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## HEALTH CARE INNOVATION CHALLENGE TO AWARD \$1 BILLION IN GRANTS

The Center for Medicare & Medicaid Innovation ("CMMI"), a division of the Centers for Medicare & Medicaid Services ("CMS"), has unveiled a grant program it calls the Health Care Innovation Challenge (the "Challenge") that will distribute \$1 billion in awards ranging in size from \$1 million to \$30 million.<sup>1</sup> Health care providers, health systems, clinicians, and others are eligible. According to the Funding Opportunity Announcement, the purpose of this new program is to fund "applicants who propose the most compelling new service delivery and payment models that will drive system transformation and deliver better outcomes for Medicare, Medicaid and CHIP beneficiaries."<sup>2</sup> As opposed to the more prescriptive programs for Accountable Care Organizations ("ACOs") and payment bundling, the Challenge was designed as a type of "catch-all" grant program to serve as "an open invitation to applicants to obtain funding and support for those innovations they believe will most effectively achieve the three-part aim" of better health, better health care, and lower costs through improved quality.<sup>3</sup>

"Proposals are encouraged to focus on high cost/high-risk groups including those populations with multiple chronic diseases and/or mental health or substance abuse issues, . . . multiple medical conditions, high cost individuals, or the frail elderly."<sup>4</sup> Because many long-term acute care hospital ("LTACH") patients fall into these categories, LTACHs should be well-positioned to take advantage of these grants.

Interested parties must act quickly by filing a Letter of Intent<sup>5</sup> by **December 19, 2011** and an application by **January 27, 2012**. Please let us know if you have any questions about this initiative or would like assistance with preparing these submissions. The first awards will be made in March 2012 and will run through March 2015.

### Objectives, Attributes, and Restrictions

CMMI will consider proposals that meet these three objectives:

- Engage a broad set of innovation partners to identify and test new care delivery and payment models that originate in the field and that produce **better care, better health, and reduced cost**

through improvement for identified target populations

- Identify **new models of workforce development** and deployment and related training and education that support new models either directly or through new infrastructure activities
- Support innovators who can **rapidly deploy** care improvement models (within six months of award) through new ventures or expansion of existing efforts to new populations of patients, in conjunction (where possible) with other public and private sector partners<sup>6</sup>

When reviewing proposals, CMMI will focus primarily on three key attributes which closely relate to the program objectives. The first attribute, **workforce development and deployment**, looks at proposals to determine if they “develop and/or deploy health care workers in new, innovative ways.”<sup>7</sup> The application must include a workforce plan that describes how the proposed model will achieve this attribute. The second attribute, **speed to implementation**, suggests that the models proposed should “already be operational in related contexts and capable of rapid expansion or sufficiently developed to be rapidly deployed.”<sup>8</sup> Lastly, the third key attribute is **model sustainability**, or the ability of the proposal to be sustained beyond the three-year scope of the Challenge.<sup>9</sup>

CMMI is only placing a few restrictions on how the awarded funds may be used. The funds may not be used for any specific items or personnel that are not part of the entire delivery and payment model. CMMI will not fund proposals that “replicate” other models currently being tested (like the Pioneer ACO and Bundled Payment for Care Improvement Initiatives). Lastly, CMMI will not support proposals unless they can “monitor, evaluate, and report on the progress and impact of their program in a timely manner.”<sup>10</sup>

### Evaluation, Reporting, and Monitoring

CMMI’s monitoring efforts will fall into three broad categories: Better Care and Health, Lower Costs, and Operational Performance. Applicants will be responsible for self-evaluation, but CMS contractors will also conduct independent evaluations. Under the Better Care and Better Health category, each applicant will provide quality measures to be collected and analyzed on an ongoing basis. Better Care measures should address the four domains of patient satisfaction/experience, utilization, clinical quality, and patient access, preferably using electronic health records or electronic reporting mechanisms. CMMI did not provide domains for Better Health measures.<sup>11</sup>

The second category, Lower Costs, is more specific. CMMI will require applicants to complete a standard budget form (SF 424A) and a Financial Plan (a template is provided) describing how the proposal will achieve savings over the three-year term of the award, as well as on a projected annualized basis thereafter. CMMI is also requesting detailed financial models that support the Financial Plan. CMMI wants to see “[p]rogram-level net savings” and “[p]rojected medical cost trend reduction.”<sup>12</sup>

The final category, Operational Performance, will measure how well awardees can execute their proposals. Specifically, CMMI will look at whether: deadlines are met; deliverables are produced; timely and accurate reports showing progress on quality and cost are made; the workforce is being acquired, trained, and deployed; and whether required infrastructure is being built or enhanced.<sup>13</sup>

Lastly, CMMI will create a standard minimum set of performance measures that will be monitored by CMS contractors.<sup>14</sup>

## Conclusion

The Challenge presents an excellent opportunity for LTACHs and other providers who are already in the process of using, designing, or implementing new care-improvement and cost-saving models to obtain federal grant monies to help support these private programs. LTACHs treat many of the types of patients that CMMI has targeted for the Challenge. Although quality and performance measurement will be required, the Challenge does not impose the same burden of heightened financial risk as the current programs on ACOs and payment bundling. This should make it attractive to many providers.

1. CMMI Health Care Innovation Challenge Cooperative Agreement, Funding Opportunity Announcement Number CMS-1C1-12-001 at p. 10, available at: <http://www.innovation.cms.gov/documents/pdf/innovation-challenge-foa.pdf>.
2. Id. at 4.
3. Id. at 1,4.
4. Id. at 4.
5. Id. at 14. Letter of Intent can be completed online at: <http://www.innovation.cms.gov/initiatives/innovation-challenge/loi.html>.
6. Id. at 4.
7. Id. at 6.
8. Id.
9. Id.
10. Id. at 8-9.
11. Id. at 7.
12. Id.
13. Id.
14. Id. at 8.

## About Us

The Law Offices of Jason M. Healy PLLC is a health care law firm that focuses exclusively on legal issues affecting health care providers. We help health care providers and their trade associations understand Medicare and Medicaid laws and regulations. We also represent health care providers in reimbursement audits, appeals, and litigation. Located in Washington, DC, we are well positioned to provide legal support for advocacy efforts. Our principal, Jason M. Healy, is a health care lawyer with over 14 years of experience with the array of legal issues facing health care providers.

Please feel free to reach us at the phone number or email address above if we can be of assistance. We look forward to working with you and your company.

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