



DSRIP and Medicaid Redesign in New York State

How Will Upcoming Changes in the NYS' Medicaid Program Affect Providers in NYS?

By Lee Ferber

In January 2011, Governor Cuomo and other stakeholders and health care experts, referred to as the Medicaid Redesign Team, took initial steps to reform New York State's health care system. Now almost five years later, those efforts are becoming a reality as certain State-mandated programs are being implemented.

One of the more significant programs is the Delivery System Reform Incentive Payment program ("DSRIP" or the "Program"). DSRIP is a five year program that runs from April 1, 2015 through March 31, 2020 and has up to \$6.42 billion in available funding. One of DSRIP's primary goals is for those providers participating in the Program to have a greater focus on high quality ambulatory care and a de-emphasis on hospital in-patient and emergency department care. It aims to reduce avoidable hospital use by 25% over five years. This is part of NYS's overall goal of increasing value-based payments in the Medicaid program to 90% of managed care payments by 2020; a very lofty goal.

The entities that are responsible for creating and implementing DSRIP are called Performing Provider Systems ("PPS"). PPS's are comprised of major public hospitals and other "safety net" providers, such as smaller hospitals, health homes, skilled nursing facilities and community-based organizations, who collaborate together in DSRIP projects. Each PPS is required to develop a DSRIP Project Plan (the "Plan") that will identify the strategies needed to meet the overall goals of DSRIP and specifically the milestones and metrics

it expects to achieve. During the initial years of the Program, PPS's focus on project implementation, which includes developing the systems needed to administer and monitor the Program and building its network of providers.

Each PPS has a designated lead provider, typically a major public hospital. Some of the more recognizable PPS's in the New York City metropolitan area are New York City Health and Hospitals Corporation (Bronx and Manhattan Counties); Maimonides Medical Center (Brooklyn County); Mount Sinai Hospital (Brooklyn and Manhattan Counties); and Stony Brook University Hospital (Suffolk County).

An integral part of the DSRIP Program is the performance payments that a PPS may receive based on achieving the milestones and metrics outlined in their respective Plans. A PPS has the autonomy to decide how it will allocate performance payments that it receives to its participating providers, as long as certain guidelines are met. The PPS performance payment allocation method must be described in the "Budget and Flow of Funds" section of the Plan and include details as to how payments to providers will be distributed.

While DSRIP is part of the NYS' Medicaid program, the goals of DSRIP are no different than those of Patient Centered Medical Home ("PCMH") programs, bundled payment initiatives, and other pay-for-performance programs. The common

theme in all of these is the transformation from a fee-for-service to a value-based payment system. To this point, the NYS Department of Health states that it “expects the DSRIP Program will act as a catalyst for change to other parts of a provider’s book of business”; a very bold statement, especially coming from a government agency.

In the end, DISRIP is just one more sign of the inevitable changes we are seeing in how providers

will be paid. For this reason, providers who deliver services to a significant Medicaid population may want to contact the PPS in their respective county to explore possible participation in a DISRIP Program.

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