Medicare and Care Improvement: Supporting Best Practices

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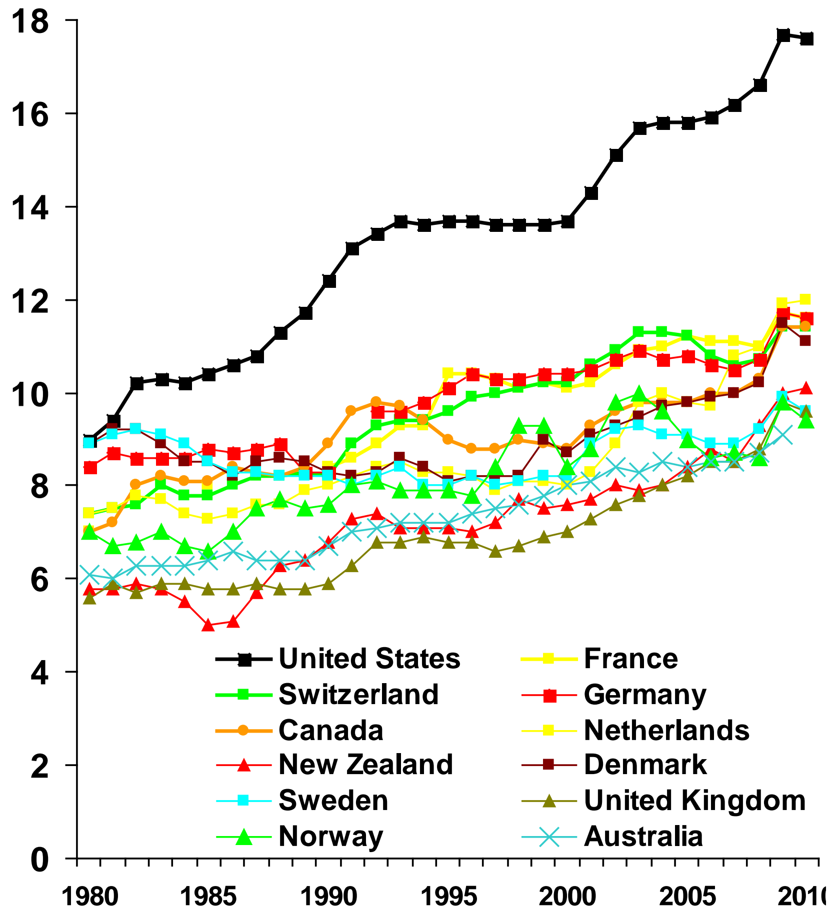
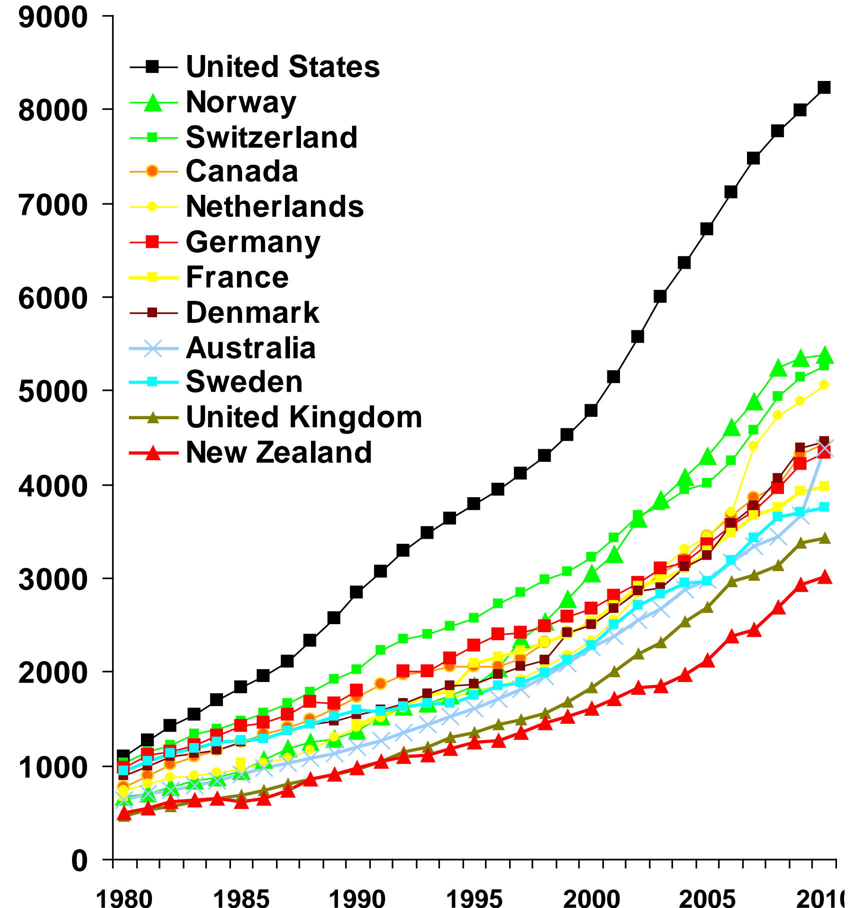
International Comparison of Spending on Health, 1980–2010

