Michigan's State Innovation Model (SIM) Initiative Summary

Version 1.0

Michigan Department of Health and Human Services

Policy, Planning and Legislative Services Administration

State Innovation Model (SIM) Initiative

Revision History

Version	Date of Release	Summary of Changes	Owner
1.0	05/19/2017	Initial distribution	SIM PMDO

Contents

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In 2015, the Centers for Medicare and Medicaid Services (CMS) awarded the State of Michigan $70 million over 4 years to test and implement an innovative model for delivering and paying for health care in the state. The award, made through the CMS State Innovation Model (SIM) initiative, was based on a plan submitted by the state in 2014, "Reinventing Michigan's Health Care System: Blueprint for Health Innovation."

1 Core Components

The state, through the Michigan Department of Health and Human Services (MDHHS), has organized the work of implementing its SIM initiative under three main umbrellas: Population Health, Care Delivery, and Technology. The Population Health component has at its foundation community health innovation regions, or CHIRs (pronounced "shires"), which are intended to build community capacity to drive improvements in population health. Within CHIRs, accountable systems of care (ASCs) promote healthcare delivery system improvements that align with regional priorities and support connections between healthcare and community-based organizations. The Care Delivery component encompasses a patient-centered medical home (PCMH) initiative and the promotion of alternative payment models. The Technology component is where the state is leveraging its statewide infrastructure and related health information exchange (HIE) initiatives to enable and support advances in population health and payment and care delivery strategies.

Recognizing that clinical care accounts for only 10 to 20 percent of health outcomes while social and environmental factors account for 50 to 60 percent of health outcomes, the state has focused efforts in each of these areas on developing and strengthening connections among providers of clinical care (e.g., physician offices, health systems, and behavioral health providers) and community-based organizations that address social determinants of health. Clinical-community linkages are emphasized heavily in the state's guidance for both CHIRs and PCMHs participating in the SIM initiative. Alternative payment models can provide a way for clinical providers to receive financial support for connecting patients to community resources, and the state's technology solutions support the exchange of health information among partners.

2 Population Health

2.1 Community Health Innovation Regions

Community Health Innovation Regions (CHIRs) form the foundation of the Population Health component of the SIM initiative. A CHIR is a broad partnership of community organizations, local government agencies, business entities, health care providers, payers, and community members that come together to identify and implement strategies that address community priorities. The state has selected five regions of the state in which to test the CHIR model. Each of the five SIM CHIRs is supported by a backbone organization that serves as a fiduciary and acts as a neutral convener for the CHIR's governing body.

2.1.1 CHIR Regions and Backbone Organizations

CHIR Region	Backbone Organization
Genesee Region	Greater Flint Health Coalition
Jackson County	Jackson Health Improvement Organization
Muskegon Region	Muskegon Health Project
Northern Region[1]	Northern Michigan Public Health Alliance
Washtenaw & Livingston Counties	Center for Healthcare Research and Transformation

The overarching mission of each CHIR is to align priorities across health and community organizations and support the broad membership of the CHIR in developing and implementing improvement strategies. Specifically, CHIRs will assess community needs, define regional health priorities, support regional planning, increase awareness of community-based services, and increase linkages between health entities and systems. All CHIRs are required to focus initially on reducing emergency department utilization, which is a statewide priority, while also assessing community needs and identifying region-specific health improvement goals.

Each CHIR backbone organization receives a fixed base level of SIM funding to support administrative functions and a health improvement budget that varies based on the number of Medicaid beneficiaries in the region. Health improvement funding is to be used to support actions and interventions proposed by CHIRs, such as designing and implementing community-clinical linkages activities or other programs, policies and/or environmental strategies for population health improvement of the SIM target populations. Each CHIR is required to develop a comprehensive plan to fulfill the CHIR requirements. These local operational plans include a 3-year budget and timeline for the overall activities of each CHIR across the entire SIM period, and will be updated annually. After an initial planning and implementation period, all CHIRs are expected to be fully operational in early 2018.

[1] The Northern Michigan region is defined as the following 10 counties: Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford.

2.2 Accountable Systems of Care

Accountable systems of care (ASCs) are health systems, physician organizations, or physician hospital organizations in the five CHIR regions who are committed to supporting the community priorities and health improvement activities as identified by local CHIR governance bodies. ASC participation in a CHIR includes participating in decision making, aligning with the priorities and goals of the CHIR, and using SIM grant funding to implement projects in support of the community health priorities. ASCs in the regions are expected to be critical partners in the development of community-clinical linkages, especially through their relationships with PCMHs.

