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High-Cost Medicaid Clients: Targeting Diseases for Case Management

EXECUTIVE SUMMARY

The rapid growth of Washington State's health care expenditures has renewed efforts to contain the state's health care costs. Of particular interest is the potential to reduce expenditures and improve health outcomes for low-income Medicaid recipients with disabilities or who are over age 65. Currently, these individuals receive medical care on a fee-for-service basis rather than through a managed care plan. Washington State was unsuccessful in a recent attempt to extend managed care to this population. That attempt included coordination of social and health services for special needs clients but not case management approaches proposed in this report. This paper proposes an approach that uses medical claims data to identify high-cost Medicaid beneficiaries and provide them with case management services to help improve their health status and contain their medical costs.

Evidence Supports Using a Focused Case Management Approach

Evaluations of a variety of case management programs have produced mixed results. Some case management programs reduce expenditures and maintain or improve patient health status, while others have no impact or actually increase health care expenses. However, research suggests case management efforts that concentrate on specific patient subgroups or diseases provide the best opportunity for near-term cost savings and improved health outcomes.

Disease Groups With High Cost-Savings Potential

Using Washington State data, this paper identifies disease groups associated with clients most likely to benefit from case management. The selected disease groups have a concentration of high-cost patients and represent a substantial share of Medicaid expenses. They are also diseases for which evidence suggests that case management may improve patient outcomes and reduce costs. Based on this research, we have determined that patients with the following diagnoses offer the best potential for case management efforts:

- ❑ Asthma
- ❑ Coagulation Defects
- ❑ Diabetes
- ❑ Heart Failure
- ❑ Intervertebral Disc Disorders
- ❑ Malignancy
- ❑ Obesity
- ❑ Poisoning by Medical Substances
- ❑ Renal Disease
- ❑ Transplants

Next Steps

We provide evidence that both savings and improved health outcomes could result from case management of clients in some or all of the above-mentioned disease groups. However, it is not currently possible to project the cost or health outcomes associated with providing case management. To properly estimate impacts, it is necessary to implement case management on a small scale in a manner that allows for rigorous evaluation. We propose that the following steps be taken:

1. Conduct further analyses of the disease groups to rule out other diseases to which high costs may actually be attributable.
2. Choose one to five of the suggested disease groups for case management.
3. Within each of these groups, develop protocols to select high-cost patients for case management.
4. Solicit proposals from physician clinics and other health care provider groups for case management pilot programs supported by recent research.
5. Implement these programs as pilot projects in limited geographic areas, *explicitly incorporating an evaluation component as part of the program design.*
6. Use cost and outcomes information from the program evaluations to identify successful programs and expand them to additional areas or statewide.