Center for Medicare & Medicaid Innovation
State Innovation Models Initiative
Overview for State Officials

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Please note: The transcript for this activity is based on the actual webinar recording. Minimal editorial/formatting changes have been made to the transcript text.

Moderator: Good afternoon, ladies and gentlemen, and welcome to the Innovation Models Initiative Overview for State Officials hosted by the State Innovations Models Initiative Team at the Center for Medicare and Medicaid Innovation. All participants are in listen-only mode throughout the presentation.

We will be taking participants' questions live via phone and also via the chat box feature. You may ask a live question by pressing one followed by the four on your telephone to enter the operator assisted queue during the question and answer session. You may exit the queue by pressing one followed by the three on your telephone.

The Operator will first introduce you by name and organization, and then you may ask your question. You may also submit questions via the general chat feature at the bottom of your screen at any time. As there will be many more questions than we have time, we will be answering selected questions at the end of the event following the conclusion of the slide presentation. I will now turn the conference over to J.D. Urbach with the Center for Medicare and Medicaid Innovation. Thank you.

J. D. URBACH: Thank you, Benjamin. Good afternoon, everyone. Thank you for joining us. We're here at the CMS Innovation Center, and we are excited to share additional information about the State Innovation Models Initiative which was announced on July 19th. This webinar is intended for governors, staff and state officials to help give you more insight as your state plans and prepares an application for either a State Innovation Model Design Award or a Round One Model Testing Award.

Just a few items to start. This webinar is being recorded and will be posted on the Innovation Center's website within a week. The transcript and slides of today's webinar will also be posted, and it's where you'll find material from our overview webinar which was held July 26th available as well, and that website in innovations.cms.gov. As an aside, there's a lot of good information at that website including information on the Strong Start Initiative which can be found in the What's New section on the left or under the What We're Doing drop down at the top of the page. And again, that site is innovations.cms.gov.

During today's webinar if you'd like to submit a question, you can do so through the chat box at the bottom of your screen, and we anticipate having plenty of time at the end of the presentation to take your questions over the phone as well, and Benjamin, our operator, will again provide those instructions at the conclusion of the presentation.

Today, you will be hearing from Jim Johnston who's the program lead of the State Innovation Models Initiative here at the Innovation Center, and Jim will provide a brief introduction of the initiative as well as give you some additional information about state health care innovation plans, model design

planning and awards, first round of model testing and ongoing performance improvement and model evaluation as well as resources available to you during the process and next steps.

Again, after Jim is finished, we will take questions. And if you find yourself with questions after this webinar, you can always email us. Our email address is stateinnovations@cms.hhs.gov. And again, if we don't get to your questions, you can email them to stateinnovations@cms.hhs.gov.

Lastly, before we begin, I'll also state that CMS will be conducting additional calls on August 14th and 15th for state officials. These are intended to provide a deeper dive into the model design and model testing tracks of the initiative. More information will be forthcoming on how to register for these webinars as well. And with that, at this time I will turn it over to Jim Johnston.

JAMES JOHNSTON: Thank you, J.D., and I want to extend my thanks to everyone for joining us today. This is the second in a series of webinars that we're going to be doing for state officials through the governors' offices as we roll out our state innovation models, and we're very excited about this new initiative and looking forward to partnering with states as we develop these.

This session will cover many of the same topics we did just at the first overall webinar, but we will provide a lot more in-depth information on them and including an overview of the evaluation process we'll be doing and some of the resources we'll make available to states as they proceed with the planning and testing process.

I'm going to start with some background information just on the Innovation Center, who we are and an overview of our state innovation models. Then we get into the specifics of what we're going to be offering, and, as J.D. had mentioned even in our introduction, we're going to be offering two types of awards – model design and model testing. And our goal at this is to meet states wherever you are in the process. If you're ready for testing and you've already put together a plan, we'll start there. If you want to start working on those designs, we're willing to provide opportunities for that, too. And our goal at the end of this session is you have a pretty good sense of which way you might want to proceed.

I will turn it over to a couple of special guest speakers today when we get to particular points in the program, one on evaluation when Jennifer Lloyd will stop in and one on some of the resources we're going to make available to you including Medicare data, and Allison Oelschlaeger is with us to help with that. So we'll finish with the next steps to include more details of the next webinars and also the next steps of your process of applying.

All right, we've got one question already in the box about a phone number for the audio, and I believe there is a number for that and that number is 888-228-0595. So if you're having trouble with the audio, try 88-228-0595. And with that, we'll start with our first slide which gets really into the fact that our current health care system in this country is in transition right now. As I'm sure many of you are aware of, the current system while we provide the best acute care in the world and bar none, we have had issues with uncoordinated care within a fragmented system with highly variable questions and getting the same care wherever you go, unsupportive of patients and physicians and unsustainable in terms of cost. It's currently getting close to 20 percent of GDP, and we need to change that.

So really to summarize these, we've got uncoordinated health generally for the population, unsupported health care at an unsustained cost. And the future system we're appointed to and committed to here at CMS is to create a system that flips it from this really volume-based fee-for-service oriented system to one based on value. And by doing so, that will reward providers for doing the right thing and doing what

they know and striving every day to get to better health, better health care and, by doing so, lower cost for patients and general populations as really our three main measures of success here – the better health, better health care and lower cost. And we'll return to that as a touch point throughout this presentation and really throughout all of our work here at CMS and certainly here at the Innovation Center.

This goal – this transition applies to everything we do, and it's embedded in everything we want to see in the state innovation models as we go forward. Getting one or two of the three parts is not enough. We really are looking for all three and looking specifically at the state powers you can bring to the table to do that to drive this transformation and support providers as they strive to make these changes in this value-based purchasing.

The Innovation Center was created in the Affordable Care Act. It's formerly known as the Center for Medicare and Medicaid Innovation abbreviated as CMMI or sometimes just CMI. It was created by Sections 30.21 of the Affordable Care Act for those of you keeping score, and that section of the Act created 11.15A of the Social Security Act, and this phrase up on top comes straight out of the law in 11.15A and it summarizes our purpose. And the purpose of the Innovation Center is to test innovative payment and service delivery models that are going to do – will reduce program expenditures for Medicare, Medicaid and CHIP while preserving and enhancing the quality of care furnished. And we really are looking for models in this demonstration that will hit all three of those markers for Medicare, Medicaid and CHIP. And the section goes on to say and it isn't in this quote here, "That in selecting these models, we're going to give preference to models that also include the coordination of care, the quality of care and the efficiency of the health care delivery." To do that, we have a $10 billion budget which runs from 2011 through 2019, and the Secretary of the Department was given the authority to expand and replicate successful models throughout the country at a national level, or it could be something less than national if it's appropriate depending on what we're seeing. But we do have the opportunity to scale those through the authority here at the Department And again, as we're measuring that success, we're going to always come back to those three touch points of health care, health and lowering cost.

