



CMS Strategy: The Road Forward

2013-2017



OUR JOURNEY BEGINS HERE

The United States is a global leader in health care. Our academic institutions, health care professionals and service providers are internationally known and admired. Yet, despite this, Americans die sooner than citizens of many other nations.¹ In most years, U.S. health care spending has grown faster than the economy.² By 2020, health care expenditures are projected to reach \$4.6 trillion and account for close to 20 percent of the nation's gross domestic product (GDP).³ By 2030, people over 65 will make up 20 percent of our population, with the fastest growing group over age 85.^{4,5} As greater numbers of Americans lead longer lives, the cost of care will continue to rise. Health disparities are a persistent challenge for the U.S. health care system, and high rates of preventable diseases among racial and ethnic minorities add to growing health care expenditures. The effectiveness of the health care system is also limited by those without health coverage. In addition, a significant number of Americans are underinsured – meaning that, if they were faced with a significant health or medical issue, their existing health insurance would not provide adequate coverage. This lack of coverage contributes to individuals' inability to access health care, which can lead to early death. Finally, health care costs directly reflect the underlying health of the population. When underlying health is poor, health care costs – both economic and non-economic (such as reduced quality of life) – are high. When a population is healthier, costs are lower, and societies can invest resources in other priorities such as education, infrastructure, and defense.

We know change is possible. The Affordable Care Act (ACA) takes significant steps towards expanding coverage and improving access to health care while also improving the quality and affordability of health care for all Americans. It strengthens the workings of the private health insurance market and extends help to moderate- and low-income Americans to make health insurance coverage more affordable. It also takes important steps toward changing how services are paid for in Medicare and Medicaid, by increasingly rewarding better outcomes instead of volume. Reducing spending and improving quality and care coordination are strategic objectives for CMS and are also a major focus of the ACA. Policies such as establishing Accountable Care Organizations, increasing value-based purchasing, coordinating care for individuals enrolled in both Medicare and Medicaid, and reducing hospital readmissions will improve the value of care. The Affordable Care Act also created incentives and other initiatives to better coordinate patient care across settings and over time.

CMS' role in the larger health care arena has been further expanded beyond our traditional role of administering the Medicare, Medicaid and CHIP Programs. Designed to expand access to affordable health care and make the U.S. health care system more outcome-driven and cost-effective, the ACA requires that CMS coordinate with States to set up Health Insurance Marketplaces, expand Medicaid, and regulate private health insurance plans. The ACA greatly expanded the Agency's role and responsibilities by effectively tasking CMS to lead the charge to provide high quality care and better health at lower costs through improvement to health care for all Americans. This expansion not only involves growth in CMS' traditional base but also includes a greater emphasis on its continuing efforts in program integrity, health care innovation and health disparities reduction, as well as the establishment of Affordable Insurance Marketplaces. The

1 Muennig, PA, & Glied, SA. What changes in survival rates tell us about US health care. *Health Affairs*, 29(11), 2105-2113, 2010.

2 CMS Office of the Actuary, National Health Expenditures Tables.

3 CMS Office of the Actuary, National Health Expenditure Projections 2010 – 2020.

4 Vincent, GK & Velkoff, VA, *The Next Four Decades: The Older Population in the United States: 2010 to 2050*, Census Bureau, May, 2010.

5 http://www.aoa.gov/agingstatsdotnet/Main_Site/Data/2010_Documents/Population.aspx.

integration of the Center for Consumer Information and Insurance Oversight into the Agency extended its responsibilities to market reforms and consumer protections in the private health insurance market. Through other legislation, CMS also now shares major responsibility for promoting the adoption and use of health information technology in the nation's health care system.

The standup of the Center for Medicare and Medicaid Innovation (CMMI) will help to coordinate these Agency-wide efforts to promote experimentation and innovation in payment and delivery models, reduce disparities in health care outcomes, promote primary care, and improve patient protections. CMMI will also, coordinate and drive many Agency-wide efforts to address continued growth in the cost of care, the aging of the population, the increased prevalence of costly chronic conditions, and budgetary pressures.

