

Delivery System Reform Incentive Payment (DSRIP) Programs



Medicaid and CHIP Payment and Access Commission
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Delivery System Reform Incentive Payment (DSRIP) programs

- DSRIPs are a new type of supplemental payment generating interest among states
- MACPAC has been working with the National Academy for State Health Policy (NASHP) to better understand these programs
 - Environmental scan
 - Informant interviews
 - Site visits

Prior work on non-DSH supplemental payments

- States reported about \$24 billion (including federal matching funds) in non-DSH supplemental payments in FY 2013
- Because of insufficient data, it is not possible to determine the effect of these payments on policy objectives (e.g., efficiency, quality, and access)
- MACPAC recommended that CMS collect and make publicly available non-DSH supplemental payment data at the provider-level as a first step toward better understanding the use of these funds

DSRIP policy questions

- Can DSRIP supplemental payments be considered an improvement on Medicaid supplemental payment policy?
- What is the long term vision for delivery system transformation?
- What should the role of Medicaid be in supporting delivery system transformation?
- Can DSRIPs be considered successful, and if so, what role should the federal and state governments play in supporting these policies?

Genesis of DSRIP programs

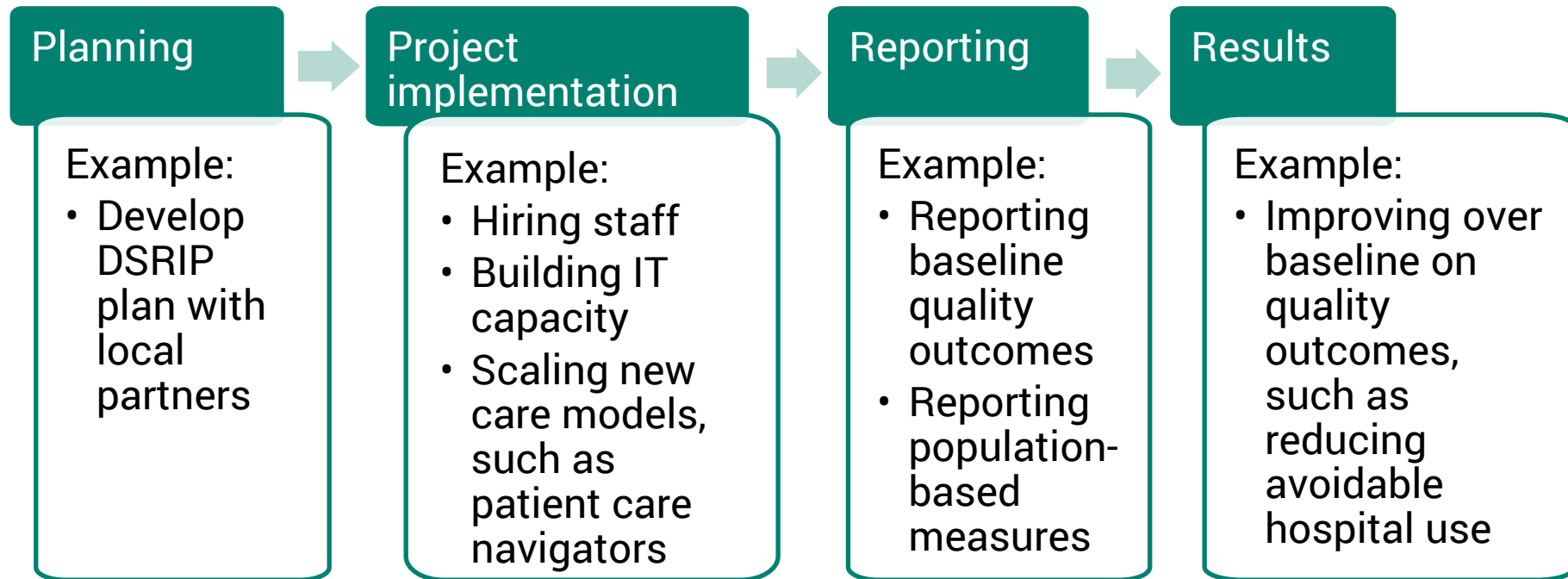
- Since 2010, six DSRIP programs have been approved (CA, TX, MA, NJ, KS, and NY)
- Because of regulatory limits to supplemental payments under managed care, Section 1115 demonstration authority is needed
- While the genesis of each state DSRIP program varies, they generally support two policy goals:
 - Preserving or expanding supplemental payments under managed care
 - Promoting value-based purchasing

DSRIP program design

- Providers earn DSRIP funding for achieving specified project and outcome milestones
- DSRIP projects fall into two general categories:
 - Infrastructure development
 - Care innovation and redesign
- DSRIP projects are tied to corresponding improvements in health outcomes for Medicaid enrollees and the uninsured
- Most DSRIP projects are led by hospitals, but often involve collaborations with non-hospital providers

