Request for Information on State Innovation Model Concepts

State Innovations Group

September 2016
Listening Session

Goals for Today's Listening Session

- Provide **overview of the Request for Information (RFI)** on State Innovation Group Concepts.

- Provide forum for **questions regarding RFI**.

The CMS Innovation Center was created by the Affordable Care Act to develop, test, and implement new payment and delivery models

"The purpose of the [Center] is to test innovative payment and service delivery models to **reduce program expenditures…while preserving or enhancing the quality of care** furnished to individuals under such titles"

Section 3021 of Affordable Care Act

Three scenarios for success

1. **Quality improves; cost neutral**
2. **Quality neutral; cost reduced**
3. **Quality improves; cost reduced (best case)**

If a model meets one of these three criteria and other statutory prerequisites, the statute allows the Secretary to expand the duration and scope of a model through rulemaking

HHS commitment to value and quality

In January 2015, the Department of Health and Human Services announced **new goals** for **value-based payments** and **APMs in Medicare**

Medicare Fee-for-Service

GOAL 1: **30%**

Medicare payments are tied to quality or value through **alternative payment models (categories 3-4)** by the end of 2016, and 50% by the end of 2018

GOAL 2: **85%**

Medicare fee-for-service payments are **tied to quality or value (categories 2-4)** by the end of 2016, and 90% by the end of 2018

STAKEHOLDERS:

Consumers | Businesses
Payers | Providers
State Partners

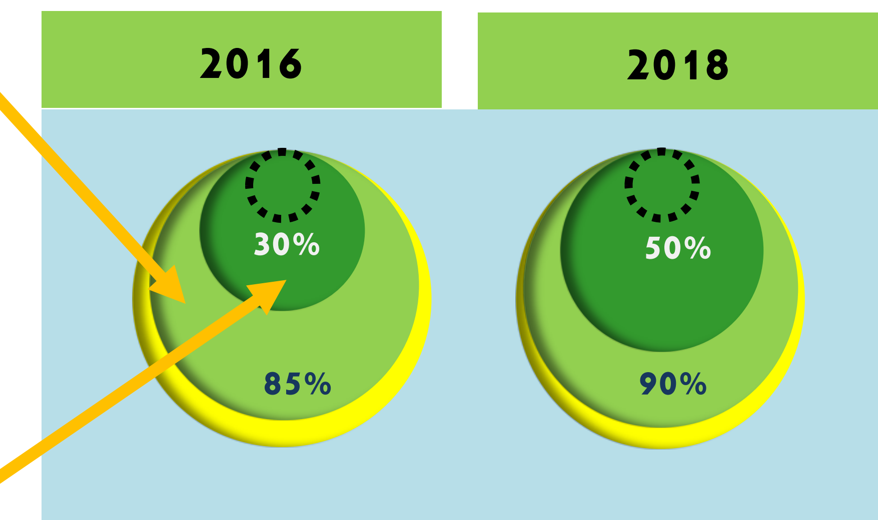
Set **internal goals** for HHS

Invite **private sector payers** to match or exceeed HHS goals

Medicare Access and CHIP Reauthorization Act moves us closer to meeting these goals…

The new Merit-based Incentive Payment System helps to link **fee-for-service payments** to quality and value.

The law also provides incentives for **participation in Alternative Payment Models** in general and bonus payments to those in the most highly advanced APMs



All Medicare fee-for-service (FFS) payments (Categories 1-4)

Medicare **FFS** payments **linked to quality and value** (Categories 2-4)

