

RURAL MODELS FOR INTEGRATING AND MANAGING ACUTE AND LONG-TERM CARE SERVICES

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EXECUTIVE SUMMARY

Driven by growing demand and the need to control expenditures, states and the federal government are searching for new managed care strategies, such as capitated financing and coordinated case management, that integrate the financing and delivery of primary care, acute and long-term care services. For rural communities, the development of organizational and delivery systems which better integrate and manage primary, acute and long term care services may help address long-standing problems of limited access to long term care services.

This paper describes three examples of emerging rural systems that offer insights into the opportunities and challenges of managing and integrating primary, acute, and long term care in rural settings. These examples include: (1) Cochise and Pinal Counties, Arizona, county-based managed care programs which, operating under the state's managed Medicaid long term care program (Arizona Long Term Care Services), manage a capitated primary, acute and long term care service network serving frail elderly and physically disabled Medicaid clients; and (2) The Carle Clinic, one of four (and the only rural) sites for the HCFA-sponsored Community Nursing Organization (CNO) demonstration.

These initiatives illustrate both the diversity of rural managed care and integration models and the variety of challenges that must be faced in developing models that accommodate the realities and circumstances of rural communities and health systems. The case studies examine the importance of population size, the effects of service supply and infrastructure, the role of state and federal policies, and prior experience with managed care in the development and success of these initiatives. These demonstrations suggest that small population bases do not preclude the development of managed care programs for these populations and that various forms of risk-based financing can be used to protect providers and consumers. The introduction of managed care in Arizona has strengthened the rural, previously underserved health and long term care service systems in both Pinal and Cochise counties. Not surprisingly, the level of managed care penetration in the broader health care market and the level of provider and consumer experience with managed care are critical factors in facilitating or inhibiting the development of managed care programs for the elderly and disabled. The characteristics of the community, county, or region, including the effectiveness of local leaders, the sense of community and the degree of support for local organizations and providers, can all be critical factors in the development of these initiatives. Differences in professional cultures and mistrust between those who provide medical services and those who provide long term care are fundamental problems in integrating the financing and managing the delivery of services across these two sectors.

Although experience with managed care models that integrate the financing and delivery of primary, acute and long term care services is limited, especially in rural areas, this is likely to change as states expand their use of Medicare and Medicaid, Section 1115 waiver demonstrations. Whether these programs work, how much they cost, and whether they deliver high quality care are questions of paramount policy importance. As these initiatives are updated and evaluated, it is critical that states and the federal government carefully consider the special circumstances and needs of rural communities, providers, and consumers. The experience of these suggest a variety of rural policy considerations, including: the need for states and the federal government to provide flexibility to rural communities and providers in meeting program standards, the need for considerable technical and financial support to enable rural communities to effectively participate in these new managed care initiatives, the development of financing and service delivery arrangements that protect and strengthen the ability of local providers and organizations to participate in these new managed care initiatives, and support for the development of rural geriatric or chronic care team models that encourage professional collaboration among physicians, nurses, and other professionals and paraprofessionals working in the medical and long term care systems.