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## MEMORANDUM

**TO:** Members

**FROM:** Karen Lipson  
Executive Vice President for Innovation Strategies

**DATE:** May 29, 2013

**SUBJECT:** CMS Webinar on Health Care Innovation Awards – Round 2

This memorandum provides a brief summary of the May 28 webinar hosted by CMS on the recently-announced Round 2 of the Health Care Innovation Awards. Under this Funding Opportunity Announcement, up to \$900 million will be made available for projects that test new payment and service delivery models that will deliver better care at lower costs for Medicare, Medicaid, and Children’s Health Insurance Program (CHIP) enrollees. Deadlines for submission of letters of intent and applications are fast approaching. **Letters of intent are due on June 28 by 3:00 p.m.; templates for the letters will be available <http://innovation.cms.gov> on June 1.** Prospective applicants must submit a letter of intent in order for their applications to be considered. **Applications are due on August 15 by 3:00 p.m.** The slides and a transcript of the webinar, as well as information about future webinars, will be available at <http://innovation.cms.gov>.

In yesterday’s webinar, the CMS staff summarized the goals of the grants, the types of models that will be funded, and the application process. Briefly, CMS will fund models in four broad “innovation categories:”

1. Models that are designed to reduce Medicare, Medicaid, and/or CHIP costs rapidly in outpatient and/or post-acute settings. Priority areas in this category include: diagnostic services, outpatient radiology, high-cost physician-administered drugs, home-based services, therapeutic services, and post-acute services.
2. Models that improve care for populations with specialized needs. Priority areas are high-cost pediatric populations, children in foster care, children at high risk for dental disease, adolescents in crisis, persons with Alzheimer’s disease, persons living with HIV/AIDS, persons requiring long-term support and services, and persons with serious behavioral health needs.
3. Models that test approaches for specific types of providers to transform their financial and clinical models. Priority areas include models for physician specialties and pediatric

providers serving children with complex medical issues; and that include, as appropriate, shared decision-making to engage beneficiaries and their families/caregivers in treatment choices.

4. Models that improve the health of populations – defined geographically, clinically or by socioeconomic class –through beneficiary engagement, prevention and wellness programs, and comprehensive care that extends beyond the clinical setting.

Applications may cover more than one category, and one applicant may submit multiple applications. However, applications must not duplicate models that have already been funded. The models previously funded are described at: <http://innovation.cms.gov>.

The CMS staff stressed that, by contrast to Round 1; Round 2 will emphasize payment models. Applications must include a payment model design that shows the flow of funds, incentives for providers and/or beneficiaries, risk parameters, the return on investment for CMS, scalability, progression, and sustainability. Applications in excess of \$10 million must include a certification of the financial plan by an external actuary; other applicants are encouraged to include an actuarial certification.

Applications with multiple applicants are welcome; however one organization must be designated as the lead applicant.

More information and the Funding Opportunity Announcement are available at:  
<http://innovation.cms.gov/initiatives/Health-Care-Innovation-Awards/Round-2.html>