Delivery System Reform Incentive Payment (DSRIP) Program Extension Planning and Protocols

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Goals of 1115 Transformation Waiver

• Expand Medicaid managed care statewide
• Develop and maintain a coordinated care delivery system
• Improve health outcomes while containing costs
• Protect and leverage federal match dollars to improve the healthcare infrastructure
• Transition to quality-based payment systems across managed care and hospitals
Extension Request for the Pools

• The extension request on the funding pools:
  • To continue the demonstration year (DY) 5 funding level for DSRIP ($3.1 billion annually)
  • An Uncompensated Care (UC) pool equal to the unmet need in Texas, adjusted to remain within budget neutrality each year (ranging from $5.8 billion - $7.4 billion per DY)

• The Centers for Medicare and Medicaid Services (CMS) will require that Texas submit a report next year prior to waiver extension related to how the two pools in the waiver interact with the Medicaid shortfall and what uncompensated care would be if Texas opted to expand Medicaid.

• HHSC anticipates a negotiation period with CMS and will plan for a transition period with interim reporting.
Texas DSRIP
Extension Principles

• Further incentivize transformation and **strengthen healthcare systems** across the state by building on the Regional Healthcare Partnership (RHP) structure.

• Maintain **program flexibility** to reflect the diversity of Texas’ 254 counties, 20 RHPs, and almost 300 DSRIP providers.

• Further **integrate with Texas Medicaid managed care** quality strategy and value based payment efforts.

• **Streamline** to lesson administrative burden on providers while focusing on collecting the most important information.

• Improve project-level evaluation to **identify the best practices** to be sustained and replicated.

• Continue to **support the healthcare safety net** for Medicaid and low income uninsured Texans.
Evolving Federal Perspective Based on Recent Waivers

- Recent DSRIP programs are more standardized, increasing accountability by incorporating more outcomes-based payments, and operating through community partnerships.

- While each state’s DSRIP is different, more recently approved DSRIP programs:
  - Have a more narrowly defined project menu - more prescriptive about project goals and reporting measures
  - Have larger proportions of total DSRIP funding dedicated toward reporting and results.
  - More closely align pay-for-performance (P4P) metrics with their projects.
  - Base project valuation and total per-provider funding allocations on standardized formulas.

Source: NASHP report for MACPAC, March 2015
More recently approved DSRIP programs:
• Have all-or-nothing payment (instead of partial payment).
• Have high performance funds (instead of carry forward).
• Require participating providers to submit project budgets.
• May require providers to report at a high level how incentive payments are spent.
• Use attribution models to assign a large portion of the state’s low-income patients to specific participating providers.
• Emphasize the importance of sustainability after quality improvements are achieved.

Source: NASHP report for MACPAC, March 2015
**DSRIP Protocols**

- Texas indicated to CMS in the extension request that we plan to propose ways to strengthen the DSRIP program in the extension period.

- DSRIP requirements in the extension period will be defined in the revised DSRIP protocols - the Program Funding and Mechanics Protocol (PFM) and the RHP Planning Protocol (DSRIP menu).

- HHSC is providing initial information today on the initial high-level proposals for the extension period that will be refined in the DSRIP protocols.

- HHSC will consider stakeholder feedback from now through spring 2016 as we work to finalize the protocols for submission to CMS in late spring/early summer 2016.
DSRIP Planning and Negotiations with CMS

• HHSC previously indicated the DSRIP protocols would be submitted to CMS in early 2016. Based on further discussions with CMS, HHSC now plans to:
  • Submit a proposal for a transition year (DY6) in early 2016; and
  • Submit the revised DSRIP protocols in late spring/early summer 2016.

• HHSC will submit high-level proposals to CMS for consideration on an ongoing basis.
  • Based on CMS feedback about the feasibility of various elements, HHSC then will work with stakeholders to develop detailed requirements.

• HHSC will let stakeholders know of items under discussion with CMS and provide opportunities to submit feedback on these proposals through the HHSC website.
DSRIP Protocols (cont.)

