



November 30, 2022

Dr. Elizabeth Fowler  
Deputy Administrator and Director  
U.S. Department of Health and Human Services  
Center for Medicare and Medicaid Innovation  
7500 Security Boulevard  
Baltimore, MD 21244

**Re: Considerations from States Regarding Future Federal Multi-Payer Reform Efforts**

Dear Director Fowler:

On behalf of our partnering states, the National Academy for State Health Policy (NASHP) would like to respectfully share considerations for how to expand engagement of states by the Center for Medicare and Medicaid Innovation (CMS Innovation Center) in multi-payer reform efforts. As the federal government has the power to catalyze national efforts and influence the market, states are interested in aligning with federal efforts as they seek to influence their own markets. We are thankful for the continued partnership between the CMS Innovation Center and states and believe opportunities can be expanded upon.

Over the past year, NASHP has engaged senior state leaders representing Medicaid, Departments of Insurance, state employee health plans (SEHPs), Departments of Health and Human Services, and others from Arkansas, Colorado, Massachusetts, Minnesota, Nebraska, North Carolina, Oregon, Rhode Island, Vermont, and Washington to identify opportunities for multi-payer initiatives. (See appendix for a full list of the advisory group). This advisory group agreed that actual market change that will improve the quality and value of health care for individuals must be realized across public and private payers, but challenges persist with geographic and local market differences. One key element to moving forward is increased engagement with CMS. To that end, this letter provides suggestions for expanded collaboration between the CMS Innovation Center and states to advance the shared goal of multi-payer alignment.

States play a critical role in developing and implementing multi-payer reforms, given their authority over key payers and programs such as Medicaid, SEHPs, state-based marketplaces, and commercial health insurance. Beyond bringing a rich and varied perspective from their prior work that can help inform future payer-based initiatives, states are ready and positioned to design and test strategies that respond to their unique populations, markets, and provider contexts. When states partner with the federal government, especially on efforts that are aligned across Medicare, Medicaid and commercial payers, the collective purchasing power can tip the scale towards significant change across markets. In addition to expanding the reach of multi-payer efforts, a partnership between states and the federal government allows for additional authorities and resources to be leveraged to address the entire market, including anti-trust

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issues; strengthened financial investment in infrastructure; and expertise drawn from a variety of prior experiences.

While some states have participated in innovative health care models developed by the CMS Innovation Center in the past, there is an opportunity to expand state participation and engagement in federal efforts. The Innovation Center has acknowledged this need in their [strategy refresh](#), setting a goal to “align priorities and policies across CMS and aggressively engage payers, purchasers, states, and beneficiaries to improve quality, to achieve equitable outcomes, to reduce health care costs.” This is a unique moment, with momentum to address systemic challenges in response to rising health care spending, economic inflation, and increased awareness of inefficiencies and disparities in the U.S. health care system, exposed through the COVID-19 pandemic.

The advisory group offers the following suggestions for how the CMS Innovation Center could better facilitate state engagement in federal multi-payer efforts and ongoing partnership between federal and state agencies.

**Clearly communicate a roadmap for future federal reform that includes a comprehensive and unified vision across CMS (Medicare, Medicaid, and the Marketplaces) for our nation’s health system transformation.** To achieve multi-payer reform, states must consider the impact of multiple programs and policies across their payers, including those run by or in partnership with federal agencies. Ideally, states’ efforts would be coordinated across payers, but this can only be achieved if payers are operating under a roadmap that is clearly aligned across the federal offices operating those programs including Medicare, the Center for Medicaid and CHIP Services (CMCS), and the Center for Consumer Information and Insurance Oversight (CCIIO). Receiving additional information on federal priorities for reform and how they will be coordinated across federal programs and offices would allow states to better align with and leverage federal efforts.

**Develop and implement a clear process for state engagement during the development of federal models, programs, or initiatives.** States are interested in being included in an iterative process to support the development of new models before they are released by the Innovation Center. For states to be adequately engaged, they need from CMS a clearly communicated approach and sufficient time to review and respond on concepts for new models.

**Leverage previous or existing work of states.** Federal multi-payer efforts can leverage the experience, lessons learned, and expertise of states as a foundation for future efforts. This includes drawing from the discrete, yet significant, work states have conducted to date to advance reforms under Medicaid, SEHPs, and other commercial markets, as well as innovative multi-payer initiatives, such as value-based payment models, that could be readily built on or scaled. Programs that directly build on current state work could also reduce start-up needs and enable states to capture momentum from efforts that have shown signs of success.

In addition, states have specific and urgent needs that they must prioritize. Federal efforts can incentivize state participation by identifying how efforts can align with state

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priorities. Urgent needs to address through value-based payment and other multi-payer initiatives include:

- Addressing escalating health care costs by understanding and curbing major cost drivers;
- Support for rural, safety net, and historically underfunded providers and communities;
- Efforts to create a more equitable, accessible, and effective health system;
- Priorities related to maternal and child health and behavioral health.

