



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

March 1, 2011

The Honorable John Boehner
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I welcome this opportunity to provide you with an initial update on the early accomplishments of the Federal Coordinated Health Care Office, which was established by section 2602 of the Patient Protection and Affordable Care Act (Affordable Care Act). Pursuant to section 2602(e) of the Affordable Care Act, this letter reports on the steps that the Federal Coordinated Health Care Office has taken, and will take, to achieve the goals and responsibilities set forth in the Affordable Care Act. Although the Federal Coordinated Health Care Office is not currently making recommendations for legislation, it is anticipated that it will do so in next year's report.

The Affordable Care Act charges the Federal Coordinated Health Care Office with more effectively integrating Medicare and Medicaid benefits, and with improving the coordination between the federal and state governments for individuals eligible for both Medicare and Medicaid benefits (dual eligibles). While Medicare and Medicaid generally cover different populations, there are a significant number of individuals eligible for both programs. Since dual eligible beneficiaries must navigate the two programs separately, this can lead to the less than optimally efficient and effective provision of care for these beneficiaries. In 2008, 9.2 million beneficiaries were dually eligible for Medicare and Medicaid.¹ These dual eligible beneficiaries are among the most chronically ill and costly segments of both the Medicare and Medicaid populations, with many having multiple severe chronic conditions and/or long-term care needs. Sixty percent of dual eligibles have multiple chronic conditions.² Nineteen percent of dual eligibles live in institutional settings compared to only three percent of non-dual eligible Medicare beneficiaries.³ Furthermore, dual eligibles account for a disproportionately large share of expenditures in both the Medicare and Medicaid programs. Sixteen percent of Medicare enrollees are dual eligibles, but account for 27 percent of Medicare spending in 2006.³ Fifteen percent of Medicaid enrollees are dual eligibles; however, these enrollees represented 40 percent of Medicaid spending in 2007.² Under the Affordable Care Act, Congress created the Federal Coordinated Health Care Office to – among other goals – improve the quality of, and access to, care for all dual eligible individuals. The Department of Health and Human Services (HHS) is committed to assuring these goals are met.

¹ Data based on Centers for Medicare & Medicaid Services (CMS) Enrollment Database, Provider Enrollment, Economic and Attributes Report, provided by CMS Office of Research, Development and Information, July 2010.

² Chronic Disease and Co-Morbidity Among Dual Eligibles: Implications for Patterns of Medicaid and Medicare Service Use and Spending. Kaiser Commission on Medicaid and the Uninsured. Kaiser Family Foundation, July 2010.

³ Report to the Congress: Aligning Incentives in Medicare. MedPAC, June 2010.

In September 2010, the Administrator of the Centers for Medicare & Medicaid Services appointed a Director of the Federal Coordinated Health Care Office, Melanie Bella, who reports directly to the Administrator. A *Federal Register* notice establishing this office was published on December 30, 2010, and is enclosed for your reference. Ms. Bella is building a team with significant experience with this population, both within and outside of federal and state government.

Progress on Meeting Goals and Responsibilities

Under the direction of Ms. Bella, the Federal Coordinated Health Care Office has begun working to improve access, coordination, and cost of care for all individuals eligible for both Medicaid and Medicare through system transformation, innovation, and alignment of the administration, care delivery, financing, and quality measurement within and across the two programs.

Section 2602(c) of the Affordable Care Act delineated specific goals of the Federal Coordinated Health Care Office. Through all of its efforts, the Federal Coordinated Health Care Office is working to exceed these goals, including by addressing and improving beneficiary experience, access to care, quality of care, and cost of benefits for individuals with both Medicare and Medicaid coverage.

Pursuant to sections 2602(c)(5) and 2602(c)(7) of the Affordable Care Act, the Federal Coordinated Health Care Office is focused on eliminating regulatory conflicts and cost-shifting between Medicare and Medicaid and among states and the federal government. Sections 2602(c)(1)-(4) of the Affordable Care Act further charge the Office with addressing issues relating to quality of care and beneficiary understanding, satisfaction, and access under Medicare and Medicaid. The Federal Coordinated Health Care Office has been engaged in ongoing discussions with key internal and external stakeholders, including beneficiary advocates and provider organizations, as well as state Medicaid agencies. The Office has used input from these and other discussions to develop a comprehensive list of areas in which the Medicare and Medicaid programs have differing policy, regulatory, or statutory requirements or incentives which may prevent dual eligible individuals from receiving seamless, coordinated care. It has also begun to prioritize a list of opportunities to potentially align certain of these differences, so that we may begin to work on improving those that impact beneficiaries the most. It is committed to an open and transparent process, including: releasing a list of such alignment opportunities in early 2011; inviting feedback on additional items for inclusion and prioritization; and providing continual updates on its efforts.

