II. BUDGET NARRATIVE (REVISED)

The estimated total cost of the program over 4 years is ~$131M. Sources of funding include the SIM cooperative agreement ($35M), State funds (~$20M), Federal Medicaid and other matching grants (~$21M), other payers (~$40M), other stakeholders (providers, non-payer specific contributions, ~$8M), foundation grants (~$4M), and in-kind donations of time and/or materials (~$3M). SIM cooperative funding is allocated toward one-time costs for which it would be otherwise difficult to find funding sources. Ongoing costs to run the program after 2018 are estimated at ~$9M / year. Sources of funding for ongoing costs include payers and other stakeholders; State contributions; foundation donations; and in-kind donations of time. We assert that SIM cooperative funding is not supplanting other funding sources. Line items in **bold font** are amounts allocated to SIM cooperative funding.

A. (Personnel) Salaries and Wages

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Personnel Total:	1.3	1.4	1.5	1.7	5.8
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other Funding:	1.3	1.4	1.5	1.7	5.8
Source of Funding:	Foundations, payers, other stakeholders (2.5M); In-Kind (3.3M)				

The Health Care Commission (HCC) will not hire new direct staff for this effort. A limited number of new staff will be hired into the Delaware Center for Health Innovation (DCHI); however, SIM cooperative funding will not be used for their salaries. As a design principle for the SIM program, Federal SIM grant dollars are allocated for temporary, contractor assistance, while permanent staff positions are funded through non-grant sources to ensure long term sustainability. Stakeholders understand the level of commitment necessary and will provide

monetary contributions for DCHI staff positions as well as in-kind donations of time for the board and working committees. Non-SIM funding has been removed from the SF424-A and now reflects $0 for SIM-funded personnel costs. In-kind donations of time from leaders are shown in the Board and working committees. Non-board positions are currently vacant.

Position Title and Name	Annual	Time	Months	Amount Requested
Executive Director	$125,000	100%	48	$500,000
Program Manager (3)	$70,000	100%	48	$840,000
Prog. Dir. (Healthy Neighborhood)	$90,000	100%	39	$292,500
Prog. Mgr. (Healthy Neighborhood)	$70,000	100%	39	$227,500
HN Coordinators (2016:1; 2018:5)	$70,000	100%	30, 18, 6	$420,000
Staff Assistant	$50,000	100%	48	$200,000
Board Members (15) [In-Kind (I-K)]	$200,000	8-12%	48	$1,200,000
Working Committees (60) [I-K]	$150,000	5%	48	$1,800,000
Div. of Public Health (1-5) [I-K]	$60,000	50%	30,18,6	$360,000

Executive Director will lead Delaware Center for Health Innovation (DCHI); the position relates to all program objectives. 3 **Program Managers** (1 for overall reporting and program management, 1 for Delivery, 1 for Payment) will monitor programs on a day-to-day basis. **Program Director for Healthy Neighborhoods** (HN) will oversee HN program along with 1 **Program Manager** (start 9/2015). One **Healthy Neighborhood coordinator** will be assigned to every 2 neighborhoods beginning 7/2016 to work closely with and direct each selected program and perform broad consumer education and outreach. **Staff assistant** will work for entire DCHI to schedule meetings and public sessions, answer queries, and maintain office for all programs. Volunteer **board members** will direct overall DCHI. **Working committees** will help design and

monitor efforts (10 volunteers per committee). **Department of Public Health staff** (in-kind time) will assist in population health data analysis and reporting.

B. Fringe Benefits

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Fringe Total:	0.1	0.2	0.2	0.2	0.7
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other Funding:	0.1	0.2	0.2	0.2	0.7
Source of Funding:	Foundations, payers, other stakeholders				

30% of Salaries = Fringe Benefits

Analogous to permanent personnel costs, fringe benefits for DCHI staff will be covered entirely by contributions from stakeholders (Total $0.8M). Non-SIM sources have been removed from the SF424-A which now reflects $0 in fringe benefits.

