



PARTNERSHIP TO FIGHT
CHRONIC DISEASE

Medicaid In A New Era: Proven Solutions to Enhance Quality and Reduce Costs

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Policy Director

Partnership to Fight Chronic Disease



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PFCD Brings Together the Nation's Leading Health Care Stakeholders...



PARTNERSHIP TO FIGHT
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Executive Director: Ken Thorpe, Professor and Chair,
Rollins School of Public Health, Emory University,
Former Deputy Assistant Secretary for HHS

More than 100 partner organizations, including:

Patient and provider groups

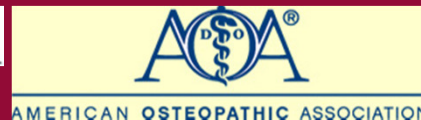
Civic groups

Business and labor groups

Major employers

Public and private health groups

Academic institutions



PARTNERSHIP TO FIGHT CHRONIC DISEASE

Rising rates of chronic disease pose a significant and unsustainable burden. Our ability to bend the cost-curve sustainably depends upon our ability to improve health in America by better preventing and managing chronic disease.

- ✓ Highlighting the Cost of Inaction
 - ✓ Educating on tremendous cost of chronic illness and drivers, including obesity
- ✓ Showcasing Solutions
 - ✓ Identifying and sharing data from programs with proven success



THE CHRONIC DISEASE PROBLEM

“The United States cannot effectively address escalating health care costs without addressing the problem of chronic diseases.”

– US Centers for Disease Control and Prevention

Chronic diseases are the **leading causes of death and disability** in the United States and account for the vast majority of health care spending.

They affect the quality of life for 133 million Americans and is responsible for **seven out of every ten deaths** in the U.S. – **killing more than 1.7 million Americans every year.**

Chronic diseases account for more than 75 cents of every dollar we spend on health care in this country. **In 2007, this amounted to \$1.65 trillion.**



MEDICAID: THE PERFECT STORM

Projected combined state deficit in FY2012 =
\$125B

Projected Medicaid spending FY2012 =
\$195B

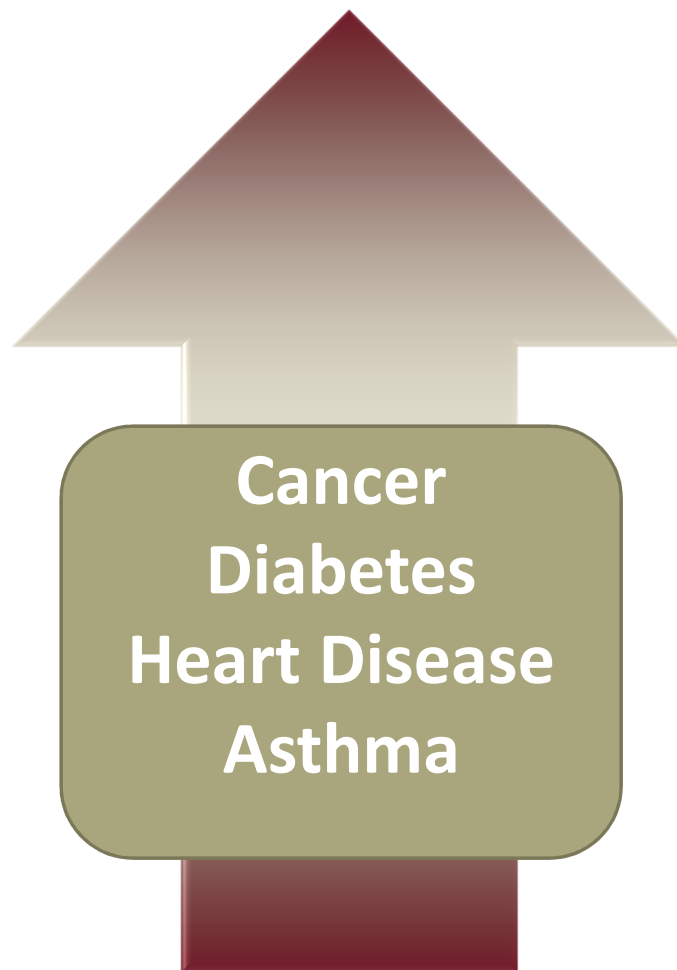
Enrollment to rise 35% over 10 years, including 16M
from Affordable Care Act expansion

More than 60% of acute care spending remains in
fragmented fee-for-service system

