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**Delivery System Reform Incentive Payment (DSRIP)
Program: “Funds Flow 101”**

Technical Assistance Resource

April 2017

- **High-Level Waiver Funding Overview**
- **Initiative 1: Transformation through ACHs DSRIP Funding**
- **Deep Dive: Initiative 1 Funding Pools**
- **Next Steps**

High-Level Waiver Funding Overview

On Jan 9, 2017, CMS Approved HCA's 1115 Waiver, Authorizing \$1.5B in Federal Funding Over 5 Years

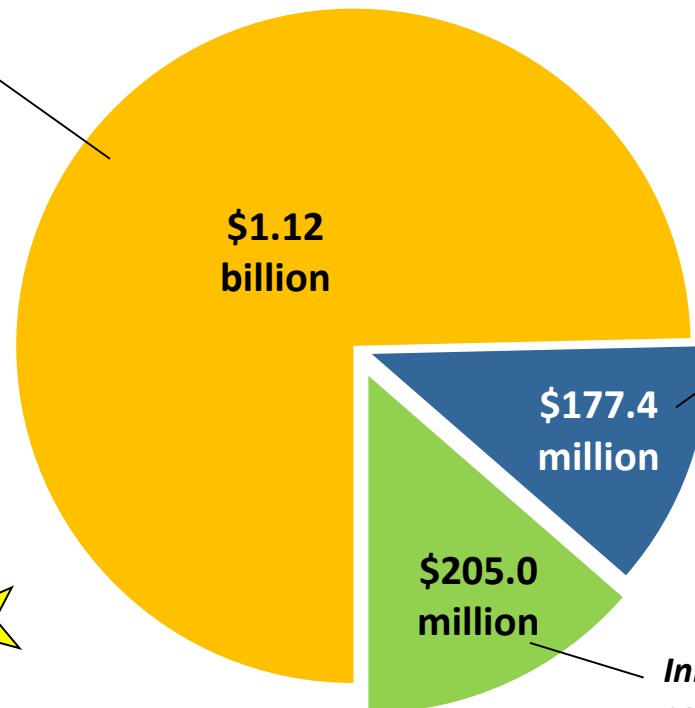
\$1.5 BILLION OVER 5 YEARS (2017 – 2021)

Initiative 1: Apple Health delivery system transformation investments to enable adoption of value-based purchasing (VBP):

- **Delivery System Reform Incentive Payment (DSRIP)** program funding will provide incentives, rewarding implementation of key HCA-specified projects
- Projects to be coordinated by regional **Accountable Communities of Health (ACHs)**



FOCUS OF TODAY'S DISCUSSION



Note: Investments are intended to be sustainable without additional federal support by the end of the demonstration

Initiative 2: Authorizes **alternative options for long-term services and supports (LTSS)** benefits and eligibility

Initiative 3: Funds new **“foundational community support services,”** including housing and employment supports

Initiative 1: Transformation through ACHs
DSRIP Funding

Initiative 1 Funds Will Flow to Participants through Several Distinct “Pools”

Total Initiative 1 DSRIP Transformation Funds (\$1.12 billion)

State Administration Funding (\$52M)

VBP Incentive Pools (\$169M Max)

Design Pool (Y1 Only) (\$54M Max)

DSRIP Project Pool (\$847M Max)

Integration Incentive Pool (\$70M Max)

Reinvestment Pool (Partnering Providers) (\$113M Max + Un-earned Funds)

Challenge Pool (MCOs) (\$56M Max)

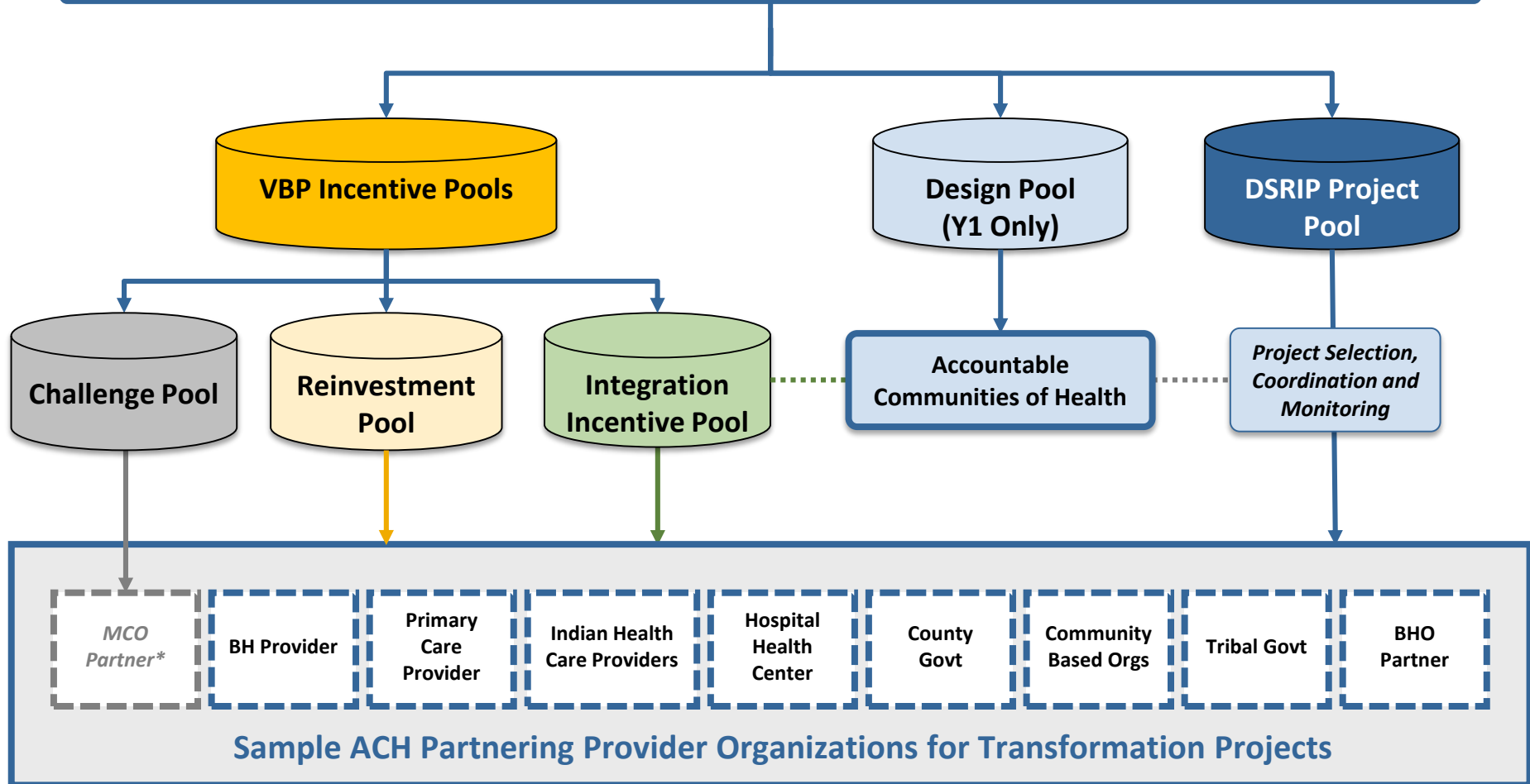
Un-earned Project Pool funding will be available to be re-earned through high performance on statewide quality measures via the Reinvestment Pool
Similarly, un-earned Challenge Pool funding could also be redistributed based on exceptional quality performance

