Kim Reynolds Lt. Governor

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Iowa Receives Health Care Innovation Grant

DES MOINES, Iowa – Iowa has received a \$1.3 million federal grant to start development of an incentive-based health care payment plan to improve outcomes and slow the growth of costs, especially for the patients who battle chronic diseases.

"The current system is fragmented and reimbursement methods reward volume, not value. We need to increase quality outcomes and lower costs," said Medicaid Director Jennifer Vermeer.

The six-month grant comes from the Centers for Medicare and Medicaid Services (CMS) and will enable Medicaid to coordinate with other major lowa healthcare payors, especially Wellmark Blue Cross Blue Shield, in developing the plan.

Vermeer said the first strategy is to create a multi-payor Accountable Care Organization with aligned performance measures and shared savings.

An ACO is a group of doctors, hospitals, and other providers who coordinate highquality care especially for the chronically ill. The goal is to ensure that these patients get the right care at the right time, avoiding duplication of services and preventing medical errors.

The three-year goal of the project is to reduce the overall rate of growth of health care costs for the state as a whole to be no greater than the Consumer Price Index, which is about 2 percent. The goal of the individual ACO is to reduce costs by at least 5 percent within three vears.

Vermeer said the chronically ill consume a disproportionate share of health costs. In Medicaid alone, the 5 percent of Medicaid members with high-needs chronic diseases account for nearly half of Medicaid spending.

The grant will also be used to design strategies encouraging personal health and wellbeing, which is aligned with Gov. Terry Branstad's goal for lowa to become the nation's healthiest state, and to address integration of long-term care and behavioral health services.

lowa is one of 19 states to receive health care transformation grants as announced by CMS Thursday. The initial grant will be used to develop data analytics, technical assistance. and project management.