

HEALTH REFORM IMPACT

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Demonstration Projects: Super-Sized Menu of Opportunities

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The Patient Protection and Affordable Care Act (the "Act") provides for more than two dozen new or expanded demonstration programs to test the effect of potential changes to Medicare, Medicaid and other programs. These programs will create multiple opportunities for participation and access to federal dollars across a broad spectrum of healthcare providers and other entities. This issue of *Health Reform IMPACT* highlights some of these programs.

Medicare

Several demonstration programs encourage the development of new patient care models. For example, the Act creates a new Medicare "independence at home" demonstration program. This demonstration, set to begin by January 2012, will test the provision of comprehensive care, across all treatment settings, to high-need populations at home.

The Act also directs the establishment of various value-based purchasing and payment bundling pilot and demonstration programs that impact providers throughout the healthcare field. We have discussed some of these initiatives in an earlier issue of *Health Reform IMPACT*.¹

In addition, the Act extends the existing demonstration on gainsharing that was established by the Deficit Reduction Act of 2005. This demonstration, which evaluates arrangements between hospitals and physicians designed to improve the quality and efficiency of care provided to beneficiaries, is extended through the end of September 2011.

Other Medicare demonstrations are targeted at improving payment accuracy. For instance, the Act gives the Secretary of the Department of Health and Human Services (the "Secretary") discretion to provide for a demonstration program to test whether making payment adjustments for home health services under the Medicare program would substantially improve access to care for patients with high severity levels of illness or for low-income or underserved Medicare beneficiaries.

¹ Please see "Health Reform's New Bundles of Joy: Value-Based Purchasing and Payment Bundling Initiatives," May 6, 2010, [available here](#).

The Act also establishes a Medicare hospice concurrent care demonstration program in which up to 15 hospice programs may participate. This program would enable Medicare beneficiaries to receive not only hospice services but also other Medicare services during the same period. The goal of the program is to determine whether such concurrent care improves patient care, quality of life and cost-effectiveness for Medicare beneficiaries.

Medicaid

The Act provides for various demonstration programs that will potentially affect Medicaid payments for providers and suppliers. For example, the Act establishes a Medicaid demonstration project to evaluate the use of bundled payments for physician and hospital services provided during a hospitalization. This demonstration is slated to begin in January 2010 and will be conducted in up to eight states. The Act also establishes a Medicaid global payment system demonstration project to operate during fiscal years 2010 through 2012. This demonstration will enable up to five participating states to adjust payments made to certain safety net hospitals from a fee-for-service structure to a global capitated payment model.

Other Programs

The demonstration programs directed by the Act are not limited to the Medicare and Medicaid programs. For example, the Secretary is directed to implement a demonstration program to integrate quality improvement and patient safety training into clinical education of health professionals. The Act also requires the Secretary to establish a demonstration program to improve immunization coverage through the Centers for Disease Control and Prevention.

Implications

The above-described demonstration programs are just a sampling of those included in the Act. Other focus areas of the demonstration programs include, but are by no means limited to, strengthening of the healthcare workforce, promoting access to affordable care, and preventing chronic disease and improving public health. While direct participation in the demonstration programs may be an option for a number of providers, states or other entities, there may also be opportunities for businesses to support participants as they work to achieve the goals set out by the demonstration programs.

If you have questions about any aspect of these demonstration programs, please contact any of the attorneys listed in our Healthcare Practice Group listed below.

Also, please [click here](#) to visit our special Web page for Healthcare Reform IMPACT.

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