



# New York State 1115 Medicaid Waiver Amendment

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## Understanding Opportunities and Impacts

March 7, 2024

# Overview of NY 1115 Medicaid Waiver Amendment and Aligned Programs

CMS approved a \$7.5 billion New York 1115 Medicaid Waiver Amendment on January 9, 2024 that runs through March 31, 2027. This amendment does not have a “DSRIP” component and most money flows through the managed care plans.



## Health-Related Social Needs (HRSN)

### HRSN Infrastructure

**\$500 million** for Social Care Network formation across key domains:

- Technology
- Development of business or operational processes
- Workforce development
- Outreach, education, stakeholder convening

### HRSN Services

**\$3.173 billion** for increased coverage of services that address HRSN:

- Screening, Housing Supports, Case Management, Nutrition Supports, and Transportation



## Medicaid Hospital Global Budgets and AHEAD

### Transformation Funding and Alignment with AHEAD

**\$2.2 billion** transformation funding, \$550M annually, for safety net hospitals in Bronx, Brooklyn, Queens and Westchester only

- 3 years of transformation funding to build “custom roadmap”
- Likely 2027 launch of Medicaid, and potentially AHEAD, global budget

AHEAD is limited to Downstate NY, and the transformation funding is limited only to the eligible safety net hospitals



### HERO

**\$125M** for one HERO



### Medicaid Provider Rate Increase

Net increase must amount to **\$199,072,015** by 3/31/27



### Workforce

Student Loan Repayment: **\$48.30M**  
Career Pathways Training: **\$645.75M** through WIOs



## Primary Care Delivery System Model, AHEAD and MCP

### Enhanced Monthly Payments for PCMH

**\$492 million** through a State Directed Payment (SDP)

- 2 years of PCMH payment add-on focused on children and VBP transition, after 2 years becomes a bonus
- Existing PCMH payments will not change

Aligned with CMS AHEAD Primary Care and MCP model Enhanced Payments



## 1332 Waiver Suspends BHP & Extends Essential Plan Forthcoming 1115 Waiver Amendment for Continuous Medicaid/CHP Eligibility Up to 6 Years Old

- 100,000 additional New Yorkers will be eligible for the Essential Plan
- 66,000 (estimated) children will remain enrolled in Medicaid/CHP annually

# HRSN Services Overview

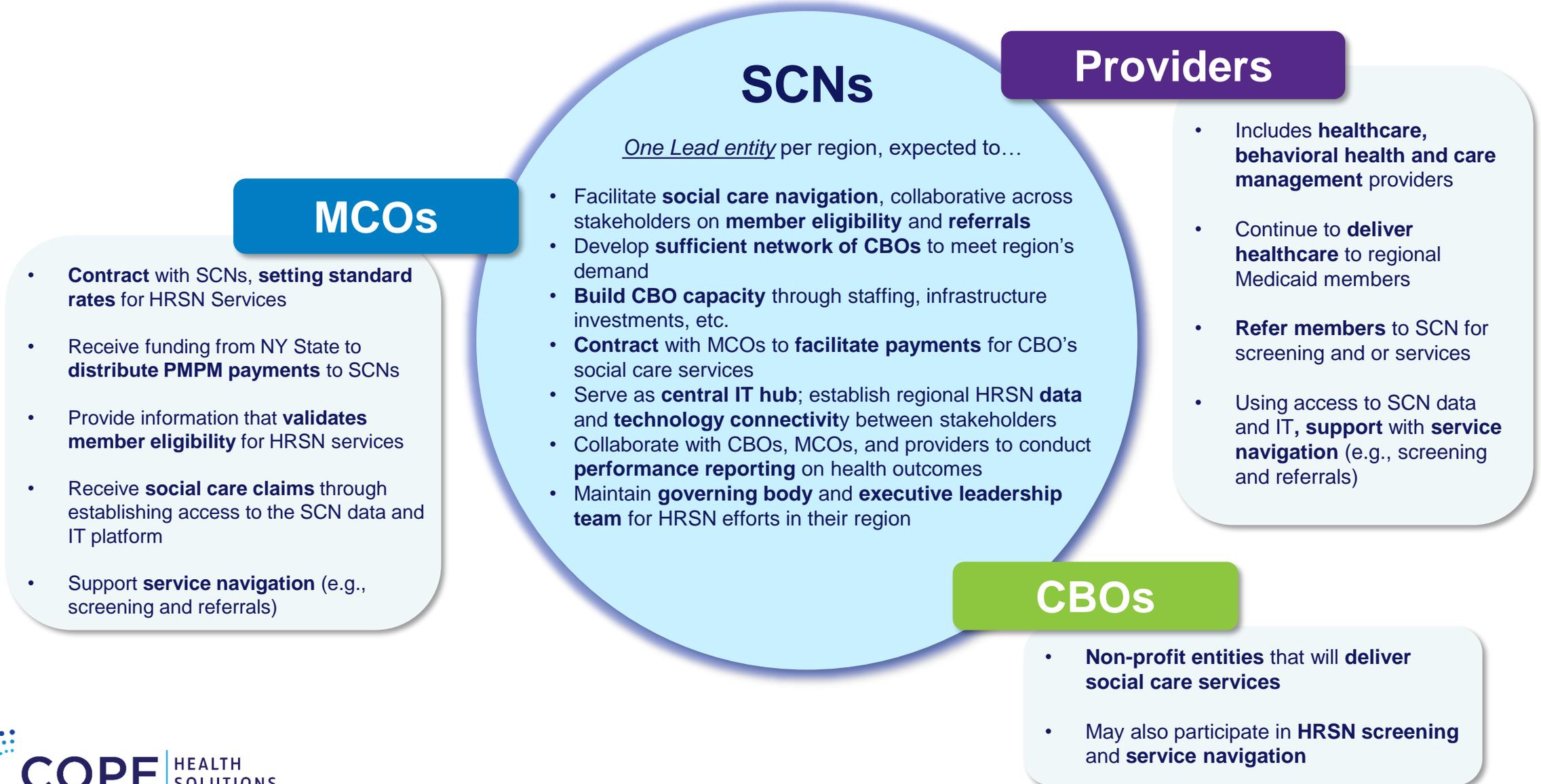
## Two-Tiered HRSN Service Delivery Framework

