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Findings at a Glance

State Innovation Models Round 1 Model Test

Fifth Annual Evaluation Report

BACKGROUND

State Innovation Models Initiative (SIM) is testing the ability of state governments to use their policy and regulatory levers to accelerate statewide health care system transformation.

- Arkansas
- Maine
- Massachusetts
- Minnesota
- Oregon
- Vermont

- CMS awarded over $250 million ($33-$45 million per state) in cooperative agreements in April 2013 to six Model Test states.
- Test periods began October 2013-January 2014 and concluded between Fall 2016 and Spring 2018.

Model Test states:

- Used policy levers (e.g., state laws, Medicaid waivers, insurance contracting) to shift health care payment towards value-based payment models.
- Invested in infrastructure and training for providers and engaged stakeholders.
- Tested 9 alternative payment and delivery models in Medicaid or commercial payers:
  - Patient-Centered Medical Homes (PCMH) in Arkansas, Massachusetts, Oregon;
  - Accountable Care Organizations (ACO) in Maine, Minnesota, Vermont;
  - Behavioral Health Homes in Maine;
  - Episodes of Care (EOC) in Arkansas; and
  - Coordinated Care Model (CCM) in Oregon.

PARTICIPATION

- PCMHs in Arkansas and Oregon and ACOs in Vermont, Massachusetts, and Minnesota reached at least half of the respective **Medicaid populations**.
- Aside from Arkansas, Oregon, and Vermont, states had difficulty getting other payers (beyond Medicaid) to participate.
- **Commercially insured populations** were reached through EOC (36%) and PCMH models (15%) in Arkansas, ACOs in Vermont (13%), and through CCM health plans in Oregon (97% of state employees).

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KEY FINDINGS

IMPLEMENTATION

- SIM funds improved statewide Health Information Exchanges (HIE) and electronic notification systems. This, coupled with legislation or model requirements, increased providers' use of HIEs resulting in improved care coordination. Still, challenges remained with interoperability between systems & sharing behavioral health treatment data.
- Providers appreciated receiving performance feedback reports via dashboards or portals, but many found the information outdated or insufficient to support patient management.

UTILIZATION & QUALITY

- ACO models (Maine, Minnesota, Vermont) reduced or mitigated increases, relative to a comparison group, in emergency department visits and/or inpatient admissions. These utilization impacts are likely the result of ACOs' contractual arrangements with providers across inpatient and outpatient settings and their potential to share in any savings generated.
- PCMH models (Arkansas, Massachusetts, Oregon) that incentivized care coordination for Medicaid beneficiaries demonstrated improvements in physician access (e.g. same-day appointments and appropriate screenings) but generally didn't improve other outcomes.
- EOC models in Arkansas significantly improved quality outcomes for Medicaid beneficiaries but did not reduce hospital-related utilization, even though excessive use of hospital services could have resulted in financial penalties for providers.

COST

- Of the 9 alternative payment and delivery models tested in SIM R1, only Vermont's ACO model yielded relative Medicaid savings, $97 million across the 3 implementation years.
- Medicaid expenditures generally increased in other models after the first year with Minnesota's ACO showing reductions beginning in the 3rd year. Increases in the short run were not unexpected as it often takes time to change consumer and provider behavior.

KEY TAKEAWAYS

- States used SIM awards to provide resources to providers to enable provider participation in alternative payment models within Medicaid. These efforts eased providers' reluctance to take on population accountability for high-cost populations and many have transitioned from shared savings only to Medicaid models with downside risk.
- While most state-led models supported through SIM did not realize Medicaid savings, many results were promising considering the limited provider incentives. For example, ACOs improved costly hospital-related utilization, and states in many cases paid out shared savings to participating providers. Additionally, providers and beneficiaries reported improved care across state-led models, and these models are being sustained through changes in state Medicaid programs.

This document summarizes the evaluation report prepared by an independent contractor. To learn more about the SIM Initiative and to download the full evaluation report, visit: https://innovation.cms.gov/initiatives/State-Innovations-Round-One/