Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services

Judy Feder

Georgetown University and the Urban Institute

Presentation for the Grantmakers in Health Fall Forum

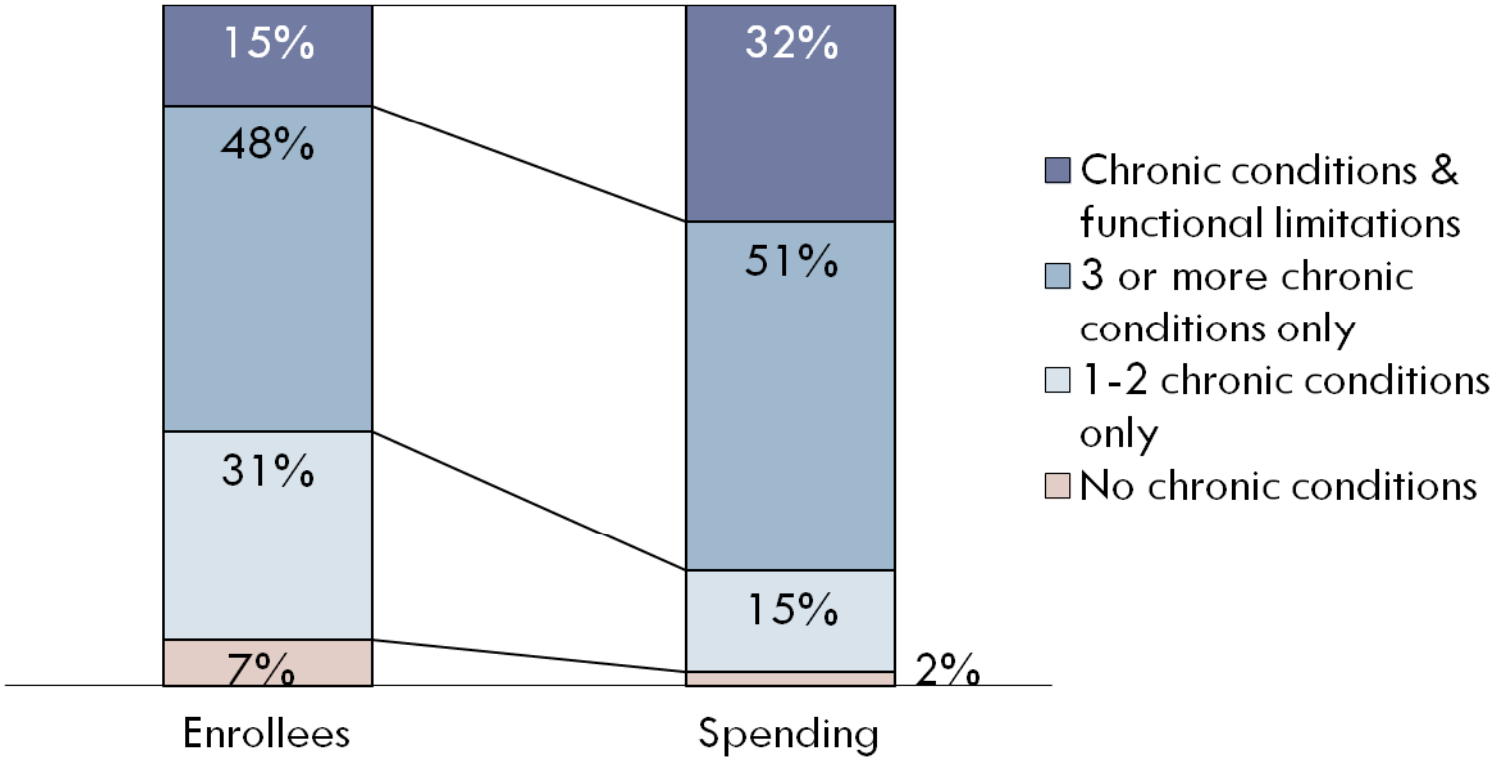
November 15, 2012

Focusing innovation in delivery on people who need long-term care

- People with chronic conditions are front and center in the movement for delivery reform.
- But that movement risks missing the mark: high-cost Medicare beneficiaries whose chronic conditions create the need for long-term care.

