

While a beneficiary is free to keep his or her Medigap policy, there may be little benefit in doing so, as these policies are designed to complement payments under Original FFS Medicare payment rules.

#### State Insurance Commission Licensure

Depending on the design of the demonstration, programs under this demonstration may be considered to fall within State laws regulating insurance, and State licensure thus may be required before an applicant can participate. The applicant should discuss State-licensing issues for the proposed demonstration site, and indicate any potential problems in obtaining the appropriate license to participate in the capitated disease management demonstration. If potential problems exist, there should be a discussion of methods for their resolution. The applicant should also discuss any other requirements from local jurisdictions that could impact on the implementation of the capitated disease management demonstration. We will work closely with organizations and their respective States to ensure that all of the State requirements are met before the demonstration is implemented.

#### Other Features

Applicants will also be expected to follow additional features that include—(1) Identification and assessment of patients, and documentation of their decision to elect to receive disease management through the demonstration, following the rules that apply under the M+C program; (2) Implementation of an appropriate treatment plan based on clinical guidelines; (3) Monitoring, feedback, and communication concerning the patient's condition; and (4) Arranging for and/or providing needed services, including preventive services.

#### I. Provisions of This Notice

This notice solicits applications for demonstration projects that use disease management to improve the quality of services furnished to specific beneficiaries and manage expenditures under Parts A and B of the Medicare program. Demonstration awardees will receive a capitated payment for all Medicare-covered services for beneficiaries with select diseases electing to receive disease management through the demonstration. The demonstration anticipates savings from more efficient provision and utilization of Medicare-covered services and the prevention of avoidable, costly medical complications. Applicants may propose

to manage chronic conditions in which they have demonstrated expertise and ability.

Through this solicitation, project awards will be made to qualified organizations. PSOs, M+C organizations, AMCs, or disease management companies, may propose one or multiple sites for any of their targeted diseases or for multiple diseases. The demonstration projects will operate for 3 years from implementation during which time a formal independent evaluation will be conducted. Each awardee is expected to fully cooperate in all phases of the evaluation. A project officer will be assigned to each selected project that will serve as the point of contact with the demonstration project staff. Our project officer will provide technical consultation regarding cooperative agreement procedures, monitor demonstration site activities, and forward feedback to the demonstration project's staff.

#### II. Requirements for Submissions

We are seeking innovative proposals from qualified organizations that can test whether capitated models for disease management using a newly developed disease-specific risk-adjustment model will improve clinical outcomes and appropriate use of Medicare-covered services for targeted Medicare beneficiaries, while managing Medicare expenditures under Parts A and B to achieve reduced aggregate Medicare expenditures.

Models that are targeted specifically at the traditional FFS Medicare population and that take into account the beneficiaries' relative health and functional status, age, mental functioning, and other relevant factors, are of particular interest. Preference will be given to proposals that focus on beneficiaries most likely to benefit from disease management interventions and that take patient comorbidities into account in the services provided.

Applicants must submit their applications in the standard format outlined in CMS's Medicare Waiver Demonstration Application in order to be considered for review by the technical review panel. Applications not received in this format will not be considered for review.

The Medicare Waiver Demonstration Application may be accessed at the following Internet address: <http://www.cms.hhs.gov/healthplans/research>. The application outlines all application requirements including the format and content requirements.

#### III. Evaluation Process and Criteria

A panel of experts will conduct a review of responsive proposals. This technical review panel will convene in the months following the due date for submission of proposals. The panelists' recommendations will contain numerical ratings based on the evaluation criteria, the ranking of all responsive proposals, and a written assessment of each applicant. In addition, we will conduct a financial analysis of the recommended proposals and evaluate the proposed projects to ensure that aggregate Medicare program expenditures are reduced.

##### A. Evaluation Criteria and Weights

##### 1. Statement of the Problem (5 Points)

The proposal describes—

- The population;
- Patterns of health care;
- Incidence of disease in the geographic area to be served by the disease management program;
- Enhancements planned in the disease management program; and
- Obstacles to providing disease management services.

##### 2. Targeting the Appropriate Population (15 Points)

- The proposal provides details on how the applicant plans to identify, recruit, and obtain participation by eligible Medicare beneficiaries into the demonstration.
- The strategy and plan for recruiting the required number of patients in the control and experimental groups appear reasonable and achievable.
- The applicant describes the process by which it will ensure that participation in the demonstration is voluntary, and the beneficiary is fully informed of all aspects of the demonstration. A draft consent form is included in the proposal and is sufficient. If applicable, the form should include, but not be limited to, information about the randomization process, and use of the patient's medical records (for example, for monitoring quality of care and for evaluating the demonstration project).
- Applicant explicitly states how its referral sources will use common or readily available information, tests, or instruments to properly identify appropriate candidates before soliciting participation in the demonstration in order to reduce the incidence of beneficiary rejection due to ineligibility.
- The applicant provides sufficient information on how many beneficiaries it expects to treat each year at each site.