

# State Innovation Models Initiative: Model Testing



*Centers for Medicare and  
Medicaid Services*

*August 15, 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.

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# State Health Care Innovation Plans

- Plans must be submitted with Model Testing Applications
- Plans must:
  - Demonstrate how the state will coordinate health care and public health programs, such as licensing, accreditation, health departments, insurance oversight, educational assistance, and publically supported provider entities -- all aimed at delivering better health care, improved health and reduced costs through improvement
  - Describe a state's comprehensive approach to move the preponderance of care from volume-based models to value-based models
  - Include multi-payer payment and service delivery models
  - Engage communities to improve health and health care with reduced costs

# States can use many levers to drive change

	Description	Example/Effect
New payment models	<ul style="list-style-type: none"> <li>Change payment models that impact the way Medicaid, Medicare and other private health insurance programs pay for care</li> </ul>	<ul style="list-style-type: none"> <li>Develop and scale ACOs, bundled payment programs, patient-centered medical homes</li> </ul>
Convene payers	<ul style="list-style-type: none"> <li>Use state leadership to bring all payers to the table</li> </ul>	<ul style="list-style-type: none"> <li>Increase impact of public payment reform</li> <li>Move preponderance of care to value-based models</li> </ul>
Shape health care workforce	<ul style="list-style-type: none"> <li>Develop innovative policies around licensure and training of health care workers and programs</li> </ul>	<ul style="list-style-type: none"> <li>Enhance primary care capacity, integrate community health care needs with graduate medical education other health professionals</li> </ul>
Organize public health services	<ul style="list-style-type: none"> <li>Coordinate public health system with delivery system</li> </ul>	<ul style="list-style-type: none"> <li>Address the underlying determinants of health</li> </ul>
Integrate behavioral health services	<ul style="list-style-type: none"> <li>Create value-based clinical and business model</li> </ul>	<ul style="list-style-type: none"> <li>ACOs or patient-centered medical homes</li> </ul>

# Areas to consider when developing a proposal

## 1. Present a compelling case for Model Testing and readiness

- How does the model test position state to move significant portion of care from a fee for service based (FFS) system that drives volume to a value-based accountable care system that incentivize improved outcomes.
- Builds capacity to improve care and population health -- and reduce cost
- Identifies multiple payers that are included in the model test
- Integrates other Affordable Care Act initiatives and policy levers into model design

## 2. Provide evidence of ability to monitor and improve health system performance

- Use cost, quality, population data collection and performance data analytics and performance accountability
- How the state will support the evaluation of the model test

## 3. Provide evidence of the support of payers and providers

- Document the involvement of providers and stakeholder in the model design development
- Describe how will stakeholders remain engaged during the model implementation and testing, including providers, employers, and consumers
- Describe the expected changes in clinical and business model of healthcare that are created by the proposal model design.

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# Model Testing Tracks

States may request Medicaid waivers and Medicare payment alignment to support proposed payment and service delivery models

## Description

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### Track One

- Proposals that do not require Medicaid waivers or additional authority
  - Utilize existing Medicare payment and service delivery models
  - Ready to begin testing within six months of award of the cooperative agreement
  - Will receive preference in the round one selection process
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### Track Two

- Proposals that require Medicaid waivers or new Medicare payment and service delivery models from the Innovation Center
- State is responsible for development of detailed proposal
- CMS will review proposals through a clearance process
- States will have an additional 6 months for proposal preparation, clearance and approval

# Model Pre-Test Award

## 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 Testing Proposal Considerations

## The proposal for testing should:

- Identify the multiple payers that will be participating in the model test
- Describe any innovative approaches to improve the effectiveness, efficiency and appropriate mix of the health care work force
- Describe new or modification of regulatory authorities to reinforce accountable care and delivery system transformation
- Present any changes in health insurance regulations and requirements on payers that would support the broader goals of delivery system and payment reform
- Describe, if applicable, how Affordable Insurance Exchange activities will support the model design proposed for testing
- Describe any model design innovations that integrate accountable care health systems with community prevention
- Present any strategies that build upon community stabilization development funded as part of community economic development investments in low income communities

# Model Testing Application Requirements

## All state applicants for Model Testing awards must submit the following:

- Standard forms
- Letter of Endorsement from Governor
- Project abstract
- State Health Care Innovation Plan
- Description of the model testing strategy
- Description of expected engagement and transformation of major provider entities within the state
- Description of roles of other payers and stakeholders participating in the model
- Description of linkage of Models to state's State Health Care Innovation Plan
- Description of multi-stakeholder engagement and commitment
- Budget Narrative and expenditure plan
- Financial Analysis demonstrating net savings
- Plan for performance reporting, continuous improvement, and evaluation support
- Model Testing project plan and timeline with milestones
- Letters of support and participation from major stakeholders

