



*Advising the Congress on Medicare issues*

# Enhancing Medicare's research and demonstration capacity

John Richardson  
March 5, 2010

# Overview

---

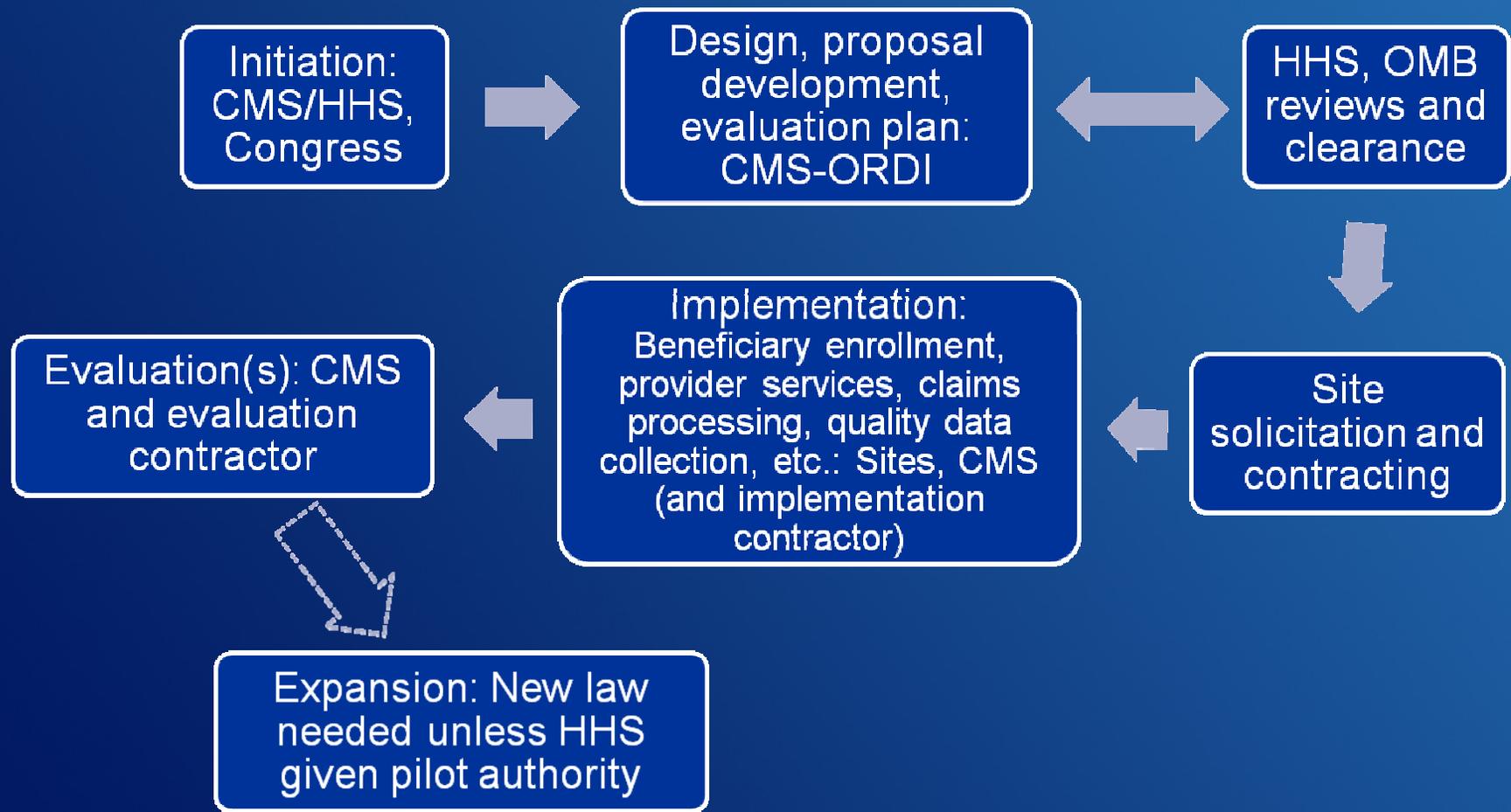
- Problem: Medicare lacks resources and flexibility, with appropriate accountability, to test and implement policies that will alter current trajectory of spending growth and quality improvement

# Background

---

- Demonstrations are applied research
  - May be initiated by HHS/CMS or the Congress
  - Designed to test payment policy, covered services, models of service delivery
  - Time-limited and geographically-limited
  - Complex mini-program implementations
  - CMS infrastructure supports design, operation, and evaluation
  - Major program changes from demos: Inpatient, SNF, HH PPS; PACE; hospice benefit

# Demonstration process has many steps, many participants



# Timeline of Medicare Coordinated Care demonstration

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Authorizing law enacted (BBA)	█														
Design, internal review and approvals	█	█	█	█	█										
Site solicitation and contracting				█	█	█									
Sites awarded						█									
Implementation/operation						█	█	█	█	█					
Evaluation				█	█	█	█	RTC	█	█	RTC	RTC	█	RTC	RTC
Extension (selected sites)											█	█	█	█	

# Timeline of Medicare Health Support pilot

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Authorizing law enacted (MMA)									
Design, internal review and approvals									
Site solicitation and contracting									
Sites awarded									
Implementation/operation									
Evaluation						RTC	RTC		<i>RTC</i>

