

Governor Cuomo Announces New Waiver Addressing Critical Issues in New York State Health Care System through DSRIP Program

April 23, 2014

On April 14, 2014, Governor Andrew Cuomo announced that New York has finalized terms and conditions with the federal government for a waiver that will allow the state to reinvest the \$8 billion in federal savings from the Medicaid Redesign team reforms.

The waiver amendment dollars will address critical issues throughout the state and allow for comprehensive reform through a Delivery System Reform Incentive Payment (DSRIP) program. The DSRIP program will promote community-level collaborations and focus on system reform, with the goal to reduce avoidable hospital use by 25 percent over five years.

The \$8 Billion reinvestment will be allocated in the following ways:

- \$500 Million for the Interim Access Assurance Fund—temporary, time limited funding to ensure current trusted and viable Medicaid safety net providers can fully participate in the DSRIP transformation without disruption. This will be split evenly between public and non-public hospitals. The state will make all decisions regarding eligibility and distribution and of grants which are limited to providers serving significant numbers of Medicaid members.
- \$6.42 Billion for DSRIP—including grants, provider incentive payments, and administrative cost reimbursement.
- 1.08 Billion for other Medicaid Redesign purposes—supporting Health Home development, investments in long term care, workforce and enhanced behavioral health services.

A hospital must meet one of the three following criteria to participate in DSRIP as a Performing Provider System (PPS):

(1) must be a public hospital, Critical Access Hospital, or Sole Community Hospital; or

(2) must pass two tests:

(a) at least 35 percent of all patient volume in their outpatient lines of business must be associated with Medicaid, uninsured, or Dual Eligible individuals; and

(b) at least 30 percent of inpatient treatment must be associated with Medicaid, uninsured, and Dual Eligible individuals; or

(3) must serve at least 30 percent of all Medicaid, uninsured, and Dual Eligible individual members in the proposed county or multi-county community.

Non-hospital based providers, not participating as part of a state-designated Health Home, must have at least 35 percent of all patient volume in their primary lines of business and must be associated with Medicaid, uninsured, and Dual Eligible individuals. The state will consider exceptions to the above qualifications if it is deemed in the best interest of Medicaid members. The reasons for granting such an exception include: (1) a community will not be served without granting the exception because there are no other eligible providers in the community; (2) hospital is uniquely qualified to serve based on services provided, financial viability, relationships within the community, and/or clear track record of success in reducing avoidable hospital use; and (3) any state-designated Health Home or group of Health Homes.

A PPS will be able to apply for funding from one of two DSRIP pools: Public Hospital Transformation Fund, which is open to applicants led by a major public hospital system, and Safety Net Performance Provider System Transformation Fund, which is open to all other DSRIP eligible providers. The allocation of funds between the two pools will be determined after applications have been submitted.

DOH expects to receive nonbinding letters of intent from potential applicants by May 15, and June 15 is the deadline to apply for a planning grant, which will fund organizations' community assessments and research for the actual proposal application. DSRIP project proposals will be due in December 2014. The project proposals must create a new initiative for the PPS which is substantially different from all other initiatives funded by CMS, although it may build on or augment such an initiative. The plan must address one or more significant issues within the PPS service area and be based on a detailed analysis using objective data sources. Additionally, it must be a substantial, transformative change for the PPS and demonstrative of a commitment to life-cycle change and a willingness to commit sufficient organizational resources to ensuring project success. The plan must be developed, in concert, with other providers in the service area, with special attention paid to coordination with Health Homes actively working in the area.

There are four domains, and three of them (Domains 2 through 4) must be addressed by the PPS project plans. Domain 1 is overall project progress and includes investments in technology, tools, and human resources that will strengthen the ability of the PPS to serve target populations and pursue DSRIP project goals. Domain 2 is system transformation and projects will focus on creating integrated delivery systems and implementing care coordination and transitional care programs. Domain 3 is clinical improvement for certain priority disease categories. Domain 4 is population-wide strategy implementation, which is aligned with the NYS Prevention Agenda.

For more information on the Medicaid Waiver and DSRIP, visit [here](#).