

**Center for Medicare & Medicaid Innovation
State Innovation Models (SIM)
Initiative Overview Webinar
July 26, 2012**

DORIAN: Good afternoon ladies and gentlemen and welcome to the State Innovation Models Initiative Overview Webinar, hosted by the State Innovations Models Initiative Team at the Center for Medicare and Medicaid Innovation. A few housekeeping items before we proceed with the presentation. All participant lines are in a listen only mode throughout the presentation. You may submit questions via the general chat feature at the bottom of your screen at any time. As there will be many more questions than we will have time we will be answering questions at the end of the event and following the conclusion of the slide presentation.

With that I will turn you over to Ray Thorn with the Center for Medicare and Medicaid Innovation. Thank you.

RAY THORN: Thank you Dorian and good afternoon everyone and thank you all for joining. Again this is Ray Thorn. I am with the Stakeholder Engagement Group here at the CMS Innovation Center. We are really thrilled that you have joined today's webinar on the new State Innovation Models Initiative. You have helped states design and test improvements to their health care systems that will bolster health care quality and decrease costs. So thank you again for joining us on today's call. Just a few housekeeping items just at the front, this webinar is being recorded and will be posted on the Innovation Center's website within the week. The transcript and the slides of today's webinar will also be posted within the week also.

This webinar is for stakeholders only. This is not for press. If you are a member of the press, please contact the CMS Media Relations Group. The main purpose of today's webinar is to provide an introduction and overview of the State Innovation Models Initiative. We wanted to take this opportunity to inform everyone about this new initiative and what they can do to participate.

Let me get into the agenda for you. First we will have the Director of the Center for Medicare and Medicaid Innovation, Rick Gilfillan make some welcome remarks, opening remarks and then Jim Johnston who is the Program Lead on the State Innovation Models Initiative will be today's presenter and he will be providing an introduction to the Initiative discussing the aims and objectives of the Initiative as well as eligibility and time lines. After Jim is finished we will have a Q&A session in which we will answer questions that have been submitted through the email chat or through the chat box on the webinar function. Again if you wanted to ask a question, please submit it through the chat box.

We will not be taking questions through the phone. Again we will not be taking questions through the phone. And we will conclude this webinar by four o'clock pm eastern time. During the Q&A portion of today's webinar we will also be joined by Tony Rodgers the CMS Deputy Administrator and the Director of the Center for Strategic Planning. I also want you to know there are two additional folks on the State Innovation Models team, Richard Jenson and Jackson Williams. They have also contributed a lot to this Initiative.

If you do have questions that we were not able to answer on this webinar you can always email us. Our email address is stateinnovations@cms.hhs.gov. Again that is stateinnovations@cms.hhs.gov. Again if we don't get to your question, feel free to email us. In addition information on the State Innovation Initiative is on the Innovation Center website on innovation.cms.gov under the What's New session on the web or under what we're doing at the top of the website. And with that I will turn it over to Rick Gilfillan.

RICK GILFILLAN: Well, thank you Ray and thank you to everyone who's out there joining us on this call today. This is a very exciting initiative and we think in many ways it's kind of the capstone of some of the work we've been doing here at CMS and in the Innovation Center because it brings together the activities, the initiatives, the abilities, the levers states have to join with the work that the federal government can do through CMS, HHS and other avenues to really support what we know is a growing emergent interest throughout the country really amongst providers and other stakeholders in the health care system to improve our care system in new and dramatic ways.

Over the past 18 months our Medicare/Medicaid Duals and Innovation Center Teams have been working closely together to support state efforts to improve their health care delivery system. We've talked with many of you and other representatives of your states and we appreciate the input that you have given us. In that time it's become clear to us that there's a real sense of urgency within states to improve their health care systems to deliver better health, better care and reduce costs through improvement.

In many states we have seen that sense of urgency combined with a real commitment to make meaningful change in health care delivery. There is also an understanding that fundamental change in the way we deliver care and in the way we pay for care is essential to move to a more sustainable health care system. We're thrilled to have the opportunity to announce this innovation model for states and to help work with you and to work with you and support you in designing and implementing new multi payer payment and service delivery models as well as other initiatives that will improve the delivery of care and the health of your state's citizens.

States are great laboratories for innovations. They're uniquely situated to produce improvements in the health care system and partner with private payers, health plans and providers. They have the ability to accelerate the performance of the delivery system and payment models that can improve the quality of health and lower costs. They can support the development and integration of community based interventions to improve the health of their populations.

