

Medicaid Transformation Grants

The Deficit Reduction Act (DRA) of 2005 establishes a new grant program, called the Medicaid Transformation Grants for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under Medicaid.

Background

The DRA encourages states to “adopt innovative methods to improve the effectiveness and efficiency in providing Medicaid.” The implementation of the DRA provides new opportunities for States to work with the Federal Government to build on effective reforms to slow spending growth while providing needed and quality healthcare coverage.

What Kinds of Projects Could Be Funded?

- Methods for reducing patient error rates through the implementation and use of electronic health records, electronic clinical decision support tools, or e-prescribing programs;
- Methods for improving rates of collection from estates of amounts owed under Medicaid;
- Methods for reducing waste, fraud, and abuse under Medicaid, such as reducing improper payment rates as measured by annual error rate measurement (PERM) projects;
- Implementation of a medication risk management program as part of a drug use review program under section 1927(g) of the Act;
- Methods in reducing, in clinically appropriate ways, Medicaid expenditures for covered outpatient drugs, particularly in the categories of greatest drug utilization, by increasing the utilization of generic drugs through the use of education programs and other incentives to promote greater use of generic drugs; and
- Methods for improving access to primary and specialty physician care for the uninsured using integrated university-based hospital and clinic systems.

In addition, HHS Secretary Leavitt encouraged States to apply for grant funds to develop value-driven health care initiatives including systems that provide transparency in health care that allow consumers to compare the quality and price of services so they can make informed choices among doctors and hospitals.

Which States Received a Medicaid Transformation Grant Award?

CMS issued two solicitations during Federal fiscal year 2007. Overall, 35 States plus the District of Columbia and Puerto Rico were awarded Medicaid Transformation Grants.

Round 1 (Awarded 1/25/07)			
State Name	Project Name	Total Funded	Category
Alabama	Together for Quality - Health Information Systems (HIE/EHR)	\$7,587,000	Health Information Technology (HIT)
Arizona	Medicaid Health Information Exchange and Utility Project	\$11,749,500	HIT
Arkansas	Electronic Verification of Proof of Citizenship	\$285,513	Eligibility/Citizenship
Connecticut	Health Information Exchange and e-Prescribing	\$5,000,000	HIT/ E-Prescribing
District of Columbia	Comprehensive Medicaid Integration (HIE/EHR)	\$9,864,000	HIT
Florida	GenRx Expansion (e-Prescribing)	\$1,737,861	E-Prescribing
Hawaii	Open Vista ASP Network (HIE/EHR)	\$3,188,535	HIT
Illinois	Predictive Modeling System	\$4,849,200	Quality & Health Outcomes/ Fraud, Waste & Abuse
Indiana	Medicaid Estate Recovery Centralization and Automation Project	\$124,880	HIT/ Medicaid Estate Recovery
Kansas	Using Predictive Modeling Technology to improve Preventive Healthcare in the Disabled Medicaid Population	\$906,664	Quality & Health Outcomes
Kentucky	Health Information Partnership (HIE/EHR)	\$4,987,583	HIT
Maryland	Automated Fraud and Abuse Tracking	\$576,228	Fraud, Waste & Abuse
Massachusetts	Secure Verification of Citizenship through Automation of Vital Records	\$3,950,440	Eligibility/Citizenship
Michigan	One Source Credentialing	\$5,208,759	Fraud, Waste & Abuse
Michigan	Expansion of Vital Records Automation and Integration into Medicaid	\$3,929,317	Eligibility/Citizenship
Minnesota	Communication and Accountability for Primary Care Systems (HIE/EHR)	\$2,843,340	HIT/Quality & Health Outcomes
Mississippi	As One - Together for Health (HIE/EHR)	\$1,688,000	HIT
Montana	Enhancing EHR - Clinical Decision Making	\$1,481,152	HIT/Quality & Health Outcomes
New Jersey	Medical Information for Children (HIE/EHR)	\$1,516,900	HIT
New Mexico	e-Prescribing	\$855,220	e-Prescribing
New Mexico	Electronic Health Record Project	\$712,301	HIT
North Dakota	Web-based Electronic Pharmacy Claim Submission Interface	\$75,000	HIT/Risk Management
Rhode Island	IT Infrastructure Transformation	\$725,253	Fraud, Waste & Abuse
Tennessee	E-Prescription Pilot Project	\$674,204	e-Prescribing

