

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201



FACT SHEET

FOR IMMEDIATE RELEASE
May 15, 2013

Contact: CMS Media Relations
(202) 690-6145

Health Care Innovation Awards Round Two to deliver better care and lower costs

On May 15, 2013, the Centers for Medicare & Medicaid Services (CMS) released a Funding Opportunity Announcement for round two of the Health Care Innovation Awards. Under this announcement, CMS will spend up to \$1 billion for awards and evaluation of projects from across the country that test new payment and service delivery models that will deliver better care and lower costs for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) enrollees.

Administered by the CMS Innovation Center, the second round of the Health Care Innovation Awards will support public and private organizations in four defined areas that have a high likelihood of driving health care system transformation and delivering better outcomes for Medicare, Medicaid, and CHIP beneficiaries. Funds will go to those applicants that demonstrate that they can improve quality of care and deliver sustainable net savings to CMS within three years.

Innovative solutions reducing costs and improving care for patients

Funded by the Affordable Care Act, the second round of the Health Care Innovation Awards differs from the first round in several respects. Specifically, in this second round, CMS is seeking new models in four categories:

- Models that are designed to rapidly reduce Medicare, Medicaid, and/or CHIP costs in outpatient and/or post-acute settings. Priority areas are diagnostic services, outpatient radiology, high-cost physician-administered drugs, home based services, therapeutic services, and post-acute services.
- Models that improve care for populations with specialized needs. Priority areas are high-cost pediatric populations, children in foster care, children at high risk for dental disease, adolescents in crisis, persons with Alzheimer's disease, persons living with HIV/AIDS (in particular, efforts to link and retain patients in care and improve medication adherence that lead to viral suppression), persons requiring long-term support and services, and

persons with serious behavioral health needs.

- Models that test approaches for specific types of providers to transform their financial and clinical models. Priority areas are models designed for physician specialties and subspecialties (e.g., oncology and cardiology), and for pediatric providers who provide services to children with complex medical issues (including but not limited to care for children with multiple medical conditions, behavioral health issues, congenital disease, chronic respiratory disease, and complex social issues), and that include, as appropriate, shared decision-making mechanisms to engage beneficiaries and their families and/or caregivers in treatment choices.
- Models that improve the health of populations – defined geographically, clinically, or by socioeconomic class through activities focused on engaging beneficiaries and prevention, wellness, and comprehensive care that extends beyond the clinical setting (e.g., diabetes prevention programs).

In this round, CMS specifically seeks new payment models to support the service delivery models funded by this initiative. All applicants must submit, as part of their application, the *design* of a payment model that is consistent with the new service delivery model that they propose.

Interested parties of all types who have developed innovations that will drive significant improvement in population health, quality of care and total cost of care are welcome to apply. Eligible applicants include, but not limited to: provider groups, health systems, payers and other private sector organizations, faith-based organizations, states, local governments, public-private partnerships and for-profit organizations.

Applicants interested in participating in the second round of the Health Care Innovation Awards should describe the targeted populations, the services to be delivered, and how their proposal relates to benefit designs or new payment approaches that CMS can consider for broader application. CMS will be hosting informational webinars to help potential applicants understand the requirements of the FOA.

The CMS Innovation Center also invites applicants to introduce tests of scalability for models known to improve quality and reduce costs. New payment approaches that do not simply expand or supplement fee-for-service payments will be preferred. Applicants cannot receive awards for CMS demonstrations, models, or projects that are currently being supported by CMS or for those focused primarily on acute hospital inpatient care.

Applicants must describe how they will engage multiple payers to participate in their models. This participation could include existing paying partners, demonstrable commitments from private insurers or state/local governments that are willing to participate in the design and testing of the proposal. Preference will be given to applicants who propose models that focus on Medicaid and/or CHIP beneficiaries.

Technology developers, including software designers and others that are creating solutions for health care providers that may be made publicly available, are welcome to apply. However, any such technology proposal needs to reflect the actual use, not merely the development, of a product in a broader service delivery or payment model. Applicants that develop open source technology or software that is placed in the public domain will be given preference.

All applications must be submitted electronically through www.grants.gov. Applicants are strongly encouraged to use the review criteria information provided in the “Application Review Information” section in the Funding Opportunity Announcement, to help ensure that the proposal adequately addresses all the criteria that will be used in evaluating the proposals.

Evaluation and monitoring

Awardees will be measured on their ability to execute their proposed operational plan and must clearly include quantifiable means for regularly monitoring the impact of the program on the three key outcomes of improved care, improved health outcomes and reduced costs. Each applicant will be responsible for monitoring and reporting to CMS on the progress and impact of their model on improving outcomes and reducing costs. In addition to this self-monitoring, CMS contractors will conduct an independent evaluation and monitoring to ensure program integrity.

Each model is expected to generate savings for the total cost of care for Medicare, Medicaid and/or CHIP beneficiaries. Financial plans must be signed by the chief financial officer of the applicant organization. Applicants requesting \$10 million or more in funding are required to obtain and submit an external actuarial review of their Financial Plan with their application. Additionally, applicants must provide detailed back-up financial models explaining the logic driving their proposed cost of care savings.

Each applicant will propose quality indicators with a continuous improvement method of measurement to be used to evaluate the impact of the proposal on better care and better health. “Improved Care” metrics should address the following domains if relevant: patient and family engagement, patient safety, care coordination, population and public health, efficient use of healthcare resources, and clinical processes/effectiveness. Improved health metrics and final “Improved Care” metrics will be jointly developed by awardees and CMS.

Cooperative agreement structure

Awards will be made through the use of cooperative agreements for a three-year implementation period. Up to \$1 billion will be available for awardees.

Prohibited uses of the initiative’s funds include, but not limited to:

- Matching any other Federal funds;
- Supplanting existing state, local, or private funding of infrastructure or services, such as staff salaries, etc.; and
- Satisfying state matching requirements by local entities;

For a complete description of allowable and prohibited use of funds, please refer to the Funding Opportunity Announcement.

Important Deadlines

Letter of Intent to Apply Due: June 28, 2013 by 3:00pm ET

Application Due: August 15, 2013 by 3:00pm ET

Anticipated Award Announcement: Winter 2013/2014

Commitment to Improving Care

The CMS Innovation Center, created by the Affordable Care Act, strengthens partnership opportunities with public and private sector groups to help improve care and lower costs in health care. Since the Innovation Center opened its doors in late 2010, it has received hundreds of ideas from patients, clinicians, purchasers and payers of health care, information technology experts, pharmaceutical and medical device companies, and others to help inform the design, development, and testing of initiatives.

The Health Care Innovation Awards initiative is focused instead on identifying and supporting local, new models that, if successful, can be shared widely and on a larger scale.

For More Information

For more information on this initiative, please refer to the Health Care Innovation Awards Round Two Funding Opportunity Announcement found at: <http://innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2>.

For specific questions, please send an email to InnovationAwards@cms.hhs.gov.

###