

# Chronic Care Initiatives in HMOs

# An RWJF national program

## **SUMMARY**

*Chronic Care Initiatives in HMOs* is a national program of the Robert Wood Johnson Foundation (RWJF) charged with identifying, demonstrating, evaluating, and disseminating innovations in the health care of chronically ill people enrolled in prepaid managed care organizations.

Operating under the leadership of a national program office at the American Association of Health Plans (now America's Health Insurance Plans) Foundation in Washington the program encompassed 18 projects—17 operated by grantee institutions and one by the national program office.

The projects funded include assessment and research on interventions for at-risk seniors, for mothers and children, and for working-age adults.

# **Key Results**

Staff at the national program office cited the following projects as having the most significance for the future management of chronic illness in managed care settings.

- Performance measures developed by the National Committee for Quality Assurance that assess how well a managed care organization is caring for chronically ill enrollees.
- A screening tool that reliably identifies senior enrollees at high risk of frequent hospitalization.
- Provision of primary managed care within specialized chronic care clinics.
- Regional expansion of a cooperative health care clinic that has improved both patient and physician satisfaction.
- Recommendations, opportunities and challenges in care management practices for chronically ill older patients.

# **Funding**

The RWJF Board of Trustees authorized the program in January 1993 for \$5.6 million. The program took place between 1993 and 1997.

# THE PROBLEM

The nation's health care system is organized to diagnose and treat acute conditions such as broken bones and infectious diseases. Yet, acute care's focus on treating immediate presenting symptoms and curing illness does not address the continuing impairments that reduce the functioning of patients suffering from such chronic conditions as diabetes and congestive heart failure.

Chronic conditions are, by definition, never resolved, and many require continuous monitoring by a physician. Moreover, the prevalence and cost of chronic illness threaten to overwhelm a health care system designed to meet the very different needs of acute care patients.

Managing chronic illness entails moving beyond episodic, symptomatic care to monitoring of patients over the long term and providing continuous treatment that prevents worsening of the patient's condition and maintains stability of functioning.

The inadequacy of the acute care model for patients with chronic care needs has not been addressed in the rapid shift from fee-for-service health care to managed care plans.

Managed care organizations (here called HMOs) are organized systems to deliver comprehensive health services. HMOs receive a fixed fee for each patient served regardless of the number and complexity of services provided. Patients must receive all care from plan-affiliated providers.

In 1993, HMOs were challenging fee-for-service plans as the predominant means of financing and delivering health care. Private insurance enrollment in the traditional HMO model rose from 10 million in 1981 to more than 36 million just 10 years later.

Among Medicare beneficiaries, enrollment reached more than 5 million in 1995; another 500,000 beneficiaries purchased Medicare supplementary coverage through HMOs. State and federal policies are facilitating the movement of Medicare and Medicaid recipients into managed care plans.

However, managed care plans do not traditionally consider people with chronic illnesses good risks because these patients often require more care and more costly care than other patients. On the other hand, an HMO's "closed system" and defined patient and provider base could provide an effective, monitored continuum of care for chronically ill patients.

## **CONTEXT**

Recognizing a dearth of systematic research on how HMOs provide care for chronically ill patients, in October 1989 the Robert Wood Johnson Foundation issued a contract to Lewin/ICF to summarize HMO initiatives for chronically ill elderly patients.

Working with the University of Colorado and the Group Health Association of America, the project showed that most larger HMOs had not developed comprehensive programs of care for people with chronic illnesses. A number of plans, however, particularly those that were more vertically integrated (comprised of physician practices and hospitals) had undertaken innovations in one or more areas of care.

Starting in 1989 (ID# PC196), Lewin/ICF's work focused on encouraging further development and innovation of the Medicare Insured Group (MIG) concept (a demonstration undertaken by the federal Health Care Financing Administration to test whether, with greater flexibility, Medicare benefits could be managed better by the private sector).

Under a renewal contract, (ID# PC202), Lewin/ICF explored major innovations in the structure, management, finance, and coordination with retiree health benefits of Medicare benefits. The taxonomy of innovations in service delivery to the elderly was part of ID# PC202.

Program contract ID# PC196 (total of \$19,965) ran from January 1989 through September 1989. ID# PC202 (total of \$224,360) ran from November 1989 through August 1991.

That work led to this national program.

