



Office of External Affairs

MEDICARE NEWS

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CMS ANNOUNCES DEMONSTRATION PROJECT FOR BENEFICIARIES WITH HIGH MEDICAL COSTS

The Centers for Medicare & Medicare Services (CMS) today announced a demonstration to find ways to improve the health and quality of life of Medicare beneficiaries with high medical expenses while reducing costs for the program and the beneficiaries.

“A relatively small number of people on Medicare, many of whom are very ill, account for most of our spending. A modern health care system needs to find opportunities to improve their lives,” said CMS Administrator Mark B. McClellan, M.D. Ph.D. “We’re going to find the most promising, innovative approaches. And we’re going to provide financial rewards for lower costs *and* better quality.”

The demonstration will study various care management models for high-cost beneficiaries in the traditional Medicare fee-for-service program. These might include intensive care management, increased provider availability, structured chronic care programs, restructured physician practices, and expanded flexibility in care settings.

Fifteen percent of Medicare fee-for-service beneficiaries account for approximately 75 percent of the total Medicare expenditures each year. Many of these beneficiaries have multiple conditions and are at high risk of continuing to require intensive medical services.

For some very ill patients, this restructuring of care to integrate provider services and to deliver those services in locations such as the beneficiary’s home could significantly approve their quality of life while also reducing costs for the beneficiary and Medicare.

While CMS has a number of planned and ongoing care coordination and disease management demonstrations and programs, the Care Management for High-Cost Beneficiaries demonstration will be the first effort to focus specifically on high-cost fee-for-service Medicare beneficiaries.

The demonstration will be published in the *Federal Register* on Oct. 6. The notice invites physician groups, hospitals, and integrated delivery systems to submit proposals for participating in this demonstration. Other types of organizations may apply, but they must be part of a consortium that includes at least one of the above entities and play a major role in carrying out the demonstration.

Applicants must specify the types of conditions and the demographic and other characteristics of beneficiaries that their care management models are designed to serve.

Participating organizations may propose a monthly fee to cover their administrative and/or care management costs, and they may propose a plan to share a portion of the savings from the demonstration. However, organizations will be required to assume financial risk if they do not meet established performance standards for clinical quality of care, beneficiary and provider satisfaction, and savings to Medicare.

Beneficiaries eligible for participation in the demonstration will be identified by CMS as meeting its high-cost guidelines as well as any additional targeting criteria for the individual programs.

The demonstration will not restrict a beneficiary's access to regular Medicare services or providers, and participating beneficiaries will assume no financial liability for the administrative and care management fees.

Information about applying to participate in the demonstration can be found at www.cms.hhs.gov/researchers/demos/cmhcb.asp

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