OUR DESTINATION

CMS will continue to leverage our internal resources and external partnerships to fulfill our mission – *as an effective steward of public funds, CMS is committed to strengthening and modernizing the nation's health care system to provide access to high quality care and improved health at lower cost.*

In our effort to fulfill this charge, our vision of future success is *a high quality health care system that ensures better care, access to coverage and improved health.* We are focused on measurably improving care and population health by transforming the U.S. health care system into an integrated and accountable delivery system that continuously improves care, reduces unnecessary costs, prevents illness and disease progression, and promotes health. We will find better ways to ensure that the right care is accessible and delivered to the right person at the right time, every time.

To fulfill our mission and achieve our vision of a high quality health care system, CMS has chosen four Strategic Goals that we must achieve. These strategic goals cut across programs and support functions throughout CMS. In addition, each Strategic Goal is described in “end state” language that describes the goal's intent.

While pursuing our strategic goals, CMS will continually reference our core values that serve as the basis of decision-making and should influence our everyday actions.

WE WILL LIVE BY OUR CORE VALUES:

People First – CMS puts first the best interest of the people it serves and the employees who faithfully serve them.

Public Service – CMS takes pride in its unique and privileged role in the health care of the nation.

Integrity – CMS holds itself to the highest standards of honesty and ethical behavior.

Accountability – CMS earns trust by being responsible for the outcomes of its actions.

Teamwork – CMS fosters unconditional teamwork and regards every employee in CMS as valuable and willing to help each other. CMS strives to fully cooperate with our partners in the private sector.

Innovation – CMS encourages finding and testing new ideas.

Excellence – CMS is committed to strengthening its organizational culture of striving for excellence with regard to its products and services, as well as how CMS conducts business.

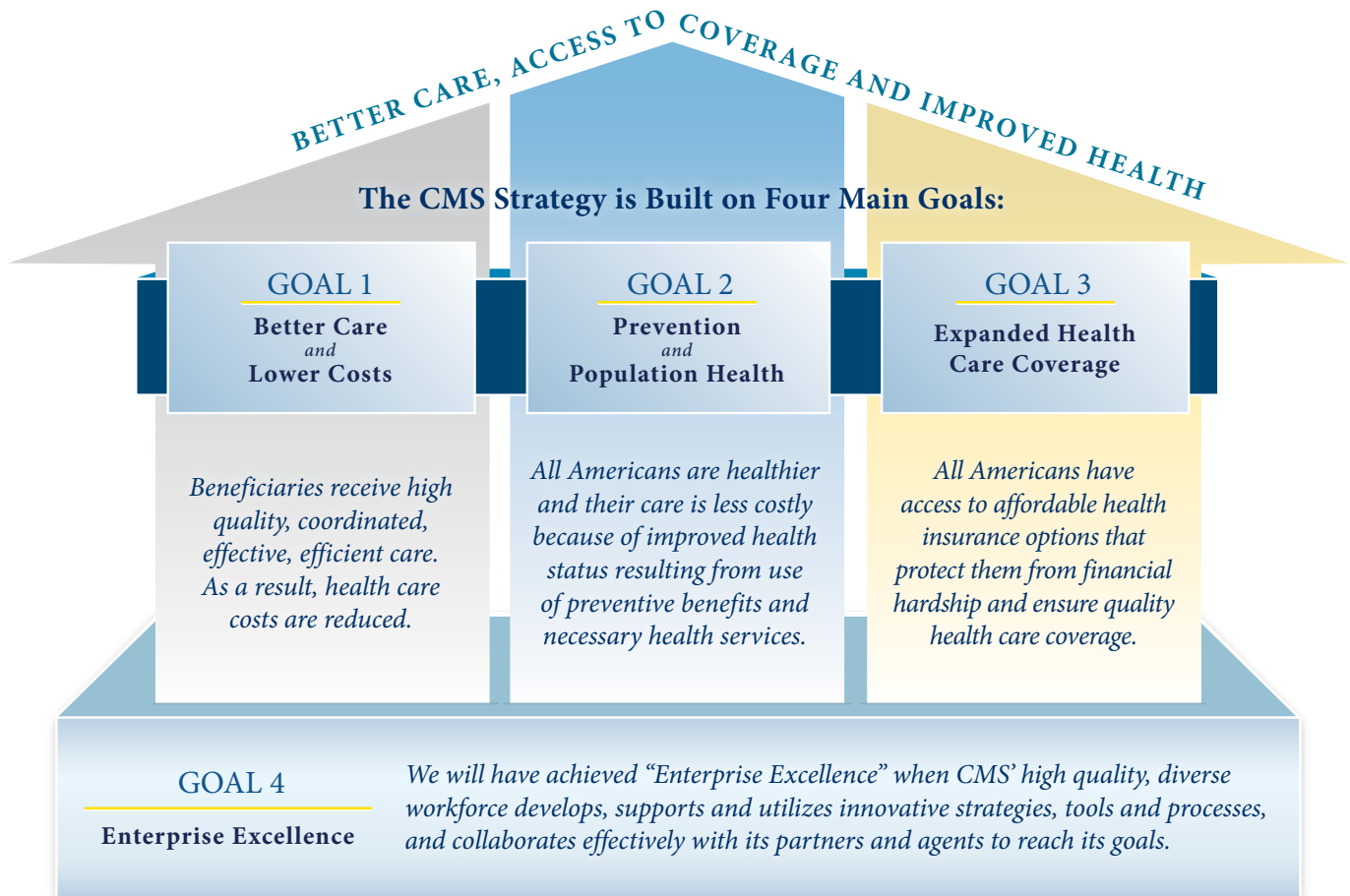
Respect – CMS treats all stakeholders and one another with the utmost respect and professionalism.

