

# Health Care Innovation Awards



*Round Two:  
Achieving Lower Costs  
Through Improvement  
June 20, 2013*

# Agenda

- **Overview**
- Introduction to Total Cost of Care and Demonstrating your Initiative's Ability to Lower Costs through Improvement
- Financial Plan
- Next Steps

# The CMS Innovation Center

## Identify, Test, Evaluate, Scale

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

—*The Affordable Care Act*

# Innovation Awards Round Two Goals

## **Engage innovators from the field to:**

- Identify new payment and service delivery models that result in better care and lower costs for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries
- Test models in Four Innovation Categories
- Develop a clear pathway to new, sustainable Medicare, Medicaid and CHIP payment models

# Measuring Success

- **BETTER CARE**
- **LOWER COSTS**
- **IMPROVED HEALTH STATUS**

# Key Dates

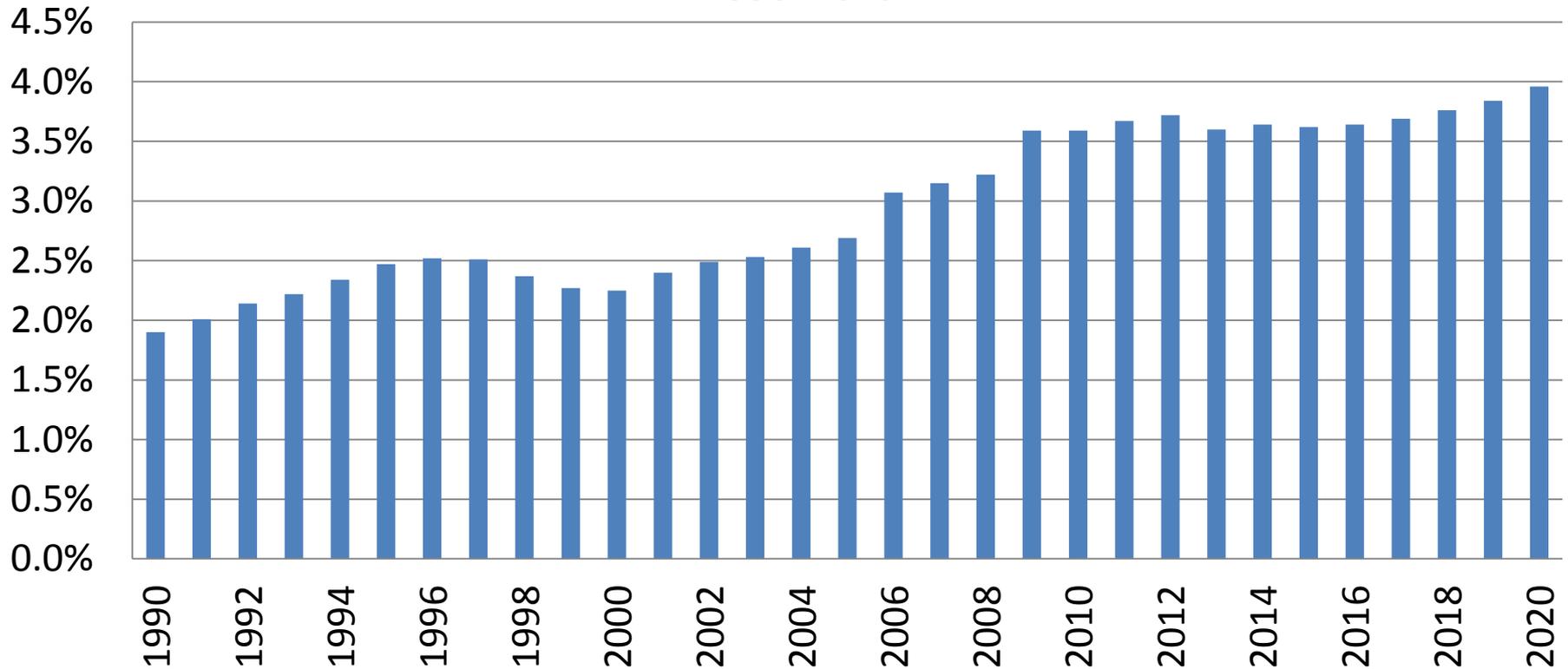
Date	Description
<b>June 14, 2013</b>	Application templates and user materials are available at <a href="http://innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2.html">http://innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2.html</a>
<b>June 28, 2013</b>	Letters of Intent due by 3:00 PM EDT
<b>August 15, 2013</b>	Application due by 3:00 PM EDT
<b>Early January 2014</b>	Anticipated award announcement dates
<b>February 28, 2014</b>	Anticipated Notice of Cooperative Agreement Award
<b>April 1, 2014–March 31, 2017</b>	3-year Cooperative Agreement Period of Performance

# Agenda

- Overview
- **Introduction to Total Cost of Care and Demonstrating your Initiative's Ability to Lower Costs through Improvement**
- Financial Plans
- Next Steps

