

State Innovations and Payment Reform

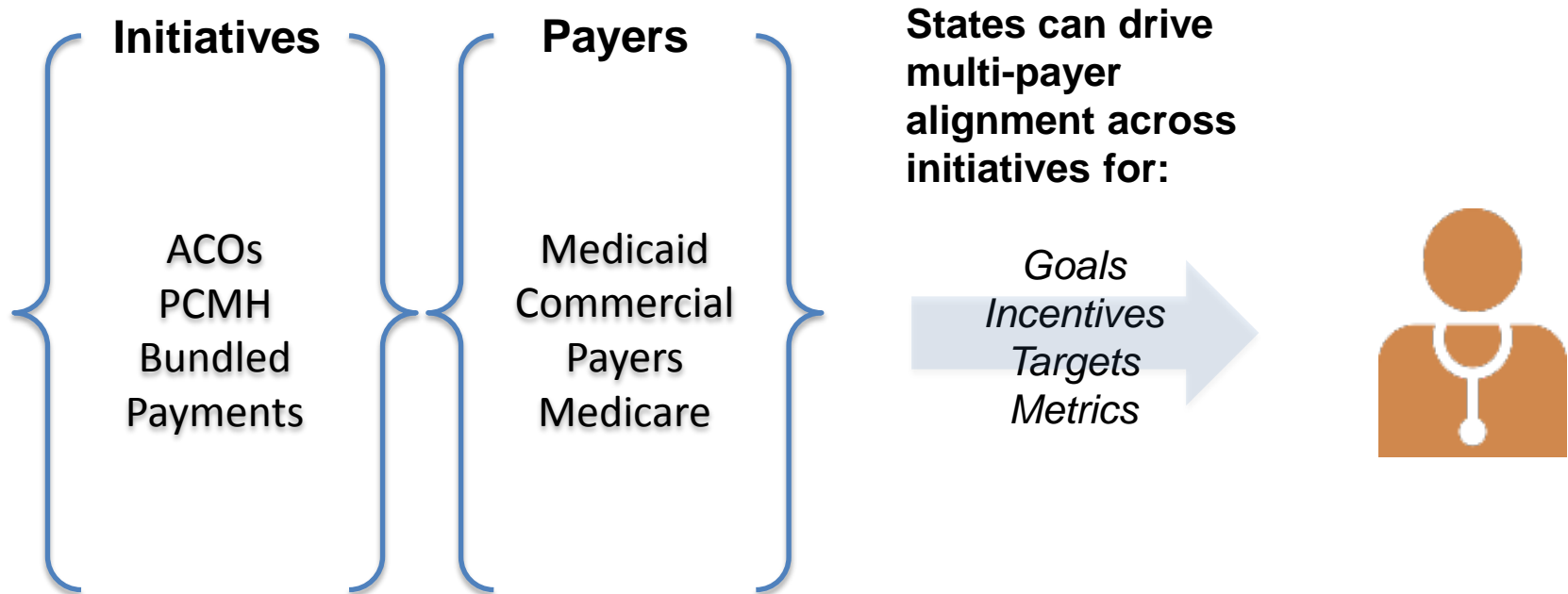


*Center for Medicare and
Medicaid Innovation*

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State-Level Alignment Can Reduce Provider Burden

The Innovation Center partners with states to align payment and delivery system reforms across payers in order to reduce burden on providers



Unique State Environments Drive Change

State Innovation Models provide financial and technical support to states **to test the ability of state governments to use their regulatory and policy levers** to accelerate health transformation*



The State Innovation Models (SIM) initiative has partnered with states to invest nearly \$1 billion in local, state-led health system transformation

SIM Catalyzes Local, Patient-Centered Solutions

States are:

INNOVATORS. States are laboratories for system-wide solutions that improve quality, accessibility, and affordability.

UNIQUE. State populations have specific needs that can be addressed through local leadership.