Average health spending per capita ($US PPP)



Total health spending as a percentage of GDP



Notes: PPP = purchasing power parity; GDP = gross domestic product.
SOURCE: Commonwealth Fund, based on OECD Health Data 2012, available at http://stats.oecd.org/Index=aspx?DataSetCode=SHA.

Health Care Costs Concentrated in a Sick Few—Sickest 10 Percent Account for 65 Percent of Expenses

Distribution of health expenditures for the U.S. population,
by magnitude of expenditure, 2009

U.S. population	Health expenditures	Annual mean expenditure
1%	22%	$90,061
5%	50%	$40,682
10%	65%	$26,767
50%	97%	$7,978

0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%

U.S. population
Health expenditures

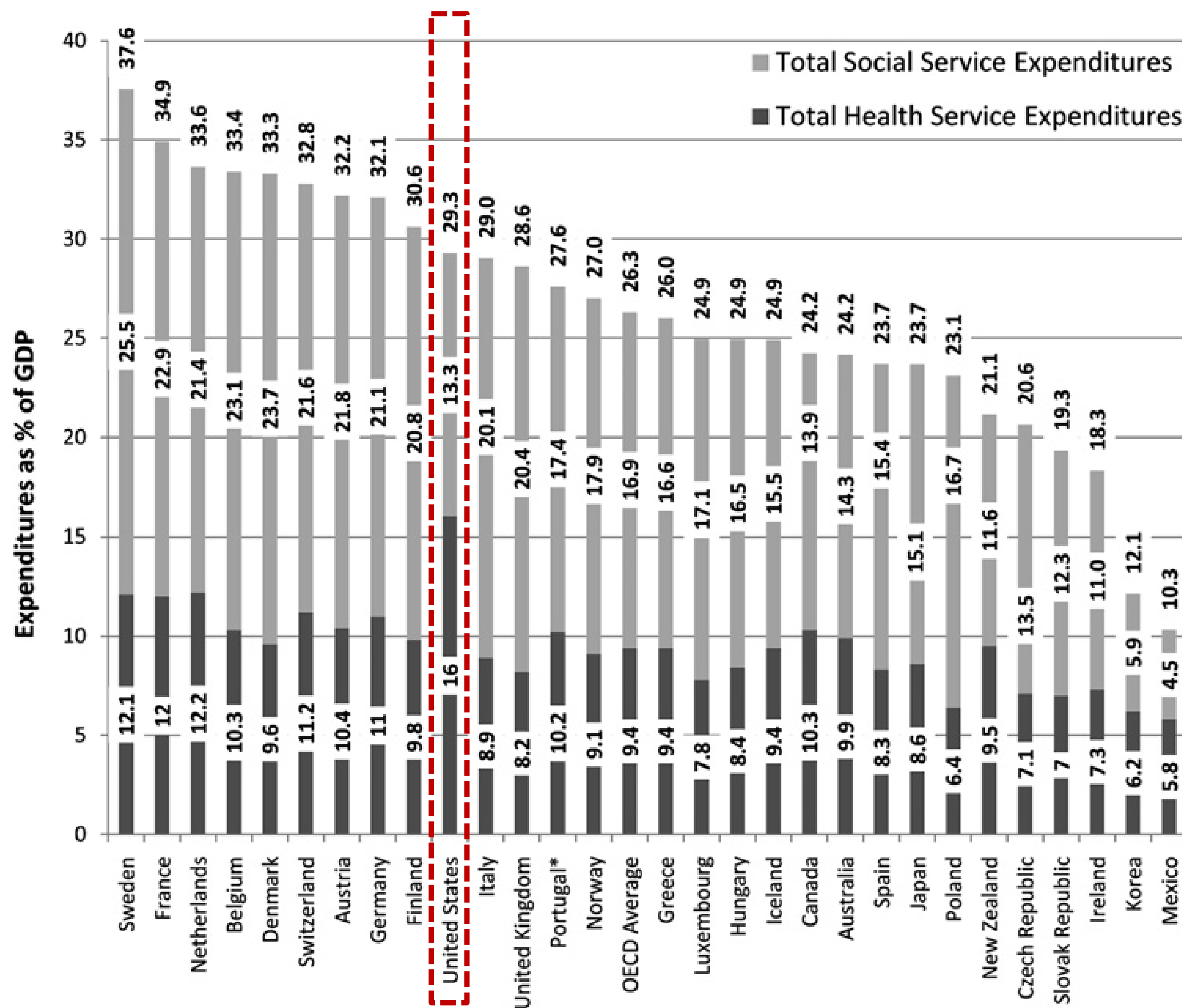
Source: Agency for Healthcare Research and Quality analysis of 2009 Medical Expenditure Panel Survey.

Poor Coordination of Care Is Common, Especially if Multiple Doctors Are Involved

	Number of Doctors Seen		
Percent reporting in past two years:	**Any**	**1 to 2**	**3 +**
After medical test, no one called or wrote you about results, or you had to call repeatedly to get results	27	21	36
Doctors failed to provide important information about your medical history or test results to other doctors or nurses you think should have it	23	22	26
Test results or medical records were not available at the time of scheduled appointment	18	14	29
Your primary care physician did not receive a report back from a specialist you saw	15	11	24
Your specialist did not receive basic medical information from your primary care doctor	12	9	18
Any of the above	47	42	55

Source: K. Stremikis, C. Schoen, and A.-K. Fryer, *A Call for Change: The Commonwealth Fund 2011 Survey of Public Views of the U.S. Health System* (New York: The Commonwealth Fund, April 2011).

Health and Social Services Expenditures for OECD Countries 2005, as Percent of GDP



Notes: Social services expenditures include public and private spending on old-age pensions and support services for older adults, survivors benefits, disability and sickness cash benefits, family support, employment programs (e.g., public employment services and employment training), unemployment benefits, housing support (e.g., rent subsidies) and other social policy areas excluding health expenditures.

Source: BMJ Qual Saf, Health and social services expenditures: associations with health outcomes, Elizabeth H Bradley, Benjamin R Elkins, Jeph Herrin, Brian Elbel, 2011;20:826e831.