Initial proposals provided today for feedback:

• Transition year (DY 6 - 10/1/2016 – 9/30/2017)
  • Includes parameters for combining projects
  • Laying the groundwork for performance bonus pools
  • Setting a minimum annual valuation amount per provider

• Revised protocols for extension/renewal (beginning 10/1/2017)
  • Continuing and replacement projects
  • Regional performance bonus pools
• HHSC will propose to CMS that current projects that are eligible to continue or will be replaced be eligible to continue for a transition period of one year (DY 6), including 2.4, 2.5, 2.8 and 1.10 projects.

• HHSC plans to submit proposed transition year parameters to CMS in early 2016.

• In summer 2016, providers submit confirmation of whether they plan to continue/replace current projects or if they plan to withdraw projects.

• Valuation proposal
  • DY 6 project valuation will be equal to DY 5 project valuation for most continuing projects.
Transition Year (DY 6) – Categories 1 and 2

Milestones/ Metrics Proposal

• The DY 6 total quantifiable patient impact (QPI) goal will be equal to the DY5 QPI goal, with limited exceptions.

• There will be a Medicaid/Low Income Uninsured (MLIU) QPI milestone for DY 6 for all projects.
  • For projects with a DY 5 required MLIU, the DY 6 MLIU QPI goal will be equal to the DY 5 MLIU QPI goal.
  • For projects that do not have an MLIU metric in DY 5, the QPI MLIU milestone for DY 6 will be pay-for-reporting (P4R).
  • For projects that do not have a MLIU QPI metric in DY5, the DY 6 MLIU QPI goal will be equal to the MLIU goal percentage multiplied by the QPI goal.
    » example: DY 5 MLIU target is 65%, DY 5 QPI goal is 1,500; new DY 6 MLIU QPI milestone goal will be 1,500*0.65=975.
Milestones/ Metrics Proposal (cont.)

- Non-QPI Category 1 and 2 DY 5 milestones/ metrics will be discontinued in DY 6 and potentially replaced with one or more of the following milestones:
  - Core component reporting, including continuous quality improvement (CQI)
  - Sustainability planning, including health information exchange, integration into managed care, and other community partnerships
  - Medicaid ID reporting
- HHSC will need to determine the percentage of a project’s Category 1-2 valuation that each milestone is worth. HHSC is considering the following breakdown:
  - QPI (Total QPI and MLIU QPI) – 60-70%
  - Other (Core component reporting, sustainability planning, Medicaid ID reporting) – 30-40%. 
Category 3 Proposal

• 50% of the Category 3 valuation will be for pay-for-reporting (P4R) on the existing Category 3 outcome(s) in DY 6.

• 50% of the Category 3 valuation will be P4R on project-level evaluation in DY 6.
The extension application includes a proposal to analyze Medicaid data and available all-payer potentially preventable event (PPE) data for managed care service delivery areas and RHPs. HHSC will provide this global trend data to CMS from CY 2013 through the years of the extension period to show whether combined efforts are having an effect on key measures.

- HHSC has been working with Texas Medicaid’s external quality review organization, the Institute for Child Health Policy (ICHP), to determine measures ICHP already collects for Medicaid that intersect with DSRIP activities.

- A challenge for statewide analysis of DSRIP results is that HHSC doesn’t have access to much data on non-Medicaid populations (including low-income uninsured). HHSC is exploring the use of all-payer data from the Department of State Health Services to add all-payer PPE measures to the statewide analysis.
At the DSRIP Statewide Summit in August, the following Medicaid measures were highlighted as possible measures for the statewide analysis plan.

- **Behavioral Health Measures**
  - HEDIS Antidepressant Medication Management (AMM): Acute Phase
  - HEDIS Antidepressant Medication Management (AMM): Continuation Phase
  - HEDIS Follow-Up After Hospitalization for Mental Illness (FUH) within 7 Days
  - HEDIS Follow-Up After Hospitalization for Mental Illness (FUH) within 30 Days

- **Access to Care Measures**
  - HEDIS Children and Adolescents' Access to Primary Care Practitioners (CAP)
  - HEDIS Access to Primary/Preventive Care: Frequency of Ongoing Prenatal Care (FPC)
  - HEDIS Access to Primary/Preventive Care: Postpartum Care (PPC-Postpartum Care)
  - Potentially Preventable Events (PPEs)