This next slide takes us to our goal, and this is really where we're going to take the general framework I mentioned for the Innovation Center to do that testing and bring it down to the Center just the approach you want to have for the state innovation models. And our goal here is really to partner with you and the states to develop, starting with state innovation plans, and we're going to talk about that as the first major topic area as we get into the slides. What are we talking about when we say we want to see a state health care innovation plan. Now some states are already fairly far along into developing these plans. We'll go over that in more detail. And testing – again, that's everything we do at the Innovation Center is built around the test. In fact, the innovation itself is really an outgrowth of the Office of Research and Demonstration that we used to have which is now embedded within the Innovation Center and informs a lot of the work that we do. But it's all going to testing the impact of this new payment and service delivery models in this case in the context of these state health care innovation plans and bringing the state tools you have, the policy levers and regulatory authorities you have to help accelerate and improve these changes, bringing in a broad group of stakeholders and we'll get into more detail about just how broad we're thinking and in a multi-payer approach, and these plans and models have to be multi-payer. I'll get into more detail in that as we go forward.

Again, we're looking for the ability to identify effective models that could be replicated and coordinated with other state actions that you're doing and other federal actions that we're doing with other

initiatives. Our specific hypothesis for this model that is that these new payment and service delivery models that you're going to be developing and that we're working on here – and we do want to align those. I'll talk more about that as we go forward. But as we do that, they'll be more effective and produce better outcomes quicker when they're implemented as part of a broad based governor-led statewide initiative that's going to bring together multiple players, many stakeholders and use the levers available to state government.

In doing this, we want to work with you because states have unique powers, and that's really what we're getting at. As Secretary Sibelius says to summarize this and as she directed us as we were developing this initiative, she mentioned as a former governor, she's seen what states can do, and those with great laboratories there are innovations that we can put into practice nationwide, and that is in a nutshell what we're after here with the state innovation models.

As we do this, we want to look at the specific payment service models we do have and then put them within that larger framework of health care transformation. We are again and we've got a number of questions on this that have come in either through our email box or came up in the last webinar, are we really looking for all three programs. Indeed, we are. Medicare, Medicaid and CHIP and other payers, too. It has to be multi-payer, and the goal is to create these multi-payer models with that broad mission of raising the community health status and we do see long-term health care costs and risks for beneficiaries of the program we have here at CMS and reaching out beyond that to other payers and populations in your states.

We've also got a number of questions on what leverage are we talking about, and this slide is meant and this was also included in our first show if you caught that. But it is meant to be illustrative. These are not the definitive lists. These are just some examples of things you can use. A precursor to even getting into these levers would be developing that statewide health care innovation plan. Once the plan is put together, you can think about the levers that would fit within that to accelerate that change and make those transformations.

Certainly, we're expecting the models will have new payment and service delivery mechanisms that will be included in that applying to our programs here at CMS – Medicare, Medicaid and CHIP but also private insurers and some of the alignments you can do there. That could be accountable care organization, ACOs, where those payments could be some kind of health home or medical home, could be a combination of all three on the fact it does not have to be limited to one model. We're not expecting it to be limited to one model.

We want you to convene a number of payers and other stakeholders to put that together. We're really looking for a very broad array of community outreach there as you do that. And to help shape the workforce for the future in health care, Herzog Curling(?) has been doing some healthcare transformation in terms of work force. We want you to look at that. Look at the states' graduate medical programs that you're funding now, assistance you offer through loans and grants and how you can fit that together in a package that would help make that transformation. Again, your public health system, and we are looking for the health care innovation plan and the models you develop within those plans to reach into public health programs, align with that, coordinate those activities into your broader programs and certainly bring in behavior health services as we're doing that to create a value-based clinical and business model for that either through ACOs, bringing maybe into managed care plans in your state. There's a variety of different unique models you might take to get to that goal but to somehow make sure that you're integrating behavior health into what you're doing.

So again these are just examples. Other things could be more educational assistance. We had a question are we talking about at the K-12 level or at post-secondary, and a lot of the examples I just mentioned would be obviously graduate education is going to be at that level. But if a state is looking at something at the K-12 level, we'd want to see those models, too. So certainly think broadly as you look at that. It could be use of Medicaid supplemental payments which you're doing with that or again with your insurance marketing what you're doing with your insurance in your state. So all of those could be included in these plans also. But really think broadly about those levers.

This slide is a nice summary of the activities that would need to be completed to really get into a state testing environment. So you'd have to be engaging with a broad group of stakeholders, and by that we are really thinking very broadly. So not just your payers and normal providers, but state and local public health agencies, tribal governments, legislative leaders, state health IT coordinators beyond just the normal medical societies, the hospital associations. Be working with developmental disability groups, substance abuse, public university and hospital academic medical centers, consumer groups, consumer advocates, employers, a wide variety of groups that we'd like you to bring in and work with as you develop these plans and then as you develop the models.

As you do that to create payment and service delivery models, you want to align to get from this again volume-based to value-based system integrating the care, which I mentioned before, using those levels, aligning with other initiatives we have here at CMS. We'll talk about that more especially when we get into Track 1 and 2 of the model testing. But we are looking for you to be aware of our other initiatives. We have a number of them that we're currently implementing in terms of accountable care organizations, bundled payments, primary care. We want to look and see how you're thinking in your state to align and use the – take advantage of what's already on the table there, demonstrate the model is sustainable and scalable. We do models that, again, we can replicate in other states, and we want to give you the tools and help you as you monitor your progress during this test period and beyond that to continue to achieve better health, better care and lower costs. So all of it needs to complement and come together in terms of the state health care innovation plans we're looking at, and that's what we'll talk about next when we get into this – what we mean by those plans.

We got a number of questions about what the plans entail. It is summarized some in the funding opportunity announcement. If you haven't, please take a look at that. But what we're really looking for and the characteristics that these plans need to entail is to demonstrate how this coordination's going to take place in your state and think broadly about the various levers that the state would use to help accelerate that change. It could be your accreditation system, licensing for healthcare professionals and facilities, health department, insurance regulation and oversight, educational system, as I mentioned previously. Pulling that all together in an overall coordinated plan that will lead to better community-based outcomes.

What we want to see there is a preponderance of care that's going to move from that volume-based system to one that is value based, and we had a couple questions asked, too. What do we mean by preponderance. We mean most of the care in your state, a multi-payer environment is going to move to this new value-based system that you're creating due to the state health care innovation plans. And in doing that, you definitely have a multi-payer approach both for the plan and for the specific payment and service delivery models and one that will raise community awareness and certainly engage a variety of community stakeholders as you develop those plans.

