

NYS Value-Based Payment Roadmap: Year 3 Update

OVERVIEW

New York State has released the updated version of the Value-Based Payment (VBP) Roadmap for Year 3 of the Delivery System Reform Incentive Payment (DSRIP) program. The Roadmap outlines the State's plan to make 80% of Medicaid managed care payments through VBP arrangements by the end of the DSRIP waiver period in 2020. The updated Roadmap was approved by the Centers for Medicare and Medicaid Services (CMS) on July 6th.

Below is an overview of major changes made in the latest update. For more information, refer to the full updated Roadmap (available [here](#)) or to SPG's separate summary of the full document.

UPDATES AND CHANGES

Program of All-Inclusive Care for the Elderly

The updated Roadmap contains new guidance on VBP in the Program of All-Inclusive Care for the Elderly (PACE) model. A PACE program may directly provide services and/or contract with outside providers for services. Since a PACE program receives a fully-capitated payment for covered services, its payment model may be considered a Level 3 arrangement if it meets all the non-risk Level 3 requirements, including the implementation of:

- At least one quality component in the payment model, based on the measure set developed by the Managed Long-Term Care (MLTC) Clinical Advisory Group (CAG);
- At least one partnership with a Tier 1 community-based organization (CBO); and
- At least one intervention to improve a social determinant of health (SDH).

For contracted services, the PACE program is a payer, and may therefore form VBP Level 1, 2, or 3 contracts with outside service providers, subject to the same requirements as mainstream managed care (MMC) plans. A set of quality measures for such arrangements will be determined by the MLTC CAG.

This implies that a PACE's payment model may still be considered a Level 3 arrangement even if major components of care are contracted out downstream (e.g., if a PACE forms a downstream Level 3 VBP contract with a hospital for all inpatient services). Further clarifications may be issued in the future.

Level 3 Arrangement Definition

The updated Roadmap emphasizes that, like lower-level VBP arrangements, a Level 3 arrangement must include a quality component, which could include bonuses/penalties or other adjustments to the capitation based on quality performance. The exact methodology is left to negotiation between the payer and contractor. Depending on how the quality component is structured, the capitation payment may or may not be retrospectively reconciled.

Quality Components and Reporting

VBP contracts will describe how quality measures are used to help determine the amount of shared savings or losses. Each VBP contract must include at least one quality measure that the relevant CAG has determined to be in Category 1, which will be used to help determine the amount of shared savings or losses.

The Roadmap has been revised to clarify that the reporting of quality measures to the State will be done by managed care organizations (MCOs), not VBP contractors. Depending on the arrangement, some quality reporting functions may be performed by the VBP contractor, the MCO, and (for claims-based measures) the State. MCOs are encouraged to share quality measure reporting with VBP contractors to improve the quality of care.

Target Budgets

The Roadmap expands on requirements for the target budget setting process for Level 2 and 3 arrangements. The State intends to monitor the data exchanged by MCOs and VBP contractors to set budgets for such arrangements. MCOs will be required to include an overview of the data they made available to their VBP contractors during negotiations when submitting their MCO contracts to the State.

The State will also assist providers by providing the State-to-MCO rate schedules and information on MCOs' stimulus payments and performance adjustments.

Excluded Services

Dental and vision services have been added to the enumerated list of services which may be excluded from VBP arrangements, if the contracting parties so choose.

Social Determinants of Health

The Roadmap expands on the requirement for Level 2 and Level 3 VBP contractors to participate in at least one intervention to improve a social determinant of health (SDH). The chosen intervention should align with one of the five key SDH areas outlined in the State's [SDH Intervention Menu](#) and SDH Recommendation Report: 1) economic stability, 2) education, 3) health and healthcare, 4) neighborhood and environment, or 5) social, family, and community context.

VBP Survey

The Roadmap has been updated with data from its 2017 survey of MCOs on VBP implementation progress. In 2015, about 34% of payments were in Levels 1 through 3, up from 26% in 2014.