We know it has been over the past two years it's been a difficult time for state governments for many reasons, most significantly on the budget front. As always states have different challenges, different opportunities and different priorities. And while most states have seen health care costs as a critical issue, some have moved further towards the delivery system change than others. That's why we've crafted the State Innovation Model to meet states where you are today.

CMS will offer model testing for support for states that have already been developing plans for broad based health system change and are approaching implementation of those plans. For other states that are not as advanced in planning CMS will offer model design support. Through these models we expect states will work with a broad coalition of community leaders, service

organizations, health care providers, consumers, employers, insurers, tribal governments and others to design or test multi payer payment and delivery improvements to your health care systems for Medicare, Medicaid and children's health insurance program beneficiaries, while eliminating unnecessary spending.

Given this broad scope of these approaches successful innovations are expected to benefit both privately and publicly insured residents of participating states. We know many of you are engaged in those efforts already, examples include ongoing health care innovation activities such as primary care networks creating medical homes, supported by advanced information technology, community health teams, models that coordinate care seamlessly across primary care providers, specialists and hospitals.

The State Innovation Models Initiative including analytic and program support from CMS will build upon this good work and achieve results through state/federal partnership. As I mentioned this is really a model that we think could be the most powerful in terms of supporting the improvement of care and we look forward to you all presenting us with very ambitious models that address the major provider systems in your state, the major opportunities to improve public health and involve multiple payers so that over time the preponderance of care in your state and for your population, a large segment of your population will be impacted.

We do want to thank you now for the opportunity to work with you on this exciting initiative and for the continued input, suggestions and hard work you've all been doing in these very difficult times. It's a real honor and privilege to be here at CMS and to work with you at this very historic time. We believe that as a result of the Affordable Care Act we together have the opportunity to work to improve our health care system as never before.

In this State Innovation Models Initiative we look forward to supporting and working with you all to find the many and varied innovative approaches to delivering care which will fulfill the promise of creating a sustainable health care system for all Americans. Thanks again for being here today.

RAY THORN: thank you Rick and now I will turn it over to Jim Johnston who will be presenting from the slide deck. Thank you, Jim.

JIM JOHNSTON: Thanks Ray. And I want to thank everybody, echo what Dr. Gilfillan said thank you for joining us today for the webinar. We are excited and looking forward to working with states and their partners as we develop this initiative. And I'm going to go over our agenda briefly and what we're going to cover today. We're going to start with a background of who we are here at the Innovation Center and where we fit in the Center for Medicare and Medicaid Services and then get into some specifics and our vision for this health care model.

After that we'll talk about how to participate both for states and for stakeholders and then finish up with the next steps in terms of the key dates for the application process. (AUDIO STATIC) And next steps in terms of questions. I know there are a number of folks who have already submitted questions. You can go to your general chat box at any time and we encourage you to do that. If you have questions go ahead and enter them into the box. As Ray mentioned before

we will not be taking questions over the phone. But we will be answering some questions at the end of the presentation that have been submitted through the chat box. So do that at any time.

And with that I think we can proceed to our current health care system. I'm sure many of you are familiar with this, but our care is certainly in transition right now. At CMS we are supporting efforts to move from a volume based system that we currently have to a value based. And that's really getting into care management, accountable care organizations; it takes a variety of forms, but the common theme is it's moving from volume to value. In our current system it will come as no surprise to many of the folks on the call but while we have the best acute care system in the world, we also have some issues we need to work on.

The care is often uncoordinated in terms of health and general delivery of health with a fragmented system of delivery, the quality varies across, within cities even, and certainly across the country. It can be unsupportive in terms of health care it delivers for patients and for practitioners. And the costs certainly are unsustainable. They are growing as we all know very quickly; it's already consuming almost half of the federal budget for the programs we support here at CMS and that's only going to be growing faster according to the Congressional Budget Office as we move out to the rest of this century. So we definitely need to take action.

And at CMS we're working on now we can make that system more affordable, more accessible, create a seamless and coordinated system to replace the uncoordinated care we currently have, improve the quality while we're doing that and focus really on the patient and their family as that care is being delivered while being supportive of clinicians, hospitals, doctors, providers of all sorts so that they can meet the needs of their patients, which is their primary concern.

With that, we can move to who we are here at CMMI. And CMMI stands for the Center for Medicare and Medicaid Innovation. That is the Innovation Center here. And we were created through the Affordable Care Act. For those keeping track on the Act it was through Section 3021 of the Affordable Care Act established a new section of the Social Security Act under Title 11. And that was 1115A. That section creates the Innovation Center.

