EXPAND CARE COORDINATION FOR HIGH-COST, HIGH-NEED BENEFICIARIES

In both Medicare and Medicaid, a small fraction of patients accounts for a majority of health care costs. These patients typically face multiple chronic conditions, often accompanied by functional limitations and/or behavioral health conditions. Some are living with advanced illness. Better care for these high-need individuals is an indispensable element of any serious effort to slow the growth of health care spending while improving quality.

Background

High-Cost, High-Need Beneficiaries: Diverse Populations Facing Diverse Challenges

- Medicare beneficiaries with multiple chronic conditions accounted for 93% of total Medicare spending, and 98% of Medicare hospital readmissions in 2010.¹
- The average per capita Medicare spending for beneficiaries with one or more chronic conditions and one or more functional limitations (limitations that require help with activities of daily living) was nearly twice that as average per capita spending for beneficiaries with three or more chronic conditions.²
- Medicare beneficiaries with behavioral health conditions are also more likely to generate higher costs. In 2010, Medicare spent an average of $43,792 per beneficiary aged 65+ with both severe mental illnesses and substance use disorders compared to an average of $8,649 per beneficiary for all beneficiaries aged 65+.³
- According to the Institute of Medicine (IOM) 2014 report, *Dying in America*, of Medicare beneficiaries who are in the top 5% of per capita costs, an estimated 11% are in their final year of life.⁴

The 15% of Medicare enrollees who have chronic conditions and functional limitations account for 32% of Medicare spending.²

Cost-saving, integrated approaches to care are unavailable to the majority of high-cost, high-need Medicare beneficiaries with functional limitations.

15% of Medicare beneficiaries have both one or more functional limitations and one or more chronic conditions.² In addition to the challenge of coping with chronic physical illnesses, these enrollees may face difficulties living in their homes and may have unmet social service needs that can contribute to hospital readmissions, poor health outcomes, and nursing home stays. For those Medicare beneficiaries who are also eligible for full Medicaid benefits, supportive services such as personal care assistance, nutritional services, and home modifications can improve care while reducing Medicare and Medicaid expenditures.⁵,⁶ However, 57% of Medicare beneficiaries with functional limitation and a chronic diagnosis lack Medicaid coverage.² For them, current coverage and reimbursement rules make it difficult for either Medicare Advantage (MA) plans or Accountable Care Organizations (ACOs) to deliver coordinated care and targeted supportive services that are needed to keep them in their home and out of nursing homes.
Benefits of a multidisciplinary approach to treating chronic and behavioral health conditions include:

- Improved coordination of care, which can lead to better outcomes and reduced costs.
- Enhanced patient satisfaction, as patients feel their needs are being met.
- Reduced hospitalizations and readmissions, leading to improved health outcomes.
- Increased access to care, particularly for those who may have had difficulty finding appropriate services.
- A more holistic approach to health care, considering both physical and mental health needs.

Recommendations

Improve Chronic Care in MA plans and Medicare ACOs

In Medicare, meeting our responsibility to high-need patients means doing more to help MA plans and ACOs to improve care and lower costs for them. Congress should pass legislation to enable both health plans and ACOs to invest program dollars in targeted social and long-term services and supports.

Integrate Behavioral and Primary Care Services

Better integration of and access to care is needed in both the specialty mental health and primary care settings. NCHC recommends:

- Providing a Medicaid prospective payment system for community behavioral health clinics that meet high standards of care and can coordinate and deliver both primary care and behavioral health services to their patients.
- Promoting the integration of basic screening for and management of mental health and substance abuse disorders into primary care.

Promote Patient-Centered Care Planning

When chronic disease evolves into serious or advanced illness, it is particularly critical that a patient’s own preferences and choices guide the course of treatment. NCHC supports the following improvements in Medicare:

- Ensuring that palliative care options are available and made known to patients throughout the course of illness.
- Reimbursing for care planning offered to patients upon diagnosis of Alzheimer’s Disease.

Sources

3. SCAN Foundation. (2013) “DataBrief: Medicare Spending for Beneficiaries with Severe Mental Illness and Substance Abuse Disorder.”