State Funding Opportunities in Federal Reform

State Coverage Initiatives Webinar
September 29, 2010
Goals of Webinar

1. Analyze grant and demonstration opportunities available to states in next two years (2011 and 2012) under the ACA

2. Focus on strategy for delivery system reform demonstrations
Agenda

• Grant, demonstration and state plan amendment option funds available to states in next two years (2011 and 2012) under the ACA
• Decision framework for deciding which funding opportunities to pursue, including CMS guidance where available
• Strategies for states to drive fundamental system change with ACA levers
Workforce Grants

- **Primary Care Extension Grants to States**
  - Grants to states to create a “hub” to support and educate primary care providers on preventive and evidence-based medicine, behavioral health services, etc (Sec 5405)

- **School-based health clinics/centers**
  - Grants to develop/support school-based health centers, with preference to those serving Medicaid/CHIP kids (Sec. 4101)†
  - Grants to establish nurse-managed health clinics (Sec. 5208)*

- **Support for professionals in the safety net**
  - Grants to support existing health education centers, and continuing education for health professionals serving in underserved communities (Sec. 5403)*
  - Primary care training and capacity-building (Sec. 5301)*

- **Funding to research and address workforce needs**
  - State health care workforce competitive grant program (Sec. 5102)*
  - Support for scholarships and loans; state grants to providers in medically underserved areas; training providers to serve in rural areas; public health workforce loan repayment; training medical residents in preventive medicine and public health; promoting a diverse workforce; cultural competence training; development of interdisciplinary behavioral health training programs (Sec. 5201-6, 5313, 5404, 5507)*

*Appropriated
† Only authorized, not appropriated
Quality, Prevention & Wellness Grants

• **Pregnancy assistance grants***
  ✓ Competitive grants to assist pregnant/parenting teens & women (Sec. 10212-4, $25 million annually for 2010-19)

• **Early childhood home visitation grants***
  ✓ State needs assessment and grant program (Sec. 2951, $1.5 billion total for 2010-14)

• **Grants to small employers to establish wellness programs*** (Sec. 10408, $200 million for 2011-15)

*Appropriated
Delivery System Reform Opportunities: Medicaid

• Grants to develop community-based health teams to support the PCMH*
  ✓ Grant opportunity for states to develop teams and then pay them capitated payments (Sec. 3502, 3 years)

• Health home for chronic conditions*
  ✓ SPA option to provide health home at 90% FMAP for 2 years (Sec. 2703, starting 2011)
  ✓ Planning grants available 1/1/10

• Integrated care hospitalization demonstration*
  ✓ Up to 8 states to use bundled payments to promote integrated care (Sec. 2704, 2012-16)

• Global payment system demonstration†
  ✓ Safety net hospital systems in 5 states to shift to global capitation (Sec. 2705, 2010-12)

*Appropriated under the current Medicaid appropriation
† Only authorized, not appropriated
Delivery System Reform Opportunities: Medicaid

- Extension of Medicare Advantage Plans for Special Needs members and Requirement to Contract with Medicaid Agency
  - Special Needs Plans (SNPs) must have a contract with Medicaid agency to provide all services (similar to PACE) by 12/31/12 (Sec. 3205)
- Waiver option for coordinating care for dual-eligibles for up to 5 years (Sec. 2601)
- Pediatric Accountable Care Organization demonstration†
  - Medicaid and CHIP pediatric providers can share savings as ACOs (Sec. 2706, 2012-16)
- Community First Choice option*
  - SPA option to provide HCBS attendant services to eligible individuals who would otherwise be institutionalized, with 6% FMAP increase, starting 2011 (Sec. 2401)

*Appropriated under the current Medicaid appropriation
† Only authorized, not appropriated
Delivery System Reform Opportunities: Providers through Medicare

- **Medicare shared savings program**
  - Providers organized as ACOs that meet quality thresholds can share in cost savings (Sec. 3022, starts by 2012)

- **Medicare physician value-based purchasing program**
  - Reward providers who participate in value-based purchasing program from 2011-2014; penalizes eligible providers who do not participate after 2014 (Sec. 3007, starts 2011)
  - Secretary will select practices in first phase, all providers to participate after 2014

- **Home-based primary care teams demonstration***
  - Independence at home demonstration program to provide high-need Medicare enrollees with primary care services in their homes (Sec. 3024, $5 million 2010-2015)
  - Practices will apply and Secretary will give preference to practices in high cost areas of country and that have HIT system

* Appropriated under the current CMS appropriation
Delivery System Reform Opportunities: Providers through Medicare (Con’t)

• Community-based care transitions program*
  ✔  5-year pilot funding to organizations to manage care transitions for highest-cost beneficiaries with multiple chronic conditions (Sec. 3026, 2011-15)
  ✔  Eligible entities are parts of hospitals that provide care management services or a community organization that provides transitions assistance
  ✔  Entities must apply

• Creates Federal Coordinated Health Care Office *
  ✔  To better coordinate benefits for Medicare/Medicaid dual eligibles, coordinate & support federal & state activities (Sec. 2602)

• Pilot program on payment bundling*
  ✔  Payment bundling for acute, inpatient hospital services, physician services, outpatient hospital services, and post-acute care services for an episode of care (Sec. 3023, 2013-18)
  ✔  Practices must apply

