

Medicare Demonstrations and Clinical Integration

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Overview of Presentation

- Medicare Demonstrations
- Acute Care Episode Demonstration
- Gainsharing Demonstrations
- Physician Group Practice Demonstration

Scale of Medicare Demonstrations

- About 25 demonstrations implemented
- About 12 demonstrations under development
- Focus on careful evaluations to guide future policies

Historic Examples of Medicare Demonstrations

- DRGs
- Medicare managed care
- Community Access Hospitals in rural areas
- PPS for skilled nursing facilities
- Bidding for Durable Medical Equipment
- Disease management
- Value Based Purchasing

Medicare Considerations

- Trust funds train wreck, urgent need to increase efficiency
- Secretary Leavitt emphasis on Medicare as a purchaser of quality services
- Misaligned Medicare incentives, hospital PPS pays per discharge, physicians paid *a la carte*

Acute Care Episode (ACE) Demonstration

- Will make global payments (A & B) for select inpatient episodes of care
- Up to 15 PHO sites in MAC region 4 (TX, CO, OK, NM)
- Competitive bidding on basis of price and quality
- Share savings with Medicare beneficiaries, up to the Part B premium amount

ACE Approach

- Start with CABG, knee+ hip replacement
- Expand to post acute care in future years
- Sites may use gainsharing (optional)

Gainsharing Demonstrations

- Two similar demonstrations, authorized by DRA sec. 5007 and MMA sec. 646
- Gainsharing incentive payments paid by hospitals to physicians as a share of savings incurred from collaborative efforts between hospitals and physicians to improve quality and efficiency

Gainsharing Approaches

- CMS seeks a broad, quality focused approach
- Efficient use of ER and ICU
- Reduce duplicate or marginal tests
- Length of stay
- Innovative technologies
- Care coordination and discharge planning

Thorough Evaluation

- Quality
- Internal cost savings
- Medicare payments/savings
- Reasonable payments to physicians
- Needed modifications to policy or design

Physician Group Practice Demo

- Authorized by BIPA of 2000, sec. 412
- Large PGPs of 200+ Drs
- PGP shares in Medicare savings compared with control group
- Incentives also based on quality measures
- Operates in 10 large physician groups

PGP Objectives

- Prevent hospitalizations through care management
- Promote efficient and high quality care
- Reward PGP for high quality care
- Initial rewards to two PGPs paid in 2007

Issues

- What works?
- How to expand to program
- Interest groups and policy debates
- Relation of cost and quality
- Time lags of measurement and incentives

Thank You

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