Continuous Improvement – CMS strives to continually refine its processes, systems and services in the pursuit of excellence.



OUR STRATEGIC GOALS

Every four years, the Department of Health and Human Services (HHS) updates its strategic plan as required by the Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62) and the GPRA Modernization Act (GPRA-MA) of 2010 (PL 111-352). HHS' plan defines its mission, goals, and the means by which it will measure its progress in addressing mission-related challenges. This CMS Strategy directly aligns with the HHS plan (Appendix #1). As we refine our Strategy over time, we will align to and draw upon the various planning efforts at work throughout the federal government. This alignment helps ensure that the CMS Strategy reflects the most current priorities and best available thinking, while also providing a coordinated implementation approach that ensures the Strategy is put into action.



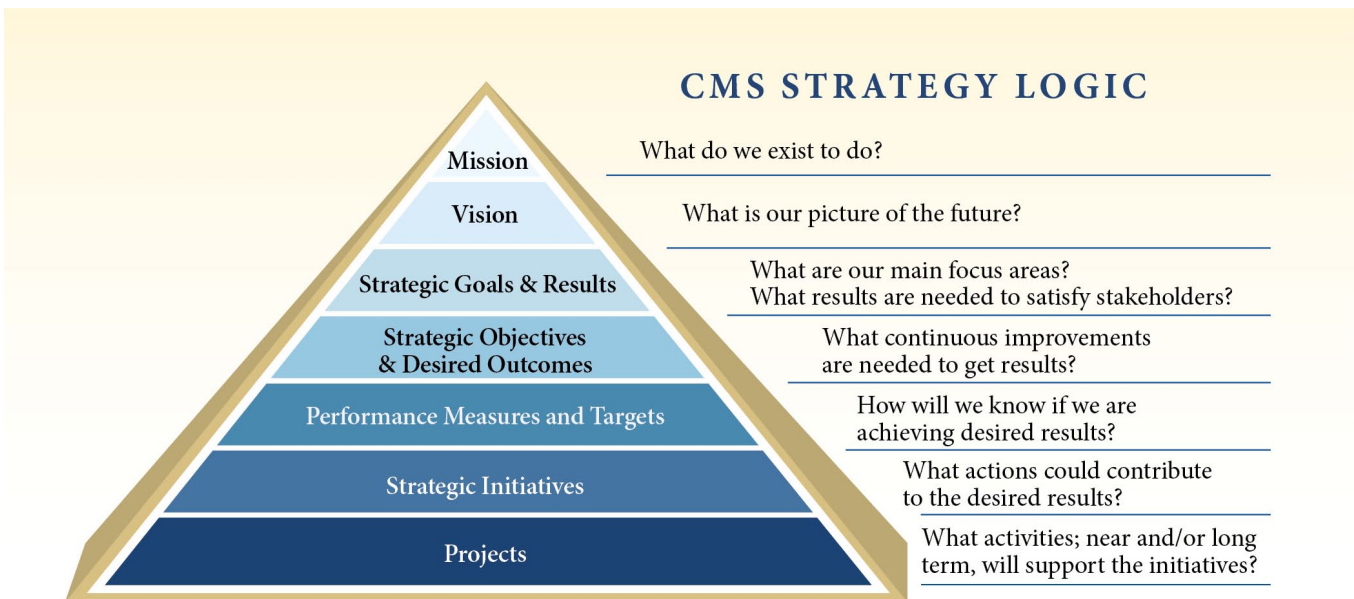
THE ROAD WE WILL TRAVEL

A “Strategic Plan” is only good if it is implemented and managed – and only effective if it drives the decisions we make. Missing from many high level strategic plans is a comprehensive picture of *how* an organization will accomplish its goals and fulfill its vision. As CMS builds a capacity for strategic thinking and performance management that will enrich the policy and operational decisions we make in administering the programs and ultimately improve care and supports provided to individuals, CMS must also articulate how it will reach these lofty aspirations. The CMS Strategic Roadmap describes the mission, vision, values, and goals of the Agency in administering its programs and implementing its new responsibilities under the Affordable Care Act, but it is not a fully implementable strategic plan – it is only the beginning.

Our Agency’s plan, we refer to as the CMS Strategy, goes one step further. It describes a unified Agency approach to managing our Strategy based on common goals and outcomes. We are aligning our internal operations to meet the demands of new challenges, leverage our resources to reduce waste and redundancy, improve the management and use of data, and promote a culture of multi-component collaboration.

Beginning with our vision, mission and goals, we will investigate our strategic objectives and desired outcomes – or “what continuous improvements are needed to get results”, establish performance measures which tell us how we will know if we are achieving desired results, and then move on to identifying specific strategic initiatives and initiative-aligned projects that will contribute to our desired outcomes.

The figure below describes the “logic” of the CMS Strategy. Beginning at the top of the pyramid, our mission describes “what we intend to do” in order to achieve our “vision” for what the future will look like if we are successful. Our “goals” are further described by “objectives” that are measured to help us understand if we are making progress. This logical approach leads us to identify specific “initiatives” and those projects that will directly contribute to achieving our goals.



Over the last year, with the leadership and support of the Strategic Planning and Management Council (SPMC), comprised of component leadership, CMS identified seven Strategic Objectives (see figure #2). Our strategic objectives span four organizational perspectives, or lenses. In the figure below, the organizational perspectives are arrayed on the left with organizational capacity and internal processes forming the foundation, culminating in the value delivered to our stakeholders at the top. This graphic, or “Strategy Map”, displays the cause-and-effect relationships among the Strategic Objectives that make up our Strategy. It tells the story of “how” CMS creates value — improvements in