VBP Incentive Pool funds that remain after Integration Incentive Pool are divided into Provider pool (2/3 of remaining) and MCO pool (1/3 of remaining)



Funding from DSRIP Pools Flow to ACHs and ACH Partner Organizations, Who Collaborate on Transformation Projects

Total Initiative 1 DSRIP Transformation Funds (\$1.12 billion)



Sample ACH Partnering Provider Organizations for Transformation Projects

* Note that though MCOs are critical project partners, they are not eligible for DSRIP Project Pool incentive funds

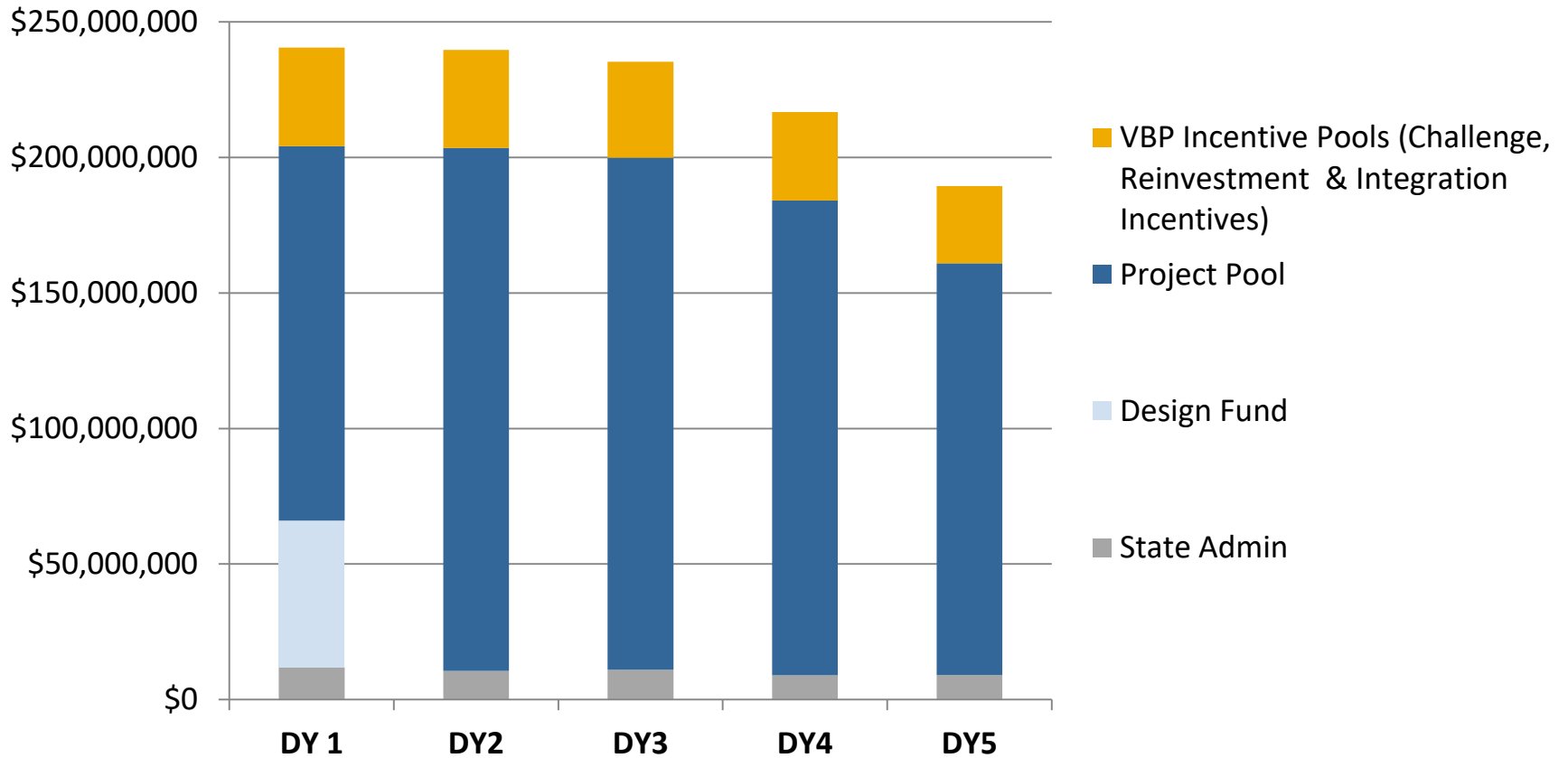
Source: Working DSRIP Funding and Mechanics Protocol; Special Terms and Conditions; Working HCA and PCG Modeling