C. Travel (no other sources of funding needed, so no line items for other funding sources)

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Travel Total:	0.02	0.02	0.02	0.02	0.1
SIM Cooperative:	**0.02**	**0.02**	**0.02**	**0.02**	**0.1**

In-State Travel Budget

30 trips x 2 people x 100 miles avg x $0.56/mile = $3,360 x 4 years = $13,440

30 trips / year for DCHI and program staff to perform site visits.

Out-of-state Travel Budget

3 trips x 6 people x $200 R/T train ticket (Wilmington – DC) =$3,600 x 4 years = $14,400

3 trips x 3 night lodging x 6 people x $184/night =$9,936 x 4 years = $39,744

3 trips x 3 day per diem x 6 people x $71 = $3,834 x 4 years = $15,336

3 trips x 6 people x $100 ground transportation (to/from train station ($25 each way = $50) X 2) =$1,800 x 4 years = $7,200

SIM Conferences in DC for State (Secretary of Dept. of Health and Social Services; Governor's Health Policy Advisor; Executive Director, Healthcare Commission) and DCHI leadership (Executive Director, 2 Program Managers). This travel is specified in the FOA.

D. Equipment

No equipment costs exceed $5,000. Items like computer servers and large office equipment are bundled into monthly service charges in contract fees for hosting, leases, etc.

E. Supplies

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Supplies Total:	0.02	0.02	0.04	0.07	0.15
SIM Cooperative:	**0.02**	**0.0**	**0.0**	**0.0**	**0.02**
Other Funding:	0.00	0.02	0.04	0.07	0.13
Source of Funding:	Foundations, payers, other stakeholders				

QTY	**Description**	**Unit Cost ($)**	**Annual**	**Years**	**Total Cost ($)**
7	Laptops and Software	2,000	**14,400**	2015,2018(2)	28,800
7	Hosted email	10/month	**840**	2015-2018 (4)	3,360
1	Internet access	200/month	**2,400**	2015-2018 (4)	9,600
7	Misc. office supplies	20/month	**1,680**	2015-2018 (4)	6,720
7	Telephone service	30/pers./mo	**2,520**	2015-2018 (4)	10,080
1	Printer/Fax/Copier	1,000	**1,000**	2015, 2018 (2)	2,000
1	Outreach/education for providers, population	15,000		2016	7,500
health (2/5/10 neighborhoods over 3 years), patient		37,500		2017	26,250

engagement, employer education, printing, videos	75,000	2018	56,250

The initial purchase of laptop computers and printer ($14K, $1K) will be used to support staff working on this project – to include compiling data for the project, creating reports, printing forms and documents, and corresponding electronically. General office supplies will be used by staff members to carry out daily activities of the program; installation, initiation fees, and first year of service for telephone, internet, and email services will be used by staff to communicate with stakeholders ($7K). These items will be used 100% for the project and will be funded by the SIM cooperative ($0.02M). All other costs including Years 2-4 operating costs and outreach and education costs will be funded through other sources ($0.13M). These will be used to educate the public about the program.

F. Consultant/Contractual Costs

Unless otherwise specified: 1. Name of Contractor is not yet known. The contractors for the activities described have not been formally selected. The requested information will be submitted upon selection. 2. Method of Selection is a request for proposal process with competitive bid for amounts over $50K per state procurement requirements, 3. Period of performance is 1/1/2015–12/31/2018, 4. Method of accountability will be quarterly reviews by the HCC Executive Director with input from the DCHI Executive Director; 5. Budget justifications are based on comparables from other state innovation plans that are consistent with vendors available to Delaware through openly competed contracts. The estimated costs for Contractors are based on benchmarking to costs for other States and private payers engaged in similar work including, but not limited to, others participating in the State Innovation Models initiative, as well as consideration of costs incurred by the Health Care Commission for work of a similar type conducted over the past 18 months during the early stages of our State Innovation Models