Chronic conditions **and** functional limitations, not chronic conditions alone, explain high per person Medicare costs

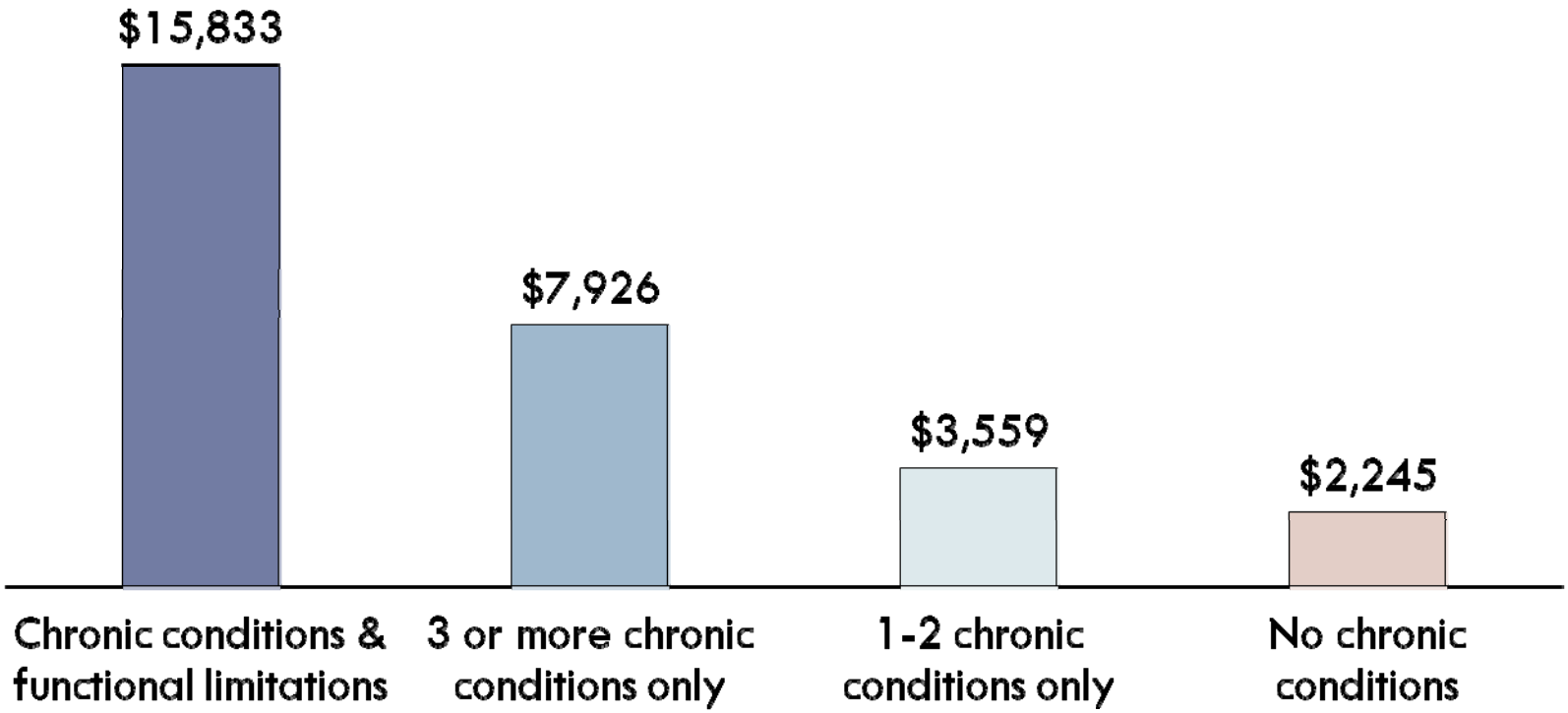
Distribution of Medicare enrollees and spending, by groups of enrollees



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

Average per person spending for enrollees with chronic conditions and functional limitations is at least double the average for enrollees with chronic conditions only