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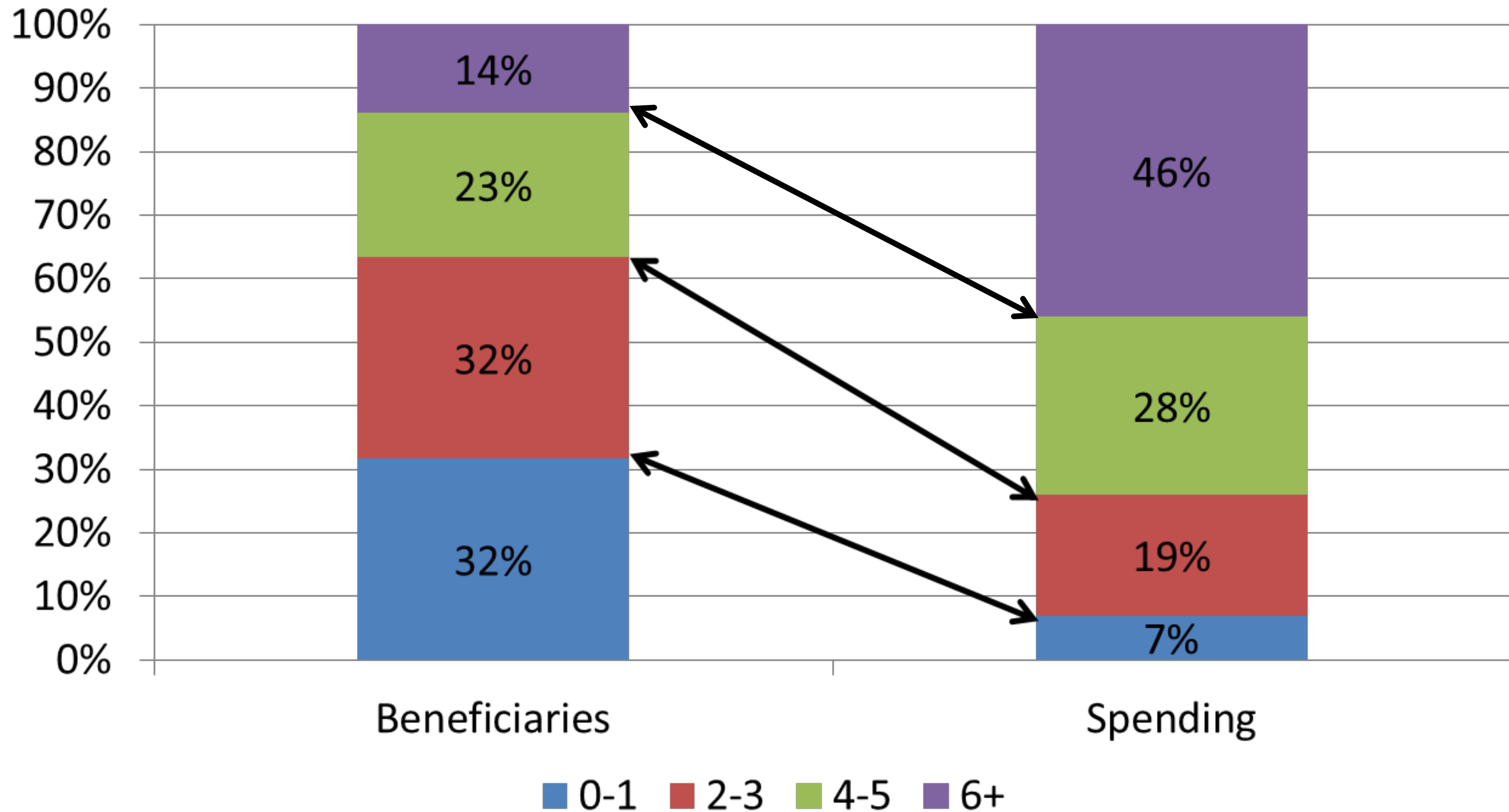
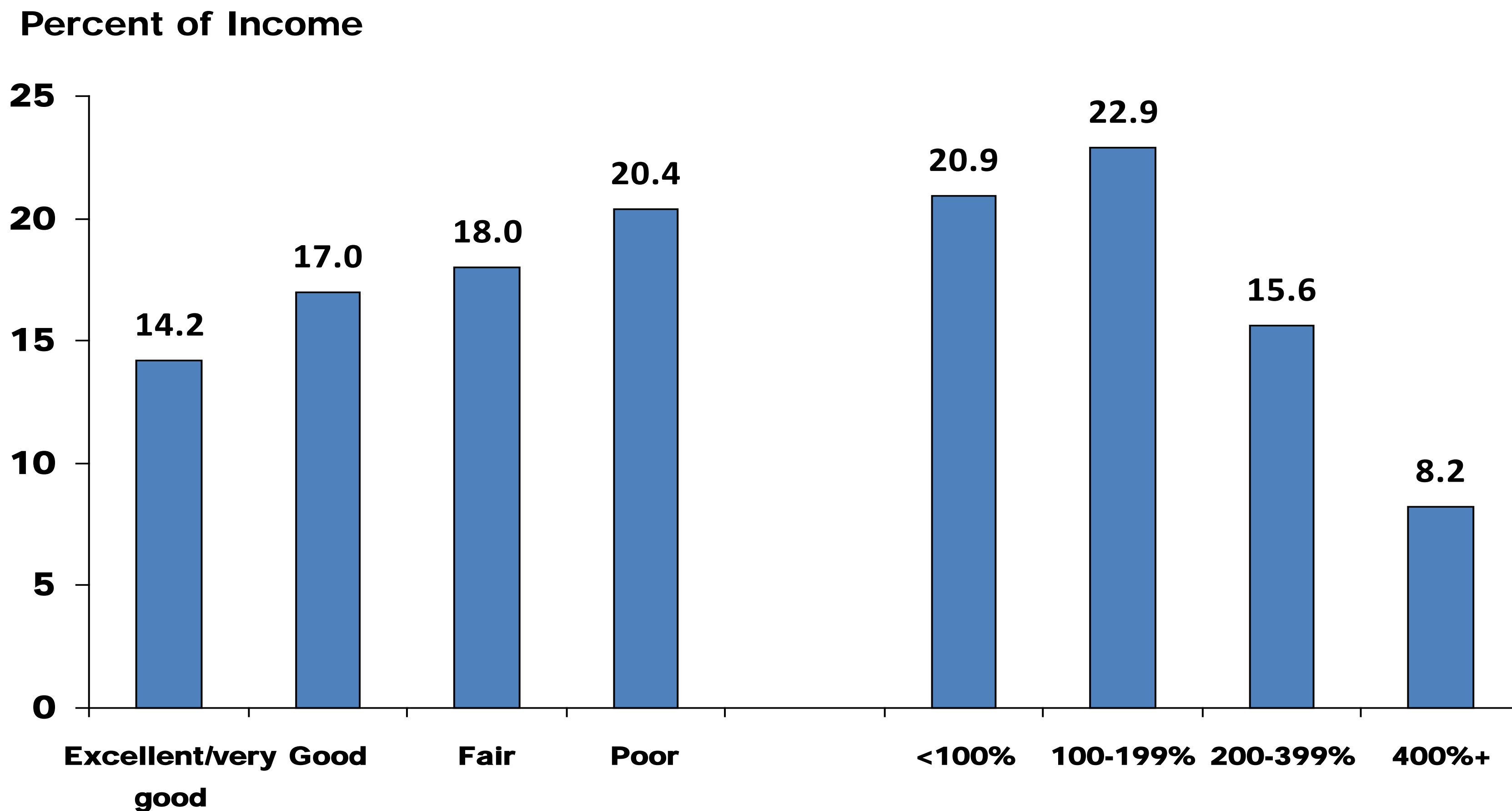
Beneficiaries with Multiple Chronic Conditions Account for a Disproportionate Share of Spending in Traditional Medicare (2009 Data)