initiative. Our grant application does not currently contemplate consultant or contract staff positions paid either an annual salary or on a time and materials basis. Rather, we contemplate the use of Contractors paid fixed fees tied to deliverables. It is our experience and belief that this method is best aligned with meeting our project goals and mitigating the risk of costs in excess of grant funding or other funds. Based on Request for Information and competitive Request for Proposal processes previously conducted by the Delaware Health Care Commission, contracts with vendors previously engaged for similar work, and benchmarking to spending for similar initiatives in other states, we estimate that Contractor pricing to be consistent with an implied hourly rate of not more than $275 to $345 per hour including all out-of-pocket expenses. This is consistent with the costs previously judged to be reasonable by the CMS Office of Acquisition and Grants Management for purposes of Delaware's State Innovation Model Design Grant award, April 2013. The state does not presently have nor does it anticipate having indirect costs for contractors/consultants (thus no summary table is provided).

1. Population Health: Population Health consists of two primary areas: a) Design (including overall Population Health plan) and implementation, including data and analytics software, are startup costs and will be funded by the SIM Cooperative; and b) Healthy Neighborhood grants, an ongoing expense, will be funded by foundation grants.

1a. Design and Implementation

4. Tasks and deliverables: Design population health plan and assist with implementation. **2015:** Design initial strategy/operational plan for population health, inventory state health services, establish baseline indicators, and design data analysis and collection tool. **2016:** Continue design work from 2015 and launch full pilot programs, measure progress, and coordinate program. **2017-2018:** Scale and monitor programs; deliver final plan, transfer capabilities to DCHI.

Activities support Population Health, a critical element of FOA.

($M)	2015	2016	2017	2018	Total
Total:	1.3	2.1	0.7	0.7	4.8
SIM Cooperative:	**1.3**	**2.0**	**0.6**	**0.6**	**4.5**
Other Funding:	0.0	0.1	0.1	0.1	0.3
Source of Funding:	Other stakeholders				

1b. Healthy Neighborhood

3. Period of performance: 7/1/2016 - 12/31/2018

4. Tasks and deliverables: $200K in additional contracts for each Healthy Neighborhood to support population health strategy awarded to community groups who will tailor interventions for the local area. It directly supports the Population Health activity requested in FOA. Note that this activity will not be funded from the SIM grant.

6. Budget based on $200K/Neighborhood (benchmark cost from other states and countries attempting similar measures) and 0, 2, 5 and 10 neighborhoods in 2015, 2016, 2017, 2018 (programs will begin in mid-year 2016)

($M)	2015	2016	2017	2018	Total
Total:	0.0	0.2	0.7	1.5	2.4
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other Funding:	0.0	0.2	0.7	1.5	2.4
Source of Funding:	Foundations				

2. Delivery: Delivery has three primary contracts: a) Shared services and learning collaboratives, which establishes the infrastructure for delivery system transformation; b) Workforce transformation, which transforms our current workforce and trains the next generation; and c)

Practice Transformation, which will provide practices funding to engage experts, vendors, or other organizations to support changes in their practices.

2a. Shared Services/learning collaboratives

4. Tasks and deliverables: **(2015):** Design and build shared services for clinical guidelines, practice transformation, and care coordination. Develop and manage RFP award. Establish and run learning collaboratives and the common scorecard. **(2016-2018):** Maintain shared services, outreach, and education for providers. Work in conjunction with DCHI to conduct impact analyses and make adjustments. Run learning collaboratives.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	2.9	1.6	0.9	1.1	6.5
SIM Cooperative:	**2.9**	**1.6**	**0.9**	**1.1**	**6.5**

2b.i. Workforce Residency programs

4. Tasks and deliverables: This activity will establish a critical element of Delaware's overall strategy to transform health care provider practices to a multi-disciplinary, team-based model that integrates primary and behavioral health care. Specifically, SIM funds will support creation of the Delaware Health Professional Consortium to serve as a statewide infrastructure, formally connected to the DCHI Workforce Committee, supporting and aligning hospital and community-based residency and other post-graduate health professional training programs.