TRANSFORMATIVE. States can tailor transformation approaches that are responsive to their local markets and political dynamics.



SIM offers:

FLEXIBILITY. SIM empowers states to design novel patient-centered health system improvements.

DATA-DRIVEN STRATEGIES. SIM instills approaches to promote data-driven reforms at the state level.

ALIGNMENT. SIM supports multi-payer participation and alignment to reduce provider burden.

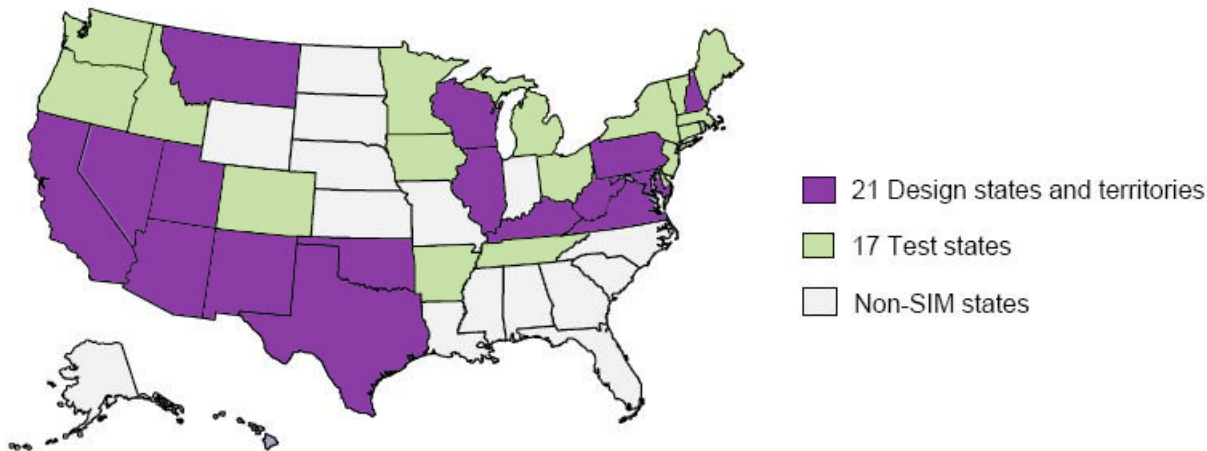
SIM Awarded Funds in 2 Rounds

Round 1:

- **19 model design/pre-test, 6 model test states** (three and half year award started April 2013)
- \$300 million awarded (\$250m for Test, \$50m for Design)

Round 2:

- **11 model test states** (four year award started February 2015)
- **21 model design states** (one year award started February 2015)
 - \$660 million awarded (\$622m for Test, \$42m for Design)



SIM has supported 38 states* representing nearly two thirds of the U.S. population

*Includes 3 territories and the District of Columbia

SIM States Customize within Defined Program Elements

SIM gives states flexibility to design and test innovative approaches that can be tailored to meet state-specific needs in return for meeting specific programmatic requirements.

SIM Program Area

Examples of Customized State Approach

Population Health Plan

- **Connecticut** provides ACOs with evidence-based interventions for asthma and hypertension

Health Care Delivery System Transformation Plan

- **Idaho** is developing virtual PCMHs in rural and frontier areas

Payment/Service Delivery Model

- **Michigan** links communities with PCMH practices through Community Health Innovation Regions

Leveraging Regulatory Authority

- **Ohio** created 2 new rules to enable PCMH payments and provider eligibility in Medicaid

Quality Measure Alignment

- **Rhode Island** developed a core measure set to be used by all payers to reduce provider burden

Health Information Technology

- **Iowa** developed a state-wide alert notification system (SWAN) of admissions/discharges/transfers

Stakeholder Engagement

- **Colorado** convenes cross-cutting workgroups on multiple topics to disseminate information to stakeholders

Monitoring and Evaluation

- **New York** partners with New York Academy of Medicine to evaluate the impact of SIM