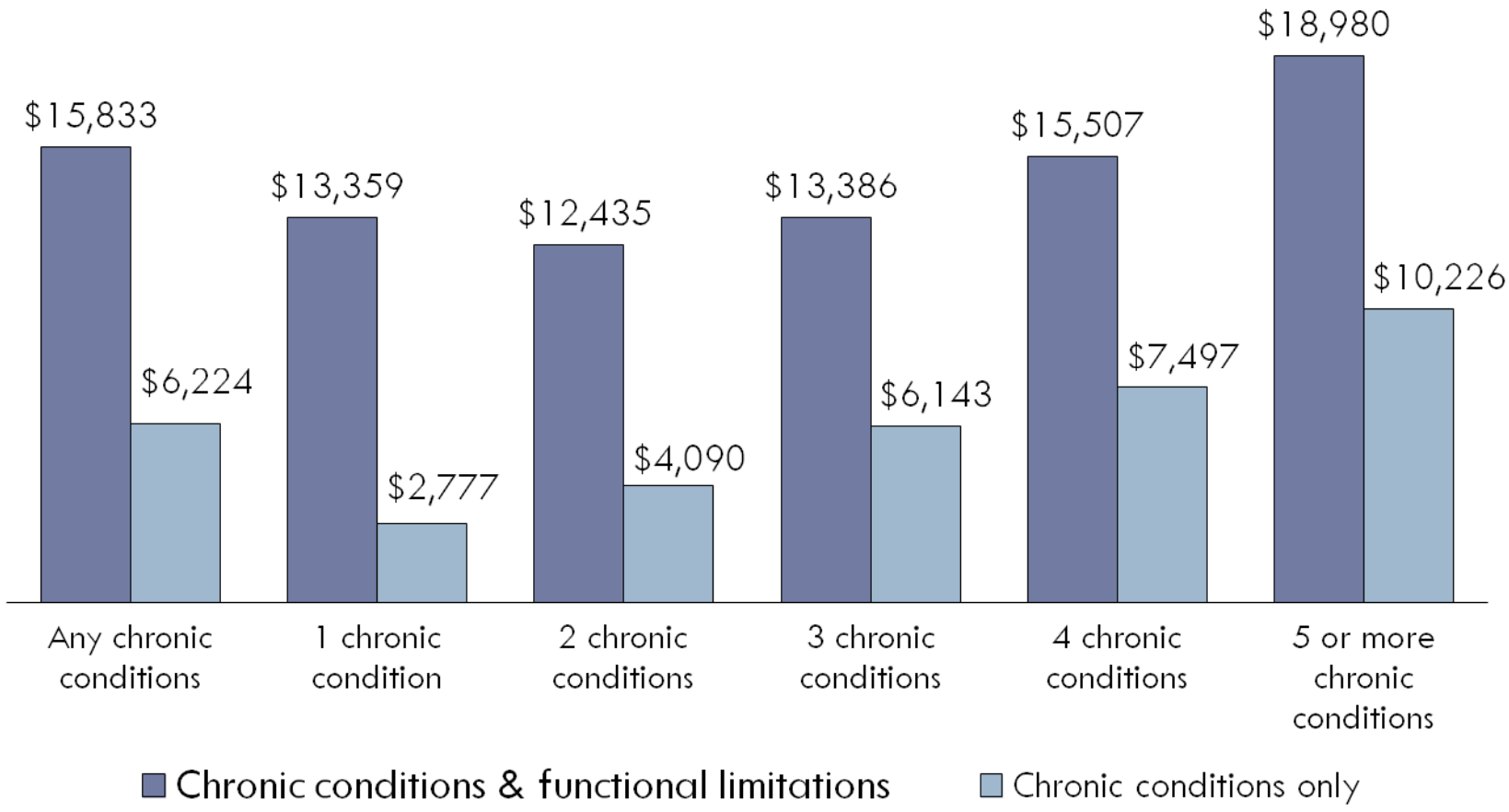
Average annual Medicare spending per person in 2006



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

Medicare enrollees with chronic conditions and functional limitations have higher spending per person than enrollees with chronic conditions only

