
MEDICARE COORDINATED CARE DEMONSTRATION

The Centers for Medicare & Medicaid Services (CMS) selected 15 sites for a pilot project to test whether providing coordinated care services to Medicare fee-for-service beneficiaries with complex chronic conditions can yield better patient outcomes without increasing program costs. The selected projects represent a wide range of programs, use both case and disease management approaches, and operate in both urban and rural settings.

Purposes

The purposes of this demonstration are to test whether care coordination programs can be applied in Medicare fee-for-service settings, and whether such practices can reduce the number of hospitalizations, improve health status and reduce health care costs .

Legislative Authority

The coordinated care demonstration was authorized by Section 4016 of the Balanced Budget Act of 1997 (BBA). The BBA requires that the projects target chronically ill Medicare fee-for-service beneficiaries that are eligible for both Medicare Parts A and B. At least nine sites must be selected, with at least five of the selected sites targeting urban areas and three sites targeting rural areas. In addition, one site must be in the District of Columbia operated by an academic medical center with a comprehensive cancer center certified by the National Cancer Institute. The BBA also requires that the projects' payment methodology be budget neutral. Finally, CMS must submit a Report to Congress every two years following implementation. The HHS Secretary, through regulations, can make components of the demonstration that are found to be cost-effective a permanent part of the Medicare program and expand the number of demonstration projects.

Implementation

The selected coordinated care projects were implemented on a rolling basis. CMS worked with each site to address the terms and conditions in their awards, clarify the specifics of the payment arrangement and make the necessary systems modifications to claims processing systems.

Evaluation and Follow-up

CMS will conduct a formal evaluation of the demonstration every two years after implementation and report to Congress on its findings. The evaluation will assess health outcomes and beneficiary satisfaction, the cost-effectiveness of the projects for the Medicare program, provider satisfaction, and other quality and outcomes measures.

The initial projects are being funded for 4 years. If CMS's formal evaluation finds that the projects are cost-effective and that quality of care and satisfaction are improved, the effective projects shall be

continued, and the number of projects may be expanded. In addition, the components of the effective projects that are beneficial to the Medicare program may be made a permanent part of the Medicare program.

Status

The sites began implementing the project in April 2002. By September 2002, all 15 sites had initiated enrollment. In 2006, 11 of the 15 sites were extended for an additional 2 years to allow time for further data analyses. The remaining four sites terminated operations as scheduled. One transferred to another Medicare demonstration, and the other three had insufficient enrollment to warrant continuation.

In December 2007, CMS completed the review of the 4-year evaluation data. While all of the sites appeared to have improved some aspects of quality of care, none showed a cost savings, and only 3 of the 11 operating sites showed a potential for budget neutrality. Overall, the demonstration appears to be increasing Medicare spending for participating beneficiaries by about 11 percent, or approximately \$16 million annually. Based on these results, CMS plans to extend the 3 potentially budget neutral sites for 2 more years to allow further study of their programs, contingent upon their acceptance of fees reduced as needed to achieve budget neutrality. The remaining 8 sites will terminate the demonstration as scheduled in 2008.

As of December 30, 2007, 25,789, beneficiaries have enrolled in the demonstration, 13,379 in the intervention groups and 12,410 in the control groups. The 11 operating sites account for most of that enrollment, a total of 24,226 beneficiaries with 12,586 in the intervention groups and 11,640 in the control groups.

The first Report to Congress was released in May 2005. The second Report to Congress, covering the first 2 years of the demonstration, was released in March 2007. The final Report to Congress with results from the first 4 years is scheduled to be released in the spring of 2008.

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Medicare Coordinated Care Demonstration

| Project Site | Rural/ Urban | Beneficiary Location | Targeted Diseases |
|--|-------------------------|---------------------------------|---|
| Avera McKennan Hospital Sioux Falls, SD | Rural | SD, IA, MN | Congestive heart failure and related cardiac diseases |
| Carle Foundation Hospital Urbana, IL | Rural | Eastern IL | Various chronic conditions |
| CenVaNet Richmond, VA | Urban | Richmond, VA | Various chronic conditions |
| CorSolutions, Medical, Inc. Buffalo Grove, IL | Urban | Houston, TX | High-risk congestive heart failure |

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| Erickson Retirement Communities Baltimore, MD Demonstration ended 3/31/06 | Urban | Baltimore County, MD | Various chronic conditions |
| Georgetown U. Medical Center Washington, DC Demonstration ended 12/31/05 | Urban | DC, MD suburbs | Congestive heart failure |
| Health Quality Partners Doylestown, PA | Both | Eastern PA | Various chronic conditions |
| Hospice of the Valley Phoenix, AZ | Urban | Maricopa County, AZ | Various chronic conditions [Note: Demo not limited to end-of-life care]] |
| Jewish Home and Hospital New York, NY | Urban | New York City | Various chronic conditions |
| Mercy Medical Center Mason City, IA | Rural | Northern IA | Various chronic conditions |
| Medical Care Developments Augusta, ME | Rural | ME | Congestive heart failure or post-acute myocardial infarction |
| Quality Oncology, Inc. McLean, VA Demonstration ended 8/31/06 | Urban | Broward County, FL | Cancer |
| QMED, Inc. Laurence Harbor, NJ | Urban | Northern CA | Coronary artery disease |
| University of Maryland Baltimore, MD Demonstration ended 6/30/06 | Urban | Baltimore, MD | Congestive heart failure |
| Washington University St. Louis, MO/ American Healthways Nashville, TN | Urban | St. Louis, MO | Various chronic conditions |