My how time has flown by….So just how do we prepare for the 1115 Waiver renewal?

Presentation Agenda

- COPE Health Solutions… who are we?
- Texas vs. New York 1115 Waiver
  - Waivers of different flavors
  - Variation in funds flow
- So what do we do with our DSRIP Projects?
- Considerations for Texas 1115 Waiver Renewal (also referred to as Waiver 2.0)
- Q&A
Organizational Overview

- Leading health care corporation based in Los Angeles, California.

- We partner nationally with hospitals, physician groups, health plans, clinics and other health care organizations to help them achieve visionary, market relevant health care solutions.

- Our focus is to ensure that our clients are well positioned as market leaders who are able to best leverage and navigate the many opportunities and challenges posed by the rapidly changing health care environment.

Mission
To help our clients achieve visionary, market relevant health care solutions

Vision
Our clients are leaders in adding value for consumers through innovations in population health management, talent development and alignment of financial incentives
### Areas of Expertise

- Advanced Performance Improvement
- **Population Health including the 1115 Waiver (nationally)**
- Care Delivery Redesign and Clinical Integration
- **Managed Care Finance & Analytics**
- Health Care Talent Development
- HIT Optimization
- Project Management
- **Strategic Planning & Management**

### Client Types

- Hospitals and health systems
- Academic medical centers
- Integrated Delivery Networks
- Public health care systems, Health Districts
- Large physician organizations (medical groups, IPAs)
- Community health centers
- Health plans

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### Texas and New York DSRIP

#### High Level Themes

- Collaboration by providers
- Organization of regional structures to determine priorities and projects at the local level
- Identification of DSRIP funding which bases payment on performance
- Federal, state and local accountability
- **Sustainability** by establishment of permanent, sustainable delivery system structures and projects
- Regionally develop DSRIP plans

#### Common DSRIP Program Plan Elements

- Statement of goals
- Identification of participating providers (participation voluntary)
- Performance assessment including community needs assessment, regional planning, and public input
- Detailed milestones and metrics to set achievement expectations
- Governance structure of the regional organization
- Project attestation and certification
- Learning collaborative commitment
Regional Health Partnerships

RHPs will be developed throughout the State to deliver care more effectively and efficiently and provide increased access to care for low-income Texans. Each RHP will include a variety of healthcare providers to adequately respond to the needs of the community, and the process of forming each RHP will evidence meaningful participation by all interested providers.

Performing Provider Systems

Eligible major public general hospitals and other safety net providers are encouraged to form coalitions that apply collectively as a single Performing Provider System. The state will review each of the proposed Performing Provider Systems and may require additional connectivity to additional medical, behavioral health, long term care, developmental disabilities or social service providers as required to build a comprehensive regional performance network. Coalitions will be evaluated on performance on DSRIP milestones collectively as a single Performing Provider System.

Texas vs. New York DSRIP Structure

<table>
<thead>
<tr>
<th>Area</th>
<th>PPS</th>
<th>RHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Authority</td>
<td>Formal &gt; Drive to System Outcomes</td>
<td>Informal &gt; Administrative</td>
</tr>
<tr>
<td>Role/Name</td>
<td>Lead Provider</td>
<td>Anchor</td>
</tr>
<tr>
<td># of Projects</td>
<td>5 to 10 with cross participation</td>
<td>No cap with individual entity projects</td>
</tr>
<tr>
<td>Startup Investment</td>
<td>$100 million</td>
<td>$500 million</td>
</tr>
<tr>
<td>Regionalization</td>
<td>DSRIP member attribution with a clearly defined business relationship</td>
<td>Entire state with 20 designated regions</td>
</tr>
<tr>
<td>Target Population</td>
<td>Medicaid</td>
<td>Total with required self pay &amp; Medicaid %</td>
</tr>
<tr>
<td>Funding</td>
<td>Joint budgets and funding distribution plan</td>
<td>Individual by entities that could obtain an IGT commitment from a gov’t entity</td>
</tr>
</tbody>
</table>
Texas 1115 Waiver Funding Pools

1115 Waiver Payments

- Uncompensated Care
- Delivery System Reform Incentive Payment (DSRIP)
- Infrastructure
- Innovation
- Improvement

New York 1115 Waiver Funding Pools

1115 Waiver Funding Pools

- DSRIP
- Interim Access Assurance
- Investments in home health, long term care workforce and behavioral health
- Health Home Development
- Managed Care Contract Amendments
- Non-DSRIP Components

PPS funds flow distribution
Project Valuation and Payment

- Texas project valuation basis – Patient Benefit Driven
  - Complexity of implementing the project, including:
    - Complexity of project intervention
    - Difficulty of implementation
    - Teaching hospital
    - Size & scope of the project
    - Size of target population
    - Impact of the project
    - Investment & resources needed

- New York project valuation basis – Formula Driven including:
  \[
  \text{Payment} = [\text{Project PMPM}] \times [\# \text{ of beneficiaries}] \\
  \times [\text{project application score}] \times [\text{USRIP months}]
  \]

- Payment – Based on performance for defined milestones and metrics based on program requirements. Payments based on Pay for Performance and Pay for Reporting requirements.
Current System: Fee for Service

- Incentivizes volume over value
- Pays for inputs vs. outcomes
- Induces fragmentation & silos
- Reward avoidable readmission over successful transition to integrated home care

Performance Achievement & Funds Flow – TX v. NY.

