



MEMO

Re: Earning funds through Net Project Valuation and Monetary worth of Achievement Values
November 23, 2015

Overview

New York State Performing Provider Systems (PPS) can earn funds through five different pools as part of the Delivery System Reform Incentive Payment (DSRIP) Program; Net Project Valuation, Net High Performance fund, Additional High Performance Fund (AHPP), Safety Net Equity Guarantee fund (Equity Infrastructure Program or EIP), Safety Net Equity Performance Fund (Equity Performance Program or EPP). The mechanism of earning DSRIP funds for the 25 PPSs is complex and varies for each funding stream. This memo outlines the details of how dollars can be earned through Net Project Valuation award which makes up the initial \$6.42B DSRIP incentive pool.

Table 1: Summary of DSRIP Funding Pools

Funding Stream	Net Project Valuation	Net High Performance Fund (3%)	Additional High Performance Fund (AHPP) (State Only)	Safety Net Equity Guarantee - EIP Funds	Safety Net Equity Performance- EPP Funds
Statewide total	\$6.42B	(Part of Net Project Valuation)	(Part of Net Project Valuation)	\$738M	\$492M
Eligible PPSs	All	All	All	15 (primarily downstate)	15 (primarily downstate)

Table 1: DSRIP Funding Streams for the PPSs. As indicated, primarily downstate PPSs qualify for EIP and EPP funds.

Earning Net Project Valuation Award

Net Project Valuation award funds are entirely at risk based on the PPSs achieving prescribed milestones and metrics. Each PPS is capped at a maximum potential award or valuation from this funding stream. Valuation is calculated on a per-project per county basis taking into account the index score of the project¹, total number of projects (valuation benchmark)², PPS member attribution³, and number of DSRIP months. Earning of these funds then follows the diagram in Figure 1 and allocated on an annual basis as illustrated in Table 2.

Figure 1.

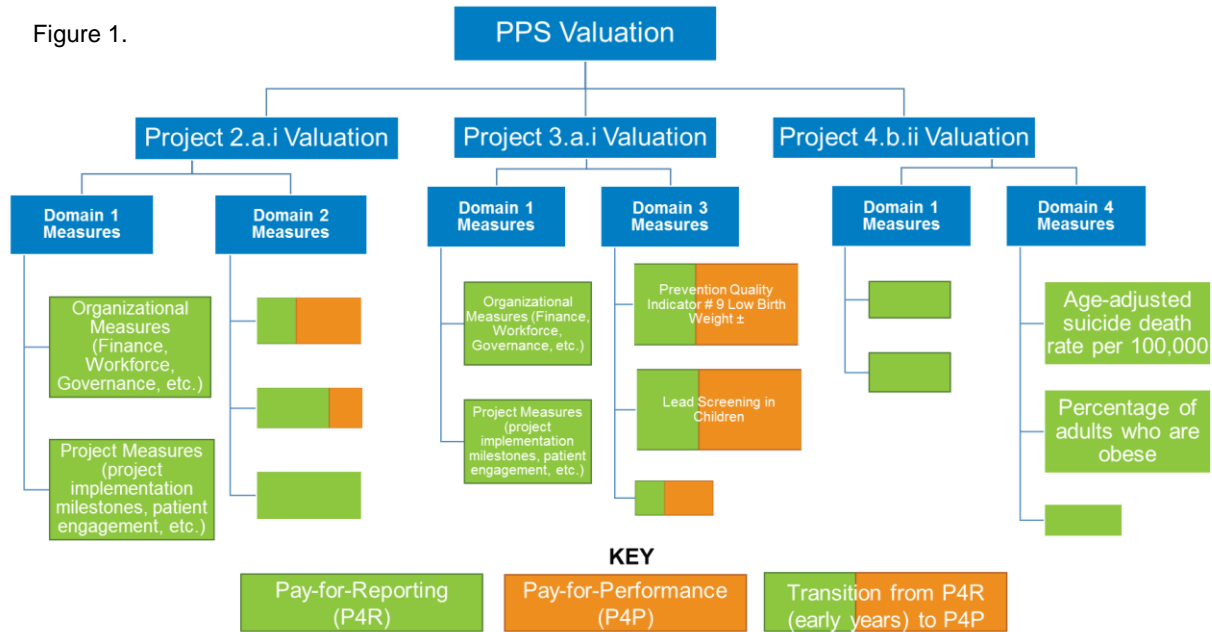


Figure 1: Each DSRIP project a PPS has selected has a maximum valuation already set by the State. The dollars for each project can be earned by achieving milestones in two Domains; Domain 1 and the domain corresponding to the project.

