News Release

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New funding gives states and innovators tools and flexibility to implement delivery system reform

Health and Human Services Secretary Kathleen Sebelius today announced new delivery system reform efforts made possible by the Affordable Care Act that offer states and innovators tools and flexibility to transform health care.

HHS announced twelve prospective recipients receiving as much as $110 million in combined funding, ranging from an expected $2 million to $18 million over a three-year period, under the Health Innovation Awards program to test innovative models designed to deliver better care outcomes and lower costs. Examples include projects to provide better care for dementia patients, improve coordination between specialists and primary care physicians, and to improve cardiac care. Round two of the Health Care Innovation Awards program focuses on four priority areas: rapidly reducing costs for patients with Medicare and Medicaid; improving care for populations with specialized needs; testing improved financial and clinical models for specific types of providers, including specialists; and linking clinical care delivery to preventive and population health. The twelve prospective recipients will test models in all four categories and spanning 13 states. Additional prospective recipients will be announced in the coming months.

Also today, HHS made up to $730 million available as part of the State Innovation Model initiative to help states design and test improvements to their public and private health care payment and delivery systems. Project goals are to improve health, improve care, and decrease costs for consumers, including Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries.

"As a former governor, I understand the real sense of urgency states and local communities feel to improve the health of their populations while also reducing health care costs, and it's critical that the many elements of health care in each state – including Medicaid, public health, and workforce training – work together," Secretary Sebelius said. "To help, HHS will continue to encourage and assist them in their efforts to transform health care.

"These efforts will strengthen federal, state, and local partnerships, encourage broad stakeholder engagement, and capitalize on federal resources to ensure greater transformation of delivery of health care services," said Centers for Medicare & Medicaid Services (CMS) Administrator Marilyn Tavenner.

The twelve innovative projects announced today represent the first batch of prospective recipients for round two of Health Care Innovation Awards program funding. In 2012, 107 organizations located in urban and rural areas, all 50 states, the District of Columbia and Puerto Rico received awards through round one of the initiative.

As part of the State Innovation Model initiative, states, territories and the District of Columbia can apply for either a Model Test award to assist in implementation or a Model Design award to develop or enhance a comprehensive State Health Care Innovation Plan.   Up to 12 states will be chosen for state-sponsored Model Testing awards ($700 million available) and up to 15 states will be chosen for state-sponsored Model Design work ($30 million available).

Examples of ongoing state-led health care innovations include development of advanced primary care networks supported by statewide health information technology systems and models that coordinate care seamlessly across providers. The second round of the State Innovation Models will continue to support and advance this good work.

For more information about the Health Care Innovation Awards program prospective recipients announced today, go to: innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2.

Currently, there 25 states are participating in the State Innovation Models initiative. For more information on the initiative, please visit: innovation.cms.gov/initiatives/state-innovations.

To learn more about other innovative models being tested by the CMS Innovation Center, please visit: innovation.cms.gov.

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