Subject to Change: Under Negotiation with CMS



Initiative 1 Funding Declines Over the 5-Year Waiver











\$1.12 BILLION DSRIP TRANSFORMATION FUNDING BY YEAR



Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

Subject to Change: Under Negotiation with CMS

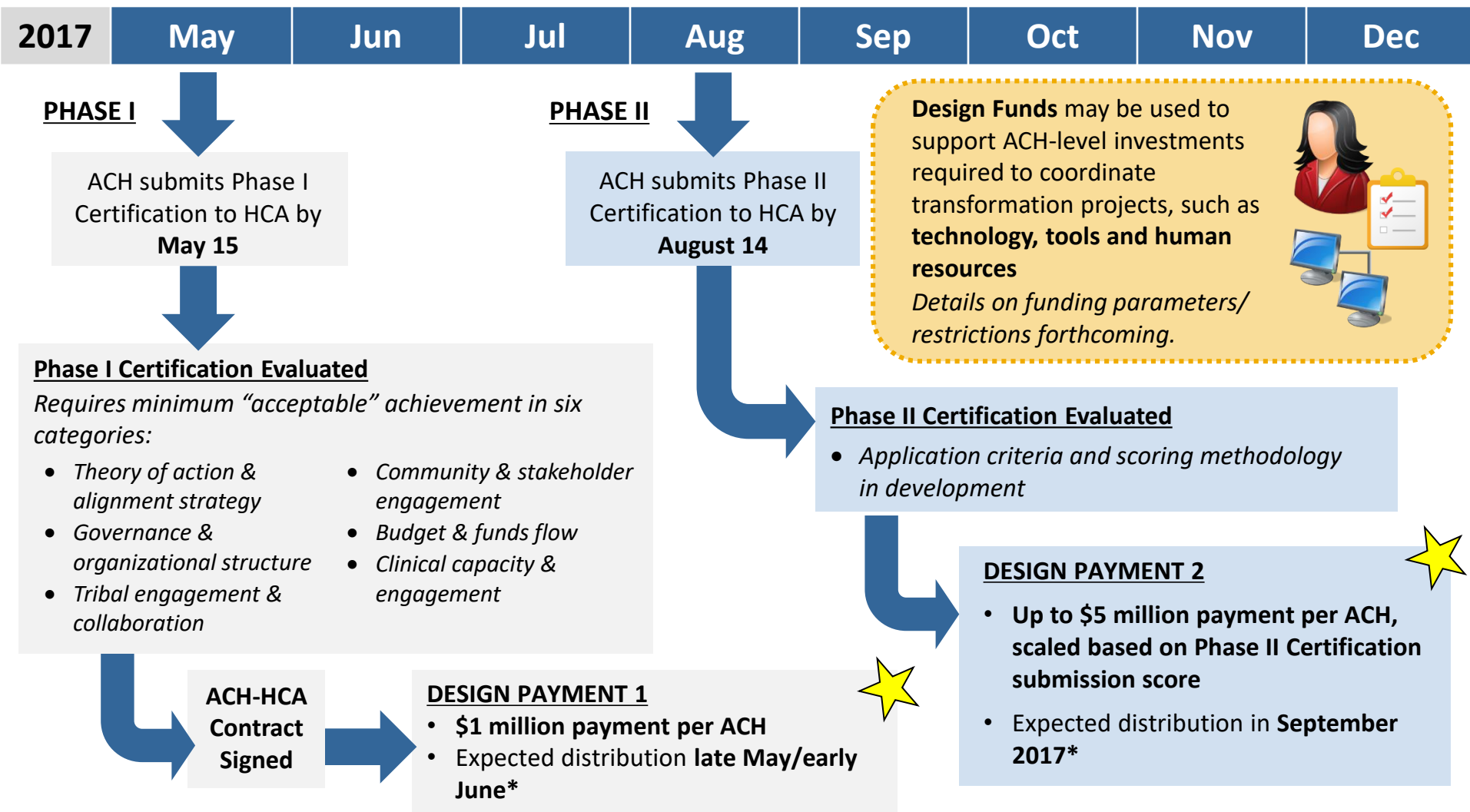
Year 1 Payments in Each Pool are Earned Based on Completion of Key Milestones

Pool	2017							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design Pool	 Phase 1 Certification Due  HCA-ACH Contract Signed  Phase 1 Payment*			 Phase 2 Certification Due  Phase 2 Payment*				
Project Pool						Project Plan Due 	Project Plan Approval & Scores Released  Y1 Project Payment Earned 	
Integration Incentives Pool				 Phase 1: Binding LOI				Phase 1 Payment Earned** 

* Pending DSHP claiming protocol process; ** Distribution subject to review and complementary to Project Plan funding distribution process