Areas to consider as you're doing this include presenting your case for health care transformation in your state, and we do expect that these will vary by your state. We understand that states are unique in

many ways in what you're doing will help seed the plan for your state. And again, some states have already completed this work. So in those cases, we're going to ask you to submit that plan. Other states who are more in the design phase, we're going to ask you to talk about your approach to groups that you would want to talk to, to develop such a plan that will build that capacity and engage those stakeholders and payers and, again, integrate with other affordable care activities, especially ones here at the Innovation Center but also beyond that into other initiatives here at CMS. A number of states are looking at, for example, the new state plans for health homes. That would be an excellent thing for you to coordinate into what you're doing with your plans. It could be other things even throughout HHS here that would get into what you're doing through CEC and HRSA. We're going to give some of those examples again later on, but a broad array of both state and federal coordination as part of that plan. The evidence you have on how you're going to do this to monitor and improve the health care system, we will ask as part of, especially for the states who come in for model testing for you to give us some financials so that we can take a look at the data you currently have so that we can work with you and improve that data in terms of measuring quality and cost and population data and analytics that go into that. And we're going to prepare to offer you a lot of Medicare data to help you on that side of that equation.

And then to ensure that you're going to have the support of your partners and providers as you (1) develop these plans but then as you get into implementing the specific models for both payment and service delivery, engaging the stakeholders and developing these plans you're going to work from a clinical perspective.

So what might all this look like as it pulls together? As I mentioned before, we currently have the best acute health care system in the world, and that kind of starts us on the left side of this screen where we have a high quality acute care system often in a fragmented fee-for-service based system that doesn't get into value as much as volume. And so the middle step there would be the coordinated seamless care where it goes beyond just having a high quality acute care where we're starting to get into accountable care systems, some kind of risk sharing, at the very least game sharing but preferably full risk sharing, some kind of case management that goes with that. And that's where we think you as state officials and state governments in your ongoing relationship with your stakeholders and across your systems have the ability to accelerate this performance and evolve from these acute care systems and the coordinated systems. I'm going to work with you guys to do that to bring the coalition of payers, providers, employers, community leaders, service organizations, consumers into that mix to develop these plans to get you into a coordinated system. And for states who have already done those efforts, move into a community integrated health care system that would fully integrate that and get into population health measures both in terms of outcomes and quality and a full integration that reaches into the community system and you're developing that.

So on this slide if you're more to the left thinking about your acute care system and trying to slide into more of a coordinated seamless care model, that would probably put you more into the model design phase. If you're already completed that seamless health care approach in the middle, are fairly far along and want to move to the community integrated health care system, that would probably put you more into the model testing. So that might be one way along this spectrum as you're thinking about where your state fits in terms of whether model design or model testing might be best for you.

To do that, again our goal here is to meet you wherever you are in that process. And to do that, we're going to be offering two types of awards – model design for the states that are going to be on the

planning side and model testing for states that are farther along and really want to get into testing models they've already developed.

A total of $275 million is included in our initial funding opportunity announcement that was made on the 19th. That breaks down to $50 million per model design. Individual state awards range from $1 to $3 million, and we're providing support for up to 25 states. This will provide support for your technical assistance, some financial support – again $1-3 million, and what we want to see come out of that is a comprehensive health care innovation plan and your approach for how you'd be looking at multi-payer payment and delivery models that would move again the preponderance to mean most of the care in your state to these new payment models.

We also have model testing. These are for states who can commit with their application a state health care innovation plan they've already put together and are ready to test specific models. And in that case, we have $225 million available for model testing. Now that would average out to about $45 million per state if you did it that way. But the awards range from $20 million to $60 million over the course of the award, and that could range from 42 to 48 months – three years for testing, but it would range beyond that in terms of the pretesting period which I'll go into more detail. That would be up for five states for full model testing awards.

Now in this case states who applied for model testing but didn't qualify might qualify for pretesting assistance, and I'll talk more about that in a moment. But those are the two types of awards we're offering. Let's move to the next slide, and we're going to first talk about the model design process.

This list that's up on the screen, if you go to the upper right, this is really what's detailed in Section 3 on your eligibility requirements that you need to submit to us. So it starts with that letter from the governor endorsing the project, making the governor's office the applicant. There's a project abstract that briefly summarizes it and then your project narrative which is really the heart of your approach to how you want to think about engaging a broad group of stakeholders to develop this state health care innovation plan. Those will include public and private payers as well as providers, your timeline, your budget, a financial analysis we're going to ask you do at a very high level for the design work, and then letters of support and participation from the major stakeholders – again, both payers and providers and other community groups, and there are standard forms that go with any funding opportunities that we do and those would have to be completed, too, that get into a lot of the mechanics on your operational budget as you put that together.

All of this criteria on this application package tie to the scoring that will be done by an independent review panel here at CMS to score the proposals as they come in. So that's what you need for the model design process. And again, next week we'll have a much more detailed session going just step by step on the model design application and what you need to do for that. But here's an overview of the model design. And states who are ready to -- haven't completed a model state health care innovation plan and might not know which particular models you want to proceed with, if you're in that situation, model design would be the way to go.

The other alternative would be model testing. The application for that starts really much the same way. We want to see that letter from the governor endorsement of the plan – the governor's office as the applicant in the applicant abstract which has the summary information. But you should – you will need to include your state health care innovation plan. That has to be part of the package you submit for your model testing application.

Then beyond that, we want to see your specific testing strategy, the models you're going to be using, the letters of support and participation from the payers and stakeholders in your state. Are you going to actively get that commitment and engagement with those community stakeholders, your budget plan, how you're going to be your – a lot more detail into your evaluation both at the state level and how you're reporting with our national coordinated evaluation that we'll be doing here at the Innovation Center, the timelines you're going to have for that and again a national analysis sheet. And in this case for model testing, those sheets would be in a lot more detail where we're going to ask you really to go almost category by – well, we will be asking you to go by category of service to give us more detail on your financial plans and how you think that would play out. A lot more information that is required for the model testing. Again, all – this is really a summary of what's in the application package of what you would have to submit, and then we would score against these criteria.

Now we'll have two tracks for model testing for the five states that we select. Track 1 is for proposals that will be submitted that do not require sets of new Medicaid waivers or new additional authorities under Medicare. These will be ones which align very closely to models they've already put out there. We have the pioneering COs. We have the MSSP Program for Medicare. We're going to have the Advanced Payment Cos coming out shortly. Here at the Innovation Center, we have the Comprehensive Primary Care Initiative. We also have the MACPC Primary Care Program. As I mentioned previously, the Medicaid Home Health SPAs that a number of states are taking advantage of – all of those kind of activities, if you're going to align with something that's already out there would really put you into a Track 1 scenario, and we have a preference for Track 1 because that would obviously align with the things that are already going on and testing currently.

