

Feds deny plan for DSRIP 2.0, ending program that brought billions of dollars to NY

New York's health care industry won't be getting a DSRIP 2.0.

Gov. Andrew Cuomo said Monday that the Trump administration had denied New York's request to extend the Delivery System Reform Incentive Payment Program in two phases. Instead, it is set to end at the end of March as scheduled.

Under [New York's application](#), the state would have extended the waiver in two phases. The first phase would have extended the waiver through March 2021 and allowed the state to use \$625 million in unspent funds from its original \$7.4 billion program. The second phase, stretching into March 2024, sought a \$8 billion more in federal funding.

The Centers for Medicare and Medicaid Services denied both requests.

Kenneth Raske, president of the Greater New York Hospital Association, called CMS' decision "extremely shortsighted" and said it "is a major step backward for New York's health care providers and the patients they serve."

The decision is a turning point for the state's health care industry. New York kicked off DSRIP in 2014 by devising a way to distribute \$7.4 billion to transform the delivery system and reduce avoidable hospital use by 25% over five years.

The state Department of Health said in September that the 25 Performing Provider Systems were on track to reach that goal and had lowered preventable hospital admissions by 21% as of June 2018.

[Critics of the program](#), however, have said the state's health care system looks largely the same as it did five years ago because most of the DSRIP money went to hospitals and not community-based organizations.

"The current DSRIP waiver has been an important tool in the state's efforts to transition away from the fee-for-service payment system, which emphasizes volume over value," Eric Linzer, president and CEO of the state Health Plan Association, said in a statement. "The proposed amendment would have helped to further those efforts."

Local health officials had expected it to be an uphill battle for New York state to persuade the Trump administration to give it billions in Medicaid waiver money.

Given the verdict, Performing Provider Systems must decide whether they will continue to operate without federal support.

[Somos Community Care](#), the [Suffolk Care Collaborative](#) and other groups already have disclosed layoffs to the state Department of Labor.

Joseph Conte, executive director of the Staten Island PPS, said he was surprised that CMS isn't allowing New York to extend its DSRIP program by one year and use its \$625 million in unspent funds.

"I think there was a general expectation that the extension would go forward and the [\$8 billion] renewal would be a complicated piece of business," he said.

The Staten Island PPS plans to continue operating after April 1, generating revenue by offering consulting services to health plans and community-based organizations in the areas of data analytics, the social determinants of health and workforce development.

The organization has 14 employees right now, Conte said, down from 22.

"We have been working for the past two years for this day," he said.