Attached is a notice announcing the availability of Health Care Financing Administration funds for certain research and demonstration grants related to the Medicare Catastrophic Coverage Act of 1988.

The closing date for receipt of applications is February 6, 1989.

Application kits are available from and must be submitted to:

Paul McKeown  
Grants Officer  
Health Care Financing Administration  
Office of Budget and Administration  
Room 364 East High Rise  
6325 Security Blvd.  
Baltimore, Maryland 21207-5187  
(301) 966-5157
DEPARTMENT OF HEALTH AND HUMAN SERVICES
Health Care Financing Administration

Medicare and Medicaid Programs; Health Care Financing Research and Demonstration; Availability of Funds for Cooperative Agreements and Grants. Medicare Catastrophic Coverage Act of 1988

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: General notice.

SUMMARY: This notice announces the availability of HCFA funds for certain priority research and demonstration cooperative agreements and grants to conduct projects related to the Medicare Catastrophic Coverage Act of 1988 (Pub. L. 100–360). The closing date for receipt of applications in response to this solicitation is February 6, 1989.

This notice also postpones the closing date for receipt of applications for fiscal year 1989 in response to the general statement of funding priorities for research and demonstration grants and cooperative agreements announced in the Federal Register on September 10, 1987 (32 FR 34304). The new closing date will be announced in the Federal Register in the near future along with the statement of revised funding priorities for fiscal year 1989.

DATES: The closing date for submission of letters of Intent is December 30, 1988; and demonstration grants and any request for a hearing on the availability of HCFA funds are likely to meet the standards of the Medicare Catastrophic Coverage Act of 1988 (Pub. L. 100–360).

Potential applicants should be aware that we are requiring the submission by December 30, 1988, of a letter of intent from all organizations intending to submit an application in response to this solicitation. This letter is described in the September 10, 1987 notice.

The general notice of funding priorities for fiscal year 1989 research and demonstration grants and cooperative agreements is currently under development. We expect to publish that general solicitation in the Federal Register in the near future.

Therefore, we have postponed the November 7, 1988 closing date previously announced in the Federal Register (32 FR 34304). The new closing date will be included in the general solicitation.

I. Medicare Catastrophic Coverage Act Studies

Public Law 100–360 provided for a new program of expanded benefits for Medicare beneficiaries. As a result of this legislation, a number of new research studies are required, particularly in the areas of long-term care and impact of the new catastrophic benefit program on cost, access, and utilization (particularly in the areas of prescription drugs). We are encouraging through this cooperative agreement and grant solicitation the stimulation of research efforts in these areas. We are also interested in receiving applications in response to the demonstration initiatives mandated by the legislation.
A. Research Studies

There are a number of important areas of study resulting from Pub. L. 100-360. These areas can be divided generally into two groups: Projects that will provide us information to make more informed decisions on program implementation and policy, and projects that will assist us in evaluating the impact of the new program of benefits.

We are currently developing specific research study and evaluation plans for the long-term care, drug benefit, and general program evaluation areas: we expect to announce later this year through the Commerce Business Daily our specific contract needs in these areas.

In addition to specific contract needs, however, we are encouraging the stimulation of research in these areas by making available funds for grants and cooperative agreements designed to expand the current state of knowledge and information available in these areas. Areas where we are encouraging research include the following:

- Impact of the catastrophic benefit on beneficiary utilization of services (volume, composition and outcomes, beneficiary out-of-pocket expenditures, and program outlays). We are interested in the broad impact on utilization, both of institutional and noninstitutional care, covered and noncovered services. Areas of particular interest include changes in utilization of services resulting from new benefits, such as prescription drugs and mammography screening.
- The response of the private health insurance sector, especially how insurers have altered the supplementary benefit packages they market to the elderly, how retiree benefit packages have been affected, and the response of State regulations governing these private insurance products.
- The use of outpatient prescription drugs by Medicare beneficiaries (both before and after implementation of Pub. L. 100-360), including indications of medical necessity, potential for adverse drug interactions, cost (including whether lower cost drugs could have been used) and rates of patient stockpiling and wastage.
- In the long-term care area, we are interested in receiving applications addressing the following issues:
  - The financial characteristics of Medicare beneficiaries who receive or need long-term care services, including whether such beneficiaries are eligible for Medicare, Medicaid, or other benefits for such services. The impact of the Catastrophic legislation on the use of long-term care services by program beneficiaries.
  - How the financial and other characteristics of Medicare beneficiaries affect their utilization of institutional and noninstitutional long-term care services.
  - How relatives of Medicare beneficiaries are affected financially and in other ways because the beneficiaries require or receive long-term care services.
  - The magnitude of the nation's elderly population with various levels of disability and need for noninstitutional and institutional long-term care; projection of future long-term care needs for persons with various levels of disability.
  - The quality of long-term care services (e.g., community-based and custodial settings).
  - How the provision of long-term care services may reduce expenditures for acute care services.
  - The effectiveness of, and need for, State and Federal consumer protections that assure adequate access to and protect the rights of Medicare beneficiaries who are provided long-term care services (other than in a nursing facility). We are particularly interested in projects that examine innovative approaches for ensuring access to such care.

