

# Key Considerations to Maximize 1115 Waiver Quality Performance: The Challenge, The Opportunity, The Future

With all of the challenges that 2020 has injected into health system operations and priorities, providers and payers are appropriately focused on Covid-19 prevention and treatment, organizational preparedness and mitigation of financial impact. Texas providers participating in the Medicaid 1115 demonstration waiver Delivery System Reform Incentive Payment (DSRIP) also have a unique opportunity in the remaining months of 2020 to make rapid cycle improvement efforts centered around quality measure performance. These improvements can have a major impact not only short-term revenue earned under the waiver but also long-term sustainability in the evolving value-based payment (VBP) environment. As health systems begin to understand the impact of Covid-19 on financial performance, providers struggling under traditional fee-for-service (FFS) models may have a new sense of urgency to participate in VBP arrangements.

Improvements in short-term revenue gains through the DSRIP program and VBP performance over time will require:

- Understanding the impact of Covid-19 on payer mix over the next six to eighteen months
- Recognizing the ability to provide traditional in-person services and preventive screenings, as well as remote care monitoring and telehealth
- Prioritizing metrics for rapid cycle improvement efforts and maximizing DSRIP funding for improvement
- Preparing for long-term sustainability by assessing how the quality improvement work through DSRIP can be leveraged to impact performance in other quality programs such as Merit-based Incentive Payment System (MIPS) and VBP contracts with payers

## The Challenge: Understanding the Covid-19 impact on payer mix and DSRIP

As a key part of its Medicaid 1115 demonstration waiver, Texas implemented the largest DSRIP program in the nation in 2011, serving approximately 12 million Texans. The Texas waiver asks participants to drive improvements across the continuum of care and all lines of business. While the waiver prioritizes the Medicaid population, the current incentive quality metrics are reported for all-payer, Medicaid and low-income/uninsured (LIU) and are mostly paid based on the performance of the combined Medicaid/LIU population, making it essential that providers consider changes in the size of this population when implementing improvement initiatives. Business closures and layoffs due to the Covid-19 pandemic will likely increase the total Medicaid/LIU population numbers, increasing the denominator for quality impact measurements.

A recent study by Kaiser Family Foundation (KFF) found that in Texas, as a result of job losses from the impact of Covid-19, approximately 1.6 million people will lose their employer-sponsored health insurance between now and the end of 2021. Of those, 328,000 will be immediately eligible for Medicaid and another 212,000 will become eligible in 2021. With over 500,000 Texans potentially joining the Medicaid population, the implications to the health care system generally are significant, and for DSRIP providers can significantly impact performance and associated drawdowns. This shift creates an urgency for health systems, physician groups and health plans to further develop and implement their Medicaid and exchange strategies beyond DSRIP, including expansion of federally qualified health center (FQHC) capacity and premium support programs for the subsidized exchange products.



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The \$14.7 billion DSRIP pool incentivizes programs that support efforts at the provider level to enhance access to care and the health of the patients and families they serve. As DSRIP providers begin to think about their performance in 2020, two key considerations should be prioritized. First, the total Medicaid/LIU population will likely increase in the current and subsequent performance years, resulting in more encounters in the population that determines payment based on performance. Second, the impact of the Covid-19 pandemic will limit in-person encounters and the strategic focus on programs designed to improve DSRIP performance. While there are many challenges to come, there is also time and opportunity to capitalize on improving performance to draw down meaningful incentive dollars. Providers who prioritize and focus on strategic quality metrics have an opportunity to make significant impact on their performance and subsequent dollars earned in the second half of 2020.

## **The Opportunity: Prioritizing metrics for rapid improvement and maximizing DSRIP funding opportunities in 2020**

The Centers for Medicare and Medicaid Services (CMS) has recognized the impact Covid-19 has on the performance of providers and has published guidance on funding flexibilities for CY2020. For Texas, this impact on Category B and C (the categories most directly linked to performance) funding. Despite these flexibilities, providers should be working toward improving performance to earn incentive payments for 2020 as best as they can. With limited time and opportunities remaining in 2020 to make significant improvements, providers should consider shifting focus to the most achievable metrics. Metrics such as reducing the severity of clinical depression requires a 6-month remission period, which makes the performance on this metric extremely difficult to impact with the remaining time in 2020, especially during a time period in which non-emergent patients are not coming for their regularly scheduled appointments during the Covid-19 pandemic.

Providers should consider bringing key leaders and frontline staff together where possible to assess and analyze their cumulative performance by measure over the recent performance years, focusing on the metrics where they have achieved less than 100 percent of their gap-to-goal hurdles. Once measures are identified as performance not met, providers should ask tough questions such as:

- What kept us from achieving goals?
- What best practices should be implemented?
- What is our gap to meet our performance goal?

These prioritized measures may either have easy-to-implement operational changes, such as standardized documentation in a discrete electronic medical record (EMR) field or using a chase list to fill care gaps, or those metrics that have the greatest financial incentive tied to them. Providers must act quickly to complete the analysis, metric prioritization and identification of initiatives in order to implement training and operational changes. With a changing health care landscape and less than six months remaining in the measurement year, time is of the essence in prioritizing measures that can more easily be impacted in the remaining months of 2020.

## **The Future: Preparing for long-term sustainability**

In addition to creating a collaborative effort and focus on maximizing performance in the remainder of 2020, providers need to leverage this work as a foundation for future. It is extremely vital that organizations begin to prepare for long-term sustainability as DSRIP funding will not last forever. Provider organizations should start thinking about ways to continue transformation and improving quality outcomes without DSRIP funding.

While taking the opportunity to focus on care gaps left unaddressed in the wake of Covid-19, one major opportunity is for organizations to take steps towards developing VBP models and even primary care capitation through the Medicare Direct Contracting program. VBP mimics the goals of the 1115 waiver, including expanding risk-based managed care statewide and improving outcomes while containing cost

growth and transitions to quality-based payment systems across managed care and providers. While value-based programs appear more complex than traditional FFS, through increased efficiencies, overall cost of care will diminish overtime. Just as improving reporting and data analytics capabilities and performance improvement on clinical outcomes is a critical outcome of DSRIP program participation, enabling performance measurement is an integral part of the success of VBP. When implemented in conjunction with performance measurement, value-based principles, such as rewarding success through risk sharing and data driven decision making, will facilitate a culture of producing optimal health care outcomes and improving overall performance.

The next few decisions will determine both short-term and long-term sustainability through the end of DSRIP. It is imperative that providers begin planning right now.

*COPE Health Solutions can partner with your organization to perform a readiness assessment on your ability to perform in the current climate of Covid-19 and leverage findings to answer key strategic questions. Our goal is to assist our clients to align managed care strategy and DSRIP performance to create opportunities to maximize the use of DSRIP dollars as investments in population health infrastructure and equip you with the necessary tools to be successful in risk-based environments.*

*For more information on how to prepare for your organization for upcoming policy and market changes, please contact Stephanie King, Manager at [sking@copehealthsolutions.com](mailto:sking@copehealthsolutions.com) and 213-259-9482, Anne Thorsen, Senior Consultant at [athorsen@copehealthsolutions.com](mailto:athorsen@copehealthsolutions.com) and 646-630-4707 or Allen Miller, Principal, COPE Health Solutions at [amiller@copehealthsolutions.com](mailto:amiller@copehealthsolutions.com) and 310-386-5812.*

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