# Issues for discussion

---

- Funding
  - Adequate levels and stability over time
- Flexibility
  - Options for speeding up demonstration and dissemination process
- Accountability
  - Options for oversight and external input

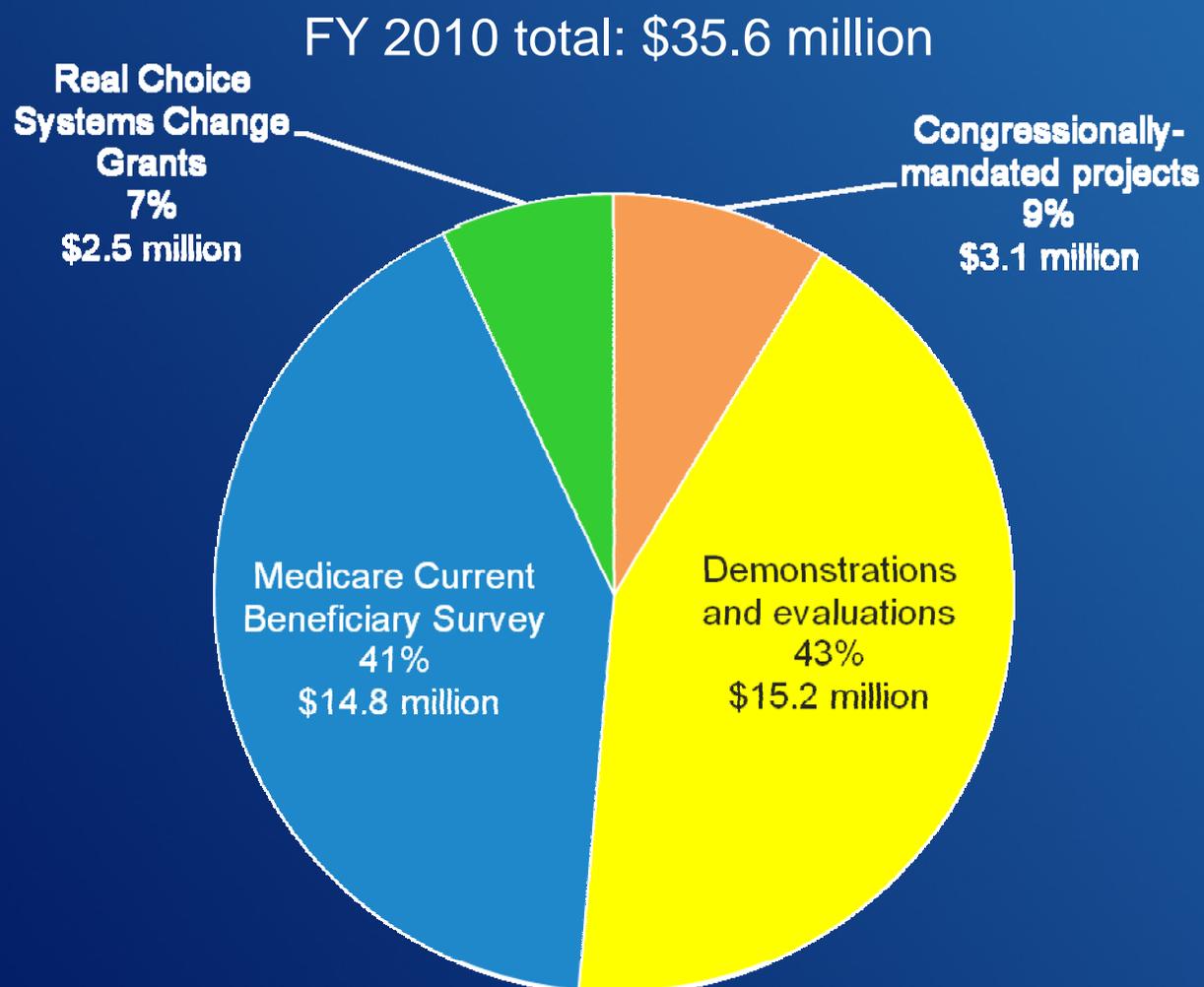
# Funding for all CMS research has declined over the last 10 years in nominal dollars...



# ...and as a share of total funding for CMS Program Management



# Funding for demonstrations is only part of total research budget



# Flexibility options

---

- Reduce administrative requirements
  - Paperwork Reduction Act reviews
  - Contracting for demonstration sites, evaluations
  - Alternative evaluation criteria
- Revise budget neutrality criteria
  - Consider costs and benefits beyond initial demonstration period
  - Consider impact of quality improvements relative to costs

# Flexibility options (continued)

---

- Authority for Medicare to expand demonstrations if findings are positive
  - Secretary could make public determination of cost and quality impacts
  - Could require Medicare actuary concurrence on cost and savings estimates
  - Tested policies/programs could be expanded to additional sites or program-wide

# Accountability options

---

- Periodic public consultations with outside experts and stakeholders
  - Beneficiary and provider representatives
  - Private payers and purchasers
- Periodic OIG or GAO audits of Paperwork Reduction Act waivers, contracting activity

# Accountability options (continued)

---

- Annual Medicare research and demonstrations report to Congress
  - Present research agenda, status of ongoing demonstrations, interim evaluation findings
  - Opportunity for MedPAC review and comment

# Issues for discussion

---

- Funding
  - Adequate levels and stability
- Flexibility
  - Options for speeding up demonstration and dissemination process
- Accountability
  - Options for oversight and external input