And you can see here on this slide the purpose of the Innovation Center, this comes right out of the law is to test innovative payment and service delivery models to reduce program expenditures under the programs we administer here at CMS, Medicare and Medicaid and CHIP, while preserving or enhancing the quality of the care that's going to be furnished. It goes onto say that we're going to give preference to models that also improve coordination, quality, and the efficiency of the health care they're delivering.

To make this happen, the Act funds the Innovation Center with \$10 billion over a ten year period from fed fiscal year 2011 through fed fiscal year 2019. And it also gives the Secretary of the Department of Health and Human Services the authority to expand successful models as we are testing them and then expand them to other states and when it's appropriate to a national level.

But the key here is testing. And that is what this particular model is about and that is what all the models we are doing here at the Innovation Center, the common theme is always to test these innovations, see how they're working and when appropriate and they're working to scale them up. We do that in the context of really what we called in the past our three part aim. It's how we

really measure through these three metrics, everything we do here at CMS and certainly at the Innovation Center.

And the first one is better health. And that's the population health. We measure that in both individual and population metrics, better health care to improve that experience of care for patients, measured through their safety of care that they receive, the effectiveness of that care, if it's patient centered for them, the timeliness that they're getting the right care at the right time in the right setting, the efficiency of that care, and, of course, equity metrics to reduce disparities in care across the country.

We believe by doing both the improvement of health and health care we can lower the cost. And we've seen examples of that already. So our ultimate goal there is by doing, by delivering better care we also believe we can reduce the total cost of care throughout the system. And our goal is to do that's here at the Innovation Center. You'll see that as a theme. I'm going to mention that as our touchstone as we go through the rest of the slide deck today. But it's also specifically what we want the states to be doing. As states develop these State Innovation Models we want them to become experts in measuring and driving improvement in all three of these areas.

For large parts of their populations we want the preponderance of the care that's going to be delivered in their state to meet these three metrics. That it's going to result in that better health, better health care and we believe by doing that lowering those costs. As Dr. Gilfillan mentioned a lot of states and providers are currently doing that and we recognize and applaud the effort they're doing and I want to emphasize that that change is underway and we think by working with states and all of you who are on this call today with all the stakeholders we can accelerate that transformation.

With that I'm going to move into our next part, which is the model itself and what we're trying to do there. And Secretary Sibelius as she was announcing this initiative mentioned that as a former Governor she's seen what states can do. She's seen them in action and knows that they are great laboratories for innovations and that we can put that practice, expand that nationwide. And that's really what this particular State Innovation Models is all about.

We want states to go out, partner with, we're going to partner with the states and we want them to develop broad based health care innovation plans. And I'm going to talk about that in the very next slide, so I won't belabor that point right now. But that is the context that everything else they do will be put within is that broad based state innovation plan. As they do that we want them to be planning, designing and testing. Again you'll see that testing will show up repeatedly as the evaluation of these new payment and delivery system models, but those will be completed and take place within the context of that broader plan, and doing so we want them to use all the tools and policy levers available to states. And we'll talk about that in the next section in a lot more detail.

But here is what's unique and why we really want to partner with states is that the states accelerating this transformation by using the tools at their disposal. And to do that they need to engage a broad group of stakeholders. And we'll emphasize that again and again throughout this slide show too. All of you on this call we want states to be working with a variety of payers,

providers and community groups as they're developing this transformation innovation plans and then doing these models.

And in so doing to coordinate a number of multiple strategies for health care improvement, all of which will tie back to that State Innovation plan. Our goal of all that is to create multi payer models that have a broad mission to raise community health status and reduce the long term health risks for beneficiaries certainly in our programs here, Medicare, Medicaid and CHIP because that's what we'll be measuring, but also the broader population in the state. And it does have to be multi payer.

Now the plans themselves, and this is the key in terms of we'll talk as Dr. Gilfillan mentioned before we're going to have two types of assistance, delivery and testing. In both cases though the lynch pin of that are the state health care innovation plans. And these plans are proposals that describe the state's program to transform its health care delivery system through approaches that are going to integrate population health, policy, multi payer payment reforms and delivery system changes.

It will use the tools and policy levers available to the state to provide better care, better health and lower the cost for the programs the state administers that we jointly do with them, Medicare and CHIP. It could also involve Medicaid and it also has to reach out in a multi payer way. These plans will be part and parcel of what we look at for the model testing proposals and will be evaluated on the criteria that we put out in the funding opportunity announcement that announced the whole initiative.

They must be submitted by the governor and state officials in consultations with the stakeholders. So everyone on the call today as stakeholders would have a part to play in that and get into that large strategy of what they're doing. And then you can see here we've listed some of the levers that we want states to be thinking about as they do that.