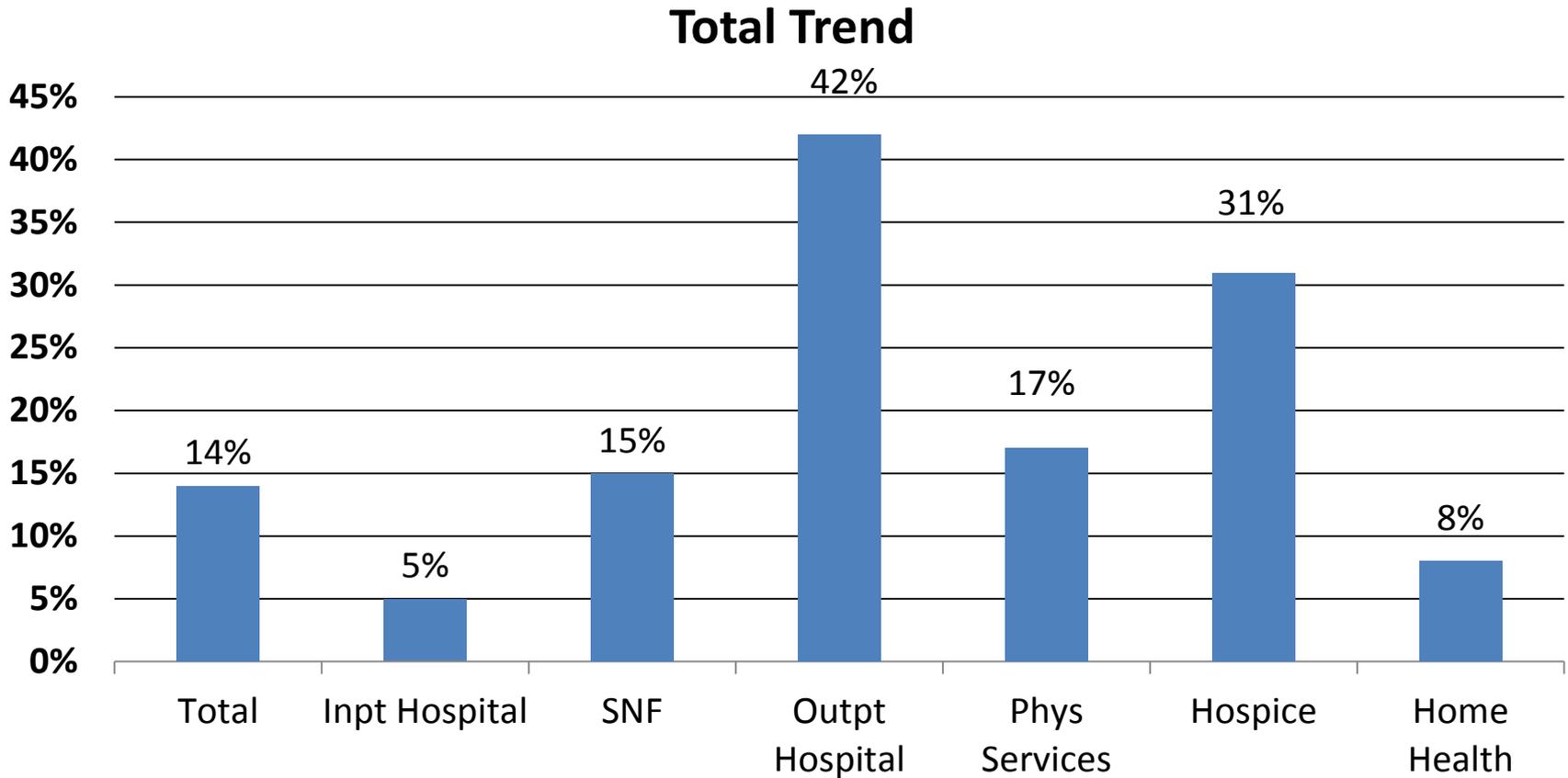
# Medicare's Spending Continues to Grow

Medicare Spending as Percent of GDP,  
1990–2020



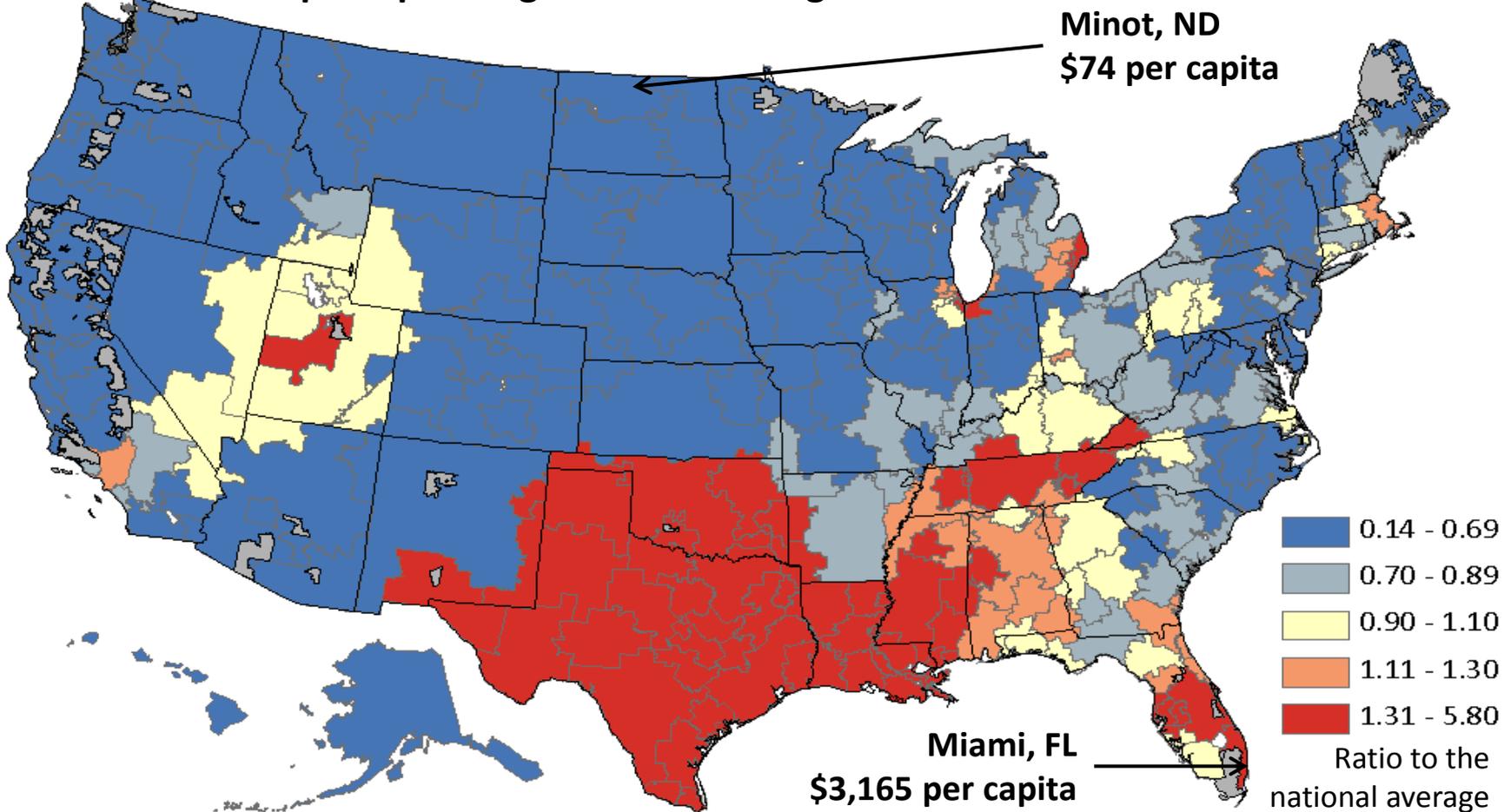
Source: Medicare Trustees Report - 2012

# From 2008 to 2012, outpatient and post-acute services increased most rapidly

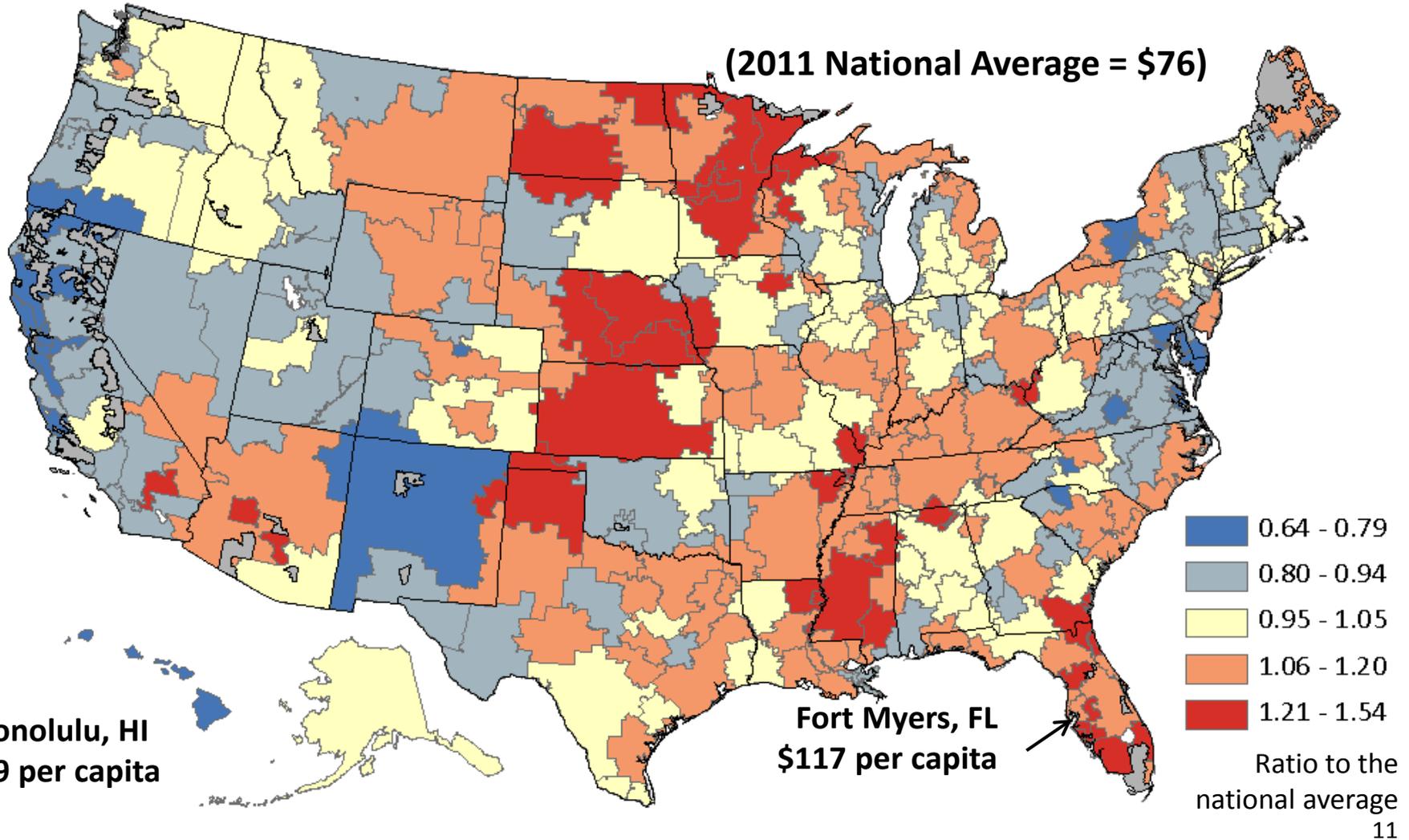


# Wide Variation in Spending Across the Country

Home Health Per Capita Spending National Average = \$546



# Wide Variation in Spending Across the Country (cont.)



\*includes institutional and professional spending

# Objectives

## *Introduction to Total Cost of Care*

- Explain what we mean by Total Cost of Care.
- Explain how you compute baseline Total Cost of Care for the population you serve.
- Explain how your intervention can reduce Total Cost of Care.
- Explain your budget and cost savings plan.