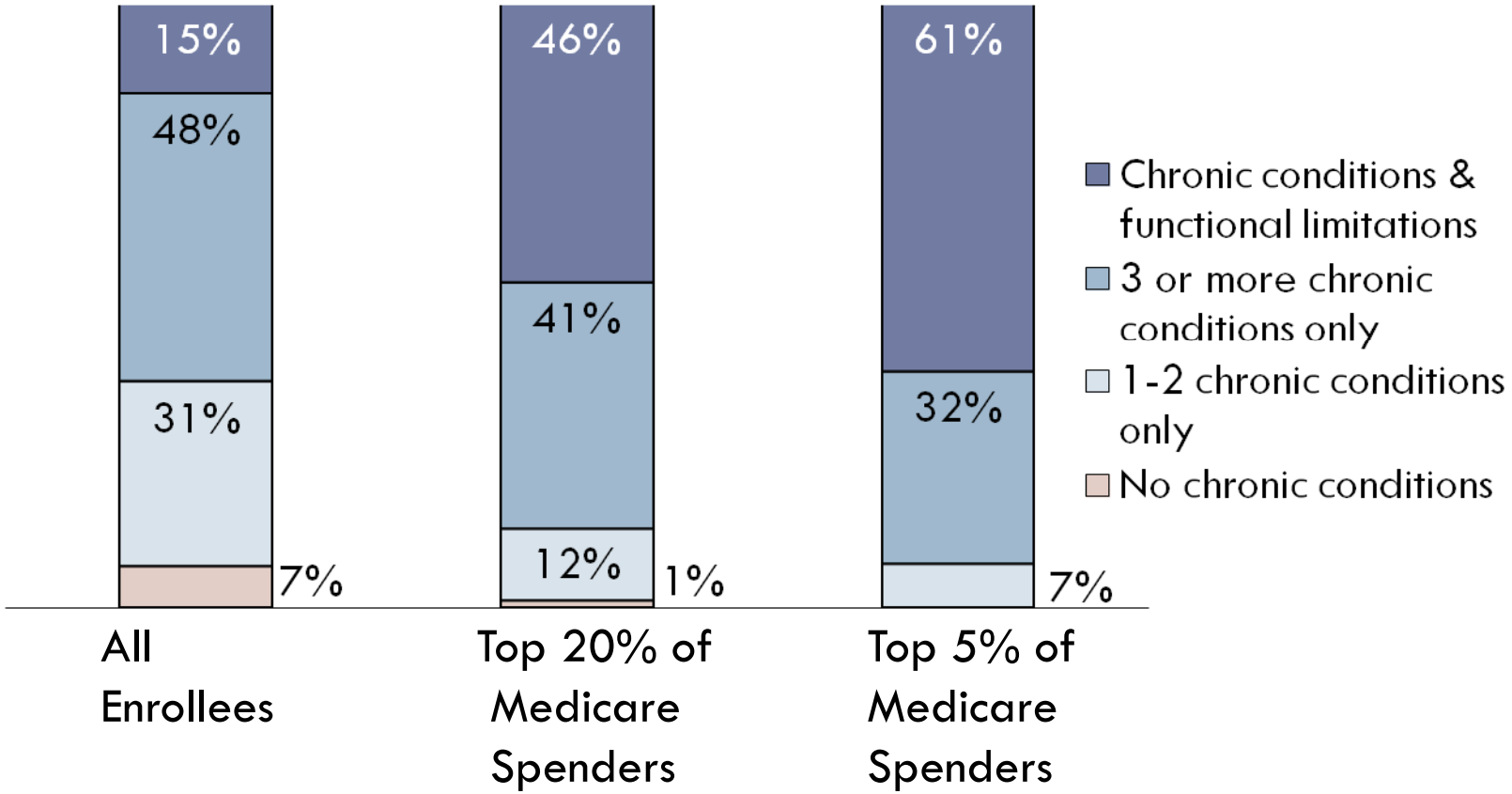
Average annual Medicare spending per person in 2006



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

Medicare enrollees with chronic conditions and functional limitations are over half of Medicare's highest spenders