It could be everything from licensing and accreditation for health care professionals, working with public health departments working at, looking at insurance market reform and insurance oversight, educational assistance provided by the states, which could be a graduate medical education, loan programs are taking place and then also publically supported provider fees such as university hospitals, academic educational centers. All of that should be considered as states are looking at the levers and the tools they have available.

As they do that states can apply for two types of aid. And as Dr. Gilfillan mentioned we really want to meet states where they are in the transformation process. Some states have spent a lot of time thinking about this and would probably move right to model testing, other states are just starting really getting into the planning of what they want to do with that. And we have model design for that.

So I'm going to start with model design and talk about that in a little bit in more detail. Overall this opportunity is worth \$275 million that we're putting out. \$50 million of that is devoted to model design and what we're calling pretesting assistance. For the model design we're going to provide financial, which would be in the range of one to three million per state and technical

assistance to states, and we're going to have some centralized technical assistance available to states in addition to the money that's provided directly to the states.

For planning and design efforts putting together the State Health Care Innovation Plans and figuring out the models for payment and service delivery that fit within that broader context for how the state wants to do that. In order to do that states have to reach out and work with a variety of stakeholders including payers because it must be a multi payer payment delivery system model that's going to be presented.

That's the model design. We're going to give states six months to put those plans together and we're offering support for up to 25 states. Model testing will provide financial and technical assistance to states that have already come in with a health care innovation plan and they would get funding for testing and evaluation of their multi payer models for payment and service delivery. That would be in the range of \$20 to \$60 million per state. The total amount there for all the states would be \$225 million. And that would support up to five states in this first round.

Part of that and really what we want to see in those plans, and this is really for the model testing, is for states that are ready to undertake the system wide transformation, should be thinking about the model testing awards is to move the preponderance of care in their state, this should be both for our programs and Medicaid and Medicare and CHIP and for private payers to a service that does move that care from volume based fee for service to clinical and financial models that are going to be more aligned and will reward the value of the care delivery by getting to better health, better health care and lower costs through those improvements.

Now the purpose, partly what the design and the pretest and assistance is that those awards will go out, states will complete those plans. We are planning to do a second round of model testing. We would have a new solicitation late next spring and that would be for states. We'd give states an opportunity who've gone through the model design work and pretesting assistance to come back and submit a plan now for their model testing plan. So they would be available, that would be available for them next spring.

This next slide gets into really emphasizes the partnership. And that's why the boxes are drawn that way and come together. This is not meant to define everything that would go on between the state and the Innovation Center; this is just an illustrative of some areas we work at. As I mentioned before I'd like the states to have a broad group of stakeholders to design these plans and build these models that again would be multi payer. And they implement and test those models.

We're going to provide the financial assistance as I already mentioned; also technical assistance. For states who want to include Medicare we will provide Medicare data to the states as applicable to do that. And we will be centrally evaluating all of the models across the country that implement this. We will also be working with states and having them do their own state design work on that and really point it to quality improvement and learning to do that better as they build to those models.

Together out of all that we will move to a more coordinated health care system that will get to our triple aim that I mentioned before. So the key here is really partnership and coordination.

Again this slide is illustrative of just some of the areas you'd want to coordinate to get to those outcomes.

Next I'm going to talk about where this all leads to and really the vision that we want to see come out of this, first, talking about the tools again that states can use. And as I mentioned before there are a number of levers that states can use to drive this. This slide again is also meant to be illustrative. If you notice at the top it says examples. We are not meaning to define what states would have to do; this is just an example of what states could be doing.

And going down the rows on the side the new payment models which we would expect to see as part of this and those models should impact the way Medicare and Medicaid and CHIP as well as private insurance programs are going to pay for care. Now you'll notice I've mentioned repeatedly throughout this Medicaid, Medicare and CHIP, those are the programs we administer here at CMS. Those are the programs we will be monitoring our savings against. But we are looking for models that would reach out beyond that and be multi payer in nature.

To do that there's a variety of payment models states could look at. We've done a number of tests that we're already starting here at the Innovation Center; everything from accountable care organizations, ECOs, bundled payments. We have four different models of those out now. Patient centered medical homes. We have the comprehensive primary care initiative taking place right now in a number of markets, as well as the MAPCP primary care program that's also operating in a number of states.

That's one dimension would be the payment models. And those are some examples that states could look at there. Convening payers, and again this gets to the multi payer nature. In addition to payers they would also be the provider community and other participants, community groups, public health groups, school groups, but that broad based convening of multiple stakeholders to design the models and the overall plan.