What do we mean  
by  
Total Cost of Care?

# Total Cost of Care Defined

The Total Cost of Care we will discuss today describes dollars spent by health care purchasers for health care services

## Examples of Health Care Payors

- Government
  - Medicare
  - Medicaid
  - Children's Health Insurance Program
  - Other
- Private Insurers
- Employers
- Other Purchasers
- Patient out-of-pocket

## Total Cost of Care

Includes payment for the comprehensive basket of health care services utilized by a patient or population

## Example Service Providers

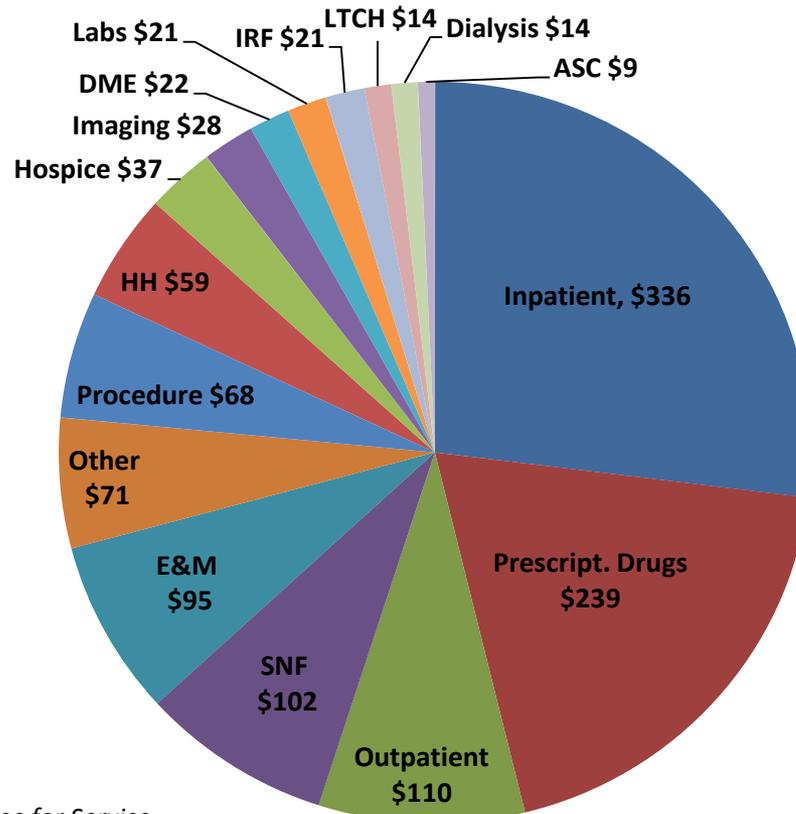
- Hospitals
- Physicians
- Community Health Centers
- Ancillary Service Providers
- Other Services

# What is Included in Total Cost of Care?

**Total Cost of Care includes the complete range of health care services**

For Medicare patients, including beneficiary contribution, the average total cost of care is ~\$1,245 Per Beneficiary Per Month (“PBPM”) for the following basket of services

## How is ~\$1,245 PBPM Spent?



Figures include ~20% more PBPM to account for patient contribution

**Definitions**  
**SNF:** Skilled Nursing Facility  
**HH:** Home Health  
**DME:** Durable Medical Equipment  
**LTCH:** Long Term Acute Care Hospital  
**E&M:** Evaluation and Mgmt.  
**ASC:** Ambulatory Surgery Center

Source: Data adjusted from 2011 Medicare Fee for Service. Claims for illustrative purposes.

# How Do You Compute Total Cost of Care?

In 2011, Medicare Part A and B, excluding beneficiary contribution, paid approximately \$838 PBPM

Common Nomenclature	Expenditure Per Service	Services per 1,000 Benes.	TOTAL COST OF CARE		
			Total Cost for 1,000 Benes.	PBPY	PBPM
	UNIT COST "Price"	X TOTAL UNITS "Volume"	= ANNUAL COST FOR 1,000 BENES	÷ 1,000 BENES	÷ 12 Months
Inpatient	\$10,460	X 302 covered stays	= \$3,159,410	\$3,159	\$263
Outpatient	\$264	X 3,929 visits	= \$1,037,491	\$1,037	\$86
Skilled Nursing	\$11,528	X 83 covered stays	= \$958,531	\$959	\$80
Other			\$4,905,179	\$4,905	\$409
<b>Total</b>			<b>\$10,060,612</b>	<b>\$10,061</b>	<b>\$838</b>

# Total Cost of Care Varies for Different Populations

The basket of services your population uses and how much care they utilize will depend on their health care needs and the practice patterns of providers

EXAMPLE (NOT BASED ON ACTUAL DATA)

	Population A	Population B
<b>Total Cost of Care</b>		
PBPM	\$1,050	\$500
<b>Basket of Services and Total Units (Admissions or Visits per 1,000 Beneficiaries/Year)</b>		
Inpatient Utilization	500 Admissions	250 Admissions
Professional Fees	1,000 Visits	2,000 Visits
Outpatient Services	1,500 Visits	2,500 Visits
Other Services	750 Visits	1,000 Visits
<b>Unit Cost</b>		
Expenditure Per Service	Same for Population A and B	Same for Population A and B

How can you  
compute baseline  
Total Cost of Care  
for the population  
you serve?

