



XLHealth Position Statement

Medicare Reform



XLHealth is committed to the development of innovative healthcare solutions that support the unique needs of Medicare beneficiaries with chronic illness. In considering the impending Medicare solvency crisis and specifically, unsustainable spending associated with chronically ill beneficiaries, policy action must be taken to improve the manner in which the Medicare system supports beneficiaries with life-threatening chronic illnesses such as diabetes, emphysema, and heart failure.

XLHealth proposes the following recommendations to address the Medicare insolvency crisis and the related challenge of disproportionate and increasing Medicare program spending associated with chronically ill beneficiaries.

Focus on reforms that address the needs of Medicare's chronically ill and underserved populations.

- Promote care coordination: Reward approaches that encourage communication among beneficiaries, nurses, physicians, and caregivers across multiple settings to coordinate care, increase quality, and promote efficiency.
- Improve access for underserved populations: Assist the medically underserved and those in rural areas in locating medical homes, with organized care coordination among multiple providers, and with more rigorous disease-focused medical management.
- Advance efforts involving data analysis and care plans: Facilitate the gathering of clinical data and creation of care plans for chronically ill beneficiaries and their physicians.

Provide better and more robust managed care solutions for Medicare's chronically ill population.

- The chronically ill in Medicare have extremely complex clinical and social needs—traditional Medicare is not designed to address these complexities. Accountable managed care options for Medicare's chronically ill must be supported.
- The care coordination and chronic care management tools offered by managed care are effective in managing healthcare costs associated with the chronically ill.
- Private Medicare Advantage “coordinated care plans” that are willing to focus on the chronically ill represent a practical means through which chronically ill beneficiaries can receive the care coordination, medical homes, and disease management that can help reduce wasteful spending and produce better quality of care.
- Special Needs Plans, in particular, are an effective and unique model of care supporting the underserved and chronically ill in Medicare, and should be reauthorized beyond 2010, when current legislative authority expires.

Recalibrate the Medicare Risk-Adjustment system to encourage increased care coordination and chronic care management.

- Proper recalibration of the current Risk-Adjustment system will permit Centers for Medicare & Medicaid Services (CMS) to better design fee-for-service programs that accurately target the appropriate beneficiaries, enabling CMS and others to perform analyses of the true impact of such programs on quality and costs.
- Proper recalibration will encourage private health plans to be increasingly focused on addressing the needs of the chronically ill, reversing the incentive for private Medicare health plans to “cherry pick” the healthy, affording better access to plans for the chronically ill, and spurring plans to focus on cost-effective benefits and services that improve quality.
- Evolving the Risk-Adjustment system is a budget-neutral solution that will more accurately distribute existing Medicare funds for the chronically ill but WILL NOT increase the overall level of payments.

In summary, we believe that Congress and CMS should focus on the needs of the chronically ill within Medicare and establish programs within both fee-for-service programs and the Medicare Advantage program that will better coordinate the care of the chronically ill. Among such focuses should be changes to the Medicare Advantage program that will encourage health plans to enroll and care for the chronically ill by eliminating current administrative and payment barriers that are driving health plans away from the chronically ill and toward the healthy.

Until program changes are established by Congress or by CMS that address the needs of the chronically ill, Medicare will continue to experience rising costs due to the growing healthcare needs of the chronically ill, and the timeline toward insolvency will continue to shorten.