Deep Dive: Initiative 1 Funding Pools

Each ACH is Eligible for Up to \$6 million of Design Pool Funding



* Pending DSHP claiming protocol process

Source: Working DSRIIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Design Pool Funding: *Non-Allowable Expenses*

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Design Pool funding is intended to support ACH-specific priority investments. However, there are some items that may not be funded using Design Pool resources, for example:

- Alcoholic beverages
- Debt restructuring and bad debt
- Defense and prosecution of criminal and civil proceedings, and claims
- Donations and contributions
- Entertainment
- Capital expenditures for general purpose equipment, building and land, with the exception of:
 - Costs for ordinary and normal rearrangement or alteration of facilities
- Fines and penalties
- Fund raising and investment management costs
- Goods or services for personal use
- Idle facilities and idle capacity
- Interest expense
- Lobbying
- Memberships and subscription costs
- Patent costs

ACHs are not permitted to duplicate or supplant other federal or state funds with Project Design Grant funds (including SIM and/or Medicaid covered services)

** Note that ACHs will be required to submit a budget for Phase 1 and Phase 2 Design Funds. As part of the Phase 2 certification application, ACHs may be required to track spending against their Phase 1 budget.*

Design Pool Funds Are Intended to Support ACH Capacity

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Design Pool Funds are to be used to support ACH-level investments on **tools, technology and human resources** for coordination of Medicaid transformation projects.

Examples of potential Design Pool focus areas:



- **Development of an ACH Project Plan:** Convening meetings of partner organizations; reviewing data, clinical evidence, and research; drafting, reviewing, and revising a Project Plan
- **Support for community engagement efforts:** Holding community engagement meetings; facilitating participation of community stakeholders on ACH boards and committees
- **Support for tribal consultation:** Engaging and collaborating with tribes, including training of board members
- **Support for ACH administrative/project management infrastructure:** Supporting key ACH leadership roles (e.g., ACH Executive Director) and other support staff; hosting/maintaining ACH website
- **Support for ACH data capacity:** Supporting data-driven decision-making, including regional data collection, asset mapping, and analyzing State data
- **Health IT/Population health management:** Investments in EMR/electronic health record systems, registry capacity, and linkages to community-based care models
- **Capacity building for direct care or services provision workforce:** Recruiting/hiring, retention, and training of staff

* Pending DSHP claiming protocol process

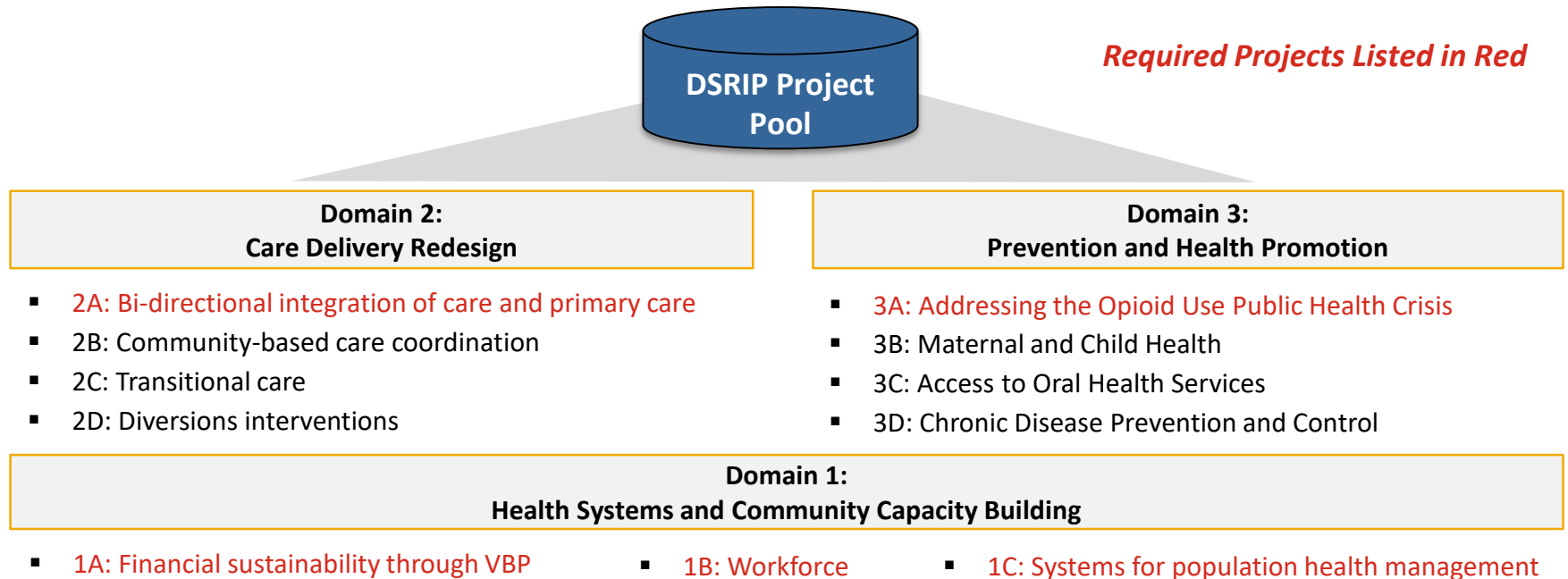
Source: Working DSRIIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

*Subject to Change: Under
Negotiation with CMS*

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Project Pool Funding Will Incentivize Critical Regional Initiatives 14

- Each ACH will coordinate and submit a Project Plan application by **October 23, 2017**
- **ACHs must select at least 4 projects** from Domains 2 and 3, including both 2A and 3A and one additional project from each of those domains
- **In Year 1, Project Pool funding will be adjusted based on project plan evaluation scores** which will include, in addition to other criteria under development, **the number of projects above the minimum of 4** that are selected by the ACH
- In addition, all ACH project plans under Domains 2 and 3 must integrate the cross-cutting Domain 1 initiatives