The Federal Coordinated Health Care Office is also facilitating a collaborative effort across Medicaid, Medicare, and external partners to evaluate and promote the development of quality measures to better assess beneficiary access to care to reflect the unique circumstances of dual eligible individuals. The Centers for Medicare & Medicaid Services will engage partners in moving forward to review the availability of appropriate quality and access measures, and to assist in the development of measures which accurately reflect the quality of care received by dual eligible individuals. The partners will move forward in strategic development of such

measures in a manner that streamlines quality measurement across Medicare and Medicaid for individuals receiving care under both programs.

Section 2602(d) of the Affordable Care Act designated the specific responsibilities of the Federal Coordinated Health Care Office. In order to meet these responsibilities, the Federal Coordinated Health Care Office is working to provide states, payers, providers, beneficiaries, and caregivers with tools necessary for developing programs that align Medicare and Medicaid benefits for dual eligibles.

The first initiative in this area is the effort to provide timely Medicare Parts A, B, and D data to state Medicaid agencies for their dual eligible populations by spring, 2011. The Office would do so in a manner that comports with all applicable privacy laws and regulations and other statutory and regulatory constraints on releasing data. States have sought such data for years to better coordinate care for dual eligible individuals. The Federal Coordinated Health Care Office is also working to provide business intelligence tools for states that want access to analysis of Medicare data, but that do not have the capacity to integrate and process the Medicare raw claims or event data themselves.

The Federal Coordinated Health Care Office is supporting state efforts to coordinate and align Medicaid and Medicare acute and long-term care benefits. Partnering with the Center for Medicare and Medicaid Innovation (“Innovation Center”), the Federal Coordinated Health Care Office will award design contracts of up to \$1 million each to up to 15 states working on providing seamless Medicare and Medicaid benefits to dual eligibles. The overall goal of this contracting opportunity is to identify delivery system and payment integration models that can be rapidly tested and, upon successful demonstration, replicated in other states. The primary outcome of the initial design period will be a demonstration proposal that describes the state’s methods for structuring, implementing, and evaluating a model aimed at improving the quality, coordination, and cost effectiveness of care for dual eligible individuals. State responses were due February 1, 2011. The Centers for Medicare & Medicaid Services will award contracts based upon a number of factors, including overall approach to integrating care, state capacity and infrastructure, analytic capacity, stakeholder engagement, timeframe, and budget.

The Federal Coordinated Health Care Office is also working collaboratively with the Innovation Center to design unique opportunities for integrated care through payment and delivery system reform for dual eligible individuals. These provider-based demonstrations will complement the work underway in the Innovation Center on Medicare Accountable Care Organizations and other Medicare payment and delivery system demonstrations, which will improve coordination of care for a number of dual eligible individuals.

The Federal Coordinated Health Care Office has been focused on understanding the experience of dual eligibles in integrated care, coordinated care models, and other delivery systems. As a foundation for this goal, it has been preparing brief profiles of dual eligibles in each state, including demographics, service utilization, and availability of benefits.

The Federal Coordinated Health Care Office will monitor and report on issues from a national level, including annual total expenditures, health outcomes, and access to benefits for dual eligibles, including subsets of the dual eligible population. It will also seek to go beyond the data and to go to beneficiaries themselves in order to better understand the dual eligible beneficiaries' experiences from their own perspectives. For example, in the spring of 2011, it will conduct focus groups with individuals with disabilities among the dual eligible population, to understand the impact of integrated care on beneficiary experience and outcomes. The state profiles and targeted focus groups are part of the Federal Coordinated Health Care Office's broader effort to equip federal and state officials, advocates, plans, providers, and other stakeholders with the data necessary to inform policy discussions on better serving dual eligible individuals.

Pursuant to section 2602(d)(4) of the Affordable Care Act, the Federal Coordinated Health Care Office has also consulted and coordinated with both the Medicare Payment Advisory Commission and the Medicaid and CHIP Payment and Access Commission, including presenting at the Medicaid and CHIP Payment and Access Commission public meeting in October 2010. The Federal Coordinated Health Care Office will continue to collaborate with staff and members of both Commissions on issues related to data analysis, care model demonstrations, and policy alignment opportunities.

The Federal Coordinated Health Care Office will use early experience and the work already underway to inform next year's report, which, pursuant to section 2602(e) of the Affordable Care Act, will include any recommendations that the office may have for legislation that would help improve care coordination and benefits for dual eligible beneficiaries. Please accept this letter as HHS's fulfillment of the requirement to report to Congress. I am also sending a copy of this letter to the President of the Senate.

The Federal Coordinated Health Care Office is committed to working with Congress, states, providers, payers, and, above all, beneficiaries and their caregivers to assure that individuals eligible for both Medicare and Medicaid receive seamless, effective, appropriate, and person-centered care. I look forward to keeping you apprised of its progress.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Sebelius". The signature is fluid and cursive, with a large initial "K" and "S".

Kathleen Sebelius

Enclosure

ENCLOSURE

likely than other children to be irritable or to have mild, temporary diarrhea or vomiting. This happens within the first week after getting a dose of the vaccine.

