



**SUMMARY: NYS Department of Health
1115 Waiver Draft: SHERPA
April 2022**

Overview

New York State Department of Health (DOH) has released a [draft 1115 waiver amendment](#), **“Strategic Health Equity Reform Payment Arrangements: Making Targeted, Evidence-Based Investments to Address the Health Disparities Exacerbated by the COVID-19 Pandemic” (SHERPA)**. NYS seeks \$13.52 billion in Federal funding over five (5) years to fund a new 1115 Waiver Demonstration that addresses the inextricably linked health disparities and systemic health care delivery issues that have been both highlighted and intensified by the COVID-19 pandemic. The proposed waiver aims to build upon New York State’s successes and lessons learned from the Delivery System Reform Incentive Payment (DSRIP) Program to integrate New York’s health care and social care systems to achieve a more equitable and resilient delivery system.

The 1115 waiver proposal is structured around four goals:

- a. Building a more resilient, flexible, and integrated delivery system that reduces health disparities, promotes health equity, and supports the delivery of social care;
- b. Developing and strengthening supportive housing services and alternatives for the homeless and long-term institutional populations;
- c. Redesigning and strengthening system capabilities to improve quality, advance health equity, and address workforce shortages; and
- d. Creating statewide digital health and telehealth infrastructure.

To achieve these goals, NYS intends on making significant investments in regional planning through Health Equity Regional Organizations (HEROs), Social Determinant of Health Networks (SDHNs), value-based payment (VBP) models focusing on regionally identified needs to advance health equity, primary care and behavioral health integration, telehealth, workforce, and more. Notably, CHCANYS has successfully advocated for the inclusion of an FQHC-specific capitated Alternative Payment Methodology (APM) in the proposed waiver, a significant step toward implementation of a capitated APM in partnership with the State.

Many provisions of the waiver would go into effect on January 1, 2023. The State will announce a separate procurement and implementation timeline for HEROs, SDHNs, and VBP arrangements.

A 30-day public comment period is currently open through May 13, 2022. Additionally, members of the public can provide oral comments during two virtual public hearings that DOH is hosting on April 28th and May 3rd.

Health Equity

The proposed waiver underscores the importance of addressing social determinants of health (SDH) to advance health equity. The waiver intends to advance initiatives that will:



- Equip providers with data to understand all the health and social factors impacting a patient's health and wellbeing;
- Extend the capabilities of clinicians beyond the four walls of health care settings to help address all of the factors impacting patients' health outcomes;
- Scale an integrated approach to addressing the social care needs that impact individual patients and their ability to stabilize and thrive in community settings, effectively integrating social care and health care; and
- Address patient and population level needs during normal times while also ensuring the health care system is capable of flex and surge capacity during pandemics, public health crises and natural disasters.

Funds Flow

SHERPA 1115 Waiver Requested Funding (\$ in Millions)

Proposal	Requested Funding	% of Total
Goal 1: Health Equity-Focused System Redesign	\$8,655	64%
HEROs	\$325	2%
SDHNs	\$585	4%
Advanced VBP Models	\$7,000	52%
Criminal Justice-Involved Populations	\$745	6%
Goal 2: Supportive Housing	\$1,565	12%
Goal 3: System Redesign & Workforce	\$3,000	22%
System Redesign	\$1,500	11%
Workforce Training	\$1,500	11%
Goal 4: Digital & Telehealth	\$300	2%
Total	\$13,520	100%

The waiver draft proposes direct investments in regional coordination, capacity building, and specialized population health programs to achieve delivery system reform. In the proposed waiver, NYS calls for targeted investments in social care and nonmedical, community-based services that directly address SDH. Proposed investments would be directed to:

- The development of Health Equity Regional Organizations (HEROs) which would serve as regional health planning entities, creating programmatic priorities to address health disparities regionally. The HEROs would receive limited planning grants and would not be responsible for distributing funds to downstream providers;
- Social Determinants of Health Networks (SDHNs) to build network infrastructure necessary to coordinate between social service-providing CBOs and health care delivery systems;
- VBP models in which NYS would develop a comprehensive range of VBP arrangements for HEROs, SDHNs, and MCOs to consider adopting;
- Workforce sustainability, including investments in Workforce Investment Organizations (WIOs) creating additional career pathways for individuals living in medically underserved communities, expanding current apprenticeship programs and cohort training opportunities, and workforce training initiatives; and
- Medicaid coverage expansion for criminal justice-involved populations; and more.



Key Elements of the Waiver

I. **Investments in Regional Planning through Health Equity Regional Organizations (HEROs)**

The proposed waiver would invest \$325 million over five years for the development of HEROs, which would formalize regional partnerships among managed care organizations (MCOs), hospitals, community-based providers, CBOs organized through SDHNs, Qualified Entities (QEs), and other stakeholders, to develop regional health priorities and inform the continued movement to more advanced VBP models. HEROs will have a governing body comprised of representatives from each stakeholder group. The regions would be based on nine historical regions utilized by DOH for Medicaid rate setting with New York City potentially divided into multiple sub-regions.

HEROs would be responsible for developing a strategy to measure and assess the local community healthcare needs to help inform the development of targeted interventions that address the health and social needs of Medicaid members in the region. HEROs would engage in regional planning to identify activities and strategies that would best address the needs of the communities they serve and would align with the State's Prevention Agenda. The regional plan would also identify specific initiatives that would facilitate assessment, data collection, and coordination of care management for population health improvement.

In addition to regional planning, HEROs would be responsible for planning implementation of a State-chosen Uniform Social Needs Assessment tool, selection of health equity quality improvement measures for their region and build regional consensus on a VBP interventions that integrate physical health, behavioral health, and social care services.

