

Washington State  
Health Care Authority

# CMMI State Innovations Grant

**Project Description:**

**By linking professional and facility outcomes to payment reform for episodes of care, Washington State will achieve the Triple Aim of access to quality affordable care**

# Background

- State Innovation Models - a \$275 million competitive grant opportunity from the Centers for Medicare and Medicaid Services (CMS) Center for Medicare and Medicaid Innovations (CMMI).
- Two options: Model Design or Model Testing
  - *Model Design - develop a Statewide Health Care Innovation Plan and multi-payer payment and delivery system model(s) to test*
    - Total of \$50 million available for up to 25 states
    - Six month funding (with possibility of phase-two grant funding next year)
  - *Model Testing - test and evaluate multi-payer payment and delivery reform*
    - Total of \$225 million for up to 5 states –
    - Three to four years of funding
- Timing and process:
  - Washington is applying for a Model Testing Grant
  - Application is Due September 24, 2012, and grants will be awarded sometime **this** December
  - Application must come from the Governor
  - Only one application is allowed per state
  - States must test multi-payer payment and delivery reform
  - State plans should document how the state will use its full executive and legislative authority, and all policy levers, to support health system transformation.

# What is it?

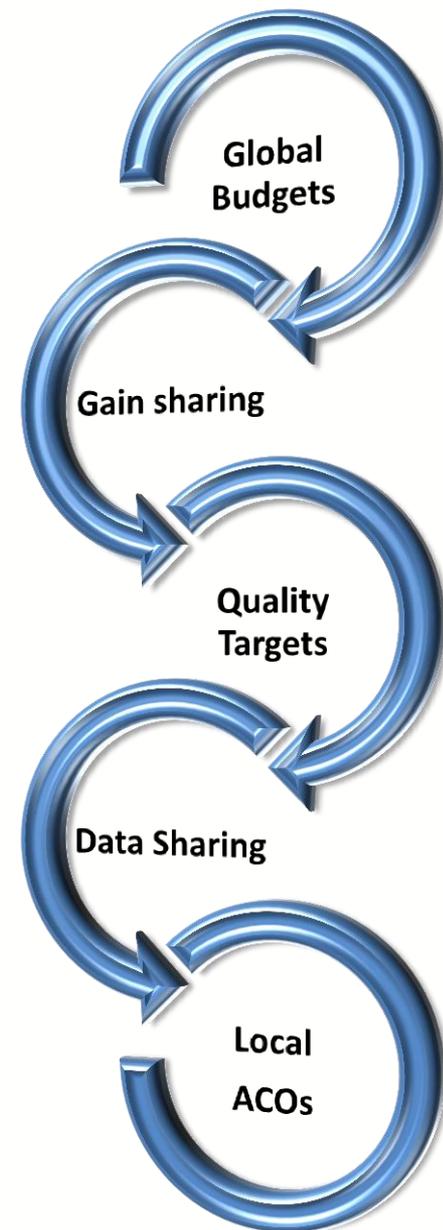
- **Shared Savings Program/Accountable Care Organizations (ACOs).** “Shared Savings Program,” Section 3022 of PPACA (Section 1899 of the Social Security Act) HHS may allow “other payment models” for Accountable Care Organizations that “will improve the quality and efficiency” of health care, **as long as payments do not result in spending more...**”
- **Center for Medicare and Medicaid Innovation.** Section 3021 of the law gives CMS the power and duty “to test innovative payment and service delivery models to reduce program expenditures ... **while preserving or enhancing the quality of care...**”

# CMMI - What is it?

- **Goal of proposal:** Use Washington State's demonstrated successes, especially our collaboratives and evidence-based medicine initiatives, to coordinate and scale-up good work on a statewide basis for health care system and payment reform.
- **Strategies to achieve goal of proposal:**
  - Foster role of consumers and communities in shaping the health care system;
  - Use multi-payer quality/cost data with regular feedback to reduce variation
  - Develop performance-based reimbursement mechanisms that give hospitals and physicians meaningful incentives to improve the quality of care;
  - Provide financial incentives, training and practical implementation tools to encourage rapid adoption and stakeholder engagement;
  - Make transparent reporting of metrics and outcomes broadly available
  - Conduct a rigorous evaluation of model's efficacy in achieving the Triple Aim.

