

# Session 1 – What is the DSRIP Program?

## Review of the Delivery System Reform Incentive Payment (DSRIP) Program

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New Jersey Department of Health (NJDOH)

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# Training Session 1 Objectives

- ✓ To understand the DSRIP Goals and Design
- ✓ To understand the DSRIP Funding Mechanisms
- ✓ To understand the DSRIP Governance Documents
- ✓ To understand the Project Array
- ✓ To understand the key considerations in selecting a DSRIP project

# DSRIP Background

- Goal: To preserve \$166.6 million allocation, inclusive of Federal matching funds
- The 1115 demonstration waiver between States and CMS provides special terms and conditions for States to qualify for matching Federal funding
- NJ requested and CMS accepted a DSRIP funding pool as part of the 1115 Comprehensive Medicaid Waiver

# DSRIP Background

Negotiations with CMS resulted in New Jersey :

- Maintaining aggregate funding at same level as the Hospital Relief Subsidy Fund (HRSF)
- Requires that the Department transition HRSF payments to DSRIP payments under a five year demonstration

Demonstration Year 1	Transition Period	October 2012 – June 2013
Demonstration Year 2	Transition Period DSRIP Implementation	July 2013 – October 2013 November 2013 - June 2014
Demonstration Year 3	DSRIP Implementation	July 2014 – June 2015
Demonstration Year 4	DSRIP Implementation	July 2015 – June 2016
Demonstration Year 5	DSRIP Implementation	July 2016 – June 2017

# CMS's DSRIP Program Goals

- Develop a program that supports hospitals' efforts to enhance access to healthcare, the quality of care, and the health of patients and families they serve
- Develop a program rooted in intensive learning and sharing that will accelerate meaningful improvement
- Ensure individual hospital DSRIP plans are consistent with their mission and quality goals, as well as, CMS' overarching approach for significantly improving health care through the *concurrent pursuit of three aims* (i.e. Triple Aim):
  1. Better care for individuals
  2. Better health for the population
  3. Lower cost through improvement



# New Jersey's Vision for DSRIP

Healthy New Jersey 2020 (HNJ2020) is the State's health improvement plan and sets the agenda for the comprehensive disease prevention and health promotion for New Jersey for the next decade.

*New Jersey's Vision:*

**For New Jersey to be a state in which all people live long, healthy lives<sup>1</sup>**

- Chronic diseases are responsible for about 70% of all deaths nationally even while patients with chronic disease consume 83% of all health care spending in the United States<sup>2</sup>



<sup>1</sup> [www.healthy.nj.gov](http://www.healthy.nj.gov)

<sup>2</sup> New Jersey Department of Health, "Introduction to CD Burden"

# New Jersey's Focus Areas

- In order to focus the DSRIP incentive budget and resources to meet the State's vision, New Jersey is seeking to move the cost and quality curve for eight prevalent or chronic conditions:
  1. Asthma
  2. Behavioral Health
  3. Cardiac Care
  4. Chemical Addiction/ Substance Abuse
  5. Diabetes
  6. HIV/ AIDS
  7. Obesity
  8. Pneumonia

# New Jersey's DSRIP Program Goals

Program **objectives** include:

- Improved quality and access of care
- Improved delivery and consistency of care
- Expansion of primary care

Program **goals** include:

- Improve population health
- Reduce unnecessary admissions/ readmissions
- Reduce unnecessary emergency department visits
- Manage the trajectory of the cost of health care

Program **interventions** include:

- Improve treatment protocols, discharge planning and care transitions
- Institute population registries and case management
- Develop patient-centered and integrated medical/ behavioral health homes



# Project Stages

Stage 1: Infrastructure Development – Activities in this stage develop the foundation for delivery system transformation through investments in technology, tools, and human resources that will strengthen the ability of providers to serve populations and continuously improve services.

Stage 2: Chronic Medical Condition Redesign and Management – Activities in this stage include the piloting, testing, and replicating of chronic patient care models.

Stage 3: Quality Improvements – This stage involves the measurement of care processes and outcomes that reflect the impact of Stage 1 and 2 activities. Stage 3 measures the clinical performance of the hospital's DSRIP project.

Stage 4: Population Focused Improvements – Activities in this stage include reporting measures across several domains of care.

