

The Community Nursing Organization (CNO) demonstration tests a capitated, nurse-managed system of care. The demonstration assesses the impact of providing a specified package of community-based services, in conjunction with case management, under a capitated payment methodology. A unique feature of the demonstration is the use of nurse case managers to coordinate care and to provide a more flexible array of services, such as prevention and health promotion, that are not normally covered by Medicare but which become possible under a capitated system of payment. The CNOs provide the treatment groups at four demonstration sites with a package of community-based services plus case management (not a Medicare benefit) under the capitation payment methodology. All other Medicare covered services are paid for under the standard Medicare fee-for-service payment methodology.

Evaluation Highlights:

Phase I evaluation.

- The evaluation contractor, Abt Associates conducted an evaluation of the CNO demonstration that resulted in a final report in 2000 about the operation of the demonstration from January 1994 to June 1997.
- This evaluation found that overall the treatment and control groups did not differ significantly in health status, in their utilization of the services contained in the CNO service package, or in their utilization of the broad range of health services that were not part of the CNO service package.
- However, total expenditures for CNO treatment CNO groups were significantly greater -- from \$25 per member per month to \$75 per member per month more than the control group.

Phase II evaluation.

- To investigate whether the results might change in the long run (since gains from the preventive efforts of the CNOs might take time to materialize), section 632 of BIPA mandated a report to evaluate the CNO demonstration for the period July 1997 through December 1999 (known as Phase II).
- Although this second evaluation compared the treatment and control groups using several different analytic approaches, the evaluation still found that treatment group spending per person per month was significantly higher at all four sites, and these differences became larger and more significant over time.

(See downloads area below for more information: Final Report).