

Rural Models for Integrating and Managing Acute and Long-term Care Services

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 in their efforts to meet growing demand for services and rapidly rising public expenditures. The rural long term care system has relied more heavily on nursing home care, and has been characterized by more limited service options. 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 the full range of long term care services.

This paper describes 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, and the role of state and federal policies. The experience of these initiatives suggests 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 health and long-term care service systems in both Pinal and Cochise counties. Not surprisingly, 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, have been critical factors in the development of these initiatives.

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 waiver demonstrations. The experience of these sites suggests a variety of rural policy considerations, including the need for: clear policy and financial incentives for the development of integrated systems, technical support to enable rural communities to participate effectively in these new managed care initiatives, 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 team models that encourage professional collaboration among physicians, nurses, and other professionals and paraprofessionals working in the medical and long-term care systems.