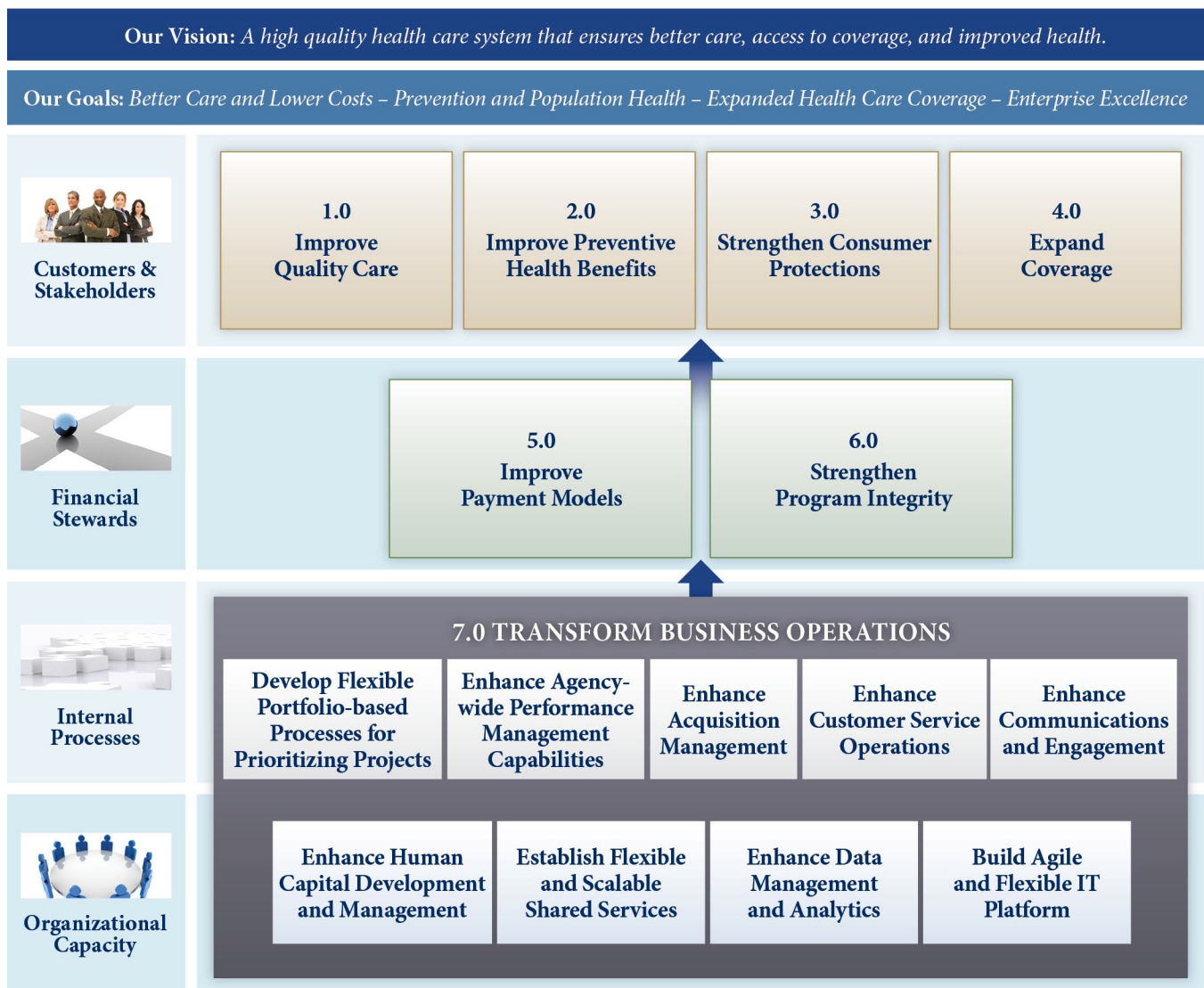
organizational capacity lead to better processes and better processes enable us to improve our financial stewardship and achieve better outcomes for CMS' stakeholders overall.

The CMS Strategy illustrated in the map below depicts how investments relate to our organization's objectives in the following areas:

- **Organizational Capacity:** How can we improve the internal processes through improved competencies, tools and technology, leadership and other capacities and/or capabilities?
- **Internal Processes:** How well can we improve internal processes so we can deliver products and services better, faster, and cheaper?

Allow us to achieve outcomes in the top two perspectives:

- **Financial Stewardship:** How well do we maximize mission value and effectiveness with the resources we are given?
- **Customers & Stakeholders:** How well are we meeting the needs of our customers and stakeholders?



Note: Objective 7.0, Transform Business Operations, includes nine operational objectives that span the organizational capacity and internal process perspectives. In addition to being the foundation of the CMS Strategy, these objectives are the key to achieving transformed business operations and will help CMS achieve its enterprise excellence goal.



