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TO: Memo Distribution List

FROM: Hinman Straub P.C.

RE: DSRIP Draft PPS Application and Scoring Guide

DATE: October 27, 2014

NATURE OF THIS INFORMATION: This information regarding the early stages of developing what will later become new requirements you will need to be aware of or implement. You will likely want to keep abreast of developments or provide your input so the final requirements are not a surprise.

DATE FOR RESPONSE OR IMPLEMENTATION: October 29, 2014

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THE FOLLOWING INFORMATION IS FOR YOUR FILING OR ELECTRONIC RECORDS:

Category:	#2 Providers and payments to them	Suggested Key Word(s):
	#3 Plan Management, operations and structure	
	#9 Medicaid and Medicare	

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On September 29, the Department of Health posted the Draft DSRIP Performing Provider System (PPS) Project Plan Application and Scoring Guide ([available here](#)). The Project Plan Application consists of two components: the Project-Specific Application ([available here](#)) and an Organizational Application ([available here](#)). The scoring guide illustrates how the DSRIP Independent Assessor (Public Consulting Group or “PCG”) will calculate a project’s and the PPS’s overall organizational system score, and how these scores are combined into a “total application score” to calculate a project’s total value, or the amount of DSRIP funding a PPS is eligible to receive, per project, over the 5-year DSRIP waiver period. The Project-Specific Application, the Organizational Application, and the Application Scoring Guide can all be accessed at the following website:

- https://www.health.ny.gov/health_care/medicaid/redesign/dsrp_project_plan_application_draft.htm

The Department is seeking comments on the PPS Project Plan Application and Scoring Guide and all relevant background materials, which may be submitted electronically via email to dsripapp@health.ny.gov. Comments are due by **October 29, 2014**.

This memorandum:

- ✓ Provides an Overview of the Project Application and Organizational Application Scoring Process;
- ✓ Highlights key components of the Project Plan Application and Organizational Application sections; and
- ✓ Identifies next steps and additional considerations.

Please contact us with any questions.

I. PPS Project & Organizational Application and Scoring Guide: Overview

The project application score is the sum of two calculations: a project-specific score and the PPS’ organizational application score. The project-specific score is worth 70% of each project’s total application score. It is determined based on the DSRIP Independent Assessor’s (PCG) score of the subjective and objective components of the project. PPSs must select no fewer than five but no more than eleven projects, and must select at least two projects from both Domain 2 and 3, and at least one from Domain 4.¹

The PPSs organizational application score is an assessment of the PPSs overall governance and systemic strength, and requires the PPS to describe its governance structure, workforce plans, community needs, and overall goal and vision. This score is applied to every project the PPS selects, and is worth 30% of the total application score.

¹ A number of additional requirements are imposed on project selection. PPSs may select up to four projects from Domains 2 and 3, and two from Domain 4. A PPS must select at least one project from Domain 2 “sub-list A” and one from “sub-list B or C”, and at least one behavioral health project from Domain 3 sub-list A. If a PPS selects 10 projects across Domain 2,3, and 4, they are eligible to participate in the 11th project, related to patient engagement of the uninsured and low Medicaid utilizers (Project 2.d.i.)

II. Project-Specific Application

❖ Components of the Project Application

Every project-specific score includes a subjectively scored project description and justification section, and a set of objectively scored criteria that are intended to measure the scale and speed of implementation. These criteria may vary slightly depending on the project, but in general include:

- (1) the total number of providers participating in the project
- (2) the expected percentage of targeted patients the PPS intends to actively engage in the project
- (3) the expected timelines for achieving project requirements, and
- (4) the expected timelines for engagement of targeted patients.

Notably, many projects also include a fifth criterion: the percentage of providers participating in the project that are safety net providers.

For most projects, the project justification and description section will be the only subjectively scored element of the application, and account for 20% of the project-specific score. The remaining 80% of a project-specific score will be determined by the objective criteria listed above. Based on this framework, PPSs that (1) partner with a greater number of safety net providers and (2) indicate that they will achieve project milestones and patient engagement requirements faster will receive a higher project-specific score, which increases their ability to earn more incentive funding for their project.