**Provide sufficient resources.** New multi-payer efforts at the state level require investment in program administration, infrastructure, program assessment, and capital costs for states, as well as for provider and payer participants. State leaders identified operational costs and requirements as a barrier to participation in federal multi-payer efforts. The ability of states to participate in federal multi-payer efforts may be bolstered by a combination of upfront funding for start-up costs, direct support for technical assistance to aid in program implementation and operation, and sustained funding sources (such as shared savings or other cost-efficiencies) to maintain reforms over time. Sustainable, cross-program, federal support for data infrastructure — such as all-payer claims databases, referral pathways, and data sharing tools — will be increasingly important for future models. In addition, states emphasized that federal supports — including funding and technical assistance — currently come to states in a siloed fashion, with distinct and sometimes contradictory requirements attached. The federal government could play a role in facilitating more seamless braiding and blending of federal funding streams as well as improved coordination across technical assistance opportunities.

**Establish flexible timelines.** States are in different positions to take on meaningful reforms and will require flexible timelines. Some have a clear vision for transformational change with established pathways to achieve it, so are anxious to move ahead now with federal support and do not want to wait for the “perfect” model. Others will need to evaluate the federal proposal, determine how it integrates into current state work, engage stakeholders and develop buy-in, change necessary laws and/or regulations, and procure vendors. State leaders acknowledge that participation in past federal multi-payer efforts has been challenged by insufficient or unrealistic timelines. Future federal efforts could facilitate additional state participation by engaging with state policymakers to inform the development of timelines and to provide state decision-makers with enough time to consider participation.

**Promote cross-sector and regional alignment.** State leaders identified that misaligned or conflicting legislative and regulatory requirements create barriers for the implementation of multi-payer efforts. For example, measure sets differ between Medicaid, Medicare, and private insurance, at least partly due to different federal requirements for each. In addition, different payer initiatives function under distinct definitions such as how to determine attributable populations. While recognizing the distinct functions of each payer and initiative, alignment of requirements across regulatory bodies could streamline states’ abilities to implement multi-payer efforts. Moreover, in considering a more coordinated approach, leaders may consider how

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strategic alignment can work to serve mutual goals, such as development of unified measure sets or other resources that address social drivers of health.

In addition, health care systems operate across state lines and, for many states, their residents live, work, and seek care across state lines as well. Federal support for regionally based initiatives would allow for the development of programs that better reflect the reality of these dynamics.

**Consider how to address the unique needs and concerns of rural communities.**

State leaders emphasized that multi-payer efforts face challenges in rural communities due to population composition and workforce and infrastructure limitations. For instance, low-density populations pose a barrier to the implementation of any payment structures that are population-based or require financial risk. In addition, these communities may lack access to technology, such as broadband, or services including social and specialty care, that make it difficult to effectively execute a coordinated care strategy. As a result, providers in these communities cannot share financial risk in the same way their peers in other communities can. However, current fee-for-service approaches are also failing these communities. Future models coming from the federal government could consider rural needs in their design to better engage and support rural communities.

**Balance need for additional support in unique and underserved communities.**

Providers in communities that are traditionally under-resourced or underserved often cannot support novel payment initiatives the same way their peers in other communities can, including limited ability to take on financial risk. However, current fee-for-service approaches are also failing these communities. While cost containment is an important goal of multi-payer reform, a focus on access, quality, and equity may be necessary and more appropriate for safety-net and historically under-funded providers and communities.

Looking forward, we underscore that ultimately payers and providers need stability for any future CMS models to be successfully implemented. We are facing new challenges because of the COVID-19 pandemic and rising inflation. Addressing access and workforce limitations alongside determining how to improve the value of health care require different strategies for stability that extend beyond savings and efficiency. We hope to work with you on ideas of how to address these new and emerging challenges.

We thank you for the opportunity to provide our thoughts and considerations for expanding partnerships between states and the CMS Innovation Center. We look forward to additional opportunities to work with you to pursue strategies to design and implement multi-payer initiatives.

Sincerely,

A handwritten signature in black ink that reads "Hemi Tewarson". The signature is written in a cursive, flowing style.

Hemi Tewarson  
President and Executive Director  
National Academy for State Health Policy



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## Appendix: NASHP Multipayer Advisory Committee Members

- Kevin Bagley, Medicaid Director, Nebraska Department of Health and Human Services
- Sue Birch, Director, Washington Health Care Authority
- Chris DeMars, Director, Delivery System Innovation Office, Oregon Health Authority
- Julia Lerche, Chief Strategy Officer and Actuary, North Carolina Medicaid
- Robin Lunge, Member, Green Mountain Care Board
- Mich'l Needham, Chief Policy Officer, Washington Health Care Authority
- Zora Radosevich, Director, Office of Rural Health and Primary Care
- David Seltz, Executive Director, Massachusetts Health Policy Commission
- Patrick Tigue, Health Insurance Commissioner, Rhode Island
- Joe Thompson, President and CEO, Arkansas Center for Health Improvement