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UnitedHealth Proposes 'Coordinated Care' Model for Medicare, Medicaid

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Medicare and Medicaid could save $3.5 trillion over 25 years by implementing "coordinated care" in place of fee-for-service payments, according to a release by UnitedHealth Group, the nation's largest insurer.

The estimate comes from a proposal was produced by the company's Center for Health Reform & Modernization, submitted to the bipartisan National Commission on Fiscal Responsibility and Reform, a federal agency established in February to explore ways to reduce the federal deficit.

Proposals to make Medicare and Medicaid more efficient are also part of the healthcare reform law, but the law's future is in question, as Republicans gear up for a repeal effort. Meanwhile, the reform law is launching a Center for Healthcare Innovation and has given it a $10 billion budget over 2011-2019 to develop payment innovations such as UnitedHealth Group is proposing.

The company's release did not reveal many details on how its "coordinated care" approach would work or how it would be different from strategies to be used by accountable care organizations under the reform law. The release broadly referred to wider use of home- and community-based care programs, "high-quality provider" networks, disease management and wellness programs, consumer incentives, treatment decision support, and "value-based benefit designs."

The release specifically mentioned coordinating care for people who are dual-eligible for both Medicare and Medicaid and proposed "full integration of Medicare and Medicaid benefits" for this population.

UnitedHealth said it derived its $3.5 trillion estimate for savings from its experience managing Medicare and Medicaid plans. The company had 1.8 million Medicare Advantage customers and 2.9 million people in Medicaid managed care plans in 2009.

"Expanding the use of coordinated care and integrating benefits and funding streams is a win-win for Medicare and Medicaid beneficiaries, and for federal and state budgets," said Simon Stevens, chairman of the UnitedHealth Center for Health Reform & Modernization. "These are practical options that can now be tested at scale under current law."