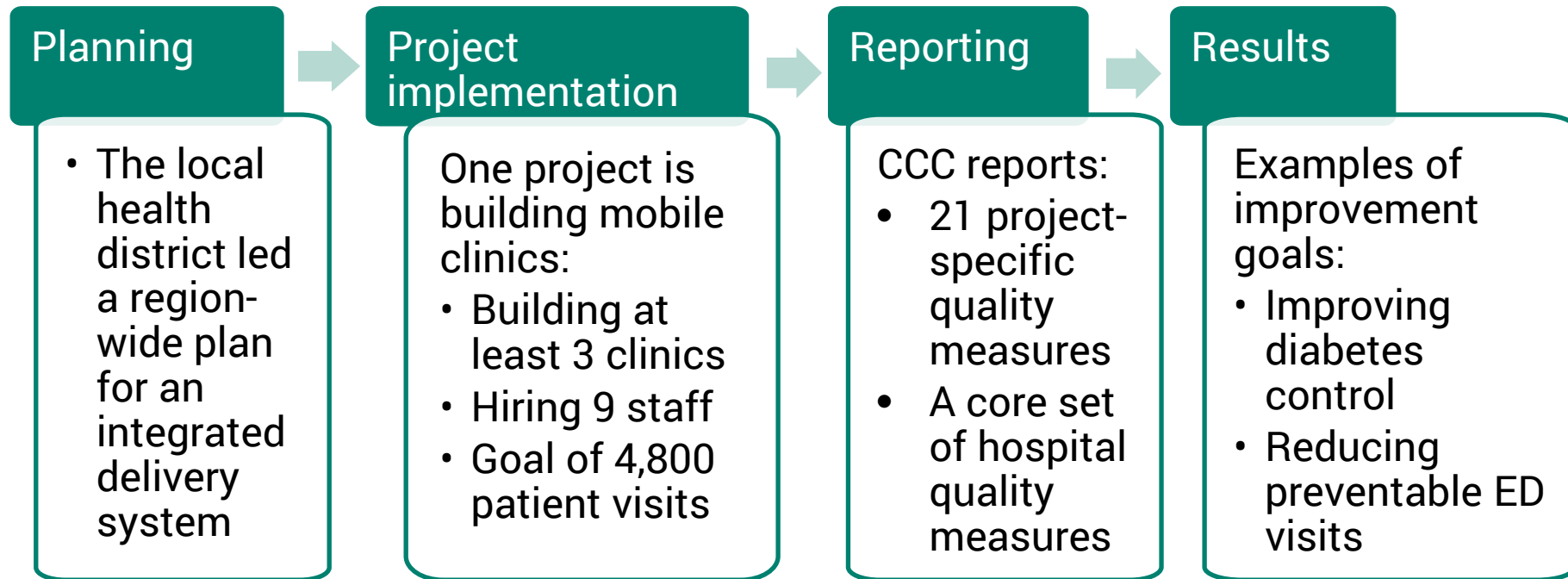
DSRIP payment structure

- DSRIP providers are paid for achieving one of four types of milestones:



DSRIP payment example

- The Community Care Collaborative (CCC) in Austin, Texas is implementing 15 projects



Source: MACPAC analysis of CCC DSRIP project plan, available at <http://texasregion7rhp.net/>

DSRIP financing

- The demonstration's terms and conditions establish the total funding available, which is subject to a budget neutrality test
 - Prior supplemental payments are often included in budget neutrality assumptions
 - Other demonstration savings may also be used
- The non-federal share of DSRIP funding is often provided through intergovernmental transfers from public hospitals

DSRIP monitoring

- States and CMS both have roles in the oversight of DSRIP programs after the demonstration is approved
- DSRIP project plans are developed based on approved list of projects and outcomes
- Once a DSRIP project plan is approved, providers report regularly on their progress
- Each state must conduct an interim and final evaluation of DSRIP with an external evaluator

Current DSRIP programs

State	Implementation timeframe	Participating providers	Number of DSRIP projects	Total maximum federal funding (millions \$)
California	5 years	21 hospitals	388	\$3,336
Texas	5 years	20 RHPs	1,491	\$6,646
Mass.*	6 years	7 hospitals	49	\$659
New Jersey	4 years	50 hospitals	50	\$292
Kansas	3 years	2 hospitals	4	\$34
New York	6 years	25 PPSs	258	\$6,419

Notes: RHPs are regional health care partnerships and PPSs are performing provider systems, which both represent regional collaborations of hospital and non-hospital providers. Definitions of DSRIP projects vary by state and may fluctuate based on subsequent DSRIP plan modifications. Actual funding is contingent upon provider achievement of milestones.

* Massachusetts' demonstration was extended for three years in October 2014. This table describes the total funding for all six years of approval and the number of projects for the first phase of the state's demonstration.

Source: NASHP analysis for MACPAC of special terms and conditions and other available DSRIP documentation

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Themes from interviews and site visits

- Differing views about the primary purpose of DSRIP
- States reported that finding a source of non-federal share was a challenge
- DSRIP implementation is resource intensive for states, providers, and the federal government
- Results of DSRIP program evaluations are not yet available and will lag renewal requests
- States were uncertain whether the delivery system reforms would be sufficient to sustain the program without further investment

Looking forward

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- What should the role of Medicaid be in supporting delivery system transformation?
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