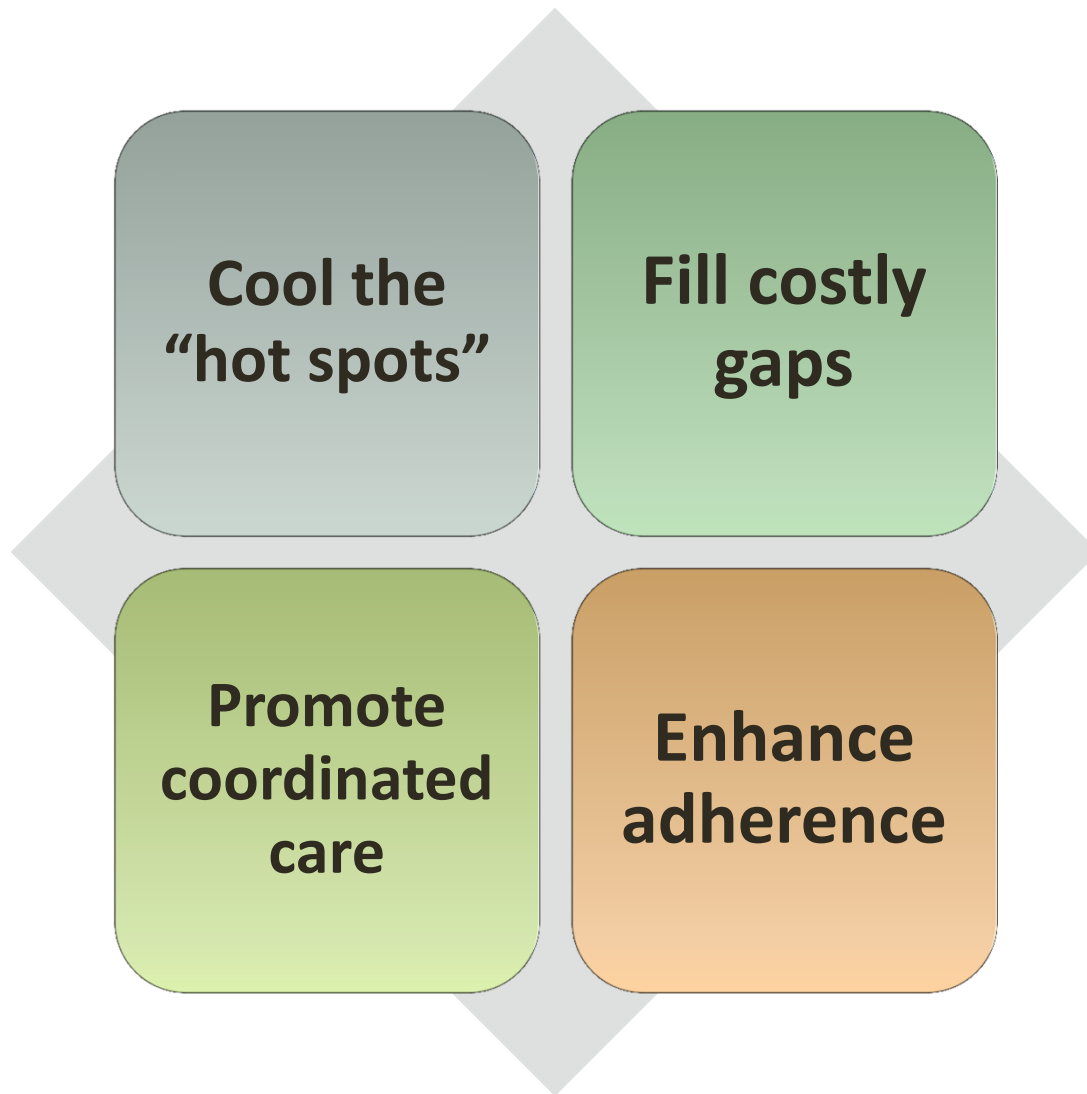


INCREASING DEMANDS ON HEALTHCARE

\$0.83 of every dollar spent in Medicaid goes to treat highly preventable and manageable chronic diseases



FOUR KEY AREAS OF OPPORTUNITY

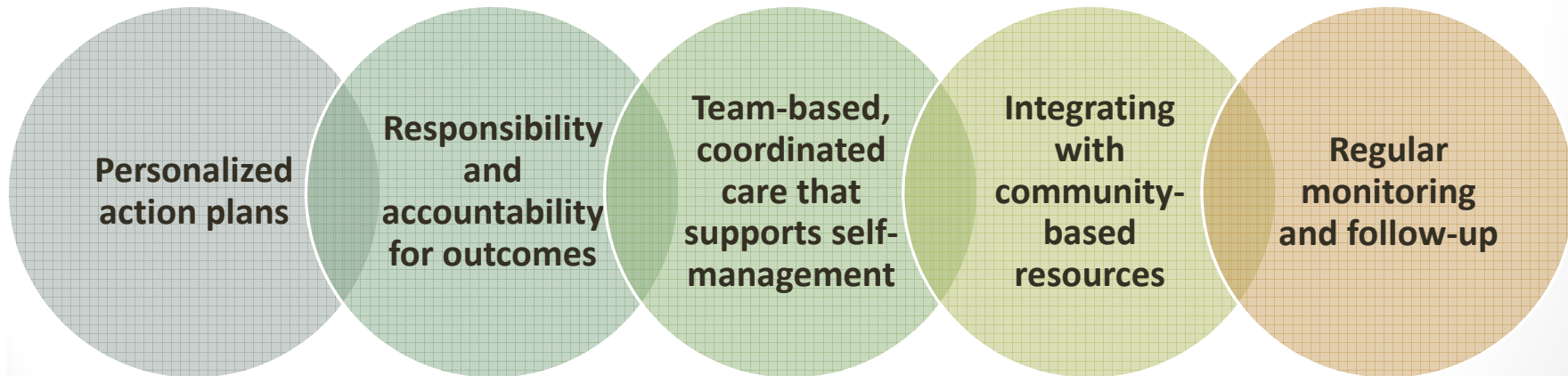


1. COOLING THE “HOT SPOTS”

Though more than **60 percent** of adult Medicaid enrollees have a chronic or disabling condition....