One notable exception to the 20% - 80% subjective/objective scoring split is Project 2.a.i. (“Create an Integrated Delivery System”). As one of the heaviest weighted projects, tied only with the “11th project” that focuses on access for under-utilizers of services and the uninsured, it is expected that this project will be selected by many PPSs. For this project, 40% of the project-specific score will be determined based on subjectively scored sections that ask the PPS to discuss its system transformation vision and how the governance strategy will evolve PPS participants into an integrated delivery system. Despite what may appear like a lack of emphasis then, on the objective criteria, this project also includes the most extensive list of objective criteria, with 11 different quantitative metrics that comprise the remaining 60% of the project’s score.

In addition, all Domain 4 projects will be subjectively scored in their entirety, based on the project justification and description. Domain 4 projects are population-wide projects that are based on the New York State Prevention Agenda. These projects receive a much lower project value than Domain 2 and 3 projects but are intended to be easier to implement. PPSs may select a maximum of two Domain 4 projects.

Initial Milestones Required For First Round of Incentive Payments

Each project has specific milestones that must be met to demonstrate progress to receive incentive payments. The first set of milestones are process related, and are referred to as Domain 1 measures and milestones. DOH has posted a chart that includes “Domain 1 Governance Milestones” for DSRIP projects² ([available here](#)). The Domain 1 process milestones and metrics for each project are included on the project application. The chart includes the data source PCG will use to evaluate whether the milestone has been completed to allow for incentive funds to be paid. Examples of data sources include quarterly reports, implementation plans, protocol documentation, and the formation of agreements.

Capital

Some projects ask the PPS to indicate whether the project will require capital budget funding, and why funding is necessary for the project to be successful.

III. Organizational Application

The organizational application counts for 30% of *every* project’s total application score. This affords it substantial weight, particularly for PPSs that elect to participate in several projects.

The organizational application consists of eleven sections, six of which are scored, while the remaining five are graded Pass/Fail only. These sections include: the executive summary (P/F); Governance (25%); Community Needs Assessment (25%); DSRIP Projects (P/F); PPS Workforce Strategy (20%); Data-Sharing, Confidentiality & Rapid Cycle Evaluation (5%); PPS Cultural Competency & Health Literacy (15%); DSRIP Budget & Flow of Funds (P/F); Financial Sustainability Plan (10%); Bonus Points (if applicable); and Attestation (P/F).

Thus, 21% of every PPS’s project score (70% of the 30% org score) hinges on three organizational sections: the PPSs Governance plan and strategy, how it conducted, describes, and applies projects to its Community Needs Assessment (CNA), and its Workforce Strategy. Each section will be discussed in greater detail below. It bears noting that many projects also reference the PPSs governance plan and CNA under the specific project applications as well, making their impact on application scores and project values even more profound. Thus, PPSs are highly incentivized to focus efforts on these aspects for their applications, even though they will not need to actually implement these plans for several months/years to receive DSRIP incentive funds.

² The milestones are provided for every Domain 2 and 3 project, but not Domain 4 projects.

❖ Components of the Organizational Application

The Executive Summary & Regulatory Waiver Process

Despite being graded P/F, the Executive Summary is a critical section of the organizational application. In this section, the PPS sets forth in 500 words or less its goals, objectives, and long term vision for what the PPS will look like after the DSRIP. The Executive Summary is where the PPS also requests regulatory relief to facilitate project implementation. The section includes the following instructions for PPSs seeking to waive regulations:

- identify the regulation the PPS would like waived;
- the specific project or projects the waiver is being requested for;
- the reasons for the request, including how the waiver would facilitate implementation and why the regulation might otherwise impede project implementation;
- what, if any, alternatives exist; and,
- why the requested relief does not pertain to patient safety and why waiver would not jeopardize patient safety, including conditions that could be imposed to ensure no such risks exist, such as the submission of policies and procedures to mitigate risks of persons or providers affected by the waiver, appropriate training, etc.