The next dimension would be the workforce itself. And that's again where states have a lot of levers they can look at in terms of their accreditation and their licensing and their educational programs and funding to look at how they do that and to look at their future health care needs in their state and aligning their training and centers to fit the demands they're going to be seeing down the road, enhancing primary care capability, for example, integrating the community health care needs with their graduate medical education are just some examples of the areas where states can be looking at in terms of their workforce as they look into the future.

You can already tell from the previous slides and our overall goal for health care working with public health to coordinate public health systems, working with federally qualified health care centers, working with rural health care centers, health care centers generally to coordinate with them and address the underlying (unintelligible) of health and also the direct care that's often provided for our most vulnerable populations through those providers.

Another example would be integrating behavioral health services, both substance abuse and mental health services and integrating those into the care, so that you get a value based clinical and business model that integrates both acute care and long term care needs as well as the behavioral health needs together. And that could be done possibly through an accountable care

organization, patient-centered care, or there are other models at provider groups and are being tested right now that would do that, but again to get that alignment and coordination, so all of these levers would be used in the context of that overall State Innovation Plan.

Other levers might include again educational assistance. In some cases states are using, having Medicaid supplemental payments they could look at. All of that would be examples of what states might look at in terms of those levers. Where does this all lead up to? And that's what this slide is really all about, it gets to that transformation. So it starts with that acute care system, I've talked about at the very beginning. And again acute care is the best in the world. We've got high quality acute care right now. If you walk into an emergency room you probably want to go to one here because it does have great acute care services.

But we're working on that, improving that coordination, improving that accountability and lowering those costs. And that gets us to the second box there that says start that coordination to a seamless health care system. You're going to get the health care that's going to be aligned, that's going to be accountable. Often that will involve shared risk as a motivator to improve the care and also the shared savings along with that. Providing more case management so that you get that integration of the care, the transitions from hospitals back into the community, just general preventive care and primary care case management that's taking place.

And then population based quality and cost performance measures so that you can look at a broader, you can look at a population health and look at your quality measures and how that's taking place to improve that care. We think states can accelerate all that through the levers they have available to improve those outcomes. And they can do that by working with a broad coalition of employers, insurers, community leaders to move to that second box on the coordinated seamless care and eventually to the last box which is this community integrated health care system.

And these would be the types of activities we'd expect to see in a State Health Care Innovation Plan. That you're added all that I just mentioned but in addition now it's into the population based health care measures and a true integration of the care system with the community health care resources that are available in that state. Now there a lot of states already engaged in these efforts. We've seen examples of ongoing health care innovation from everything from state wide primary care networks to advanced health care information technology systems that support that kind of coordination and seamless coordination of that across primary care to specialists to hospitals. That's what we want to build on as we go forward.

And now we'll get into how to participate both for states and for stakeholders. And this kind of summarizes everything we've been over so far. So for states, and again this is for Governors or the Mayor in D.C. to apply for, they have to convene a broad group of stakeholders. And I can't emphasize that enough.

It's the local health agencies, tribal governments, legislative leaders, state IT coordinators, local government representatives, community groups, health care providers in all aspects of from medical to behavioral health, developmental disabilities, substance abuse, public universities, consumer groups, health care advocates, employers, payers, both state employee plans as well as private plans, self-insured plans that are out there, social service organization, faith based groups.

We are looking for a very broad engagement throughout the state to develop the plans and then to look at the models. And the next step would be the plan, the comprehensive approach for transformation through the State Health Care Innovation Plan and then the models that would be created in the context of that plan. Now should they integrate care, as I've mentioned before both the clinical and behavioral care, prevention, as well as community health and community supported into that coordinated care system, using a lot of levers that the state has available to it to do that.

We will work with states. We want to partner with them and also have states coordinate this with other activities. And we are looking for initiatives that will complement other Affordable Care Act initiatives we're doing here at the Innovation Center. And there are quite a few; everything from hospital engagement networks that we're doing for the Partnership for Patients program to the specific initiatives through Pioneer ACOs that are taking place at a number of states. As I mention previously the Comprehensive Primary Care Initiative which is in several markets around the country.

We want to see that integration. If there is other activities already taking place in the state, we want to see how this overall plan and these models for payment and delivery system reform here will coordinate with those and integrate to create this overall seamless model. And, of course, we're looking for things that would be successful, measured both on the quality and cost of what's going on and be sustainable and I would add to that, and this gets back to the point in the first slide that we're looking for models that we can replicate across the country and scale up. And all that would be part of that.

