



NEWS RELEASE

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New Reports: Center for Medicare and Medicaid Innovation Must Develop and Implement Payment Reforms Rapidly to Achieve Goals of Effective, Coordinated, Efficient Care

Health Affairs Article and Commonwealth Fund Commission Report Detail Strategies for Success, Including Collaboration Between Public and Private Payers on Pilots

New York, NY, June 8, 2010—The new Center for Medicare and Medicaid Innovation (CMI) must be inclusive and flexible in developing and implementing payment initiatives, continuously monitor their impact, and rapidly disseminate them if they appear to be successful, in order to realize the potential for improved health care delivery and reduced spending, according to a new *Health Affairs* article by Commonwealth Fund researchers.

In "The Center for Medicare and Medicaid Innovation Will Be Central to Health Reform's Success," Stuart Guterman, Karen Davis, Kristof Stremikis, and Heather Drake lay out a series of recommendations for the CMI which, as described in the Affordable Care Act, is meant to develop innovative ways of providing and paying for health care that have the potential to reduce costs while preserving or enhancing health care quality.

The CMI, which will begin full-scale operations as part of the Centers for Medicare and Medicaid Services (CMS) in 2011, will be responsible for developing at least 18 reform models specified in the new law, including: patient-centered medical homes, promotion of care coordination through salary-based payment; community-based health teams to support small-practice medical homes; use of health information technology to coordinate care for the chronically ill, and salary-based payment for physicians.

"Changing the way we pay for and provide health care to reward high-quality, efficient care is an essential step toward a high performance health system," said Commonwealth Fund President Karen Davis. "If health reform is to succeed in improving care and curbing spending, this new center must function like a research and development laboratory for health care delivery, designed to discover, support, and disseminate the best and most innovative ideas."

The authors recommend that the CMI:

- Adopt a nimble "innovation with evidence development" approach in which new programs are implemented and continued as long as they show they are improving quality and value, and achieving desired outcomes. This would represent a significant

shift from the current process for developing, testing, and evaluating new programs, which often is lengthy and cumbersome.

- Include among its pilots an array of health care payment models, with the foremost goal being that payments are tied to high quality, efficient care that is patient-centered.
- Include private sector payers and public health insurance programs including Medicare and Medicaid in pilot initiatives—the broader the initiative, the greater the impact.
- Be open to payment reform approaches led by states or private sector entities, taking into account geographic differences in health care and the environments in which care is provided.
- Ensure transparency by developing explicit criteria for selecting new programs and their participants and putting in place a mechanism to inform policymakers and interested parties about ongoing and planned projects.
- Guarantee there are systems in place to continuously monitor and identify pilots' successes and failures.
- Be a partner in the success of pilots, rather than a "hands-off" evaluator, providing regular feedback and technical assistance to pilot participants when needed.
- Share information and findings with the new Independent Payment Advisory Board, which will be up and running in 2014 and is tasked with reducing Medicare spending growth, to assure that its recommendations designed to control spending are based on the best available information about ongoing and promising initiatives.

A related report from The Commonwealth Fund Commission on a High Performance Health System was also released today. *Developing Innovative Payment Approaches: The Path To High Performance* describes several payment innovations that the CMI should introduce to reward more integrated care and achieve better quality and greater value, such as medical homes, accountable care organizations, and bundled payments. Equally important to the success of these strategies, the report says, will be the scope of the reforms. The authors say that pilots should not be limited to Medicare but should include Medicaid and other public programs, and private payers, in order to magnify the effects of incentives across different payers, reduce administrative burdens, and address unwarranted variation among different payers.

"The new Innovation Center offers CMS an opportunity to be flexible in rapidly spreading promising new pilot programs," said Stuart Guterman, Assistant Vice President for the Commonwealth Fund's Program on Payment System Reform and lead author of both reports. "By developing this center to be quick, responsive, and engaged, CMS can go a long way toward ensuring that the health care system sees the savings health care reform has the capacity to deliver."

The Commonwealth Fund is a private foundation supporting independent research on health policy reform and a high performance health system.