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April 24, 2013

Debi H. Tucker
Director, State Issues Forum
American Hospital Association
325 Seventh Street, N.W.
Washington, DC 20004

Dear Ms. Tucker:

New York State has received a six-month pre-testing award of \$1 million from the Center for Medicare and Medicaid Innovation (CMMI) to develop a detailed application to the State Innovation Model (SIM) program. It is my pleasure to provide information on this activity for the upcoming State Issues Forum program.

The New York State Department of Health (DOH) has articulated a desire to use SIM to develop reform initiatives that bring consistency to payment and quality systems across the entire population. SIM will be used to facilitate reform in the private non-governmental health insurance marketplace, which will then be able to connect with the ongoing transformation of Medicare, Medicaid, and other public health insurance programs. SIM will therefore be a vehicle for the state to engage multiple private payers to build a common template of changes across the population. This synchronizes with the CMMI target of impacting 80% of the population within five years.

Implementation of this project could have a significant impact on HANYs' members. Currently, hospitals and health systems face a fragmented system of payment and quality system reform, as each payer defines its preferred approach. While SIM may offer an opportunity to unify these approaches in a manner that gives providers a consistent set of incentives and requirements across their entire population of patients, it may also signal an opportunity for the state to pursue increased regulation and control across all payers and providers—with the concerns attendant to such an approach.

The specific components of a New York SIM application are not yet defined. However, DOH will likely build on current New York payment and care delivery reform like patient-centered medical homes, health homes, and accountable care organizations (ACOs), rather than creating new models. In an April 19 press release (attached), New York State Health Commissioner Nirav R. Shah, M.D., M.P.H., announced that the state will develop a State Health Care Innovation Plan that will:

- enhance payment models for patient-centered medical homes;
- facilitate primary care and behavioral health integration;
- improve management of care transitions;
- promote regional quality improvement collaboratives;
- advance the use of electronic health records;

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- expand providers' access to data and develop data-driven care management tools; and
- create monitoring systems to collect and assess health, quality, and cost indicators related to components of the state's comprehensive plan.

The April 19 release shows a change in focus by DOH, compared to its initial proposal to CMMI, which proposed to test six different components of the CMMI comprehensive plan:

- first episodic psychosis teams;
- extended care transitions support;
- community-based care management for older adults;
- transitioning to community-based care for institutionalized people with developmental disabilities;
- ACOs; and
- regional quality improvement collaboratives.

With respect to the dedication of state resources, DOH has a team of staff working on the proposal. No funds beyond the planning grant are dedicated to the program at this time.

DOH plans to convene a series of stakeholder meetings across the state over the next several months. HANYS, working with our members, will be actively engaged in the development of the SIM program. The Association has a health care reform committee—the Health Care Reform Implementation and Innovation Task Force—that will serve as a forum for seeking member input.

HANYS and our members have worked closely with the state on other health care reform initiatives, such as the recent development of an 1115 Medicaid waiver proposal. During these discussions, the state has welcomed the input of the stakeholder community and many suggestions offered by hospitals and health systems have been incorporated into state health care reform initiatives. Information on many of those health care reform initiatives was forwarded in response to the State Issues Forum request for information on state Medicaid redesign efforts that was sent to you on April 19.

I look forward to seeing you at the American Hospital Association's Annual Membership Meeting. If you have any questions on SIM, please contact Steve Kroll, Vice President, Governmental Affairs and External Relations, at (518) 431-7727.

Sincerely,



Dennis Whalen
Executive Vice President

DW/kh
Enclosure