OUR STRATEGIC OBJECTIVES AND DESIRED OUTCOMES

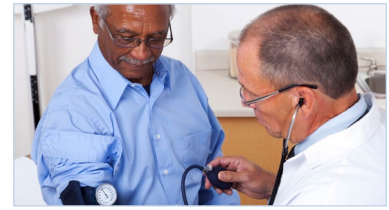
Improve Quality Care

- Care is made safer by reducing harm caused in the delivery of care.
- Patients and families are engaged as informed, empowered partners in their care.
- Communication and care coordination across providers and health care facilities improves, leading to better health care quality at lower costs.
- Leading causes of mortality are reduced and prevented.
- A population-based approach to health care and preventive services improves health outcomes for all populations and helps individuals achieve their highest health-related quality of life.
- Best practices are promoted and disseminated in communities.
- The meaningful use of electronic health records results in better care, better coordination, and lower costs.
- Quality care is affordable for individuals, families, employers and governments.
- Patient outcomes are improved and reporting burden is reduced through strengthened alignment of quality measures and associated payment and public reporting programs with the National Quality Strategy.
- Integrated care models allow physicians and other providers to come together in new ways to better coordinate care.
- Accessibility to quality long term supports for individuals with disabilities and older adults achieve greater community integration.
- Informal caregivers can effectively provide valuable support to their family.
- Value-based payment ensures providers are incentivized to provide high-quality, efficient care.
- Adequate provider supply in needed areas is supported.



Improve Preventive Health Benefits

- Use of evidence-based preventive services and primary care keeps individuals healthy, improves population health, and avoids adverse outcomes. CMS uses the latest scientific evidence to determine coverage.
- Use of lifesaving/cost-saving preventive benefits increases; including screenings and tests (e.g., blood pressure, diabetes, immunizations) and home- and community-based services.
- Disparities in the use of preventive benefits, community-based services, outreach, and education are identified and reduced.



Strengthen Consumer Protections

- Partnerships among issuers, consumers, the community, and state-based insurance oversight activities strengthen consumer protections against private insurance abuses.
- Consumer protections in the private marketplace promote transparency into issuers' business operations and increases their accountability that result in cost savings for enrollees.



Expand Coverage

- Support to States as they create affordable insurance marketplaces reduce the number of uninsured and help ensure eligible individuals receive needed assistance.
- Guidance, resources and flexibility for States enable them to construct competitive insurance marketplaces that best meet the needs of their citizens.



Strengthen Program Integrity

- Federal and state oversight of Medicaid expenditures improves financial accountability.
- Coordination and collaboration with law enforcement in order to achieve law enforcement buy-in and support for CMS' new approach away from "pay and chase" and towards prevention and detection.
- Enrollment processes are refined, inappropriate payments are identified, and detection of bad actors is enhanced.
- Policy levers and all available mechanisms to combat fraud, waste, and abuse are considered early in regulation development and policy changes.
- Risk management improves proactive stance with consistent and effective program oversight across the range of CMS' programs.



- Compliance and oversight activities strengthen enforcement.
- A more targeted screening process improves prevention of fraud, waste and abuse.
- Risk is managed and strategic investments provide high impact and rate of return.
- Audit processes are improved resulting in reduced audit frequency inconsistencies.
- Program data is integrated, better aligned, and used for decision-making.
- Partnerships with States on implementing health care delivery reform and increasing access to health care coverage are enhanced.
- Decision makers and other key staff have necessary access to financial information related to Agency resources creating a more accountable, reliable, and transparent CMS.
- CMS takes a proactive and integrated approach to Agency program integrity activities.

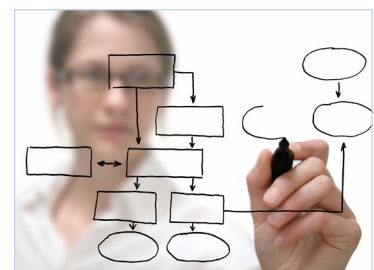
Improve Payment Models

- Patient/provider incentives for better outcomes and more efficient care align payment with performance and provide new incentives that encourage care coordination, high quality, and efficient care delivery. Value-based payment ensures providers are incentivized to provide high-quality, efficient care.
- Claims processing accuracy and timeliness of payments to providers and States, through the use of electronic reporting tools and transparency; assure appropriate provision of care and services, and reduce the administrative burden for providers and States, while decreasing Agency administrative costs.



