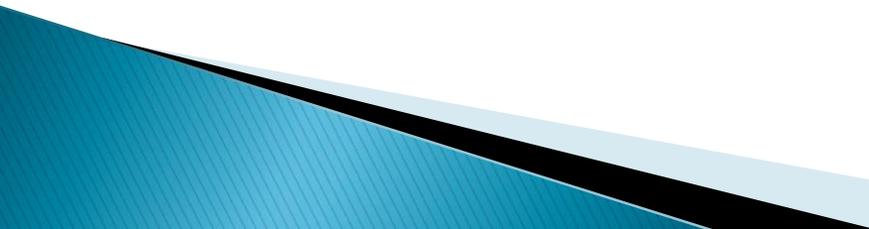


The National Plan to Address Alzheimer's Disease and Cost Scoring Issues

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Selected Critical Provisions of the National Plan

- ▶ Medical homes for people with AD (2.E.1);
 - ▶ “Independence at Home” demonstration (2.E.2);
 - ▶ Care coordination models for people with AD (2.G.1);
 - ▶ Models of hospital safety for people with AD (2.F.1);
 - ▶ Models for effective care transitions (2.F.2);
 - ▶ Identification and dissemination of best practices for caregiver assessment (3.B.2);
 - ▶ Development and dissemination of evidence-based interventions for people with AD and their caregivers (3.B.4); and
 - ▶ Support caregivers through call centers (3.B.7).
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Cost Scoring Process and the National Plan

Steps for Cost Estimation:

- ▶ Determine the *specifications* for the delivery of care for each proposal
- ▶ Evaluate the additional costs
 - increased services
 - increased payments or incentives
- ▶ Evaluate the *eligible population* – likely benefit from the changes
- ▶ Estimate trend over the budget period

Cost Scoring Process and the National Plan

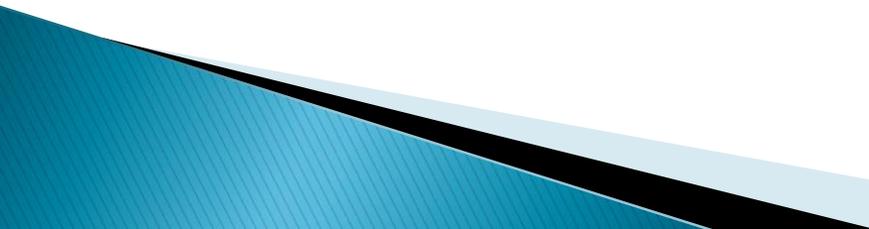
- ▶ From *strictly a cost scoring perspective*, several issues complicate the estimating process:
 - Increased incidence of AD and the aging of the baby boomer generation create a significant current and future medical problem.
 - Current Congressional budgetary climate precludes moving forward any initiatives that could increase deficit spending.
- Cost analyses of health care services rarely recognize the cost savings associated with the proposed changes – the cost analysis typically assumes that changes in health care services will *result in an overall expansion of services, rather than substitutions of services.*

Cost Scoring Process and the National Plan

Moving forward requires demonstrated benefits and quantifiable results.

- The goal of advancing the National Plan is to
 - Implement these proposals to allow researchers to quantify the benefits;
 - Address the specific needs of individuals with AD and their caregivers; and
 - Devote resources to the Medicare beneficiary with AD that address their specific needs or eliminate services that do not result in effective care.

Cost Scoring Process and the National Plan

- ▶ Areas for Cost Savings – Previous CMS demonstration projects prove that:
 - coordinated, centralized care will reduce spending;
 - Bundled payments or capitated payments systems will reduce spending; and
 - Incentive payments will encourage efficient use of resources.
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Cost Scoring Process and the National Plan

- ▶ Based on current practices, the potential exists to significantly reduce spending through implementation of the National Plan:
 - **Medical Homes** – *reducing the need for hospitalization through medical homes could reduce Medicare spending by \$39 billion over 10 years*
 - **Independence at Home** – *fully implemented Independence at Home program could reduce Medicare spending by approximately \$30 billion over 10 years*
 - **Coordination of Care** – *care coordination program could reduce Medicare spending by approximately \$41 billion over 10 years*