

To: Senator Ashe, Chair, Senate Finance Committee
Fr: Georgia Maheras, Director, Vermont Health Care Innovation Project
Date: April 24, 2015
Re: SIM spending

This memo discusses the SIM spending to date.

Background

Vermont's SIM Grant was approved by the Joint Fiscal Committee in April 2013. The SIM Grant is a cooperative agreement between the State of Vermont and the Centers for Medicare and Medicaid Innovation (CMMI) for 3 years through December 31, 2016. In addition, CMMI will allow limited use of funds through 2017 for evaluation of the models and similar activities.

At a high level, the grant funds can only be used for purposes approved by the federal government. This federally-approved SIM budget identifies specific personnel and contacts. The federal government also requires prior approval for each contract before Vermont can execute agreements with any contractors. The approved budget must be in compliance with the federal restrictions on how SIM funds can be spent and spending allocations go through a SIM governance/stakeholder approval process prior to being sent to CMMI for approval. SIM funds cannot be used for any of the following:

1. Food, alcohol, entertainment, honoraria;
2. To reimburse pre-award costs;
3. To provide individuals with services that are already funded through Medicare, Medicaid, and/or CHIP;
4. To match any other Federal funds;
5. To provide services, equipment, or support that are the legal responsibility of another party under Federal or state law (e.g., vocational rehabilitation, criminal justice, or foster care) or under any civil rights laws. Such legal responsibilities include, but are not limited to, modifications of a workplace or other reasonable accommodations that are a specific obligation of the employer or other party;
6. To supplant existing Federal, state, local, or private funding of infrastructure or services;
7. To be used by local entities to satisfy state matching requirements;
8. To pay for the use of specific components, devices, equipment, or personnel that are not integrated into the entire service delivery and payment model proposal;
9. To lobby or advocate for changes in Federal and/or state law;
10. To support or oppose gun control;
11. To carry out any program of distributing sterile needles or syringes for hypodermic injection of any illegal drug;

12. Coordinate with and build upon other CMS, HHS, and Federal and local initiatives taking place within the state without duplicating funding requests. Federal funding cannot be claimed for duplicative activities, or to supplant federal or state funding.
13. Expend no SIM funds in the following areas which are out of the scope of the State Innovation Models initiative:
 - i. Medicare or Medicaid eligibility changes;
 - ii. Coverage or benefits reductions in Medicare or Medicaid or any changes that would have the effect of rationing care;
 - iii. Increases in premiums or cost sharing;
 - iv. Increases in net federal spending under the Medicare, Medicaid or CHIP programs;
 - v. Medicare payments directly to states, including shared savings;
 - vi. Medicaid Federal Medical Assistance Percentage formula changes;
 - vii. Changes to the EHR incentive program for eligible professionals and eligible hospitals;
 - viii. Changes in State Financial Alignment Models;
 - ix. Reductions in Medicare beneficiary choice of provider or health plan, or Medicaid choice of provider or health plan beyond those allowed today; or changes to maintenance of effort requirements;
 - x. Changes to CMS sanctions, penalties, or official denial of participation currently in effect.

SIM funds obligated to date:

Vermont’s SIM funds are categorized into several categories:

- a. Personnel, fringe, overhead
- b. Equipment
- c. Travel
- d. Contracts

Table 1 below provides detail on the personnel, fringe, overhead, equipment, and travel categories. Table 2 below provides spending by sub-category and any remaining funds within each sub-category.

Table 1. SIM Non-Contractual Spending

Approved Amount	Obligated Amount	Remainder
\$ 9,679,293	\$ 9,679,293	0

Table 2. SIM Contractual Spending

Budget Line Item	Approved Budget	Obligated Amount	Remainder for Year 3*
<i>Advanced Analytics: Policy and data analysis to support system design and research for all payers</i>	\$8,385,499	\$6,352,314	\$2,033,185
<i>Advanced Analytics: Financial and other modeling for all payers</i>	\$600,000	\$330,000	\$270,000
<i>Self-Evaluation: Evaluation</i>	\$2,000,000	\$1,799,665	\$200,335
<i>Initiative Support: Interagency Coordination</i>	\$320,000	\$ 42,452	\$277,548
<i>Initiative Support: State Staff Training and Development</i>	\$55,000	\$55,000	0
<i>Workforce Assessment: System-wide capacity</i>	\$730,999	\$378,000	\$352,999
<i>Model Testing: Integration of mental health into patient centered medical home (pending model development in SIM workgroup)</i>	\$150,000	0	\$150,000
<i>Model Testing: Service Delivery to support enhancement and maintenance of best practice as payment models evolve for children, LTSS, MH (pending model development in SIM workgroup)</i>	\$1,400,000	0	\$1,400,000
<i>Model Testing: Quality measurement</i>	\$1,025,918	\$1,025,918	0
<i>Technical Assistance: Learning Collaboratives (St. Johnsbury, Burlington, Rutland)</i>	\$850,000	\$850,000	0
<i>Technical Assistance: Practice Transformation & Data Quality Facilitation</i>	\$3,400,000	\$2,944,558	\$455,442

Technical Assistance: Technical assistance to providers implementing payment reforms	\$5,945,102	\$5,945,102	0
Technology and Infrastructure: Expanded connectivity of HIE infrastructure	\$3,800,000	\$2,792,329	\$1,007,671
Technology and Infrastructure: Enhance and develop centralized clinical registry & reporting systems	\$1,200,000	\$897,969	\$302,031
Technology and Infrastructure: Integrated Platform & Reporting System	\$1,000,000	0	\$1,000,000
Technology and Infrastructure: Telemedicine	\$1,250,000	\$140,442	\$1,109,558
Technology and Infrastructure: Expanded connectivity between State of Vermont data sources and ACOs/providers	\$1,987,293	\$1,790,975	\$196,318
Technology and Infrastructure: Analysis of how to incorporate long term support services, mental health and other areas of health.	\$300,000	\$ 200,072	\$99,928
Project Management	\$630,000	\$ 630,000	\$0
Stakeholder Engagement	\$300,000	\$149,500	\$150,500
TOTAL	\$35,329,811	\$ 26,327,296.17	\$9,002,514.83*

*The grant funds allocated for Year 3 have not yet been approved for spending by the CMMI and cannot be used for Year 2 activities.