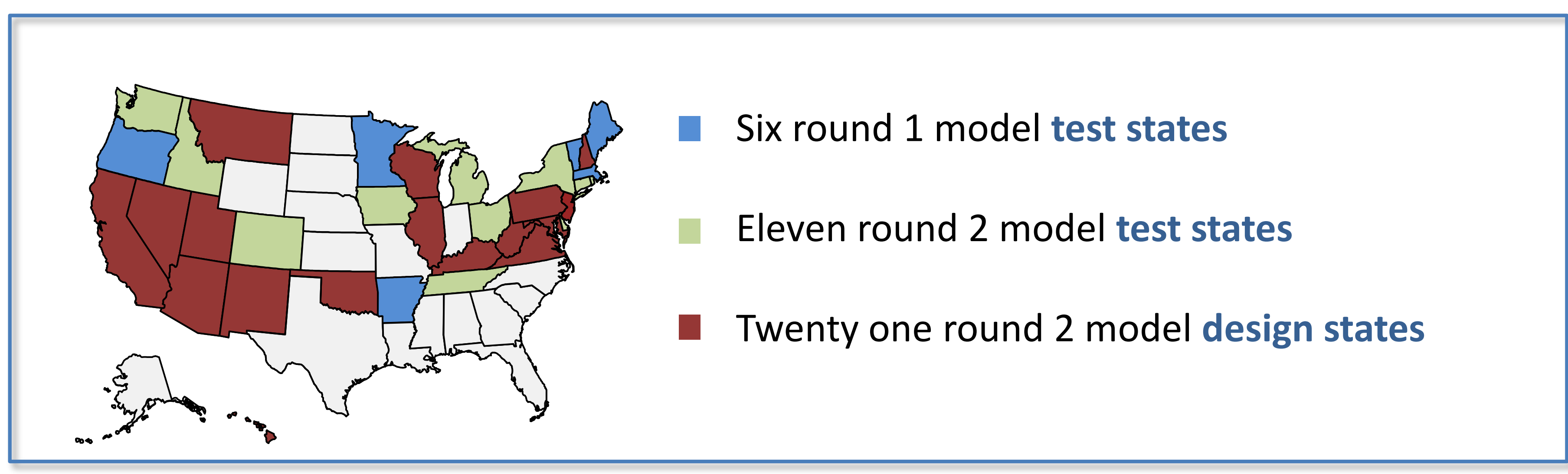
Medicare payments linked to quality and value **via APMs** (Categories 3-4)