If you want to see a full list of all of the complementary programs to look at, it's Appendix One in the FOA. It actually has a fairly complete listing of all of our Innovation Center programs as well as highlights some of the others... It's not everything, but there are a number of initiatives that were started by the Affordable Care Act.

So who's eligible? As I mentioned before only Governor's offices and this is both states and territories, as well as the Mayor of D.C., can apply. And it has to be an application from the Governor's office or the Mayor. Only one application per state, for either model design or testing; you cannot apply for both. You have to pick one or the other. Governors may designate a government entity to receive the funds but the Governor's office would be the applicant for this grant through the cooperative agreement.

Non-profit groups are not eligible to apply, although again as I've mentioned and hopefully everyone's heard that message by now, they would certainly be stakeholders. We would expect that states would be talking to as they develop these plans, as they develop these models.

I'm going to finish with the timelines and next steps. And then we'll take some questions that we've been getting in. Again there are two types of awards we're going to be offering, model designs and model testing. They were both announced simultaneously and they run concurrent in this application process. They were announced last Thursday, a week ago, as the National Governors Association health care meeting. It's also posted on our website. And states have to pick which track makes most sense for them, either the design or the testing.

The applications for both are due at the same day on September 17th by five o'clock eastern time that day. Applications would be submitted through grants.gov and all the details are in the funding opportunity announcement. We will review the application and anticipate making awards in mid-November of this year. At that point for the model design work states will have six months to complete their model design. And that would coincide with about the time we anticipate doing a second round of model testing. So that would be next spring.

For model testing states, and those again would be five awards for model testing, the period of performance would be up to 12 months for pre implementation work and that could include some waiver review work for states who wanted to get Medicaid waivers or have Medicare participate in a new model that they wanted to do that would be different than some of the models we already have out. And again we have a number of models we're already testing here; everything from the accountable care organization to bundles to primary care case management.

So it would be somewhere between six and 12 months for that to get ready to start the test and then a 36 month testing period for the model testing states. Again those would be up to five states. Some states, and it looks like we got a couple questions on that, that do not get selected for model testing but have gone through the work might be selected for pretesting assistance. And that would be on the same six month track as the model design states to complete their pretesting. And both the pretesting assistance states and the model design states would have the opportunity in their anticipated second round of model testing to apply for testing at that point.

So as Ray mentioned in the beginning we will be having additional webinars and calls for state policymakers as we over the next couple of weeks to get into a lot more of the details on model design and testing and how to apply for both and to do that. We've got a number of questions today as we mentioned in the beginning we will not... we will not be able to answer all of those questions today, but we have up on our website FAQs that we will augment with the questions we're getting today and we're providing answers to those questions on the website. So track that. It will be updated as we continue to get questions.

If you do have additional questions after you think about today, you can submit them at stateinnovations@cms.hhs.gov any time and we'll get back to you. And then we will again be updating the FAQs as we go along. And additional information there's a fact sheet and the FAQs are all available and actually the funding opportunity now is available on our Innovation Center website and that's at innovation.cms.gov/innovation/state-innovation. And the slide deck will be available later and we'll be posting that.

I want to thank you all for your input and for participation today and the hard work we know you're all doing and we appreciate that, especially we know it's a difficult time for state governments and hope they take advantage of this opportunity. It is an honor and privilege here at CMS to work with you all and we believe that working together. And again we're very excited about the opportunity here, looking forward working with you. We believe it can improve our health care system and support you as you develop and test these models and come up with plans. Thank you again and with that I'll turn it over to Ray and see what we've got for questions.

RAY THORN: Great. Thank you, Jim. I just wanted to take a few minutes to reiterate what Jim closed out here. And if you do have questions and you want to submit them, please submit them through the chat function on the webinar platform. And if we are not able to get to them and most likely we see a lot of questions so far and over Jim's presentation. If we are not able to get to them, please email stateinnovations@cms.hhs.gov. We did get a lot of questions on the availability of the slides and if they will be posted. And again they will be posted on the Innovation Center's website at innovation.cms.gov.

And there is also on that last slide there that's the State Innovation Models web page. So it would be innovation.cms.gov/initiatives/state-innovations. So that's where the slides and the audio and the transcript of today's presentation will be posted. And we did get a lot of questions and I will go ahead and we'll go ahead and get into them. And the first question is to Jim. Are Letters of Intent required in order to submit an application?

JIM JOHNSTON: That's a good question. And for this initiative no, Letters of Intent are not required. It's just the application itself that is required. And that is due again in September.

RAY THORN: Great, thanks Jim. Another question that we received is do interested parties outside of state government have a role in the state initiative model?