Level	Services Based on Eligibility Criteria for Level 1 and 2
1	<p>Coordination to local, state and federal HRSN-related benefits, which can be billed by providers on a fee-for-service basis:</p> <ul style="list-style-type: none"> <li>• <b>Screening</b></li> <li>• <b>Level 1 Case Management</b></li> </ul>
2	<ul style="list-style-type: none"> <li>• <b>Housing</b> <ul style="list-style-type: none"> <li>• Medically necessary home supplies and modification, recuperative housing, rent assistance, tenancy and transition services</li> </ul> </li> <li>• <b>Nutrition</b> <ul style="list-style-type: none"> <li>• Counseling, fresh produce, medically tailored meals, cooking supplies, prepared meals</li> </ul> </li> <li>• <b>Level 2 Case Management</b> <ul style="list-style-type: none"> <li>• Connections to employment, education, childcare, providers, behavioral health, etc.</li> </ul> </li> <li>• <b>Transportation</b></li> </ul>

## Service Delivery Considerations

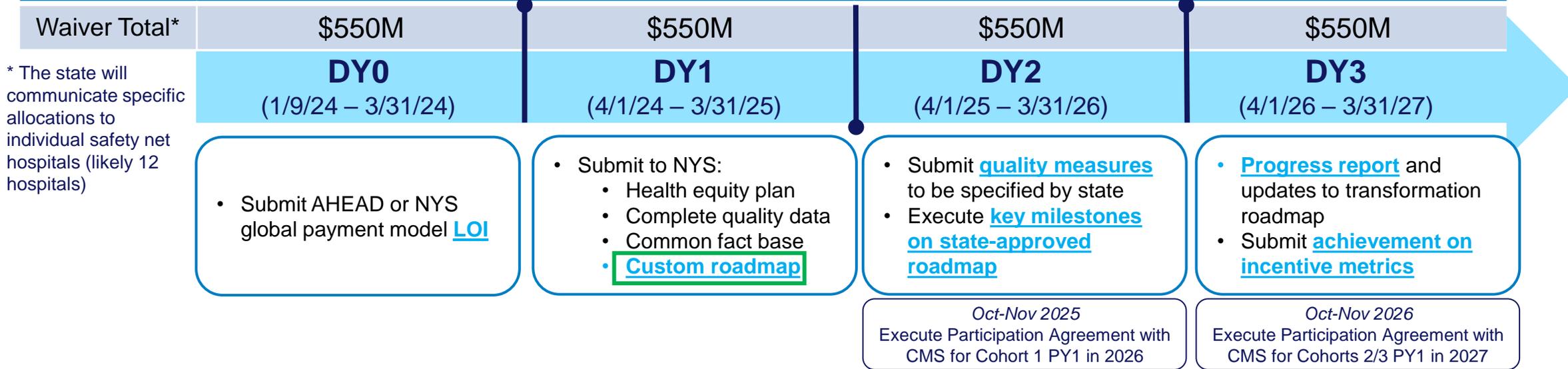
- **Eligibility determination / referral for screening** will be key and based on CalAIM lessons learned. SCNs and their contracted providers (CBOs), as well as other providers, should consider how they will identify potential eligible members
- **SCNs** must submit **timely and accurate data** on the following components of HRSN services:
  - Utilization and effectiveness
  - Health outcomes and quality, stratified by age, sex, (including sexual orientation and gender identify), race, ethnicity, disability status, preferred language
  - Appeals and grievances
  - Encounters
  - Any additional data as determined by CMS
- **Person-centered plans** must identify member **needs, individualized strategies** and **interventions**. The service plan is reviewed and revised **at least yearly**, or at the significant circumstantial change or request of the member.
- **SCNs must ensure adequate HRSN network** for timely service delivery to eligible beneficiaries