#### **PROGRAM DESIGN**

Believing that managed care organizations were well suited to serve as laboratories for studying chronic care services and could provide both the models and impetus for changing practice, in 1992 RWJF established a new national program, *Chronic Care Initiatives in HMOs*.

RWJF staff established the new national program based on the Lewin/ICF findings and previous grantmaking experience in the area.

The intent of the program was to provide HMO managers, medical directors, providers, and public and private payers with research and practice data. The research and practice data would guide them in financing and delivering chronic care services by fostering and evaluating innovations in the way people with chronic illnesses receive care in prepaid managed care systems.

A primary criteria in making funding decisions was how easily results could be generalized. Priorities included:

- Improving the methods by which HMOs identified high-risk chronically ill people for special interventions that prevent deterioration.
- Understanding the impact of case management in the HMO setting, a subject on which there was no valid research at the time of the program.
- Reorganizing primary care in both the nursing home and ambulatory settings to better address the needs of chronically ill patients.

RWJF's call for proposals offered the following examples of the types of projects that would be considered under the program:

- Coordination of services for people with multiple, complex problems requiring the involvement of several disciplines and, commonly, family caregivers and community resources.
- New approaches for providing post-hospital care to patients with chronic conditions to reduce subsequent re-hospitalization.
- Programs targeting and coordinating services to high-risk groups, such as children with mental or physical disabilities or adults with depression or dementia.
- Evaluation of new ways to deliver primary care for patients living in the community who have chronic conditions.
- Evaluation of new ways to deliver primary care to HMO enrollees who are long-term nursing home residents.

## THE PROGRAM

The national program office was housed at the American Association of Health Plans Foundation, the nonprofit arm of the American Association of Health Plans (now America's Health Insurance Plans) in Washington.

AAHP is the principal national association of managed care organizations and provided significant communication and dissemination opportunities for the program. Peter Fox, Ph.D., served as the program's director from its establishment in early 1993. Until September 1997, Teresa Fama, M.S., served as the deputy director.

The national program office's responsibilities included:

- Identifying innovations through ongoing relationships with individual HMO plans and the HMO industry generally.
- Providing, directly or through consultants, technical assistance to promising sites.

- Promoting the teaming of HMOs with individuals in the research community and promoting the exchange of ideas among HMOs.
- Monitoring the financial and programmatic progress of grantees.
- Convening annual conferences of program grantees and HMO industry leaders.
- Disseminating program results through vehicles other than academic journals.

# **Grantmaking Structure**

The Foundation's Board approved the *Chronic Care Initiatives in HMOs* program in October 1992, authorizing \$5.6 million in grants over a four-year period, beginning in February 1993.

The national program office made two types of grants:

- Planning grants, at an average of \$73,000 each.
- Follow-up or research grants, at an average of \$328,000 each.

In addition, RWJF made two small grants to disseminate the work being conducted under this program to the following organizations:

- Neuman and Company, to disseminate information from the program's 1995 annual meeting (ID# 027202).
- Chaac Communications to review and edit drafts of 20 articles for a special issue of *Managed Care Quarterly* on management of chronic care (ID# 027027).

These two grants totaled \$12,796.

The national program office made planning grants to develop research protocols and to stimulate development of innovations in the delivery of services.

Follow-up or research grants—ranging from \$42,000 to \$637,000—supported evaluations and demonstrations of innovative approaches to the provision of health care services to chronically ill members of managed care plans.

Clinical and research experts in the field of chronic care reviewed both planning and follow-up projects. Those experts made funding recommendations to RWJF.

In all, the program encompassed 18 projects—17 operated by grantee institutions and one by the national program office.

Managed care plans funded the implementation of models.

At completion, planning grants did not necessarily lead to follow-up grants, as not all planning grantees pursued evaluation of their models. Similarly, not all grants in support of evaluation or demonstration had planning grants first.

# **Program Review**

RWJF did not commission an evaluation of the *Chronic Care Initiatives in HMOs* program. Most of the projects had built-in evaluation components and blended aspects of both demonstration and research/evaluation.

## **Communications**

The national program office hosted two invitational conferences. Conducted by the Washington, D.C.-based AAHP Foundation, under contract with the national program office, the conferences were held on April 27–28, 1995, and November 7–8, 1996 in Washington, D.C.