In that situation, we'd give you six months to do your pre-implementation work and then start a three-year test period. So it would be a 42-month award period for Track 1 model testing phase. Now we understand that some states might want to submit requests that involve brand new waivers under Medicaid or new Medicare payment and service delivery models, new authorities that you might be looking at. We encourage you if you are interested in that, you can proceed with that. That would put you, though, into a Track 2 situation we're calling it where we would have an additional six months that would give you more time to do more of your preparation work and give us time to carefully consider the request you're making for either Medicaid waivers or Medicare alignment with your model. And after that six months, we would proceed with that. And at that point, assuming it worked, we would proceed with that six-month pre-implementation period that the Track 1 states had and after that start the three-year test period. So it adds an additional six months to the time period for the award for Track 2 states. So that would be a full 48 months for the Track 2 model testing situation. So six months for the waiver or authority review period, then followed by six months for pre-implementation followed by the three-year test for Track 2. Track 1, just the six months for the pre-implementation period moving to the three-year test period. So those are the two tracks we have for that.

It would come through the same way. You would be asked to complete the same information in your application. But depending on what the state was requesting would determine if it was something aligned closely with our existing models, it was going off in a new direction that would require additional work.

There would be some states, we'd think, that might apply for model testing. Again, there will be only five awards given out for model testing that are close but need some additional work either on their state and health care innovation plan or on the model. In those situations, these states may receive what we're calling pre-testing assistance. This would be in the range of $1 million to $3 million if they

qualify for a full-test award in round one on – these states would request for a model testing work. So it's a longer application. We're requiring you to submit your health care innovation plan as part of that. You submit your models that you want to be testing for payment and service delivery. But it's just shy of the mark but worthy of further consideration for that. And in those cases, well, we may offer these pre-testing assistance awards.

This is not the same as – we got some questions on this as model design awards. To the extent we give out pre-testing assistance awards, we'll deduct that from the number of model design awards you might get. So as I mentioned before, we will have up to 25 states under model design. If we gave out a number of pre-testing assistance awards, that would diminish the awards we do under model design. It would come out of that $50 million pot we've set aside for model design, too. So that's where these awards would be funded from. But the criteria to be eligible for this tees off of states who submit for model testing work.

These states will have six months to complete that work as with the model design states. At that point, we are anticipating – we are expecting to do a second round of model testing which would be sometime next summer for states who received model design awards to come back, show us the health care state innovation plans they put together and their models and also for states who received pre-testing assistance awards to come back and resubmit for model testing in that second round.

As part of the model testing, we are asking states to do a lot more in terms of managing the performance and coordinating with our evaluation. And again, it actually begins and I can't emphasize this point enough – I want to emphasize it yet again. In terms of testing, we are here to test those models, and it all comes down to the evaluation. And Jenny Lloyd is here from our evaluation unit to go through a little bit more detail. We'll follow up on this more in the next two seminars. But just to give you an introduction to the types of evaluation we'll be looking at.

JENNIFER LLOYD: Yes, as Jim has mentioned, testing is a key feature of this initiative, and therefore states must have a data-driven performance improvement and measurement process that supports rapid cycle evaluation.

States are expected to play an active role in monitoring the performance of the proposed model to ensure improvements and goals are achieved. Therefore, states must collect and monitor program data. Monitoring and continuous improvement will occur throughout the testing period of the model and not just as its completion.

In the application, states should identify what data they plan to collect and on which populations. This may include claims and encounter data, administrative data, and clinical data on program participants. All this data must be available to CMS.

Applications should include target performance expected for CMS populations including Medicaid, CHIP and Medicare. In addition to continuous improvement monitoring conducted by the states, there will be a federal evaluation conducted by a CMMI contractor, and states should be expected to work with this contractor.

In terms of applications for model testing states, proposals should describe the state's strategy for delivery performance improvements. States should explain how the states will coordinate with the Innovation Center evaluation contractor. They should describe the state's commitment to continuous learning and the adoption of best practices.

Lastly, the proposal should describe required data, expertise or analytic resources that the state will require from CMS to monitor performance.

JAMES JOHNSTON: Thanks, Jenny. Again, we will get into more details on the evaluation. But the federal evaluation and the continuous improvement we're expecting the states in model testing to engage in when we get into the model testing webinar next week. So that's to give you some overview so you can start thinking again about which direction you might want to proceed with model design or model testing. But for model testing, we are expecting you to work with us as we evaluate those test models and work that you would do at the state level to engage on this continuous improvement process.

Now to help you do all that, we are going to be providing a number of resources to states. Starting with Medicare data and this Medicare data resources will be particularly important for models for states who are going to be submitting applications for model testing because in our financial template we're going to ask you to complete, we are asking you to complete it for Medicare data in addition to your Medicaid and CHIP populations as well as your commercial populations to the extent you can get that data.

And to help you on the Medicare side of it, we are going to make some resources available. And Allison Oelschlaeger is on the line to give you a little bit more information you can get from the Institute of Medicine. Allison?

ALLISON OELSCHLAEGER: So this data is aggregated data that CMS has put together. It was requested by the Institute of Medicine for their geographic variation analyses, but it's available to the public. It's aggregated at both the state and the hospital referral region level, and it includes things like demographics, disease prevalence, spending by service category, so inpatient/outpatient, the various physician Part B services as well as utilization by service category and then a number of quality measures including readmissions, avoidable hospitalizations. We take the hospital compare data and roll it up to the state and HR level.

And this is just one of the many data resources – Medicaid data resources that CMS makes available, but it's publicly available and it's free. If you don't already know, CMS also allows states to request Medicare data, claims level data. But that's not available for free. But if you're interested in that, if you go to RESDAC – www.resdac.org, that's where you go to request actual claims level data. But the IOM data on the IOM website is available for free, and it has everything that you'll need to be able to fill out the SIM applications.

JAMES JOHNSTON: Thank you, Allison, yeah. And so check out the Institute of Medicine site, and again that will give you what you need on the Medicare side. It is fee for service data. It doesn't have the advantage plans in there. But you can find out to the hospital resource regional level the data – the fee-for-service level for Medicare. So there's quite a bit out there actually, and I encourage you to look at that.

As Allison alluded to, there are other Medicare data resources that we are going to make available to states, and we are planning at this point to probably have another session focused just on Medicare data resources that would be available for you, and we'll get you more information on that as that develops.

Other resources we have include coordinating with a variety of other initiatives. Many of them stem from the Affordable Care Act. There's new requirements for your nonprofit hospitals. This is

nationwide, but obviously it would apply to the nonprofits in your state, too, under the Community Benefits and Community Building requirements that the IRS is currently working with on that. There are community plans that hospitals are – nonprofit hospitals have to complete, and that could fit into perhaps your overall health care innovation plan as you put those together. But it's another resource you can look at in terms of how your nonprofit hospitals are preparing these plans and demonstrating their community benefits and often community building programs now.

