

State Innovation Models Initiative: Overview for Governors



*Centers for Medicare and
Medicaid Services*

*August 6, 2012
Webinar*

Agenda

Background: CMS Innovation Center & State Innovation Models Initiative

State Health Care Innovation Plans

Model Design Planning

Model Testing

Performance Improvement and Model Evaluation

Resources Available to States

Award Timeline and Next Steps

Our health care system is in transition

Current System

- Provides the best acute care in the world

But is:

- **Uncoordinated** – Fragmented delivery systems with highly variable quality
- **Unsupportive** of patients and physicians
- **Unsustainable** – Costs rising at twice the inflation rate

Future System

- Supports and rewards providers for doing what they want to do and what they are trained to do: **strive every day to achieve better health, better care, and lower cost for both patients and populations**
- Gives providers and patients the knowledge and tools that they need to succeed

The Innovation Center facilitates this transition by supporting and testing innovative payment and service delivery models

“The purpose of the Center is to test innovative payment and service delivery models to reduce program expenditures under Medicare, Medicaid, and CHIP...while preserving or enhancing the quality of care furnished.”

- **Resources:** \$10 billion funding for FY2011 through 2019
- **Opportunity to scale:** The HHS Secretary has the authority to expand successful models to the national level through rulemaking
- **Measure success:** in terms of better health, better health care and lower cost through improvement

The State Innovation Models Initiative tests impact of these models when implemented using synergistic State and Federal Actions

Goals

- Partner with states to develop and implement State Health Care Innovation Plans
- Test impact of new payment and service delivery models in the context of these Plans
- Identify which state tools and policy levers are most impactful
- Test impact of broad stakeholder and multi-payer engagement in delivering overall results
- Identify effective models of coordinated state federal action that support health system transformation for CMS and other states

State Innovation Models

Theory of Action

Hypothesis to be tested: New service delivery and payment models will be more effective, and produce better outcomes more rapidly when they are implemented as part of a broad-based, Governor-led, statewide initiative that brings together multiple payers, many stakeholders and uses the available levers of state government.

States can be strong partners in transforming health care because they:

- Pay for a large percentage of health care services;
- Have broad regulatory powers over health care providers and payers;
- Regulate public health, social service, and educational services;
- Can convene multiple parties
- Are closer to the actual delivery of care
- Can integrate state health information exchange (HIE) infrastructure and capabilities to support accountable care;

States can use many levers to drive change

Description

Example/Effect

New payment models

- Change payment models that impact the way Medicaid, Medicare and other private health insurance programs pay for care

- Develop and scale ACOs, bundled payment programs, patient-centered medical homes

Convene payers

- Use state leadership to bring all payers to the table

- Increase impact of public payment reform
- Move preponderance of care to value-based models

Shape health care workforce

- Develop innovative policies around licensure and training of health care workers and programs

- Enhance primary care capacity, integrate community health care needs with graduate medical education other health professionals

Organize public health services

- Coordinate public health system with delivery system

- Address the underlying determinants of health

Integrate behavioral health services

- Create value-based clinical and business model

- ACOs or patient-centered medical homes

What do states need to do to participate?

Engage

stakeholders

Plan and design

a comprehensive approach for transforming the state health system

Create

livery and payment systems that align to reward value

Integrate

clinical and behavioral care, prevention and community healthy living supports into a holistic care model

Use policy levers

available to the Governor

Align with/Use

Other HHS, CMS, CCIO, CMMI and other ACA initiatives in implementing the Plan

Demonstrate

the model is sustainable and scalable

Monitor

the model to achieve better health, better care, lower costs

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Characteristics of State Health Care Innovation Plan

- Demonstrates how the state will coordinate state health care and public health programs, such as licensing, accreditation, health departments, insurance oversight, educational assistance, publically supported provider entities, etc. all aimed at delivering improved health, better healthcare experience and reduced costs through improvement
- Represents a state's comprehensive approach to move the preponderance of care from volume-based models to models that reward better health, better care, and lower cost through improvement
- Includes multi-payer payment and service delivery models the state plans to test
- Develops community awareness and engagement to improve health and health care with reduced costs

Areas to consider when developing a proposal

- 1. Present a compelling case for State Health Care System Transformation**
 - Position state to move preponderance of care from a volume-based (FFS) system to a value-based accountable care system
 - Build capacity to improve care and population health -- and reduce cost.
 - Engage multiple payers
 - Integrate other Affordable Care Act initiatives and policy levers into model design

- 2. Provide evidence of ability to monitor and improve health system performance.**
 - Use cost, quality, population data collection and performance data analytics and performance accountability
 - Use innovative health information technologies

- 3. Ensure the support of partners and providers**
 - Develops a shared vision for delivery system reform
 - Engages broad group of stakeholders, including providers and consumers, in the health system redesign
 - Includes plan to transform clinical and business models for state supported providers

A reformed delivery system will support and reward those who deliver improved health of populations