# HRSN Ecosystem – Roles and Responsibilities



# Global Budget Safety Net Hospital Planning Dollars and Overall Timeline

## Global Budget Planning Funding Timeline (Total \$2.2B) (Funding May Roll Over to Next Year)



### What Needs to Be Built?

- Participating hospitals must submit a [custom roadmap](#) in DY1 outlining how they will transform operations to succeed under a global budget model
- Roadmap must cover 9 areas of transformation

### NY Waiver Designated Transformation Areas for Custom Roadmap



# Global Budget Impact Overview



## FFS Model

Units/Cases

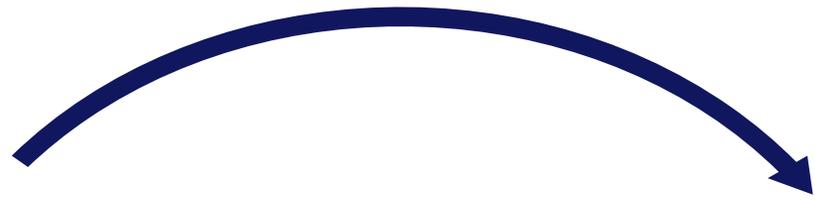


Rate Per Unit/Case



Hospital Revenue for the Year

- Mis-aligned incentives - volume, rate, denial focus
- Revenue unknown at beginning of year/performance period
- Lack of access to quality, TCOC and other incentives



## Global Budget Model

Revenue Base



Adjustments (inflation, demographic shifts, total cost of care,, etc.)



Global Budget Payments/  
Hospital Revenue for Target Year

- Incentivizes transformation from high-volume, high-revenue claims to right care, right place, right time
- Revenue known at beginning of each year through calculation of “base years” updated with quality, equity, and other adjustments
- CMS AHEAD Medicare FFS financial methodology V1.0 has been released
- AHEAD is multi-payer and requires at least one health plan engaged by second Performance Year

### Overlap with Other CMS VBP Models



- Hospitals, professionals at hospitals can be simultaneously in AHEAD and MSSP ACO without reducing savings opportunity
- Hospitals may simultaneously participate in AHEAD and ACO Reach as a Preferred Provider, only so long as **not** receiving Total Care Capitation, Primary Care Capitation, and/or Advanced Payment Option payments
- Providers in AHEAD states/regions can participate in ACO Reach prior to 2026 for AHEAD Cohort 1 and 2027 for Cohorts 2 & 3
- MSSP and REACH ACOs will be accountable for hospital spending on ACO-aligned beneficiaries in AHEAD hospitals