....a mere 4 percent of Medicaid enrollees absorb half of all Medicaid funding.

PROVEN INTERVENTIONS



CASE STUDY – COOLING THE HOT SPOTS

- States that have used data mining and predictive modeling to identify patients by level of risk and disease severity have been very successful in designing and delivering programs across different disease groups.
- SECA (Significant Episodes of Cluster Activity) program in PA Medicaid
 - 60% reduction in ER visits and acute readmissions
 - 22% reduction in overall medical costs
 - Overall improved prescription adherence, healthy lifestyle changes, and greater therapeutic successes

2. FILLING COSTLY GAPS

Fee-for-service (FFS) System



- Gaps in continuum of care
- High rate of readmission within 30 days
- Disconnect among patients receiving Medicaid and Medicare




CASE STUDY – FILLING COSTLY GAPS

Evercare Health Plans

- Provides coordinated, individualized healthcare and well being services to those with complex needs since 1987 (among all healthcare settings)
- Funded through United Healthcare and through Medicaid, Medicare and private pay premiums
- Improves health outcomes by coordinating medical care for people in nursing homes or living independently who have chronic illnesses or disabilities
- Nurse-centered care: acts as a coach, communicator, clinician, care coordination, champion and clinician
- Reduced hospitalizations for nursing home residents by 45% and ER visits by 50%
- High satisfaction rate among Medicaid enrollees (up to 95%)
- Saved state of Texas \$123m in Harris County in 2000-2002



3. ENHANCING ADHERENCE

- One in four Americans do not follow directions in taking medications
 - 3 out of 4 Americans admit to having not taken their medicines as prescribed at some point
- 
- Nearly two-thirds of all medication-related hospital admissions have been attributed to poor adherence
 - Poor medication adherence costs more than \$100 billion a year nationwide



CASE STUDY – ENHANCING MEDICATION ADHERENCE

Group Health Cooperative

- Asthma program identifies patients through risk assessment and claims data
- Intensive disease management effort
- ER costs cut 46% (2008-2010)
- ER visits cut 51% (2008-2010)

- With medication adherence, the lack of claims are often more telling than the claims data.



4. PROMOTING COORDINATED CARE

Pursuing working models in coordinated care

- Integrated medical practices
- Medical home models
- Growth in Accountable Care Organizations
- Medicaid health plan models
- Community Health Teams



SUPPORT IN THE AFFORDABLE CARE ACT

- Medicaid medical homes (section 2703). Enhanced 90 percent match for two-years when adopt (through state plan amendment) team based care coordination
- Need to get Medicare involved –dual eligibles and fee-for-service Medicaid.
 - Innovation Center potential source for partnering.
 - Waiver process for coordinated long-term care
- States need to act now to create care coordination and prevention infrastructure to manage rising program costs



CASE STUDY – CCNC: PROMOTING CARE COORDINATION

Community Care of North Carolina

- Funded through PMPM payments to networks and FFS
- RESULTS:
 - \$700 m in state Medicaid savings since 2006
 - Costs are 7% lower than expected
 - PMPM costs for 2011 are 6% lower than 2010 numbers
 - Medicaid expenditures below forecast and prior year
 - \$1B avoided Medicaid costs between 2007-2009
- Pilots potential solutions, monitors implementation, shares best practices
- Uses real time claims data to identify prioritize and stratify target populations
- Primary Activities: chronic disease management (specifically in Asthma and Diabetes), Nurse/Social worker care management, Supportive IT initiatives, hospital transition care, prevention and pharmacy initiatives)



TURNING THE TIDE

The smoking rate of Medicaid recipients is approximately 53 percent higher than in the general US population



Smoking-attributable costs to the states under Medicaid were \$22 billion in 2004



Medicaid also has a much higher prevalence of obesity than other health insurance providers and pays more for inpatient and outpatient services and medication for obese patients

Improving overall health is the best way to improve our health care costs.



CAPITALIZING ON OPPORTUNITY

- Adopting evidence-based care coordination throughout the Medicaid program has the potential to save a total of nearly \$250 Billion over the next decade
- Entitlement reform—both Medicare and Medicaid—need to include national program to prevent chronic disease and more effective care coordination. Both have large potential savings.



QUESTIONS?



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