

Part B Insider (Multispecialty) Coding Alert

DISEASE MANAGEMENT: Medicare Tries Disease Management

Can the Medicare program get smart about managing chronic disease?

Seems we're about to find out. Health and Human Services Secretary **Tommy Thompson** Feb. 27 announced a three-year capitated demonstration program to promote care coordination strategies for Medicare beneficiaries with chronic diseases like stroke, congestive heart disease and diabetes. Participating organizations would receive a single capitated payment based on projected costs for each enrollee, using disease-specific risk adjusters being developed in connection with the Medicare+Choice program.

Organizations would provide the full range of covered hospital and physician services for enrollees, mostly Medicare fee-for-service beneficiaries, including those eligible for both Medicare and Medicaid. "The demonstration would be especially appropriate for provider-sponsored organizations, but is also open to other types of organizations such as disease management organizations, academic medical centers, or M+C organizations," according to the Feb. 28 Federal Register.

Centers for Medicare & Medicaid Services Administrator **Tom Scully** has said repeatedly over the past two years that hospitals and other integrated care systems are ready to take capitated rates for care coordination.

The initiative won praise from Senate Majority Leader **Bill Frist** (R-TN), who pointed out Feb. 27 how much of Medicare's budget pays for enrollees with multiple chronic illnesses. Six percent of beneficiaries account for half of all costs, and 14 percent account for 75 percent of expenditures.

Medicare spends over \$13,000 annually for people with five or more chronic conditions, Frist said, versus only about \$2,000 for those with two chronic conditions, and \$800 for those with one such condition. Thompson said technology is available to identify who the high-cost enrollees will be, and to monitor and coordinate their care.

And House Ways and Means Health Subcommittee Chair **Nancy Johnson** (R-CT), who had previously argued disease management was impossible in fee-for-service Medicare, issued a new statement saying it was "unconscionable" that Medicare couldn't incorporate management of chronic illness without changes in the law.

Johnson held hearings Feb. 19 at which experts probed the difficulty of incorporating a chronic-care model in Medicare. The Progressive Policy Institute's **Jeff Lemieux**, for example, advocated a "radical decentralization of Medicare's administration, so that local Medicare administrators and medical directors are directly empowered to create disease-management programs."