The Executive Section is also where the PPS must indicate whether it intends to apply for either a Certificate of Public Advantage (COPA) or an ACO Certificate.

Governance

Worth 25% of the organizational application score, this section is comprised of six individual subsections. These subsections require information on governance members and processes, including how members will be selected, how the PPS will ensure there is sufficient representation of PPS partners; a section requiring a discussion on how the project advisory committee (PAC) was formed and the role it has and will serve; a discussion on PPS compliance, and a description of the financial controls, including how the PPS will provide oversight and ensure poor performing providers are sanctioned or removed. In addition, the PPS must provide information on the governance model it will use. PCG recommends that PPSs reference the DSRIP “‘how to guide’ for governance” prepared by the DSRIP support team, KMPG, where applicable in describing its governance model. The application also requires the submission of a PPS organizational chart. The Domain 1 Governance milestones for this section (i.e., what the PPS needs to earn incentive payment at this initial phase) require the submission of an implementation plan outlining commitments to achieve the proposed governance structure.

Community Needs Assessment

Also worth 25%, in this section the PPS describes how it completed its community needs assessment, including information on its process, methodology, and the information and

data that were leveraged from existing resources. The CNA must provide a comprehensive assessment of the health care resources and community based services available in the service area, along with the demographics and health needs of the population. In addition, this section must describe identified health challenges and gaps in available health care provider and community resources; the stakeholder/community engagement process that was undertaken in developing the CNA; the PPSs proposed healthcare provider infrastructure; high level findings from the CNA, summarizing the community needs identified that will be designated with a unique community need identification number and referenced in the DSRIP project selection of the application. For Domain 4 DSRIP projects, the PPS will have to discuss how the results of the CNA informed the selection of the particular project. The PPS must include its CNA as an attachment to its application.

Workforce

Worth 20% of the organizational score, the PPS identifies all impacts on their workforce that are anticipated as a result of the implementation of their chosen projects. The PPS must summarize how existing workers will be impacted in terms of possible redeployment or reductions (and whether it will be voluntary), identifying the specific workforce categories of existing staff that will be impacted. PPSs are also required to describe their approach to minimize the “negative impact” to the workforce, including any plans to re-train or re-deploy workers into full or partial placement positions. The PPS must discuss how its workforce plans may intersect with existing state programs, including Doctors across New York, Physician Loan Repayment, and Diversity in Medicine, among other initiatives.

Other Scored Sections

Other scored sections include:

- Data-sharing, confidentiality & rapid cycle evaluation: worth 5% of the structure score, half of this section’s score is determined by the PPS’s plan for data-sharing and confidentiality protocols that are HIPAA compliant and permit the sharing of information in real-time to improve the quality of care. The other half of this section’s score is determined by the PPS’s plan for rapid cycle evaluation and interpretation of recommendations and its plan to evaluate performance of PPS partners and providers within the system and implement ameliorative measures.
- Cultural competence and health literacy: worth 15%, the PPS must describe known cultural competency challenges which need to be addressed and the strategic plan to implement a culturally competent organization. PPSs must also describe their plan to improve/reinforce health literacy of patients served. Examples include evaluating if the PPS has integrated health literacy into its mission and planning.
- Financial sustainability plan: The PPS must provide an assessment of its financial landscape, including an assessment of its partner providers, and the path to achieve financial sustainability for the PPS and financially fragile providers. The

PPS must identify how it plans to identify PPS partners that are currently financially challenged and at risk for financial failure. Part two of this process requires the development of a strategic plan to achieve financial sustainability. Of note, this section requires the PPS to articulate its strategy to implement payment reform. PPSs must specifically articulate their vision for transforming to value based reimbursement and how they plan to engage Medicaid Managed Care plans in this process.

DSRIP Budget & Flow of Funds

PPSs must describe their plan for distributing funds among the clinical specialties. The PPS must outline how the distribution is consistent with/ties together with the governance structure, and also describe how the proposed approach will allow the PPS to achieve its DSRIP goals. The project application indicates only a “high level” summary of the distribution plan is required.

