

Medicare Payment Coalition

for Frail Beneficiaries

Medicare Modernization: A 21st Century Approach to Improving Care for Persons with Serious and Potentially Disabling Chronic Conditions

Issue

- Chronic conditions like heart disease, diabetes, and Alzheimer's disease are the leading cause of illness, disability, and death in the United States and account for over 75 percent of direct medical expenditures. Direct medical costs for chronic conditions reached \$510 billion in 2000 and are projected to reach \$1.07 trillion by 2020.
- Almost 85 percent of the 65+ population have at least one chronic condition. Two-thirds have two or more, accounting for 95 percent of all Medicare spending.
- Total annual medical expenditures for persons with a chronic condition (\$6,032) are more than five times higher than for healthy persons (\$1,105). Adding functional limitations or disabilities to a chronic condition can more than double these medical expenditures.
- About 40 percent of total direct healthcare costs for chronically ill are funded by the public sector, compared with only about 20 percent of acute care expenditures.
- Americans' largest fears related to chronic conditions include not being able to afford needed medical care, losing their independence, and becoming a burden to their family. Since chronic conditions most directly affect the people with the conditions and their "family" caregivers, effective chronic care requires a person- and family-centered approach.
- A new IOM study recognizes chronic conditions as the leading healthcare problem of the 21st century and underscores the benefits that can be achieved through fundamental reform of health care: "Transforming the health care system will . . . make it possible to bring the benefits of medical science and technology to all Americans . . . less pain and suffering, less disability, greater longevity, and a more productive workforce."

Solutions

- Hold White House Conference on chronic care issues to raise awareness and visibility and to establish national policy direction.
- Establish a public/private sector taskforce to identify statutory/regulatory barriers to effective chronic care.
- Modernize Medicare rules to:
 1. Permit providers to waive deductibles and copayments for covered preventive services.
 2. Authorize the Secretary of HHS to expand coverage of preventive services.
 3. Expand Medicare coverage to include care coordination services; self-management services; and "family" caregiver assessment, education, and support services.
- Implement a national education campaign to prevent, delay, or minimize the progression of chronic diseases and disabilities, including the development of Web-based self-assessment and self-management information and technology for clients and their "family" caregivers.
- Require the Secretary of HHS to: organize, consolidate, and report to Congress on existing data on chronic condition trends and costs as a foundation for establishing national chronic care policies and develop recommendations for streamlining existing reporting requirements.
- Improve Medicare managed care and fee-for-service financing for high-cost beneficiaries such as those with multiple, complex chronic conditions.
- Provide authority and regulatory structures to promote the integration of services for beneficiaries who are dually eligible for Medicare and Medicaid and for those who are dually eligible for Medicare and Veterans Administration health benefits.