

## Why GAO Did This Study

PPACA created the Innovation Center within CMS. The purpose of the Innovation Center is to test new approaches to health care delivery and payment—known as models—for use in Medicare or Medicaid.

GAO was asked to review the implementation of the Innovation Center. Specifically, GAO:

(1) describes the center's activities, funding, organization, and staffing as of March 31, 2012; (2) describes the center's plans for evaluating its models and its own performance; and (3) examines whether efforts of the center overlap with those of other CMS offices and how the center coordinates with other offices. GAO analyzed budget and staffing data; reviewed available documentation, such as Innovation Center policies and procedures and functional statements for CMS offices; and interviewed officials from the Innovation Center and other CMS offices, such as the Center for Medicare. GAO assessed how the Innovation Center coordinates in the context of federal internal control standards and key practices for collaboration from prior GAO work.

## What GAO Recommends

GAO is recommending that the Administrator of CMS direct the Innovation Center to expeditiously complete its process to review and eliminate any areas of unnecessary duplication in contracts that have been awarded in one of its models. HHS agreed with this recommendation and described steps it is taking to address unnecessary duplication.

## CMS INNOVATION CENTER

### Early Implementation Efforts Suggest Need for Additional Actions to Help Ensure Coordination with Other CMS Offices

## What GAO Found

From the time it became operational in November 2010, through March 31, 2012, the Center for Medicare and Medicaid Innovation (Innovation Center) has focused on implementing 17 new models to test different approaches for delivering or paying for health care in Medicare and Medicaid. The center is still relatively early in the process of implementing these models. Eleven of the models were selected by the Innovation Center under the provision in the Patient Protection and Affordable Care Act (PPACA) that established the center, while the remaining 6 were specifically required by other PPACA provisions. The Innovation Center projects that a total of \$3.7 billion will be required to fund testing and evaluation of the 17 models, with the expected funding for individual models ranging from \$30 million to \$931 million. As of March 2012, the center's 184 staff were organized into four groups responsible for coordinating the implementation of different models and another five groups responsible for key functions that support model implementation. Officials said that, among other things, the center's initial hiring of staff reflected the need for leadership and for specific types of expertise, such as individuals with a background in evaluation.

The Innovation Center's plans for evaluating individual models include identifying measures related to the cost and quality of care. Officials from the Centers for Medicare & Medicaid Services (CMS) told GAO that the Innovation Center had developed preliminary evaluation plans for the 17 models being implemented that, among other things, identified proposed measures. According to CMS officials, these measures will be finalized by contractors responsible for evaluating, on behalf of CMS, each model's impact on cost and quality. As of August 1, 2012, the Innovation Center had contracted for the evaluation of 10 of the 17 models. The center's plans for evaluating its own performance include aggregating data across models by using a set of core measures it has developed. In addition, the Innovation Center has taken steps to monitor its progress in implementing the 17 models through biweekly reviews of standard milestones and related data, such as the number of applications to participate in a model the center has received.

GAO identified three key examples of overlap between the 17 Innovation Center models and the efforts of other CMS offices, meaning that the efforts share similar goals, engage in similar activities or strategies to achieve these goals, or target similar populations. However, these overlapping efforts also have differences, and CMS officials said the efforts are intended to be complementary to each other. GAO also identified a number of mechanisms the Innovation Center uses to coordinate its work in order to avoid unnecessary duplication between its models and other efforts, such as multi-office meetings at the staff, director, and agency level. Further, through using these mechanisms, the Innovation Center has engaged in key practices for collaboration, including leveraging resources across offices. At the same time, the center is still working on ways to make its coordination more systematic. For example, largely because of questions raised during GAO's review, the Innovation Center initiated a process to ensure that CMS does not pay for the same service under the contracts in one of its models and those in another CMS office. However, officials told GAO that the center is still working on implementing this process and may need to take additional steps to eliminate any unnecessary duplication.