JIM JOHNSTON: Yes. And that's certainly true. We do expect states to reach out as I mentioned before to a broad group of stakeholders as they're developing both their health care innovation plan and the specific models that they're going to go through. And there's a fairly extensive list in the FOA, the funding opportunity announcement, but it's everything from insurers, payers, including self-insured plans, providers of all sorts and consumer groups. So, yes, there's a role for interested parties outside of state government.

RAY THORN: Great. Thank you, Jim. Another question that we received is if a state receives an award for model design, what is the length of the award?

JIM JOHNSTON: That's a good question. For the time the award is issued, they will have six months to complete their health care innovation plan and come back with their design for the plan and for what they think they would want to be looking at for their models for pavement and service delivery.

RAY THORN: And to follow up on that and if a state receives an award for model testing what is the length of that award?

JIM JOHNSTON: The model testing period for all the model testing awards will be 36 months. Now before that time period there will be at least six months for implementation work to get ready for the test that could be as long as 12 months for certain states depending on what they've submitted and how it fits in. But all the tests will be 36 months.

RAY THORN: Great. Thanks, Jim. And can the state apply for both the model design award and the model testing award?

JIM JOHNSTON: Also a good question, and the answer is no. That's something that states need to be looking at right now is doing their own internal assessment and deciding which track

makes the most sense for them and where they are today, because they have to pick one or the other, either the design or the testing. They can't do both.

RAY THORN: Great. Thanks, Jim. Another question that we received is how much funding can a state receive for a model testing award?

JIM JOHNSTON: Model testing, the total amount available there is going to be \$225 million. But that is going to be spread out over up to five states. So we're anticipating that the range of the award per state, and this will be by a variety of factors, everything from the size of the state, the population, the models being suggested, would range from \$20 to \$60 million.

RAY THORN: And is the \$60 million the maximum funding?

JIM JOHNSTON: That would be the maximum award for any state.

RAY THORN: Thanks, Jim. We did receive a question regarding are there any restrictions on the use of funds? And I would strongly encourage folks to read the FAQ sheet as well as the FOA which are posted on the Innovation Center website. Another question that we received is can states use innovation models funding to supplement funding levels for current activities such as other CMS activities or CMMI activities?

JIM JOHNSTON: And it might be possible in some cases to supplement funding that's already being provided for certain things. We'd have to look at that very carefully. I know we've got another question related to that on supplanting. And that is prohibited. States cannot use any of the funds through this initiative to supplant any other federal or state funds that they have for their programs. I know, I see another question that just came up on the box about since this is a grant could it be used to match Medicaid funding? And the answer there is no, it may not. These are federal funds and they cannot be used to match Medicaid funds. So they may be able to supplement certain things but they certainly cannot supplant.

RAY THORN: Great. Thank you, Jim. How much funding, another question we received is how much funding can a state receive for model designs?

JIM JOHNSTON: The total amount we're putting out for model design, and this would include pretesting assistance awards we might give out is \$50 million. And that would be up... the total amount and that would be divided by up to 25 states, so the award range for model design pretesting assistance would be \$1 to \$3 million per state.

RAY THORN: Great. Thank you, Jim. I know, I think we've already addressed this question but just to reiterate, where can I find the FOA? And again the FOI is posted on the Innovation Center website at innovation.cms.gov and is under the State Innovation Models Initiative webpage which you can find on the, the address is on that last slide. It should still be posted on the webinar platform. And you can also find the State Innovation Models page under the What's New header on the top of the web page. Now if you do want to go into grants.gov, you'll need the number. And the number for the FOA is CMS-1G1-12-001. And that again is the FOA number.

So another question that we received Jim, may a Governor appoint a state agency or other entity to submit the application and be the fiscal recipient of the award? If so, what entities are eligible to house the award?

JIM JOHNSTON: Again, the Governor's office is the applicant for the award. But they could certainly work, designate a state agency. It would have to be a state government agency to be the lead on behalf of the Governor for them. But the applicant would be the Governor's office. But a state agency could certainly take the lead on that for them.

RAY THORN: Great. Thank you, Jim. Another question we received if a state has been selected for the comprehensive primary care initiative or other Innovation Center projects, will it be precluded from applying for this initiative?

JIM JOHNSTON: That's a good question. The answer, the short answer is no, they would not. But what we are looking for there is for states to develop these comprehensive plans and in so doing tell us how, if they're already into the comprehensive primary care initiative or they've got pioneer ACOs or they have other initiatives in the state how that will complement and fit together with what they're proposing through their application for the State Innovation Models. So it should complement what they're doing. And they could certainly do both.