Two special issues of *Managed Care Quarterly: Chronic Care Management* were devoted to articles on projects in the program and were edited by Peter Fox and Teresa Fama. They also edited a book, *Managed Care and Chronic Illness: Challenges and Opportunities* (Aspen Publishers, 1996) and wrote articles for *HMO Practice*, *Health Affairs*, *Journal of the American Geriatrics Society*, *Managed Care Research and Review*, and *Generations*.

In addition, Fox and Fama wrote and arranged for others to write articles in *Health Plan* magazine, and wrote an insert in the *Medical Affairs* bi-monthly newsletter that described chronic care innovations and best practices. See the Bibliography for details.

## **OVERALL PROGRAM RESULTS**

The national program office cited the following projects as having significant import for the future of chronic care treatment in a managed care environment:

- Performance measures developed by the National Committee for Quality Assurance that assess how well a managed care organization is caring for chronically ill enrollees. (See Grant Results on ID#s 024586 and 028316.)
  - For a list of participating members at the National Committee for Quality Assurance, see Appendix 1.
- A screening tool that reliably identifies senior enrollees at high risk of frequent hospitalization (see Grants Results on ID# 026524).
- Provision of primary managed care within specialized chronic care clinics (see Grants Results on ID#s 024739 and 028681).

- Regional expansion of a cooperative health care clinic that has improved both patient and physician satisfaction (see Grant Results on ID# 024738).
- Recommendations, opportunities and challenges in care management practices for chronically ill older patients (see Grant Results on ID#s 021989, 026408, 028596).

For a list of participants on this project, called the HMO Workgroup on Care Management, see Appendix 2.

For a list of all the project reports, go to the Project List.

# **LESSONS LEARNED**

Program lessons are drawn from interviews with the national program director (D), deputy director (DD), and program officer (PO).

1. **HMO medical directors are keenly interested in the program's findings.** Medical directors need and want information on how to effectively manage chronically ill patients at lower cost. (PO)

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# **APPENDIX 1**

# **National Committee for Quality Assurance Committee Members**

(Current as of the time of the grant; provided by the grantee organization; not verified by RWJF.)

William Roper, M.D. (Chair) Prudential Center

Mary Jo Gibson American Association of Retired Persons

Jeff Kaplan American Association of Retired Persons

Larry Gottlieb, M.D. Harvard Community Health Plan

Neil Schlackman, M.D. US Healthcare

Jeffrey Harris, M.D. Centers for Disease Control Suzanne Mercure Southern California Edison

Kathleen Cromp Group Health Cooperative of Puget Sound

Amy Dines
Digital Equipment Corporation

David Seigal Health Alliance Plan

Brent James Intermountain Health Care, Inc.

Don Nielsen, M.D. Kaiser Permanente

## **APPENDIX 2**

# The HMO Workgroup on Care Management

(Current as of the time of the grant; provided by the grantee organization; not verified by RWJF.)

#### Round 1

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#### Gordon Jensen, M.D., Ph.D.

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## Barbara Robertson, R.N., Ph.D.

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#### Round 2

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## **Christine Hines, M.D.**

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#### John Santa, M.D.

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#### Rein Tideiksaar, Ph.D., P.A.

Director, Department of Geriatrics Sierra Health Services Las Vegas, Nev.

#### Ingrid Venohr, R.N., Ph.D.

Director

Senior Programs Kaiser Permanente Denver, Colo.

#### **Albert Yee**

Associate Medical Director Harvard Pilgrim Health Care Waltham, Mass.

## **BIBLIOGRAPHY**

(Current as of date of the report; as provided by the grantee organization; not verified by RWJF; items not available from RWJF.)

## **Books**

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# Reports

Fama T and Fox PD. "End-of-Life Care in Health Maintenance Organizations." The Robert Wood Johnson Foundation Chronic Care Initiatives in HMOs program. Washington: AAHP Foundation, 1993.

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Pacala JT et al. "Case Management in Health Maintenance Organizations." Final Report to The Robert Wood Johnson Foundation Chronic Care Initiatives in HMOs program. Washington: AAHP Foundation, July 1994.

## **Articles**

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Fama T and Fox PD. "Beyond the Benefit Package." *HMO Practice*, December 1995.

Fama T, Fox PD and White LA. "Do HMOs Care for the Chronically Ill?" *Health Affairs*, Spring 1995.

Fama T and Fox PD. "Efforts to Improve Primary Care Delivery to Nursing Home Residents." *Journal of the American Geriatrics Society*, May 1997.