- 30 DAY READMISSIONS GAP TO GOAL PAYMENT
- COLLECTIVE 10% IMPROVEMENT
- PERFORMING PROVIDER SYSTEM
NY Funds Flow based on Performance

Today’s DSRIP Project Reality

- The journey thus far….
- Life in the shoes of a DSRIP project participant….feeding the CMS/HHSC bureaucracy
- The oh so subtle cultural transformation that has occurred….
- Life in the shoes of an overcommitted healthcare leader and executive….survival of the fittest
- The not so clear opportunity looking right at us..1115 Waiver 2.0
Strategic planning & the future of your current DSRIP projects

- It is crucial to link the DSRIP projects to your strategic plan
- What is the cost-benefit of your current DSRIP projects?
- How do we tie the DSRIP projects to the organization’s managed care and population health strategies?

DSRIP Project Decision Options

- MODIFY / SCALE
- GO
- NO GO
Why is a strategic assessment of the DSRIP projects important?

- It’s just good business to understand the ROI (and not just the financial ROI) of the DSRIP projects
- Absent a disciplined assessment, DSRIP project continuation decisions will become strictly a political process
- Understanding DSRIP 1.0 is critical to understanding DSRIP 2.0
- DSRIP projects naturally link to:
  - Eventual Medicaid expansion
  - Medicare shift to quality and value based payments
  - Population health strategy development
  - Managed care strategy and negotiations
- Staff are concerned about their future

What criteria do we feel is critical in evaluating an organization’s DSRIP projects?
Questions you may want to ask?

- How well do we understand the population served?
- How has this project impacted patient care outcomes for the population served?
- What is the perspective of the patient care providers on how this project has impacted patient care services?
- Are there lessons learned from this project which can be used in an expanded way in the organization?
- How has this project impacted operating efficiency and/or effectiveness?
- Is this project viewed as self-sustaining financially without availability of future DSRIP revenues?

Questions you may want to ask?

- Has this project enabled the organization to differentiate itself in the market?
- What new skill sets have been developed?
- What impact will the waiver renewal have on maintaining qualified staff?
- What information limitations and gaps exists with this project?
- How would you describe the strategic fit of this project to the strategic plan?
- Have we been able to quantify the financial impact (in terms of reduced PMPM costs) of this project to the managed care organizations?
What should a well design analysis yield?

- Retrospective ROI (value proposition) with respect to:
  - Financial performance
  - Patient care outcomes
  - Human capital / staff competencies
  - Service line/market position
- Predictive future sustainability/applicability:
  - Patient care outcomes
  - Operating impact – culture and process
  - Revenue growth and/or protection - Value based payments from Medicare, Medicaid, managed care, and other sources of payment
  - Transition to Waiver 2.0
- Collective understanding across the organization

Considerations for Texas Waiver Renewal

- Transition to a more developed Integrated Delivery System (IDS) & PCMH certification
- Financial Sustainability & Evolution to value based payment reform
- Increased alignment (financial & quality indicators) with Medicaid Managed Care Organizations
- Greater focus on health informatics integration (HIEs) & data sharing
- Regional & Statewide performance goals and clinical outcomes
- Funding incentives for high performing Regions
- Focus on the workforce implications of DSRIP (retraining, recruiting, redeploying)
Thoughts on Waiver Renewal

- Broad sharing of projects tied to regional outcomes
- UC as a funding pool (as we know it) → limited or gone
- Strict formula for determining project valuations
- MCO alignment
- Focus on health informatics
- Fewer projects

Texas:
- 130 project options on menu
- Over 1500 projects implemented
- No maximum number of projects per provider or RHP

New York:
- 44 project options on menu
- Only 39 of 44 on menu selected among all PPS
- Maximum 10 projects per PPS

Waiver Renewal - Caution, areas to watch

- How formalized do the RHP’s become?
- Category 4 reporting as a source of defining regional and/or statewide measures
- IGT sourcing and funding
- Workforce implications of DSRIP
- Provider financial sustainability in light of limited or no UC pool
Pause, tell us what you think

- What are providers in the field thinking will change in the Texas Waiver renewal?
- What do you want to see in the Waiver renewal?

Q&A

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