Texas	Electronic Health Passport for Foster Care	\$4,000,000	HIT
Utah	Developing a Pharmacotherapy Risk Management System with an Electronic Surveillance Tool	\$2,881,662	Risk Management/ Quality & Health Outcomes
West Virginia	Healthier Medicaid Members through Personal Responsibility	\$917,560	Quality & Health Outcomes
West Virginia	Healthier Medicaid Members through a Stronger Medicaid Program	\$1,731,680	HIT
West Virginia	Healthier Medicaid Members through Health Systems Improvement (HIE/EHR)	\$3,895,730	Quality & Health Outcomes
West Virginia	Healthier Medicaid Members through Applied Technology	\$1,766,280	HIT
West Virginia	Healthier Medicaid Members through Enhanced Medication Management	\$4,287,110	HIT/Quality & Health Outcomes
Wisconsin	Health Information Exchange Initiative	\$3,043,272	HIT
Round 1 Total Funding Awarded		\$97,039,744	
Round 2 (Awarded 9/28/07)			
State Name	Project Name	Total Funded	Category
Arizona	Transparency - Value Driven Decision Support Tool Box	\$4,411,300	HIT/Quality & Health Outcomes
Arkansas**	TOUCH: Telemedicine Outreach Utilizing Collaborative Healthcare (Neonatal Outcomes)	\$1,458,826	Quality & Health Outcomes
Delaware	Delaware e-Prescribing Pilot	\$1,018,065	e-Prescribing
Georgia	Health Information Transparency Website	\$3,929,855	HIT
Hawaii	Enhanced Electronic Health Record and Information Exchange	\$1,815,000	HIT
Indiana	Health Information Exchange Services to Improve the Effectiveness and Efficiency in Providing Medical Assistance Under Medicaid	\$1,294,689	HIT
Mississippi	A Healthy Mississippi - Moving Forward Enhancing Program Integrity	\$1,750,700	Fraud, Waste & Abuse
Missouri	Web-Based Tool for Home and Community Based Services	\$1,940,175	HIT/Quality & Health Outcomes
Montana	Improving Lien and Estate Recoveries	\$601,126	Lien & Estate Recovery
North Carolina	Neonatal Outcomes Improvement Project	\$1,019,950	Quality & Health Outcomes
Ohio	Neonatal Outcomes Improvement Project	\$2,154,948	Quality & Health Outcomes
Oklahoma	Online Enrollment Process	\$6,146,640	HIT
Oregon	The Health Record Bank of Oregon (HIE)	\$5,500,093	HIT
Pennsylvania	Implementing Predictive Modeling For High Risk Populations	\$4,811,320	Quality & Health Outcomes
Puerto Rico	Reduction of Fraud and Abuse through Validation of Demographic and Socioeconomic Data with the Use of Electronic Data Exchanges	\$4,267,231	Fraud, Waste & Abuse/ HIT

Rhode Island	Medicaid Health Information Exchange Integration Initiative	\$2,765,265	HIT
Washington	Second Generation Fraud and Abuse Detection System	\$5,948,000	Fraud, Waste & Abuse
Wisconsin	Healthcare Quality and Patient Safety - Value Driven Health Care Initiative	\$2,097,866	Quality & Health Outcomes
Round 2 Total Funding Awarded		\$52,960,256	
Total Medicaid Transformation Grant Awards		\$150,000,000	

What Are The Primary Focus Areas?

The majority (63%) of grants are working to increase the adoption and utilization of health information technology (HIT), with the primary goal of improving quality of care and cost containment for Medicaid programs. However, while Medicaid agencies are in the forefront of the HIT efforts in their states, they are working in concert with private payers, the Veterans Administration system, Health Resources Services Administration (HRSA) funded federally-qualified health centers, large hospital systems, diverse providers groups and other stakeholders. These collaborative efforts aim to broaden the utility of health information technology tools, reduce fragmentation of care as individuals move in and out of different payer systems, provide greater transparency to Medicaid beneficiaries about the quality and cost of health care and coordinate their care across providers.

Evaluating Grant Outcomes

Grantees must submit semi-annual progress reports as well as a final evaluation report that track, at a minimum the following variables:

- The specific uses of the grant funds;
- An assessment of quality improvements and clinical outcomes under the programs; and
- Estimates of cost savings resulting from the programs.

CMS also expects the grantees to document the implementation process and their lessons learned, so that these demonstration grants can serve as learning laboratories for other states wishing to embark upon similar projects.

Important Links

Information regarding the Medicaid Transformation Grants can be found at:

<http://www.cms.hhs.gov/MedicaidTransGrants/>