



FACT SHEET

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State Innovation Models Initiative Round 2 Fact Sheet

The Centers for Medicare & Medicaid Services (CMS) today announced a second round of funding for the State Innovation Models initiative. The State Innovation Models initiative is one of a number of efforts started by the Innovation Center, which was created by the Affordable Care Act to test payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care. The State Innovation Models initiative will provide financial and technical support to states to design or test innovative payment and service delivery models that will improve health, improve care and lower cost for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries.

Background

In 2013, CMS awarded the first round of State Innovation Models funding to 25 states. CMS partnered with six Model Test states to implement state-wide health transformation plans and funded awards to 19 states to design and refine State Health Care Innovation Plans. These partnerships provide state governments and their stakeholders with the opportunity and resources to accelerate health transformation across the state.

Since the launch of Round One, participating states have demonstrated broad stakeholder engagement to work towards achieving better health outcomes at lower costs and have developed a variety of infrastructures to support their transformation work. These states have implemented diverse healthcare delivery and payment models, including accountable care organizations (ACOs), patient-centered medical homes, health homes and bundled payments.

CMS is launching Round Two of the State Innovation Models initiative to provide an opportunity for continued support to existing Model Design states and partner with additional states to accelerate health transformation. This funding opportunity announcement expands on lessons learned from Round One by focusing on parameters CMS believes correlate with successful state health delivery and payment system transformation. For example, Round Two requires state applicants to articulate a broad vision for state-wide health care transformation;

describe ambitious, realizable programs in identified areas; commit to using the full range of regulatory, payment, and policy authorities available to facilitate transformation; and commit to sustain their model after the design and/or test period concludes. Additionally, states may propose a public private partnership that is focused on accelerating health system transformation, such as with a non-profit affiliated with the State Department of Health that could receive and administer funds through a Model Design or Model Test award.

State Innovative Solutions to Improve Patient Care

CMS invites states interested in Round Two to propose innovative approaches to improve care and lower health care costs for their residents. A competitive process outlined in the funding opportunity announcement will determine awardees for one of the following funding opportunities:

1. Model Design Awards:

CMS anticipates awarding up to \$30 million to fund up to 15 Model Design cooperative agreements. States interested in developing transformative payment and delivery reforms are invited to apply for Model Design awards. Eligible states includes states that did not participate in Round One, as well as current Round One Model Design states that require additional time to continue developing their state innovation plans.

Model Design awards will provide financial and technical support to states for their planning and design efforts. In planning and designing their proposals, states must:

- Engage a broad range of stakeholders—including, but not limited to, health care providers, consumers, advocates, , private and public payers, tribal governments, community leaders, and community support service organizations—into the design process;
- Develop multi-payer payment and service delivery models;
- Outline strategies that will improve health care system performance;
- Build on existing state waivers and federal health care reform initiatives; and
- Describe its model design process and present an approach for continuous improvement in quality, cost and population health outcomes.

States that receive Model Design funding must produce and submit a State Health Care Innovation Plan. A State Health Care Innovation Plan is a detailed plan that describes strategies and methods a state will employ to transform the structure and performance of the state's entire health system. The Plan must utilize tools and policy levers available to states to provide better health, better care, and lower costs for Medicare, Medicaid, and Children's Health Insurance Program beneficiaries.

2. Model Test Awards:

CMS anticipates awarding up to \$700 million to fund up to 12 Model Test cooperative agreements. States interested in implementing fully developed state-wide transformation plans are invited to apply for Model Test awards. States currently engaged in a Round One Model Test agreement with CMS are not eligible to apply for Round Two funding.