# CMMI value propositions

- **The State, Employers & Plans –**
  - Predictable expenditures
  - Coordinate public and private efforts
  - Allow for large and small systems to coordinate statewide
- **Clients –** better services, quality and transparency
  - Link patient decision aids (PDAs) to better informed consent

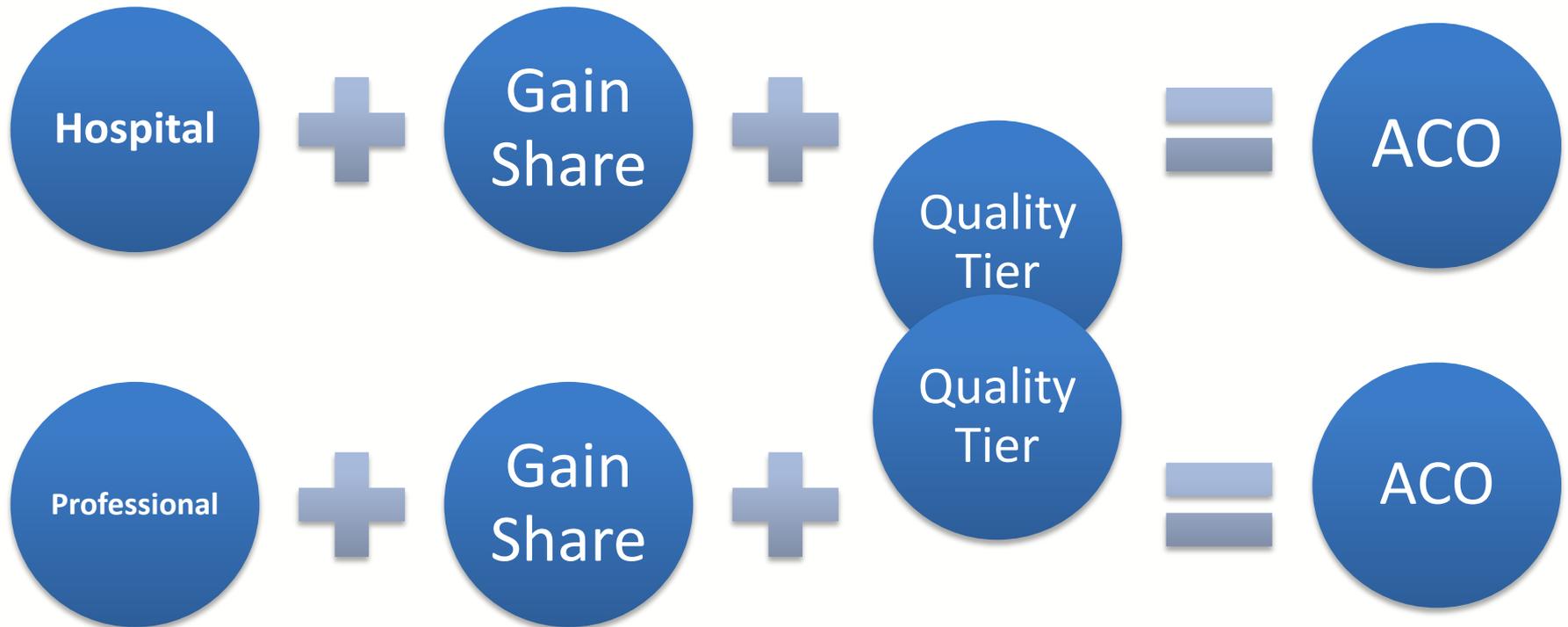


# CMMI value propositions (continued)

- **Provider**
  - Predictable revenues
  - With the CMMI grant, upfront costs are covered
  - Link patient decision aids (PDAs) to reduced liability risks
- **Hospital Systems** – quality efforts can lead to higher margin services
- **Counties and Cities** – ACO development extends to all venues, not just King and Pierce

