

Overview of the Delivery System Reform Incentive Payment Program

Background

In April 2014, the federal Centers for Medicare and Medicaid Services (CMS) approved New York State's Medicaid waiver request in the amount of \$8 billion over five years. Most of the new funding will go toward an ambitious new initiative designed to achieve a 25% reduction in avoidable hospitalizations and restructure the health care delivery system, called the Delivery System Reform Incentive Payment (DSRIP) program.

The New York State Department of Health will oversee the program. New York's Medicaid Director, Jason Helgeson, has articulated five key themes of the DSRIP program:

1. **Collaboration**
2. **Project Value Drives the Money**
 - a. Transformation → number and types of projects
 - b. Number of Medicaid members served (attribution)
 - c. Application Quality
3. **Performance-Based Payments**
4. **Statewide Performance Matters**
5. **Lasting Change**
 - a. Long-Term Transformation
 - b. Health System sustainability

The majority of the waiver's \$8 billion will fund DSRIP projects (\$6.42 billion). The balance is for an Interim Access Assurance Fund (\$500 million) for safety net hospitals and for Medicaid Redesign projects (\$1.08 billion) including Health Home development, investments in the long-term care workforce, and enhanced behavioral health services (1915i) through Medicaid managed care contracting.

Goals

The stated goals of the DSRIP program are as follows:

- Transform the health care safety net at the system and state levels.
- Reduce avoidable hospital use and improve other health and public health measures at both the system and state levels.
- Ensure delivery system transformation continues beyond the waiver period by leveraging managed care payment reform.
- Near term financial support for vital safety net providers.
- Create a more cost efficient Medicaid program with improved outcomes.
- Assure access to quality care for Medicaid members and long-term delivery reform through managed care payment reform.

Collaboration

The Department of Health has made clear that applications will not be accepted from any single entity; collaboration is an essential component of any application. The State suggests that collaborative partnerships/coalitions should include:

- Hospitals
- Health Homes
- Skilled Nursing Facilities
- Diagnostic & Treatment Centers (D&TCs) and Federally Qualified Health Centers (FQHCs)
- Behavioral Health providers
- Home Care agencies
- Other key stakeholders

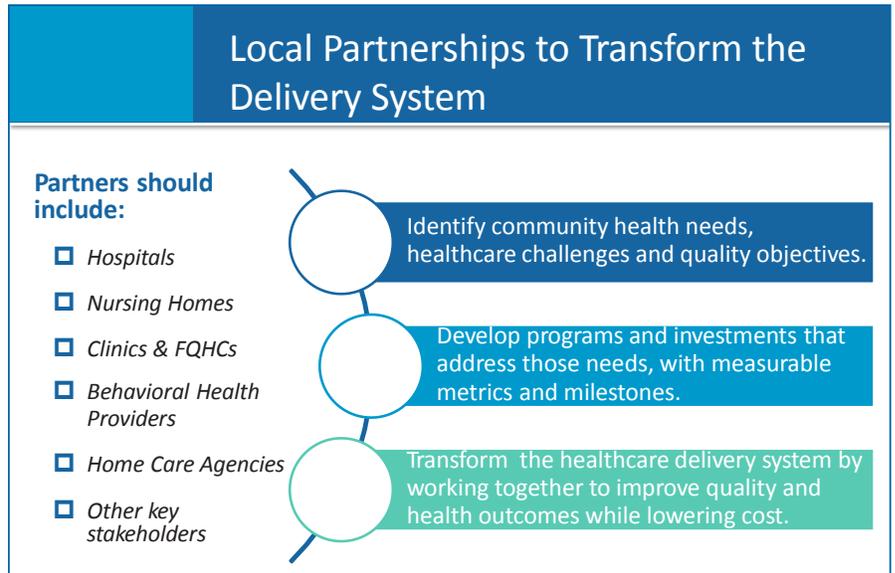
Eligible Applicants

Partnerships of entities that agree to work together will be called Performing Provider Systems (PPS). Eligible providers include major public general hospitals and safety net providers. It is anticipated that PPS will be regionally-based. Performing Provider Systems will identify a lead entity to: apply to the State on behalf of the PPS; spearhead the DSRIP efforts of a particular geographic region; be responsible for a comprehensive community needs assessment; and meet reporting requirements on DSRIP project plan implementation, including milestones and outcomes.

Community-based organizations or other providers that do not fall into any of the categories above may still be part of a DSRIP application. Providers that do not qualify as safety net providers will be limited to 5% of Project Value. Detailed lists of qualifying institutions are available at: [State of New York Department of Health Delivery System Reform Incentive Payment \(DSRIP\) Program Project Design Grant Application Instructions](#)

Stakeholder and Community Engagement

The Department of Health identifies the community needs assessment as an essential element of engaging the community. The needs assessment should shape and decide the DSRIP priorities to be implemented.



Funding

Performing Provider Systems will apply for funding from one of two DSRIP pools:

- The Public Hospital Transformation Fund—open to major public hospital system applicants as designated by DOH.
- The Safety Net Performance Provider System Transformation Fund—open to all other DSRIP eligible providers as defined above.

Funds will be allocated between the two pools in a manner yet to be determined, based on the applications submitted.

Projects

DSRIP Projects must be:

- New and innovative for the PPS.

