

# State Innovation Models Initiative: Model Design



*Centers for Medicare and  
Medicaid Services*

*August 14, 2012  
Webinar*

# Agenda

## **Background & Goals for Preparing for the Proposal**

The State Health Care Innovation Plan

The Application Package and Scoring

Funding & Evaluation

Timeline and Contacts

# State Innovation Models: Theory of Action

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

**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 infrastructure and capabilities to support accountable care

# A reformed delivery system will support and reward those who improve the 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

# Definitions for Models

## Two Key Concepts

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### State Health Care Innovation Plan

Comprehensive approach to transforming the health system of a state. The State Health Care Innovation Plan includes the state's vision and strategies to transform its payment and service delivery system that will improve the quality of care and lower costs through continuous improvement.

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### Payment and Service delivery Model

Refers to specific delivery system designs, such as accountable care organizations, integrated care systems, or medical homes that are supported by aligned payment methods that reward value. These models will be described in a State Health Care Innovation Plan.

# How to Present a Compelling Proposal

- 1. Provide the case for State Health Care System Transformation**
  - Establish a rationale for redesigning the delivery system and moving to a value-based payment system which incentivizes improved health outcomes
  - Include multiple payers in the model design planning effort
- 2. Provide evidence that the collaborative planning process will be supported with state level performance data and information.**
  - Describe how the planning effort will be supported by cost, quality, population data collection and health system performance information
  - Describe the specific data resources that are going to be available to support the model design work
- 3. Present the state's strategy for engaging the key stakeholders**
  - Describe the strategies or approach that will be used to engage various stakeholders
  - Present how the state will achieve provider, payer, and other stakeholder buy-in for the State Health Innovation Plan

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# The purpose of the State Health Care Innovation Plan is to...

- Align all of the stakeholders around a common approach and set of model designs
- Provide the framework for bringing all of the state's resources -health care and public health programs, health insurance coverage, social, educational, and community based services -- into the delivery system re-design process
- Include specific multi-payer models that the state proposes to test
- Engage communities and citizens in improving the state's health system



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# Required components of Model Design application

- **State Health Care Innovation Plan**
  - Provide a Vision Statement for health system transformation
  - Describe population demographic including Medicaid and CHIP populations
  - Describe population health status and issues or barriers
- **Health System Design and Performance Goals**
  - Describe cost, quality and population health performance targets
  - Set goals for improving care, population health and reducing health care cost
  - Describe proposed payment and service delivery models
- **Roadmap for Health System Transformation**
  - Provide a timeline for transformation
  - Review milestones and opportunities
  - Describe policy, regulatory and legislative changes necessary to achieve the state's vision transformation
  - Describe any waiver or state plan amendment requirements and their timing

# Model Design Proposal Requirements

**States must consider levers and strategies in developing their State Health Care Innovation Plans and new models, such as:**

- Creating multi-payer strategies to move away from payment based on volume and toward payment based on outcomes
- Developing innovative approaches to improve the effectiveness, efficiency and appropriate mix of the health care work force
- Aligning state regulatory authorities to reinforce accountable care and delivery system transformation or developing alternative approaches to certificate of need programs

# Model Design Proposal Requirements

## **Examples of additional levers and strategies States must consider in developing their State Health Care Innovation Plans and new models:**

- Creating opportunities to align regulations and requirements for health insurers with the broader goals of multi-payer delivery system and payment reform;
- Coordinating State-based Affordable Insurance Exchange activities with broader health system transformation efforts;
- Integrating the financing and delivery of public health services and community prevention strategies with health system redesign models;
- Leveraging community stabilization development initiatives in low income communities and encouraging community investment to improve community health.

