



# State Innovation Model

April 30, 2015

## SIM States Gather for National Conference

On April 21-23, the National Governors Association convened all of the states involved in CMS's State Innovation Model (SIM) Initiative, which is currently over half of all states. Representatives from the CT Department of Social Services, Department of Public Health, Office of the Healthcare Advocate, and the CT State Innovation Model Program Management Office attended. The meeting provided the opportunity to learn from one another, as well as other state healthcare experts, federal officials, and subject matter experts.

Opening remarks came from the former Governor of Vermont, James Douglas, who described his efforts to reform his state's healthcare system because of the healthcare-driven bankruptcies he's witnessed; the crowding-out of funding for other programs like education; and the urgent need to save Medicaid because of forecasts that Vermont would not be able to contribute the required state share.

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A panel of Federal leaders, including Patrick Conway, Tim Engelhardt & Sean Cavanaugh, of CMS, discussed the current momentum to move away from fee-for-service and into value-based payment. They pointed to Secretary Burwell's expressed goal of tying 30% of traditional fee-for-service Medicare payments to quality or value through alternative payment models (APMs) such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016, and 50% by the end of 2018. Conway noted more than 7 million beneficiaries are receiving care from more than 400 ACOs in 49 states.

Cavanaugh indicated that under the recently passed SGR-repeal legislation, Medicare will be completely reinventing value-based payment to physicians. When the majority of payments are value-based and not fee-for-service, he said, it will shift the dynamic and make it economically viable to do things that promote health and prevention, and not simply the delivery of more services.

In a later panel, Darin Gordon, the director of Tennessee’s Medicaid program said about Medicare’s targets, “Can we hit these goals for all payers? There are two worlds -- the fee-for-service world and the pay for value world. Setting goals sends a clear signal to the market that healthcare is changing.”

Vikki Wachino, of the Center for Medicaid and CHIP services reinforced that “alignment is critically important” among Medicare, Medicaid, state employee plans, and commercial payers with an “all oars in the water approach.” However, alignment does not mean uniformity and states need to develop their vision of a desired end goal and work with CMS to get there. It was emphasized that Medicaid should be using the power of SIM and SIM should be enabling Medicaid to achieve better care for Medicaid beneficiaries. She urged us to think about, “What are you doing at the end of the day for consumers?”

Sessions and panel discussions pushed the envelope towards what Stephen Cha, the Director of the CMMI Innovation Group, calls, “a total population health strategy,” where regions are aligned around common goals, share in the decision-making and accountability for population measures, and promote non-traditional relationships such as between practices and city planners or police officers so that prevention and health are optimized across sectors.

With new payment models allowing for care teams that include, for instance, Community Health Workers, a new skill set will be needed around population health management. In addition, they allow for better mechanisms for addressing the social determinants of health.

Break-out sessions covered the topics of behavioral health, health IT, and others. Individual states also shared how they overcame barriers and leveraged strengths in their state. Delaware, for instance, leverages their Health Information Exchange to align payers on payment and attribution methodologies. In a discussion about ACOs, a SIM representative from Iowa talked about meeting providers where they are and creating buy-in from the delivery system level; “Start somewhere – if you wait around to get every answer you will never move forward.”

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*Vikki Wachino, of the Center for Medicaid and CHIP urges an “all oars in the water approach.”*

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The conference, overall, emphasized the urgency and opportunity of SIM states to make systems-level improvements to their states healthcare delivery system.

*Additional updates will follow about select topics covered at the conference.*