Fama T and Bernstein A. "A Comparison of Physician and Hospital Use among the Non-Elderly Covered by HMOs and Indemnity Insurance." *Managed Care Research and Review*, June 1997.

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# **Print Coverage**

"Disease Management Remixes Patient Care," in *Hospitals & Health Networks*, April 5, 1995.

"Study Defends HMOs' Treatment of Chronic Ailments," in *Chicago Tribune*, April 21, 1995.

"HMOs-Chronically Ill," in Associated Press, April 21, 1995.

"Managed Care Treats Its Fair Share of Chronic Ills," in Business & Health, June 1995.

"Working Smarter, Not Harder," in *Hospitals & Health Networks*, November 5, 1995. (Cover story.)

"HMO Project Aims to Improve Care for Chronically Ill," in *American Medical News*, March 25, 1996.

"Chronic Care Innovations," in *HealthPlan*, July/August 1996.

"Pressure, Numbers Prompt HMO Alzheimer's Programs," in *Business Insurance*, September 30, 1996. Another version of the article appeared in *Modern Healthcare*, September 23, 1996.

"HMOs May Not Always Be Best for Long-Term Ills," in *The Wall Street Journal*, October 14, 1996.

"Chronic Care Challenges Prompt Industry Partnerships," in *Medicine & Health*, Perspectives, December 9, 1996.

"Should Doctors See Patients in Group Sessions?" in *Medical Economics*, January 13, 1997.

## **PROJECT LIST**

Reports on the projects managed under this National Program are listed below. Click on a project's title to see the complete report, which typically includes a summary, description of the project's objectives, its results or findings, post grant activities and a list of key products.

# Assessing Ways to Deliver Primary Care to Patients Living in the Community

- Nevada HMO Creates a Model for Managing Chronic Illnesses by Coordinating Care (Grant ID# 24898, January 2002)
- Rural Pennsylvania Geisinger Clinic Tracks Nutrition Problems Among the Elderly (Grant ID# 26939, January 2002)

# **Continuing Education for Primary Care Clinicians**

- Workgroup's Recommendations Help HMOs Identify and Care for, High-Risk Chronically Ill Older Patients (Grant ID# 43561, etc., May 2006)
- Patient Outcomes Mixed in Study of Physicians Trained at Henry Ford's Managed Care College (Grant ID# 30800, etc., December 2003)

# Coordinating Services Across Several Disciplines

- Better in a Heartbeat? How Interdisciplinary Management of Disease Pays Off (Grant ID# 28327, January 1998)
- California Agency Develops a Treatment Model for Women with Complex Needs (Grant ID# 27785, January 2002)
- Chronically Ill and Disabled Children Need Better Support Systems (Grant ID# 26523, January 2002)
- Conference Targets Effective Chronic Disease Management (Grant ID# 28681, January 2002)
- Coordination of Care in HMOs Can Cut Morbidity for Working-Age Adults with Two or More Chronic Conditions (Grant ID# 26938, January 2002)
- Families Caring for Preemies Are at Risk (Grant ID# 26323, January 2002)
- Medica's "Care Advisor" Model Costs HMO Less, Gets Higher Patient Satisfaction (Grant ID# 28824, December 2003)
- Seattle Managed Care Group Finds Implementing a Chronic Care Clinic Difficult (Grant ID# 24739, January 2002)

 Seniors Benefit from a Group Approach to Primary Care (Grant ID# 24738, December 2003)

# **Delivering Primary Care to Long-Term Nursing Home Residents**

• Nursing Home Residents Fare Better with a Dedicated Team of Medical Practitioners (Grant ID# 24748, January 2002)

# **Developing Performance Measures**

- A System for Spotting and Treating High-Risk Elderly Patients (Grant ID# 32715, etc., December 2003)
- Computer-Based Clinical Guidelines Can Help Physicians Manage Chronic Conditions (Grant ID# 26027, January 2002)
- New Evaluation Methods Grade HMO Performance in Managing Chronic Diseases (Grant ID# 28316, etc., January 2002)

# Encouraging New Approaches to Prevent Re-Hospitalization

• No Evidence That Identification and Early Intervention Helps At-Risk Seniors (Grant ID# 27026, December 2003)

# Targeting and Coordinating Services to High-Risk Groups

 After Hospital Discharge, Does Intensive Case Management Make a Difference? (Grant ID# 28183, April 2008)