

Below please find the Summer 2008 edition of *News from ORDI*, a quarterly publication summarizing recent work undertaken in ORDI and the results we've produced. Highlights from this quarter's *News* include:

- Publication of the Summer 2008 edition of the *Health Care Financing Review*, CMS' journal of information, analysis, and research on a broad range of issues affecting the Medicare, Medicaid, and State Children's Health Insurance (SCHIP) programs.
- Release of 2008 *CMS Statistics*, an annual reference booklet that provides significant summary information about health expenditures and CMS programs
- Release of 2008 *Wallet Card*, a concise source for CMS program and financial data.
- Program demonstrations and research projects. ORDI is developing and managing a number of demonstrations and research projects for CMS, some of which are summarized below.

I hope you find this information useful. For additional ORDI-related information, please visit our [website](#).

Timothy P. Love

Director, Office of Research, Development, and Information



News from ORDI

Summer 2008

1. *Health Care Financing Review*

Since our last newsletter, ORDI released the Summer 2008 edition of the *Health Care Financing Review*, the agency's journal of information, analysis, and research on a broad range of health care financing and delivery issues. The theme of this issue is Quality of Life of Cancer Patients. Included are articles on cancer outcomes research, reducing bias in cancer research, and comorbidities and quality of life in older adults. Also featured are highlights from the ongoing Medicare Health Outcomes Survey. Click [here](#) to view the Summer edition, as well as previous issues.

To request copies of the printed edition, please contact Patty Manger at 410-786-3253.

2. *2008 CMS Statistics*

The 2008 edition of *CMS Statistics* is now available. *CMS Statistics* is an annual publication prepared as a handy reference document for CMS leadership and staff. (*CMS Statistics* is also available to the general public and is uploaded to the CMS website.) The data are comprehensive, with summary CMS program information that can serve as background for briefings, position papers, or a source for answering questions from Congressional staff and the public.

The electronic version of the 2008 *CMS Statistics* is available [here](#). For additional information, please contact George Lintzeris at 410-786-0166.

3. 2008 Wallet Card

The *Wallet Card* provides our most frequently requested data, presented in a concise, easy-to-read format. This publication is a quick reference on program and financial statistics.

The electronic version of the 2008 *Wallet Card* is now available [here](#). For additional information, please contact George Lintzeris at 410-786-0166.

4. Medicaid Oral History Interview

The CMS History page has a new series of oral history interviews with nearly 40 key individuals who have agreed to share their stories about the Medicaid program with the public.

David Smith, professor of political science at Swarthmore College, and Judith Moore, senior fellow, National Health Policy Forum, George Washington University, conducted a wide-ranging set of interviews with individuals knowledgeable about the Medicaid program. (These interviews form the basis for their book: *Medicaid Politics and Policy 1965–2007*.) Interviewees include: state and federal officials who launched Medicaid in the late 1960s, wrestled over creative financing methods and program expansions in the 1980s and 1990s, and debated various block grant proposals over the years; as well as advocates who sought to expand the reach of the program to additional children and those who added home and community based services to keep elders and disabled persons out of institutions; and members of Congress and their staff who modified the underlying statute time and again. Transcripts of the interviews are available [here](#).

5. Current Demonstrations and Research Projects

Premier Hospital Quality Incentive Demonstration (HQID)

This quality incentive demonstration, the first national project of its kind, is designed to determine if economic incentives to hospitals are effective at improving the quality of inpatient care. Launched in October 2003 by CMS and the Premier, Inc., Healthcare Alliance, HQID involves approximately 250 hospitals in 36 states. The demonstration is providing evidence that value-based

purchasing can significantly improve the quality and efficiency of health care at hospitals.

The outcomes from the third-year results of the demonstration showed improvement was achieved across the board in five clinical focus areas measured by more than 30 nationally recognized quality indicators. The average improvement of the composite quality scores (an aggregate of all quality measures within each clinical area) between the project's second and third year was 4.4 percentage points for total gains of 15.8 percentage points over the project's first three years. For the third year, 112 top-performing hospitals received quality incentive payments totaling \$7.0 million for improvement in quality of care.