Transform Business Operations

- Application of the conditions of participation and conditions for coverage and the survey and certification process promotes high quality care and safety, and reduces provider burden and operational costs. By routinely reviewing all regulatory requirements and survey guidance to incorporate changes in practice, we reduce unnecessary burden that does not contribute to improved health for beneficiaries.
- Processes for reviewing and approving state proposals accelerate and simplify to expand access to Medicaid and establish health care marketplaces. This results in the timely negotiation, approval, and implementation of state plan amendments, state health care delivery reform initiatives, and other state-federal administrative activities. Modern technology and business process redesign ensures that timeliness goals are met, and that structured data on program design is available to CMS and our state partners.
- Culture of lean production and the continuous improvement of our operations and operating processes decrease the cost of production.
- Enterprise operations, performance reliability, resilience and accountability minimize waste, mitigate risk, optimize resources, assure continuity, and deliver timely response.



- Agency acquisition planning allows CMS to prioritize investments, and better define requirements, to identify opportunities for strategic sourcing that leverages the Agency’s buying power, and ensures delivery of better and more cost effective programmatic results and outcomes for our beneficiaries and for taxpayers.
- Regulatory burden decreases by reducing unnecessary, obsolete, or burdensome regulations, simplifying requirements of the public and private sectors, and enhancing net benefits of the regulations.
- Administrative simplification activities align with other e-health and business initiatives in order to streamline interactions among health plans, providers, and other entities through standardized, real-time transactional automation; resulting in the integration of clinical and claims information and reductions in provider burden.
- Efficiency and agility of “shared” and common support services promote timely access, transparency and communication, and improve service quality. The development of enterprise shared services, reduces costly redundancies and increases our effectiveness.
- Accountable, reliable, accessible, and transparent financial information aids decision makers in the day-to-day management of CMS programs.
- The understanding of new delivery system and payment models support choice and person-centered care and services and allow CMS to quickly integrate new programs.
- Health care information available to consumers is understandable, culturally and linguistically-appropriate and comprehensive. Health information assists consumers in making informed decisions about finding health care coverage that best meets their needs.
- Stakeholders can obtain insight on the Medicare, Medicaid, CHIP, and Health Insurance Marketplace programs through modernized monitoring and reporting.
- Engagement with other public and private sector entities promote collaborative partnerships that enhance policy, operations, and other enterprise interests and initiatives. Partnerships extend the reach and impact of many programs aimed to improve the health and wellness of Americans.
- Internal CMS employees benefit from enhanced communication and opportunities for collaboration.
- Recruitment, staff support, and skill development provide the resources, competencies and opportunities for a diverse staff to work to their fullest potential in a supportive work environment that achieves the overall mission.
- An environment which supports employee wellness improves staff morale and productivity. Retention and productivity are improved by addressing opportunities for improvement such as those identified in the Employee Viewpoint Survey.
- Investments in information systems expands the CMS knowledge base.
- New innovative technologies are adopted that enhance the availability, quality and delivery of information.
- Infrastructure and technology improvements enhance interoperability and promote evidence-based decisions made by public stakeholders, researchers, state officials and others using enterprise data, analytics, and information products.
- Data standardization and integration effectively improves care coordination, performance, transparency, and knowledge discovery.
- The CMS Workforce has systems, tools and data to perform at the highest levels.

SIGNS OF PROGRESS

We will know that we are making progress in effectively managing our Strategy when we see several things occurring:

1. We are able to manage our performance by effectively using data to gauge our progress.

As part of the movement toward a performance-based and results-oriented environment, the Government Performance and Results Act (GPRA) requires Federal agencies to set strategic goals and objectives, measure performance, and report their accomplishments. CMS must excel at thinking strategically and taking appropriate action to effectively manage its many mission-critical activities. As an Agency, we must use performance metrics that are measurable, usable and actionable to ensure that resources are directed towards priorities, operational risks are identified, and employees are held accountable for meeting strategic goals.