# Cost of Care of Your Population

**Total Cost of Care for your population will depend on their unique characteristics and practice patterns of providers in your community**

1. Define your **Population**
  - Current population served
  - Proposed expansion population
2. Determine the full **Basket of Services** that your population uses
  - What services does your population utilize?
3. Determine how many **Total Units** (i.e. volume or utilization) they are currently using
  - What risk factors does your population exhibit?
  - What is the disease prevalence of your population?
  - What types of providers (e.g. specialists, long-term care facilities) are available in a region?
  - What types of health systems are available in a region (e.g. academic, tertiary)?
4. Determine the **Unit Cost** of those Services (i.e., price)
  - How much do health care purchasers pay for the services your population uses?

# Developing your Total Cost of Care Estimates

- Understanding what services your population uses, how much they use, and what those services cost may be difficult and will require significant research
- Applicants have many options to gather this information for their proposals:
  - Your own data
  - Data you obtain from the purchasers of service you are currently providing
  - Forging new partnerships with organizations that can provide data
  - Publicly available data
- We understand that applicants may not have all the required data to compute total cost of care within their data systems. Applicants that develop thoughtful, data-driven estimates based on publicly-available data will be viewed as favorably as applicants who have access to actual figures

How will your  
intervention  
reduce Total Cost  
of Care?

# Impact on Lower Costs Through Improvement

## **Applicants are expected to demonstrate a logical and thoughtful path to cost savings through their intervention**

- Once applicants complete the analysis of the baseline Total Cost of Care of their population, applicants should demonstrate how their improvement strategy will drive reductions to this baseline total cost of care
- Successful applicants are expected to demonstrate how their projects will drive meaningful reductions to total cost of care along two primary dimensions:
  - Program-level net savings over the duration of each award
  - Projected medical cost trend reduction that will continue after the cooperative agreement period is complete
- Applicants are required to complete the following two schedules to demonstrate the relationship between project expenditures and projected savings
  - Form SF-424A
  - Financial Plan
- Additionally, applicants are encouraged to provide the logic behind their projections in the budget narrative section of the application narrative.

# Estimating Program's Ability to Reduce Costs

- Fundamentally, we are seeking to provide awards to organizations that will enable reductions in health care costs ***through improvement***. For example,
  - Better coordination
  - Improved safety
  - Better use of health information technology
  - Improved chronic disease management
  - Improving workforce efficiency
- Proposals may demonstrate how funding their innovations will drive reductions elsewhere in the health system. For example,
  - Reduced avoidable emergency department visits
  - Reduced overall preventable acute care costs
  - Reduced unnecessary procedures
- Applicants are encouraged to clearly articulate how their innovation will drive meaningful reductions in expenditures

# Estimating Program's Ability To Reduce Costs (cont'd)

- Applicants should thoroughly present a compelling, data-driven story to explain cost savings
  - Does your program reduce utilization? What services? By how much?
  - Does the current research/evidence on this intervention apply to your population? What have your results shown in the past?

EXAMPLE (NOT BASED ON ACTUAL DATA)

SERVICE BASKET	TOTAL UNITS			UNIT COST	TOTAL COST OF CARE	
	Services Per 1000 Beneficiaries			Expense Per	Baseline	Pro Forma
	Baseline	% Change	Pro Forma	Service/Episode	PBPM	PBPM
<b>Inpatient Hospital</b>						
Acute Inpatient	2,200 admits	-10%	1,980 admits	\$10,460	\$1,918	\$1,726
<b>Post Acute Care</b>						
Home Health	550 episodes	10%	605 episodes	\$2,689	\$123	\$136
Inpatient LTCH	20 admits		20 admits	\$36,245	\$60	\$60
Inpatient Rehab	95 admits		95 admits	\$17,074	\$135	\$135
Skilled Nursing	400 admits	-7%	372 admits	\$11,528	\$384	\$357
<b>Other Benefits / Services</b>						
ASC Procedures	700 events		700 events	\$490	\$29	\$29
Dialysis	750 visits		750 visits	\$176	\$11	\$11
DME	2,000 events		2,000 events	\$108	\$18	\$18
Evaluation & Mgmt.	30,000 visits	15%	34,500 visits	\$67	\$169	\$194
Hospice	200 admits		200 admits	\$10,556	\$176	\$176
Imaging	7,500 events	-7%	6,975 events	\$61	\$38	\$36
Labs	15,000 events		15,000 events	\$23	\$29	\$29
Outpatient	6,200 events	-7%	5,766 events	\$264	\$136	\$127
Prescript. Drugs	N/A		N/A	N/A	\$239	\$239
Procedures	6,500 events	-7%	6,045 events	\$133	\$72	\$67
Other	N/A	55%	N/A	N/A	\$71	\$110
<b>Total Medicare Cost of Care</b>					<b>\$3,609</b>	<b>\$3,449</b>

**Baseline :**  
**\$3,609 PBPM**

**PLUS**

Intervention Cost to  
Health Care Purchaser  
\$77 PBPM

**MINUS**

Reduce Cost to Health  
Care Purchaser Through  
improvement: \$236 PBPM

**EQUALS**

**Pro Forma:**  
**\$3,449 PBPM**  
**4.4% SAVINGS**

How  
will you  
achieve  
these  
results?