CMS has awarded more than \$24.5 million over the first three years of the project. The Premier demonstration was extended by CMS for an additional three years through September 2009, and more valuable information will be collected and studied. During the first three years of the demonstration, only the top-performing 20 percent of hospitals were eligible for incentive payments. The payment structure for Year 4 provides financial incentives based on threshold attainment, top performance, and significant improvement. As we move in the direction of a Medicare hospital value-based purchasing program, lessons from this demonstration will help us plan for the future.

For more information on this demonstration, please contact Kathy Pirotte at 410-786-6774 or visit the demonstration website [here](#).

Physician Group Practice Demonstration

ORDI's Physician Group Practice (PGP) Demonstration creates incentives for physician groups to coordinate the overall care delivered to Medicare patients, rewards them for improving the quality and cost efficiency of health care services, and creates a framework to collaborate with providers to the advantage of Medicare beneficiaries.

At the end of the second performance year, all 10 of the participating physician groups continued to improve the quality of care for chronically ill patients by achieving benchmark or target performance on at least 25 out of 27 quality markers for patients with diabetes, coronary artery disease and congestive heart failure. The groups demonstrated improved quality of care by increasing their quality scores an average of 9 percentage points across the diabetes mellitus measures, 11 percentage points across the heart failure measures, and 5 percentage points across the coronary artery disease measures.

As a result, the 10 physician groups earned \$2.9 million in Physician Quality Reporting Initiative incentive payments that were incorporated into the demonstration. In addition, four physician groups earned \$13.8 million in performance payments for improving the quality and cost efficiency of care as their share of a total of \$17.4 million in Medicare

savings. In total, the 10 physician groups earned performance payments for improving the quality and efficiency of care totaling \$16.7 million in the second performance year.

For more information, visit the PGP webpage [here](#).

Medicare Care Management Performance Demonstration

ORDI has recently completed processing the first set of incentive payments for baseline reporting under the Medicare Care Management Performance (MCMP) Demonstration. This is a pay for performance demonstration for small to medium-sized primary care practices that was authorized under Section 649 of the Medicare Modernization Act (MMA). It is being implemented in Massachusetts, Arkansas, Utah, and California. Currently there are 641 active practices participating in the demonstration. This year under the demonstration, practices were eligible to receive a small incentive payment for reporting baseline data on 26 clinical quality measures related to diabetes, congestive heart failure, coronary artery disease, and preventive care services. For baseline reporting, we paid 608 practices a total of \$1.5 million. The average payment was \$2,505 (median = \$2000).

In addition, if they elected to do so, practices participating in the demonstration were eligible to earn payments under the Physician Quality Reporting Initiative (PQRI) program based on their performance under the demonstration, rather than submitting quality measure data through the claims system. Over \$1 million was paid to 457 practices that elected to participate in PQRI through the MCMP Demonstration. The average payment per practice was \$2,233 with 18 practices receiving over \$10,000. Participation in PQRI via the demonstration is totally voluntary. Practices that did not elect to participate in PQRI via the demonstration were eligible to earn a bonus through the regular PQRI process.

For more information, visit the MCMP webpage [here](#).

Electronic Health Records Demonstration

ORDI is developing a 5-year demonstration initiative using Medicare waiver authority to reward the delivery of high-quality care supported by the adoption and use of electronic health records (EHRs). The goal is to foster a broader implementation and adoption of EHRs and health information technology (HIT) in order to transform the delivery of health care. Selected physician practices that use certified EHRs to improve the quality of patient care will be eligible to receive incentive payments.

In June 2008, CMS announced the selection of the 12 sites in which this demonstration will be implemented. Identified community partners in each of these sites will support us in outreach, education and recruitment activities. The partners in the Phase I sites (Maryland/DC, Louisiana, South Dakota and selected counties in bordering states and S.W. Pennsylvania) are currently working to finalize plans for the start this month of active physician practice recruitment. Practice recruitment in the eight remaining sites will begin one year from now.