The national – we urge you also to look at the National Prevention Strategy and the National Quality Strategy as you're developing these plans for measures and coordination with other activities. The Community Development Investment Program, this is through the Federal Reserve Bank, and they are devoting a lot money – billions of dollars – to community investments and reinvestments in distressed neighborhoods in particular and with a focus of some of that money specifically on health care improvements in those communities. And, again, another excellent resource – we'll provide more information in the later webinars on that. But if you have questions on that in particular, send them to us and we can get you more information on the community investment programs and in particular some of the work that the Federal Reserve Banks are doing.

As I mentioned in the overview webinar we had back on the 26th, the Aging Disability Resource Center –- ADRC grants, I think they've been awarded now. But the Administration for Community Living has a number of opportunities where you can coordinate with your resource centers in your state. And, again, that should be part of your overall health care innovation plans as you're thinking about how you can make use of the ADRCs to coordinate that care and provide that kind of upfront often one-stop shop to help folks determine the resources that will be available for them for the aging and disabled.

Community transformation grants through the CDC at both the state level and I know some of the folks in the course have received that as well as communities. That's an ongoing process. The Coordinating Chronic Disease Program that's been put out, and as Allison alluded to, we have additional Medicare data that we can make available to you and we can follow up with more on that. So we're going to have a variety of general resources throughout the Department of Health and Services that we want to make available so that we can help you coordinate those plans as you go forward.

Specifically, to the state innovation models through the Cooperative Agreement, we will be providing technical assistance to states as you develop both your model design or your model testing. We're going to be creating collaborative arrangements between the states who participate at both levels and across the levels. As Jenny Lloyd mentioned, the model design evaluation and model testing evaluation will be working with states as you develop those. The design will be far more qualitative. We're going to be doing case studies to see what factors help you develop the plans, bring the stakeholders together. Model testing there will be a lot more quantitative as we look at the data that you collect, the performance monitoring that takes place. And as part of that performance, management that goes into that will be doing ongoing work here but also help you with the tools, and we want to make sure that you have what you need to continue that process of continuous improvement after the testing period.

Everything we do here at the Innovation Center, we want to look at collaborative learning and training opportunities, and we're going to be weaving that into everything we do so that the opportunity for workshops once we collect the SIDS(?) coming up in the fall and ongoing opportunities for learning and training both for the states actively involved in the state innovation models and then out of that best practices as we go forward.

So we're going to wrap up with some of the next steps and what you need to do and what you can't do. I'll start with what you can't do, and that starts with really prohibitive uses for the funds. We've actually got some questions on this. Similar to most of the federal funding that's made available to states, it cannot be used to match other federal funds. And no supplanting is allowed, and no duplication allowed. So you can't use it to provide services, equipment and other support that's legally the responsibility of the state or some other party under state or federal law. It can't be used to supplant funding, and that includes the federal share that you might have local units of government in your state use as matching funds, say, for Medicaid or other uses. It can't be used to supplant any federal, state or local private funding for infrastructure services or the federal match that you might have local units of government in your state do. It can't be used to pay for anything that isn't directly related to this proposal, and it cannot be used for lobbying or advocacy activities for changes in state or federal law. So those are some of the prohibitive uses. They're specified in greater detail in the FOA. If you have questions on that, please let us know and we'd be glad to get you more information on general prohibitions on use of funds made available for this.

In terms of the application format and this really kind of gets into the weeds but it is vital information and things you need to be aware of for whoever's putting your application together. The applicant again is the governor's office. The applications must be received by 5:00 p.m. on the date it's due, and again that timeline is in the next slide. They have to be submitted electronically at www.grants.gov. We will not acknowledge – we will not read things you might send in in paper. It has to be submitted through grants.gov.

The page length for model design applications is 35 pages. Most of that is devoted to your narrative on your project plan – how you would go about bringing together your stakeholders and developing the state innovation plan and how you would approach the models you think you might be interested in.

Model testing is quite a bit longer – almost double, 65 pages. Again, most of that is devoted to your project narrative but also your budget narrative as you develop and tell us a lot of detail about your plan that you want to do for your model testing and model in both payment and service delivery.

Now there are a number of standard forms, mainly the budget forms that are required. We are looking for a number of letters of support and really letters of participation from your payers and providers in your state and, of course, the state health care innovation plan that we're looking for. Those pieces of supporting material are exempt from the page limits. The page limits apply to your specific application package that's spelled out in the earlier slides. Please check the FOA for details on that. But the letters of support, the standard forms and your health care innovation plan are exempt from those page limits.

In order to apply, you have to have your employer ID number and your Dunn & Bradstreet number. Hopefully, you all have those already. If you do not, you should get on that immediately because it can take several weeks, if not longer, to get those numbers. Certainly, someone in your state and government has those already. You can also have an authorized agent submit that. But be sure you get on those numbers if you don't have them.

And the application must be formatted for 8-1/2 by 11 – letter-size paper, one-inch margins, 12.5. The narrative portions must be double spaced. We will reject applications that do not follow the requirements specified in the FOA. I will repeat that because it's very important. Those will be rejected out of hand. We will not review them. So make sure that if somebody pays attention to the mechanics of how the applications have to be submitted and you follow that to the letter. If you have any questions, again please contact us. We'd be glad to sit down with anybody, and we can go over that in a

little bit more detail. We can have another webinar if necessary on some of the mechanics about how you go about applying because we certainly don't want to have anybody get rejected for not meeting those specifications.

The award timeline, as we mentioned previously, was announced actually at the NGA Health Care Meeting back on Thursday, July 19th. Applications will be due towards the end of September, and we anticipate making the announcement in mid-November for both the model design and the model testing states, and that would be for both Track 1 and Track 2 at that time. So for model design, states will be given six months. So at this point, that would run out on May 14th of 2013. Any states that receive pre-testing assistance would be on that same deadline to come back May 14th of 2013. The same six-month period applies for model pre-testing assistance.

So for states getting model testing, the five states that we select, if a state needed new waivers for that as part of that or new Medicare authorities, they would get an extra six months. So it would be up to 12 months for that pre-implementation phase. States in Track 1 would have six. States in Track 2 would have 12, and then we would start a 36-month period of testing for the payment and service delivery models.

So you really need to decide which track makes sense with you, work with your stakeholders. If you haven't done a lot already, you'd be probably more in the model design process. And again, that period is fairly short. You have six months to complete those model designs for the model pre-test assistance and a little bit more time on the model testing pre-implementation.

So we will be doing additional webinars for model design and testing. Those will be next week. The one for model design will be on the 14th, on model testing will be next week on the 15th. We'll get the details out, as J.D. mentioned in the introduction shortly for both of those. I believe they'll probably be at three o'clock Eastern Time. But we will let you know and send that out as soon as we have those deadlines put together.