# Agenda

- Overview
- Introduction to Total Cost of Care and Demonstrating your Initiative's Ability to Lower Costs through Improvement
- **Financial Plan**
- Next Steps

# Financial Plan

- Applicants need to fill out the Financial Plan Template to demonstrate costs and savings for their proposed model
- The Application User Guide contains useful definitions and resources for populating the financial plan
- The template and user guide is available at <http://innovation.cms.gov> and <http://www.grants.gov/>

# Populating your Financial Plan

- The Savings Analysis- Combined spreadsheet will show where and how you intend to show savings.
  - Please insert values into blue boxes; clear boxes will auto-populate based on inputs made to financial plan summary and the Savings Analysis sheets
- The Financial Plan Summary is the section to input total baseline and proposed costs per year for years 1-3. It is also where you estimate your target population.
  - Please insert values into the blue boxes; clear boxes will auto-populate based on inputs made to financial plan summary and the Savings Analysis sheets
  - Please note, total costs should in large part reconcile with the combined expenditures shown on Savings Analysis- Combined
- The four years shown are estimated costs consisting of a baseline year and three years of program performance. The baseline year does not imply federal funding will be available.
- All cents are rounded to the nearest dollar in the spreadsheet but are stored as cents.

# Your Financial Plan Savings Analysis Tab

HCIA Round Two Savings Analysis									
Please complete blue cells to estimate your cost of care in Section 1 and apply percentage reductions in Section 2. Section 3 will calculate automatically. See the Application User Guide for more instructions									
Section 1. Total Cost of Care Estimates Before Savings Applied									
Baseline Year					Year 1				
4/1/2013-3/31/2014					4/1/2014-3/31/2015				
Service Categories for Cost Analysis	Service Categories	PBPM Medicare	PBPM Medicaid	PBPM Dually	PMPM Other	PBPM	PBPM Medicaid	PBPM Dually	PMPM Other
		FFS	/ CHIP	Eligible	Participants	Medicare FFS	/ CHIP	Eligible	Participants
Inpatient Hospital		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Outpatient Hospital		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Primary Care		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Specialty Care		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Diagnostic Imaging/X-Ray		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Laboratory Services		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Durable Medical Equipment/Prosthetics		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dialysis Procedures		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Skilled Nursing Facility		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Term care Hospital/ Post-Acute care		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Home Health		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hospice		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vision		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dental		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ambulance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transportation		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other (Capture costs for non-RX services not otherwise specified) - COVERED		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other (Capture costs for non-RX services not otherwise specified) - NOT COVERED		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Non- Rx Subtotal</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prescription Drugs (Outpatient)/Part D Drugs		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professionally administered Prescription Drugs/ Part B Drugs		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Rx Subtotal</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Service Categories**  
- See the Application Guide for detailed references on the definitions of each category

**Baseline Year is prior to the project and does not include any federal funding for this program.**

# Your Financial Plan

## Savings Analysis Tab (cont.)

Section 2. Reduction in Total Cost of Care Estimates due to Proposed Model								
Service Categories for Cost Analysis	Baseline Year*				Year 1			
	4/1/2013-3/31/2014				4/1/2014-3/31/2105			
	PBPM Medicare FFS	PBPM Medicaid / CHIP	PBPM Dually Eligible	PMPM Other Participa	PBPM Medicare FFS	PBPM Medicaid / CHIP	PBPM Dually Eligible	PMPM Other Participant
Inpatient Hospital					0.0%	0.0%	0.0%	0.0%
Outpatient Hospital					0.0%	0.0%	0.0%	0.0%
Emergency Services					0.0%	0.0%	0.0%	0.0%
Professional Primary Care					0.0%	0.0%	0.0%	0.0%
Professional Specialty Care					0.0%	0.0%	0.0%	0.0%
Diagnostic Imaging/X-Ray					0.0%	0.0%	0.0%	0.0%
Laboratory Services					0.0%	0.0%	0.0%	0.0%
Durable Medical Equipment/Prosthetics					0.0%	0.0%	0.0%	0.0%
Dialysis Procedures					0.0%	0.0%	0.0%	0.0%
Skilled Nursing Facility					0.0%	0.0%	0.0%	0.0%
Long Term care Hospital/ Post-Acute care					0.0%	0.0%	0.0%	0.0%
Home Health					0.0%	0.0%	0.0%	0.0%
Hospice					0.0%	0.0%	0.0%	0.0%
Vision					0.0%	0.0%	0.0%	0.0%
Dental					0.0%	0.0%	0.0%	0.0%
Ambulance					0.0%	0.0%	0.0%	0.0%
Transportation					0.0%	0.0%	0.0%	0.0%
Other (Capture costs for non-RX services not otherwise specified) - COVERED					0.0%	0.0%	0.0%	0.0%
Other (Capture costs for non-RX services not otherwise specified) - NOT COVERED					0.0%	0.0%	0.0%	0.0%
Prescription Drugs (Outpatient)/Part D Drugs					0.0%	0.0%	0.0%	0.0%
Professionally administered Prescription Drugs/ Part B Drugs					0.0%	0.0%	0.0%	0.0%

Section 3. Total Cost of Care After Savings Applied for Proposed Model								
Service Categories for Cost Analysis	Baseline Year (will not change)				Year 1			
	4/1/2013-3/31/2014				4/1/2014-3/31/2105			
	PBPM Medicare FFS	PBPM Medicaid / CHIP	PBPM Dually Eligible	PMPM Other Participa	PBPM Medicare FFS	PBPM Medicaid / CHIP	PBPM Dually Eligible	PMPM Other Participant
Inpatient Hospital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Outpatient Hospital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Primary Care	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professional Specialty Care	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Diagnostic Imaging/X-Ray	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Laboratory Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Durable Medical Equipment/Prosthetics	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dialysis Procedures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Skilled Nursing Facility	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Long Term care Hospital/ Post-Acute care	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Home Health	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hospice	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vision	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dental	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ambulance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Transportation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other (Capture costs for non-RX services not otherwise specified) - COVERED	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other (Capture costs for non-RX services not otherwise specified) - NOT COVERED	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Non-Rx Subtotal</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Prescription Drugs (Outpatient)/Part D Drugs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Professionally administered Prescription Drugs/ Part B Drugs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Rx Subtotal</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Percent Reduction to Cost of Care After Saving</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$DIY/0!</b>	<b>\$DIY/0!</b>	<b>\$DIY/0!</b>	<b>\$DIY/0!</b>

Page 1

**Reduction in Total Cost of Care**  
 - This is the percentage decrease in total cost of care that the proposal will produce for both the current population and the expansion area

**Total Cost of Care After Savings Applied**  
 - This section automatically calculates the new cost of care after applying your estimated reduction.

