

# Monitoring and Evaluating Medicaid Fee-for-Service Care Management Programs

## Information for Program Directors and Policymakers

A wide range of care management initiatives are underway in Medicaid programs. These initiatives seek to reduce costs and improve the quality of care for individuals with chronic conditions. In the face of rising medical costs, the medical community, Wall Street, and State legislatures are advocating care management (CM) as an effective tool for cost containment.

To date, more than 42 States have implemented or are planning to implement Medicaid CM programs through fee-for-service or primary care case management arrangements.<sup>1</sup> CM programs emphasize prevention and employ a range of approaches to reduce the number of acute health episodes experienced by beneficiaries. Common features of Medicaid CM include: nurse-care manager interventions, 24-hour nurse hotlines, patient education, uniform provider guidelines to standardize care, increased attention to high-risk populations, integrated health care delivery systems, and evidence-based treatment plans. The cost of implementing these services is intended to be offset by the savings from beneficiaries' lower utilization of health services. These programs are either contracted to vendors or created and run in-house.

## Evidence of Cost Savings Is Inconclusive

Extant evaluations point to CM as an effective tool for quality improvements, such as increased work or school attendance, reduction of symptoms, and better management of the psychosocial effects of disease.<sup>2</sup> However, whether these programs achieve the cost savings they promise remains unproven. In a comprehensive literature review of CM evaluations, the Congressional Budget Office (CBO) found that “there is insufficient evidence to conclude that [care management] programs can generally reduce the overall cost of health care services.”<sup>2</sup>

## Economic Evaluations Are Important and Necessary

Given the mixed evidence, it is important to think critically about the economic impact of CM. Evaluating Medicaid fee-for-service CM programs is essential to determine whether these programs are an efficient and effective way for States to save money. Evaluation can:

- Determine whether program goals are being met.
- Identify whether performance improvement is possible.
- Determine whether similar effects can be achieved more efficiently.

Most important, evaluations can answer the key question: Does a program work as we expected? Strong evaluations offer a context for realistic expectations about a program's results and provide the information necessary to make the most informed decisions about the program's value.

## Economic Evaluations Are Challenging to Conduct

State fee-for-service Medicaid programs experience a number of unique challenges in evaluating CM. These include:

- Limited resources (staff, time, money).
- Outcomes that vary by population or disease group.
- Timelines that may not measure long-term cost savings.
- Population characteristics and eligibility criteria that make participants difficult to track.

Additionally, several methodological challenges can arise, including:

- Lack of a comparison group.
- Difficulties in selecting appropriate measures.
- Limited access to data.
- Confounding variables, such as comorbidities, that may limit CM interventions.



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## A New Tool to Assist States with Evaluations

The publication, *Monitoring and Evaluating State Medicaid Fee-for-Service Care Management Programs: A User's Guide*, can assist States as they design and implement their evaluations.<sup>3</sup> The guide, developed for the Agency for Healthcare Research and Quality (AHRQ) under contract by AcademyHealth, walks users through the steps of evaluation—from getting started, to thinking about budget, to executing the evaluation itself. In particular, the guide can help users attain a clear understanding of the methodologies and issues related to evaluating the cost and quality of CM.

## State Policymakers Are Integral to Program Evaluation

State policymakers play a key role in influencing how program evaluations are conducted. It is extremely important to think about evaluations early in the design of CM programs, as program design has a significant impact on the evaluation. The design affects everything, from which data are available to the design of the evaluation itself. For example, if a CM program is implemented Statewide at its outset, then using a comparison group to assess the program's impact may be very challenging. In this scenario, other evaluation methodologies—such as a pre/post analysis—may be considered. Because different evaluation methodologies have different levels of rigor and corresponding tradeoffs, it is important to think about these options at the outset.

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<sup>1</sup> White C, Fisher C, Mendelson D, Schulman K. State Medicaid disease management: Lessons learned from Florida. Durham, NC: Duke University, Fuqua School of Business; 2005.

<sup>2</sup> Congressional Budget Office. An analysis of the literature on disease management programs. Washington, DC: Government Printing Office; 2004.

<sup>3</sup> Arnold SB, Folsom A, Bosk E. User's guide for monitoring and evaluating Medicaid fee-for-service care management programs. Final contract report (Prepared by AcademyHealth under contract 290-04-0001). AHRQ Publication No. 08-0012. Rockville, MD: Agency for Healthcare Research and Quality; 2007.

## Evaluations Make Good Policy Sense

Rigorous evaluation of CM programs makes good policy sense. Although evaluations involve upfront costs, they enable the program to run more efficiently by highlighting areas for improvement. For example, if an evaluation reveals that telephone contact is just as effective as in-person educational efforts, programs can adjust and use the lower cost intervention. In addition to reducing resource costs, evaluations can improve program outcomes. An evaluation can show that patients with asthma in a particular CM program have significantly reduced hospital visits if they are treated with steroids. Programs can then ensure that these measures are rigorously followed, which may ultimately save States money. Conversely, an evaluation could reveal that a particular intervention, such as including patients with complex comorbidities (e.g. a child with leukemia) in asthma programs, does not make sense from either an economic or care standpoint. Evaluations enable programs to make important adjustments that can lead to more effective and efficient care.