We are also willing to offer a webinar and demonstration on the Medicare analytics that we have, as Allison alluded to, and we'd be glad to set something up on that. We're in the process of pulling something like that together. So if you have any questions on that, let us know and we will get those details out to you as soon as we can. As I mentioned, we have those webinars coming up. If you have questions and we will be getting back to you – you can always send them into our email box, and that's stateinnovations – all run together – stateinnovations@cms.hhs.gov. And I want to mention at this point, too, we've got a lot of requests from various stakeholders who want to reach out to you in state government, and we would suggest you might want to consider creating an email box similar to the box we've created. And if you'd like to let us know what that box is, we'd be glad to make that list available if you have like, say, Vermont or whatever state you are innovation box that people can write into if they're interested in participating and engaging with you. If you make those boxes available to us, we can send out that list and direct people to any comparable state innovation box you create in your state. Otherwise, we've got a request to link people up to your various governor's offices. Generally, we refer them back to the web because all of your governor's offices have information out there on the web. But I came from the state of Wisconsin. I used to work in the Medicaid Program there. We did a similar process where we were looking at ways to improve the program and set up a similar kind of box, and it was very useful there. So something to think about that you might want to do for your stakeholders. If you do set that up, please let us know and we'd be glad to link to your email boxes here.

The FAQs, we had over 80 questions that came in on the chat box from the first webinar. I can see we're already getting a number of questions today. We will not get to all the questions. Well, we have a lot of time but probably not that much time. If we don't get to them, we will be updating the FAQs. We'll let you know when we do that and send something out so you can check for the answers there where we will continue to monitor that. Please continue to write to us. And, as J.D. mentioned, information between the fact sheet and the current FAQs are available on innovations.cms.gov plus innovations/state/innovations.

So I want to thank you all for your continued input and suggestions and the hard work you're all doing on the states, and we really do appreciate it and looking forward to working with you on that as we proceed with these models. And I think with that, we can open up for questions.

J.D. URBACH: Absolutely. Just before we head to questions, just as a reminder once again this webinar is being recorded and will be posted on the Innovation Center website within a week. So that's where you'll be able to also access the list of frequently asked questions, the slide deck for today as several of you have asked and the transcript from today's webinar will also be posted. Also again, material from our initial overview webinar which was held July 26th is available there as well, and that's at innovations.cms.gov.

We have had several questions come in via the chat box. We will bring the operator on once again to give instructions for queuing up within the audio queue. But before we do that, we want to take one of the questions from the –

JAMES JOHNSTON: Certainly, one of the questions we got from the chat box, this question was once the state receives the award, may it subgrant a portion of it to nonprofit entities for assistance or implementing its plan. And the answer to that would be yes. A governor's office applicant could subgrant activities. However, they'd have to identify that in your application. This would probably be for a model testing state in the project narrative portion of the application, and also there are sections in the standard forms that would have to be completed and in the budget narrative again you'd have to identify the amount you're granting. But yes, that would be possible.

J.D. URBACH: Great, and at this time I'd like to ask Benjamin to go ahead and give the instructions for folks to queue up and ask their questions.

BENJAMIN: Thank you. Ladies and gentlemen, if you'd like to register for a question over the phone, you may press one followed by the four on your telephone. You will hear a three-tone prompt to acknowledge your request. If your question has already been answered and you'd like to withdraw your question, you may be press one followed by the three. If you're using a speaker phone, please lift your handset before entering your request. One moment, please, for our first question.

Ladies and gentlemen, as a reminder to register for a question, you may press one followed by the four on your telephone.

J.D. URBACH: And Benjamin, while we wait for folks to queue up, we'll go ahead and take one more question from the chat box.

JAMES JOHNSTON: All right. The next question is the announcement notes that governors' offices are eligible to apply. May the governor appoint a state agency or other entity to submit the application and be the fiscal recipient of the award, and, if so, which entities would be eligible to house the award.

The governor could make a determination to have a state agency take the lead on that. They should specify that in your application as you send that in, but someone from the state government could be possible.

BENJAMIN: We have no questions from the phone line at this time.

JAMES JOHNSTON: All right. I have one more here that was, will CMS partner with a state and possibly commercial payers on payment reform strategies. Yes, that is really what we're trying – that is kind of the essence of what we're trying to get here is to look at a multi-payer payment and service delivery model that would help move the state along in the health care innovation plan. So that is precisely what we're trying to do. We want the states to partner with your payers in your state. Again, these proposals have to be multi-payer. It cannot just be the Medicaid Program. We're looking really for our three programs here at CMS, Medicare, Medicaid and CHIP, but also other payers – state employee plans and other commercial plans, too.

Do you have anything, Benjamin? Otherwise, I can take another one.

BENJAMIN: We have no questions from the phone line at this time.

JAMES JOHNSTON: Another one from the chat box. Will the Innovation Center engage with a state after an application is submitted related to model testing, Track 1 versus Track 2, or does the state need to decide upfront which track it wishes to pursue. No, a state doesn't need to decide what track per se it wants to pursue. We will look at that as the applications come in and as you are looking at new waivers authorities under Medicaid or a new payment model under Medicare. That would probably put you into a Track 2 situation. I notice we have some questions come through the chat box which I haven't been able to read carefully but about if you've already got an 1115 waiver in process or approved. If that's already approved, that would probably put you into Track 1 because you've already gotten those authorities. It's new things that you'd be looking at that would put you in Track 1. But that is a determination we'll make after we assess the applications. So you would just submit for model testing, and we'll sort that out as we go through them.

BENJAMIN: Ladies and gentlemen, as a reminder to register for a question over the phone, you may press one followed by the four on your telephone.

JAMES JOHNSTON: Okay, I see another one here that was related pretty much to the same kind of thing. My state has a waiver request that's been submitted, currently under review by CMS. Is my state still eligible to apply for a model testing award, and the answer to that would be yes indeed, a state would be eligible.

I saw a couple questions, too, that came in if a state is already participating, say, in the Conference of Primary Care Initiative, can states participate in other initiatives like the PCP. That does not prohibit you from applying for this. We would want to know how those other initiatives – how you work in those other initiatives will be woven into your overall state health care innovation plan, and we'd like to see your payment and service models here complement what you're doing in those other initiatives. But it does not preclude you from applying. So in fact you might have a step ahead because you've already been doing some of that work.

Another question from the chat box. Would the expectation be that the amount of Innovation Center funding would be a partial amount and that it would be matched by private payers. We are hoping that

you would reach out and would have other payers involved and other funding. It's not a flat out requirement. But we are looking for you to augment that any way you can.

Okay, here's another one. How do these grants coordinate with other Innovation Center grants the state may be receiving such as the multi-payer demo. Again, we want to see a coordinated effort in how your participation – or it could be within your state. You might have primary COs in your state. We'd want to see how you going to complement with what they're doing there with what your payment and service delivery models would be and also how it would all fit into the overall health care innovation plan.