- **Potentially Preventable Events**
  - 3M Potentially Preventable Admissions (PPA)
  - 3M Potentially Preventable ED Visits (PPV)
  - AHRQ Pediatric Quality Indicator: Asthma Admission Rate (PDI 14)
  - AHRQ Pediatric Quality Indicator: Diabetes Short-Term Complications Admission Rate (PDI 15)
Measuring DSRIP Success – Performance Bonus Pools (PBP)

- HHSC will establish the PBP measures that will be required for all regions, and will develop a list of additional potential PBP measures that a region can select based on the key community needs and DSRIP areas of focus in that region.
  - HHSC will consider including the measures in the ICHP statewide analysis plan as PBP measures.
- HHSC will use state-generated data instead of provider-generated data for the PBP measures.
- HHSC will need to ensure that there is no duplication of federal funds (e.g., if PPEs are used for the PBP).
- HHSC seeks stakeholder input on potential Medicaid measures and all-payer measures to help reflect the improvements in healthcare delivery in Texas during the waiver period.
• HHSC proposes to set aside 5-10% of each provider’s total DY 6 valuation to lay the groundwork for the performance bonus pool (PBP) that will reward high performing regions from DY 7 onward.

• Providers will be paid in DY 6 based on regional agreement on, and selection of, the region’s shared performance measures.
  • For the smallest providers (providers with less than $500,000 in total Category 1-4 DY 5 valuation), 5% of their DY 6 valuation will be set aside for the region’s PBP measure selection in DY 6.
  • For larger providers (providers with $500,000 or more in total Category 1-4 DY 5 valuation), 10% of their DY 6 valuation will be set aside for the region’s PBP measure selection in DY 6.
Transition Year (DY 6) – Category 4 (cont.)

• For providers not participating in Category 4, the 5% or 10% will be taken from their Category 3 funding.

• For hospitals participating in Category 4, the 5% or 10% will be taken from their Category 4 funding.
  • If the hospital’s Category 4 funding is higher than the required PBP funding, the additional funding will remain in Category 4 for DY 6 (e.g., if their Category 4 funding is 15% of their total valuation, all 15% will go to the region’s selection of performance measures).
  • If the hospital’s Category 4 funding is lower than the required PBP funding, the remainder will be made up by taking proportionately from Category 3 funding.

• HHSC still is thinking through how to handle current Category 4 reporting in the transition year.
The timeline for requesting to combine projects is planned to begin in January 2016.

- The combined project would begin reporting in the transition year (DY 6).

Cross-regional community mental health center (CMHC) projects that are similar may choose to combine into one or more home regions.

- The home region selected must be the region with the highest total valuation.
- CMHCs will be required to maintain a portion (5-10%) of the original allocation in each of the regions for the regional performance bonus pool.

Projects from one or multiple providers within an RHP that provide similar services to different populations may combine into one project.

- e.g., Two similar prevention projects, one targeting females and the other targeting males.
Transition Year (DY 6) - Combining Existing Projects (cont.)

• Projects may combine without reducing QPI effort and not to exceed $5 million valuation per DY.
  • QPI goals will be combined into one QPI metric and goal.
  • HHSC is reviewing how to handle QPI pre-DSRIP baseline for combined projects.

• The performing provider will continue to report and receive payments.
  • Sub-contractors or collaborating providers will continue to report information to the DSRIP provider and receive payments from the DSRIP provider based on fair market value.
HHSC proposes to set a minimum valuation per provider (for Categories 1-4 combined) at $250,000 per demonstration year for the extension period (including the transition year).

- Impacts 27 providers (24 hospitals, 3 local health departments) and 35 projects.
- To increase these providers’ valuation, HHSC proposes to use approximately $3 million of the current $10.7 million remaining funds not allocated in DY 5 to a region or withdrawn projects.
- HHSC will review QPI for each of these projects to ensure QPI supports increased valuation.
- Providers may opt out of the increased valuation if intergovernmental transfer (IGT) funds will not be available.
Revised Protocols for DY 7 Forward

The information on the remaining slides is proposed to be effective beginning 10/1/2017 (for DY 7 through DY 10, or for the extension period approved by CMS).
All projects from areas included on the 3-year menu may be eligible to continue pending HHSC review of higher risk projects. 

• There are many promising projects that need more time to demonstrate outcomes and evaluate best practices.