Statewide Potential Project Funding Based on Project Weights

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- Projects associated with Domain 1 (“Health Systems and Community Capacity Building”) are not tied to specific incentive funding under the Project Pool, but are foundational to receipt of other incentives
- Each project within Domains 2 and 3 of the Project Toolkit is associated with a **project weight**, based on factors including alignment with statewide measures, potential to address population health needs, potential to generate cost savings, and evidence base

Project Weighting		Example Statewide Project Funding (millions)*					
Project Name	Weight *	TOTAL	Y1	Y2	Y3	Y4	Y5
2A: Bi-Directional Integration of Care and Primary Care Transformation	32%	\$271	\$44	\$62	\$60	\$56	\$49
2B: Community-Based Care Coordination	22%	\$186	\$30	\$42	\$42	\$39	\$33
2C: Transitional Care	13%	\$110	\$18	\$25	\$25	\$23	\$20
2D: Diversions Interventions	13%	\$110	\$18	\$25	\$25	\$23	\$20
3A: Addressing the Opioid Use Crisis	4%	\$34	\$6	\$8	\$8	\$7	\$6
3B: Maternal and Child Health	5%	\$42	\$7	\$10	\$9	\$9	\$8
3C: Access to Oral Health Services	3%	\$25	\$4	\$6	\$6	\$5	\$5
3D: Chronic Disease Prevention / Control	8%	\$68	\$11	\$15	\$15	\$14	\$12
STATEWIDE PROJECT POOL FUNDS	100%	\$847	\$138	\$193	\$189	\$175	\$152

* Project weights and estimated statewide funding in this table **only apply if all ACHs select all 8 projects**. When ACHs select fewer than 8 projects, project weights will be rebalanced, as described in later slides. Estimates also subject to approval of DSHP protocol and other factors.

Relative Medicaid Attribution Influences ACH-Level Distribution

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- Statewide total Project Pool funds is set by year, and will be distributed amongst ACHs primarily based on **share of Medicaid attribution**
- Receipt of total available Project Pool funding will adjusted based on performance

ACH		Estimated Potential Project Pool Funding (millions)**					
ACH Name	Est. % Medicaid Attribution*	TOTAL	Y1	Y2	Y3	Y4	Y5
Olympic Community of Health	4.5%	\$38	\$6	\$9	\$9	\$8	\$7
North Central	5%	\$42	\$7	\$10	\$9	\$9	\$8
Southwest Washington	6.5%	\$55	\$9	\$13	\$12	\$11	\$10
Cascade Pacific Action Alliance	10%	\$85	\$14	\$19	\$19	\$18	\$15
Better Health Together	10.5%	\$89	\$15	\$20	\$20	\$18	\$16
Pierce County	12%	\$102	\$17	\$23	\$23	\$21	\$18
Greater Columbia	14%	\$119	\$19	\$27	\$26	\$25	\$21
North Sound	15%	\$127	\$21	\$29	\$28	\$26	\$23
King County	22.5%	\$191	\$31	\$43	\$43	\$39	\$34
STATEWIDE PROJECT POOL FUNDS	100%	\$847	\$138	\$193	\$189	\$175	\$152

* Estimated Medicaid attribution estimate based on 2016 Medicaid eligibility report. Final attribution will be based on HCA's client-by-month file, as of November 2017. ** Estimate, subject to change and intended only to provide general scale; does not reflect adjustments based on Project Plan score or project selection (Y1 only), tribal projects, project performance, nor enhancements for fully integrated care, among other factors.

Project Pool Funding Adjustments Informed by Project Weights

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- Year 2-5 Project Pool funds will be adjusted based on performance on project-specific metrics, which will be applied to a project-specific valuation based on project weights
- If an ACH selects fewer than the maximum number of projects, the **weighted value of the ACH's specific projects' maximum incentives are re-balanced**

EXAMPLE



- ACH "A" attributed members represent 15% of total Medicaid attribution
- Estimated Year 2 maximum statewide Project funds are \$193 million
- ACH "A"'s potential Y2 Project incentives is \$29 million (15% * \$193 m), **regardless of projects selected** (Note: number and weight of projects selected will affect Year 1 Project Pool funding)

Example: ACH "A" Year 2 Potential Project-Specific Incentives (millions)

Project	Project Selected?	Original Weight	8-Project Value	Rebalanced Weight*	Project Value**
2A: Bi-Directional Integration of Care	Required	32%	\$9.3	36%	\$10.4
2B: Community-Based Care Coordination	Y	22%	\$6.4	24.7%	\$7.2
2C: Transitional Care	Y	13%	\$3.8	14.6%	\$4.2
2D: Diversions Interventions	Y	13%	\$3.8	14.6%	\$4.2
3A: Addressing the Opioid Use	Required	4%	\$1.2	4.5%	\$1.3
3B: Maternal and Child Health	Y	5%	\$1.5	5.6%	\$1.6
3C: Access to Oral Health Services	N	3%	\$0.9	0%	\$0.0
3D: Chronic Disease Prevention / Control	N	8%	\$2.3	0%	\$0.0
POTENTIAL ACH "A" PROJECT INCENTIVES		100%	\$29	100%	\$29

* Rebalanced Weight = (Original Project Weight) / (Combined Value of Selected Project Original Weights); ** Project value to be adjusted based on performance; Project selection and rebalancing will occur in Year 1, effective for remainder of the demonstration, with limited exceptions at HCA discretion