In addition, PPSs must identify the percentage of payments it intends to distribute amongst defined funding distribution categories, which must include (but are not limited to):

- Cost of project implementation: costs incurred by the PPS, such as salary and benefits, contractor costs, materials and supplies, etc.
- Revenue loss: PPSs should consider revenue lost by participating providers in implementing the DSRIP Project Plan through changes such as bed reductions and closures.
- Internal PPS provider bonus payments: PPS should consider the impact of individual providers in the PPS meeting and exceeding the goal of the PPSs DSRIP project;

Specifically, the PPS must complete a chart that includes these elements to illustrate its proposed approach for allocating performance payments.

Bonus Points

PPSs have the ability to enhance their project scores by earning three additional points to their total application score. These points may be earned through:

- Population Health Management: Bonus points can be earned if the lead PPS organization has experience and success working on population health management strategies to improve care coordination and decrease hospitalizations within the IDS.
- Workforce Strategies: Bonus points can be earned if a PPS has or intends to contract with a proven and experienced entity to help carry out the PPS’ workforce strategy of retraining, redeploying, and recruiting employees. Particular emphasis is being placed on entities that can demonstrate experience successfully retraining and redeploying healthcare workers due to restructuring changes.

- 11th Project: Bonus points will be awarded to PPSs that elect to pursue the 11th project.

Domain 1 Process Measures and Milestones

The Domain 1 process measures and milestones for organizational sections are the same for each section, requiring:

- the submission of an implementation plan that will be due April 1, 2015 that outlines how the PPS will achieve its proposed objective;
- periodic reports providing progress updates that will be submitted at least annually; and,
- supporting documentation to validate and verify that progress is in fact being made.

IV. Scoring Process

Organizational Application

The Organizational Application will be scored by a team of PCG evaluators (no less than five) who will each independently score specific sections of the application. Evaluators will be required to go through a training program with various state agencies and other stakeholders to develop “program specific scoring methods”.

Each evaluator will review the entire application once without scoring, and then go back to score each section. The scores assigned by the evaluators for each section will then be aggregated to determine a Median, Average, and “Trimmed Average”³ score for that section. Median, Average, and Trimmed Average Scores for each section will then be combined to determine an overall Median, Average, and Trimmed Average score for the organizational application. The highest score out of the three scores will be selected as the organization’s score. An illustration of this process is provided on pages 4-5 of the Scoring Guide.

Project-Specific Application Scoring

The scoring process for subjective sections of the project application is not discussed in the scoring guide. The scoring guide does describe the intricate process that will be used to score objective project components. As noted above, these components will often account for 80% of the project-specific score.

The objective scores for a project will be based on the responses submitted by all PPSs participating in the project. PPS responses will then be divided into four tiers, each assigned a value. The highest tier will correspond to the highest response. The total value of the objective section being scored will determine how much the tiered value is worth

³ Trimmed Average is defined as “adjusted for scores greater or less than 1.5 standard deviations from the mean.”

(e.g., for a category worth 20 points, the highest tier score will be 20, followed by 16.66, 13.33, and 10). Each PPS will receive a tiered score for each objective section.

No project can ever receive less than 50% of the best possible score. The project-specific scoring process is illustrated on pages 7-8 of the scoring guide. The scoring guide walks through the entire process using an actual project as an example, culminating in the full project valuation calculation on page 9.

V. Next Steps and Additional Considerations

Comments on the Draft Application and Scoring Guide are due **October 29, 2014**.

The Independent Assessor will host an operator assisted conference call in October prior to the expiration of the public comment period to discuss the Application and Scoring Guide.

The Independent Assessor will hold an open meeting **Tuesday, October 28, 2014 from 3:00PM – 5:00PM**. The call will cover a 30 minute overview of the DSRIP PPS Plan Applications followed by an opportunity for the public to ask questions and receive answers for the remaining 90 minutes.

We recommend that organizations continue to remain involved in PPS planning and seek to become an active member of the PPS governance structure. In addition, we encourage your organization to communicate to the PPS regarding specific capital or financial needs that the PPS could help address, as well as any areas where regulatory waiver could facilitate your involvement in PPS projects.