# DSRIP Governance

DSRIP is governed by three source documents:

1. Special Terms and Conditions – a component of the 1115 waiver – as agreed between the State and CMS

*Note: Amended waiver is currently under CMS review*

2. DSRIP Funding and Mechanics Protocol

3. DSRIP Planning Protocol

- Addendum 1: Stage 3 Measures Catalogue
- Addendum 2: Stage 4 Measures Catalogue
- Attachment 1: Toolkit

*Note: As of the date of this training, neither the Funding and Mechanics nor the Planning Protocols have received final approval from CMS. Accordingly, they are subject to change.*

# DSRIP Funding and Mechanics Protocol

## The Funding and Mechanics Protocol defines:

- Hospital DSRIP Plan Guidelines and Approval Process
- Hospital Reporting Requirements
- Determination of a Hospital's Target Funding Amount
- Project Activities and Milestone Valuation
- Stage 3, Stage 4 and UPP Payment Methodologies
- Process for Plan Modifications

# DSRIP Funding and Mechanics Protocol

- **Starting Point** – The Hospital Relief Subsidy Fund allocation (i.e., “starting point”) with an added DSRIP floor of \$250,000 for each hospital (*adjusted to \$166,667 in DY 2 based on actual months of DSRIP*)
- **Universal Performance Pool (UPP):**
  - **Carve Out Percentages** – In demonstration years 3 – 5, a portion of the DSRIP funds will be allocated to a performance pool that all hospitals will be eligible for:

DY2	DY3	DY4	DY5
0%	10%	15%	25%

- In addition to the carve out amounts above, the UPP will also include:
  - Amounts allocated to hospitals opting out of the DSRIP program
  - Unmet performance metric payments
  - Appeal adjustments

# DSRIP Funding and Mechanics Protocol

- **Allocation by Project Stage** – the following allocation applies by stage by demonstration year (DY) for each hospital

Stages	Payment Mechanism	DY2	DY3	DY4	DY5
Stages 1 & 2 Project Activities	Pay for Achievement	90%	75%	50%	25%
Stage 3 Measures	Pay for Reporting	5%	15%		
	Pay for Performance			35%	50%
Stage 4 Measures	Pay for Reporting	5%	10%	15%	25%

- Increased focus on outcome performance (Stage 3 and 4 measures) in DY 4 and 5

# DSRIP Funding and Mechanics Protocol

- Overall Allocation Totals

	DY2	DY3	DY4	DY5
Transition Payments (4 months)	\$55,333,000	\$0	\$0	\$0
<b>DSRIP Target Funding</b>	<b>\$111,067,000</b>	<b>\$166,600,000</b>	<b>\$166,600,000</b>	<b>\$166,600,000</b>
<i>Less UPP Carve Out</i>	0%	10%	15%	25%
	\$0	\$16,660,000	\$24,990,000	\$41,650,000
<b>Adjusted DSRIP Target Funding Amount</b>	<b>\$110,067,000</b>	<b>\$149,940,000</b>	<b>\$141,610,000</b>	<b>\$124,950,000</b>
<i>Less Funding for DSRIP Application</i>	50%	0%	0%	0%
	\$55,333,000	\$0	\$0	\$0
<b>Total Distributable Amount for Stages 1-4</b>	<b>\$55,333,000</b>	<b>\$149,940,000</b>	<b>\$141,610,000</b>	<b>\$124,950,000</b>
<i>Stage 1 &amp; 2</i>	\$49,799,700	\$112,455,000	\$70,805,000	\$31,237,500
<i>Stage 3</i>	\$2,766,650	\$22,491,000	\$49,563,500	\$62,475,000
<i>Stage 4</i>	\$2,766,650	\$14,994,000	\$21,241,500	\$31,237,500

Over the course of the demonstration, a hospital payment is paid according to a schedule that will change annually.

# DSRIP Funding and Mechanics Protocol

- **Stage 1 & 2 Pay for Achievement –**
  - Total of 15 Potential Stage 1 activities, Total of 6 Required Stage 2 activities
  - The Achievement Value (AV) for each Stage 1 and 2 metric will be calculated as 0 (incomplete) or 1 (complete)
  - Each metric will be summed to determine the Total Achievement Value (TAV) for the stage
  - The Percentage Achievement Value (PAV) is then calculated by dividing the TAV by the maximum AV (the total number of metrics)
  - If an activity is not complete by the deadline, money will be forfeited and re-allocated to the UPP

*Example:*

A hospital's Stage 1 and 2 activities in DY3 is valued at \$7,000,000. The five metrics represent a TAV of five. The hospital meets two metrics at the initial progress report and has earned an incentive of \$2,800,000. (7M \* 40%)

Metric	Status	AV
Stage 1: Metric 1	Complete	1
Stage 1: Metric 2	Complete	1
Stage 1: Metric 3	Not Complete	0
Stage 2: Metric 1	Not Complete	0
Stage 2: Metric 2	Not Complete	0
<b>TAV</b>		<b>2</b>
<b>PAV (2/5)</b>		<b>40%</b>

