



FOR IMMEDIATE RELEASE  
December 13, 2012

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## **BAUCUS LOOKS AT WAYS TO IMPROVE CARE AND LOWER COSTS FOR PATIENTS ENROLLED IN BOTH MEDICARE, MEDICAID**

*"We Cannot Stop the Aging of America, but We Can Work to Lower Health Care Costs," Finance Chairman says*

**Washington, DC** – In a Senate Finance Committee hearing today, Chairman Max Baucus (D-Mont.) examined the progress being made in improving the quality of care and reducing costs for Americans enrolled in both Medicare and Medicaid, often called "dually-eligible," or "duals." Senator Baucus highlighted the continued need to streamline payment methods, coordinate care between providers and cut red tape within Medicare and Medicaid to meet those goals.

**"We cannot stop the aging of America, but we can work to lower health care costs,"** Senator Baucus said. **"We must focus on streamlining Medicare and Medicaid in a smart way to improve how care is delivered, and we need to maintain or strengthen the protections beneficiaries enjoy today. We also need to remove incentives for providers to game the system. If we do this right, individuals enrolled in both Medicare and Medicaid will be healthier, and the programs will be more cost-effective. As these state-based demonstrations move forward, we need to rigorously evaluate the projects to learn what worked and what didn't."**

The committee heard testimony from Melanie Bella, Director of the Medicare-Medicaid Coordination Office, and representatives from three states – Arizona, Ohio and Washington – on the status of demonstration projects aimed at improving services, protecting consumers and reducing overall cost of duals' care. The hearing followed up on one Senator Baucus [convened last year](#), when many coordination efforts were in their infancy.

Of the 9 million duals nationwide, more than half have incomes below the poverty line, compared with eight percent of Medicare beneficiaries who are not dually-eligible. They often have severe disabilities or chronic diseases, and they frequently require expensive care. As a result, duals represent a disproportionately large sum of federal health care spending. In 2011, nearly a third of Medicare spending went to the dually-eligible population, but they only made up 18 percent of Medicare enrollees. Their portion of Medicaid spending was even higher; 39 percent of Medicaid spending went to only 15 percent of the program's enrollees. Last year, states and the federal government spent nearly \$300 billion on dually-eligible beneficiaries.

During the hearing, Senator Baucus said that working to lower health care costs for duals and make Medicare and Medicaid more efficient will pay dividends both to vulnerable patients and to taxpayers. He identified three objectives; reworking payment models so providers, states and the federal government have incentives to work towards the same goal; coordinating care so that doctors,

hospitals and other providers are working together; and eliminating conflicting rules and red tape in the areas where Medicare and Medicaid interact. He asserted that the focus should not be on cutting costs alone, but rather on streamlining federal programs in a manner that improves delivery and saves taxpayer dollars at the same time.

Director Bella spoke to the committee about progress the Medicare-Medicaid Coordination Office – which Senator Baucus helped create as a part of health reform – has made since she last appeared before the committee. In that time, it launched the Financial Alignment Initiative, partnering with states, health care providers, caregivers and beneficiaries to more effectively integrate Medicare and Medicaid. The project will last three years and test new health care service delivery and payment models that allow Medicare, Medicaid, states and private plans to coordinate efforts. The demonstration is still young, but it is progressing; twenty-six states have submitted proposals and three have been approved, including Ohio's and Washington's.

The three state representatives addressed the efforts by their respective health departments in working with Medicare and Medicaid and local providers. State health agencies participating in the demonstration are commonly focused on aligning payment and delivery systems to make them easier for beneficiaries to navigate and more efficient and cost-effective for taxpayers. They are also working to reduce costly, avoidable hospitalizations, make care seamless for patients, and promote wellness and disease prevention.

The Medicare-Medicaid Coordination Office is also making Medicare data more widely accessible to states and providing new technical assistance to help states in delivering care. Additionally, it has established an initiative to improve the quality of care for duals in nursing facilities and to help reduce the frequency of inpatient hospitalizations.

Last week, Senator Baucus unveiled a [GAO report](#) examining consumer protections for duals. The report found Medicare and Medicaid have different appeals processes and requirements for beneficiaries to receive services through nursing facilities and home health care. The full report is available [here](#).

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