

Department of Health & Human Services
Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201
Office of Media Affairs

**CMS INTRODUCES NEW CENTER FOR MEDICARE AND MEDICAID INNOVATION,
INITIATIVES TO BETTER COORDINATE HEALTH CARE
NEW DEMONSTRATION PROGRAMS SUPPORT INNOVATION CENTER GOALS**

The Centers for Medicare & Medicaid Services (CMS) today formally established the new Center for Medicare and Medicaid Innovation (Innovation Center). Created by the Affordable Care Act, the Innovation Center will examine new ways of delivering health care and paying health care providers that can save money for Medicare and Medicaid while improving the quality of care. CMS also announced the launch of new demonstration projects that will support efforts to better coordinate care and improve health outcomes for patients.

“For too long, health care in the United States has been fragmented—failing to meet patients’ basic needs, and leaving both patients and providers frustrated. Payment systems often fail to reward providers for coordinating care and keeping their patients healthy reinforcing this fragmentation,” said Donald Berwick, M.D., CMS Administrator. “The Innovation Center will help change this trend by identifying, supporting, and evaluating models of care that both improve the quality of care patients receive and lower costs.”

“The Innovation Center will be a new, and much needed driver of innovation aimed at improving health care for Medicare and Medicaid beneficiaries. The Center will identify and test care models that provide beneficiaries with a seamless care experience, better health and lower costs,” said Acting Innovation Center Director, Richard Gilfillan, M.D. “By working together with innovative and committed providers we can create a system that works better for everyone. We want to identify, validate, and scale models that have been effective in achieving better outcomes and improving the quality of care, but may be relatively unknown.

The Innovation Center will consult stakeholders across the health care sector including hospitals, doctors, consumers, payers, states, employers, advocates, relevant federal agencies and others to obtain direct input on its operations and to build partnerships with those that interested in its work. The organization will also test models that include establishing an “open innovation community” that serves as an information clearinghouse of best practices in health care innovation. The Center will also work with stakeholders to create learning communities that help other providers rapidly implement these new care models. As part of this engagement, today, Administrator Berwick and Acting Director Gilfillan, met with stakeholders representing the health care industry, as well as consumers, states, and employers, to discuss the Innovation Center and its planned activities.

CMS also announced several new initiatives to strengthen primary care and better coordinate care for patients.

“Health care is often fragmented, causing confusion, waste, and sometimes poor outcomes,” said Dr. Berwick. “Primary care that is person-centered, coordinated, and seamless – creating a ‘health home’ - is a foundation upon which a high performing system that delivers health, not just care, needs to be built.”

New initiatives will test “health home” and “medical home” concepts:

- Eight states have been selected to participate in a demonstration project to evaluate the effectiveness of doctors and other health professionals across the care system working in a more integrated fashion and receiving more coordinated payment from Medicare, Medicaid, and private health plans. Maine, Vermont, Rhode Island, New York, Pennsylvania, North Carolina, Michigan, and Minnesota will participate in the Multi-Payer Advanced Primary Care Practice Demonstration that will ultimately include up to approximately 1,200 medical homes serving up to one million Medicare beneficiaries.
- The Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration will test the effectiveness of doctors and other health professionals working in teams to treat low-income patients at community health centers. The demonstration will be conducted by the Innovation Center in up to 500 FQHCs and provide patient-centered, coordinated care to up to 195,000 people with Medicare.
- A new State plan option under which patients enrolled in Medicaid with at least two chronic conditions can designate a provider as a “health home” that would help coordinate treatments for the patient. States that implement this option will receive enhanced financial resources from the Federal government to support “health homes” in their Medicaid programs.

The Innovation Center also announced an upcoming opportunity for States to apply for contracts to support development of new models aimed at improving care quality, care coordination, cost-effectiveness, and overall experience of beneficiaries who are eligible for both Medicare and Medicaid, also known as “dual eligibles.” The Innovation Center expects to award up to \$1 million in design contracts to as many as 15 state programs for this work.

More information on the CMMI and these initiatives is available at:

<http://www.innovations.cms.gov/>

THE CENTER FOR MEDICARE AND MEDICAID INNOVATION

Created by the Affordable Care Act, the Center for Medicare and Medicaid Innovation aims to explore innovations in health care delivery and payment that will enhance the quality of care for Medicare and Medicaid beneficiaries, improve the health of the population, and lower costs through improvement.