# DSRIP Funding and Mechanics Protocol

- **Stage 3 Pay for Performance (P4P) Methodology –**
  - Approximately 60 measures
- **“Reducing the Gap” methodology**
  - **Gap** = Difference between the hospital’s baseline performance, and the metric’s established improvement target goal
    - 10% gap reduction required to receive payment
  - **Baseline** = this is the initial starting point from which the hospital’s future performance will be compared to
  - **Improvement Target Goal** = the benchmark that serves as the standard level of performance that NJ hospitals should strive to obtain (*selected based on analysis of all NJ hospital data*)
  - **Expected Improvement Target** = the required target of improvement; baseline plus the calculated gap to receive the required performance improvement



# DSRIP Funding and Mechanics Protocol

## Stage 3 “Reducing the Gap” Example

Line 1	Improvement Target Goal ( <i>90th percentile</i> )	<b>69.60</b>
Line 2	Baseline	<b>42.10</b>
Line 3	Gap = Improvement Target Goal – Baseline <i>[Line 1 – Line 2]</i>	<b>27.50</b> (69.60 – 42.10)
Line 4	Required reduction in the gap (10%)	<b>0.10</b>
Line 5	Required reduction = Gap * 10% <i>[Line 3 * Line 4]</i>	<b>2.75</b> (27.50 * 0.10)
Line 6	Expected Improvement Target <i>[Line 2 + Line 5]</i>	<b>44.85</b> (42.10 + 2.75)
Line 7	Actual Performance Result	<b>50.21</b> ✓Payment awarded

Compare Actual Performance Result to the Expected Improvement Target.

- Is the Actual Performance Result at the Improvement Target Goal?
- Is the Actual Performance Result at the Expected Improvement Target?

✓ If either are Yes – then the Payment Incentive is awarded

# DSRIP Funding and Mechanics Protocol

- For any measure that the Department (with CMS concurrence) determines that the “Reducing the Gap” methodology cannot be calculated, a simple ten percent (10%) rate of improvement over the hospital’s baseline performance per year will apply
- **Stage 3 Pay for Reporting Methodology** - same as described for Stage 4

# DSRIP Funding and Mechanics Protocol

- **Stage 4 Pay for Reporting** – based on reporting all Stage 4 metrics
  - Total of 45 measures
  - Each metric will be valued equally (semi-annual reporting will be halved)
  - The Achievement Value for each Stage 4 metric:
    - 0 if metric is not reported
    - 1 if annual metric is reported
    - 0.5 if semi-annual metric is reported

*Example:*

A hospital's Stage 4 in DY3 is valued at \$5 million. A total of 45 metrics are required to be reported. Each Stage 4 metric is valued at \$111,111.11 (\$5 million/45). Any Stage 4 metric required to be reported on a semi-annual reporting frequency will have a value of \$55,555.56 (\$111,111.11\*0.5). At six months, a hospital reports 20 annual metrics and 10 semi-annual metrics. The hospital has earned an incentive payment of \$2,777,777.80.

Report Month	Metrics Reported	(A) Reported	(B) Value	(A*B) Total Earned
October	Annual Metrics	20	\$111,111.11	\$2,222,222.20
	Semi-Annual	10	\$55,555.56	\$555,555.60
April	Annual Metrics	15	\$111,111.11	\$1,666,666.65
	Semi-Annual	10	\$55,555.56	\$555,555.60
<b>Total Stage 4 Earned</b>				<b>\$5,000,000.05</b>

# DSRIP Funding and Mechanics Protocol

- **Universal Performance Pool**
  - Total of 12 UPP measures (4 potential substitution measures)
  - Each of the 12 metrics will be evaluated separately and receive an achievement value (AV) score of:
    - At or improves from baseline = 1
    - Regression from baseline = -0.5
  - A Total Achievement Value (TAV) score will be established by summing each UPP achievement value. The score will be no higher than 12 and no lower than 0.
  - The Percentage Achievement Value (PAV) is then calculated by dividing the TAV by the maximum AV (12)

	Metric 1	Metric 2	Metric 3	Metric 4	Metric 5	Metric 6	Metric 7	Metric 8	Metric 9	Metric 10	Metric 11	Metric 12	TAV
Hospital A	1	1	1	1	1	1	-0.5	1	1	1	1	1	10.5

Hospital A PAV:  $10.5 / 12 = 87.5\%$

# DSRIP Funding and Mechanics Protocol

- The Percentage Achievement Value (PAV) will then be adjusted by the Low Income Discharge % to all Statewide Low Income Discharges
- The result is used to distribute the UPP

