

POPULATION HEALTH FORUMS

New York's Delivery System Reform Incentive Payment (DSRIP) Program: How "DSRIptive" will this \$8 Billion Initiative Be?

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Dr. James Couch has over 30 years of accomplishments in healthcare delivery and management with an emphasis on evaluating, developing and implementing systems to improve quality, safety, and value. He is currently Senior Physician Executive at [JHD Group, Inc.](#), a consulting firm that assists organizations and physicians in navigating the implementation of healthcare reforms.

Dr. Couch first described the [Delivery System Reform Incentive Payment \(DSRIP\) Program](#) as an incentive payment program that rewards providers for performance on delivery system transformation projects that improve care for low-income patients. This program is federally funded by Medicaid (Section 1115) waivers. DSRIPs shift hospital payments from paying for coverage to paying for improvement efforts and results. Couch added that DSRIP projects and milestones are state specific and focus on outcomes over time. Any state is eligible to apply. The Centers for Medicare & Medicaid Services (CMS) currently supports 7 approved DSRIP programs.

Couch provided an overview of national DSRIP trends. He explained that over time, DSRIPs have evolved, with program requirements becoming more prescriptive and narrowly defined. Recent models tend to support wider-scale payment and delivery reform and encompass a broader set of providers beyond just hospitals alone. "Population health encompasses so much more than health care itself...it gets to the issues and impact of housing, nutrition, and access to some of the basics that people need to survive and thrive," explains Couch.

Medicaid Program redesign within New York State is rooted in the [MRT Waiver Amendment](#). This allowed the state to reinvest \$8 billion of the \$17.1 billion in federal savings generated by Medicaid Redesign Team (MRT) reforms. The DSRIP Program funded by this \$8 billion will transform the state's healthcare system, bend the Medicaid cost curve (and likely that of other public and private sector payers), and assure access to quality care for all Medicaid members. The funding will support, over the five years of the DSRIP Program in New York (starting April 1, 2015), the Interim Access Assurance Funding (AAAF) to provide a financial lifeline to safety net hospitals which will see a substantial decrease in inpatient revenues as care is shunted to the community setting; dozens of DSRIP projects approved in the 25 provider performing systems (PPSs); and further Medicaid Program redesign.

There are currently 267 hospitals in New York State, and almost all of these now fall under the 25 PPSs. PPSs are composed of hospitals of various sizes and types; skilled nursing and other extended-care facilities, rehabilitation centers, outpatient clinics, federally qualified health centers (or FQHCs); hospices and other palliative care facilities; behavioral health operations and physician practices. "The whole landscape of healthcare delivery in one of the largest states in this country has been transformed due to the formation of these PPSs," states Couch. In this new landscape there is emphasis on the "health home," slightly different from a Patient-Centered Medical Home. In the "health home," there is a broader focus on primary care and community health. Also very important in this model is behavioral health, especially when integrated with primary medical care.

Some of the key characteristics of the New York State DSRIP plan are centered on avoidable hospitalizations; inclusion of large public hospital systems and safety-net providers; payments based on performance and outcome milestones; and an emphasis on collaboration. One of the overarching goals is to decrease avoidable hospital use in New York by 25%, moving the state ranking from 50th to the top quintile in this area across the country. All this needs to be achieved while preparing for 90% of all Medicaid payments to be value-based by 2020.

Dr. Couch went on to describe how project implementation is divided into domains for selection and reporting. For example, *overall project progress* is a domain focused on how well the project is set up, which is critical in the first year for payment. Another domain, *system transformation*, emphasizes the creation of integrated delivery systems. Overall, there is a clear framework and design for outcomes and performance measurement. PPSs that do not meet specific performance milestones may receive less than their maximum allocation. For example, missing one of five performance milestones during a specific reporting period could result in loss of 20% of DSRIP payments otherwise payable in that timeframe. Funds payable to each and every PPS may also be reduced for missed milestones statewide.

Dr. Couch discussed the importance of learning collaboratives that will help PPSs in New York to engage in peer-to-peer and community stakeholder input. The collaboratives will be set up to share project development information, best practices, and program updates and outcomes.

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Couch summarized his presentation by describing important lessons learned from CMS. Flexibility has been key in New York's ability to evolve and expand its intent from its original proposal. Also critical has been accountability and a targeted proposal.

Couch credits Governor Cuomo for having provided the kind of leadership during his first four-year term that allowed for this program through his advocacy, which he refers to as "revolutionary."