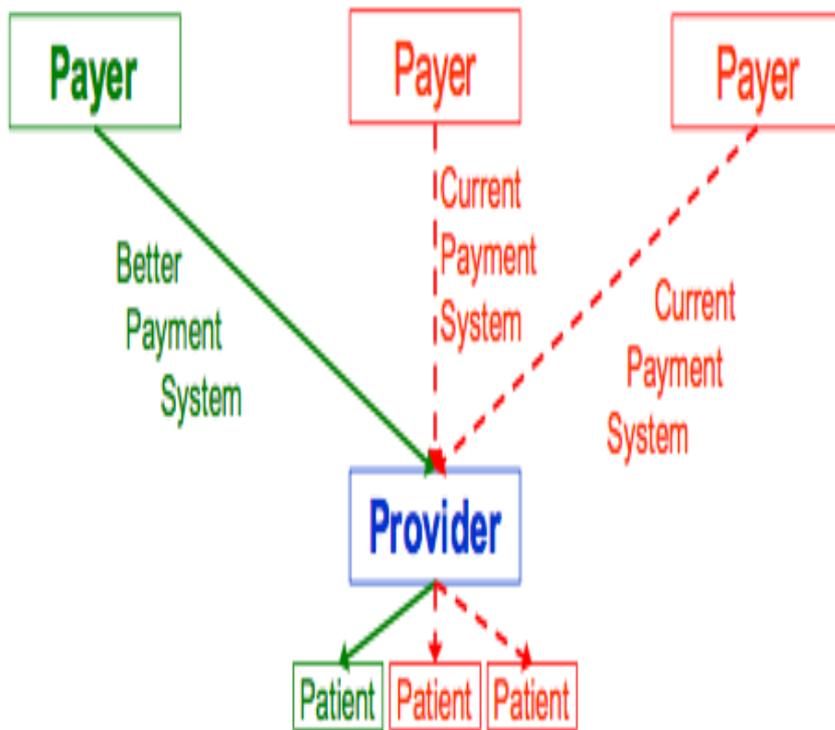


# CMMI State Innovations Grant

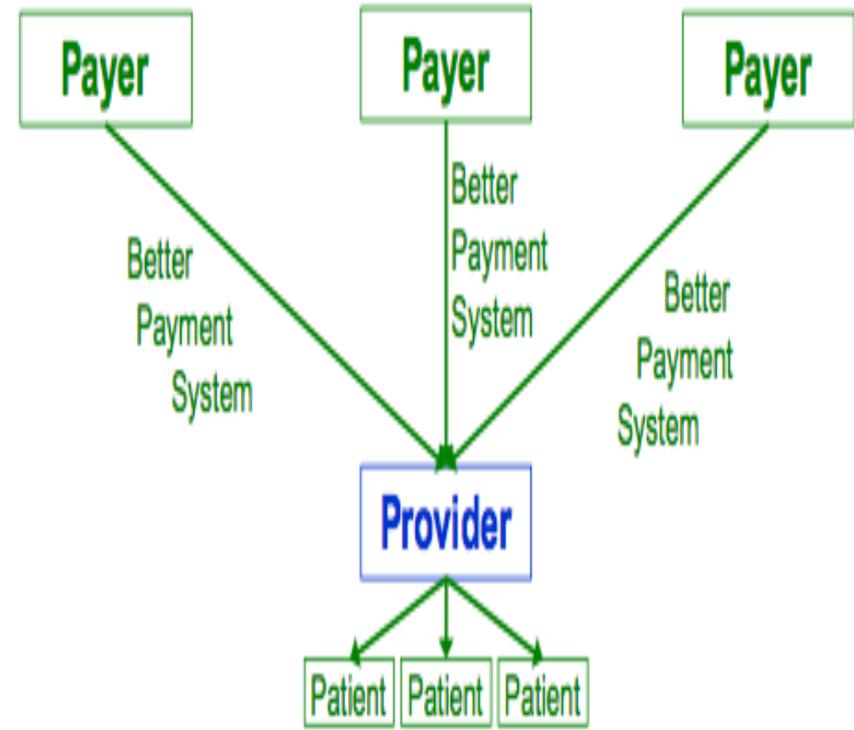


# What is It?

## CONFLICTING PAYMENT INCENTIVES



## ALIGNED PAYMENT INCENTIVES



# Global Budgeting

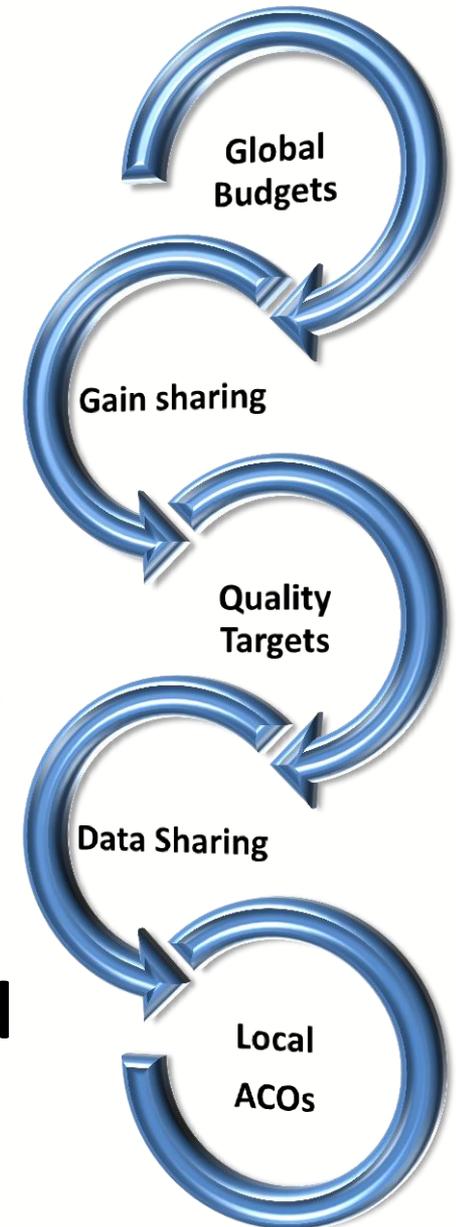
