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Good afternoon Mr. Chairman and members of the Committee. Thank you for holding this hearing and for your ongoing leadership in improving chronic care for the nation's older population. On behalf of the more than 5 million people with Alzheimer's disease in the United States, it is an honor to appear before you today.

This hearing is especially important for people with Alzheimer's disease because they have high use of Medicare services and incur very high Medicare costs, in large part because our health care system does a poor job of coordinating the care they need for multiple chronic conditions. As my testimony makes clear, Medicare beneficiaries with Alzheimer's disease and other dementias desperately need the assessment and care coordination that would be covered by the Geriatric Assessment and Chronic Care Coordination Act.

Alzheimer Patients Incur High Medicare Costs

Data from Medicare claims document the high Medicare costs incurred by people age 65 and over with Alzheimer's disease and other dementias. Claims data for 2000 show that:

- Medicare beneficiaries age 65 and over with Alzheimer's disease and other dementias cost Medicare three times as much as other Medicare beneficiaries ($13,207 vs. $4,454).

- More than half of all Medicare costs for beneficiaries age 65 and over with Alzheimer's and other dementias went for hospital care ($7,074 of the total $13,207). Beneficiaries with Alzheimer's and other dementias were 3.4 times more likely than other beneficiaries to have a hospital stay, and Medicare costs for their hospital care were 3.2 times higher ($7,074 vs. $2,204).

- Medicare costs for skilled nursing facility (SNF) care were 10 times higher for beneficiaries age 65 and over with Alzheimer's and other dementias than for other beneficiaries. Medicare costs for home health care were 3.8 times higher than for other beneficiaries.

In 2005, total Medicare costs for beneficiaries age 65 and over with Alzheimer's disease and other dementias amounted to an estimated $91 billion. These costs will increase dramatically as the number of people with Alzheimer's and other dementias grows in coming years.

Given our current elderly population, there are more than 400,000 new cases of Alzheimer's disease each year. Every 72 seconds, someone in America develops Alzheimer's. In the year 2030, there will be an estimated 615,000 new cases of Alzheimer's; 7.7 million people will be living with the disease, and their Medicare costs will amount to an estimated $394 billion, which is the current cost of the entire Medicare program.

Alzheimer's Complicates Care and Increases Costs for Co-Morbid Conditions

Most people with Alzheimer's disease and other dementias are elderly, and like other elderly people, they also have one or more other serious medical conditions. The combination of Alzheimer's or other dementias and co-morbid medical conditions results in high use of Medicare services and very high Medicare costs.

In 2000, 29% of Medicare beneficiaries age 65 and over with Alzheimer's disease or other dementias also had heart disease; 28% also had congestive heart failure; 23% also had diabetes; and 17% also had chronic lung disease. Only 5% of Medicare beneficiaries age 65 and over with Alzheimer's and other dementias had no co-morbid medical conditions, and many had more than one serious co-morbid medical condition, for example, heart disease and diabetes, or congestive heart failure and osteoporosis, in addition to their dementia.

Medicare claims data show the results of combined dementia and co-morbid medical conditions. In 2000, for example:

- Medicare beneficiaries with Alzheimer's or another dementia plus congestive heart failure had about 50% more hospital stays than beneficiaries with congestive heart failure but no Alzheimer's or dementia, and their average Medicare costs per person were $22,939, compared with $15,441 for beneficiaries with congestive heart failure but no Alzheimer's or dementia.

- Medicare beneficiaries with Alzheimer's disease or another dementia plus diabetes had almost three times as many hospital stays as beneficiaries with diabetes but no Alzheimer's or dementia, and their average Medicare costs per person were $19,994, compared with $8,011 for beneficiaries with diabetes but no Alzheimer's or dementia.

Memory and other cognitive impairments caused by Alzheimer's disease and other dementias greatly complicate the management of co-morbid medical conditions. Individuals with Alzheimer's and other dementias generally are not able to understand, remember, or comply with treatment recommendations. Most cannot remember to take their medications as directed or follow medical instructions about diet and exercise. They often cannot recognize symptoms that their congestive heart failure, diabetes, or other medical conditions are getting out of control. Because of their cognitive impairments,

self-management – a key concept of care for people with chronic illness – usually cannot work for people with dementia.

The case of Ms. X, reported in the *Journal of the American Medical Association,* illustrates the devastating impact of dementia on management of co-morbid medical conditions. Ms. X had mild Alzheimer's disease and osteoporosis. She was managing well at home until a painful compression fracture in her spine sent her to the doctor. He prescribed a medication for her osteoporosis and told her that she had to take the drug with water and remain upright after taking it. Because of her dementia, Ms. X did not remember or follow her doctor's instructions. Four weeks after starting the medication, she was taken to the local hospital emergency room with symptoms of an ulcerated esophagus caused by taking the medication incorrectly. Despite treatment, Ms. X ultimately died when the ulcer eroded into a major blood vessel.