6. Budget based on estimate provided by study on State's residency program.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	0.0	0.5	0.5	0.9	1.9
SIM Cooperative:	**0.0**	**0.5**	**0.5**	**0.9**	**1.9**

2b.ii. Workforce Design and delivery

4. Tasks and deliverables: Design overall workforce approach and strategy including a survey of the existing workforce, development and distribution of training materials, curricula, workshops, and simulations.

($M)	2015	2016	2017	2018	Total
Total:	1.5	1.6	0.3	0.3	3.7
SIM Cooperative:	**1.5**	**1.6**	**0.3**	**0.3**	**3.7**

2c. Practice Transformation

4. Tasks and deliverables: Fund practice transformation vendors to provide coaching and assistance to practices to enable them to improve their operations, incorporate quality approaches, and increase patient satisfaction consistent with the Model Test Implementation plan through team-based, integrated care. $4.3M of the estimated total $8.5M in practice transformation costs come from SIM grant funds. Local payers and co-funding from primary care practitioners would provide the balance of the funding. In the event this is not consistent with CMMI guidelines, we request the ability to reallocate this SIM funding toward the Healthy Neighborhoods contract and apply those stakeholder funds towards this activity.

6. Average of $25K per site over two years.

($M)	2015	2016	2017	2018	Total
Total:	0.9	3.8	3.1	0.7	8.5
SIM Cooperative:	**0.6**	**1.8**	**1.2**	**0.7**	**4.3**
Other Funding:	0.3	2.0	1.9	0.0	4.2
Source of Funding:	Payers, State, Other stakeholders, Other Federal Match				

3. Payment: Support to introduce 1+ Pay for Value and 1+ Total Cost of Care payment models

4. Tasks and deliverables: **(2015):** Document the technical details of the payment model(s).

Begin provider outreach and education through local meetings with provider groups, discussion forums across the state, and work with professional societies **(2016):** Oversee initiation of care coordination payments and reporting including measuring transformation progress against milestones. **(2017-2018):** Introduce next wave of providers. Continue to refine analytics, model, and scorecard.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	2.4	1.3	0.5	0.5	4.7
SIM Cooperative:	**2.4**	**1.3**	**0.5**	**0.5**	**4.7**

4. Health IT: Health IT consists of 5 major areas: provider tools; expansion of Community Health Records; multi-payer claims and clinical data store and analytics; patient engagement tools; and overall management (design, implementation, and operations). Funding consists of SIM funding, other Federal matches, State investments, and payer and stakeholder contributions.

4a. Provider tools

4. Tasks and deliverables: Provide practices with visual tools that allow them to monitor their progress toward improving quality and cost. Allow providers to submit clinical and practice metrics and gain access to the common scorecard. Eventually include additional functionality for providers (e.g., drill down and conduct analyses on their own data). 2015-2016 funds will build functionality, while 2017-2018 funds will go toward enhancements, maintenance, operations, and license fees.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	0.7	0.5	0.8	0.8	2.8
SIM Cooperative:	**0.7**	**0.5**	**0.7**	**0.5**	**2.4**
Other Funding:	0.0	0.0	0.1	0.3	0.4

Source of Funding:	Payers, State

5. CEO of DHIN will be responsible for supervision with quarterly reports

4b. Expansion of the Community Health Record

4. Tasks and deliverables: Build on existing DHIN infrastructure to expand clinical information from ambulatory providers, nursing homes, and home care facilities via Continuity of Care Documents. Expand capacity of DHIN alert services that smooth transitions of care. Allow providers without EHR systems to create summary documents that can be sent into the DHIN. Integrate data with the multi-payer claims database to create a multi-payer claims and clinical data store.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	2.0	1.5	0.5	0.5	4.5
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other Funding:	2.0	1.5	0.5	0.5	4.5
Source of Funding:	State, payer, other Federal Match				

