New CMS Program Promises Funding For Providers’ Innovative Care Delivery Models

The Centers for Medicare and Medicaid Services (CMS) announced on November 14, 2011, a new initiative aimed at funding innovative care delivery models created by providers. The CMS Center for Medicare & Medicaid Innovation (the Innovation Center) announced the Health Care Innovation Challenge, which is a Funding Opportunity for “compelling” new models of delivery and payment that “will drive system transformation” and result in better outcomes for Medicare, Medicaid and CHIP beneficiaries.

CMS’ solicitation notes that the funding opportunity is not intended to be a “prescriptive solution” but instead represents “an open invitation to applicants” for funding and support for projects that meet the following criteria:

to make awards ranging from $1 million to $30 million for a three-year performance period.

The Health Care Innovation Challenge will fund applicants who propose new service and delivery models and new payment models that “will drive system transformation” and result in better outcomes for Medicare, Medicaid and CHIP beneficiaries. CMS’ solicitation notes that the funding opportunity is not intended to be a “prescriptive solution” but instead represents “an open invitation to applicants” for funding and support for projects that meet the following criteria:
• Identify and test new care delivery and payment models that originate in the field and that produce better care, better health, and reduced cost

• 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

The Innovation Center encourages applicants to focus proposals on “high cost/high-risk groups,” such as those with multiple chronic diseases and/or mental health or substance abuse issues, poor health status due to socio-economic and environmental factors, multiple medical conditions, high cost individuals or the frail elderly.

Proposals will need to describe the delivery and payment approaches and demonstrate how the innovation can be used for broader applications. CMS is particularly interested in the “scalability” of the proposals to determine how proven interventions can be used for different or for broader populations. Importantly, the Innovation Center warns applicants not to propose an expansion of fee-for-service payments. In addition, CMS will not award funding under the Health Care Innovation Challenge for current CMS demonstrations, models or projects.

Funding under the initiative also is available to test new types of infrastructure, which CMS views as critical to achieving its goals. For example, CMS noted that registries, data intermediaries for quality reporting and information sharing to support coordination of care could be funded to support system-wide efficiency and the sharing of best practices.

Focus on Workforce

CMS expects proposals to include “significant opportunity to develop and/or deploy health care workers in new, innovative ways,” as the Agency believes the “workforce of the future” will focus on prevention, care coordination, care process re-engineering, dissemination of best practices, team-based care, community-based care, continuous quality improvement, and the use of data to support new care delivery models. This includes indentifying new roles for existing health care workers and training new types of workers to provide non-clinical care. Preference will be given to proposals that demonstrate workforce impact and the potential for replication and scale.

‘Rapid Deployment’ Expected

CMS expects proposed models to begin improving care as quickly as possible. Awardees are expected to complete any infrastructure and capacity-related activities within six months of receiving an award. In making awards, CMS will give preference to those applicants that can implement their care improvements even sooner than six months.
CMS Expects ‘Sustained’ Business Model

Proposed models are expected to define and test a “clear pathway” to sustainability, as the funding is intended to support the initial start-up and provide support for a limited amount of time so that the project can demonstrate its value. Proposals must include a description of the expected impact as well as a plan to sustain the activity beyond the three years of the funding. Changes in federal funding and payment approaches may be proposed as the means to sustainability. Applicants also must demonstrate an ability to “inform future payment approaches for CMS consideration and recommendations for the scaling and diffusion of the proposed model.”

Award Eligibility

Applications are open to providers, payers, local governments and community-based organizations, with emphasis on public-private partnerships and multi-payer approaches. In addition, certain organizations could be eligible to apply as conveners, i.e., to assemble and coordinate the efforts of a group of participants. Conveners could serve as facilitators or could be direct award recipients. States are not eligible to apply.

Application Process

Interested applicants must submit a non-binding Letter of Intent to Apply by December 19. An applicant must submit a brief summary of the proposal, the name of any partner organizations, a description of the geographic area, and demographic information of the target population, including age and insurance status. Applicants also must provide an estimate of their funding needs for their proposals. The letter must be submitted to CMS through the Innovation Center’s website at http://innovations.cms.gov/initiatives/innovation-challenge/loi.html.

Applications must be submitted through www.grants.gov. Applications must not be more than 40 pages in length, including the project abstract, project and budget narratives and the financial plan. Supporting materials are limited to 30 pages in length and may include financial projections, profiles of participating organizations and letters of endorsement. The Funding Opportunity provides greater detail on the specific information required of an applicant and how the narrative must be organized.

Additional Application Requirements

All documentation must be submitted electronically in PDF format.

Applicants must provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) as a “prime award user.” If your organization does not have a DUNS number, you will need to obtain one from Dun & Bradstreet. Call D&B at 866-705-5711.

Prime awardees must maintain current registration in the Central Contracting Registration (CCR) database. After you have completed your CCR registration, you will be able to register in FSRS as a prime awardee user.
The CCR registration can be completed at [https://www.bpn.gov/ccr/default.aspx](https://www.bpn.gov/ccr/default.aspx).

An Authorized Organizational Representative (AOR), who must officially submit an application on behalf of the organization, must register with Grants.gov for a username and password. An AOR must complete a profile with Grants.gov using his or her organization’s DUNS Number to obtain a username and password. The registration is available at [http://grants.gov/applicants/get_registered.jsp](http://grants.gov/applicants/get_registered.jsp).

A cover letter from the AOR is required and must include the title of the project, the principal contact person, amount of funding requested, and the name of the agency that will administer the cooperative agreement. The letter should be addressed to:

Mary Greene  
Grants Management Officer  
Office of Acquisition and Grants Management  
Centers for Medicare and Medicaid Services  
U.S. Department of Health and Human Services  
Mail Stop B3-30-03  
7500 Security Blvd, Baltimore, MD 21218

Application materials are available for downloading [here](https://www.bpn.gov/ccr/default.aspx). For future reference, the CFDA number is 93.610 and the Funding Opportunity Number is CMS-1C1-12-001. CMS’ Cooperative Agreement for the Health Care Innovation Challenge, which serves as the funding announcement and application instructions, is available at [http://innovations.cms.gov/documents/pdf/innovation-challenge-foa.pdf](http://innovations.cms.gov/documents/pdf/innovation-challenge-foa.pdf). Potential applicants are strongly encouraged to review this document in detail, as it provides additional details on the application requirements and information on how CMS will review and score proposals.

### Key Deadlines

Letters of Intent to Apply are due by 11:59 p.m. Eastern Time on December 19, 2011.

All applications for the first round of awards must be submitted electronically and be received through [http://www.grants.gov](http://www.grants.gov) by 11:59 p.m. Eastern Time on January 27, 2012.

All applications for the second round of awards, if any, must be submitted electronically and be received through [http://www.grants.gov](http://www.grants.gov) by 11:59 p.m. Eastern Time on June 29, 2012.

CMS intends to make awards by March 30, 2012. A second round of awards may be made in August 2012.

CMS anticipates the three-year project will operate from March 30, 2012 through March 29, 2015.

### Additional Details

CMS will host a series of Open Door Forums or webinars to provide details about this initiative and to answer any questions from potential applicants. CMS will provide technical assistance to awardees on a case-by-case basis.
For More Information

If you have questions about the Health Care Innovation Challenge, please contact:

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