Okay, can a state specifically request to be placed into the pre-testing assistance category if it elects to pursue model testing Track 1 but needs a bit more time to prepare a health care innovation plan. The answer to that would be no. If you want to apply for model testing, you need to submit your state health care innovation plan with that application. If you need to still complete that plan, that would put you in model design. And again that's really our primary goal here today is to get you just to that point to help you decide which way you might want to proceed under model design or model testing.

Now again there is no guarantee that a state, if you went for model testing, would get a pre-testing assistance award. The applications for model testing will be scored. We'll look at the criteria as specified in the FOA, and out of that if a state was close they might qualify for pre-testing assistance. But it is not a given.

Okay, another question, how should states plan for Medicare participation in a testing application. Is it the idea that Medicare will either come in through an existing waiver, or would it be a new proposal. That's a good question. In terms of Medicare participation, again we are looking for models that would be broad and hopefully would include Medicare participation. If it was something we're already doing, say, MSSP, the Medicare Share Savings Program, that would probably put us in Track 1. If it was something new that you wanted to do, that might put you – and, again, it would depend on the model that we have to look at. So I can't definitively answer that question, but it might put you in Track 2. But, yes, indeed, a state could look at models that would involve Medicare and would involve aligning with new models that you want to pursue in your state. And where that would work, we would work with the providers in the state and ask them if they would want to align with that new payment model.

Any questions from the phone, Benjamin?

BENJAMIN: We have no questions from the phone lines as this time.

JAMES JOHNSTON: But plenty on the chat box. Okay, I got one question here about approximately how many grants are going to be available on the second round of funding in the spring of 2013. Again, in the next year when we put the second round out, that will be second – we anticipate a second round of testing awards. We are not anticipating doing another round of model design awards or offering the option for pre-testing assistance in the second round. At this point, we are thinking it would just be a round for model testing.

Also, at this time I can't – I don't have a definitive answer of how many grants we might do and how much money would be involved. That's still to be determined.

Okay, all right, here's one. Is there a specific format for the state health care innovation plan, or is the description for the types of plans a state might already have either in process or under a different name.

You might – again, I know some states have completed a pretty extensive outreach. You've engaged a lot of your stakeholders, and you probably have put together a plan of some sort. It very well could be we would consider that to be a state health care innovation plan. I would again advise you to look especially at the FOA for their criteria for looking into that. But you might have one another name. That would be fine if you read through it and you think it hits the mark to be a complete health care innovation plan.

Okay, here's one. How will money be disbursed to states over time. Do you get one lump sum upfront, or is it a pre-, post-specified deliverables? There will be milestones laid out for the funding for the model design and model testing. Especially for model testing, it will not be a lump sum upfront. There is a two track. So for states in Track 2, they would get some probably small initial funding while doing the waiver review pre-limitation period and more funding for the second six month pre-implementation and then more funding during the testing period. States in Track 1 would get that a little bit quicker, probably – obviously, a little bit more as they may want. But it would be disbursed through milestones and not all upfront. There would not be a lump sum upfront for model testing.

Model design's a little bit different. Again, the awards range from $1 million to $3 million. More of that would be provided for the six-month grant period. I can't quite see the end of that question out there. Okay, can the governor designate a state agency was answered. Does the same hold true for a governor designating an application to a nonprofit. In that case, as I mentioned earlier, the applicant would be the governor's office. They could specify a nonprofit as a subgrantee and would have to subsequently lay that out in the narrative and also the standard forms of the application.

Benjamin, any questions on the phone? Ah, here's one. What's the appropriate indirect cost rate for the budget. Our indirect rate specified for this initiative is ten percent, and it is specified in the funding application announcement at ten percent.

BENJAMIN: Ladies and gentlemen, as another reminder of directions for questions over the phone, you may press one followed by the four on your telephone.

JAMES JOHNSTON: Here's one, oh, yeah, that will help, much better, okay. Okay, here's one. Are only states with state-run health insurance exchanges eligible to apply. No, that is not a prerequisite to apply for either model design or model testing.

Here's one, can model testing funds be used for development of clinical pathways, i.e., identified appropriate guidelines, concurrent care for an episode and sources of opportunity for improvement. Yes, that could be indeed a very appropriate use for your funds. And we actually have a list in the FOA of the types of activities the state might use for both model design work and model testing. For model design work, we think a lot of that might be involved in bringing together the engagement of the participant in your state – the payers, the providers, the community groups, bringing that together to organize and complete your state health care innovation plan and work on the models. So building that design work would all be part of the funding that would be acceptable for those design periods.

Under model testing, it could indeed include development of clinical pathways, technical assistance resources you might need maybe if they want to do some simulation modeling to test out the models that they're thinking about. Performance data collection, developing the system to collect the data, maybe an off air database. All those kinds of activities might qualify under the work in building the infrastructure under the model testing. So we'd have to see the specifics. I can't speak definitively to it.

But there is a list in the FOA, an illustrative list. It's not definitive but the types of things you could think about for both model design and model testing awards.

Are there models or state's best practices for model design? What are some of the states that have a design you recommend? What are some states that have a design you'd recommend that you'd consider for states just getting started. Are they posted on the Innovation Center website anywhere. We do lay out in the FOA more under model testing than model design, but we list three things – three models you might think about.

One of them accountable care organizations, and again we here at CMS are looking at – we're working on pioneering shares. We have 32 of those across the country. The amount of care shared savings program which continues to roll additional practices into that, and the advanced payment initiatives which are coming out soon. So some type of accountable care organization is certainly a model we're familiar with, and there's a lot of evidence health care thereabouts. Another one would be primary care phase management. A number of states are doing initiatives on that. We also have the Comprehensive Primary Care Initiative that a number of markets including Medicaid are participating in across the country and the MAPCP Program in some other states where Medicare, Medicaid and commercial insurance are participating. So there's a variety of models you can look at there.

Bundled payments would be another one. We know some states are looking at that. In addition, we're doing some initiatives here at the Innovation Center on bundles both bundling services in the hospital but, even more importantly, the post-hospitalization period and coordinating that to reduce readmissions and approve that transition into the community.

So those are some of the models. We actually have a list in the FOA -- it's in Appendix 1 of a variety. It's not an exhaustive list, but it's a pretty good representation of the initiatives we're doing here at the Innovation Center that you might look and then other ones that are taking place through CMS and even throughout the Department of Health and Human Services. And there's a lot of information out on our website. If you have more detailed questions, you can send them into our email box.

How much project evaluation should a state consider that the Innovation Center contract evaluator will take on versus what will be included in the application. That's a good question. Our evaluator will be doing the bulk of that work. What we're asking states to do is have first and foremost probably is the data that you would have the claims and encounter data made available so that we could – that would facilitate doing the evaluation on the model, that we know systems in place to collect that data. Beyond that, we're asking states to really gear up for continuous quality improvement activities that would go on beyond that. And also we'd like the states to really take the lead in the evaluation on the commercial side of it. Our evaluator will be focused specifically on the evaluation for Medicare, Medicaid and CHIP participation, not quite as much on the private participation. That's an area where the states can take a lead. We will begin to do that in a lot more detail in the follow up webinars on model design and especially on model testing.