RAY THORN: Thank you, Jim. Another question we received is will lessons learned from other Innovation Center projects be shared with the model testing and model design states?

JIM JOHNSTON: That is a great question and that's a huge part of what we're trying to do here is disseminate the information and encourage other states to look at making those transformations. So we want to meet all the states where they are and move them all forward working with them as partners on that. So, yes, we will be sharing that. We're going to have a big component actually of the Innovation Centers what we call learning and diffusion where we're trying to take the lessons we learned from various projects and spread them across the country. So we will be actively doing that. As part of this project we will have sessions for the state to participate in.

And out of that we hope to have some best practice that we could share with states down the road that may not be part of the model directly, but could certainly benefit from some of the work we've done.

RAY THORN: Great. Thank you, Jim. Another question that we received through the chat box is would you fund more than five states if five states do not use up your entire budget?

JIM JOHNSTON: For this round by the way the defined funding opportunity announcement, it will be up to five states. Now we are anticipating a second round which will be a brand new solicitation next spring. And that, I can't speak exactly how big that would be but that will be the next opportunity, but this round would not be more than five.

RAY THORN: I think we may have covered this question, but I just want to revisit this, can a state apply for a model design grant now and then a model testing grant in the spring of 2013?

JIM JOHNSTON: Yes. And that's really the purpose of the model design grants right now is that those states will be ready to submit an application for the model testing award next spring. Corollary to that, that's not a pre-requisite. When we open up the second round that will be open for states who either got the model design or didn't, but certainly we would, it will be an opportunity for the states who have gone through the design work to apply for the model testing next year.

RAY THORN: Great. Thank you, Jim. Another question we received is what is the anticipated number of awards in the second round of model testing funding?

JIM JOHNSTON: And we have not determined that yet.

RAY THORN: Thank you, Jim. Can a Governor designate an entity other than the state agency to implement the model testing award?

JIM JOHNSTON: No, this is for states and for Governors, so again the Governor's office would be the applicant and it would be through state agencies. Now we certainly want them to work with a broad group of stakeholders including private entities. But if I'm understanding the question correctly the answer is no. If I haven't answered it right whoever asked that question, please send a note into the box, our State Innovation's box and we can get into that some more.

RAY THORN: And I know there have been a number of questions on stakeholder engagement by the states. One question that we did receive is there a role for aging and disability agencies in the State Innovation Models?

JIM JOHNSTON: That's a good question and the answer is yes, indeed there is. We do expect aging and disability resource centers and we encourage states to look at that opportunity. As we do the, as Ray mentioned earlier we're going to have additional webinars where get into more detail for model design and testing. Part of that will be the various resources that are available to states and one of those resources is assistance with age and disability resources and for age and disability agencies. So we will be making those connections. We expect Governors to be thinking about how they would make those connections too, so, yes.

RAY THORN: Great. Thank you, Jim. Another question is will financial analysis be available online?

JIM JOHNSTON: This question I'm assuming relates to in the FOA we talk about a financial analysis that states need to complete as part of their application. And we are working on a template for that that will be posted. We'll notify Governor's offices when we do that. But that would be posted we're hoping by the end of next week. That will be out there for states to look at.

RAY THORN: Thanks, Jim. Another question is will there be a second round of model design awards in the spring of 2013?

JIM JOHNSTON: No, we are not at... this is it for model design at this point. We are not planning a second round of model design for planning. We will be doing a second round for model testing, but at this point we are not planning any additional rounds for model testing or

even pretesting assistance. This is the design phase now as well as the testing for states who are ready to go with that. We offer another testing round but not design.

RAY THORN: Great. Thank you, Jim. I know we have a lot of questions and unfortunately we're not going to get through all of them. But I think I do want to remind people that we are going to be updating the FAQs which are going to be posted on, which are already posted, an initial set of FAQs are already posted on the Innovation Center website under the State Innovation Models page. And I think what we're going to do is we're going to look through all these questions and compile them into a comprehensive FAQ and also look at the questions that we received through the State Innovation in box in the weeks to come.

And then we're also, just let me remind people that we will be doing further outreach activities that Jim mentioned via the webinars with Governor's offices and state officials in the coming weeks to provide further details about the initiative. And we are out of time so I will close this webinar. But let me just remind you that please if you do have a question that we were not able to get today or if you have it come up after this webinar, please email the State Innovation's email box. And that email is state innovations, that's stateinnovations@cms-hhs.gov. And I want to thank everyone for your participation and your willingness to participate today and have a great day

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