

# State Innovation Model grant Award Year 4 budget decisions

In October 2017, Healthier Washington staff, partner agencies, and leadership collaborated to determine the best use of funds for the final year of Washington's State Innovation Model (SIM) grant provided by the Center for Medicare and Medicaid Innovation (CMMI). We refer to this close-out year as Award Year 4, and it spans February 1, 2018 through January 31, 2019. During the decision-making process, Healthier Washington's priority was to ensure that health system transformation continues beyond the SIM grant.

## About the FAQs

Here are answers to frequently asked questions regarding Award Year 4 budget decisions.

**NOTE: The information below is based on agency-level budget decisions. CMMI has final authority to determine how the state allocates SIM funding. Answers will be updated to reflect CMMI guidance when available.**

## How were budget decisions made?

Budget decisions were made collaboratively, across Healthier Washington staff and leadership. Decisions were based on a rubric: objective scoring criteria, decisions at all levels, ensuring no new work, and asking what efforts are more sustainable than others. All transformational work is important, but the nature of the SIM grant is such that we must prioritize work streams within limited resources.

## What priorities were used to make decisions?

Priorities were focused on commitments to partners and stakeholders, sustainability, and strategic use of limited resources to help continue to advance Healthier Washington goals.

## Why is there less funding than anticipated?

The SIM grant was never a year-to-year amount of funding; it was one amount to be used over a period of 4 years. All annual budgets were built with the best information available at the time. However, as the purpose of the grant was to test new and innovative ways of doing this work, some budgets needed adjustments over time. In the end, some priority areas required more investment than originally anticipated during the first 3 years, and this impacted the funds left for Award Year 4.

From the beginning of the SIM grant, Award Year 4 was planned as a ramp-down year for SIM funding. Healthier Washington will be working with partners to determine where work may integrate into existing work streams.

## Are all initiatives affected by budget cuts in Award Year 4?



Budget priorities and the planned AY4 funding ramp-down will impact all areas of Healthier Washington in AY4. All contractors will be/have been contacted by their contract lead(s) with specific information about their projected budget.

### **What is the plan for continuing work on initiatives that aren't being funded?**

All of the work that began with SIM funding continues to be a high priority. But SIM funding, in general, was meant to jumpstart efforts in priority areas, and then to incorporate them into existing work streams. Budget decisions reflect the need to fund high-priority efforts where non-SIM funding potential has not been identified. Initiatives that will no longer be funded by the SIM grant still have the potential of being funded in other ways. State agencies are exploring ways to continue these transformation efforts.

### **Are Healthier Washington staffing levels being maintained?**

Healthier Washington will not fully maintain staffing levels; HCA and its partner agencies are planning some absorption of staff to continue the work. There will still be dedicated SIM staff to coordinate the close-out year, and staff will absorb some of the work that was originated by contractors.

### **What happens to Award Year 3 carryover funds?**

The Award Year 4 budget was built with the assumption of carryover dollars from Award Year 3. However, per federal rules, those carryover dollars will not be available until next summer. We are currently working on how best to allocate carryover dollars in a way that is consistent with CMMI rules and timelines. This does not impact every contract. Contract managers will notify contractors whose budget contains Award Year 3 carryover funds, and will work with them on planning.

### **How will Healthier Washington continue to support initiatives to succeed?**

Budget discussions included how we can continue to provide the highest level of support to partners and stakeholders with decreasing resources. We will continue to work with partners to determine the best way forward.

### **What are the parameters for SIM funded initiatives from other sources?**

- Are there potential issues with “double-dipping?”
  - CMMI had concerns about braided funding because they want clarity on what each funding stream pays for; it can't be the same exact work. In other words, what did SIM money pay for vs. what did waiver money pay for? We will continue to work with CMMI to ensure that clarity for partners.
- Can state staff advocate for additional contractor funding from other sources?
  - We are checking on this answer.

### **Can we leverage money from the Medicaid Transformation Demonstration?**

Money from the SIM grant comes from a different source than the Demonstration:

---

- The SIM grant is a four-year allocation of funds to the state that was designed to accelerate health system transformation.
- The Demonstration is an incentive-based program in which money is released based on milestones.
  - The Demonstration is an opportunity to continue and advance progress made under the SIM grant.

A significant portion of Medicaid Transformation dollars will be allocated to Accountable Community of Health (ACH) partners, based on participation in regional health transformation projects. Existing Healthier Washington partners are encouraged to review ACH project plan materials and engage with ACHs to learn more about alignment opportunities or how to get involved in specific project areas.

### **Is this the final budget? If not, when will we know the exact budget figures?**

Agency-level budget decisions were made at the end of October. The draft budget and Operations Plan were submitted to CMMI on November 1. The final Operations Plan is due to CMMI on December 1, and their review takes place over the following weeks. Individual contractors will receive their funding information from their contract managers.

### **When will a formal message about the Award Year 4 budget come from Healthier Washington?**

Healthier Washington will post the final Operations Plan to its website once it goes through final CMMI review.

### **Who do I contact if I have more questions?**

For questions about the Award Year 4 budget and budgeting process, please contact Bonnie Wennerstrom, Healthier Washington Connector, at [bonnie.wennerstrom@hca.wa.gov](mailto:bonnie.wennerstrom@hca.wa.gov).

