**Summary:**

The Center for Medicare and Medicaid Innovation (CMS Innovation Center) announced two new competitive funding opportunities for States to design and test multi-payer payment and service delivery models that deliver high-quality health care and improve health system performance. The CMS Innovation Center will implement the State Innovation Models initiative, as authorized by the Affordable Care Act, and will provide financial, technical, and other related support for States to design or test innovative, transformational health programs that generate savings and improve care for Medicare, Medicaid, and Children’s Health Insurance Program (CHIP) beneficiaries.

Only governors of States and Territories, and the mayor of the District of Columbia, are eligible to submit applications but they are expected to demonstrate support from a broad range of stakeholders in developing their proposals.

**Model Design Awards:**
States that would like to develop transformative payment and delivery reforms may apply for Model Design funding. Model Design awards will provide financial and technical support to States for their planning and design efforts. The CMS Innovation Center will award up to a total of $50 million to up to 25 States for Model Design efforts.

In planning and designing their proposals, States must:
- Bring a broad range of stakeholders—including health care providers, consumers, advocates, employers, unions, private and public payers, tribal governments, community leaders, and community support service organizations—into the design process;
- Develop multi-payer payment and service delivery models;
- Outline strategies that will improve health care system performance;
- Build on existing State waivers and Federal health care reform initiatives; and
- Describe its Model Design process and present an approach for continuous improvement in cost, quality, and population health outcomes.

Some of the allowable costs associated with Model Design awards includes (a complete list is available in the State Innovation Models Initiative FAQs):
- Consumer and Provider engagement and focus group costs
- Planning and convening for creating a statewide-all payer-data base
- Performance measures development and evidence-based improvement research

A State that receives Model Design funding must produce and submit a State Health Care Innovation Plan to CMS that describes a State’s program to transform its health care delivery system. States’ Health Care Innovation Plans will form the basis for a potential second round of implementation funding, targeted for release in the spring of 2013.

Applications are due: September 17, 2012, by 5:00pm Eastern Daylight Time
Anticipated Award Date: November 15, 2012
Performance period: November 15, 2012 through May 14, 2013 (6 months to complete the design)

Model Testing Awards:
The first round of Model Testing awards will provide up to a total of $225 million over 3 to 4 years for up to five States to test and evaluate multi-payer health system transformation models including commercial and employer-sponsored plans.

Model Testing proposals must:
- Implement a multi-payer model in the context of the State’s Health Care Innovation Plan;
- Utilize the tools and policy levers available to States to provide better health, better care, and lower costs;
- Describe how Model Testing funds will be used to produce better health, better care, and lower costs through care improvement for Medicare, Medicaid, and CHIP beneficiaries;
- Provide evidence underlying the proposed approach and explain how the model will address social, economic, and behavioral determinants of health and reduce health disparities;
- Describe the policy, regulatory, or legislative authority supporting the model;
- Explain how the proposed model will build upon existing healthcare reform initiatives in the State; and
- Describe the process for performance monitoring, data collection, and tracking and reporting of progress.

Some of the allowable costs associated with Model Testing awards includes (a complete list is available in the State Innovation Models Initiative FAQs):
- Provider costs for data collection
- Building a statewide all-payer database
- Staff resources associated with model management and project management
- Health information exchange cost associated with the model

State Model Testing proposals may be based on approaches already under way at CMS, such as Accountable Care Organizations or other CMS Innovation Center initiatives. However, in other limited instances, a State may request approval to pursue payment and service delivery models that differ from established CMS pathways, which would require additional review. In light of this, CMS is offering two tracks for Model Testing:

Model Testing Track 1: Ready-to-go States - This track will be available for proposals that utilize current CMS program approaches (e.g. the Medicare Shared Savings Program) and/or utilize established CMS Innovation Center models such as Bundled Payment for Care Improvement or Pioneer ACO.

Model Testing Track 2: New Models - This track will be available for proposals that require:
  1. New Medicare payment and service delivery model or significant modification of existing models (such changes to shared saving methodologies or payment calculations);
2. Medicaid waivers; or
3. New waivers under section 1115A(d)(1) authority to support new payment and service delivery models.

Applications are due: September 17, 2012, by 5:00pm Eastern Daylight Time
Anticipated Award Date: November 15, 2012
Period of Performance: Up to 6 months for implementation readiness and 36 months for testing after the date of award, through May 15, 2016

A second round of model testing funding is anticipated in 2013 for States that are not currently prepared to submit a Model Testing proposal.

**ACTION:** ACP Chapters are encouraged to contact their state’s governor, legislators, and state health officials to encourage their state to participate in these funding opportunities. ACP chapters should also seek opportunities to participate in the planning and implementation of these projects and chapter members may be able to apply to directly participate, which could result in their practices receiving in-kind products or services and/or increased payment.

**Resources:**
- [State Innovation Models initiative](#) funding opportunity announcement.
- [Fact sheet](#)
- [FAQs](#)