

# *State Funding Opportunities in Federal Reform*

State Coverage Initiatives  
Webinar

September 29, 2010

HEALTH MANAGEMENT ASSOCIATES

# 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

- ✓ **OCIO 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](http://www.hhs.gov/ociio/initiative/index.html) 15

# 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**



# Building a Decision Framework: Step 4

---

**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:**

***Eliot Fishman, Principal, HMA***

***[efishman@healthmanagement.com](mailto:efishman@healthmanagement.com)***

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

***[www.statecoverage.org/node/5](http://www.statecoverage.org/node/5)***