# Your Financial Plan Summary Tab

## HCIA Round Two Financial Plan Summary

Please complete the blue shaded cells; All other data points will calculate or pull from the Savings Analysis Worksheet

GRANTEE COSTS*							TARGET POPULATION FOR PROPOSED MODEL*					
HCIA Round Two Federal Grant Funds	Yr 1	Yr 2	Yr 3	3-Yr	%	Target Participant Counts	Baseline	Yr 1	Yr 2			
Personnel	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicare FFS	0	0	0			
Fringe	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicaid/CHIP	0	0	0			
Travel	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Dually Eligible	0	0	0			
Equipment	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Other Non-CMS Target Participants	0	0	0			
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Total Target Participants	0	0	0			
Contractual	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!							
Construction	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Target Participant Member Months	Baseline	Yr 1	Yr 2			
Other	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicare FFS	0	0	0			
<b>Total Direct</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>	Medicaid/CHIP	0	0	0			
Total Indirect	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Dually Eligible	0	0	0			
<b>Total Budget</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>	Other Non-CMS Target Participants	0	0	0			
						Total Target Member Months	0	0	0			
In-Kind Costs	Baseline	Yr 1	Yr 2	Yr 3	3-Yr	%	HEALTH CARE EXPENDITURES BEFORE PROPOSED MODEL SAVINGS*					
Personnel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	<b>Total Cost of Care (PBPM or PMPM)</b>	<b>Baseline</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	
Fringe	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicare FFS	\$0.00	\$0.00	\$0.00	\$0.00	
Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicaid/CHIP	\$0.00	\$0.00	\$0.00	\$0.00	
Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Dually Eligible	\$0.00	\$0.00	\$0.00	\$0.00	
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	\$0.00	
Contractual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!						
Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	<b>Target Expenditures to be Impacted</b>	<b>Baseline</b>	<b>Yr 1</b>	<b>Yr 2</b>	<b>Yr 3</b>	<b>3-Yr</b>
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Medicare FFS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Direct</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>	Medicaid/CHIP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Indirect	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	Dually Eligible	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Budget</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>	Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
							Total Cost of Care Expenditures Before Propo	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

### Target Participant Counts

- Include the number of beneficiaries projected to be served for which cost savings may be realized

### Target Member Months

Convert the count of person into eligible months during the year

# Your Financial Plan Summary Tab (cont.)

**Proposed Savings-** Automatically tallies from previous entries

Total Proposed Model Costs	Baseline	Yr 1	Yr 2	Yr 3	3-Yr	%
Personnel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Fringe	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Contractual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
<b>Total Direct</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>
Total Indirect	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
<b>Total Program Costs Budget</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>
Estimate Total Proposed Model Costs by	Baseline	Yr 1	Yr 2	Yr 3	3-Yr	%
Direct Patient Care Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Payment To Providers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Initial Development Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Ongoing Operational Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
Other Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!
<b>Total Budget (must match row 42)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>#DIV/0!</b>

<b>*Definition of Time Periods:</b>
<b>Baseline Year- 4/1/2013-3/31/2014*</b>
<b>Year 1- 4/1/2014-3/31/2015</b>
<b>Year 2- 4/1/2015-3/31/2016</b>
<b>Year 3- 4/1/2016-3/31/2017</b>

\* No Federal Funding

### Estimated Total Proposed Model Costs

- In order to best understand the payment model expenses vs. service delivery we are asking for you to estimate total proposed costs by these categories.

PROPOSED MODEL SAVINGS*				
% Change to Total Cost of Care	Yr 1	Yr 2	Yr 3	
Medicare FFS	#DIV/0!	#DIV/0!	#DIV/0!	
Medicaid/CHIP	#DIV/0!	#DIV/0!	#DIV/0!	
Dually Eligible	#DIV/0!	#DIV/0!	#DIV/0!	
Other Non-CMS Target Participants	#DIV/0!	#DIV/0!	#DIV/0!	
Estimated PBPM OR PMPM Total Cost of Care After S	Yr 1	Yr 2	Yr 3	
Medicare FFS	\$0.00	\$0.00	\$0.00	
Medicaid/CHIP	\$0.00	\$0.00	\$0.00	
Dually Eligible	\$0.00	\$0.00	\$0.00	
Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	
Estimated Total Cost of Care Expenditures After Savin	Yr 1	Yr 2	Yr 3	3-Yr
Medicare FFS	\$0.00	\$0.00	\$0.00	\$0.00
Medicaid/CHIP	\$0.00	\$0.00	\$0.00	\$0.00
Dually Eligible	\$0.00	\$0.00	\$0.00	\$0.00
Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	\$0.00
PBPM or PMPM Savings	Yr 1	Yr 2	Yr 3	
Medicare FFS	\$0.00	\$0.00	\$0.00	
Medicaid/CHIP	\$0.00	\$0.00	\$0.00	
Dually Eligible	\$0.00	\$0.00	\$0.00	
Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	
Total Gross Cost of Care Savings	Yr 1	Yr 2	Yr 3	3-Yr
Medicare FFS	\$0.00	\$0.00	\$0.00	\$0.00
Medicaid/CHIP	\$0.00	\$0.00	\$0.00	\$0.00
Dually Eligible	\$0.00	\$0.00	\$0.00	\$0.00
Other Non-CMS Target Participants	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Gross Savings- All Target Participants</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Gross Savings- CMS Participants</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Net Savings for Target Participants	Yr 1	Yr 2	Yr 3	3-Yr
<b>Before Deducting In-Kind Costs</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>After Deducting In-Kind Costs</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Net Savings for CMS Beneficiaries	Yr 1	Yr 2	Yr 3	3-Yr
<b>Before Deducting In-Kind Costs</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>After Deducting In-Kind Costs</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

