§ 2111. Disease management demonstration programs. 1. The department may establish disease management demonstration programs through a request for proposals process to enhance the quality and cost-effectiveness of care rendered to medicaid-eligible persons with chronic health problems whose care and treatment, because of one or more hospitalizations, multiple disabling conditions requiring residential treatment or other health care requirements, results in high medicaid expenditures. In order to be eligible to sponsor and to undertake a disease management demonstration program, the proposed sponsor may be a not-for-profit, for-profit or local government organization that has demonstrated expertise in the management or coordination of care to persons with chronic diseases or that has the experience of providing cost-effective community-based care to such patients, or in the case of a local government organization, has expressed a strong willingness to sponsor such a program. The department may also approve disease management demonstration programs which include, but are not limited to, the promotion of adherence to evidence-based guidelines, improvement of provider and patient communication and provide information on provider and beneficiary utilization of services. The department shall grant no fewer than six demonstration programs, no more than one-third of such programs shall be selected to provide these services in any single social services district; provided further, where the department grants less than six demonstration programs, no more than one such program shall be selected to provide these services in any single social services district. The department shall approve disease management demonstration programs which are geographically diverse and representative of both urban and rural social services districts. The program sponsor must establish, to the satisfaction of the department, its capacity to enroll and serve sufficient numbers of enrollees to demonstrate the cost-effectiveness of the demonstration program.

2. The department shall establish the criteria by which individuals will be identified as eligible for enrollment in the demonstration programs. Persons eligible for enrollment in the disease management demonstration program shall be limited to individuals who: receive medical assistance pursuant to title eleven of article five of the social services law and may be eligible for benefits pursuant to title

18 of the social security act (Medicare); are not enrolled in a Medicaid managed care plan, including individuals who are not required or not eligible to participate in Medicaid managed care programs pursuant to section three hundred sixty-four-j of the social services law; are diagnosed with chronic health problems as may be specified by the entity undertaking the demonstration program, including, but not limited to one or more of the following: congestive heart failure, chronic obstructive pulmonary disease, asthma, diabetes or other chronic health conditions as may be specified by the department; or have experienced or are likely to experience one or more hospitalizations or are otherwise expected to incur excessive costs and high utilization of health care services.

3. Enrollment in a demonstration program shall be voluntary. A participating individual may discontinue his or her enrollment at any time without cause. The commissioner shall review and approve all enrollment and marketing materials for a demonstration program.

4. The demonstration program shall offer evidence-based services and interventions designed to ensure that the enrollees receive high quality, preventative and cost-effective care, aimed at reducing the necessity for hospitalization or emergency room care or at reducing lengths of stay when hospitalization is necessary. The demonstration program may include screening of eligible enrollees, developing an individualized care management plan for each enrollee and implementing that plan. Disease management demonstration programs that utilize information technology systems that allow for continuous application of evidence-based guidelines to medical assistance claims data and other available data to identify specific instances in which clinical interventions are justified and communicate indicated interventions to physicians, health care providers and/or patients, and monitor physician and health care provider response to such interventions, shall have the enrollees, or groups of enrollees, approved by the department for participation. The services provided by the demonstration program as part of the care management plan may include, but are not limited to, case management, social work, individualized health counselors, multi-behavioral goals plans, claims data management, health and self-care education, drug therapy management and oversight, personal

emergency response systems and other monitoring technologies, telehealth services and similar services designed to improve the quality and cost-effectiveness of health care services.

5. The department shall be responsible for monitoring the quality, appropriateness and cost-effectiveness of a demonstration program. The department shall utilize, to the extent possible, all potential sources of funding for demonstration programs, including, but not limited to, private payments and donations. All such funds shall be deposited by the commissioner and credited to the disease management account which shall be established by the comptroller in the special revenue-other fund. Additionally, to the extent of funds appropriated therefor, medical assistance funds, including any funding or shared savings as may become available through federal waivers or otherwise under titles 18 and 19 of the federal social security act, may be used by the department for expenditures in support of the disease management program.

6. Payments shall be made by the department to the entity responsible for the operation of the demonstration program on a fixed amount per member per month of enrollment and shall reimburse the program sponsor for the services rendered pursuant to subdivision four of this section. The amount paid shall be an amount reasonably necessary to meet the costs of providing such services, provided that the total amount paid for medical assistance to enrollees in any such disease management demonstration program, including any demonstration program expenditures, shall not exceed ninety-five percent of the medical assistance expenditure related to such enrollee that would reasonably have been anticipated if the enrollee had not been enrolled in such demonstration program. The department may make payments to demonstration programs that provide administrative services only, provided that expenditures made for enrollees, or a group of enrollees, participating in the demonstration program shall provide sufficient savings as determined by the department, had the enrollees, or groups of enrollees, not been enrolled in such demonstration. The department shall provide an interim report to the governor, and the legislature on or before December thirty-first, two thousand six and a final report on or before December thirty-first, two thousand seven on the results of demonstration

programs. Both reports shall include findings as to the demonstration programs' contribution to improving quality of care and their cost-effectiveness. In the final report, the department shall offer recommendations as to whether demonstration programs should be extended, modified, eliminated or made permanent.