Medicare: Today's Issue
March 10, 2004

BETTER BENEFITS – MORE CHOICES

Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!

Chronic Care Improvement in the new Medicare Modernization Act (MMA)

Chronic conditions are now the leading cause of illness, disability, and death. They affect almost half of the U.S. population and account for the majority of health care expenditures. Studies have shown that persons with chronic illnesses like diabetes, asthma, congestive heart failure, hypertension and other long-term diseases use a disproportionate share of medical services. This relatively small population of beneficiaries is frequently treated by multiple providers whose care is fragmented, potentially leading to poor quality outcomes for beneficiaries as well as duplicative or unnecessary services which drive up medical expenses.

Treating chronic conditions is different from treating acute episodes. The existing medical delivery system is not designed to effectively treat chronically ill patients despite the best efforts and intentions by providers. The Institute of Medicine (IOM) highlighted this fact in their landmark report called Crossing the Quality Chasm. The relatively fragmented nature of health care delivery impacts both quality and cost of care for people with chronic illnesses.

Chronic care improvement programs are generally a set of interventions designed to improve the health of individuals who live with chronic illness by working more directly with them and their physicians to help them adhere to evidence-based treatment plans regarding diet, medicine schedules and other self-management techniques.

Chronic Care Improvement under The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)

- The new Medicare Modernization Act (MMA) establishes two new programs – the Voluntary Chronic Care Improvement Program and the Care Management Performance, a pilot program to further explore the potential of chronic care improvement techniques. Both of which are described below. The programs are innovative in that they test new performance-based contracting models. The Voluntary Chronic Care Improvement Program will be the first CMS chronic care improvement initiative that will be implemented on a large scale and is truly population based, meaning that participants are identified prospectively and organizations are held accountable for health and cost outcomes. The Care Management Performance pilot will test the provision of care management services in a physician delivery model at the point of care.

- *Voluntary Chronic Care Improvement Program:*
  - Eligible beneficiaries will initially include those with chronic diseases such as congestive heart failure, diabetes, and chronic obstructive pulmonary disease (COPD), identified by CMS to be appropriate for a chronic care improvement program. Organizations will be expected to help beneficiaries manage all of their conditions, regardless of the condition that triggered participation in the program.
  - Chronic care improvement programs, in general, will provide beneficiaries with guidance to manage their self-care and provide physicians and other providers with technological support to manage clinical information about the beneficiary.

- With these programs, the MMA aims to improve quality of life and quality of care for beneficiaries without increasing Medicare program costs and even producing savings to the Medicare program.

- Particularly valuable to rural areas and among populations who encounter barriers to care, this program will ensure that nurses and other professionals will be available to help chronically ill beneficiaries manage their illnesses between office visits.

- Under the MMA, the Centers for Medicare and Medicaid Services (CMS) is required to phase-in chronic care improvement programs in the traditional fee-for-service Medicare program. CMS will enter into agreements with organizations that have experience in chronic care improvement, such as disease management organizations, health insurers, integrated delivery systems, physician group practices, a consortium of such entities, or any other organization that meets the conditions specified in the solicitation.

- In Phase I of this program, CMS will develop, test, and evaluate chronic care improvement programs using randomized trials in selected geographic areas. In Phase II, CMS will expand the program to additional geographic areas, or even nationwide, if specific conditions of success have been met during Phase I. CMS will identify beneficiaries who may benefit from these programs, but participation will be voluntary. Eligible beneficiaries do not have to pay extra to participate and can terminate their participation at any time. Beneficiaries' access to care will not be restricted in any way.

- Participating organizations must meet performance standards for clinical quality, beneficiary satisfaction and savings on the entire targeted population and will be required to *refund fees* CMS paid to them if they fail to meet the specified performance standards. Chronic care improvement programs must be budget neutral.

❖ *Care Management Performance Pilot Program:*

- Eligible Medicare beneficiaries will include those enrolled in Medicare Parts A and B (in the traditional fee-for-service Medicare program) who have one or more chronic medical conditions, to be specified by CMS (one of which may be a cognitive impairment).

- This demonstration aims to promote continuity of care, to help stabilize medical conditions, to prevent or minimize acute exacerbations of chronic conditions, and to reduce adverse health outcomes, such as adverse drug interactions.

- The program establishes a pay-for-performance 3-year pilot program with physicians. Physicians are required to use health information technology (such as email communication, clinical alerts and reminders, and other information technology) and evidence-based medicine to meet beneficiaries' needs.

- Physicians who meet or exceed performance standards established by CMS will receive a per beneficiary payment. This payment amount can vary based on different levels of performance. The demonstration must be budget neutral.

- CMS will designate no more than 4 sites for this pilot program:
    - 2 must be in urban areas
    - 1 must be in a rural area
    - 1 must be in a state with a medical school with a geriatrics department that manages rural outreach sites and is capable of managing patients with multiple chronic conditions, one of which is dementia.