# Model Design Application Requirements

**All state applicants for Model Design awards must submit the following:**

- Standard forms
- Letter of Endorsement from the Governor
- Project abstract
- Model design strategy
- Description of stakeholder engagement
- Evidence of public and private payer participation
- Project organization information
- Provider Engagement
- Project plan and timeline
- Budget narrative and itemized expenditure plan
- Financial Analysis demonstrating net savings
- Letters of support and participation from major stakeholders

# Model Pre-Test Award is not the same as Model Design

## 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

# Model Design Scoring

Model Design Strategy	30 points
Plan for provider Engagement	15 points
Evidence of Engagement	15 points
Organizational Capacity	10 points
Budget & Financial Analysis	<u>30 points</u>
Total	100 points

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# Examples of Allowable Model Design Costs

## **Allowable costs associated with state Model Design work:**

- State staff costs to engage in model design
- Staff participation and travel to relevant learning collaboratives and workshops and other relevant learning and diffusion opportunities
- Investments in State data collection and analysis capacity and cost and utilization pattern analysis
- Consumer and provider engagement and focus group costs
- Actuarial modeling
- Performance measure development and evidence-based improvement research
- Business process analysis and requirement system analysis

# Examples of Allowable Model Design Costs

## **Additional allowable costs associated with state Model Design work:**

- Policy, legal, and regulatory research to address legislative and legal frameworks for models
- Planning and convening for creating a statewide all-payer data-base
- Planning work relating to public health programs including the state's Healthy People 2020 plan, and meeting goals for the National Quality Strategy and/or National Prevention Strategy
- Model Design costs, including:
  - Model scope development
  - Theory of action development
  - Target population research
  - Setting performance targets
  - Financial analysis and analysis of health care trend impacts
  - Budget planning
  - Travel to SIM workshop and conferences

# 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 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 or state law

# Model Design Evaluation

- The Innovation Center will assess the ability of the Model Design states to engage stakeholders and develop a State health Care Innovation Plan
- Each Model Design state will be evaluated through a series of case studies using qualitative methods (interviews with grantees and CMS staff and site visits)
- CMS has the ultimate responsibility for the evaluation process and reports
- The Innovation Center's contractor will be able to assist states with evaluation-related technical assistance in developing a State health Care Innovation Plan

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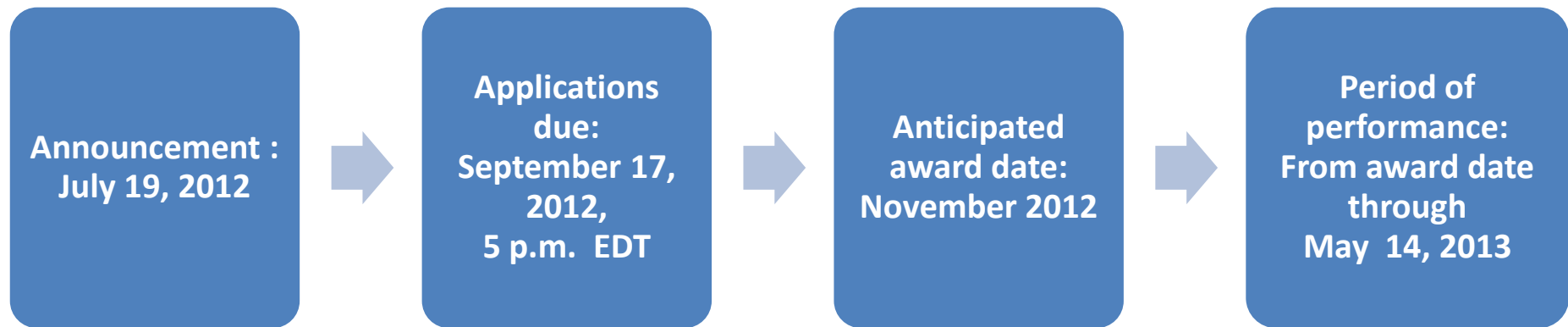
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# Model Design Award Timeline



# Additional Information

- Additional webinars will be scheduled for state policy makers to cover the following topics:
  - 8/15      Model Testing
  - TBD      Application submission guidance
  - TBD      Financial Templates and Medicare data resources
- Submit questions to [stateinnovations@cms.hhs.gov](mailto: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](http://innovation.cms.gov)
- Additional information is available on our website: [innovation.cms.gov/initiatives/state-innovations](http://innovation.cms.gov/initiatives/state-innovations)

# Questions

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