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

Subject to Change: Under Negotiation with CMS

Y1 Project Pool Funds Adjusted by Project Plan Application Score

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- Each ACH will coordinate and submit a Project Plan application by **October 23, 2017**
- The Independent Assessor will review Project Plan applications and provide an Application Score for each, based on factors including: Quality, completeness, and selected projects' number and weight
- **The ACH's Application Score, including number of projects selected, will directly impact the amount of their Y1 Project Pool funds**, with highest scoring ACHs securing additional funds (*methodology in development*)
- Y1 Project Pool funds will be distributed on a cadence determined by the ACH, according to the Project Plan budget submitted by the ACH

EXAMPLE



ACH "A" baseline DY1
Project Plan Funds
calculated based on:

- Statewide total DY 1 Project Pool funds
- Relative ACH attribution



ACH submits Project
Plan Application on
behalf of its
partnering providers



Independent
Assessor approves
Project Plan and
assigns an
Application Score



HCA requests Financial Executor to
release adjusted DY 1 funds to ACH
partnering providers per funds flow
budget in Project Plan



Highest scoring ACHs receive
additional funds (*methodology in
development*)

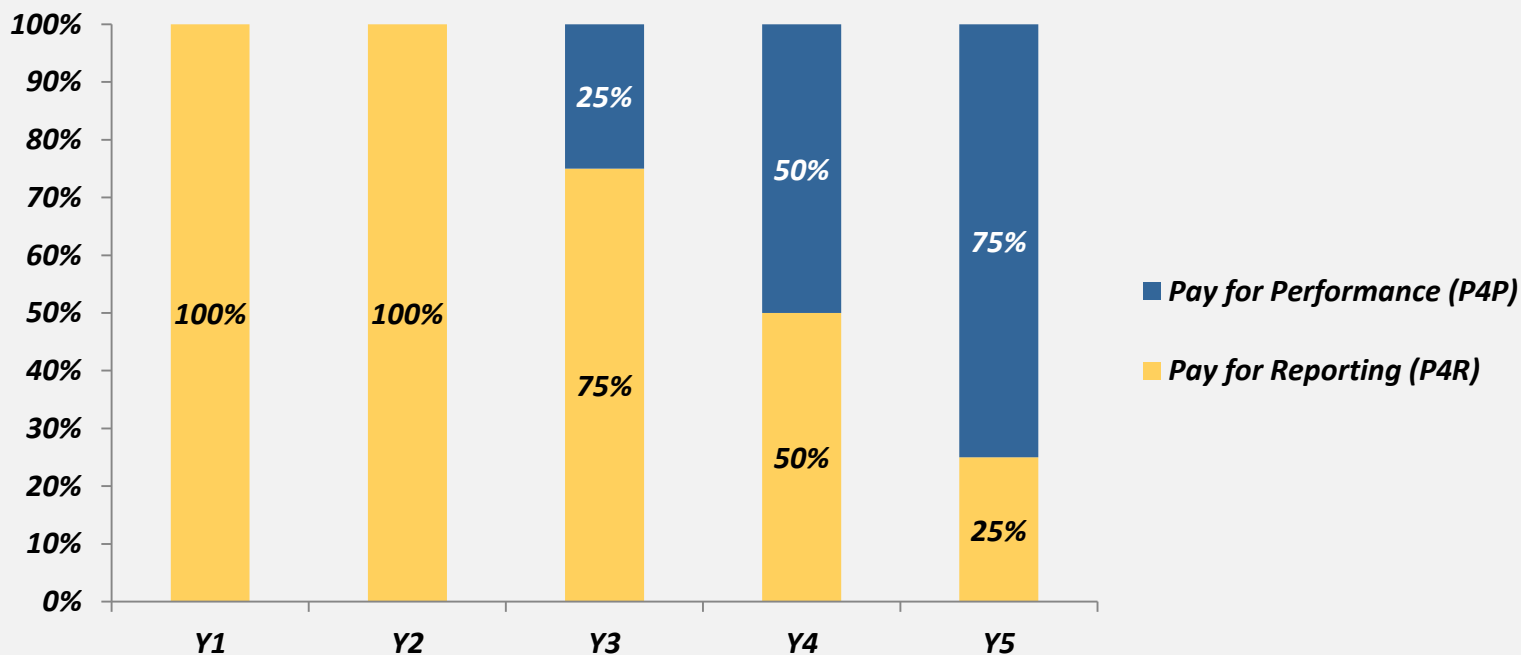


ACH Project Pool Payments Adjusted based on Performance

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- Performance metrics will be used to monitor progress toward achieving the overall waiver vision. Project Pool incentive payments in Years 2 -5 will be **adjusted based on level of performance** against these metrics
- **ACHs will report semi-annually** on progress and, starting in Y3, on their outcomes to date for selected projects
- Accountability emphasis shifts from process metrics to outcome metrics and from reporting to performance thresholds over the course of the 5-year program

Project Payment Accountability by Year



Both P4R and P4P Measures Will Influence Incentive Payments

Pay-For-Reporting (P4R)

- For each project, an ACH must report on Progress Measures, or milestones, set by the state, beginning in Year 1
- Progress Measures adjust over the course of the project to track project planning, implementation, scaling and sustaining activities
- In addition, ACHs must report on several outcome measures on a P4R basis starting in Year 3

Pay-For-Performance (P4P)

- P4P standards will be phased in starting in Year 3 and ramp up in Year 4 and 5
- Each project has select outcome measures that will be assessed on a “gap-to-goal” methodology (8 in DY3, 19 in DY 4, and 21 in DY 5)
- ACH performance goals will be set by the state during Year 1
- Each year, ACHs will be expected to reduce their baseline gap-to-goal by 10%

