



## Forum Session Meeting Announcement

Thursday, December 11, 2008  
11:45am–12:15pm — Lunch  
12:15–2:00pm — Session

# Medicare and Medicaid Demonstrations: Experimenting for the Future

### A Discussion Featuring:

**Herb B. Kuhn**

*Deputy Administrator*  
Centers for Medicare & Medicaid Services

**Jack C. Ebeler**

*Vice Chairman*  
Medicare Payment Advisory Commission

**Alan Weil, JD**

*Executive Director*  
National Academy for State Health Policy

**Charles E. Metcalf, PhD**

*President and Chief Executive Officer (retired)*  
Mathematica Policy Research, Inc.

**Joseph Antos, PhD**

*Wilson H. Taylor Scholar in Health Care and Retirement Policy*  
American Enterprise Institute

### Location

**Washington Court Hotel**  
525 New Jersey Avenue, NW  
Atrium Ballroom  
(*Mezzanine Level*)

### Registration Required

Space is limited. Please respond as soon as possible.

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# Medicare and Medicaid Demonstrations: Experimenting for the Future

## OVERVIEW

*Demonstrations have been a critical part of the evolution of the Medicare and Medicaid programs. Born of the recognition that the two programs would need a mechanism to test new policy approaches and to meet advances in health care delivery and financing, demonstrations have been broadly utilized in Medicare and Medicaid. While demonstrations differ in how they are developed, implemented and evaluated, the purpose is the same: to facilitate innovation and program improvements. This session will explore why demonstrations are undertaken, how they have shaped the programs over the years, and why they are often controversial. Panelists will also consider ways to improve the design and evaluation of demonstrations.*

**For more information** — See Background Papers, “[The Fundamentals of Medicare Demonstrations](#)” and “[Shaping Medicaid and SCHIP Through Waivers: The Fundamentals](#).” See also two Basics publications on the same topics, “[The Basics: Medicare Demonstrations](#)” and “[The Basics: Medicaid and SCHIP Waivers](#).”

## SESSION

Medicare and Medicaid policy and operations have been informed and shaped by the hundreds of demonstrations undertaken since the programs began more than 40 years ago. Over the years, as Medicare and Medicaid have faced major changes in health care delivery, financing and benefits, the results of demonstrations have informed the way these programs are updated. Although some demonstrations have never gotten off the drawing board, and others have failed to reveal better ways of administering the programs, all of the experiments offer valuable lessons for policymaking.

Under Medicare, demonstrations are experiments that test policy approaches before permanently changing the program. They allow policymakers to learn about the effects of a potential change on beneficiaries, providers, Medicare costs, and program operations on a limited scale. Program changes resulting from demonstrations have fundamentally altered the program; the Medicare prospective payment systems for hospitals and skilled nursing facilities and the hospice benefit are good examples.

The use of demonstration authority in Medicaid has evolved over the years. Demonstrations undertaken in the early years of the program were smaller in scope and tested more discrete policy approaches. In the late

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1980s, however, states began to use Medicaid demonstrations, commonly referred to as Medicaid waivers, to implement policy changes on a much broader scale. Some observers contend that the evaluative nature of Medicaid waivers has waned, and that states have used waivers as a mechanism for modifying and expanding state Medicaid programs rather than strictly testing and evaluating a particular policy approach.

It is no secret that demonstrations are often controversial because of disagreements about how they are designed, implemented, and evaluated. Some demonstrations have been criticized for not producing usable results, for not having a clear objective, and for not making evaluation results available in a timely fashion. In addition, some observers have expressed concern about the adequacy of resources within the Centers for Medicare & Medicaid Services (CMS) for overseeing demonstrations and the research that accompanies them. Nevertheless, it is important for policymakers to learn as much as possible from demonstrations and to continue to think creatively about their value going forward.

This Forum session will offer a range of perspectives on the history and policy context of Medicare and Medicaid demonstrations and waivers, and the role of these demonstrations now and in the future. The meeting will be a facilitated discussion, with each panelist offering short opening comments, followed by questions and answers among the panel and with the audience. Through the discussion, the importance of research and demonstrations in testing new policy approaches as well as some of the challenges in designing, conducting, and evaluating demonstrations to yield useful policy information will be highlighted. Congress's role in shaping Medicare and Medicaid demonstrations will also be explored. The panel will consider ideas for improving demonstrations, particularly in the context of increasing health care spending, potential for health reform, and the depletion of the Part A trust fund.

## SPEAKERS

**Herb B. Kuhn** is the acting deputy administrator of the Centers for Medicare & Medicaid Services (CMS) and is also currently the acting director of the Center for Medicaid and State Operations within CMS. From 2004 to 2007, Mr. Kuhn served as director of the Center for Medicare Management, which manages the fee-for-service Medicare program. Mr. Kuhn will provide an opening presentation that will lay out the evolution of Medicare and Medicaid demonstrations and consider some of the key areas of success as well as where the most significant challenges have emerged.

**Jack C. Ebeler** is vice chairman of the Medicare Payment Advisory Commission (MedPAC) and a consultant in health care policy. Mr. Ebeler has been a senior vice president and director of the health care group at the Robert Wood Johnson Foundation and was deputy assistant secretary for planning and evaluation for health and acting assistant secretary for planning and evaluation at the U.S. Department of Health and Human Services

(HHS). Mr. Ebeler also served as special assistant to the administrator of the Health Care Financing Administration (now CMS). He will offer his insights both into the current state of Medicare demonstrations and from his experiences with the policy development process for both Medicare and Medicaid demonstrations while he was at HHS.

**Alan Weil, JD**, has been executive director of the National Academy for State Health Policy since September of 2004. Previously, Mr. Weil served for seven years as director of the Assessing the New Federalism project at the Urban Institute that monitored the evolution of health and welfare programs in 13 states. Mr. Weil has written extensively on issues related to the state-federal partnership in Medicaid and is well versed in the use of demonstration authority in shaping public programs.

**Charles E. Metcalf, PhD**, is the former president and chief executive officer at Mathematica Policy Research, Inc. In that role, Dr. Metcalf was involved in evaluating many Medicare and Medicaid demonstrations and will comment on the evaluation process and how policymakers can learn from the results of demonstrations.

**Joseph Antos, PhD**, is the Wilson H. Taylor Scholar in Health Care and Retirement Policy at the American Enterprise Institute (AEI). Before joining AEI, Dr. Antos was assistant director for health and human resources at the Congressional Budget Office. From 1987 to 1995, he served as the director of the Office of Research and Demonstrations at the Health Care Financing Administration (now CMS).

## KEY QUESTIONS

- How have demonstrations and waivers shaped the Medicare and Medicaid programs over time? Which demonstrations have been particularly successful, and why?
- What can be learned from demonstrations that have unexpected results, or demonstrations that were never fully implemented? How have these challenges helped inform the policy development process?
- Historically, demonstrations have taken considerable time to develop, implement, and evaluate. Can demonstrations be designed so that results are more timely? Is there a way to learn more quickly from demonstrations?
- Is the health policy community sufficiently focused on demonstrations to ensure that they are well-designed, relevant, and supported with the right level of resources?
- What is Congress's role in the development and oversight of demonstrations?