

Clinically Appropriate and Cost-Effective Placement

The Clinically Appropriate and Cost-Effective Placement (CACEP) Project examines how Medicare post-acute care currently serves America's seniors. The purpose of the study is to determine how to better meet beneficiary needs and improve the quality and efficiency of care provided in the U.S. health care system.

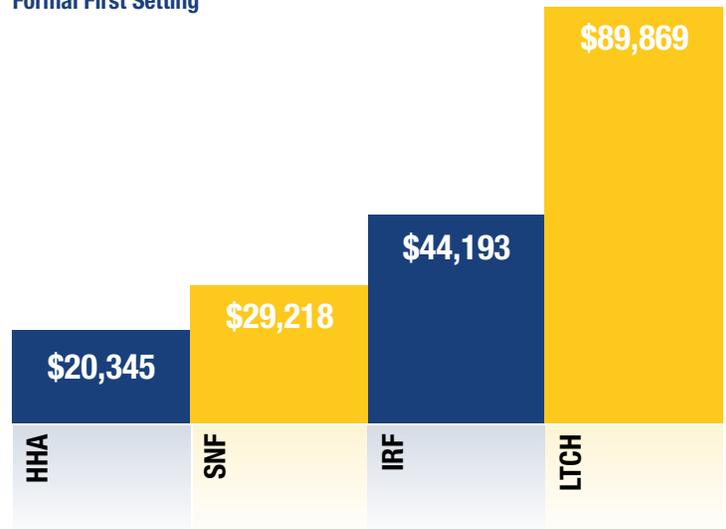
The final report presents models for the use of clinically appropriate and cost-effective post-acute care and the potential Medicare savings that could be achieved under a variety of delivery system change scenarios.

IMPROVING POST-ACUTE CARE AND LOWERING COSTS

Rankings by Total Medicare Episode Payments

MS-DRG	MED/SURG	OVERALL	HHA	SNF	IRF	LTCH
470: Major joint replacement or reattachment of lower extremity w/o MCC	Surgical	1	1	1	1	34
871: Septicemia or severe sepsis w/o MV 96+ hours w MCC	Medical	2	6	3	20	3
291: Heart failure & shock w MCC	Medical	3	2	7	29	9
003: ECMO or trach w MV 96+ hrs or PDX exc face, mouth & neck w maj O.R.	Surgical	4	91	31	10	1
194: Simple pneumonia & pleurisy w CC	Medical	5	9	5	65	22

Average Medicare Episode Expenditures Across all MS-DRGs by Formal First Setting



CLINICALLY APPROPRIATE & COST-EFFECTIVE PLACEMENT

Opportunities for Reducing Average Medicare Episode Spending



Given that there is overlap in where patients receive care, there is opportunity for reducing Medicare spending by putting patients in the most clinically-appropriate and cost-effective setting. Data show that clinically appropriate & cost-effective placement could lead to \$1,339 in savings per episode payment. Over a ten year period, this could achieve \$34.7 billion in savings.

Potential Medicare Savings

\$100 Billion

Medicare cost savings possible over ten years (2014-2023) if clinically appropriate and cost-effective placement were combined with a policy that reduces post-acute care spending by 7.5% (in 2008) in order to drive efficiency and restructure care delivery.

2.5 Years

Additional time added to the life of the Medicare Trust Fund if clinically appropriate and cost-effective placement were combined with reforms to drive efficiency and reduced post-acute care spending.