Here's one on what standard would CMS be using to evaluate a state's plan payment or cure delivery model and plans to ship from Medicaid fee for service to managed care be funded through a SIM grant. I'm not sure what is meant by the funding part of that. But if certainly moving from a fee-for-service based system to managed system would fit into the parameters of what we're looking at. It's something that would certainly be a great part of a payment service delivery model.

Okay, budget narrative requires a detailed one-year budget, but does not specify year one. Does that include the six-month prep period or the start up. That's a good question. Now the testing grants, as I mentioned before, could range from 48 to 42 months – 48 months for Track 2, 42 months for Track 1, and then both of them would have a 36-month active testing period. Now when we're talking about the detail budget, we're referring to it's alive during the testing period. When we do the financial templates, we're really going to focus on the testing period. For your operational budget, though, we are looking for that pre-implementation period, too, and we can get you more detail on specified that ramp up. It would be really for that 36-month period because you won't know going in there if you have that extra six months for the waiver or authority review period.

Okay, the funding opportunity announcement says that a part of the state health care innovation plan that states must coordinate their state-based Affordable Health Care insurance activities with the broader health care system transformation efforts. If we don't have and probably won't have a state HIE, do we ignore this. I wouldn't say ignore it per se, but tell us how you're doing it in your state. And the idea really is to have that coordination with the insurance activities. Certainly, insurance regulation is one the levers you have with state government. So we're asking more generally how that coordination would take place. You do not need to have a state-based exchange in order to apply for these awards.

We answered that one already. Okay, here's one. What kinds of feedback would you give the states in the model design program as they're developing their state innovation plans. We will have technical assistance available to states as they're developing those plans. As I mentioned previously, learning diffusion is a huge part of our work here at the Innovation Center, and we want to make sure that we're supporting states as they're developing those plans. We're going to have workshops where we bring the states together either virtually or possibly in person, and we will be providing support as those plans get developed. And in terms of feedback, I'm not quite sure what is meant by that. We have to see – I'm not quite sure at this point, but there will be support, technical assistance available to states as they're developing their health care innovation plans and considering models.

I answered all the questions I can see on the screen right now. Any – Benjamin, any questions on the phone?

BENJAMIN: We have no questions from the phone lines at this time.

JAMES JOHNSTON: Okay. Here's a new one that just came in. In scoring design applications, how important is the engagement of private insurance. Is Medicaid and Medicare sufficient? And the answer to the last part is Medicaid and Medicare sufficient, the answer would be no. We are looking for multi-payer applications. So we do want you to be engaged with your private payers in your state and come up with a multi-payer design.

Certainly, state employee plans might be one area that governors might start with. But we are looking for a broad array of payers, providers and community groups involved in these applications.

A new one that just came in. Budgets that require that we allocate funding to travel to coordination events, but we don't know how many. Is this something that we will provide recommendations on. Yes, we'll give that in the next two webinars and make sure we cover that so we can give you more information on what you need to budget for in travel. It probably would be a couple workshops. We'll get you the details of that.

Okay, another came in. What level of commitment is required from private payers -- example of funding, sequencing of the roll out, others. We are asking again multi-payer involvement. We're asking when you submit your application to have letters of participation from other provider groups, from payer groups, from other community groups, and that they would be aligned with your model that we would hope to see. So that's whenever payment and service delivery of phase one looking into accountable care organizations that there would be some commitment from the commercial payers in your state to participate in that arrangement.

Okay, here's one. How important is downstream payment in advance of care model for primary care to ensure maximum flexibility for primary care to meet patient needs in the innovative and creative manner. I'm not quite sure if they're talking about the bundling of the primary care. I mean certainly if you're going to be looking at a primary care model, how you would bundle that and account for that case management upfront would be very important.

Does the commitment of private insurance – is that necessary when the application is submitted, or can the design plan be working with private insurers to engage them over the next six months. We do not expect – and again this may help to differentiate and decide which way you want to go for design or testing. For a design application, we're not expecting you to have all that commitment upfront. No, that is not required. For model testing, we would expect to see that. So that's one more benchmark you can look at to decide which way you might want to proceed. So for model design, no, we're not expecting you to have all that engagement upfront. But we would hope that you'd have a plan of how you want to go about getting that. But we will provide technical assistance in engaging the private insurance market as you proceed with that.

How can groups use qualified entities in the model testing. If that's referring to subgrantees, that is allowed, and I went over that before.

FOA mentions that financial analysis help will be provided by CMS. We can't find it on the website right now. When will it be available. It is true. It is not on the website right now. We apologize for that. We are finalizing that, and we'll have it up by the end of this week is our goal. We certainly want to have it up in advance of the webinars next week so you can have and enough time so you can start looking at those financial templates and ask questions next week.

Okay, here's one. The state is pretty sure it's close and ready for model testing, but it's – okay. If a state is pretty sure it's close to model testing, is it better to go for the testing if they have a chance for the pre-testing award or just go for model design. Okay, that's the decision you have to make. If you already have completed – you've engaged a lot of stakeholders, you've put together a health care innovation plan or whatever it is in your state that would be the equivalent of that plan and you have specific models for payment of service delivery that you're interested in, you're probably ready for the testing phase and that's how you would be evaluated as we look at that.

And if you're pretty close, you might very well qualify for pre-testing assistance even if you didn't get an award. But you need to have the plan, and you need to have the model as part of your submission and show that active engagement of the stakeholders.

All right, one last call for questions. All right, can testing funds be used to assist providers with systems or practice changes in order to manage their practices under the new model. Yes, that might be part of what you'd submit, and actually that kind of infrastructure could be part of your model and that part could be appropriate.

All right, again we will summarize the questions in the FAQs so we'll have that up there and be updating that in the near future. If you have more questions, please contact us. Some of these questions today I've answered in the abstract. The proof would be in the application, and we'd have to look at that again. So your situation may be unique and doesn't fit with the general answer I gave today. But that's kind of where we are at this moment.

J.D. URBACH: Once again, we've recorded the webinar, and it will be posted on the Innovation's website within a week as well as the transcript and slides from today's webinar for your use. You can also find the overview of our webinar that was held on July 26th available there as well, and that's innovations.cms.gov. Any questions we did not get to today, please do check back to our list of frequently asked questions. And as always, our stateinnovations@cms.hhs.gov mailbox is available for you to ask questions through the application process and we again will be sending out additional detail regarding the deeper dives to model design and model testing webinars that will be happening next week.

So with that, Benjamin, thank you very much for your support, and thank you for attending our webinar today.

BENJAMIN: That does conclude the conference call for today. We thank you for your participation and ask you to please disconnect your lines.

[END OF TRANSCRIPT]