- **Consistent revenues: Consistent expenditures**

## Gain Sharing

- **Quality not cost drives sharing**
- **Providers and Payers share savings based on agreed quality goals**

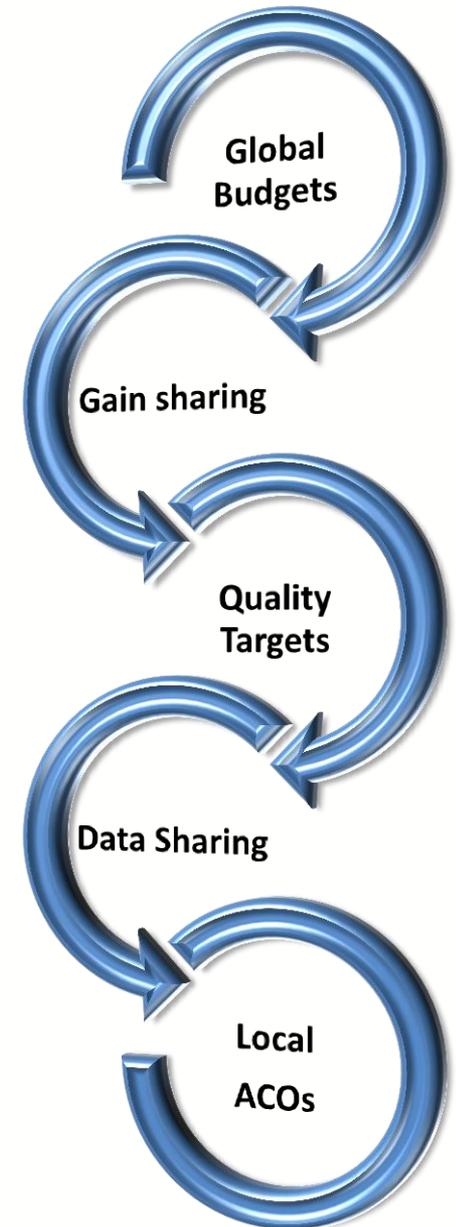
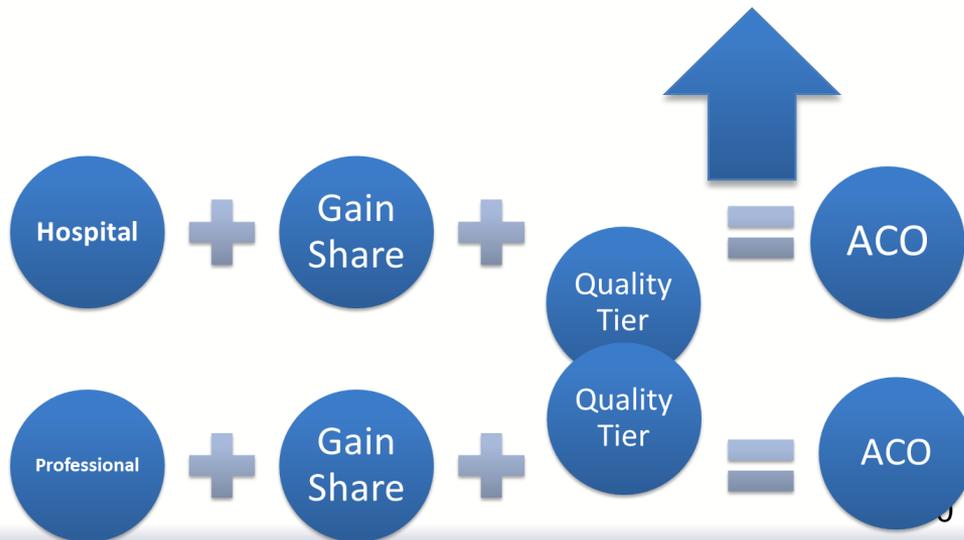
## Quality Targets