<i>Demonstration Year</i>		DY 1	DY 2	DY 3	DY 4	DY 5
P4R	Progress Metrics / Milestones	Stage 1: Planning		Stage 2: Impl.	Stage 3: Scale & Sustain	
	Outcome Metrics	N/A	N/A	System Wide & Project-Level Measures		
P4P	Outcome Metrics	N/A	N/A	System Wide & Project-Level Measures		

Example Project Metrics: Project 2A (Bi-Directional Integration)

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PROGRESS METRICS / MILESTONES (P4R)	OUTCOME METRICS	
	P4R	P4P
<p><u>Stage 1: Planning Progress Measures</u></p> <ul style="list-style-type: none"> Assessment for current state List of target providers / orgs with commitment to participate Plan to pursue fully integrated managed care by Jan 2020 Complete Project Implementation Plan Complete Domain 1 strategies related to Project 2A <p><u>Stage 2: Implementation Progress Measures</u></p> <ul style="list-style-type: none"> # of practices / providers implementing integrated approaches # of practices / providers trained on evidence-based practices Begin reporting P4R outcome metrics (<i>at right</i>) PCP PCMH recognition & other special certifications / licensures <p><u>Stage 3: Scale & Sustain Progress Measures</u></p> <ul style="list-style-type: none"> # of practices trained on evidence-based practices # of practices implementing evidence-based practices Begin P4P on select outcome measures (<i>at right</i>) Complete implementation of fully integrated managed care 	<p><u>System-wide Metrics:</u></p> <ul style="list-style-type: none"> Comprehensive Diabetes Care: Controlling High Blood Pressure Adult Mental Health Status <p><u>Project-Level Metrics:</u></p> <ul style="list-style-type: none"> Weight Assessment and Counseling Adult Body Mass Index Assessment Depression Screening and Follow-up for Adolescents and Adults Depression Remission or Response for Adolescents and Adults Utilization of the PHQ-9 to Monitor Depression Symptoms 	<p><u>System-wide Metrics:</u></p> <ul style="list-style-type: none"> Outpatient Emergency Department Visits Inpatient Utilization per 1,000 Member Months Plan All-Cause Readmission Rate (30 Days) Psychiatric Hospital Readmission Rate * <p><u>Project-level Metrics:</u></p> <ul style="list-style-type: none"> Antidepressant Medication Management * Child and Adolescents' Access to Primary Care Practitioners Comprehensive Diabetes Care: Eye Exam (Retinal) Performed Comprehensive Diabetes Care: Medical Attention / Nephropathy * Medication Management for People with Asthma (5 to 64 Years) * Follow-up Post-Discharge from ED for MH, Alc. or Other Drug Dep. Follow-up After Hospitalization for Mental Illness Mental Health Treatment Penetration (Broad Version) * Substance Use Disorder Treatment Penetration *

* P4P Measures become performance-based in Year 4 unless noted with an * - in which case they are performance-based in Year 3.

“Achievement Value” on Each Metric Applied to Adjust Payment 22

- Performance on progress and outcome metrics will be assessed primarily based on ACHs’ semi-annual reports
- “Achievement Values” (AVs) are a number from 0 – 1 assigned to each progress and outcome (P4R and P4P) associated with a selected project, based on the ACH’s semi-annual report
 - P4R Progress Measures receive a full score (1) for successful completion and timely reporting
 - P4R Outcome Measures receive a full score (1) for timely reporting
 - P4P Outcome Measure AVs are scaled based on level of “gap-to-goal” performance (*below*)
- The weighted average of a project’s AVs (the Percentage Achievement Value (PAV)) is then applied to the maximum Project incentive amount, before being distributed according to the Project Plan’s funds flow budget

Gap-to-Goal Achievement	Measure AV
Hit Target Performance	1
Over 75% of Gap to Goal , but not Full Target	0.75
50% - 75% of Gap to Goal	0.50
25% - 50% of Gap to Goal	0.25
< 25% of Gap to Goal Achieved	0

Example Achievement Adjustment to Project Incentives

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EXAMPLE

An ACH has selected a Project that has 1 Progress Measure, 2 P4R Outcome Measures, and 1 P4P Progress Measure in Year 3.



- The ACH successfully completed the Progress Measures, and reported on time for 1 of the 2 P4R Outcome Measures, earning a full 1 AV on both
- The ACH did not report on one of the P4R Outcome Measures on time, earning a 0 AV for that measure
- The ACH closed 60% of the gap-to-goal on the P4P Outcome Measure in the last 6 months, earning a 0.5 on that measure

EXAMPLE: ACH "A" PAV for Project "X"		
Measures	AV	Weight
Progress Measure 1	1	25%
P4R Outcome Measure 1	0	25%
P4R Outcome Measure 2	1	25%
P4P Outcome Measure 3	0.5	25%
Total Achievement Value (TAV)	2.5	
Percentage Achievement Value (PAV)	62.5%	

- The ACH's potential incentive payment for the Project, based on rebalanced project weights, for the semi-annual period is \$4 million
- That maximum incentive is multiplied by the 62.5% PAV, adjusting the incentive payment to \$2.5 million
- Based on ACH input, the Independent Evaluator will make a recommendation to HCA on payment of the \$2.5 million adjusted Project incentive amount
- HCA will instruct the Financial Executor to make payments to project partnering providers, as outlined by the ACH in the Project Plan funds flow budget
- The remaining \$1.5 million would be re-allocated through the Reinvestment Pool and could be earned through exceptional performance on statewide demonstration accountability measures

