

VIEWPOINT

State Innovation Model Initiative

A State-Led Approach to Accelerating Health Care System Transformation

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On December 16, 2014, the Centers for Medicare & Medicaid Services (CMS) announced that it would provide more than \$665 million to support states in transforming their public and private health care delivery systems. This funding represents the second round of an expansive delivery systems test conducted by the CMS Innovation Center, the State Innovation Model (SIM) initiative. SIM aims to evaluate whether delivery system transformation is accelerated when implemented in the context of federal-state collaboration.

The Innovation Center, created by the Affordable Care Act (ACA), was established to test innovative delivery and payment models to reduce spending and enhance the quality of care for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries. Since 2012, the CMS through the SIM initiative has partnered with 38 states and territories to support the design and implementation of payment, delivery, population health, and health information technology transformation.¹ States supported through SIM are required to develop a State Health Innovation Plan (SHIP), a comprehensive transformation strategy for achieving better health, better care, and lower costs. States may receive a Model Design award, which supports states in developing a SHIP, or a Model Test award, which supports multipayer SHIP implementation. States are encouraged to engage all clinicians and organizations that furnish health care services within the state in their transformation activities.

The majority of the nearly \$1 billion in funding to date supports the 17 Model Test states. Arkansas, Maine, Massachusetts, Minnesota, Oregon, and Vermont were selected in April 2012. In December 2014, CMS announced 11 additional test states: Colorado, Connecticut, Delaware, Idaho, Iowa, Michigan, New York, Ohio, Rhode Island, Tennessee, and Washington.² In addition to funding, states receive technical and evaluation assistance from CMS throughout the duration of the cooperative agreement. In this Viewpoint, we highlight innovations states are designing and implementing (eTable in the Supplement) and key lessons they have learned.

Despite differences in health care delivery landscapes, the Model Test states are undertaking many similar transformation activities. Each Model Test state has devised a plan to transition at least 80% of payment from traditional fee-for-service to value-based reimbursement.³ To support this goal, states are actively engaging clinicians and health care organizations, consumers, purchasers, and insurers to advance a shared statewide transformation strategy. The Model Test states have incorporated several key

strategies to effect system-wide transformation, including the following.

Integration of Community-Based Services. Model Test states must outline a plan to efficiently and effectively integrate public health, community-based, and behavioral health services across the entire care continuum.

Population Health Focus. Model Test states are required to develop a statewide population health plan targeting the preventable drivers of poor health in their populations. Several plans focus on obesity prevention and promoting tobacco cessation, and others concentrate efforts on unique needs within the state.⁴

Enabling Strategies to Support System Transformation. Model Test states must develop enabling strategies such as workforce development plans, health information technology improvements, and data analytics to enhance health care delivery. Several states have established "transformation" hubs to provide support services for states' health care partners.

Quality Measurement Alignment Strategy. The 11 new Model Test states must also outline a statewide plan for aligning quality measures by convening public and private payers to accelerate quality improvement and ease administrative burden for all clinicians.

As states pursue transformation, they will be offered technical assistance and opportunities to learn from peer states implementing similar innovative strategies. The Innovation Center will work alongside states to revise or modify their plans as necessary to achieve project milestones and goals.

To transition to paying for value, not volume, the states are experimenting with several alternative delivery models, many trying more than one simultaneously. These models include patient-centered medical homes (PCMHs), a primary care delivery approach that supports improved patient-centered communication and care coordination; health homes (HHs), enhanced care coordination and management models for Medicaid beneficiaries with certain complex chronic illnesses; accountable care organizations (ACOs), financial models that allow groups of hospitals, physicians, and other health care professionals opportunities to work together to treat patients and share financial responsibility for patients' medical care⁵; episode-based payments (EBPs), models that reimburse for a set of bundled medical services delivered during discrete periods of time for particular conditions; and accountable care communities (ACCs), an alignment of health care and community-based agen-

cies to address the social determinants of health in challenged populations.

The move to value-based reimbursement means significant change for clinicians, health care organizations, and payers alike. SIM provides these stakeholder groups an opportunity to restructure systems of care and ultimately improve both system performance and patient outcomes. Clinicians and health care organizations will play active roles in the cost and quality outcomes of their patients across the entire spectrum of care and have access to more robust tools (eg, integrated claims and clinical data) to meet the changing needs of their populations.

At the conclusion of the SIM initiative, the Innovation Center will produce a detailed, mixed-methods evaluation performed by an independent agency. The evaluation will be conducted throughout the duration of the cooperative agreement and extended beyond the completion of the SIM funding. While it is too early to confirm the delivery system and population health outcomes of SIM, there have been several areas in which states have demonstrated success to date. First, a coordinated and comprehensive strategy appears to be an effective tool in driving innovation across multiple sectors of the health ecosystem. Second, through Medicaid, CHIP, and state employee health insurance programs, states are both a key payer and purchaser of health care. As a result, states may wield substantial market power that can facilitate transformation activities. Third, states hold unique policy and regulatory authorities, and through federal-state partnership, they can effectively align financial incentives that catalyze value-based reform within new delivery models.^{6,7} Fourth, states act as transformation agents through their ability to

engage local health stakeholders, including insurers, payers, hospitals, consumers, clinicians, and health care organizations, including public health, behavioral health, and long-term care. Fifth, all stakeholders require ongoing engagement and education, especially during organizational transitions and changing administrations. In the states in which a marked multipayer transition to value-based reimbursement is occurring, reduced administrative burdens for clinicians and alignment of financial incentives in a way that promotes prevention, care coordination, and care integration are anticipated. The SIM funding facilitates change and what is learned through the program can be shared with nonparticipating states, so that states without funding can leverage their resources to achieve better health, better care, and lower costs.

Advancing broad-based health system transformation is difficult, subject to leadership and administration changes and the challenge of advancing long-term population health goals in a rapid-cycle health care system. Through the SIM initiative, states will have opportunities to tailor interventions to the unique needs of their populations. It remains critical to closely monitor patient and population health outcomes because evidence-based health system delivery interventions can sometimes produce unanticipated results when implemented in different health ecosystems.⁸ Nevertheless, states are rich learning laboratories for one another in how they design and implement delivery, payment, technology, and population health innovations. States are already demonstrating that transformation is possible when multiple stakeholders—including payers and clinicians—are working together and actively engaged.

ARTICLE INFORMATION

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