# Model Testing Scoring

Model Testing Strategy	25 points
Provider Engagement	15 points
Payer Engagement	15 points
Organizational Capacity	5 points
Multi-Stakeholder Engagement	5 points
Budget & Financial Analysis	25 points
Performance Reporting	<u>10 points</u>
Total	100 points

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# Examples of Allowable Model Testing Costs

**Allowable costs associated with state Model Testing work could include:**

- Technical resources necessary to implement new models
- Data collection, analysis, reporting cost
- Coordination with Innovation Center rapid cycle evaluation, and costs for collecting and preparing data for Innovation Center evaluator and/or state evaluator
- Health information exchange cost associated with the model
- Infrastructure costs to build or expand telemedicine system

# Examples of Allowable Model Testing Costs

## **Additional examples of allowable costs associated with state Model Testing work:**

- Model beneficiary assignment or reconciliation cost
- Web and internet collaborative learning and communication cost
- Project management and reporting cost
- Building a statewide all-payer database
- Impact model evaluation data collection, reporting, beneficiary and provider survey data, and other costs associated with final model evaluation

In addition, on a limited, case-by-case, basis CMS may consider funding provider payments for performance-based shared savings.

# Prohibited Uses of Cooperative Agreement Funds

## States may not use model testing 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

# Terms and Conditions of Model Testing Award

**CMS anticipates requiring special terms and conditions as part of the award process. These special terms and conditions could include, with an appropriate level of specific details, any of the terms listed below:**

- Reporting (financial, quality, progress)
- Learning and Diffusion (training)
- Stakeholders (public notice, tribal consultation)
- Beneficiaries (access, enrollment, change in rights)
- Providers (approval of training)
- Payers (rate setting, marketing)
- Project Monitoring (contract review, audits)
- Data Collection (data integrity, use of data)
- Evaluation (rapid cycle and impact)
- Termination
- Funding
- Financial Arrangements
- Operations (information technology, claims, personal health information)
- Program Integrity

# Model Testing Evaluation

- Model Testing evaluation includes three parts:
  - 1) an overall design and data collection phase
  - 2) rapid cycle evaluation of state models
  - 3) an impact evaluation
- The evaluation will rely on quantitative and qualitative data collection
- CMS has ultimate responsibility for the evaluation process and reports
- The Innovation Center's evaluation contractor will be able to assist states with evaluation-related technical assistance
- CMS will evaluate each model and then compare all models to identify key insights related to improved care, health outcomes, and reduced costs

# State's role in evaluation

- States are expected to play an active role in evaluations, particularly with regard to Medicaid and CHIP benefits. These evaluation efforts should continue after the model funding has ended
- States must collect and analyze data on an ongoing basis to ensure continuous improvement
- Data collection is a condition of participating in this initiative. This may include providing Medicaid encounter data (including both baseline and performance period data)
- Each state should identify a research group to assist in data collection, evaluation and rapid-cycle improvement

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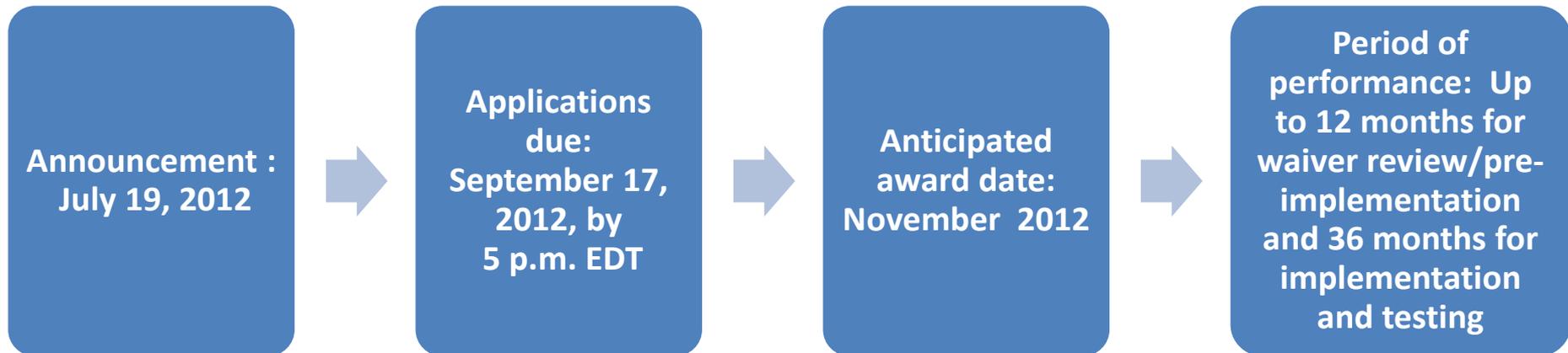
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# Award Timeline

## Model Testing (Round One):



# Additional Information

- Additional webinars will be scheduled for state policy makers to cover the following topics:
  - 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 inbox for 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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