Medicare-Payments to those in the most highly advanced APMs under MACRA

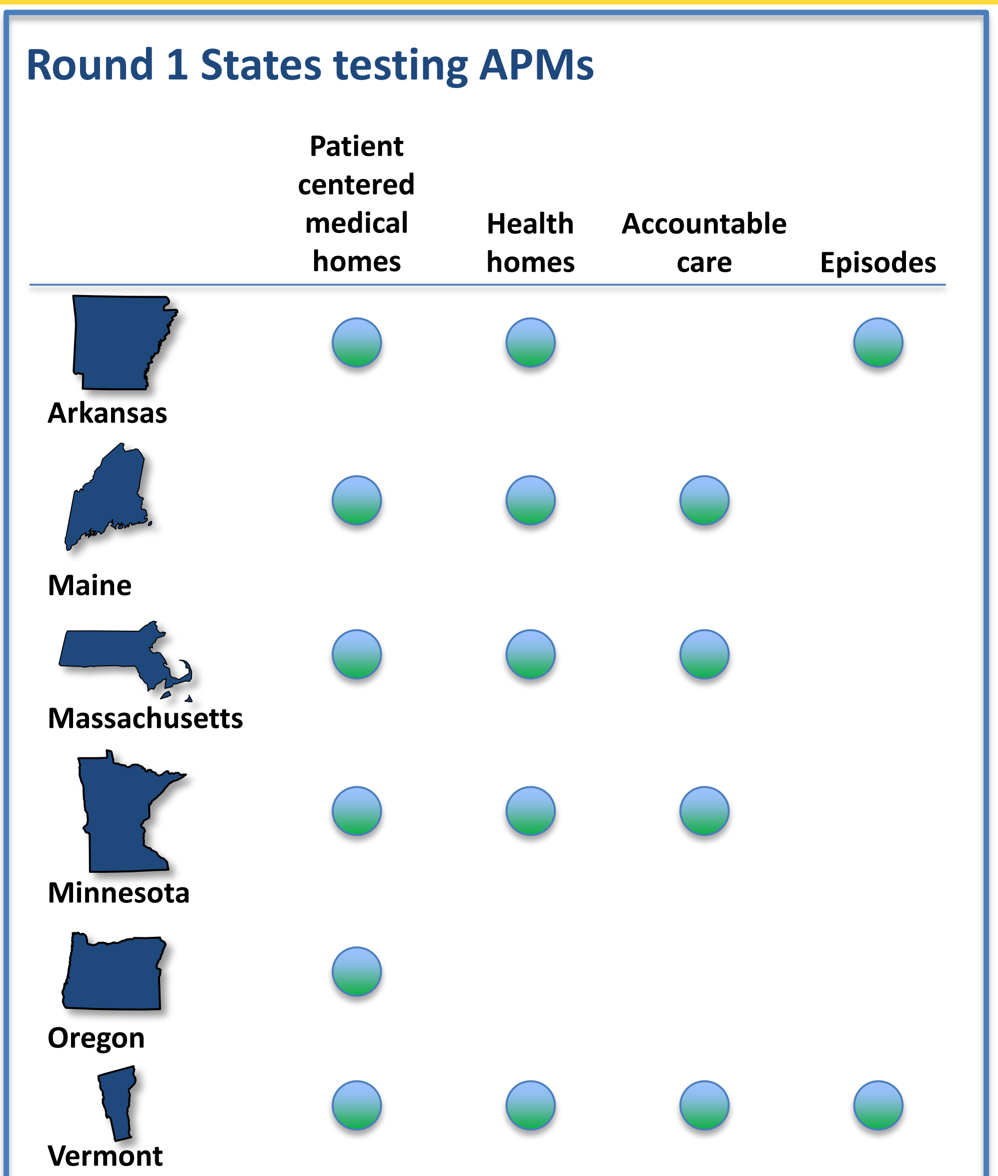
State Innovation Model grants have been awarded in two rounds

- CMS is testing the ability of **state governments to utilize policy and regulatory levers** to accelerate health care transformation

- Primary objectives include
  - Improving the **quality of care** delivered
  - Improving **population health**
  - Increasing **cost efficiency** and expand **value-based payment**



Round 1 states are testing and Round 2 states are designing and implementing comprehensive reform plans



Round 1 States testing APMs

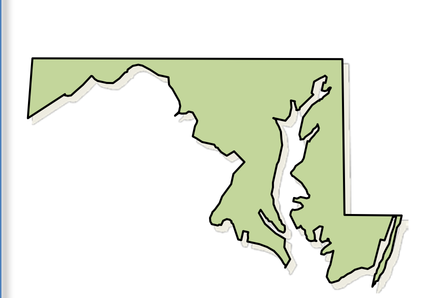
	Patient centered medical homes	Health homes	Accountable care	Episodes
Arkansas	●	●		●
Maine	●	●	●	
Massachusetts	●	●	●	
Minnesota	●	●	●	
Oregon	●			
Vermont	●	●	●	●

Round 2 States designing interventions

- **Near term CMMI objectives**
  - Establish project milestones and success metrics
  - Support development of states' stakeholder engagement plans
  - Support development and refinement of operational plans

Maryland All-Payer Payment Model achieves $116 million in cost savings during first year

- Maryland is the nation's only **all-payer hospital rate regulation system**
- Model will test whether effective accountability for both cost and quality can be achieved within all-payer system based upon **per capita total hospital cost growth**
- The All Payer Model had very positive **year 1 results** (CY 2014)
  - **$116 million in Medicare savings**
  - **1.47% in all-payer total hospital per capita cost growth**
  - 30-day all cause **readmission rate reduced from 1.2% to 1% above national average**



