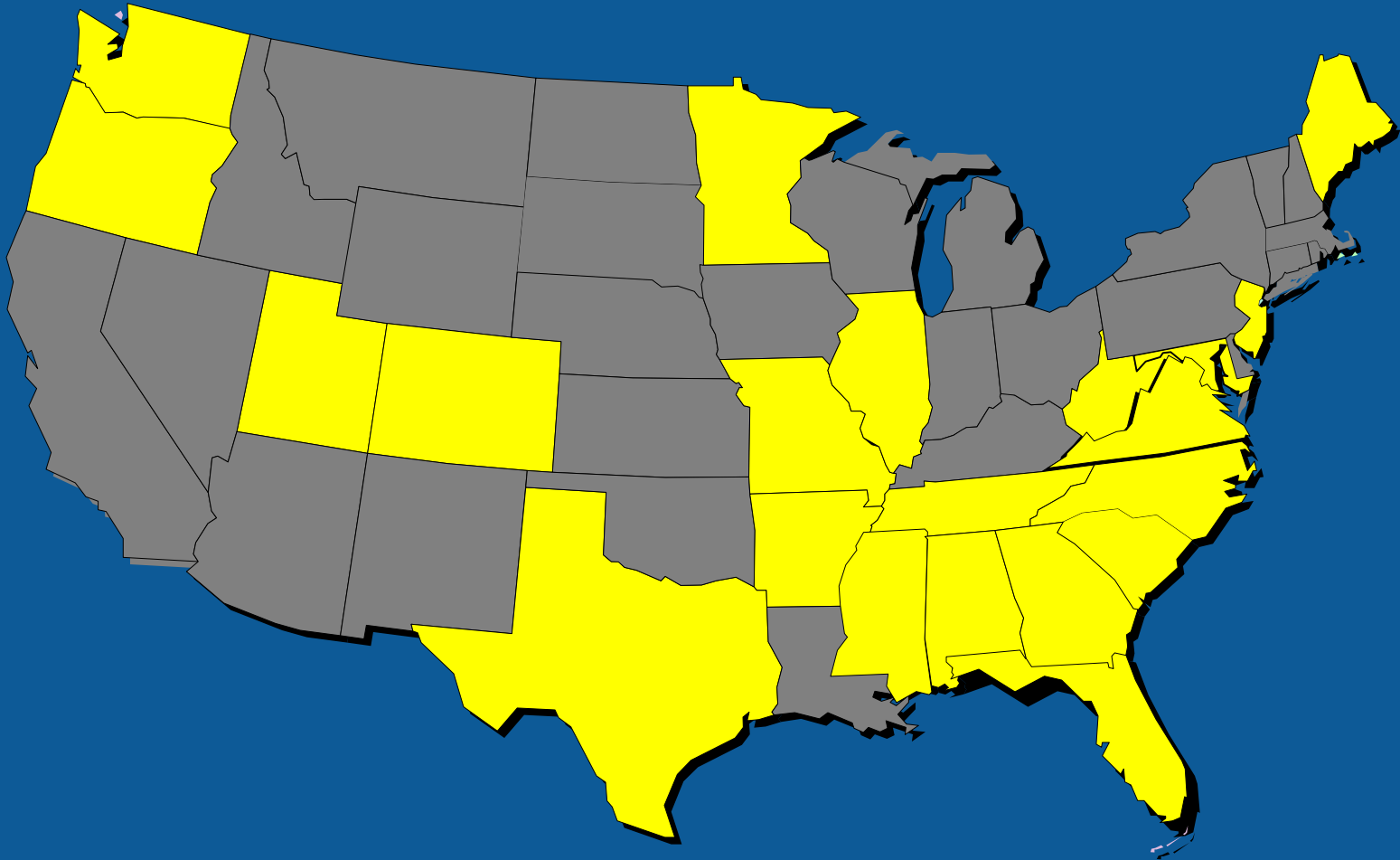


Source: Kaiser Commission Survey of Medicaid Officials (2002); and National Association of State Budget Officers (March 2002).

# Medicaid Disease Management: **EARLY ADOPTERS**



# Medicaid Disease Management Programs: 2003



# Medicaid Disease Management Programs: **FLORIDA**

- Medicaid PCCM (MediPass)
- 9 diseases selected
- Risk-based contracts with DM vendors
- Projected savings: \$113 million (1998-2001)
- May 2001: Audit critical of “sluggish” program
- June 2001: Pfizer agreement

# Florida's Evaluation Findings (June 2001)

	DIABETES		HIV/AIDS	
	Baseline	Non-participants	Baseline	Non-participants
<b>Overall</b>	NS	NS	- 40%***	NS
<b>Medical</b>	NS	NS	- 21%***	+8%*
<b>Inpatient</b>	- 17%**	NS	- 94%***	- 28%***
<b>Outpatient</b>	+11%**	+13%***	+11%***	+11%*
<b>Pharmacy</b>	+31%**	+21%***	- 12%***	+13%***

NS=Not statistically significant

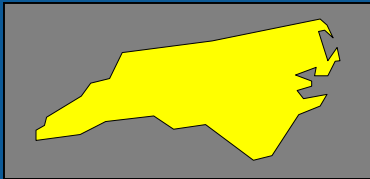
\*\*\* P < (.0001)

\*\* P < (.001)

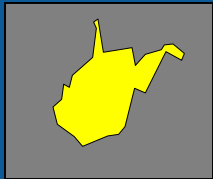
\* P < (.05)

# Alternative Approaches: In-House Models

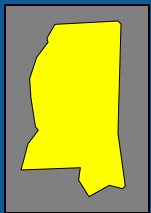
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North Carolina: Access II & III



West Virginia: Seeking federal waiver to pay Certified Diabetes Educators (CDEs) directly for patient education services

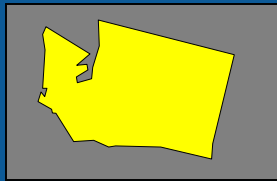


Mississippi: Medicaid payments to pharmacists for patient education and care coordination (state also moving to comprehensive, vendor-based DM model)

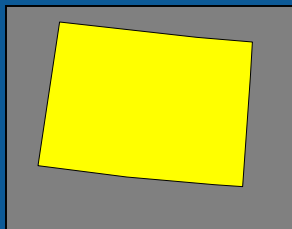


# Outsourced Models

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Washington: Population-based program with savings guarantees



Colorado: Targeted program with no savings guarantees

# Key Challenges Identified

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- Working with state data systems
- Estimating accurate spending baselines
- Measuring program effects given rapidly changing Medicaid environment
- Ensuring adequate savings for states
- Building physician support and participation
- Managing multiple comorbidities
- Adapting DM programs to Medicaid population

# Initial Findings on Disease Management

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- States officials believe DM programs improve care quality and patient satisfaction
- Budgeting for immediate savings can be hazardous
- Making savings determinations can consume significant state resources and involves many uncertainties
- Some states seeking third way in make vs. buy decision
- Programs should work to alleviate, not contribute to, an already complex and fragmented care system

# Contact Information

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