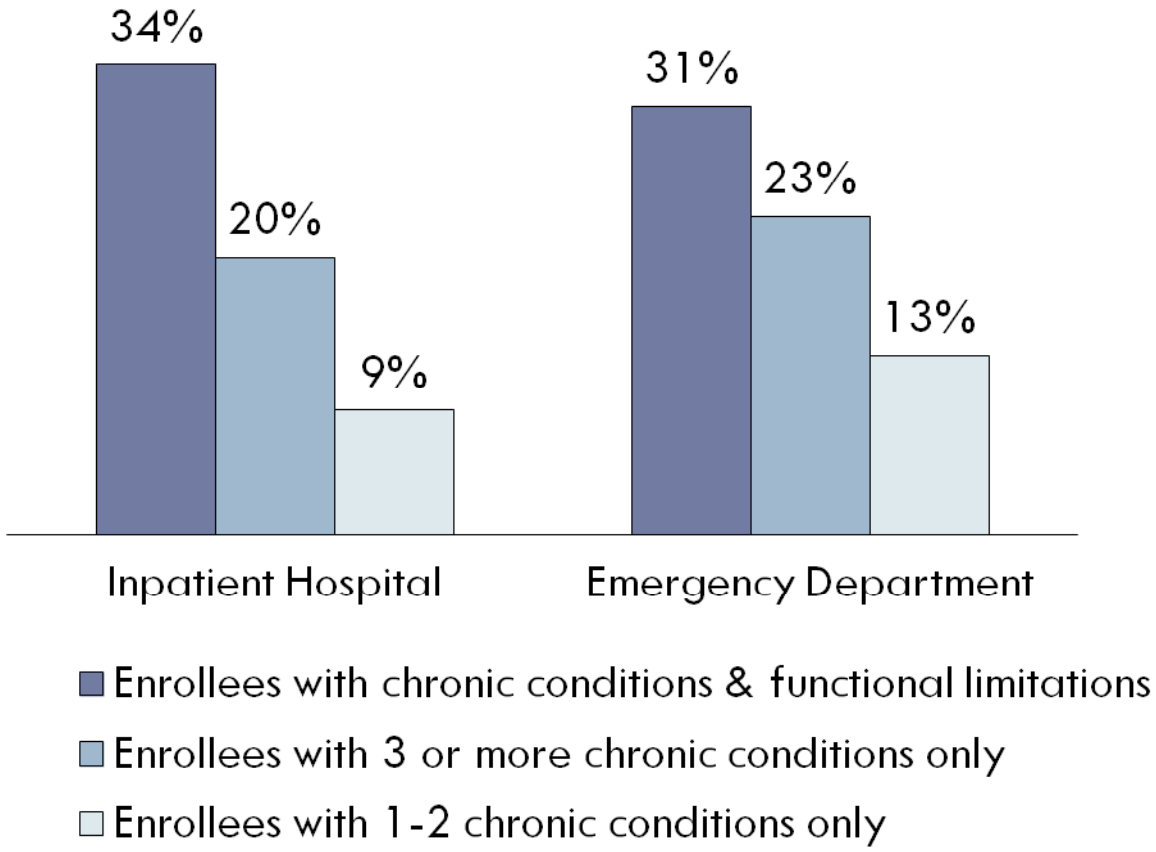
Distribution of enrollees, by groups of enrollees