* NOTE: A Demonstration Mid-Point Assessment in Year 3 will determine if projects merit continued funding in Years 4-5; funding from any discontinued projects will be redistributed to successful Project Plans in Years 4-5

\$70M Available to Reward Timely Managed Care Integration

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- CMS payment of Year 4 and 5 DSRIP funds is **subject to Washington achieving statewide integrated physical and behavioral health managed care by January 2020**
- **\$69.6 million** in DSRIP incentives are available to ACH participants in regions with:
 - **Phase 1:** A binding letter of intent (LOI) to integrate physical and behavioral health managed care submitted to the state Medicaid director by **September 1, 2017**
 - **Phase 2:** Implementation of new, integrated MCOs is underway by **January 2019**
- Similar to Project Pool allocation, each region's ACH would identify recipient partnering providers and distribution cadence (*specific parameters in development*)*

Integration Incentive Calculation

- ACH total potential Integration Incentive payments will be calculated as follows:
 - Base amount of \$2 million per ACH
 - Adjustment for ACH's share of Medicaid attribution ($\$36 \times$ Attributed Medicaid beneficiaries)
- Out of the total potential amount, 40% is earned by achieving Phase 1 milestone (LOI), with the remaining 60% able to be earned by hitting the Phase 2 milestone (integration)
- HCA anticipates total Integration Incentives for an ACH achieving both Phases to **range from \$5.5 m to \$16.7 m**

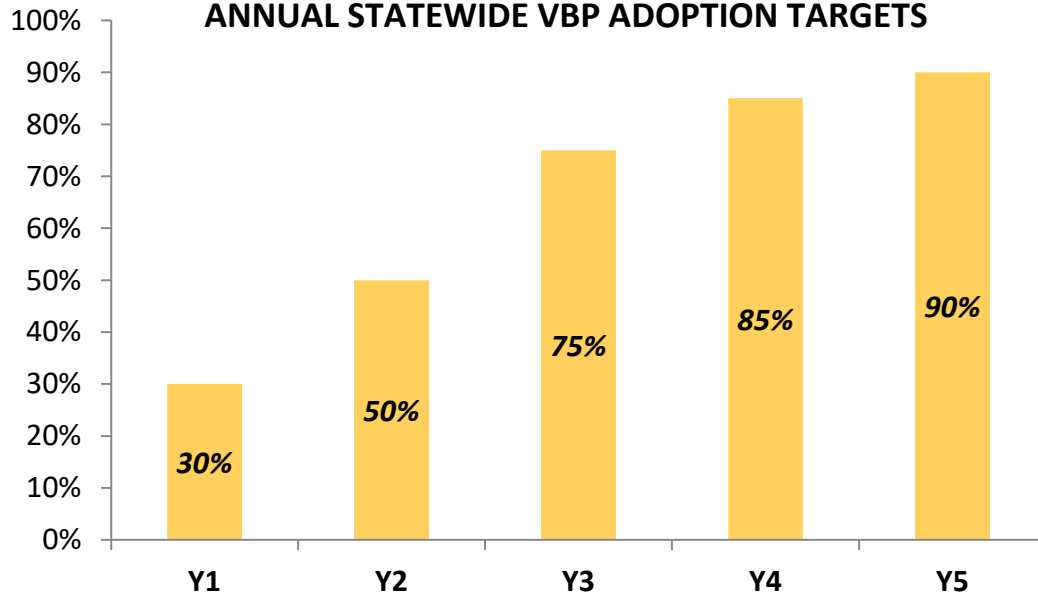
* Distribution subject to review and complementary to Project Pool distribution process

ACH Partnering Providers May Earn Funds for VBP Adoption

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- State DSRIP funding depends in part on achievement of **statewide VBP adoption targets**
- Eligible ACH partnering providers may receive incentives based on **provider-level progress and attainment in meeting VBP targets** (*methodology in development*)
- Funds must be spent on demonstration objectives (*parameters in development*)
- In addition to VBP-based funding incentives, the Reinvestment Pool will also be used to re-distribute un-earned funds from other pools based on quality performance (*methodology in development*)

ANNUAL STATEWIDE VBP ADOPTION TARGETS



Washington State defines VBP as including:

- Rewards and/or penalties for performance (*only permitted to count as a subset of the state's VBP adoption*)
- Alternative payment models (APMs) with upside gain-sharing and/or downside risk
- Condition-specific population-based payment
- Comprehensive population-based payment

Questions?

Next Steps

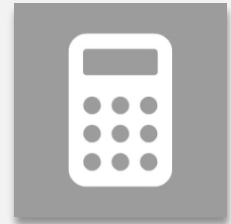
More to Come...

Several funds flow program design areas are still in development, including:

- **Design Pool:**
 - ACH Phase 2 Certification criteria
 - Phase 2 scoring methodology and application to Design Pool funding calculation
 - Design Pool budgeting and expenditure reporting requirements
- **Year 1 Project Pool:**
 - Project Plan review criteria
 - Project Plan scoring methodology and application to Y1 Project Pool funding calculation
- **Year 2 – 5 Project Pool:**
 - Timing of progress metric stages
 - Measure weighting methodology
- **Integration Incentive Pool:**
 - Funding distribution parameters
- **Reinvestment Pool:** Distribution methodology and spending parameters
- **Challenge Pool:** Distribution methodology and spending parameters

Additional resources are in development, including:

- Phased development of a **DSRIP funds flow “calculator” tool** to support ACH planning, including:
 - DSRIP revenue estimation based on project selection
 - Performance adjustment modeling
 - Budget development



Please contact your Regional Coordinators with questions,
or submit to HCA at:
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