- **Quality integrates professional and facility**



# Quality Targets in Deliveries

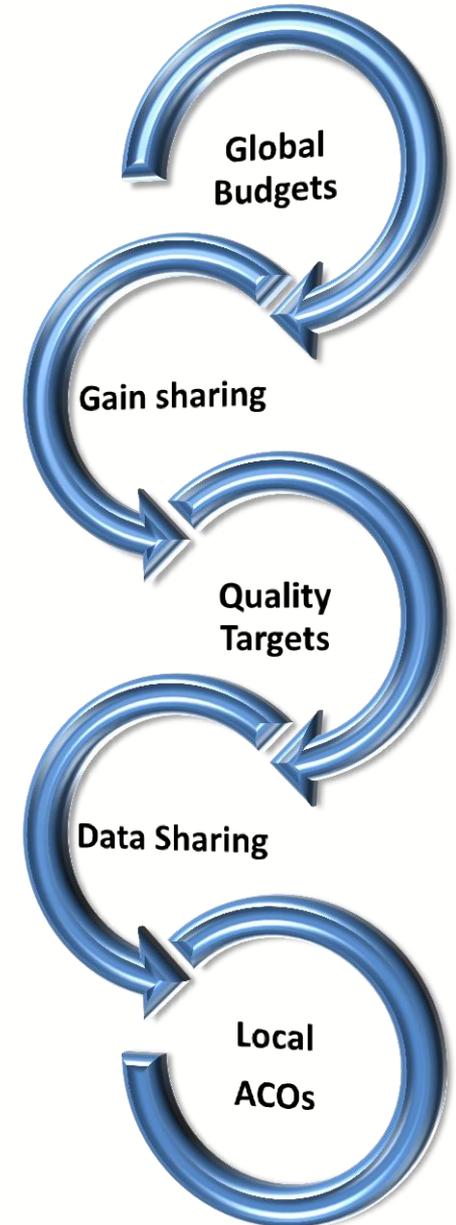
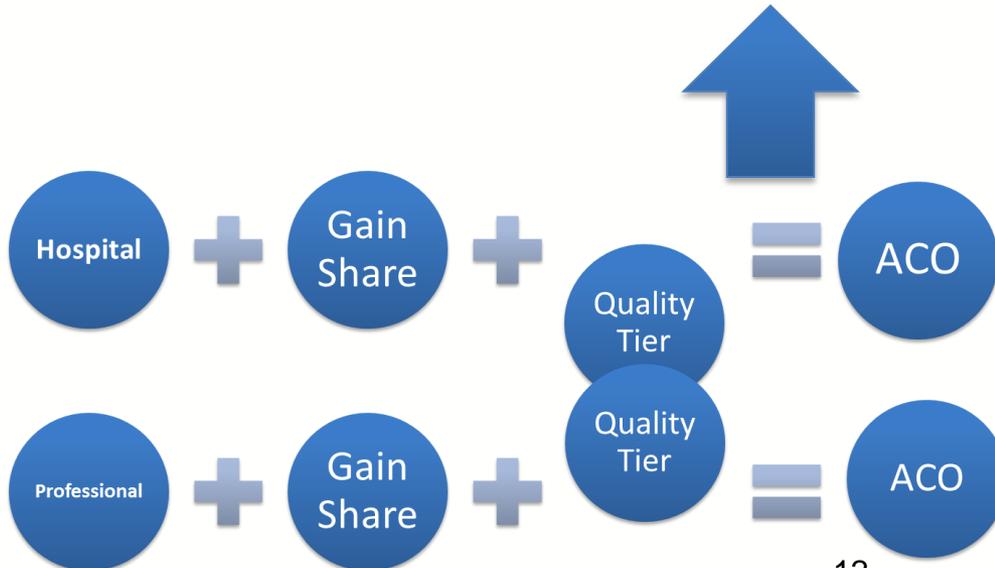
- Vaginal rather than C-section
- VBAC rather than C-section
- Term Pregnancy rather than NICU admission
- Birthing Center rather than facility