Alignment with State/Federal Initiatives

- **Washington** aligns SIM and TCPI to support providers in VBP environments and to avoid duplication of funds/efforts

SIM Round 1 Achievements from Annual Report for Year 3

Arkansas

Launched episodes in a multi-payer PCMH with shared savings

- Close to 90% of physicians participating in PCMH models
- Over 50% of Medicaid patients served by PCMH

Maine

Added health homes, integrated behavioral health homes with primary care, and expanded access to data exchange

- Over 10% of physician participating in VPMs
- Over 20% of Medicaid patients served by a PCMH or an ACO

Massachusetts

Moves MassHealth members into alternative payment models while emphasizing partnerships and community collaboration

- Declines in total Medicaid expenditures across the entire Medicaid population

Minnesota

Accountable Health model integrates PCMHs into ACOs and MCOs

- Close to 60% of physicians participating in VPM models
- Over 50% of Medicaid patients served by PCMH

Oregon

Aligns payment and incentives to integrate physical and behavioral health, and spreads coordinated care model to non-Medicaid payers

- Over 60% of physicians participating in HHs
- 50% of patients in state & 80% of Medicaid patients served by VPMs

Vermont

Launched statewide Shared Savings ACO program with Medicare participation, along with Hub and Spoke Health Homes and Medicaid value based purchasing

- 95% of physicians in PCMH
- 50% of patients in state & 80% of Medicaid patients served by VPMs

Unique State Partnerships Test Novel Multi-Payer Models

The Innovation Center provides custom, state-specific Medicare flexibilities to test 3 novel models in return for state accountability on both all-payer cost growth and population health measures. These models are closely aligned with the goals of SIM, and that synergy is especially clear in Vermont as a SIM Test state.

Multi-payer model

Novel test

Medicare flexibility

State accountability



Maryland

Hospital global budgets to decouple hospital revenues from volume and incentivize prevention and wellness

Allow global budgets to determine Medicare payment amounts to Maryland hospitals



Vermont

In a low cost state, bring ACOs to scale statewide to incentivize value and quality under the same payment structure throughout the delivery system

Provide a custom Medicare ACO model, based on CMMI's NextGen ACO model.



Pennsylvania

Hospital global budgets for rural hospitals (already at low spending levels), and a deliberate plan to improve quality and efficiency across services and service lines

Allow global budgets to determine Medicare payments to participating Pennsylvania rural hospitals

- **Scale targets** to disseminate reforms across states' payers and providers
- **All-payer financial targets** to ensure state's healthcare costs across payers grow at a sustainable level
- **Medicare financial targets** to generate cost savings to Medicare
- **Population health targets** to tie success to actual improvements in the health and quality of care for residents

Stakeholders: Continue Supporting State-Based Reform

The Innovation Center issued a Request for Information in September, 2016 seeking information on the future of state-based models. Nearly 70 letters were submitted, citing the importance of CMMI in supporting **multi-stakeholder engagement, practice transformation, and investments in data and information technology.**

Stakeholders highlighted areas for future state-based Innovation Center investments:

- Prepare for **accelerated adoption of advanced alternative payment models**
 - Data infrastructure and analytic capacity
 - Quality metrics and measurement
 - Support for payment model development and implementation
 - Stakeholder engagement
 - Leadership development and subject matter expertise

- Strengthen **links between state and federal initiatives**
 - Help ensure state-led reform efforts meet criteria for Other Payer APMs
 - Work with states to match state initiatives with national Medicare programs and other federal initiatives
 - Provide more explicit framework to pursue custom, state-specific Medicare flexibilities/programs to create all-payer reform

SIM Supports States to Achieve Better Health and Value



Strong partnership between states and the Innovation Center reduces provider burden through alignment, and accelerates sustainable, nationwide health system improvement in order to:



Improve **quality and accessibility of care**



Improve **health outcomes and put patients first**



Improve **value and affordability**