• Some projects may be required to take a next step and HHSC may propose further standardization of continuing projects (including related to QPI and project intensity).

• The goal is to further transformation in the extension, including by serving additional Medicaid and low-income individuals where feasible and/or taking next steps on initial projects (e.g., a project established a primary clinic, and now will become a patient centered medical home).

• HHSC will balance this goal with allowing projects that are on track to further progress and to account for projects that initially set overly aggressive goals.
Continuing Category 1 & 2 Projects (cont.)

- There will be fewer, more standardized milestones/ metrics to report for achievement.
- HHSC is considering the following milestones:
  - 60-70% of Category 1-2 valuation: QPI (one milestone for total QPI and one for MLIU QPI).
  - 30-40% of Category 1-2 valuation:
    - Core components, including CQI
    - Sustainability planning, including health information exchange, integration with managed care, and other community partnerships; and/or
    - Medicaid ID reporting.
• HHSC will continue to use the quantifiable patient impact (QPI) of each project for Medicaid and low income uninsured individuals as a key indicator for project impact and valuation.

• HHSC is considering changing all QPI metrics to individuals (vs. encounters) for DY 7, though providers will still maintain encounter-level information to support the patient benefit of the project.
Replacement Projects

- HHSC identified the projects in July that will be reviewed and may not be eligible to continue (or may require changes to the project scope, milestones/metrics, and/or valuation).

- HHSC will notify projects not eligible to continue in early 2016 to give providers time to plan for replacement projects if needed.

- These providers may propose replacement projects selected from the extension menu.

- Replacement projects would be submitted to HHSC during DY 6 at a date TBD (such as a target date of January 1, 2017) upon CMS approval of the revised RHP Planning Protocol.
Replacement Projects (cont.)

Replacement projects may be submitted in the following circumstances:

• Four-year projects from 2.4, 2.5, 2.8, and 1.10 project areas (except 1.10 for learning collaborative purposes, which may continue)

• Providers of projects withdrawn after June 30, 2014 (so associated funds are not currently allocated to active projects)

• Projects identified from high risk list based on HHSC review

• Providers may also elect to discontinue a current project(s) and propose a replacement

• May be proposed up to the same valuation as original project, not to exceed $5 million per demonstration year
Extension Menu

Replacement projects must use options outlined in the extension menu.

• The Category 1 & 2 draft extension menu is designed to build on the lessons learned from DSRIP in the initial 5-year waiver.
• The extension menu is a streamlined version of the current RHP Planning Protocol - combined similar project options and removed selected project options to keep the most transformative options on the menu.
• Opportunities to “hit the ground running” through replication of strong, existing projects with limited or no planning period.
• Project options not included on the extension menu often may be a component of a project in the extension.
• Some project areas and options were consolidated to avoid duplication of options across project areas.
• Input from Clinical Champions was considered during the development of the draft extension menu.
  • Best practices options for some project areas will be identified based on the Transformational Impact Summaries submitted to the Clinical Champions Workgroup.

• Replacement projects and metrics will be more standardized than the current DSRIP menu.
  • HHSC plans to develop templates for submission of replacement projects, including core components.

• Project options included in the draft extension menu are shown in the Summary of the Transformational Extension Protocol (posted on the HHSC waiver renewal webpage).
Switching Category 3 and Category 4

Current

• Category 3, Quality Improvements – Healthcare outcomes that are tied to Category 1 and 2 projects (combination of pay for performance and pay for reporting)
• Category 4, Population-Based Improvements – Hospital-level reporting on data in several domains related to potentially preventable events, patient-centered healthcare, and emergency department care (pay for reporting)

Proposal

• Category 3 – Continue to collect project-related outcome data, but switch to pay for reporting outcomes and building measurement capacity
• Category 4 – Change to pay for performance based on regional performance in improving on a set of key measures (regional shared performance bonus pools using state-generated data)
Switching Category 3 and Category 4 
(cont.)

Rationale for Switching Category 3 and Category 4

• Category 3 is extremely complex and many providers, of all types and sizes, are struggling to accurately complete Category 3 reporting and conform to the technical specifications of the measures.

• There is value in building measurement capacity at the provider level and collecting data on the outcomes related to individual DSRIP projects.

