



MEMO

Re: Recent Changes to the Supplemental DSRIP Programs November 23, 2015

Overview

During the week of October 15, 2015, the New York State Department of Health (NYS DOH) released new information about three of the five DSRIP funding sources. One of these funding sources, the Additional High Performance Program, applies to all PPSs, while the other two Equity Programs are only available to 15 of the State's PPSs, primarily in the downstate region. In all three programs, the State is choosing to distribute DSRIP funds to Managed Care Organizations (MCOs) on a monthly basis as a "per member, per month" (PMPM) add-on. The latter will then release the funds to PPSs either on an annual or semi-annual basis. It has been tentatively indicated that MCOs will receive an additional administrative bonus for acting as the pass through for the supplemental fund payments.¹

Changes to the Additional High Performance Program (AHPP)

Changes:

- Each PPS will now receive Additional High Performance Program funds through MCOs.
- Each PPS will need to report DSRIP high performance measures directly to the MCOs on a monthly basis; however, the mechanism for reporting is yet to be determined.
- Cash flows to PPSs related to these funds will be released as an annual lump sum based on performance results.

Potential Impact:

- Cash flows related to the AHPP funds may be distributed to PPSs in a single lump sum instead of two payments. Whether the dollars will flow during semiannual DSRIP payment one or two is yet to be determined.

Changes to the Safety Net Equity Guarantee

Changes:

- The Safety Net Equity Guarantee is now referred to as the **Equity Infrastructure Program (EIP)**.
- In order to receive a share of the EIP funds, each PPS must now contract with MCOs and achieve 4 out of the 9 State defined requirements. This is a significant change over the simple funding guarantee structure that was in place.
- Draft pairings between PPSs and local MCOs for DY1 EPP funds has been released.²
- It was previously anticipated that EIP funds would be disbursed in five equal payments on a yearly basis, with the first payment expected in October 2015; however, the State has announced that these funds will likely be paid out to PPSs twice a year. It is not yet determined when the first installment for DY1 will be released to PPSs.

Potential Impact:

- The requirement for each PPS to achieve 4 out of the 9 State defined requirements may impact the ability of that PPS to earn their full award amount.



- Semi-annual, as opposed to yearly, payments will have a substantial effect on each PPS's cash flow. This impact may be more critical in DY1, when funds that were committed or planned for commitment as critical start-up capital will now be delayed.

Changes to the Safety Net Equity Performance Fund

Changes:

- The Safety Net Equity Performance Fund is now called the **Equity Performance Program (EPP)**.
- Funds will be released to MCOs as a “per member, per month” add-on on a monthly basis.
- Process for earning EPP funds:
 - Currently, the State is in the process of finalizing metrics in order to achieve EPP funds. These metrics will be a subset of DSRIP metrics; however, no new metrics will be created.
 - PPSs and MCOs will have to work together to select six metrics from menu provided by the State that match the needs of the community served. Additional guidance from the State is needed on metric selection for those PPSs that contract with multiple MCOs.
 - Each PPS will report their selected metrics to the MCOs on a monthly basis.

Potential Impact:

- The requirement to achieve State defined metrics may increase the risk of earning EPP funds than previously assumed.
- The State is still in the process of identifying metrics and setting up the reporting structure. The PPSs and the MCOs will then need to negotiate about which metrics should be included as part of earning these payments.

Summary of Changes to DSRIP Supplemental Programs

New Program Name	AHPP	EIP	EPP	
Previous Name	AHPP	Safety Net Equity Guarantee	Safety Net Equity Performance Fund	
Previous Payment Process	Unknown	Annual Lump Sum	Semi-Annual Lump Sum	
New Payment Process DOH to MCO	Monthly PMPM	Monthly PMPM	Monthly PMPM	
New Payment Process MCO to PPS	Annual Lump Sum	Semi-Annual Lump Sum	Annual Lump Sum	
Change in Risk of Earning	No change	Increased Risk	Likely Increased Risk	
Previously expected payment date	Would not start until DY2	Annual Lump Sum in October for at least DY1	Jan-16	Jul-16
New Payment Date	No clear guidance, but DY2 still anticipated	No set date	No set date	



Risks

- The changes described above likely require that each PPS have a contract in place with MCOs, and also requires that each PPS report to the MCO on a regular basis. This will be an additional reporting burden on the PPS and could require significant resources. Additionally, the level of detail and required supporting documentation for this reporting has not been detailed by the State.
- By requiring that each PPS contract with MCOs, this creates a role and clearly places the MCO in the Value Based Payment strategy and progress. This could potentially create friction for those PPS pursuing a global risk strategy.
- It is not yet clear how the MCOs will receive an administrative percentage for acting as the pass through for the supplemental fund payments.

Resources

1. Supplemental DSRIP programs overview.
https://www.health.ny.gov/health_care/medicaid/redesign/dsrip/vbp_initiatives/docs/equity_programs_and_ahpp.pdf
2. Equity Infrastructure Program Draft Pairings.
https://www.health.ny.gov/health_care/medicaid/redesign/dsrip/vbp_initiatives/docs/eip_draft_pairings.pdf