

Medicare Set to Tackle Approach to Chronic Care

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WASHINGTON — Medicare currently is not equipped to handle care for chronic illnesses, so officials at the Centers for Medicare and Medicaid Services are testing out some new approaches.

"What we're really after is to change Medicare's role from a passive payer of services ... to a more aggressive purchaser of better health care for our beneficiaries," said Stuart Guterman, director of the Office of Research, Development, and Information at CMS.

In fee-for-service Medicare, there is no incentive to coordinate care. The emphasis is on the provision of services by individual physicians, and care is centered on single encounters, Mr. Guterman said at a meeting on Medicare and Medicaid sponsored by America's Health Insurance Plans.

Instead, CMS officials are planning a number of demonstration projects to look

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at the impact of capitated payment systems for patients with high-cost illnesses, "gaining" arrangements with physicians, and financial incentives for the adoption of health information technology.

Currently, Medicare is running the Coordinated Care Demonstration project with fee-for-service beneficiaries in 15 sites around the country. The project tests whether paying for coordinated care for beneficiaries with chronic illnesses can produce better outcomes without increasing costs. The project focuses on heart failure; heart, liver, and lung diseases; Alzheimer's and other dementias; cancer; and HIV/AIDS.

The initial results from the project show that beneficiary recruitment can be a challenge but that most of the successful plans have been those with close ties to physicians, Mr. Guterman said.

The agency has several more demonstration projects planned. CMS recently received approval to move forward with the Physicians Group Practice demonstration, which will offer bonus payments to large, multispecialty physician groups that achieve savings through improvements in the management of patient care and services.

In addition to the bonus payments, physicians will be paid on a fee-for-service basis.

The agency is seeking approval for its End-Stage Renal Disease Management demonstration, which will provide fully risk-adjusted capitated payment for treatment of ESRD beneficiaries.

"[This is] a portion of the population that is very much in need of better coordination of care," Mr. Guterman said.

Currently ESRD beneficiaries have broad coverage for services besides dialy-

sis, but that care is generally not coordinated across all of their conditions, he said. This demonstration is aimed at providing an incentive for physicians to coordinate care across the entire spectrum of care.

CMS is also developing the Medicare Care Management Performance demonstration, a project that was mandated under the Medicare Modernization Act.

It would provide financial incentives to encourage physicians to adopt health in-

formation technology and to use the technology to better manage chronic care patients.

"We believe information technology is an important tool, and it's a tool to accomplish better quality of care for our beneficiaries," Mr. Guterman said. "Just buying doctors computers isn't what we're after. We want them to be able to use better information systems to be able to run their practices better."

Also in the pipeline is a demonstration

aimed at managing care for high-cost beneficiaries with serious illnesses. The project, which is scheduled to run for 3 years, will emphasize provider-oriented models, Mr. Guterman said.

"One of the things we've heard in our disease management initiatives is that they're third-party oriented, that is, physicians have been commenting that we're paying a third-party management organization to do what physicians should be getting paid to do," he said. ■

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