

## CENTER FOR MEDICARE & MEDICAID INNOVATION

The Center for Medicare and Medicaid Services oversees the policy and benefits administration for the roughly one in three Americans who are insured through Medicare and Medicaid. Over the years, the agency has explored ways to improve by optimizing patient care while conserving costs. In 2010, that effort was formalized with the creation of the Center for Medicare and Medicaid Innovation, called simply the Innovation Center.

Today, the Innovation Center carries out its original mission with more flexibility than ever before. It has a growing number of projects aimed at evaluating payment and service delivery for some of the federal government's largest insurance programs. ***The Innovation Center also faces a complex challenge: exploring new approaches without disrupting patient-centered care.***



## *Q: What is the Center for Medicare and Medicaid Innovation?*

The Innovation Center researches approaches for lowering the cost of providing care while improving health care outcomes. Created by the Affordable Care Act in 2010, it focuses on achieving these outcomes for Medicare, Medicaid and the Children's Health Insurance Programs.

## *Q: What does the Innovation Center do?*

The Innovation Center administers and evaluates models, called demonstration projects, that test new payment approaches for federal health insurance programs.<sup>1</sup> For example, it might evaluate the difference in cost and patient outcomes when providers receive a bundled payment for a group of medical services as opposed to individual payments for each service provided.

The Innovation Center also tests health care delivery models. Most health care in the United States

traditionally follows the fragmented "open" model, where patients find health care providers as needed. An alternative model, patient-centered medical homes, is becoming increasingly popular and is the subject of more evaluations. Here the primary care physician coordinates all care for the patient, linking him or her to specialists and facilitating care with a patient-centered approach.

The Innovation Center either undertakes models of its choice or receives direction from Congress to test certain models. Congress is currently considering legislation that would also give it the authority to reject an Innovation Center model.

## *Q: How are findings used?*

Models' findings are used in one of two ways. First, findings inform new payment and policy proposals. Second, findings inform the development of future models, which are used to confirm previous findings or evaluate the ongoing effectiveness of current programs.



## Q: Who participates in the Innovation Center's models?

Innovation Center models are open to physician offices, hospitals and outpatient medical centers, among others. Depending on the model, any health care provider who serves patients in Medicare, Medicaid or Children's Health Insurance Programs may be eligible to participate.

Participants and policymakers sometimes disagree, however, on whether participation should be voluntary or mandatory. Those who favor an opt-in approach argue that self-selection ensures that health care providers and patients are interested and able to participate. Providers, for example, may need to update technology systems or change office procedures to provide data or accept payment in a new way.

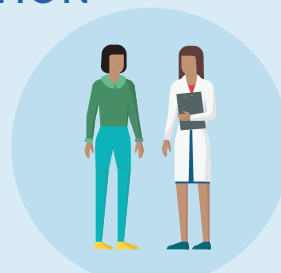
Congress is currently considering legislation that would require the Innovation Center to consult agencies with expertise in rural and underserved populations as part of a larger effort to reduce the burden of models on rural providers.<sup>2</sup> If passed, the legislation also would provide an economic hardship exception, allowing providers to opt out if the demonstration would prevent their clinic from staying economically viable. Relying on voluntary participation is another way to eliminate the possibility of economic hardship.

On the other hand, past administrations have favored mandatory models, arguing that voluntary models might allow the providers most in need of reform to opt out. While that is possible, willing participants are more likely to adhere to the model's rules, provide the most complete data and contribute to minimal attrition. If a model proves successful, it can then be expanded to more providers.