# Service Category Hints

- There may be areas not specifically captured in the categorized cost list.
  - E.g. Behavioral and Mental Health is a service generally not covered in Medicare. In such cases, use the categories:
    - Other (Capture costs for non-RX services not otherwise specified) – COVERED
    - Other (Capture costs for non-RX services not otherwise specified) - NOT COVERED

Please include an explanation/ definitions in your narrative.
- There may be category overlap.
  - E.g. “Outpatient Hospital” vs. “Emergency Services.” In such cases, use the most specific categories:
    - “Emergency Services”
    - When possible, attribute cost to target priorities
- Please refer to the Application User Guide for category definitions, explanations and examples ( p 5–7)as well as a list of resources (p 4)

# Examples of Publicly-Available Resources to Develop your Total Cost of Care Estimates

**Applicants should compare their estimates on Total Cost of Care to publicly available data**

Example Sources	Description	Type of Data
<a href="http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Geographic-Variation/index.html">http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Medicare-Geographic-Variation/index.html</a>	Source: CMS Contains Medicare fee-for-service data at the state, hospital referral region and county level. Available data include: –Demographics and disease prevalence –Spending and utilization (by service category) – Quality (readmissions, ED visits, avoidable hospitalizations, hospital compare). An easy to use interactive dashboard at the state level is also available.	Utilization Geographic Data Quality Data
<a href="http://msis.cms.hhs.gov/">http://msis.cms.hhs.gov/</a>	Source: CMS Contains Medicaid data on various categories of health care spending	Basket of Services Total Cost of Care
<a href="http://meps.ahrq.gov/mepsweb">http://meps.ahrq.gov/mepsweb</a>	Source: Agency for Healthcare Research and Statistics Contains private insurer information	Unit Costs Total Units
<a href="http://www.resdac.org/cms-data">http://www.resdac.org/cms-data</a>	Source: Research Data Assistance Center (ResDAC) Contains a wide array of CMS Medicaid and Medicare data	Unit Costs Total Units Utilization Membership

# Examples of Publicly-Available Resources (Cont.)

Applicants should compare their estimates on Total Cost of Care to publicly available data

Example Sources	Description	Type of Data
<a href="https://dnav.cms.gov/">https://dnav.cms.gov/</a>	Source: CMS An easy menu tool to find CMS data	Unit Cost Total Units
<a href="http://healthindicators.gov/">http://healthindicators.gov/</a>	Source: National Center for Health Statistics Contains data on utilization and other health indicators on a community level from variety of sources	Basket of Services Total Units Unit Costs
<a href="http://www.statehealthfacts.org/">http://www.statehealthfacts.org/</a>	Source: Kaiser Contains data at state level on wide variety of statistics for variety of health care purchasers	Unit Costs Total Units

Note: These sources are examples and are not an exhaustive list of publicly available data that applicants can use.

# Supporting Narrative and Schedules

- Use the application narrative and supporting schedules to explain the rationale behind budget and potential savings estimates
- For every data point on SF424A and the Financial Plan, applicants are encouraged to explain either through narrative or supporting schedule how that number was computed. For example,
  - What is included in your figure for Personnel on SF424A?
  - How did you arrive at your total cost of care estimate?
  - How did you compute your potential for reductions to total cost of care?
- Clearly explaining the rationale of your estimates will add credibility to your funding request
  - Use evidence and rigorous research to support the estimates provided

# Agenda

- Overview
- Introduction to Total Cost of Care and Demonstrating your Initiative's Ability to Lower Costs through Improvement
- Financial Plan
- **Next Steps**

# Submitting an Application

Access application electronically at:

- <http://www.grants.gov>

In order to apply all applicants must

- Obtain a **Dun and Bradstreet Data Universal Numbering System (DUNS)** number which can be obtained at [www.dunandbradstreet.com](http://www.dunandbradstreet.com)
- Register in the System for Award Management (SAM) at: <https://www.sam.gov/portal/public/SAM/>

# Upcoming Webinars

## **June 26, 2013:**

### **Webinar 5: Measuring for Success/Developing an Operational Plan**

- Driver Diagrams/Theory of Change
- Demonstrating measurable impact on Better Health and Better Care
- Rapid cycle improvement

### **Webinar 6: Payment Models**

- What is a Payment Model?
- What makes a Payment Model “Fully Developed”?
- What is a sustainable Payment Model?

### **Webinar 7: Application Narrative and Road Map**

- Application Narrative
- Awardee Selection Process & Criteria
- How to complete Executive Overview
- Helpful Hints

### **Webinar 8: Technical Assistance for Submitting an Application**

Slides, transcripts and audio will be posted at <http://innovation.cms.gov>

# Next Steps

- Additional information regarding the Innovation Awards will be posted on <http://innovation.cms.gov>
- More Questions? Please Email [InnovationAwards@cms.hhs.gov](mailto:InnovationAwards@cms.hhs.gov)

# Thank You!

Please use the webinar chat feature to submit questions