Acute Health Care System

- ✓ High quality acute care
- Accountable care systems
- Shared financial risk
- Case management and preventive care systems
- Population-based quality and cost performance
- Population-based health outcomes
- Care system integration with community health resources

Coordinated Seamless Health Care System

- High quality acute care
- ✓ Accountable care systems
- ✓ Shared financial risk
- ✓ Case management and preventive care systems
- ✓ Population-based quality and cost performance
- Population-based health outcomes
- Care system integration with community health resources

Community Integrated Health Care System

- High quality acute care
- Accountable care systems
- Shared financial risk
- Case management and preventive care systems
- Population-based quality and cost performance
- ✓ Population-based health outcomes
- ✓ Care system integration with community health resources

States may apply for one of two types of awards

Description

Funding Amount



Model design

- Provide financial and technical support to states to for their planning and design efforts
- Plans will be comprehensive and include multi-payer payment and delivery system models
- Models should strive to move states toward community-led integrated care strategy and promote improvements in cost, quality and population health

- \$1-3 million per state
- Support for up to 25 states



Model testing

- Provide financial and technical assistance to states that are ready to implement a State Health Care Innovation Plan, including testing and evaluating-multi-payer, outcomes-based payment and delivery models
- Second round of funding anticipated in spring of 2013

- \$20-60 million per state, over 3 years
- Support for up to 5 states
- Three year testing period
- Non-selected states may qualify for pre-testing assistance

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Model Design Application Package

- Governors Letter of Endorsement
- Program abstract
- Project narrative
 - State Health Care Innovation Plan
 - Stakeholders engagement
 - Public and private payer participation
 - Project organization
 - Provider engagement
- Project plan and timeline
- Budget narrative and itemized expenditure plan
- Financial analysis
- Letters of support and participation from major stakeholders
- Standard forms

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Model Testing Application Package

- Governor's Letter of Endorsement
- Program Abstract
- State Health Care Innovation Plan

The proposal should describe the following:

- State's Health Care Innovation Plan Testing Strategy
- Letter of support from other payers and stakeholders
- State's plan to actively engage and obtain commitment from community stakeholders
- Budget narrative and operational plan
- Plan for performance reporting, continuous improvement, and evaluation Support
- Project plan and timeline with milestones
- Financial Analysis (application includes financial template)

Model Testing Tracks

States may request Medicaid waivers and/or Medicare payment alignment to support proposed payment and service delivery models.

Description



Track One

- Proposals that do not require Medicaid waivers or additional authority
 - Utilize existing Medicare payment and service delivery models
 - Will receive preference in the round one selection process.
 - Will be able to begin testing within six months of award of the cooperative agreement.
-



Track Two

- Proposals that require Medicaid waivers and/or new Medicare payment and service delivery models from the Innovation Center
- Authority will be managed through a clearance process
- Additional six months will be given to complete state proposal and for it to be cleared and approved
- State is responsible for development of detailed proposal

Model Pre-Test Award

Criteria for Pre-Test Award:

- States applying for Model Testing awards *may* receive pre-testing assistance ranging from \$1-3 million if they do not qualify for a full Model Testing award in the round one.
- The eligibility standards, deliverables and other requirements for pre-testing assistance awards are based on the review of the state's Model Testing application.
- States awarded a cooperative agreement for a pre-test award must resubmit their improved proposal as part of round two model testing

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Managing Performance Analysis, Measurement, and Improvement

States must have a data driven performance improvement and measurement process that supports rapid cycle improvement

- States should identify how they plan to implement data collection, analysis, and improvement processes
- States must demonstrate that required claims, encounter, administrative, and clinical data will be made available to CMS
- States must set target performance expected for Medicaid, CHIP, Medicare and other payers from the payment and service delivery models

Model Test Performance Evaluation

The proposal should:

- Describe the state's strategy for delivering performance improvement
- Explain how the state will coordinate with the Innovation Center evaluation contractor
- Describe the state's commitment to continuous learning and the adoption of best practices
- Describe the required data, expertise, or analytical resources that the state will request from CMS to monitor performance

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Medicare Data Resources

- CMS has released aggregated Medicare FFS data at the state (and hospital referral region) level
- Available data include:
 - Demographics and disease prevalence
 - Spending and utilization (by service category)
 - Quality (readmissions, ED visits, avoidable hospitalizations, hospital compare)

<http://www.iom.edu/Activities/HealthServices/GeographicVariation/Data-Resources.aspx>

Other Resources

- Community benefits/community building IRS requirements for non-profit hospitals
- National Prevention Strategy
- National Quality Strategy – Consensus statement on quality in public health
- Community Development Investment Programs
- ADRC grants (ACL)
- Community Transformation Grants (CDC)
- Coordinated Chronic Disease Program (CDC)
- Medicare Data

Resources Available To States Awarded a Cooperative Agreement

An Innovation Center Project Officer will be assigned to each state and will have substantial involvement in supporting states with:

- **Technical Assistance**
- **Model Design and Testing Collaboration**
- **Model Design Evaluation:** Qualitative case studies for each state
- **Model Test Evaluation:** Innovation Center staff will work with states on data collection and performance monitoring to support the evaluation process
- **Performance Management:** Innovation Center staff will monitor State progress and performance against the Model Testing Work Plans and performance targets
- **Collaborative Learning and Training Opportunities:** The Innovation Center will host opportunities for multi-state collaborative learning and skills and competency specific training and/or networking

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Prohibited Uses of Cooperative Agreement Funds

States may not use funds:

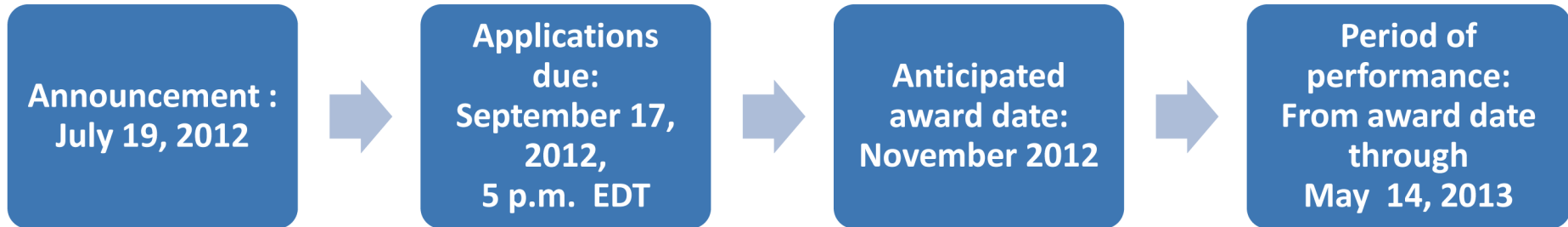
- To match any other Federal funds
- To provide services, equipment, or support that are the legal responsibility of another party under Federal or state law
- To supplant existing Federal state, local, or private funding of infrastructure or services
- To be used by local entities to satisfy state matching requirements
- To pay for the use of specific components, devices, equipment, or personnel that are not integrated into the entire service delivery and payment model proposal
- To lobby or advocate for changes in Federal and/or state law.

Application Format Requirements

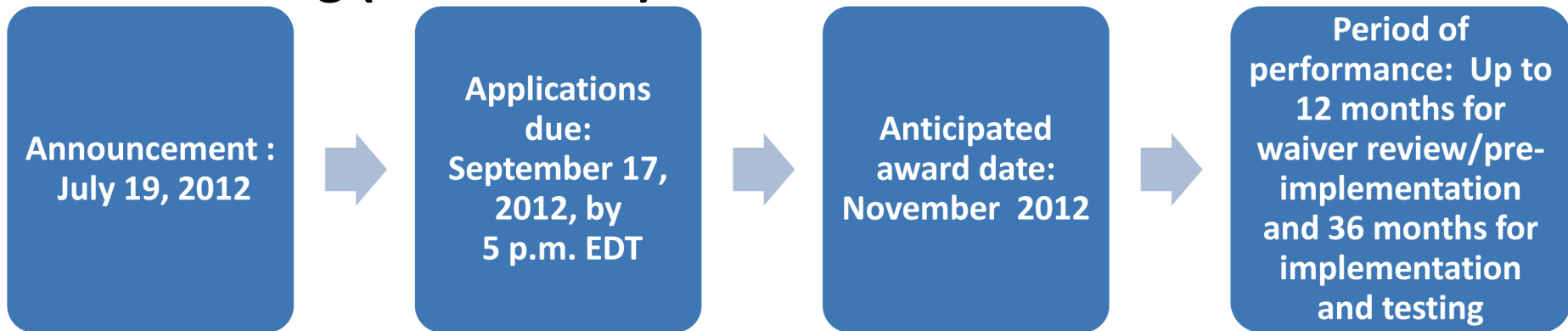
- Applicant must be the Governor's Office
- Applications must be received by 5:00 ET through <http://www.grants.gov>
- Model Design 35 page limit
- Model Testing 65 page limit
- Standard forms, letters of support and Innovation Plan are exempt from the page limits
- Identify Employer ID Number and Dun & Bradstreet number
- Formatted for 8.5" x 11" letter sized paper with 1' margins 12 point font, narrative portions must be double spaced

Award Timeline

Model Design:



Model Testing (Round One):



Schedule of Additional Webinars

- Webinar for Governors' offices on Model Design Proposal Development – August 14, 2012
- Webinar for Governors' offices on Model Testing Proposal Development – August 15, 2012
- Webinar and Demonstration on Medicare Analytics: TBD

Additional Information and How to Contact SIM

- Additional webinars will be scheduled for state policy makers – these will focus on Model Design and Model Testing
- Submit questions to stateinnovations@cms.hhs.gov
(Note: States may wish to create a similar in-box for your stakeholders)
- FAQ will be updated and posted to the Innovation Center website at innovation.cms.gov
- Additional information is available on our website:
<http://www.innovation.cms.gov/initiatives/state-innovations>