

## CLIENT ALERT

### Federal Funding Opportunity: Challenge Grant Announcement Solicits Proposals Totaling \$1 Billion to Promote Health Care Innovation

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On Monday, November 14th, the U.S. Department of Health and Human Services (HHS), acting through the newly created Center for Medicare and Medicaid Innovation, announced a new \$1 billion grant program—the Health Care Innovation Challenge Grant Program. The Affordable Care Act created the Center for Medicare and Medicaid Innovation, or Innovation Center, the mission of which is testing, evaluating, and spreading innovative health care delivery and payment models that support providers in transforming the health care system. The Innovation Center will use its authority to test alternative models for care delivery and payment, facilitate learning and diffusing of best practices, and promote the development of a workforce capable of supporting care transformation. The Health Care Innovation Challenge Grant is a competitive funding opportunity that will award successful applicants who propose projects that will advance the Innovation Center's mission.

A long list of entities may submit proposals, including provider groups, health systems, hospitals, payers and other private sector organizations, community colleges, universities, community and faith-based organizations, federally approved health care centers, for-profit organizations, and local governments, such as cities and counties. States may not submit proposals. Entities already employing innovative practices may propose to expand their work with funding from this program, but may not receive additional support from IC if their projects already are supported by CMS.

Individual awards will typically fall between \$1 million and \$30 million.

Below is an overview of the grant program intended to help you decide whether your organization, alone or in partnership with other eligible applicants, should apply. The information in this Client Alert is taken from the Innovation Center website and the Funding Opportunity Announcement (FOA), among other sources.

#### I. Health Care Innovation Challenge Program

The program will fund applicants who propose compelling new models of service delivery/payment improvements that hold the promise of achieving the **three-part aim** of better health, better health care, and lower costs through improved quality for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) enrollees. The program has authority to spend up to \$1 billion dollars in two rounds of awards in 2012. Individual awards will typically fall between \$1 million and \$30 million in value, but the Innovation Center will entertain proposals for less than \$1 million as long as they meet all three of the program's aims. The duration of the award may be up to three years. There is no limit on the number of awards the Innovation Center will make, within the scope of available funds.

The program does not offer a prescriptive solicitation, but rather invites creative proposals that address the program's three aims and focus on service delivery/payment or infrastructure innovations. Service delivery/payment proposals could focus on such innovations as scalability of proven interventions to broader populations or new payment approaches as alternatives to

fee-for-service. Infrastructure innovations could include broad implementation of registries (*e.g.*, child immunization), telemedicine and remote monitoring models, and shared decision-making systems, among others.

Entities wishing to submit proposals must obtain a Dunn & Bradstreet (D&B) Data Universal Numbering System (DUNS) number and be registered in advance with the Central Contractor Registration (CCR) database (a process that can take up to two weeks). Instructions for fulfilling those requirements are contained in the FOA. The program's Funding Opportunity Number is CMS-1C1-12-001 and Catalog for Federal Domestic Assistance number is 93.610.

## II. Evaluation and Implementation

Proposals must have a clearly articulated hypothesis that: 1) supports the projected change in behavior of clinicians, patients, or others; and 2) demonstrates how those behavioral changes will result in lower costs and better quality. Proposals must also be implementable within six months of the award. Financial models are required to show how costs to the target population will be reduced during the time of the award and will continue on a sustainable basis after Innovation Center funding ends. Proposals will also benefit from any existing evidence that demonstrates the proposed innovations and suggests further design development or scope of testing, such as whether small local testing or broader testing is most appropriate. Specifics regarding the focus of the project are also evaluated. The Innovation Center will look to see whether the project focuses on a particular population, such as high-cost users or underserved populations; geographic area, such as rural or urban; and a particular condition or disease. Also, proposals that specify the types and numbers of clinicians (*e.g.*, physicians, pharmacists) involved, and how to develop and deploy skilled health care workers in new and innovative ways will be evaluated favorably. Finally, proposals will benefit if they suggest applicability to payers beyond Medicare, Medicaid, and CHIP, such as Tricare, FEHBP, state employee programs, and commercial private health plans. The Innovation Center will contract with outside experts to review the proposals.

Implementation will be closely monitored by the Innovation Center. Metrics will be devised to capture patient satisfaction, utilization, clinical quality, and patient access. The Innovation Center will require quarterly reports and will make site visits. At the outset of the project, the Innovation Center will set benchmarks to gauge the project's progress. The Center reserves the right to withdraw funding from a project if those benchmarks are not met.

Finally, the Innovation Center will seek to spread innovations from successful projects to other health care settings. It may pursue rule-making to incorporate new practices in Medicare, Medicaid, and CHIP on a nationwide basis. It will also issue reports, including in peer-reviewed journals; conduct learning activities; host an electronic learning community on its website; and partner with states, the private sector, and local communities to broadcast as widely as possible health care improvements learned through this program.

## III. Key Dates

Key dates are quickly approaching. Applicants must first file a **Letter of Intent (LOI)**, which must be received by 11:59 p.m. Eastern Time on **December 19, 2011** and submitted through the Health Care Innovation Challenge page on the Innovation Center website. The LOI must provide a brief summary, including information about the project's location, size, target population, and budget estimate. The LOI is non-binding, but failure to file an LOI will disqualify an applicant from later submitting a proposal. The Innovation Center will use the letters to determine the expertise they will need to review applications.

Two rounds of awards will be made. **First round applications** must be submitted through the [grants.gov](http://grants.gov) website by 11:59 p.m. Eastern Time on **January 27, 2012**, and awards will be made by March 30, 2012. Second round applications are due June 29, 2012, and the second round of awards will be made in August 2012.

## Conclusion

This Alert provides a brief overview of the program. Interested readers should consult the FOA for complete details about the solicitation, eligibility requirements, restrictions on funding, application procedures, deadlines, and review processes, a link to which is attached to this Alert<sup>1</sup>. Additionally, the Innovation Center will be posting answers to Frequently Asked Questions (FAQs) on the Innovation Center website at [innovations.cms.gov](http://innovations.cms.gov). The FAQs will be updated on a regular basis. One should consider joining the Center's email listserv (through the website) to receive notices about FAQ updates.

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<sup>1</sup><https://www.grantsolutions.gov/gs/preaward/previewPublicAnnouncement.do?id=13123>

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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