

# State of California HEALTH AND HUMAN SERVICES AGENCY



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SECRETARY

PRESS RELEASE

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## **California Awarded \$2.7M Federal Grant to Design Health Care Payment Reform Model** *Goal of Reducing Health Care Costs and Improving Californians' Quality of Health*

Sacramento – The California Health and Human Service Agency (CHHS) today announced that the state is being awarded a State Innovation Model (SIM) Design Grant of \$2,677,693 by the Center for Medicare and Medicaid Innovation (CMMI). This grant will be used to develop a State Health Care Innovation Plan (SHCIP) to improve health care quality and reward value versus volume by changing payment structures.

“California continues to lead the nation in health care reform and today’s grant award reinforces the support and confidence the federal government has in the Golden State,” said California Health and Human Services Secretary Diana S. Dooley. “We will work with our partners to design a payment reform model that will maximize the value of health care, where value is defined as better quality at lower costs.”

This effort will move the state towards the triple aim of 1) improving the health of Californians, 2) improving health care quality and delivery, and, 3) lowering health care costs. The SHCIP will form the basis for a potential second round of funding in 2013 to test California’s selected payment reform model over a three-year period.

The SIM Design Grant complements the goals of the recent release of the Governor’s Let’s Get Healthy California Task Force Report, which outlines a ten year blueprint to make California the healthiest state in the nation and reduce health care costs. The Task Force’s goals and priorities will be used as a basis for the State Health Care Innovation Plan. In anticipation of this grant, the California Health and Human Services Agency formed six private sector work groups in line with the Let’s Get Healthy California six strategic goals; the work groups will develop private sector implementation strategies and policy recommendations for the SHCIP. Health care payment reforms under California’s SIM initiative will maximize the value of existing expenditures rather than invest new funds to reform care delivery.

For more information about Payment Reform Innovation, please visit:  
[www.chhs.ca.gov/Pages/PayRefinnovat.aspx](http://www.chhs.ca.gov/Pages/PayRefinnovat.aspx).

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