3 Care Delivery

3.1 Patient-Centered Medical Homes

With the state's focus on person- and family-centered care and strong evidence that the PCMH model delivers better outcomes than traditional primary care, the patient-centered medical home has been viewed, from the outset, as the foundation for a transformed healthcare system in Michigan. The SIM PCMH Initiative is built upon the principles of a patient-centered medical home that generally define the model regardless of the designating organization. Particular value is placed on core functions of a medical home such as enhanced access, whole person care, and expanded care teams that focus on comprehensive coordinated care.

Following the release of an Intent to Participate (ITP) process in fall 2016 to PCMH-accredited organizations within the five SIM CHIR regions and to current Michigan Primary Care Transformation (MiPCT) project participants[2] across the state, the state identified approximately 350 practices interested in and eligible for participation in the PCMH Initiative. These practices represent over 2,000 primary care providers and collectively serve all of the Medicaid beneficiaries affiliated with these practices and providers. Approximately 60 percent of the practices are in a SIM CHIR region.

As a condition of participation in the initiative, PCMHs are required to select and work toward two practice transformation objectives. All participating PCMHs are required to work toward the practice transformation objective of developing clinical-community linkages. This requirement can be satisfied by development of partnerships between the primary care practices and community-based organizations that provide services and resources that address significant socioeconomic needs of the practice's patient population. Practices based within a SIM CHIR region are encouraged to work in close collaboration with CHIR partners to develop clinical-community linkage processes and support the alignment of interests and goals among healthcare and community-based organizations. In addition, practices must select a secondary practice transformation objective from among a list of 11 approved

[2] A description of and more information about the Michigan Primary Care Transformation project can be found at *https://mipct.org/*.

activities, including telehealth adoption, medication management, group visit implementation, and integrated clinical decision making.[3]

The state has established a payment model specific to the SIM PCMH Initiative to support practice transformation and care coordination. Each practice participating in the PCMH initiative will receive payments for its attributed Medicaid beneficiaries. Practices will receive $1.25 per member per month (PMPM) to support practice transformation (i.e., investment in practice infrastructure and capabilities) and a PMPM care management and coordination payment that varies by type of Medicaid beneficiary from $3.00 to $8.00. The participating payers are 11 Michigan Medicaid Health Plans. The state is working to develop agreements with commercial payers, as well.

3.2 Alternative Payment Models

In developing its model for health system transformation, the state understood the importance of providing incentives for delivering care based on value rather than on the number of services delivered. Alternative payment models (APMs) provide incentive payments to healthcare practices for providing high-quality and cost-efficient care. The state is working to promote the use of APMs through two primary strategies: (1) setting goals for the use of APMs, starting with payers in the Michigan Medicaid program, and (2) creating a multi-payer payment and service delivery model, including a formal partnership with CMS for Medicare alignment. The overarching goal is to promote service delivery innovation and maximize the opportunities for providers to receive enhanced reimbursement for improving patient health.

In support of the first strategy, the state collected comprehensive baseline information on Medicaid health plan participation in APMs, and they are convening an APM workgroup to engage health plan stakeholders in developing appropriate goals for the percentage of payments that Medicaid health plans are making using APMs. The first goal will go into effect as part of MDHHS' Medicaid managed care contract on October 1, 2017.

The second strategy will involve working with CMS to develop a Custom Medicare Participation Option. This work is on hold as the state awaits guidance from CMS that reflects the priorities of the new federal administration.

4 Technology

Michigan has established the Relationship and Attribution Management Platform (RAMP) to ensure a foundation for supporting care coordination and identifying relationships between patients and providers. RAMP either currently supports or will support several critical aspects of care management

[3] Up to date information on the PCMH initiative can be found at *http://www.michigan.gov/mdhhs/0,5885,7-339-71551_ 2945_ 64491_ 76092_ 77452---,00.html*.

and coordination, including a health provider directory, a system for tracking active care relationships between patients and healthcare providers, exchange of quality-related data and performance results, and sending admission-discharge-transfer (ADT) notifications. Leveraging the statewide health information exchange infrastructure in the development of RAMP allows the state to take advantage of a widespread network of networks to increase interoperability and support the goals of the initiative.

5 Conclusion

Together, these three components form the foundation for transforming healthcare delivery and payment in Michigan. CHIRs provide a community-based structure for engaging critical partners in identifying and addressing local health challenges with an eye toward preventing the need for intensive use of medical and social services. Patient-centered medical homes and other providers supported by alternative payment models will develop stronger connections with community resources and be encouraged to be develop innovative approaches to service delivery. Technology that supports connections and information sharing across a diverse array of partners will provide the infrastructure needed to create better, more efficient, and more comprehensive care for Michiganders.