DSRIP Safety Net Definition

Hospitals

Public, Sole Community, or Critical Access

or

≥ 35% outpatient volume is Medicaid, uninsured and dual eligible members

and

≥ 30% inpatient volume is Medicaid, uninsured and dual eligible members

or

≥ 30% of all Medicaid, uninsured and dual eligible members in a county served by a hospital

Other Providers

≥ 35% of patient volume in key lines of business are Medicaid, uninsured and dual eligible members

Vital Access Provider Exception:

- Community will not be served
- Uniquely qualified provider
- Health Homes

- Substantially different than other CMS funded initiatives.
- Designed to address one or more significant health issues within the PPS service area.
- Transformative and designed to reduce hospitalizations by 25% over 5 years.

Domains

Domains are groupings of types of projects and project metrics. Each PPS must select at least five (5) but no more than ten (10) projects from the following domains:

System Transformation

- Create Integrated Delivery System (required)
- Implementation of care coordination and transitional care programs
- Connecting Systems

Clinical Improvement

- Behavioral Health (required)
- Cardiovascular Health
- Diabetes Care
- Asthma
- HIV
- Perinatal
- Palliative Care
- Renal Care

Population-Wide

- Promote Mental Health and Prevent Substance Abuse
- Prevent Chronic Diseases
- Prevent HIV and STDs
- Promote Healthy Women, Infants and Children

A complete list of all projects under each domain can be found at: [State of New York Department of Health Delivery System Reform Incentive Payment \(DSRIP\) Program Project Design Grant Application Instructions Appendix B](#).

Project Valuation

A DSRIP “project valuation” is the calculation that determines the amount of funding that the State will commit to the PPS. A project’s value is determined by three (3) major components:

- Transformation: Each project in the menu of eligible projects is given a project index score (each out of 60 points). This score is based on a pre-determined assessment of how transformative the project is likely to be. Each project gets its own index score so the more projects a PPS undertakes the

higher the value of the application. PPS applicants must do at least five projects but no more than ten.

- The number of Medicaid members “attributed” (see below) to a PPS.
- Application Quality: An independent assessor will score projects based on a grading system under development but the higher the quality of the application the more points which also drives value.

Attribution

Medicaid members will be assigned to a single PPS through a process known as attribution. The NYSDOH will use geography, historical health care usage, and primary care provider assignment to attribute individuals to a specific PPS. Attribution will determine funding amounts and outcome metrics for projects.

Payment

Pay for Planning. The first year is referred to as Year 0 (zero) and is the planning and pre-implementation phase. Applications for planning grants for a PPS are due 6/17/14 (see timeline below). Selected PPS will receive a planning grant (\$500,000) to engage stakeholders and consumers, conduct a community needs assessment, and articulate expected outcomes from the project plan and how they align with the overall goals of DSRIP.

Pay-for-Performance. DSRIP is a pay-for-performance program based on the project values (see above-Project Valuation) and meeting specific performance metrics. Payments will be based on both the success of individual PPS and the success of all the PPS projects overall. There are statewide benchmarks the State needs to meet according to federal CMS requirements, including:

1. Statewide performance on delivery system improvement metrics defined in Attachment J.
2. Composite measure of success of projects statewide on project-specific and population-wide quality metrics.
3. Growth in statewide total Medicaid spending that is at or below the target trend rate, and growth in statewide total inpatient and emergency room spending at or below the target rate trend.
4. Implementation of the State’s managed care contracting plan and movement toward a goal of 90% of managed care payments to providers using value-based payment methodologies.

The special terms and conditions of the waiver agreement commit the State to comprehensive payment reform, aimed at sustainable transformation of the health care delivery system in the context of managed care. It is expected that DSRIP will move managed care contracting and paying toward “value-based payment methodologies.”

If the State does not pass each of the milestones highlighted above, CMS requires the State to reduce incentive payments equally across all projects regardless of how well any single PPS performed. There is a High Performance Fund that is not subject to penalties.

Awards

The State will contract with an independent assessor to review and score DSRIP project plans and make award recommendations to NYSDOH for final determination.

Resources

1. [DSRIP website](#)
2. [State of New York Department of Health Delivery System Reform Incentive Payment \(DSRIP\) Program Project Design Grant Application Instructions](#)

Tentative DSRIP Year 0 Timeline	
2014	
April 14	DSRIP Year 0 begins
April 29	Public comments on MRT Waiver Amendment due
April 29	DSRIP Planning Design Grant application released
May 14	Public comments on Attachments I & J due
May 15	Non-binding Performing Provider System Letter of Intent due
May 28	Public comments on Toolkit due
June 17	DSRIP Planning Design Grant application due
July 15 – August 1	DSRIP Planning Design Grant awards made
August 22	Draft DSRIP Project Plan application released; public comment period begins
September 22	Public comments on draft DSRIP Project Plan application due
October 1	Final DSRIP Project Plan application released
December 16	DSRIP Project Plan application due
December 18	DSRIP Project Plan applications are posted to web, public comment period begins
2015	
January 20	Public comments on DSRIP Project Plan applications are due
Early February	Assessor recommendations on DSRIP Project Plan applications are made public
Mid-February	DSRIP Oversight & Review Panel reviews DSRIP Project Plan assessor recommendations and makes final recommendations to state
Early April	DSRIP Project Plan awards made
April	DSRIP Year 1 begins