Hospitalizations and adverse events such as occurred for Ms. X may be preventable if a person receives a comprehensive assessment that identifies all his or her medical conditions, including dementia, and then receives ongoing treatment for his or her other medical conditions that is planned and coordinated with awareness of the likely impact of the dementia on that treatment. One study found that Medicare beneficiaries with Alzheimer's and other dementias are 2.4 times more likely than other beneficiaries to have a *potentially preventable hospitalization*; that is, a hospitalization for a condition that can be prevented altogether or whose course can be mitigated with optimal outpatient management. Avoiding such hospitalizations is an important objective, not only with respect to Medicare costs, but also because hospital stays are often very difficult for people with Alzheimer's and other dementias. They tend to become much more confused and agitated in the strange and rushed hospital setting. They are four times as likely as other elderly people to develop delirium, and they may lose functional abilities, such as the ability to feed themselves and get to the bathroom independently even in a short hospital stay.

Care Management Is Essential for Beneficiaries with Alzheimer's

The current Medicare program focuses primarily on treatment of acute episodes of illness and narrow concepts of prevention that do not meet the needs of beneficiaries with Alzheimer's and other dementias. Primary care physicians are not paid for the added length of time needed for assessment of dementia and co-morbid medical conditions. Nor are they paid for ongoing consultation with families or community agencies that share responsibility for the care of the patient or for coordination of care with other health care professionals who may be treating the patient for particular diseases or conditions.

Medicare benefits must be restructured to manage the high costs of chronic conditions and to improve the quality of care provided to patients. But this will not happen through disease management approaches that focus narrowly on one specific disease or condition at a time. Rather, the first target for a Medicare chronic care benefit should be beneficiaries with one or more complex medical conditions who cannot manage those conditions because of their cognitive impairment. This issue should be addressed now,

while there is still time to fix the program and before the numbers of beneficiaries with Alzheimer's disease and other dementias explode.

Significantly, the Centers for Medicare and Medicaid Services (CMS) is currently operating several chronic care demonstration programs, as well as the pilot Medicare Health Support program. None of these demonstrations, target complex patients with multiple chronic conditions, nor do they typically contain adequate provisions to care for patients with dementia. The demonstrations tend to follow a disease management model that focuses on one disease or condition, which fails Alzheimer patients. Furthermore, most of the demonstrations are conducted at either a health plan or group practice level, failing to take into account the majority of small and solo physician practices where most patients are treated.

Last year, the Alzheimer's Association conducted an environmental scan of the CMS chronic care demonstration projects and found them mostly lacking in appropriate provisions for Alzheimer's patients. The legislative language for the Care Management Performance Demonstration (Section 649 of the Medicare Modernization Act), requires physicians "**to assess each eligible beneficiary for conditions other than chronic conditions, such as impaired cognitive ability and co-morbidities…"** but this was not enforced in the program that was implemented by CMS. Likewise, the Medicare Health Support program (Section 721) had authorizing language requiring that dementia be identified "**for the purpose of developing an individualized, goal-oriented care management plan,**" but the program's guidance materials did not include specific requirements about dementia assessment or care. Of the more than ten programs surveyed, only one, the Care Management for High Cost Beneficiaries demonstration, included guidance requiring that participating sites screen patients for dementia and develop a plan of care for treatment, and most sites for this demonstration were following this guidance.

For this reason, we need Congressional action to create a new Medicare benefit targeted to the most complex patients, rather than narrow statutory authority within bills creating disease management programs targeted to a different population. Without the adoption of a new benefit, CMS is unlikely to develop a comprehensive pilot program that ensures complex patients, i.e. those with dementia and one or more other medical conditions, are treated appropriately with meaningful assessment and care coordination in the full range of physician practices.

<u>The Alzheimer's Association Strongly Supports the Geriatric Assessment and Chronic Care Coordination Act.</u>

The Geriatric Assessment and Chronic Care Coordination Act is a very important step forward and has the potential of substantially improving care and lowering costs for Medicare beneficiaries with Alzheimer's disease and other dementias. The Act would provide a targeted care coordination benefit for those with multiple chronic conditions or those with dementia and one chronic condition. The benefit would include two elements: a payment to the beneficiary's primary health care provider for an initial assessment and

development of a coordinated care plan and a monthly payment to the beneficiary's primary health care provider for care management activities that include medication management, ongoing consultation with the patient and family and referral to and coordination with community resources.

The value of this legislation is not just the numbers. It is about the lives of real people. Each of us lives with a realization that, unless we work together to enact policy solutions to provide needed assessment and care coordination, people with Alzheimer's disease and other dementias and their families will continue to struggle with a fragmented health care system, and government will continue to pay for preventable hospitalizations that could be avoided with better assessment and care coordination. We cannot forget the human faces behind all the statistics. They are the real reasons to support this important legislation. Thank you for allowing me to testify on their behalf.