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## Overview

Delivery System Reform Incentive Payment (DSRIP) providers in Texas have been closely following the proposed extension to the Texas State Section 1115 Waiver as the Health and Human Services Commission (HHSC) prepares to submit an extension application to the Centers for Medicaid and Medicare Services (CMS). A main goal of the extension is to align the waiver with Medicaid managed care and other quality improvement efforts, as well as some significant changes to the DSRIP program.

Meanwhile, New York State has just entered the first year of its DSRIP program with structures called Performing Provider Systems (PPSs) that differ from Regional Healthcare Partnerships (RHPs) primarily in that they are fully accountable, earn DSRIP dollars at the PPS level and all providers perform projects together as a region. In many ways, the DSRIP program in New York is forward-thinking in terms of alignment with managed care, value-based payment transition requirements, engagement of community based organizations as contracted Medicaid providers and clinical outcome achievement requirements. There are many parallels between the Texas renewal extension and the New York DSRIP program. Some key highlights include:

## Shared Performance Bonus Pool

Texas plans to include a shared performance bonus pool from unearned funds over the course of the extension period for regions that achieve certain outcome metrics. This is similar to bonus payments that can be achieved under the New York 1115 Waiver if a PPS is collectively successful in reaching high quality measures. In New York, a mandatory 25% reduction in hospital readmissions will lead to bonus payments for a PPS and its providers. Pooled bonus payments in Texas are using this idea of shared achievement based on performance benchmarks in order to effectively increase the quality of healthcare in a given RHP.

## Narrower Menu

HHSC proposes to include alternate transformative projects from a narrower menu. Currently, the DSRIP project selection menu in Texas is extensive with close to 85 options to choose from. The idea of a narrow menu is comparable to New York's project selection menu which offers about half as many projects as Texas. Offering a narrower menu of projects reduces the administrative requirements for reporting and data validation and will also make it easier to retrospectively evaluate the impact of DSRIP dollars through the renewal across the state.

### *Less Administrative Burden*

The idea of reducing administrative burden is a common theme throughout the Texas extension and the New York DSRIP program. HHSC wants to “lessen the administrative burden on providers while focusing on collecting the most important types of information.” It is no secret that DSRIP implementation is heavily dependent on administrative responsibilities borne by the state, CMS and providers. New York designed its waiver with hopes of both limiting the administrative burden required to achieve DSRIP requirements. It is also integrating this accountability into existing or new independent physician associations (IPAs), accountable care organizations (ACOs) and/or health plan structures in order to directly align DSRIP incentives with the re-design of Medicaid value-based payments.

Texas has targeted reduced administrative burden by potentially allowing certain projects and providers on projects to be combined into a single project to reduce reporting work. Combining smaller providers to report together for the same project mirrors the PPS system in New York where providers must work together to achieve performance milestones. The idea of provider collaboration within a region will greatly reduce administrative burden on providers in terms of measuring and reporting.

### *Value-Based Payment Roadmap*

Texas proposes to develop a Quality Alignment/Value-Based Payment Roadmap by early 2017 in order to define the means by which HHSC will transition towards value-based payment throughout the five year waiver extension period. This directly relates to the New York Medicaid Value-Based Payment Roadmap, which has a goal of making 80-90% its payments to providers value-based by 2019. That CMS is asking for an official roadmap is a big step for Texas as it indicates that CMS is ready to transition providers to value-based payment (VBP) and commit to both time-bound milestones and percent of total revenue for providers transitioned to VBP. Success during this transition will require major infrastructure and organizational change.

### *Increased availability of Medicaid data*

A major proposal in the Texas extension suggests requiring hospitals to provide more concrete Medicaid data such as emergency department admission, discharge, and transfer (ADT) information. Additionally, HHSC is considering asking providers for Medicaid IDs of all DSRIP patients. Medicaid data will be available to track outcomes and provide the means necessary for enhanced care coordination. A large component of DSRIP in New York is the ability to track Medicaid lives through claims data. The ability to track improvement amongst this population is key to measuring DSRIP success under the renewal.

COPE Health Solutions has extensive experience in the both the Texas and New York waivers, from the first planning stages to current implementation of DSRIP projects. In combination with our team’s many years of work on managed care, population health management, Medicaid redesign and Medicaid waivers in Texas, New York, California and Washington, we are well positioned to partner with your organization to proactively prepare for the upcoming seismic shifts in Medicaid and safety net care, as well as the coordinated transformation of Medicare population to VBP.

We can assist your organization to evaluate your current DSRIP projects and understand how to best prepare for the waiver extension, as well as to develop a vision and strategy to achieve success in the new VBP environment and to integrate your DSRIP projects into this strategy as critical investment dollars toward transformation.

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