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).
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*.
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.
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.
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