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Update on Medicare and Medicaid Payment Issues

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*Editors: [Leslie Demaree Goldsmith](#) and [Carel T. Hedlund](#)*

## Are You up for the Health Care Innovation Challenge? \$1 Billion in Grant Money Announced

By: [Sarah E. Swank](#)

On November 14, 2011, the CMS Innovation Center (the Innovation Center) announced that it plans to award \$1 billion in grants for local health care innovation projects across the country. The grants will range from \$1 million to \$3 million for those applicants that focus on workforce development and on transformative care and payment delivery models. Smaller grants may be available depending on the application submitted. The applicant pool is fairly broad, including but not limited to, providers, payors, local government, private-public partnerships, faith-based organizations, health information technology companies, universities and multipayor collaborations.

The Innovation Center will hold two rounds of grants. The first round will begin shortly with the following deadlines:

- [Letter of Intent](#) (LOI) – December 19, 2011
- Application – January 27, 2012
- Anticipated award date – March 30, 2012

The Innovation Center has not announced second round deadlines, but it will likely award the second round of grants in August 2012, prior to the 2012 election. The grants will support programs that focus on population-based, high-risk areas, such as:

- Multiple chronic conditions
- Mental health issues
- Substance abuse
- Poor health status due to socio-economic and environmental factors
- The frail elderly

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Grants will be scored based on the criteria in the [Funding Opportunity Announcement](#), including the ability to partner and test new care delivery and payment models, identify new models of workforce development and deploy care improvement models quickly. As detailed in the [Fact Sheet \[PDF\]](#), an awardee must deploy its innovative model within six months of receiving a grant award and prove sustainability during the performance period of that model. The performance period for the first round of grants is three years starting on March 30, 2012 and ending on March 23, 2015.

#### **Ober|Kaler's Comments**

Previous Innovation Center initiatives and programs focused on certain providers or testing a specific model for care and payment delivery. These grants are more inclusive of diverse segments of the health care industry as long as they can deploy quickly and show marked and sustainable change in population management. Those interested in applying for a grant should apply in the first round since the Innovation Center will use the remaining funds after the first round, if any, to fund the second round of grants.

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