4c. Multi-payer claims and clinical data store and analytics

3. Period of performance: 1/1/2016 - 12/31/2018

4. Tasks and deliverables: Consolidate claims information from Medicaid (Medicaid/CHIP claims/cost data), State Employee, and other payers into a data warehouse. This will require integration with multiple data sources of varying formats to perform the needed extract and load. 2016 and 2017 will focus on standing up the core system and 2018 on maintenance and operations. For 2018, the focus will be to build out advanced analytics tools for both claims and clinical information.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**

Total:	0.0	1.3	1.3	2.9	5.5
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**
Other Funding:	0.0	1.3	1.3	2.8	5.4
Source of Funding:	State, payer, other stakeholder, other Federal Match				

4d. Patient engagement and transparency solutions

4. Tasks and deliverables: Build consumer engagement tools (e.g., portal, mobile apps) that enable patients to access their health information by building on Meaningful Use requirements and aggregating across multiple disparate sources.

5. CEO of DHIN will be responsible for supervision with quarterly reports.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	0.6	0.6	0.2	0.2	1.5
SIM Cooperative:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other Funding:	0.6	0.6	0.2	0.2	1.5
Source of Funding:	State, payer, other Federal Match				

4e. Design and operations

4. Tasks and deliverables: Develop business requirements and scope of solutions. Design roadmap for technology solutions. Deliver assistance to practices that are enrolling in DHIN. Maintain and operate systems on behalf of DHIN (total of 4 staff: 2 technical, 2 provider relations, salaries averaging ~$100K/yr, funded by non-SIM sources). Other activities conducted by additional third party firms consistent with DE pricing.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	2.2	1.6	0.8	0.7	5.3

SIM Cooperative:	**1.7**	**1.1**	**0.3**	**0.2**	**3.3**
Other Funding:	0.5	0.5	0.5	0.5	2.0
Source of Funding:	Other stakeholders				

5. Overall Management: Provide overall program strategy, management, data collection/analyses, continuous improvement, monitoring and evaluation, and reporting

5a. Strategy and program management

4. Tasks and deliverables: Support and manage the overall transformation program. Perform continuous quality improvement, including monitoring and evaluation of programs. Audit and report on project expenditures. Develop overall HIT plan. **2015:** develop strategic HIT plan, set timelines, monitor progress and create reporting including state-level dashboard. **2016**: conduct program-level research and analysis, and identify opportunities to institutionalize transformation. **2017/2018:** continue monitoring, conduct policy research, and update dashboard/metrics in conjunction with DCHI staff

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Total:	1.9	1.3	0.4	0.2	3.8
SIM Cooperative:	**0.7**	**0.6**	**0.1**	**0.1**	**1.5**
Other Funding:	1.2	0.7	0.3	0.1	2.3
Source of Funding:	Other stakeholders, other Federal Match				

5b. State Evaluation Contractor

4. Tasks and deliverables: Contractor will act as State evaluation contractor as required by FOA. Will work with Federal evaluator, producing and analyzing metrics on a quarterly basis.

6. Estimates based on actual cost of evaluators used in Delaware for other contracts

($M)	**2015**	**2016**	**2017**	**2018**	**Total**

Total:	0.25	0.25	0.25	0.25	1.0
SIM Cooperative:	**0.25**	**0.25**	**0.25**	**0.25**	**1.0**

H. Other

Note: Of the $67M estimated for "Other" costs, only $1.1M has been requested from SIM. This amount will cover Audit Fees and EHR incentives for behavioral health providers. Some number may not total correctly due to rounding.

