Delivery System Reform Incentive Payments (DSRIP)

- Background and Overview of DSRIP Transformation Funding Programs
- Program Characteristics Over Time
- State Implementation
- Trends for Future Investment
DSRIP Background

- Federal investment in Medicaid transformation using 1115 demonstration waivers.

- Opportunity for states to incentivize providers and provider systems to invest in transformational activities supporting broader state goals for developing higher-performing Medicaid programs.

- First DSRIP: The California Bridge to Reform Waiver (2010).


- Centers for Medicare & Medicaid Services (CMS) approved additional transformation and reform initiatives in four other states.
DSRIP Overview

• Payments are made to providers based on the achievement of defined metrics or milestones associated with projects designed to move providers and systems of care along a continuum of delivering high quality and high value services.

• States generally focus projects on four general “domains” identifying different categories of investment and transformation.
  – Innovations and Practice Redesign.
  – Population-Based Health.
  – Health Quality Improvement.
  – Payment Transformation.

• Participants identified “projects” within these categories of transformation. The development of the projects often took between six months and one year.
Program Design Characteristics

State Transformation Goals

Innovations and Practice Redesign
Quality and Patient Safety
Population Health Strategies
Payment Transformation

Projects
Projects
Projects
Projects
Projects
Projects
Projects
Projects

Process Measures
Waiver Period
Outcome Measures

Impact on Medicaid Program and Enrollees
Overview of DSRIP Programs

• Select DSRIP Programs as of December 2015.

<table>
<thead>
<tr>
<th>State</th>
<th>DSRIP/DSTI Approval Period</th>
<th>Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>2010 – 2015</td>
<td>$6.5 billion</td>
</tr>
<tr>
<td>Texas</td>
<td>2011 – 2016</td>
<td>$11.4 billion</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2014 – 2017*</td>
<td>$1.35 billion</td>
</tr>
<tr>
<td>New Jersey</td>
<td>2014 – 2017</td>
<td>$666.4 million</td>
</tr>
<tr>
<td>Kansas</td>
<td>2014 – 2017</td>
<td>$99.8 million</td>
</tr>
<tr>
<td>Oregon</td>
<td>2012 – 2017</td>
<td>$1.9 billion**</td>
</tr>
<tr>
<td>New York</td>
<td>2014**</td>
<td>$6.4 billion***</td>
</tr>
</tbody>
</table>

* Massachusetts waiver renewed 10/2014 – 2019 – only 3 years of funding approved.
** Oregon expenditures are based on available DSHP funding.
*** New York currently negotiating final extension details.
Program Characteristics Over Time

• Early DSRIP or transformation programs focused on individual hospitals or hospital systems.
  – California – Designated public hospitals (initially 14 systems).
  – Massachusetts – 7 safety net hospitals.
  – New Jersey – 66 hospitals.
  – Kansas – 2 university hospitals.
  – Oregon – Urban hospitals with more than 50 beds, added in 2014.
Program Characteristics Over Time

• Exceptions are Oregon, Texas, and New York.
  – Oregon utilizes Coordinated Care Organizations (CCOs) rather than “projects”.
    - CCOs are the next evolution in health delivery and financing in Oregon and are defined in state statute.
    - CCOs have required benchmarks and metrics in quality and access to meet “global budget” risk payments for enrolled populations.
    - Funding is part of the CCO payments through rate development, withholds, and incentive payments.
    - Oregon is at risk for other hospital funding based on performance on quality and cost measures defined in the terms and conditions.
Program Characteristics Over Time

• Exceptions are Oregon, Texas, and New York.
  – Texas has self-determined Regional Health Partnerships (RHP).
    - 20 RHPs including 300+ hospitals, as well as other entities including public health entities.
    - RHPs include an anchoring entity and government funding entities.
    - Projects are specific to RHP community needs.
  – New York has Performing Provider Systems.
    - 25 partnerships developed.
    - Incentive payments paid to provider systems.
    - Developing APM and value-based payment methodologies.
State Implementation

• DSRIP can be very complex and lengthy to implement.
  – Require descriptions of qualified participants.
  – Require development of project, plans, clinical metrics, and population metrics.
  – Requires identification of data requirements.
  – Requires development of appropriate metrics to inform payments.
  – A year (or more) to implement.

• Requires providers to organize within sub-organizations (RHPs and Prospective Payment Systems) or within their own organization to select projects, train staff, and enable data collection.
CMS is being more strategic in its approach to developing and managing these investment programs. Key concepts emerging in new waivers and recent renewals:

- **Sustainability**: How does the program become self supporting over time eliminating the need for continued federal subsidy?
- **Measurement**: Developing meaningful metrics directly correlated with program objectives. Population attribution to measure impact of change.
- **Systemic Approach**: Focusing on health systems rather than individual providers, measuring aggregate impact on populations, expenditures, quality, and future payment systems based on data feedback.
- **Accountability**: Requiring a continuum of accountability from the state to insurers and providers. Accountability metrics that measure the success of the program’s impact on cost, quality, and beneficiary satisfaction.
Emerging Trends – CMS

• Massachusetts’ renewal is only authorized for three of the five total waiver years approved.
  – Requires a strategy to address viability of the pool funding over time.

• Recent programs/renewals focus on system change and a preference for qualifying entities working together rather than individual provider investments.

• States are held accountable for performance.

• Protocols for DSRIP programs are developed during the negotiations for the waiver rather than post approval as much as possible.

• Upcoming renewals will further inform the evolution of transformation investment.
  - New York, California, and Texas.