Model Test awards will provide financial and technical support over a four-year period for states to test and evaluate multi-payer health system transformation models. States must produce a detailed and fully developed proposal capable of creating state-wide health transformation for the majority of care within the state. In addition, Model Test proposals must:

- Propose one or more specific payment and/or service delivery models that include, but are not limited to, the state's Medicaid population, state employee population, and/or commercial payers' populations;
- Develop a state-wide plan in population health;
- Detail how the state will engage providers in defined areas of health care delivery system transformation;
- Commit to using available regulatory authorities to implement the transformation outlined in the state's plan;
- Document the current state of health information technology adoption and utilization in the state and provide detailed descriptions for health information technology plans across governance, policy, infrastructure, and technical assistance domains;
- Describe existing engagement with stakeholders and present a clear and pragmatic strategy for maintaining stakeholder commitment throughout implementation of the model;
- Provide plans to develop a state-wide plan to align quality measures across all payers in the state; and
- Demonstrate how the proposal aligns with existing health care innovation initiatives occurring within the state.

States must also submit a budget narrative, financial analysis estimating the proposal's return on investment for the Model (specifically for Medicare, Medicaid, and Children's Health Insurance Program populations) and detailed operational plan for successful Model execution.

Prohibited Use of Funds

State Innovation Model funds shall not be used:

- 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 (e.g., vocational rehabilitation, criminal justice, foster care, or civil rights law). Such legal responsibilities include, but are not limited to,

modifications of a workplace or other reasonable accommodations that are a specific obligation of the employer or other party.

- To supplant existing Federal, state, local or private funding for infrastructure or services.
- To be used by local entities 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 and/or state law or regulations.

Eligibility for Initiative

Governors from all 50 states, U.S. Territories, and the mayor of the District of Columbia are eligible to submit applications. States may propose that an outside organization focused on quality and state delivery system transformation receive and administer funds through a Model Design or Model Test award. Under such an approach, the governor's office must provide a justification for the request and an attestation that the state will actively participate in all activities described in its proposal. Approval of such proposals will be at the sole discretion of CMS.

Round One Model Design states may apply for either Round Two Model Test awards or Round Two Model Design awards, should they need more time and resources to complete their state innovation plans before becoming Model Test states. States currently engaged in Round One Model Test awards with CMS are NOT eligible to apply for additional funding through Round Two. States that have not previously received State Innovation Models funding are eligible for Round Two Model Test and Model Design cooperative agreement awards.

Only one application per state is permitted under the current funding opportunity announcement. Each application must include a letter from the governor (or the mayor, if from the District of Columbia) officially endorsing the application for a Model Design or Model Test cooperative agreement award.

All applications must be submitted electronically through <http://www.grants.gov>. Applicants are strongly encouraged to use the review criteria information provided in the "Design Requirements" and "Application Review Information" sections in the funding opportunity announcement, to help ensure that the proposal adequately addresses all the criteria that will be used in evaluating the proposals.

Important Deadlines

CMS expects to announce selected states for Model Design and Model Test cooperative agreement awards Fall 2014. Specific deadlines are detailed below.

Letters of Intent:

Letters of Intent to apply for awards are due June 6, 2014, by 5:00PM Eastern Daylight Time

Model Design Applications:

Applications are due: July 21, 2014, by 5:00pm Eastern Daylight Time
Anticipated Award Date: Fall 2014
Period of Performance: January 1, 2015, through December 31, 2015

Round Two Model Test:

Applications are due: July 21, 2014, by 5:00pm Eastern Daylight Time
Anticipated Award Date: Fall 2014
Anticipated Period of Performance: January 1, 2015, through December 31, 2018.

About the Innovation Center

The Innovation Center was created by the Affordable Care Act to test innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care. The Innovation Center is committed to testing models that improve the coordination, quality, and efficiency of health care services for Medicare, Medicaid, and Children's Health Insurance Program beneficiaries.

For More Information

For more information, please refer to the State Innovation Models initiative funding opportunity announcement found at: innovation.cms.gov/initiatives/state-innovations. For specific questions not answered in this fact sheet or funding opportunity announcement, please send an email to StateInnovations@cms.hhs.gov.

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