Request for Information on State Innovation Model Concepts

State Innovations Group

September 2016 Listening Session
Goals for Today’s Listening Session

• Provide **overview of the Request for Information (RFI)** on State Innovation Group Concepts.

• Provide forum for **questions regarding RFI**.
The CMS Innovation Center was created by the Affordable Care Act to develop, test, and implement new payment and delivery models to reduce program expenditures...while preserving or enhancing the quality of care furnished to individuals under such titles.

Section 3021 of Affordable Care Act

Three scenarios for success

1. Quality improves; cost neutral
2. Quality neutral; cost reduced
3. Quality improves; cost reduced (best case)

If a model meets one of these three criteria and other statutory prerequisites, the statute allows the Secretary to expand the duration and scope of a model through rulemaking.
In January 2015, the Department of Health and Human Services announced new goals for value-based payments and APMs in Medicare.

**Medicare Fee-for-Service**

**GOAL 1:** 30%

Medicare payments are tied to quality or value through alternative payment models (categories 3-4) by the end of 2016, and 50% by the end of 2018.

**GOAL 2:** 85%

Medicare fee-for-service payments are tied to quality or value (categories 2-4) by the end of 2016, and 90% by the end of 2018.

**STAKEHOLDERS:**
Consumers | Businesses | Payers | Providers | State Partners

**Set internal goals for HHS**

**Invite private sector payers to match or exceed HHS goals**
Medicare Access and CHIP Reauthorization Act moves us closer to meeting these goals...

The new Merit-based Incentive Payment System helps to link fee-for-service payments to quality and value.

The law also provides incentives for participation in Alternative Payment Models in general and bonus payments to those in the most highly advanced APMs.

New HHS Goals:

- **2016**
  - 30% linked to quality and value
  - 85% Medicare fee-for-service (FFS) payments

- **2018**
  - 50% linked to quality and value
  - 90% Medicare fee-for-service (FFS) payments

**All** Medicare fee-for-service (FFS) payments (Categories 1-4)

Medicare **FFS** payments linked to quality and value (Categories 2-4)

Medicare payments linked to quality and value **via APMs** (Categories 3-4)

**Medicare-Payments to those in the most highly advanced APMs under MACRA**
State Innovation Model grants have been awarded in two rounds

- CMS is testing the ability of state governments to utilize policy and regulatory levers to accelerate health care transformation

- Primary objectives include
  - Improving the quality of care delivered
  - Improving population health
  - Increasing cost efficiency and expand value-based payment

![Map showing the distribution of states for different rounds of the State Innovation Model grants.](image)

- Six round 1 model test states
- Eleven round 2 model test states
- Twenty one round 2 model design states
Round 1 states are testing and Round 2 states are designing and implementing comprehensive reform plans

### Round 1 States testing APMs

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### Round 2 States designing interventions

- **Near term CMMI objectives**
  - Establish project milestones and success metrics
  - Support development of states’ stakeholder engagement plans
  - Support development and refinement of operational plans
Maryland All-Payer Payment Model achieves $116 million in cost savings during first year

- Maryland is the nation’s only all-payer hospital rate regulation system
- Model will test whether effective accountability for both cost and quality can be achieved within all-payer system based upon per capita total hospital cost growth
- The All Payer Model had very positive year 1 results (CY 2014)
  - $116 million in Medicare savings
  - 1.47% in all-payer total hospital per capita cost growth
  - 30-day all cause readmission rate reduced from 1.2% to 1% above national average

- Maryland has ~6 million residents*
- Hospitals began moving into All-Payer Global Budgets in July 2014
  - 95% of Maryland hospital revenue will be in global budgets
  - All 46 MD hospitals have signed agreements
- Model was initiated in January 2014; Five year test period

* US census bureau estimate for 2013
What we’ve learned about state-based payment and delivery system reform initiatives

• Many states have been able to increase the populations served by their SIM-supported models.

• Over 70% of eligible Medicaid primary care providers participate in Arkansas’ patient-centered medical home, which serves about 80% of their eligible Medicaid population.

• Alternative payment models supported by SIM funds in Minnesota and Vermont are reaching about 50% of each state’s total population, with Oregon and Vermont also reaching over 80% of their total Medicaid population.

SIM Round 1 Test State Evaluation results can be found: https://downloads.cms.gov/files/cmmi/sim-round1-secondannualrpt.pdf.
What we’ve learned about state-based payment and delivery system reform initiatives

• Some of the most substantial changes to delivery systems and payment methods are in areas where public and private payers are working together to accelerate transformation.

• In Arkansas, Arkansas Blue Cross Blue Shield, QualChoice and some large self-insured employer groups, including Walmart, participate in the SIM-supported patient-centered medical home and episode of care models.

• Vermont’s SIM Initiative focuses on supporting Accountable Care Organizations. Providers participating in both Medicaid and commercial ACOs now represent a significant majority of the state’s available primary care providers. ACOs offer services to nearly all residents statewide, and about half of eligible beneficiaries were participating as of late 2014.

• In Oregon, participation in the Coordinated Care Model under the SIM Initiative currently includes commercial insurance carriers contracting with the state to cover state employees and Medicaid beneficiaries.
Purpose of SIM RFI

I. **Partnering with states** to implement delivery and payment models across multiple payers in a state that could qualify as Advanced Alternative Payment Models (APMs) or Advanced Other Payer APMs under the proposed QPP, **making it easier** for eligible clinicians in a state to become qualifying APM participants and earn the APM incentive; **Implementing financial accountability** for health outcomes for an entire state's population;

II. **Assessing the impact of specific care interventions** across multiple states; and

III. **Facilitating alignment of state and federal payment and service delivery reform efforts**, and streamlining interactions between the Federal government and states.
I. State Specific Pathways toward AAPMs

• **Track A: Transformation** State-specific multi-payer model with Medicare, Medicaid, CHIP, and private payer participation that meets our criteria for all-payor models*

• **Track B: Alignment** Support states to align with existing Medicare models (e.g., MSSP, Next Generation ACO Model, CPC+, Medicaid health homes).

II. Assess the Impact of Specific Care Interventions Across States

- Implement a standardized care intervention in areas CMS and states agree are high priority for rigorous assessment (e.g., care interventions for pediatric populations, physical and behavioral health integration, substance abuse/opioid use treatment, coordinating care for high-risk, high-need beneficiaries) and participate in a robust evaluation design led by CMS.
• CMS seeks input on how to improve both coordination among related federal efforts in support of state-based delivery and payment reform efforts (e.g., workgroups within the agency or department to coordinate policy), and the way it interacts with and supports states in those reform efforts (e.g., coordinated points of contact for states).
Key RFI Dates and Comment Information


• **Comment Date.** To be assured consideration, comments must be received by October 28, 2016.

• **Address.** Comments should be submitted electronically to: [SIM.RFI@cms.hhs.gov](mailto:SIM.RFI@cms.hhs.gov).

• **Contact Information.** [SIM.RFI@cms.hhs.gov](mailto:SIM.RFI@cms.hhs.gov) with “RFI” in the subject line.
Questions