*Example:*  
5M available for distribution

	A	B = A/12	C	D = B * C	E = D/.61	F = E * 5M
	Total Achievement Value Score	Percentage Achievement Value	Low Income Discharge % **	Adjusted Total Score Adjusted by Low Income Discharge %	Percent to Total	UPP Payment
Hospital A	10.5	87.50%	9%	0.08	0.13	\$649,485
Hospital B	7.5	62.50%	26%	0.16	0.27	\$1,340,206
Hospital C	3	25.00%	22%	0.06	0.09	\$453,608
Hospital D	10.5	87.50%	8%	0.07	0.12	\$577,320
Hospital E	3	25.00%	9%	0.02	0.04	\$185,567
Hospital F	10.5	87.50%	18%	0.16	0.26	\$1,298,969
Hospital G	9	75.00%	8%	0.06	0.10	\$494,845
Total			100%	0.61	1	\$5,000,000

**\*\*Percentage of hospital's Low Income (Medicaid/CHIP/Charity Care) discharges to all statewide Low Income discharges.**

# DSRIP Planning Protocol

## The Planning Protocol defines:

- Goals and Outcomes the State Seeks to Achieve
- Focus Areas, Projects, and Project Stages
- Project-Focused Objectives and Outcomes
- Set of Measures for Collection and Reporting
- Detailed Requirements for the Hospital DSRIP Plan
- Planning Protocol includes Toolkit as Attachment 1

# Planning Protocol – Attachment: Toolkit

**The Toolkit includes the accompanying project descriptions with:**

- ✓ the project's defined objective
  - ✓ high level methodology
  - ✓ anticipated outcomes
- 
- The above items will be pre-populated in the application tool once the project has been selected, however the hospital will be required to also enter the hospital-specific objectives, methodology, and anticipated outcomes.
  - The hospital is responsible for describing **in detail the manner and means by which the hospital will fulfill the project requirements.**

# Planning Protocol – Focus Areas

- Hospitals will select a project within one of nine focus areas. The focus areas are:

Asthma	HIV/ AIDS
Behavioral Health	Obesity
Cardiac Care	Pneumonia
Chemical Addiction/ Substance Abuse	A medical condition unique to the hospital**
Diabetes	

\*\*CMS approval will be required for all hospital unique focus areas or off-menu projects. *Greater levels of justification and examination will occur as well as revised submission timelines.*

- DSRIP program consists of **17** pre-defined CMS approved quality projects
  - **Note:** The Nurse-Enforced Protocols to Reduce Catheter-related Hospital Acquired Infections and Ventilator-Associated Pneumonia projects have been removed



# Planning Protocol – Project Array

## Asthma

1. Hospital-Based Educators Teach Optimal Asthma Care
2. Pediatric Asthma Case Management and Home Evaluation

## Behavioral Health

1. Integrated Health Home for the Seriously Mentally Ill (SMI)
2. Day Program and School Support Expansion
3. Electronic Self-Assessment Decision Support Tool

## Cardiac Care

1. Care Transitions Intervention Model to Reduce 30-Day Readmissions for Chronic Cardiac Conditions
2. Extensive Patient CHF-Focused Multi-Therapeutic Model
3. The Congestive Heart Failure Transition Program (CHF-TP)

## Chemical Addiction/ Substance Abuse

1. Hospital-Wide Screening for Substance Use Disorder
2. Hospital Partners with Residential Treatment Facility to Alternative Setting to Intoxicated Patients

# Planning Protocol – Project Array

## Diabetes

1. Improve Overall Quality of Care for Patients Diagnosed with Diabetes Mellitus and Hypertension
2. Diabetes Group Visits for Patients and Community Educators
3. Develop Intensive Case Management for Medically Complex High Cost Patients

## HIV/ AIDS

1. Patient Centered Medical Home for Patients with HIV/AIDS

## Obesity

1. After-School Obesity Program
2. Wellness Program for Parents and Preschoolers

## Pneumonia

1. Patients Receive Recommended Care for Community-Acquired Pneumonia

## Unique Focus Area or Off-menu Project

An innovative project that the hospital feels is unique to their population.

*Greater levels of justification and examination will occur.*

# Project Selection – Key Considerations

In the decision-making process for the selection of a project, each hospital should consider the following key factors :

- What are the results of your Community Needs Assessment?
- What are the key health challenges specific to your hospital's surrounding area as supported by data?
- How will the project improve health for your patient population?
- How is the project consistent with your hospital's mission or quality goals?
- What are the results of your public input process?

# Project Selection – Key Considerations

In the decision-making process for the selection of a project, each hospital should consider the following key factors :

- What is the outpatient component of the project?
  - Do you have partners identified to work with?
  - How will you work with these partners?
  - What do you expect from these identified partners?
- Do you have, or can you develop the infrastructure required to support the project?
- How will you report the project's measures?

# Session 1 – What is the DSRIP Program?

Review the Delivery System Reform Incentive Payment  
(DSRIP) Program

Q & A

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