Additional information on the demonstration can be found [here](#) . You may also contact Jody Blatt at 410-786-6921 or Debbie Van Hoven at 410-786-6625.

6. New Research Reports and Presentations

"Exploratory Research on Medication Therapy Management"

The Medicare Modernization Act of 2003 requires prescription drug plans and Medicare Advantage plans that offer prescription drug coverage to have a Medication Therapy Management Program (MTMP).

ORDI contracted with Abt Associates, Inc., to explore the evolving field of MTM and to help CMS identify and understand attributes of MTM programs that may be most effective for the Medicare Program, including: the organization types providing MTM; the services and interventions included; the providers involved; how beneficiaries are targeted; the differences from and integration with disease management (DM) programs; the financial structures; and resultant outcomes.

To answer these questions, an information scan and case studies of MTMPs in the public and private sectors were conducted. The review found common features among MTMPs. For example, most rely on pharmacists as the primary service providers. They start with a comprehensive medication review and include reconciliation of drug therapy with prescribers. Most also include some patient education and monitoring. However, within this broad framework, there are a wide variety of practice models. The evidence to date does not allow us to determine which practice model or elements are important contributors to clinical outcomes. Although in their infancy, some Medicare MTMPs are conducting careful research with strong methodological designs to learn from early experiences, which could be of benefit to CMS in refining the MTM program.

The review also found some areas where the program could continue to be refined. For example, while the separation of MTMPs from DM programs is uncommon in non-Medicare sectors, opportunities for coordination with stand-alone prescription drug plans may be few, resulting in duplication of services. Also, Part D plans are required to offer MTM services to eligible institutionalized patients, but there is an overlap with the responsibilities of consultant pharmacists in nursing homes.

The final report on Abt's review is available [here](#). For additional information, please contact Steve Blackwell at 410-786-6852.

"Impact Analysis for the 2009 Final Rule: Interim Report – Revision of Medicare Wage Index"

The Tax Relief and Health Care Act of 2006 (TRHCA) required the Medicare Payment Advisory Commission (MedPAC) to recommend alternatives for revising the hospital wage index. The TRHCA also required CMS to consider MedPAC's work in developing its own recommendations.

ORDI contracted with Acumen, LLC, to assist in evaluating MedPAC's recommended revisions to the hospital wage index. As a first step in this evaluation, Acumen conducted an impact analysis comparing the CMS wage index with the MedPAC recommended hospital compensation index. Selected findings from Acumen's impact analysis were included in the FY 2009 Hospital Inpatient Prospective Payment Systems (IPPS) final rule. Acumen's study found that, under MedPAC's recommended index, the differences between hospitals with the highest and lowest wage index would be reduced. Furthermore, adopting MedPAC's recommended index would lead a substantial number of hospitals to experience an increase or decrease in their index values of more than 5 percent.

As part of its ongoing work, Acumen is investigating reasons for underlying differences between the CMS wage index and MedPAC's compensation index, the latter incorporating Bureau of Labor Statistics (BLS) wage data rather than CMS wage data.

The interim report is available [here](#) on Acumen's website. For additional information, please contact Craig Caplan at 410-786-4165.

Presentation on ORDI Drug-Related Research

Jen Polinski, a former summer intern at CMS, recently presented research cowritten by ORDI's Penny Mohr and Lorraine Johnson, at the International Conference on Pharmacoepidemiology and Therapeutic Risk Management in Copenhagen, Denmark.

Ms. Polinski's presentations noted that in early 2006, 18,820 vulnerable Medicare beneficiaries with rheumatoid arthritis (RA) or multiple sclerosis (MS) who were participating in a Medicare Replacement Drug Demonstration for biologic drugs (MRDD) transitioned into Medicare Part D plans. The researchers examined Part D plans' cost structure (e.g., premium, deductible, cost sharing) for the specialty biologic drugs offered during the MRDD for RA and MS. For MRDD and Part D plans, they compared beneficiaries' average out-of-pocket costs (OOPC). The researchers also examined beneficiary characteristics associated with Part D enrollment among this population in early 2006.

For additional information, please contact Lorraine Johnson, 410-786-9457

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