

Medicare Modernization Act, Section 646

Medicare Health Care Quality Demonstration Programs

Background

Section 646 of the Medicare Modernization Act (MMA) mandates a 5-year demonstration program under which the Centers for Medicare & Medicaid Services (CMS) will test major changes to improve quality of care while increasing efficiency across an entire health care system. Broadly stated, the goals of the Medicare Health Care Quality demonstration are to--

- Improve patient safety;
- Enhance quality;
- Increase efficiency; and
- Reduce scientific uncertainty and the unwarranted variation in medical practice that results in both lower quality and higher costs.

CMS intends to use this demonstration to identify, develop, test, and disseminate major and multi-faceted improvements to the health care system. Projects approved under this demonstration will be expected to achieve significant improvements in safety, effectiveness, efficiency, patient-centeredness, timeliness and equity: the six aims for improvement in quality identified by the Institute of Medicine in its *Crossing the Quality Chasm*.

Eligible Organizations

Physician groups, integrated delivery systems, and regional health care consortia are eligible to apply for the demonstration.

Payment

These projects may involve the use of alternative payment systems for items and services provided to beneficiaries, and they may involve modifications to the traditional Medicare benefit package.

The provision includes a budget neutrality requirement over the 5-year duration of the program.

Application Process

The application solicitation was conducted in two phases. The first round applications were due January 30, 2006, and the second round applications were submitted by September 29, 2006. CMS has identified those applications to be considered further and has notified all applicants of the status of their proposals. CMS is finalizing negotiations

with a small number of prospective sites, and plans to make demonstration awards in 2009.

Status

Two demonstrations have been approved and will begin in 2009. Two others are currently in the final review process.

Indiana Health Information Exchange (IHIE)

IHIE is a community-wide health information exchange, representing a coalition of physician practices, employers, and private payers in Indiana, with the ability to capture health care data from various sources (e.g., claims, point-of-care, and lab results). The demonstration is restricted to patients residing in the Indianapolis MSA. Under the MHCQ demonstration (mandated by section 646 of the MMA) IHIE will implement a regional, multi-payer, pay-for-performance program based on a common set of quality measures. IHIEs interventions are expected to provide important empirical evidence on the effectiveness of pay-for-performance, health IT, and multi-payer initiatives in improving the quality and efficiency of care provided to Medicare beneficiaries. Demonstration waiver authority will be used in this project to share a portion of Medicare savings; in the event IHIE has proven it has reduced anticipated Medicare spending for treated patients.

For more information: See Downloads (IHIE Fact Sheet)

North Carolina Community Care Networks

The North Carolina Community Care Networks (NC-CCN) is a non-profit organization made up of regional health care networks encompassing a portion of the state. The demonstration will test major changes in the organization, delivery, and financing of care that are designed to improve quality of care, while increasing efficiency across the health care system. NC-CCN will implement a care delivery model that combines a physician-directed care management approach with a variety of information technology applications designed to support care coordination and evidence-based practice, and a regional physician pay-for-performance program using a common set of quality measures. The network includes community physicians, hospitals, health departments, and other community organizations. Currently, NC-CCN serves North Carolina's Medicaid-only, low-income, and uninsured populations. Under the Medicare Health Quality Demonstration, the same coordination of care efforts will expand to the dual eligible and Medicare-only population.

For more information: See Downloads (NC-CCN Fact Sheet)