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

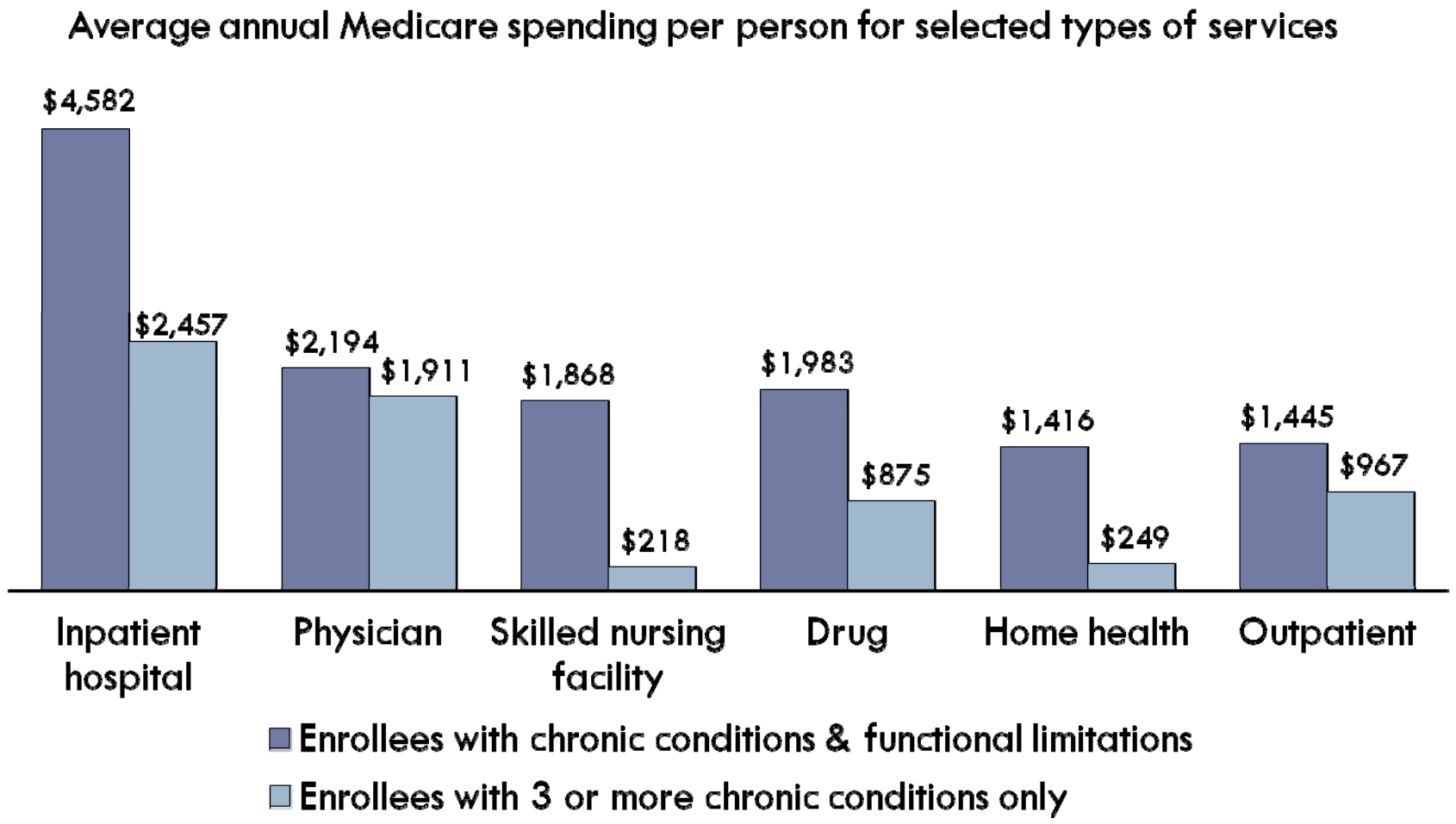
Enrollees with chronic conditions and functional limitations are more likely to use hospital inpatient and emergency department services

