

Contact: \_\_\_\_\_  
\_\_\_\_\_

In 1997 New York State (NYS) implemented a program called the Partnership Plan through the section 1115 under the Medicaid Managed Care (MMC) program after the approval from the Center for Medicare and Medicaid Services (CMS).<sup>1</sup> The MMC is a state-federal partnership for administering Medicaid through managed care organizations (MCO).<sup>2</sup> Under the MMC program, states have a choice in how they approach Medicaid reimbursement and delivery system design under certain guidelines outlined in the MMC program.<sup>3</sup> The aim of the NYS Partnership Plan was to “better increase access to health care for the Medicaid population; improving the quality of health care services delivered; and expanding coverage to additional low income New Yorkers with resources generated through managed care efficiencies.”<sup>4</sup> After NYS’s Partnership Plan had been operating for fourteen years, Governor Andrew Cuomo of NYS realized that the Medicaid budget had been continuously rising to reach \$53 billion in 2011 and was in need of reform.<sup>5</sup> This report will detail the reforms initiated by NYS and Governor Cuomo to transform their MMC Section 1115 waiver and the NYS Medicaid Program.

---

<sup>1</sup> New York State Department of Health, “Quality Strategy for the New York State Medicaid Managed Care Program 2014,” accessed 4/13/16, [http://www.health.ny.gov/health\\_care/managed\\_care/docs/quality\\_strategy.pdf](http://www.health.ny.gov/health_care/managed_care/docs/quality_strategy.pdf).

<sup>2</sup> Centers for Medicare & Medicaid Services, “Managed Care,” accessed 4/13/16,

In January 2011 Governor



“\$500 Million for the Interim Access Assurance Fund temporary, time limited funding to ensure current trusted and viable Medicaid safety net providers can fully participate in the DSRIP transformation without disruption  
\$6.42 Billion for DSRIP including DSRIP Planning Grants, DSRIP Provider Incentive Payments, and DSRIP Administrative costs  
\$1.08 Billion for other Medicaid Redesign purposes. This funding will support Health Home development, investments in long term care and workforce, and enhanced behavioral health services”<sup>23</sup>

The major goal of NYS’s Section 1115 waiver amendment was to implement the Delivery System Reform Incentive Payment (DSRIP) program. DSRIP’s 3 major goals are:

1. “Safety net system transformation at both the system and state level accountability for reducing avoidable hospital use [25% over 5 years].
2. Improvements in other health and public health measures at both the system and state level.
3. Efforts to ensure sustainability of delivery system transformation through leveraging managed care payment reform.”<sup>24</sup>

Under the MRT’s suggestions, “DSRIP funds provide incentive payments to reward safety net providers when they undertake projects designed to transform the systems of care that support Medicaid beneficiaries and low income uninsured.”<sup>25</sup>

Only certain health care providers qualify as “safety net providers.”

recommendations to implement.<sup>29</sup> PPSs create a network of health providers that consist of safety net providers and other DSRIP eligible providers in one specific geographical preset area of NYS. There are currently 25 PPSs, all of which can be found on the PPS website.<sup>30</sup> PPSs take responsibility for almost all Medicaid beneficiaries within their defined districts.<sup>31</sup> Medicaid beneficiaries will use providers in their PPS to promote cooperated care of patients through multiple healthcare providers. PPSs are broken up into categories attributed by the type of provider category they fall under.<sup>32</sup>

DSRIP reformed the health care delivery system by using incentives for providers to provide health care that matches the quality of care. PPSs are solely responsible for implementing DSRIP programs, and their reimbursed payment is based on success, not simply implementation.

In order to sustain Delivery System Reform Incentive Payment (DSRIP) results and incentivize PPS networks, NYS plans to slowly eliminate Fee-for-Service (FFS) healthcare system and reach an 80% Value Based Payment (VBP) to providers by 2020, the end of DSRIP year 5, by phasing in the VBP system.<sup>33</sup> The VBP system NYS is implementing is aligned to both the DSRIP's program and MCO's.<sup>34</sup> MCOs are used to manage cost, quality, and utilization.<sup>35</sup>

In order to implement a VBS system, NYS has released a detailed roadmap outlining possible paths towards payment reform.<sup>36</sup> Just as PPSs have the freedom to choose which aspects of the DSRIP program to implement, NYS "aims to give PPSs, providers, and MCOs a comprehensive range of VBP options to consider."<sup>37</sup> This flexibility allows PPSs, MCOs, Accountable Care Organizations (ACOs), Independent Practice Associations (IPAs), or individual providers to adopt a VPB system that is best tailored to their specific needs.<sup>38</sup> When health care providers implement a VBP system they become "VBP Contractors."<sup>39</sup>

---

<sup>29</sup> New York State Department of Health, "Performing Provider System Network Lists,"