*Appropriated under the current CMS appropriation
† Only authorized, not appropriated
Delivery System Reform: Multi-Payer Possibilities

• ACOs in Medicaid and Medicare – CMS Center for Innovation will select sites

• Medicaid safety net global payment demo—could be extended to private payors

• Payment bundling in Medicaid and Medicare
Delivery System Reform: Other Medicaid Opportunities

• 1% FMAP increase for states that eliminate cost-sharing for preventive services (Sec. 4106, starts 2013)*

• Incentive grants for use of evidence-based chronic disease prevention programs (Sec. 4108, $100 million for 2011-2016)*

• Additional LTC and special needs opportunities – not our focus

*Appropriated under the current CMS appropriation
Insurance: Exchange-Related

- Grants to states for planning and establishment of exchanges available to all states who apply (Sec. 1311)
  - Requests were due 9/1/10 for up to $1m per state
  - Can be renewed prior to 2015 if states demonstrate progress; no awards after 2014

- Exchange patient navigator grant program, also available to all states who apply (Sec. 3510, starts 2014)*

*Appropriated
Insurance: Available to All States

• Consumer information
  ✓ $30 million for states to enhance consumer information/ombudsman offices – only this initial funding is appropriated
  ✓ Ongoing, starts 2010 (Sec. 1002)
  ✓ Grant proposals due 10/1/10

• Premium review process
  ✓ $1-5 million annually per state to establish annual review process - appropriated
  ✓ 5 years, starting 2010 (Sec. 1003)
  ✓ Grants awarded to 45 states

• Enrollment IT systems
  ✓ Unspecified funding to develop new/enhance existing enrollment HIT systems to implement standards/protocols for interoperability & security (Sec. 1561, starts 2010)
Summary: Delivery System and Insurance Opportunities

• Insurance reform planning grants are available to all states who apply and will be helpful to states in strategic planning for 2014

• Delivery system reforms present a great opportunity for states to change the fee-for-service paradigm

  ✓ Possible to partner with private insurers to leverage Medicaid payment reforms
  ✓ Possible to partner with providers to leverage Medicare payment reforms
Building a Decision Framework: Step 1

1. Opportunities every state should be pursuing because funding is available to all states

✓ OCIIO grants – insurance reform grants
  ➢ Exchanges*
  ➢ Premium Review*
  ➢ Navigator
  ➢ Consumer info*
  ➢ IT

✓ Health home state plan amendment planning grant and option
  ➢ States do have to match the grant funding for planning grant
  ➢ 90% FMAP for chronically ill members (many members in most states)

*Grant opportunities already passed, for more information visit: www.hhs.gov/ociio/initiative/index.html
Building a Decision Framework:
Step 2

2. Discretionary opportunities that require dedicated state resources since they require strategic planning and may not be awarded to your state:

✓ Workforce grants
✓ Quality/prevention/public health grants
✓ Medicaid delivery system reform grants

Our focus today is on delivery system reform
Building a Decision Framework: Step 3

3. Opportunities to partner with private sector stakeholders to develop grant proposals and carry out work with:

✓ hospitals on Medicare opportunities
✓ plans and providers on delivery and payment system reforms
✓ insurance industry (plan/brokers/underwriters etc) on exchange-related grants
✓ advocate community on quality and consumer grants
✓ foundations to support planning and grant writing
4. Start with existing initiatives and programs in state and see which SPA option or grant is a good fit

- Patient-Centered Medical Home initiatives (Medicaid, private-payer or multi-payer)
- Provider-based HMOs
- Developing alliances or acquisitions between hospitals and physician groups.
- Medicare gain-sharing demos
- Community mental health treatment teams.
Strategies to Drive Fundamental System Change

• Stepping back: states have a unique opportunity to change care delivery

• States can and have taken on ambitious system-level change, and ACA has lots of tools
  ✓ Oregon: Medicaid capitation to providers supports broader change in that direction.
  ✓ Massachusetts: State working in parallel with commercial insurance to plan for payment alternatives.
  ✓ Vermont, Pennsylvania: Advanced Primary Care/medical home multi-payor model.
Strategies to Drive Fundamental System Change

- Adding similar grant opportunities together to pursue a broader strategy
  - Changing hospital discharge/transition care: Section 3026 (transition care) and 2703 (health homes) start soon, then Bundling demos in 2013.
  - Increasing provider share of risk for poor outcomes and costs: Section 2703 (health homes); ACOs both through CMMI short-term and through Section 2706 (Pediatric Accountable Care Organization demonstration, 2012); Section 2705 (Global payment demo for Safety net hospital systems) coming soon.
  - Enhanced primary care: Section 2703, Independence at Home Demonstration, State Medicaid HIT plan.
  - Develop comprehensive wellness care: Grants for chronic disease prevention programs (Sec. 4108, 2011-2016); Early childhood home visitation grants (Sec. 2951); Sec. 10408 grants to small businesses.
Strategies to Drive Fundamental System Change

- Involving private sector to work with state on new paradigms.
  - Lots of ferment among providers re: integration
  - Insurers took public option as serious wake up call
  - Convergence between Medicaid and exchanges is on the horizon
- Medicare’s potential role
Questions?
For more information about state opportunities under PPACA, contact:

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For more information about accessing SCI’s technical assistance, visit:

www.statecoverage.org/node/5