Dollars allocated to each of the 4 domains are distributed to PPSs as follows:

Table 2: Demonstration Year (DY)		1	2	3	4	5
Domain 2 Projects	Measure Type	15.84%	16.88%	27.29%	24.16%	15.83%
Domain 1 Measures	P4R	80.0%	60.0%	40.0%	20.0%	0.0%
Domain 2 Measures	P4P	0.0%	0.0%	48.0%	70.0%	91.0%
	P4R	20.0%	40.0%	12.0%	10.0%	9.0%
Domain 3 Projects	Measure Type	15.84%	16.88%	27.29%	24.16%	15.83%
Domain 1 Measures	P4R	80.0%	60.0%	40.0%	20.0%	0.0%
Domain 3	P4P	0.0%	24.0%	50.0%	69.0%	87.5%
	P4R	20.0%	16.0%	10.0%	11.0%	12.5%
Domain 4 Projects	Measure Type	15.84%	16.88%	27.29%	24.16%	15.83%
Domain 1 Measures	P4P	80.0%	60.0%	40.0%	20.0%	0.0%
Domain 4 Measures	P4R	20.0%	40.0%	60.0%	80.0%	100.0%



Key Takeaways

- Domain 1 measures stretch across projects with a number of overlapping measures for each.
 - Governance, Financial Sustainability, Cultural Competency and Health Literacy and Workforce milestones are the same for all projects. They make up approximately 50% of allocated dollars for Domain 1 measures.
 - 25% of all dollars allocated to Domain 1 measures were attributed for submitting PPS Project Plan Application in December 22, 2014.
 - The remaining 25% of Domain 1 dollars are paid out to PPSs based on achieving project requirements and patient engagement goals per project.
- There are a number of overlapping measures within all Domain 2, 3 and 4 projects. Each PPS has at least two projects from this list. In order to evaluate the dollars linked to each measure, a more detailed analysis must be performed by PPSs that takes into account the number and type of applicable measures.
- Certain measures within Domain 2 projects are Statewide measures meaning they are evaluated for the entire State starting year 3. Each measure will be evaluated based on whether there was improvement or not and within each Domain, all measures are considered passed if more measures are improving than worsening compared to the year prior and compared to baseline.
- Cash flow for Net Project Valuation bucket is distributed in semi-annually for years 2-5. DY1 is the one exception where there are three payments, the first one being based on submitting the project plan application and the other two payments being based on reporting on infrastructure, financial and outcome measures.

Recommendations

- In order to estimate the DSRIP revenue it is recommended that PPSs take a conservative approach when specifying assumptions of risk in earning Net Project Valuation Dollars (Table 3).
 - Assume every dollar is at risk with Pay-for-Reporting (P4R) dollars being at lowest earning risk and Pay-For-Performance (P4P) dollars being at highest risk. Similarly statewide measures are at higher risk than PPS-specific P4P funds
 - If assuming earnings will be realized from the high performance pools, the assumed risk of earning those dollars should be higher than for regular P4P.
 - For those measures that are high performance eligible evaluated Statewide, the risk of earning is even higher than all others.

Table 3: Measure Domain >>	1	2	3	4	Total # of Measures (excluding Domain 1)
P4R Measures	10%	5%	5%	5%	124
Regular P4P Measures	40%	40%	40%	n/a	15
High Performance Eligible P4P Measures	n/a	60%	70%	n/a	9
Statewide P4P Measures	n/a	n/a	85%	n/a	17
Statewide High Performance Eligible P4P Measures	n/a	n/a	95%	n/a	2

Table 3: Example of earning risk associated with each measure type for each of the domains. The total number of measures will vary for each PPS depending on the number and type of projects selected.



- For planning activities around strategies on earning dollars linked to each measure, it is important to indicate whether a measure is earned on a P4P basis, P4R basis or otherwise. The mode of earning dollars linked to each measure also changes from year to year.
 - Another important consideration in developing strategies to move the dial on measures is the dependency of improving on that measure from year to year. The goal for each year is based on the results from the year prior thus it becomes more difficult to improve on a measure as the years progress.

Resources

1. New York State DSRIP Project Menu.
http://www.health.ny.gov/health_care/medicaid/redesign/docs/dsrip_project_toolkit.pdf
2. Valuation Benchmark.
https://www.health.ny.gov/health_care/medicaid/redesign/docs/dsrip_attrib_and_valuation_webinar_slides.pdf