Source: Centers for Medicare & Medicaid Services. "Chronic Conditions Among Medicare Beneficiaries Chartbook: 2012 Edition."

Median Out-of-Pocket Health Spending as a Percent of Income Among Medicare Beneficiaries, by Health Status and Income, 2006



SOURCE: T. Neuman, J. Cubanski, J. Huang, and A. Damico. “How Much Skin in the Game Is Enough? The Increasing Financial Burden of Health Spending for People on Medicare.” Kaiser Family Foundation Data Spotlight, June 2011.

Implications for Medicare

- Need to find better ways to coordinate care for Medicare beneficiaries with chronic illnesses
- ‘Money on the table’ that could be better spent to encourage appropriate care for these beneficiaries
- Objectives:
  - Improve access to needed and appropriate care—and social services
  - Improve coordination of care
  - Improve physician performance by making them more involved and responsive to patient needs
  - Improve patients’ ability to become involved in health care decisions and participate in their own care

Center for Medicare & Medicaid Innovation

- Accountable Care
- Bundled Payments for Care Improvement
- Primary Care Transformation
- Initiatives Focused on the Medicaid/CHIP Population
- Initiatives Focused on Medicare-Medicaid Enrollees
- Initiatives to Speed the Adoption of Best Practices
- Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

Selected Medicare Demonstrations/Pilots/Initiatives

- Accountable Care Organizations (ACOs):
  - Medicare Shared Savings Program (MSSP)—Shared savings with groups of clinicians, hospitals, and other health care providers that choose to come together to deliver coordinated, high-quality care to the Medicare patients they serve
  - Advance Payment ACO Model—Provision of upfront and monthly payments to ACOs in the MSSP that qualify on the basis of size and location
  - Pioneer ACO Model—Provision of higher shared savings to groups of health care providers who are more experienced in working together to coordinate care and willing to take risk for higher costs

Selected Medicare Demonstrations/Pilots/Initiatives

- Comprehensive ESRD Care Initiative—Designed to improve care for beneficiaries with ESRD while lowering costs
- Medicare Health Care Quality Demonstration—Testing major changes to improve quality while increasing efficiency across an entire healthcare system
- Medicare Acute Care Episode (ACE) Demonstration—Testing the effect of bundling Part A and B payments for episodes of acute care
- Bundled Payments for Care Improvement (BPCI)
  - Model 1: Retrospective Acute Care Hospital Stay Only
  - Model 2: Retrospective Acute Plus Post-Acute Care Episode
  - Model 3: Retrospective Post-Acute Care Only
  - Model 4: Prospective Acute Care Hospital Stay Only

Selected Medicare Demonstrations/Pilots/Initiatives

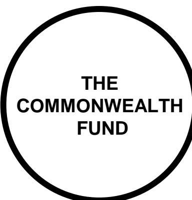
- Independence at Home Demonstration—Support for home-based primary care for beneficiaries with multiple chronic conditions
- Medicare Coordinated Care Demonstration—Coordinated care services for beneficiaries with multiple chronic conditions
- Medicaid Incentives for the Prevention of Chronic Diseases Model—Supporting 10 states providing incentives for Medicaid beneficiaries to participate in prevention programs
- Financial Alignment Initiative for Medicare-Medicaid Enrollees—Enables states to integrate care and payment systems for Medicare-Medicaid enrollees

Medicare Demonstrations/Pilots/Initiatives

- Initiative to Reduce Avoidable Hospitalizations Among Nursing Facility Residents—Enhanced clinical services to beneficiaries in extended-care nursing facilities
- Frontier Community Health Integration Project Demonstration—Develop and test new models of integrated, coordinated health care in the most sparsely populated rural counties.
- State Innovation Models Initiative—Opportunity for states to design and test multi-payer payment and delivery models that deliver high-quality health care and improve system performance

Key Considerations for Successful Pilots

- Multi-payer involvement
- ‘Ground-up’ as well as ‘top-down’ development
- Array of potential models
- Flexibility in design and implementation
- “Innovation with Evidence Development”
- Establish infrastructure to support success



"The country needs, and unless I mistake its temper, the country demands, bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

Franklin D. Roosevelt, 1932