($M)	**2015**	**2016**	**2017**	**2018**	**Total**
Other Total:	3.6	16.9	22.8	23.7	67.0
SIM Cooperative:	**0.1**	**0.4**	**0.3**	**0.3**	**1.1**
Other Funding:	3.5	16.5	22.5	23.4	65.9
Source of Funding:	Payers, foundations, State, Other stakeholders, Federal match				

Item	**2015**	**2016**	**2017**	**2018**	**Total ($M)**
Audit Fees	**0.03**	**0.03**	**0.03**	**0.03**	**0.12**
Care Coordination	2.3	15.4	21.0	21.7	60.5
EHR incentives	**0.1**	**0.4**	**0.3**	**0.2**	**1.0**
Loan repayment	1.0	1.0	1.0	1.0	4.0
Rent and facilities, travel, other	0.2	0.2	0.5	0.8	1.6

- Audit fees are standard State charges to provide for audit of grant funds for reporting and financial tracking purposes. The State estimates this using a fixed 0.3% of the total SIM funding amount = $0.12M. SIM grant funds are requested to cover the full amount.
- Care Coordination fees paid by payers to practices to fund care coordinators within practices. SIM grant funds are not expected to cover any of these costs.

- EHR incentives average $10K per behavioral health practice that chooses to adopt an EHR. The $1M of funds will provide monetary incentives for adoption of electronic health records at ~100 behavioral health providers (currently ineligible for Meaningful Use incentives). This will allow these providers to record and report information electronically, facilitating data sharing and integration with the state's health information exchange. This is expected to be funded by the SIM grant.
- Loan repayments will attract physicians to Delaware by paying back their education loans. SIM funds will not be used for the Loan Repayment program as the state already has other funding in place (e.g., private payer commitments, other federal grants. This activity will build the medical, dental, and mental health workforce within the state.
- Rent and facilities will not use SIM grant funds. As this is an operational cost, other sources of funding (e.g., in-kind donations of space, stakeholder funding) will be used to provide the rent and facilities for DCHI staff and meeting space and costs of Healthy Neighborhood meetings ($0.7M) that are in direct support of SIM activities
- Travel: 4 trips x [6 ppl (2016)] [9 in 2017] [14 in 2018] x 100 mi avg x $0.56/mi = $1,344 in 2016, $2,016 in 2017, and $3,136 in 2018. Quarterly council meeting for Healthy Neighborhoods, increasing from 6 people (2 neighborhoods + 4 council members) in 2016 to 14 people (10 neighborhoods + 4 council members) in 2018. These will be funded through foundation and other stakeholder grants as ongoing costs for Healthy Neighborhoods. SIM grant funding will not be used for these activities.
- Other software and operational costs: Ongoing software licensing and operations costs for technology systems. These are not contractor costs but instead are costs that will be incurred by DHIN and DCHI to pay for software licensing/maintenance and

printing/production of educational materials for practices and payers using the systems. Because it is an ongoing expense, stakeholder contributions will be used to fund the activity, and SIM grant funds will not be used (total $0.9M).

I. Total Direct Costs (Total program)

Category	2015	2016	2017	2018	Total ($M)
A. Personnel	1.3	1.4	1.5	1.7	5.8
B. Fringe Benefits	0.1	0.2	0.2	0.2	0.7
C. Travel	0.02	0.02	0.02	0.02	0.09
D. Equipment	0.0	0.0	0.0	0.0	0.0
E. Supplies	0.02	0.02	0.04	0.07	0.15
F. Consultant/ Contractor	16.7	18.0	10.9	11.4	56.9
H. Other	3.6	16.9	22.8	23.7	67.0

Total direct program costs (SIM-grant funded)

Category	2015	2016	2017	2018	Total ($M)
A. Personnel	0.0	0.0	0.0	0.0	0.0
B. Fringe Benefits	0.0	0.0	0.0	0.0	0.0
C. Travel	0.02	0.02	0.02	0.02	0.09
D. Equipment	0.0	0.0	0.0	0.0	0.0
E. Supplies	0.02	0.0	0.0	0.0	0.02
F. Consultant/ Contractor	12.0	11.2	5.3	5.3	33.8
H. Other	0.1	0.4	0.3	0.3	1.1

J. Indirect Costs: N*o indirect costs. No indirect costs requested*