

In second round of DSRIP, state looks to better incorporate insurers

State health officials are seeking deeper involvement from managed care organizations as they pursue a second \$8 billion to continue the transformation of New York's Medicaid program.

The state Health Department said it would like to provide more flexibility to participants in how they operate the organizations that are funded by the Delivery System Reform Incentive Payment program after receiving feedback from health care providers.

In the next iteration, the Health Department said the organizations receiving funding from what is proposed to be a \$5 billion DSRIP pool would include Performing Provider Systems or a subset of those networks, community-based organizations and a state-approved managed care organization. To describe that partnership, the Health Department is introducing a new phrase—and acronym—into the health policy lexicon: value-driving entities or VDEs.

"With 4.7 million people enrolled in Medicaid managed care, the inclusion of the MCOs as active partners in the delivery system collaboration and in the development of more sophisticated [value-based payment] models is necessary to best support the maturing networks," the state Health Department wrote in its [draft proposal](#), which was released to solicit public comments on Tuesday.

Nathan Myers, director of the United Hospital Fund's Medicaid Institute, said the involvement of insurers stood out in the state's proposal.

"The state is trying to embed a very explicit strong role for managed care organizations in this next iteration," Myers said. "It is really trying to provide a bridge to value-based payment and create reforms that can be more sustainable under value-based payment without additional performance-based funding."

The changes are part of New York's [four-year waiver renewal](#), which would continue the DSRIP program through March 2024. The Centers for Medicare and Medicaid Services must approve the renewal, which would provide \$5 billion for DSRIP, \$1.5 billion to address social determinants of health, \$1 billion for workforce development and \$500 million for an Interim Access Assurance Fund that would support cash-strapped safety-net hospitals.

The state expects to submit its waiver request in November and will hold a hearing for public comments on Oct. 25 at Baruch College in Manhattan.

Eric Linzer, president and CEO of the state Health Plan Association, said "this new proposal reflects the health plans' work to date in the state's efforts to reform the Medicaid program and the important role of plans in the state's next phase."

The Cuomo administration is making its case to the Trump administration, with whom it has frequently butted heads, by highlighting the ways the second phase of DSRIP would align with federal priorities, such as addressing substance-use disorders and the opioid crisis; care for people with serious mental illnesses; the social determinants of health; and primary care improvement and alternative payment models.

States such as North Carolina, which received approval for its Section 1115 federal waiver, have targeted similar priorities, including using Medicaid funding to target gaps in housing, transportation and food access, said Chad Shearer, senior vice president for policy and program at the United Hospital Fund.

The proposal's prospects for approval by CMS is "the great unknown," Shearer said. "The state's got a reasonable case, given what CMS has approved for other states."