• However, given Texas’ volume and variety of outcome measures, state-level data may better demonstrate the overall impact of DSRIP, along with Medicaid managed care and other initiatives, on improving healthcare outcomes and population health.
Category 4 – Performance Bonus Pool (PBP)

- HHSC proposes to set aside 5-10% of each provider’s total valuation for each DY for the Category 4 performance bonus pool (PBP) to reward high performing regions.
- The same 5% or 10% set aside as DY 6 applies beginning in DY 7 for smaller and larger providers.
NY DSRIP High Performance Fund (HPF)

- There are 10 measures that are part of the NY DSRIP HPF:
  - Potentially Preventable Emergency Department Visits (All Population)
  - Potentially Preventable Readmissions (All Population)
  - Potentially Preventable Emergency Department Visits (BH Population)
  - Potentially Preventable Readmissions (BH Population in SNF)
  - Follow-up for Hospitalization for Mental Illness
  - Antidepressant Medication Management
  - Diabetes Monitoring for People with Diabetes and Schizophrenia
  - Cardiovascular Monitoring for People with CVD and Schizophrenia
  - Controlling Hypertension
  - Tobacco Cessation - Discussion of Cessation Strategies

- Performance goals have been established for these measures and will not be changed throughout the DSRIP demonstration.
NY DSRIP High Performance Fund (HPF) (cont.)

- Performing Provider System (PPS) Annual Improvement Targets
  - Will be established using the methodology of reducing the gap to goal by 10%.
  - The most current PPS measurement year (MY) result will be used to determine the gap between the PPS result and the measure’s goal, and then 10% of that gap is added to the most current PPS result to set the annual improvement target for the current MY (baseline for MY1 and so on).

- There are two tiers for payments – Tier 1 for PPSs that close the gap by the goal amount and Tier 2 for PPSs that meet or exceed the high performance level (90th percentile of statewide performance).
NY DSRIP High Performance Fund (HPF) (cont.)

• **Example (Tier 1):**
  
  • Measure: Follow-up for Hospitalization for Mental Illness within 30 days (which measures the percent of discharges with at least one follow-up visit in 30 days).
  
  • Performance Goal: 88.6% (same throughout all 5 years)
  
  • PPS Result from Most Recent MY: 62.4%
  
  • Final PPS Result: 67.6%
### NY DSRIP High Performance Fund (HPF) (cont.)

<table>
<thead>
<tr>
<th>Process Step</th>
<th>Description</th>
<th>Example</th>
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<tbody>
<tr>
<td><strong>Establish gap amount</strong></td>
<td>Goal – PPS’ result = gap</td>
<td>88.6 (goal) – 62.4 (PPS’ result) = 26.2 (gap)</td>
</tr>
<tr>
<td><strong>Establish annual increment from gap</strong></td>
<td>Gap * .10 = annual increment</td>
<td>26.2 (gap) * .10 = 2.62 (annual increment)</td>
</tr>
<tr>
<td><strong>Establish improvement target by adding annual increment to PPS’ result</strong></td>
<td>Annual increment + PPS’ result = improvement target</td>
<td>2.62 (annual increment) + 62.4 (PPS’ result) = 65.02 (improvement target)</td>
</tr>
<tr>
<td><strong>Actual PPS performance for MY evaluated for achievement and high performance (Tier 1)</strong></td>
<td>Final PPS calculated result for the measure exceeds improvement target and reduces gap by 20% achieving high performance (Tier 1)</td>
<td>PPS result 67.6 (5.24 point gain of 26.2 point gap is 20%)</td>
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Items in Development

• Extension menu – stakeholder feedback is being incorporated
• Replacement project requirements – Clinical Champions is reviewing models/best practices
• QPI requirements for DY 7 forward
• Additional Category 1 or 2 standardized metrics
• Potential changes to Category 3 measures
• Statewide analysis plan
• Regional performance bonus pool measures and funding
• Further uses for funds not allocated to active projects
Waiver Communications

• Find updated materials and outreach details:
  • [http://www.hhsc.state.tx.us/1115-waiver.shtml](http://www.hhsc.state.tx.us/1115-waiver.shtml)

• Submit questions to:
  • [TXHealthcareTransformation@hhsc.state.tx.us](mailto:TXHealthcareTransformation@hhsc.state.tx.us)