# Quality Targets in Medical Home

- Link to Episodes of Care
- Lower Admissions/Readmissions
- Lower ED “low acuity”
- More after-hours care



# Potential Data shared with Providers (BCBS Example)

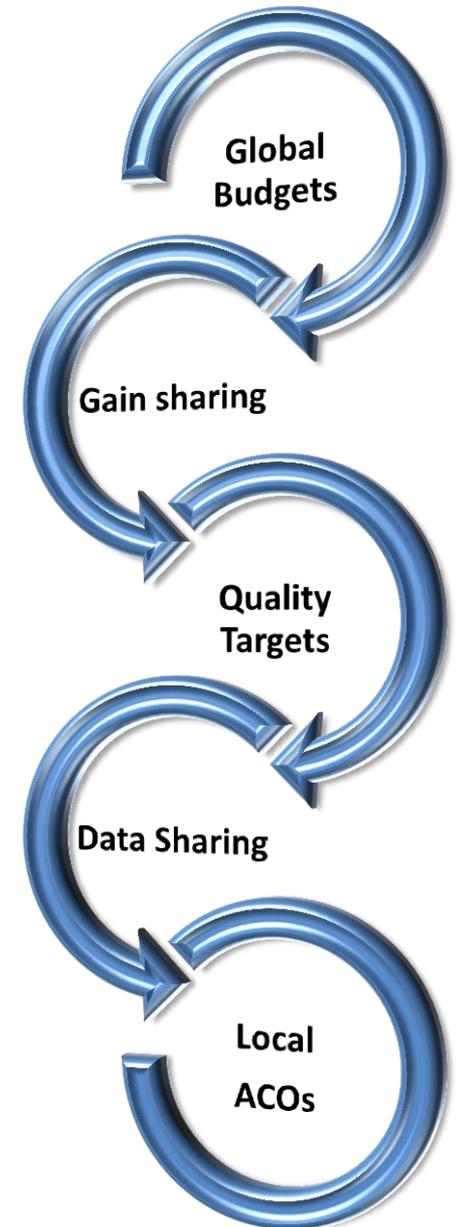
- \* Cost and Use Report
- \* Top 100 Pharmacy Class Report
- \* Readmission report
- \* Group Quality Comparison Report
- Daily Census, Discharge, PCP Referrals and Inpatient & Outpatient
- \* Site of Service Report.
- \* Practice Pattern Variation Report
  - Episode Treatment Groups (ETGs)
  - \* Emergency Department Use for Specific Conditions
  - \* Non-Emergent ED Report
- Case Management Status Report
- Ambulatory Care Sensitive Report
- Monthly Quality Report
- Quarterly Financial Dashboard
- New Member Report
- Member Retention Report

\* Currently available at the State



# Local Accountability

- Maximal flexibility with payment and contracts and scope of care
- Virtual ACOs allows for urban, rural, small and larger coordination
- Training local providers and systems on quality improvement raises all boats



# Letters of Support

- To further support our efforts in submitting a successful grant application, we are asking you to submit to us a letter of support.
- To make this process as simple as possible, we have a draft template for your use, email [Andrew.Cherullo@hca.wa.gov](mailto:Andrew.Cherullo@hca.wa.gov) to obtain a copy of the template.

# Questions?

