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HHS offers new tools to help states lower Medicaid costs, provide better care  
*New supports will help states lower costs, provide better care for Medicare-Medicaid enrollees*

The U.S. Department of Health and Human Services (HHS) today announced a series of initiatives to work with states to save money and better coordinate care for the 9 million Americans enrolled in both Medicare and Medicaid. The new initiatives include better access to Medicare data and better coordination of health care between Medicare and Medicaid. The initiatives will be led by the new Federal Coordinated Health Care Office (the Medicare-Medicaid Coordination Office), which was created by the Affordable Care Act to help make the two programs work together more effectively to improve patient care and lower costs.

“Medicaid costs are largely driven by the complex medical needs of low-income seniors and people with disabilities who are eligible for both Medicare and Medicaid. We know that by working together, we can provide better, more coordinated care while lowering health care costs and saving money for states,” said Centers for Medicare & Medicaid Services (CMS) Administrator Donald M. Berwick, M.D. “Medicare and Medicaid spends \$300 billion each year to care for people enrolled in both programs. Better coordinated care for this vulnerable population could yield savings and improve care and coverage in Medicaid.”

Currently, 60-percent of Medicare-Medicaid enrollees, “dual eligibles,” have multiple chronic conditions and 43-percent have at least one mental or cognitive impairment. While only 15-percent of Medicaid enrollees are also Medicare beneficiaries, Medicare-Medicaid enrollees represented 39-percent of Medicaid spending in 2007. Medicaid spent about \$120 billion on this group -- about twice as much as Medicaid spent on the 29 million children it covered. The Medicaid spending per Medicare-Medicaid enrollee was \$15,459 in 2007, over six times higher than the comparable cost of a non-disabled adult Medicaid-only enrollee (\$2,541).

The Medicare-Medicaid Coordination Office today launched the Alignment Initiative, an effort to more effectively integrate benefits under the two programs. Currently, low-income seniors and people with disabilities must navigate two separate programs: Medicare for coverage of basic acute health care services and drugs, and Medicaid for coverage of supplemental benefits such as long-term care supports and services. Medicaid also provides help with Medicare premiums and cost-sharing for those who need additional assistance.

A lack of alignment between the programs can lead to fragmented or episodic care for people with both Medicare and Medicaid coverage, which can reduce quality and raise costs. For example, Medicaid and Medicare have different coverage standards for those accessing durable medical equipment in the community. This can lead to fragmented care and coverage gaps that could result in patients losing access to the treatments and equipment that help them live at home or in the

community. Even temporary coverage gaps can be disruptive if patients no longer have coverage for wheelchairs or other expensive medical care. The Medicare-Medicaid Coordination Office is seeking input and ideas about how to align in six areas: care coordination, fee-for-service benefits, prescription drugs, cost sharing, enrollment, and appeals. Better alignment in these areas can reduce costs by improving health outcomes and making care coordination more efficient.

Today, HHS also announced a new process that provides faster state access to Medicare data to support care coordination. Access to Medicare data is an essential tool for states seeking to coordinate care, improve quality, and control costs for their highest cost beneficiaries. For example, a state that wants to expand its long term care and behavioral health care management program to serve low income seniors and people with disabilities needs data on their Medicare-covered hospital, physician, and prescription drug use. With Medicare data, states can identify high risk and high cost individuals, determine their primary health risks, and provide comprehensive individual client profiles to its care management contractor to tailor interventions.

“Navigating the two programs can be both complicated and burdensome for beneficiaries and their families and caregivers,” said Medicare-Medicaid Coordination Office Director Melanie Bella. “We are facilitating a national conversation on how to make these programs better serve the people that depend on them every day. We are working with states toward new levels of seamlessness so as to smooth the care journeys for these individuals.”

The first step in the Alignment Initiative is a notice for public comment that will be displayed in the Federal Register. The notice requests public input on priorities and key goals. Individuals wishing to submit comments have until July 11, 2011 to do so. For more information on the Alignment Initiative notice for comment, visit: [www.ofr.gov/inspection.aspx](http://www.ofr.gov/inspection.aspx). The Medicare-Medicaid Coordination Office will continue to engage with local stakeholders around the country on the Alignment Initiative through regional listening sessions.

The announcement of the new policy on state Medicare data for enrollees in Medicare and Medicaid will be published in a Center for Medicaid, CHIP and Survey & Certification (CMCS) Informational Bulletin today. The Bulletin is available at: [www.cms.gov/CMCSBulletins/CMCSB/list.asp#TopOfPage](http://www.cms.gov/CMCSBulletins/CMCSB/list.asp#TopOfPage).

For more information about these announcements, visit: [www.cms.gov/medicare-medicaid-coordination/](http://www.cms.gov/medicare-medicaid-coordination/).

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