B. Demonstration Initiatives

Public Law 100-360 specifically mandated the establishment of several demonstration programs for which HCFA has responsibility. We are soliciting applications in response to three specific demonstration programs:

1. Benefits Counseling for Medicare and Medicaid Beneficiaries. Section 424 of the Medicare Catastrophic Coverage Act mandates a demonstration for the purpose of providing training and technical assistance to volunteers who would provide to elderly individuals receiving benefits under Medicare or Medicaid, or their representatives, access to information about the availability of assistance with eligibility for benefits and assistance in preparing documentation to receive benefits. We are interested in receiving applications from a private or public nonprofit organization to conduct such a demonstration. Particular attention should be given to assessing the adequacy of the training, competency of the volunteers, and effectiveness of the counseling and assistance provided by the volunteers. Potential applicants should carefully review the legislative mandate for further information concerning reimbursement to volunteers for transportation and other expenses, the provision of technical materials and publications, and other matters.

2. Case Management for Beneficiaries with Catastrophic Illnesses. Section 425 of Pub. L. 100-360 mandates a series of demonstration projects (one of which is to be conducted through an agreement with a Medicare Utilization and Quality Control Peer Review Organization with a contract with HCFA under Title XI of the Social Security Act) to test alternative approaches to case management for Medicare beneficiaries with catastrophic illnesses, particularly those with high costs of health care services. We are interested in receiving applications to conduct such demonstration projects. Applications should address, at a minimum:
  - How claims history data can be used for cost-effective focusing of beneficiary case management services at early stages of onset of catastrophic illness.
  - How case management services would be organized and delivered, such as frequency and types of interventions, qualifications of case managers, etc.
  - How payments for case management services would be determined and potential incentives for cost-effective case management services.
  - Incentives to encourage targeted beneficiaries to voluntarily participate in case management programs; and
  - Any special considerations for quality assurances, access, and beneficiary grievance and appeal rights.

Interested applicants are encouraged to request further information regarding the proposed scope and focus of these demonstration projects from the HCFA project officer, Nancy Row (301) 966-4949.

3. Reclassification of Hospital Chronic Ventilator Dependent Units as Rehabilitation Units. Section 429 of Pub. L. 100-360 mandates a demonstration program designed to examine the appropriateness of classifying hospital chronic ventilator-dependent units in hospitals as rehabilitation units. The demonstration should assess the financial impact of such a reclassification (hospitals' revenues before and after implementation of the reclassification, any resultant cost-shifting) and should use such variables as hospital size, occupancy rates, utilization of the units, rural and urban status, and teaching status. Interested applicants are encouraged to request further information regarding the proposed scope and focus of these demonstration projects from the HCFA project officer, Tom Fullbott (301) 966-4985.
II. Application Procedures, Eligible Organizations, General Policy Considerations, and Evaluation and Selection Criteria

All pertinent information concerning application procedures, eligibility of applicants, evaluation and selection criteria and process, amount and duration of funding including cost sharing, and information to be contained in letters of intent and applications is included in the September 10, 1987 Federal Register notice (52 FR 34204). A copy of this notice is included in the application materials which can be obtained from the HCFA Grants Officer.

III. Reporting and Recordkeeping Requirements

This notice contains no information collection requirements. Consequently, they need not be reviewed by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.).

(Sec. 1310, 1115(a), 1875, and 1875(f) of the Social Security Act; 42 U.S.C. 1310, 1315(a), 1395m(f); section 225(a) of the Social Security Amendments of 1972, as amended (42 U.S.C. 1395b-1 (note); section 432 of the Social Security Amendments of 1972, as amended (42 U.S.C. 1395b-1); the Medicare Catastrophic Coverage Act of 1988 (Pub. L. 100-360).

(Catalog of Federal Domestic Assistance Programs No. 13.768 Health Financing Research, Demonstrations and Experiments)


William L. Roper,
Administrator, Health Care Financing Administration.