- Maryland has ~6 million residents*
- Hospitals began moving into All-Payer Global Budgets in July 2014
  - 95% of Maryland hospital revenue will be in global budgets
  - All 46 MD hospitals have signed agreements
- Model was initiated in January 2014; Five year test period

* US census bureau estimate for 2013

What we've learned about state-based payment and delivery system reform initiatives

- Many states have been able to **increase the populations served by their SIM-supported models**.
  - Over **70% of eligible Medicaid primary care providers** participate in Arkansas' patient-centered medical home, which serves about 80% of their eligible Medicaid population.
  - Alternative payment models supported by SIM funds in **Minnesota and Vermont are reaching about 50% of each state's total population**, with Oregon and Vermont also reaching over 80% of their total Medicaid population.

SIM Round 1 Test State Evaluation results can be found: https://downloads.cms.gov/files/cmmi/sim-round1-secondannualrpt.pdf.

What we've learned about state-based payment and delivery system reform initiatives

- Some of the most substantial changes to delivery systems and payment methods are in areas where **public and private payers are working together** to accelerate transformation.

  - In Arkansas, **Arkansas Blue Cross Blue Shield, QualChoice and some large self-insured employer groups, including Walmart**, participate in the SIM-supported patient-centered medical home and episode of care models.

  - **Vermont's** SIM Initiative focuses on supporting Accountable Care Organizations. Providers participating in both **Medicaid and commercial ACOs now represent a significant majority of the state's available primary care providers**. ACOs offer services to nearly all residents statewide, and about half of eligible beneficiaries were participating as of late 2014.

  - In **Oregon**, participation in the Coordinated Care Model under the SIM Initiative currently includes **commercial insurance carriers contracting with the state to cover state employees and Medicaid beneficiaries**.

Purpose of SIM RFI

I. **Partnering with states** to implement delivery and payment models across multiple payers in a state that could qualify as Advanced Alternative Payment Models (APMs) or Advanced Other Payer APMs under the proposed QPP, **making it easier for eligible clinicians in a state to become qualifying APM participants and earn the APM incentive**;

   Implementing financial accountability for health outcomes for an entire state's population;

II. **Assessing the impact of specific care interventions** across multiple states; and

III. **Facilitating alignment of state and federal payment and service delivery reform efforts**, and streamlining interactions between the Federal government and states.

I. State Specific Pathways toward AAPMs

- **Track A: Transformation** State-specific multi-payer model with Medicare, Medicaid, CHIP, and private payer participation that meets our criteria for all-payor models*
- **Track B: Alignment** Support states to align with existing Medicare models (e.g., MSSP, Next Generation ACO Model, CPC+, Medicaid health homes).

*https://innovation.cms.gov/Files/x/sim-guidancemultipayeralignment.pdf
https://innovation.cms.gov/Files/x/sim-guidance-statesponsored.pdf

II. Assess the Impact of Specific Care Interventions Across States

- **Implement a standardized care intervention** in areas CMS and states agree are high priority for rigorous assessment (**e.g., care interventions for pediatric populations, physical and behavioral health integration, substance abuse/opioid use treatment, coordinating care for high-risk, high-need beneficiaries**) and participate in a robust evaluation design led by CMS.

III. Streamlined Federal/State Interaction

- CMS seeks input on how to **improve both coordination among related federal efforts** in support of state-based delivery and payment reform efforts (e.g., workgroups within the agency or department to coordinate policy), **and the way it interacts with and supports states in those reform efforts** (e.g., coordinated points of contact for states).

Key RFI Dates and Comment Information

- **RFI.** https://innovation.cms.gov/Files/x/sim-rfi.pdf.
- **Comment Date.** To be assured consideration, comments must be received by October 28, 2016.
- **Address.** Comments should be submitted electronically to: SIM.RFI@cms.hhs.gov.
- **Contact Information.** SIM.RFI@cms.hhs.gov with "RFI" in the subject line.

Questions