

MEMORANDUM

To: Provider and payer organizations engaging in the New York State (NYS) Value Based Payment (VBP) Pilot Program and their respective professional associations

From: The Office of Health Insurance Programs

Date: June 12, 2016

Subject: NYS VBP Pilot Program

The following memorandum provides an overview of the NYS VBP Pilot program and reiterates the key points from the NYS VBP Pilot Program operator assisted call, held on July 11th. The State is committed to the implementation of approximately 15 Pilots across the State, to test the various components of the VBP Roadmap. The State has established a timeline and program and stakeholder expectations that are key to making both the pilot program and overall transition to VBP successful. The following sections lay out the key points from the call.

Timeline for Pilot Implementation

The Department of Health (DOH) has detailed a timeline and set of milestones that need to be met in order to qualify for the benefits of the VBP Pilot Program. This timeline culminates with the **finalization and submission of a VBP arrangement contract on or before October 31st (for Level 1 contracts) or November 30th (for Level 2 contracts)**. The finalized contract must include details of the arrangement including the VBP Contractor's NPI network.

Prior to the final submission, eligible Pilot program participants are required to indicate commitment to the program along with initial details (arrangement type, level, MCO, contracting entity and preliminary NPI list). **This must be completed on or before July 29th**. Additional critical dates are outlined in the Appendix.

Considerations for VBP Contractors

Becoming a VBP Contractor means creating a network of attribution-driving providers (PCPs, HHs, and Obstetricians). This is a significant task and requires careful planning. During the pilot the overall network can continue to grow and mature. The NPI list of attribution-driving providers must be finalized by the time the agreement is submitted to the DOH by the MCO for review, but that list can evolve further over time (see Appendix). All State adjustments related to quality and performance will be calculated based on the list submitted to DOH.

Notwithstanding the planning involved, there are many reasons to move quickly into VBP arrangements – especially **Level 1 arrangements which involve no additional risk to participating VBP Contractors**. These benefits include:

- Enjoying potential shared savings in an environment where total costs per member are decreasing as a result of DSRIP

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- Mitigating the risk that other VBP Contractors gain a “first mover advantage” in building network of PCPs in your region

Within the Pilot program, the first year in a Level 1 contract is focused on analyzing data and identifying opportunities for improvement which will prepare VBP Contractors to move to Level 2. If there are unforeseen circumstances that prevent a transition to a Level 2 arrangement at the end of the first Pilot year, the Pilot is not obligated to move to Level 2.

Within a Level 2 arrangement, the risk of financial loss can be mitigated to match the level of organizational readiness. Current analysis suggests that there are significant opportunities that will help participants achieve success, including:

- Reducing avoidable complications
- Improving patient flow in order to encourage high value provider utilization
- Changing service mix (right care at the right place; no hospitalization when outpatient treatment will suffice)
- Changing volume of diagnostics, imaging, and hospital use through better coordination

Reviewing Key Considerations for MCOs

MCOs are expected to engage collaboratively with potential VBP Contractors while abiding by the standards and remaining faithful to the guidelines of the VBP Roadmap. Pilot arrangements do not require separate contracts, and can exist as an amendment to an existing contract between an MCO and VBP Contractor. If an MCO is a significant payer for a VBP Contractor that is interested in pursuing a Pilot, they will be expected to facilitate a successful Pilot launch.

MCOs are expected to facilitate all standard VBP arrangements (TCGP, IPC, Maternity, HARP, HIV/AIDS) at both Levels 1 and 2. For Pilots beginning in Level 1, the MCO is expected to commit with the VBP Contractor to move to Level 2 at the end of the first year of the Pilot. In situations where the MCO or VBP Contractors does not currently have the required D&A infrastructure, the DOH will support both parties with setting the target budget and monitoring performance so that they can take advantage of the Pilot program.

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Appendix: VBP Pilot Program Timeline

Phase	Steps	Deadline
<p>Program Commitment with Initial Information</p>	<ul style="list-style-type: none"> ▪ Identify VBP arrangement, level, contracting entity, MCO(s) ▪ Submit initial NPI list of attribution-driving providers to State ▪ Receive attribution data report from State ▪ Meet volume threshold with identified MCO(s) ▪ Identify & engage MCOs based on initial data report 	<p>July 29, 2016 (for pilots currently in process)</p>
<p>Validate Pilot Network and Contracting MCOs</p>	<ul style="list-style-type: none"> ▪ Discuss initial data report with identified MCOs ▪ Share NPI list with MCO(s) ▪ Revise NPI list and submit refined NPI network to the State ▪ Receive performance and improvement potential data report from State 	<p>August 26, 2016</p>
<p>Contract Negotiations</p>	<ul style="list-style-type: none"> ▪ Receive report ▪ Receive target budget calculation with performance & stimulus adjustments ▪ Continue contracting discussions and draft VBP Agreement 	<p>September 16, 2016</p>
<p>Finalize & Submit VBP Agreement</p>	<ul style="list-style-type: none"> ▪ Finalize details of VBP agreement ▪ Finalize NPI network ▪ MCO submits VBP contract to DOH per VBP workgroup approved submission process 	<p>Level 1: October 31, 2016 Level 2: November 30</p>