



MEDICAID TOPICS

**State-By-State Comparisons
Disease Management Programs**

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Issue Summary

Disease management programs are increasingly being utilized by state Medicaid programs to provide better care while reducing costs, particularly for individuals with chronic conditions. Early research has shown that while disease management programs are relatively new, there can be substantial reductions in health care service use and expenditures. Disease management programs have been developed and implemented largely by managed care plans. Programs for diabetes, asthma, hypertension, depression and congestive heart failure are the most common. Health plans and Medicaid agencies generally contract with disease management organizations to provide services, although some choose to operate the program themselves.

Disease Management and Medicaid

Almost half of states have implemented or are in the process of implementing some form of Medicaid disease management programs. As with health plans, states can hire a disease management organization to administer the program or they can create their own program. While research on the impact of state Medicaid disease management programs is limited, there is some evidence of improvements in the quality of care being provided and limited cost-savings. Disease management programs have been successful at improving self-care practices and reducing use of various health care services, including hospital admissions and emergency room visits.

In North Carolina, children (under age 21) enrolled in a pediatric asthma management program implemented by the state's Medicaid program used certain health care services less frequently. Children in the program had a 34 percent lower hospital admission rate and an eight percent lower emergency room rate, compared to children not in the program. Efforts to educate patients about the use of anti-inflammatory drugs resulted in increased pharmacy costs, but lowered the overall cost for children enrolled in the program by 24 percent compared to the non-enrollees.

In Florida, Medicaid beneficiaries enrolled in a disease management program for congestive heart failure were monitoring their condition more closely and spending fewer days in the hospital. Enrollees were also more likely to take prescription drugs to control their conditions and to receive an annual cholesterol screening. The number of days spent in the hospital decreased by 39 percent over the two-year period and health care expenditures decreased by 16 percent, a savings of \$4.4 million after program costs.

Not all studies have shown a reduction in the utilization of health care services. An 18-month study in Colorado of an asthma management program for about 300 children found no impact on their use of certain health care services. However, children enrolled in the program were more likely than other children to receive drugs that allow them to manage their condition more effectively.

Federal Policy Position

The Center for Medicaid and State Operations of the Center for Medicare and Medicaid Services (CMS) of the Department of Health and Human Services, in a letter to State Medicaid Directors dated February 25, 2004, provides guidance on how states can cover disease management in their Medicaid programs. The letter states that “Disease management represents an exciting opportunity to significantly improve the care delivered to Medicaid beneficiaries with chronic conditions.” The letter outlines some of the options available to states with regard to designing and operating disease management programs.

Disease management programs that focus interventions on the beneficiary may qualify as medical services under Medicaid if they include direct services provided by licensed practitioners in order to improve or maintain their health. Examples provided by CMS include medical assessments, disease and dietary education, instruction in health self-management and medical monitoring. Importantly, these services are eligible for federal financial participation (matching) at the state’s regular Federal Medical Assistance Percentage rate. Three major disease management models that may qualify as medical services under Medicaid include:

- 1). Disease Management through Contracting with a Disease Management Organization.
The Disease Management Organization (DMO) managed the overall care of the beneficiary. The state often requires performance guarantees, including capitating the DMO for disease management services, as well as putting the DMO at risk for reducing overall expenditures.
- 2). Disease Management through an Enhanced Primary Care Case Management Program.
The state works with the Primary Care Case Management (PCCM) providers to enhance the care it delivers to its enrollees with certain chronic conditions. The state may also provide additional support in the form of case managers for complex cases and furnish ongoing monitoring reports on enrollee utilization. PCCM providers are often paid enhanced case management fees for providing disease management, in addition to the regular fee-for-service reimbursement for other state plan services they provide.
- 3). Disease Management through Individual Providers.
States can offer disease management through individual fee for service providers in the community (e.g., physicians, pharmacists or dietitians). The providers often agree to undergo specified training and bill on a fee for service basis for disease management services provided. States may simply offer this option to interested providers, or build a more comprehensive system that provides additional support, training and oversight.

CMS may authorize these models through state Medicaid plan amendments or waivers. Waiver authority can provide states with greater flexibility to design more focused programs, and can be used to intentionally restrict geographic areas where disease management is available, restrict eligible beneficiaries or mandate beneficiary enrollment.

Importance to Family Physicians

Disease management programs present an opportunity for which family physicians are uniquely qualified. The professional scope of family practice and the inherent emphasis on education, prevention and disease management in practice provides family physicians the ability to work with their state Medicaid agency to design and implement disease management programs for their Medicaid patients. Increasingly, states are seeking to develop such initiatives and welcome assistance in program design. Additional resources may be made available to assist the family physician in assuring more complete and comprehensive care to their patients through the services of case managers made available through this program. Case managers can work closely with the local physicians, sometimes working directly out of the physician's offices or spending time each week with the physicians and working in beneficiaries' homes. Additional fees are provided to physicians for disease management services, either on a fee-for-service basis or capitation.

Disease management programs are effective in both urban and rural areas; although there are additional challenges in rural areas due to the fact the beneficiaries are more geographically dispersed may have difficult access to transportation and may lack phones. In addition to coordinating medical needs, however, case managers may help link clients to other available services in the community. To address this inequality, states could consider higher case management fees for rural enrollees.

References

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