Percent of enrollees using each type of service during the year



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

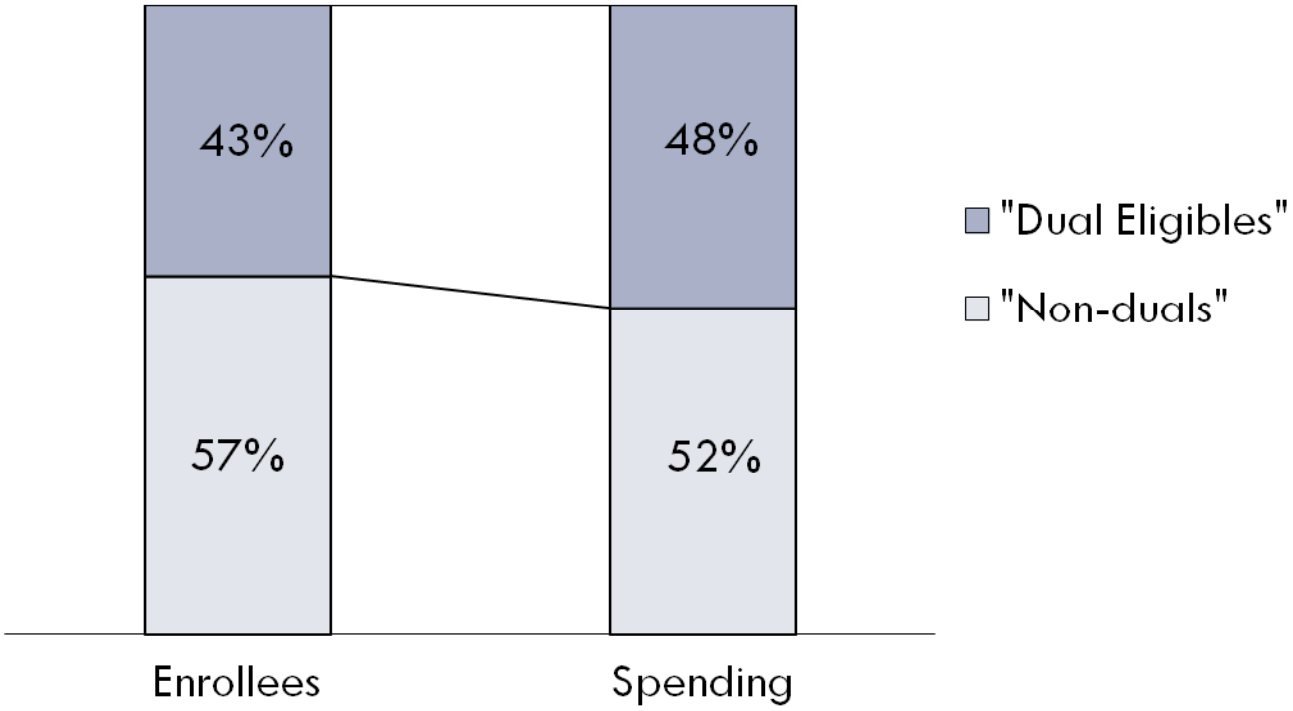
Higher hospital and post-acute spending is the largest source of higher spending for enrollees with chronic conditions and functional limitations



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

Dual eligibles are fewer than half of Medicare enrollees with chronic conditions and functional limitations

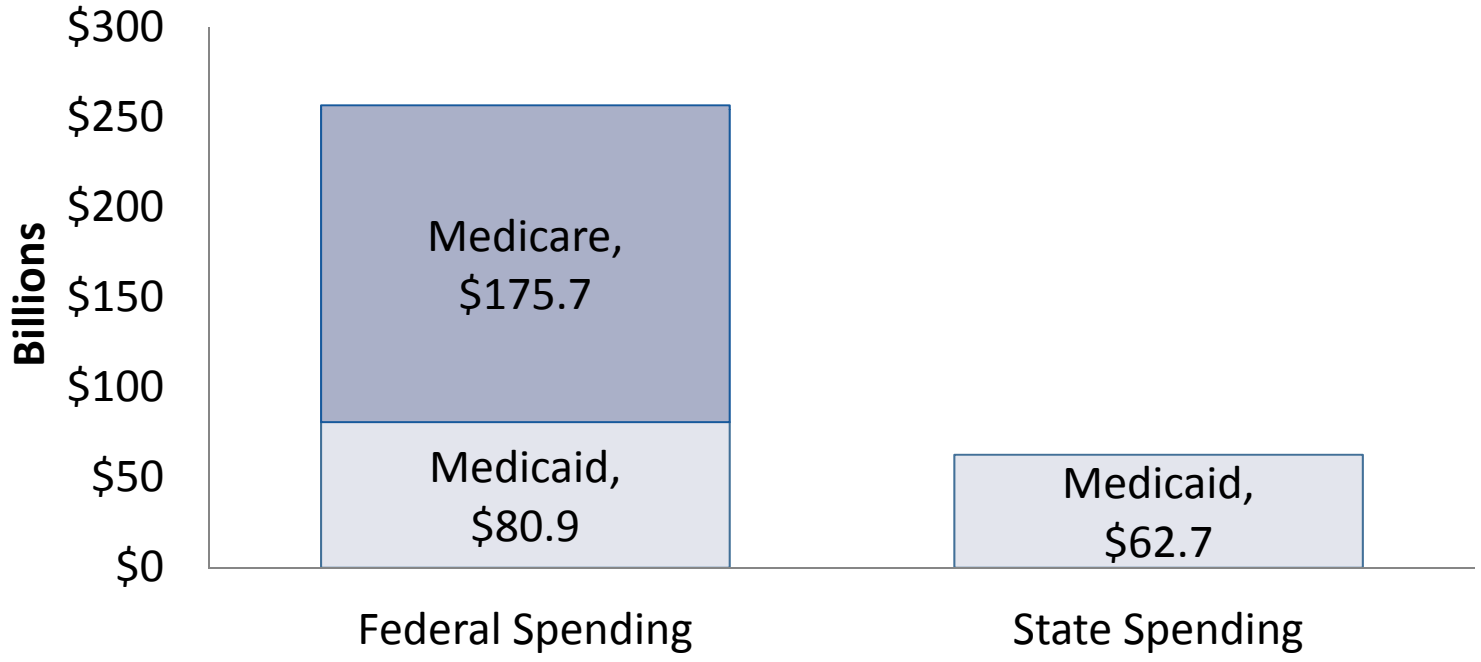
Distribution of Medicare enrollees with chronic conditions and functional limitations and their Medicare spending, by dual eligibility



