

News Release

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HHS announces state health care innovation initiative

State Innovation Models offer states new tools and flexibility to develop and implement health care improvements

Health and Human Services (HHS) Secretary Kathleen Sebelius today announced a new opportunity made possible by the Affordable Care Act to help states design and test improvements to their health care systems that would bolster health care quality and decrease costs.

"As a former governor, I've seen states in action and know what great laboratories they are for innovations we can put into practice nationwide," Secretary Sebelius said.

State governments, with their ongoing relationships with stakeholders across their health care systems, have the ability to accelerate the performance of delivery system and payment models that can improve the quality and affordability of health care. Through this initiative, states will work with a broad coalition – including employers, insurers, community leaders and service organizations, health care providers, consumers, tribal governments – to design or test multi-payer payment and delivery system improvements to health care systems for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries while eliminating unnecessary spending. Given the broad scope of these multi-payer models, successful innovations are expected to benefit both privately and publicly insured residents of participating states.

Many states are already engaged in these efforts. Examples of ongoing health care innovation include statewide primary care networks supported by advanced health information technology systems and models that coordinate care seamlessly across primary care providers, specialists and hospitals. The State Innovation Models initiative, with support from the Center for Medicare and Medicaid Innovation at the Centers for Medicare & Medicaid Services (CMS), will build upon this good work and achieve greater results through state-federal partnership.

States can apply for either Model Testing awards to assist in implementing their already developed models, or Model Design awards that will provide funding and technical assistance as they determine what type of system improvements would work best for them. Up to five states will be chosen for the initial round of Model Testing awards and up to 25 states will be chosen for Model Design awards. Up to \$275 million is available in funding, including for \$50 million for Model Design and \$225 million for Model Testing.

CMS expects to offer a second opportunity for all states to apply for a Model Testing award next year. State Innovation Models initiative applications will be evaluated and reviewed by an independent review panel, CMS and its independent Office of the Actuary.

"These awards are an incentive for states to, recruit partners, and accelerate the work that many of them are already doing to improve health care and lower costs," said CMS Acting Administrator Marilyn Tavenner.

For more information on the State Innovation Models initiative and to learn more about how states can reform health care payment and delivery, please visit: innovation.cms.gov/initiatives/State-innovations.

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