

State to request \$8 billion extension Medicaid waiver, including DSRIP money

New York is seeking an additional \$8 billion waiver from the federal government to continue its Delivery System Reform Incentive Payment program for four more years.

The state Department of Health released its proposal, which extends DSRIP through 2024, for public comment Tuesday.

In the \$8 billion request, the state is seeking \$5 billion for its DSRIP program, \$1 billion for workforce development, \$1.5 billion to address the social determinants of health and a \$500 million Interim Access Assurance Fund that would support safety-net hospitals.

New York state in 2014 first received approval to spend \$8 billion of \$17.1 billion savings that had been generated through Gov. Andrew Cuomo's Medicaid Redesign Team.

The chief goal of the program is to reduce avoidable hospital use by 25% over five years. To do so, health care providers around the state formed 25 Performing Provider Systems, which are made up of hospitals, nursing homes, primary care practices, community-based organizations and other participants. Nearly all of the PPSs are led by hospitals or health systems.

The Health Department said those networks had achieved a 21% reduction in preventable hospital admissions and a 17% decrease in hospital readmissions through June 2018.

"The waiver extension seeks additional time and funding support for these successful initiatives to fully mature across the state and to complete the transformation of the way Medicaid pays for services—from fee-for-service, which rewards volume, to a value-based system where care is funded based on outcomes," the Health Department wrote in its announcement.

The waiver has allowed health care providers to use Medicaid funding for uses that would otherwise have been prohibited. For example, they can use money to address some of the social factors that affect health, such as access to food, transportation and housing.

Critics of the program have said too much of the money went to hospitals, and the pace of adoption of payment based on outcomes has been too slow. The state said Tuesday that more than 60% of Medicaid managed-care payments are in value-based contracts.

The state is accepting comments through Nov. 4 and will then submit its request to the Centers for Medicare and Medicaid Services later that month.

To win approval, the Cuomo administration must get permission from the Trump administration, with which it has frequently been at odds over issues including the public-charge rule, reproductive rights and protections for people with preexisting conditions.

"Transforming Medicaid to improve health outcomes and make it more cost-effective has been a priority in New York state under Gov. Cuomo's leadership," Health Commissioner Dr. Howard Zucker said. "Extending our Delivery System Reform Incentive Payment is vital to building on our success."

Crain's is hosting its fall summit on the [future of New York's Medicaid program](#) on Nov. 21