Source: H. Komisar & J. Feder, *Transforming Care for Medicare Beneficiaries with Chronic Conditions and Long-Term Care Needs: Coordinating Care Across All Services*, The SCAN Foundation, October 2011.

Federal government should take the lead in reforming care for duals

Federal government finances 80 percent of spending on dual eligibles, 2011



Source: Feder et al. 2011. "Refocusing Responsibility For Dual Eligibles: Why Medicare Should Take The Lead." Washington, DC: The Urban Institute, http://www.urban.org/health_policy/url.cfm?ID=412418

Promising models provide a path for coordination in primary care

- A core of comprehensive primary medical care
- Assessment of patients' long-term care needs, including caregiver assessment
- Coordination of long-term care as well as medical care
- Ongoing collaboration between care coordinators and primary care physicians
- An ongoing relationship between care coordinators and patients and family
- Attention to supporting patients during transitions between care settings
- Commitment to "person-centered" care, and
- Monthly per-person payments to cover coordination costs Medicare does not cover.

Evidence shows that it's possible to reduce hospital use, nursing home admissions, and costs; and improve quality of care.

A focus on people with impairments is needed

- Failure to target people with chronic conditions and functional limitations risks missing the opportunity to learn what works best for these high-cost Medicare beneficiaries.

- A targeted pilot would:
  - Focus on people who need long-term care;
  - Coordinate services across the continuum to address their long-term care needs along with their medical needs;
  - Accommodate the varied size and capacity of primary care physician practices; and
  - Improve upon, but not replace, the fee-for-service payment system.

Key features of a pilot program

- Within target population, zeros in on people most at risk of preventable hospital use, in order to maximize impact on unnecessary and costly care;
- Allows different approaches—both networks that hire and manage care coordinators and coordinators employed by physicians' practices—to maximize participation;
- Pays monthly amounts per enrolled patient, sufficient to support coordinators and other currently uncovered care management services;
- Holds providers accountable for savings to offset the care coordination payments and pays providers—who satisfy quality standards—a share of savings if spending is less than projected; and
- Encourages state participation for dual eligibles through shared savings if states, like providers, invest in delivery improvement.

Priority to people who need both medical and long-term care

- Beneficiaries with chronic conditions and functional limitations, not chronic conditions alone, are disproportionately high Medicare spenders.
- Better coordinating their care—across the spectrum—offers potentially big bang for the buck.
- Initiatives for delivery reform should:
  - Go beyond a focus on beneficiaries with chronic conditions to chronically ill beneficiaries with functional limitations, and
  - Extend care coordination to encompass long-term care.