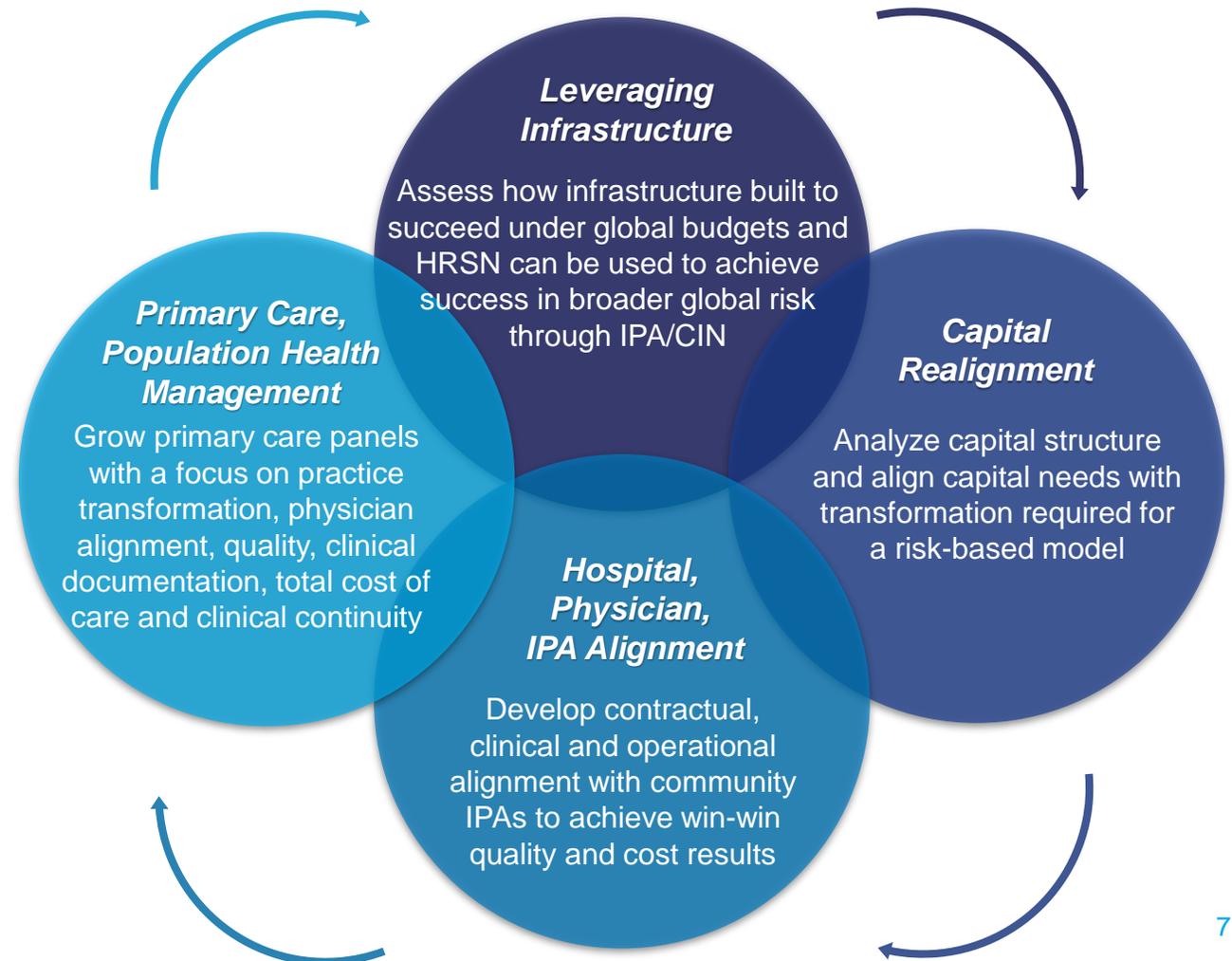
# Bottom Line: Leverage One Time Funding for Broader Success in Risk



## Call to Action:

- In the last NY Waiver, there was a target of \$25% reduction in avoidable hospital use.
- This was not achieved and will be critical to the success of the current Waiver Amendment as the HRSN dollars are forced into the Medicaid premium over time and the one-time safety net hospital transformation funds are expended.

- Build infrastructure and capabilities to drive success in both global budgets, HRSN delivery, and other line of business (LOB) global risk arrangements
- Create longer term contracting strategy to gain access to more premium/value through a strong value proposition to payers
- Grow and strengthen clinical integration through strategic relationships between payers and provider networks (CIN, IPA, etc.), some of whom have already invested and built significant infrastructure to help manage population health and reduce utilization of acute services



# Bottom Line: How to Prepare Financially



Be Adaptive, Commit Fully, Prepare for Change, Communicate, and Coordinate



## ASSESSMENT OF CURRENT STATE

### Understand

- Community Needs
- Market
- What's working (and not) and will work
- Financial resilience to three reimbursement scenarios
- Capital structure assessment
- Future State Ideation
- Develop and Refine Metrics
- Regulatory Alignment
- Risk (Tolerance)

## ORGANIZING FOR TRANSFORMATION

### Building while Operating

- Day to day management
- Change Management
- Service line and Services assessments
- Financial resilience and cash management
- Tracking to Future State
- Capital structure realignment
- Refine Metrics
- Education and Communication of Community, Staff, Market, Vendors, Lenders, and other Creditors

## FUTURE STATE

### Adaptive and Fully Committed

- Refine Metrics
- Systems to operate are in place
- Financial Monitoring
- Education and Change Management
- Execute
- See Building while Operating

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