Serious Problems: Some studies have shown a small increase in cases of intussusception during the week after the first dose. Intussusception is a type of bowel blockage that is treated in a hospital. In some cases surgery might be required. The estimated risk is 1 case per 100,000 infants.

What if my child has a severe reaction?

What should I look for?

Any unusual condition, such as a high fever or behavior changes. Signs of a severe allergic reaction can include difficulty breathing, hoarseness or wheezing, hives, paleness, weakness, a fast heart beat or dizziness.

What should I do?

Call a doctor, or get the person to a doctor right away.

Tell the doctor what happened, the date and time it happened, and when the vaccination was given.

Ask your doctor to report the reaction by filing a Vaccine Adverse Event Reporting System (VAERS) form. Or you can file this report through the VAERS Web site at <http://www.vaers.hhs.gov>, or by calling 1-800-822-7967. VAERS does not provide medical advice.

The National Vaccine Injury Compensation Program

The National Vaccine Injury Compensation Program (VICP) was created in 1986.

People who believe they may have been injured by a vaccine can learn about the program and about filing a claim by calling 1-800-338-2382, or visiting the VICP Web site at <http://www.hrsa.gov/vaccinecompensation>.

For More Information

- Ask your doctor. They can give you the vaccine package insert or suggest other sources of information.

- Call your local or state health department.

- Contact the Centers for Disease Control and Prevention (CDC):

—Call 1-800-232-4636 (1-800-CDC-INFO) or

—Visit CDC's Web site at <http://www.cdc.gov/vaccines>.

Department of Health and Human Services

Centers for Disease Control and Prevention

Vaccine Information Statement (00/00/0000) (Proposed)

42 U.S.C. 300aa-26

Dated: December 21, 2010.

Tanja Popovic,
Deputy Associate Director for Science,
Centers for Disease Control and Prevention (CDC).

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BILLING CODE 4163-18-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

Statement of Organization, Functions, and Delegations of Authority

Part F of the Statement of Organization, Functions, and Delegations of Authority for the Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), (last amended at 75 FR 14176-14178, dated March 24, 2010) is amended to change the title of the Office of Executive Operations and Regulatory Affairs to the Office of Strategic Operations and Regulatory Affairs, to reflect the establishment of a new Federal Coordinated Health Care Office and to update the organization for CMS, as follows:

(1) Under Part F, CMS, FC. 10 Organizations, change the title of the Office of Executive Operations and Regulatory Affairs (FCF) to the Office of Strategic Operations and Regulatory Affairs (FCF).

(2) Under Part F, CMS, FC. 10 Organizations, insert the following new Office after the Center for Medicare and Medicaid Innovation (FCP): "Federal Coordinated Health Care Office (FCQ)."

(3) Under Part F, CMS, FC. 20 Functions, change the title of the Office of Executive Operations and Regulatory Affairs (FCF) to the Office of Strategic Operations and Regulatory Affairs (FCF).

(4) Under Part F, CMS, FC. 20 Functions, insert the following after the description of the Center for Medicare and Medicaid Innovation (FCP):

Federal Coordinated Health Care Office (FCQ)

- Manages the implementation and operation of the Federal Coordinated Health Care Office mandated in section 2602 of the Affordable Care Act, ensuring more effective integration of benefits under Medicare and Medicaid for individuals eligible for both programs and improving coordination between the Federal Government and States in the delivery of benefits for such individuals.

- Monitors and reports on annual total expenditures, health outcomes and

access to benefits for all dual eligible individuals, including subsets of the population.

- Coordinates with the Center for Medicare and Medicaid Innovation to provide technical assistance and programmatic guidance related to the testing of various delivery system, payment, service and/or technology models to improve care coordination, reduce costs, and improve the beneficiary experience for individuals dually eligible for Medicare and Medicaid.

- Performs policy and program analysis of Federal and State statutes, policies, rules and regulations impacting the dual eligible population.

- Makes recommendations on eliminating administrative and regulatory barriers between the Medicare and Medicaid programs.

- Develops tools, resources and educational materials to increase dual eligibles' understanding of and satisfaction with coverage under the Medicare and Medicaid programs.

- Provides technical assistance to States, health plans, physicians and other relevant entities of individuals with education and tools necessary for developing integrated programs for dual eligible beneficiaries.

- Consults with the Medicare Payment Advisory Commission and the Medicaid and CHIP Payment Advisory Commission with respect to policies relating to the enrollment in and provision of benefits to dual eligible beneficiaries under Medicare and Medicaid.

- Studies the provision of drug coverage for new full benefit dual eligible individuals.

- Develops policy and program recommendations to eliminate cost shifting between the Medicare and Medicaid program and among related health care providers.

- Develops annual report containing recommendations for legislation that would improve care coordination and benefits for dual eligible individuals.

Authority: 44 U.S.C. 3101.

Dated: December 7, 2010.

Kathleen Sebelius,
Secretary.

[FR Doc. 2010-32957 Filed 12-27-10; 4:15 pm]

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