The Administration, Congress, public, and health care industry expect CMS to be accountable for the efficient and effective administration and oversight of its programs. As such, we are planning a comprehensive Agency-wide process to define, capture and report on performance outcomes and project milestones associated with the Strategy's activities. For example, an executive-level dashboard will be developed to report at-a-glance information on the status of CMS' key performance accomplishments and challenges, provide timely and relevant information to decision makers, reduce reporting burden on program staff, and enable them to make mid-course adjustments to the Strategy.

CMS understands that managers and employees must be engaged to foster a culture of accountability. Our new performance management framework will align the Agency's progress on its strategic goals and objectives to the performance commitments of senior executives responsible for moving particular priorities forward. These expectations will cascade to the performance plans of managers and employees. This new framework will help support CMS as it evolves into a more nimble, performance-focused organization that can effectively and efficiently respond to the changing demands and expectations of its stakeholders.

2. Various Agency strategic plans are coordinated and integrated; staff at all levels of the organization align their work to the CMS Strategy.

Progress will be realized when independent strategic and action plans across all levels of the organization are consistently aligned with the CMS Strategy. In most cases, strategic plans for the Centers, Offices, Consortia and other components will "cascade" from the CMS Strategy. This means that each component's vision, mission and strategy supports the Agency's Strategy and day-to-day work provides individuals with a clear understanding of how their efforts fit into the CMS Strategy. A clear understanding of the Agency goals and objectives will meaningfully guide staff's decisions on a day-to-day basis. By aligning to strategic objectives, the organization can better focus efforts on long-term results and accomplishments, instead of short-term milestones and task completion.

3. We are "open" – transparent, participatory and collaborative – with internal and external partners and stakeholders.

Having a defined Strategy will enable us to be open with our internal and external partners in meaningful ways. By inviting and using meaningful input across the Agency and with our partners and stakeholders our Strategy will be enhanced and we will have greater opportunities for success. We will continually strive to create mechanisms for the public to contribute their ideas, and harness the energy and expertise both inside and outside the government to achieve our goals.



THE ROAD FORWARD

We are not simply “implementing the plan” but rather “managing our Strategy”. We will work together, across component lines, to devise better ways of doing business and understand how our current initiatives contribute to attaining our goals, as well as what new things we can do to make measureable progress. We will hold ourselves accountable for our Strategy’s success and will make refinements over time.

Over the next several months, with the leadership and support of the Strategic Planning and Management Council (SPMC), Implementation Teams will be convened. These cross-Agency implementation teams will identify more specific objectives, outcome-based performance measures, and initiatives. The SPMC will provide a forum for on-going collaboration between teams and overall management of the CMS Strategy.

Each of the Implementation Teams will have a champion and will be comprised of a cross-cutting team of those who understand the policy considerations, as well as staff who are involved in Project Planning, Performance Measurement, Strategy Management, Process Management, Enterprise Excellence, and other disciplines, to foster a comprehensive view of how to achieve the strategic objectives.

While this plan will include specific strategic initiatives that will reposition us to meet the current challenges of the health care system, we all have a part to play. Our success depends on the involvement and support of every CMS employee. Each of us will be called to contribute — either to a specific strategic initiative, or to maintain our progress in ongoing program operations that are critical to fulfilling our Agency’s mission.

CMS Strategy 2013-2018	HHS STRATEGIC PLAN				
Better Care and Lower Costs	Strengthen Health Care	Advance Scientific Knowledge and Innovation	Advance the Health, Safety, and Well-Being of the American People	Increase Efficiency, Transparency, and Accountability of HHS Programs	Strengthen the Nation's Health and Human Services Infrastructure and Workforce
Prevention and Population Health					
Expanded Health Care Coverage					
Enterprise Excellence					
Improve Quality Care	★		★		
Improve Preventive Health Benefits	★		★		
Strengthen Consumer Protections	★	★	★	★	
Expand Coverage	★		★	★	
Improve Payment Models	★	★	★	★	
Strengthen Program Integrity	★		★	★	
Transform Business Operations				★	★

