

# Medicare Participation in State-Sponsored Payment and Service Delivery Models Proposed under the State Innovation Models Initiative

## Background

In the announcements for the State Innovation Models: Funding for Model Design and Testing Assistance (CMS-1G1-12-001) (SIM) and the State Innovation Models: Round Two of Funding for Design and Test Assistance (CMS-1G1-14-001) (SIM R2), CMS indicated that in certain instances it will consider state requests for Medicare's alignment with proposed multi-payer payment and service delivery models. This document provides further guidance on the submission of state proposals for Medicare alignment.

## Process

States that are currently State Innovation Model Test Round 1 or Round 2 (SIM Test) awardees may submit Medicare alignment proposals to their designated project officer. Such proposals may be submitted at any time and must identify the payment model submitted under SIM Test for which Medicare alignment is being requested. We note that under SIM R2, CMMI encouraged applicants to propose payment models that directly align with one or more existing Medicare programs. Proposals must demonstrate that Medicare participation in a state-designed model will be a test of a new or novel model or a test of a Medicare program adapted for the unique needs of a state. CMMI will evaluate a state's past performance with delivery system transformation and implementation of CMS programs as a measure of readiness for Medicare participation.

Medicare alignment under any submitted proposal is not guaranteed and will be assessed on a case-by-case basis after thorough review of the proposed model. CMS will rely on the following principles in assessing proposals. Proposals should be:

- **Patient centered** – CMS' foremost interest in any model is to improve the care that our beneficiaries receive as well as their health. A state's proposal should include a commitment to improvement across a robust set of quality and patient experience measures in order to ensure that any cost savings are generated by improvements in both patients' health care experience and population health, as well as specific targets for improvement. More specifically, CMS is interested in measures that assess the state's providers' performance as well as measures that assess the health of the state's population.
- **Accountable for the total cost of care** – CMMI's primary mission is to test models that improve the quality of care for Medicare, Medicaid and CHIP beneficiaries and reduce the total cost of care. Any model test undertaken by CMMI must provide reasonably high actuarial certainty that the model test will reduce total cost of care for CMS beneficiaries. CMS' interest in Medicare participation will be measured against states' commitment to reducing the total cost of care for CMS beneficiaries.
- **Transformative** – Our hypothesis is that, through a multi-payer approach, a state can accelerate delivery system transformation beyond what CMS can do alone. Any proposal

should move the preponderance of payments to providers in the state from models that reward volume to models that reward better care, smarter spending and healthier people. CMMI will evaluate the extent to which models emphasize delivery system transformation.

- **Broad-based** – CMMI recognizes that support from the provider community will be essential to the success of any transformation plan. Given this, a state must engage a broad-based coalition in order to obtain Medicare participation in its proposal. A proposal must demonstrate the extent to which providers and other payers are participating in the model, or would participate in the model if Medicare joins.
- **Feasible to implement** – Medicare alignment in a state designed model could require significant operational investment, and as part of the review, CMMI will assess the administrative feasibility of a state's proposal. Additionally, CMMI will give consideration to whether existing Medicare payment models are sufficient to allow alignment with a state's approach.
- **Feasible to evaluate** – CMMI can only test models that we can evaluate. The terms of any proposal should include a discrete performance period and clarity about the baseline against which we will measure the state's performance.