## MANDATORY v. VOLUNTARY PARTICIPATION



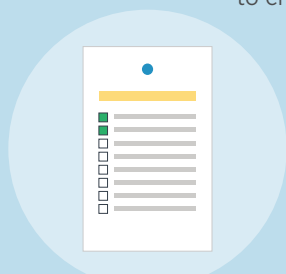
May require providers to change systems



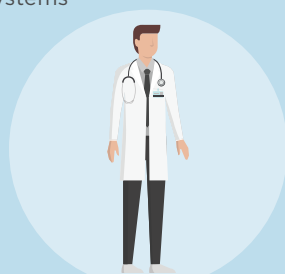
Ensures participants are willing & able



Eliminates the possibility of economic hardship



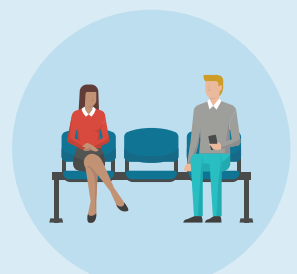
Uninterested participants may not provide thorough data



Doesn't allow providers to opt out



Participants more likely to follow rules



Reduces attrition

### *Q: What makes for a successful model?*

According to the Innovation Center, a successful model has three criteria. They are based on what would happen if the model was expanded. Expanding a successful model would:

1. Result in either less spending without reducing care or improved care without increased spending
2. Not increase net program expenditures
3. Not lead to the denial or limiting of coverage or benefits.<sup>3</sup>

A model must meet all three criteria for success to be eligible for nationwide expansion. Regardless of whether a model is successful, testing it should not cause harm. Congress is considering a provision that would require monitoring of models to ensure they don't lead to "reductions in care or reduced access to care."<sup>2</sup>

### *Q: Which models have been successful?*

In the Innovation Center's history, just two models have been expanded nationwide. Both models were limited in scope.

The first, the Pioneer Accountable Care Organization Model, incentivized health care providers to improve the quality of care for fee-for-service Medicare beneficiaries. It was certified for nationwide expansion in 2015 after a three-year evaluation showed it would "reduce net program spending."<sup>4</sup>

The second, the Medicare Diabetes Prevention Program, is an expansion of the YMCA of the USA Diabetes Prevention Program, an evidence-based lifestyle program that helps participants lose weight and increase physical activity. The Medicare Diabetes Prevention program was certified for nationwide expansion in 2016 after evaluation showed it would "not result in an increase in spending."<sup>5</sup>

### *Q: What is the right size for an Innovation Center model?*

Large, unwieldy models can have too many variables, which can impact efficacy. This is less of a concern with models that are limited in size and scope. It's also difficult to adjust or discontinue very large models if early data show they are not meeting expected outcomes.



One example is the International Pricing Index Model, which aims to reduce spending on Medicare Part B drugs by tying U.S. prices to prices in other countries. It was initially drafted to apply to all providers within a yet-to-be-determined geographic area that would represent 50% of annual Medicare Part B spending. The model was scheduled to begin in the spring of 2020, but remains under development after concerns were raised that the model was too big, encompassing too many providers. Stakeholders also voiced concern that using the index would significantly reduce funding for research and development, and have a trickle-down effect on patients' access to treatments.<sup>6</sup>

### *Q: Do patients and providers get to weigh in on Innovation Center models?*

The Innovation Center sometimes allows for a public comment period during model development. This feature can generate goodwill by allowing patients and health care providers, those who

may be affected by the model, to provide input. It also encourages cooperation without significantly affecting the model's timeline. Current legislation proposed by Congress would create a new process for public input that requires both advanced public notice and stakeholder input.<sup>2</sup>

Oncology Care First is an example of the Innovation Center successfully incorporating public comment. The model began in 2016 as the Oncology Care Model with a goal of providing "higher quality, more highly coordinated oncology care at the same or lower cost to Medicare."<sup>7</sup> The five-year Oncology Care Model has seen some positive outcomes, but little cost savings.

The proposed follow-on model, Oncology Care First, is expected to continue the research with a broader population, among other changes. The proposed changes were discussed via a public listening session in December 2019, during which stakeholders asked for more time to review and submit comments. The Innovation Center agreed.<sup>8</sup>

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## CONCLUSION

The Innovation Center plays an important role in informing policies that improve health and access to care for the millions of Americans on Medicare and Medicaid.

Running the insurance programs in an efficient and cost-effective manner while improving health outcomes benefits everyone involved: patients, providers, administrators and taxpayers.

The Innovation Center's findings provide the greatest value when they are based on well-constructed models of reasonable size that incorporate willing participants. Those elements, along with stakeholder input, will help ensure the Innovation Center's long-term relevance in shaping health care policy.

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