The Innovation Center will consult a diverse group of stakeholders including hospitals, doctors, consumers, payers, states, employers, advocates, relevant federal agencies and others to obtain direct input and build partnerships for its upcoming work. This dialogue will center on three areas of emphasis consistent with the Innovation Center's goals.

- **Better Care for Individuals:** Improving care for patients in formal care settings like hospitals, nursing homes, and doctors' offices, and developing innovations that make care safer, more patient-centered, more efficient, more effective, more timely, and more equitable. The Innovation Center will also promote the use of "bundled payments," a more efficient approach to paying for care where providers collaborate to manage multiple procedures as part of a single episode with a single payment, rather than the current fee-for-service method of submitting separate bills for each procedure, which leads to higher costs.
- **Coordinating Care to Improve Health Outcomes for Patients:** Developing new models that make it easier for doctors and clinicians in different care settings to work together to care for a patient. Examples include identifying and widely deploying the best advanced primary care and health home models, and supporting innovations in accountable care organizations.
- **Community Care Models:** Exploring steps to improve public health and make communities healthier and stronger. The Innovation Center will work to identify and address major public health crises and the appropriate interventions for areas of great concern, such as obesity, smoking, and heart disease.

The Innovation Center will rigorously and rapidly assess the progress of its programs and work with providers and other payers to replicate successful innovations in communities across the country. It will test models that include establishing "open innovation communities" that will serve as information clearinghouses for best practices of health care delivery reform. These communities will act as testing grounds for new practices, yielding innovative ideas and lessons, and fostering ongoing exchange on shared challenges.

To initiate its work, the Innovation Center will have a series of open forum calls and in-person regional community listening sessions that are open to the public and will be hosted by Richard Gilfillan, M.D., Acting Director of the Innovation Center. These meetings will help Innovation Center leaders obtain input regarding the Center's goals, operating plans and priorities.

Information about the Innovation Center and upcoming calls and listening sessions will be www.innovations.cms.gov.

Support for Care Coordination Programs as Part of the Innovation Center's Launch

In conjunction with the launch of the Innovation Center, CMS is also announcing new initiatives to improve care for Americans enrolled in Medicare and Medicaid. These initiatives include:

- **Expansion of the Multi-Payer Advanced Primary Care Practice Demonstration:** Eight states have been selected to participate in a demonstration project to evaluate the effectiveness of doctors and other health professionals across the care system working in a more integrated fashion and receiving payment from Medicare, Medicaid, and private health plans. Maine, Vermont, Rhode Island, New York, Pennsylvania, North Carolina, Michigan, and Minnesota will participate in this demonstration that will ultimately include up to approximately 1,200 medical homes serving up to one million Medicare beneficiaries.
- **Announcement of the Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration:** This demonstration will test the effectiveness of doctors and other health professionals working in teams to treat low-income patients at community health centers. The demonstration will be conducted by the Innovation Center in up to 500 FQHCs and provide patient-centered, coordinated care to up to 195,000 people with Medicare.
- **Launch of the Medicaid Health Home State Plan Option:** Authorized by the Affordable Care Act, this new State plan option allows patients enrolled in Medicaid with at least two chronic conditions to designate a provider as a “health home” to help coordinate treatments for the patient. States that implement this option will receive enhanced financial resources from the federal government to support “health homes” in their Medicaid programs.

The Innovation Center also announced an upcoming opportunity for demonstration projects that will examine programs that fully integrate care for individuals who are eligible for both Medicare and Medicaid (i.e., dual eligibles). Dual eligibles account for 16 to 18 percent of enrollees in Medicare and Medicaid, but roughly 25 to 45 percent of spending in these programs respectively. Significant health benefits and savings can come from better coordinating the care of low-income seniors and people with disabilities. States may apply for resources to support the demonstration projects they design beginning in December and the Innovation Center will award up to 15 state program design contracts up to \$1 million each.

The initiatives described above affect a broad range of providers, from small rural physician practices to urban federally qualified health centers. They also involve multiple payers in both the public and private sectors. Through these programs, CMS and the Innovation Center will, by 2012, be a core partner in over 1,500 patient-centered primary care practices that will provide integrated, coordinated care to millions of Medicare and Medicaid beneficiaries, and we anticipate that millions of others who will receive their care in these systems will also benefit.

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