

Medicare Modernization Act, Section 646

Medicare Health Care Quality Demonstration Programs

Background

Section 646 of the Medicare Modernization Act (MMA) mandates a 5-year demonstration program under which the Centers for Medicare & Medicaid Services (CMS) will test major changes to improve quality of care while increasing efficiency across an entire health care system. Broadly stated, the goals of the Medicare Health Care Quality demonstration are to--

- Improve patient safety;
- Enhance quality;
- Increase efficiency; and
- Reduce scientific uncertainty and the unwarranted variation in medical practice that results in both lower quality and higher costs.

CMS intends to use this demonstration to identify, develop, test, and disseminate major and multi-faceted improvements to the health care system. Projects approved under this demonstration will be expected to achieve significant improvements in safety, effectiveness, efficiency, patient-centeredness, timeliness and equity: the six aims for improvement in quality identified by the Institute of Medicine in its *Crossing the Quality Chasm*.

Eligible Organizations

Physician groups, integrated delivery systems, and regional health care consortia are eligible to apply for the demonstration.

Payment

These projects may involve the use of alternative payment systems for items and services provided to beneficiaries, and they may involve modifications to the traditional Medicare benefit package.

The provision includes a budget neutrality requirement over the 5-year duration of the program.

Under this provision, the Agency for Healthcare Research & Quality (AHRQ) may use this program as a laboratory for the study of quality improvement strategies, and CMS will provide the data necessary to analyze and evaluate the projects conducted under this program. The program will identify best practices in terms of system designs that

encourage greater quality, efficiency and effectiveness, and focus on ways to make payment more consistent with these practices.

Application Process

The application solicitation was conducted in two phases. The first round applications were due January 30, 2006, and the second round applications were submitted by September 29, 2006. CMS has identified those applications to be considered further and has notified all applicants of the status of their proposals. CMS is finalizing negotiations with a small number of prospective sites, and plans to make demonstration awards in 2008.

Information

The complete solicitation and supporting information are available on the CMS web site at <http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?itemID=CMS023618>. For further information, please contact Cynthia Mason, Project Officer at mma646@cms.hhs.gov or by calling 410-786-6680.