II. **Social Determinant of Health Networks (SDHNs)**

Through the proposed waiver, NYS would invest \$585 million over five years in the development of SDHNs. SDHNs would organize coordinated networks of CBOs to provide evidence-based interventions that address a range of social care needs, such as housing, food insecurity, transportation, and interpersonal safety. A lead SDHN entity would be awarded \$12 million annually (\$15 million in NYC) and would be responsible for: organizing and building capacity of local networks of CBOs to perform social care needs (SCN) interventions, coordinating a uniform referral system among multiple partners, creating a single point of contracting for SCN interventions, and advising on a process and entity to conduct social needs assessments. The SDHNs will also support CBOs around building capacity, technology, service delivery integration, workflows, billing and payment. The State will use the learnings from the SDHNs to integrate high-value services into Managed Care contracts and VBP arrangements.

III. **Value-Based Payment (VBP) & Managed Care Organizations (MCOs)**

NYS proposes to dedicate \$7 billion funds for advanced VBP arrangements that incorporate health equity, integrate health and social care to advance population health needs, adjust risk according to the physical, behavioral health, and social care needs of patients, and incentivize quality improvement. Stakeholders participating in a HERO, including MCOs, SDHNs, and community-based providers, would bring proposed VBP contract arrangements



to DOH for approval. DOH would provide funds to approved contracting partners to address HERO-identified population health needs and catalyze new VBP arrangements that would promote health equity and provide cash flow stability to partners.

NYS will develop a new VBP roadmap containing a range of VBP arrangements detailing included services, attribution, quality and outcome measures, and risk adjustments. A selection of VBP models will be available for HEROs, SDHNs, and MCOs to choose from based on the specific population needs. The state views the Patient Centered Medical Home (PCMH) model, incentivized under DSRIP, as a key foundation of the transition to targeted health equity-focused primary care VBP arrangements.

Through these VBP arrangements, NYS will give funding preference to arrangements that utilize SDHNs, however there will be no requirement to include SDHNs in the VBP contracts. MCOs would be encouraged to contract with safety net hospitals, clinics, provider entities, and/or SDHNs for care management, referrals, or other management/administrative capabilities that build on the regional health equity activities as identified by the HERO. NYS envisions that not every VBP arrangement would utilize SDHNs as the vehicle for CBO contracting, especially in areas where there is an existing strong cohort of CBOs or IPAs that are already successfully managing the needs of specific populations. To directly reimburse for SDH services, the State would form a VBP incentive pool and establish a fee schedule to pay CBOs for interventions on a per-service basis or similar methodology.

VBP incentive funds would be loaded into the MCO premium and also made directly available to participating providers. Qualifying VBP contracts will specify network composition, the assumption of financial risk, minimum data sharing requirements, risk mitigation strategies offered by the MCO, and other requirements to be specified by NYS.

IV. FQHC Capitated Alternative Payment Methodology (APM)

In response to CHCANYS' advocacy efforts, New York State has included an FQHC capitated APM in the proposed waiver amendment as an example of health equity informed VBP arrangements to be accessed under the waiver.

"Examples of qualifying health equity-informed VBP arrangements might include...Alternative Payment Models with Federally Qualified Health Centers that involve a per member per month wrap payment for members to allow for flexibility in pursuing integrated care..." (P25).

V. Measures & Data Collection

Although the new VBP Roadmap would outline potential health equity quality metrics, each HERO would be responsible for selecting the metrics most relevant to be utilized in their region. Health equity metrics would be developed by to be convened Clinical Advisory Groups.

HEROs would be responsible for participation agreements, including setting forth data sharing requirements for partners. HEROs may outline specific data sharing requirements for inclusion in regional VBP contracts and other population health initiatives taken on by HERO participants.



DOH will procure a statewide IT social needs referral and data platform infrastructure for SDHNs, HEROs, and VBP arrangements to connect the social needs of Medicaid members. This platform will coordinate and report social need assessment data and referral and service outcomes through lead SDHN entities and will connect with the SHIN-NY.

VI. Ensuring Access for Criminal Justice-Involved Populations

The waiver proposes \$745 million over five years to expand targeted Medicaid services to incarcerated individuals 30 days prior to release, adding estimated enrollment of approximately 92,000 members annually.

VII. Telehealth

Recognizing that telehealth expands access to affordable health care and promotes health equity, NYS is requesting \$300 million for statewide digital health and telehealth infrastructure funding. This includes creation of an Equitable Virtual Care Access Fund to assist providers with human capital investments and additional resources and supports to expand their digital health and telehealth capabilities. NYS would also convene a statewide collaborative group to identify local strategies/solutions, inform statewide standardization of technical requirements, and identify training and technical assistance needs.

VIII. Workforce Development

The proposed waiver amendment acknowledges the need to build a strong and well-trained workforce that is representative of the populations served by Medicaid providers. WIOs will receive reinvestments through the waiver to focus on the needs of their respective region while coordinating with other WIOs across the state to share best practices. A \$1.5 billion investment in workforce development through WIOs will focus on:

- Recruitment and retention initiatives (including for behavioral health providers) to recruit greater participation by people of color in medical professions and provide workers with a greater range of opportunities for advancement;
- Development of career pathways;
- Regionally specialized training initiatives;
- Expanding the number of Community Health Workers (CHWs), including career pathways for entry level workers such as home health aides, dietary aides, and housekeeping staff with strong community ties; and
- Standardization of job training and scaling across the state.

IX. \$1.5B for Financially Distressed Hospitals and Nursing Homes

New York proposes the creation of a VBP pool available only for financially distressed safety net and critical access hospitals and nursing homes to engage in VBP arrangements and facilitate post-pandemic recovery.