



By Email Only

Value Based Payment Workgroup  
NYS DSRIP Team  
Albany NY

August 28, 2015

Dear VBP Workgroup:

Thank you for inviting comments on your Report, “Value Based Payment Reform in New York State: A Proposal to Align Medicare’s and NYS Medicaid’s Reform.”

Innovative Health Alliance of New York, LLC (IHANY) was formed in 2014 by Ellis Hospital and St. Peter’s Health Partners to help to organize and operate a Clinically Integrated Network (CIN), in New York’s Capital Region/Mohawk Valley, that will focus on access, quality, population health, and health costs. The new CIN will allow private physician groups, health care systems, and other health care providers to work collaboratively in coordinating and improving the delivery of health care, as well as participating in new methods of reimbursement. IHANY was selected as a Medicare Shared Saving Program Accountable Care Organization in December 2014.

Alliance for Better Health Care, LLC (Alliance) was formed – also in 2014 -- by Capital Region/Mohawk Valley hospitals, federally qualified health centers, and physician organizations to operate a Performing Provider System (PPS) under the NY DSRIP program. It is a PPS “NewCo” with five LLC members (all not for profit safety net providers) a broader board of managers, and a provider network consisting of over 1,400 providers. The PPS serves in excess of 116,000 Medicaid members. Alliance’s vision is not simply to meet the DSRIP goal of reducing Medicaid hospitalization. Rather, IHANY and Alliance have the same core goal: to coordinate and improve the delivery of health care in the Capital Region/Mohawk Valley. Indeed, some of the same organizations helped form both IHANY and Alliance. The principal difference is that IHANY was shaped by Medicare requirements and has focused on serving Medicare patients, while Alliance was shaped by DSRIP requirements and has focused on serving Medicaid patients. Nonetheless, the organizations recognized early on that they can best achieve their goals –and maybe only achieve their goals – by consolidating and coordinating their efforts.

To that end, IHANY and Alliance, though contractual arrangements and otherwise, now share: the same CEO (Bethany Gilboard), certain other staff, designated consulting services, office space, information systems, and more. Most importantly, the organizations intend to coordinate their clinical and quality standards – they realize that they cannot develop separate protocols to treat diabetes in Medicare patients differently from diabetes in Medicaid patients.

In short, IHANY and Alliance, in their efforts to reduce fragmentation among providers, want to avoid creating a new fragmentation among patients: i.e., among Medicaid, Medicare, and commercial payor patients. It is the intent and desire of IHANY and Alliance, to form one Clinically Integrated Network; not parallel networks for different patient populations.

For that reason, we were very pleased to see the document, “Value Based Payment Reform in New York State: A Proposal to Align Medicare’s and NYS Medicaid’s Reform.” Clearly, the VBP Workgroup recognized the same risk that IHANY and Alliance perceives, and is acting to address it.

The Workgroup’s Report focuses on aligning Value Based Payment initiatives, and advances four key proposals:

1. NYS proposes to allow its providers and Managed Care Organizations to include Medicaid beneficiaries in CMS innovative payment models. These have already been included in the Roadmap as off-menu options that would be automatically accepted as valid Level 1 or higher VBP arrangements.
2. In parallel, NYS requests CMS to allow NYS providers to include Medicare FFS beneficiaries in the VBP Arrangements outlined in the NYS Payment Reform Roadmap.
3. Simultaneously, NYS will work with its Medicare Advantage plans to realize a complimentary alignment.
4. NYS proposes to allow Montefiore Health System to be the first Accountable Care Organization in the country that seamlessly encompasses both duals and Medicaid- and Medicare-only beneficiaries, managing population health and assuming financial risk across the entire spectrum.

IHANY and Alliance supports every one of these proposals. These are important steps toward integrating innovations for the Medicare and Medicaid populations. Indeed, IHANY has a disproportionate share of the dual eligible and disabled as compared to its cohort ACO’s, which gives it a strong impetus to support these alignment proposals, and well as the governance alignment proposal described below.

### **Governance alignment.**

But the Report is missing a key proposal: the need to make the governance structures for Medicare ACOs and Medicaid PPSs compatible.

Here is a key example of their incompatibility: Medicare MSSP regulations<sup>1</sup> require that the MSSP governing body must meet, among other requirements, this one: “At least 75 percent

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<sup>1</sup> 42 CFR 425.100 et seq.

control of the ACO's governing body must be held by ACO participants<sup>2</sup>. Because IHANY sought to qualify as an MSSP, it crafted a board of directors composed largely of physician ACO participants.

Meanwhile, DSRIP rules require that governance be controlled by not-for-profit safety net providers. Accordingly, Alliance's five LLC members are all not-for-profit safety net providers, and its board of managers has a majority of not for profit safety net provider appointees. Alliance itself intends to apply for tax exempt status.

As a result of these incompatible requirements, IHANY and Alliance have separate governing bodies with different perspectives and interests. That has hampered alignment and coordination.

Changes that allow unified governance of innovative Medicare and DSRIP program would very directly and significantly further nearly all of the aims that the VBP Workgroup described (p1 - 3):

Aligning these efforts across Medicaid and Medicare in NYS will have significant advantages for patients, providers, the State and CMS:

- Patients will no longer be confronted with barriers and discontinuities across systems (especially the almost 800,000 duals)
- Providers will be able to focus on a consistent set of Alternative Payment Models (APMs) for Medicaid and Medicare, allowing clinical and quality alignment across delivery system reform initiatives
- Providers' incentives to transition to value based payment arrangements will be greatly increased with approx. 50% of total provider payments moving towards value based payments in unison
- Providers with experience in APMs in one program (Medicare) can seamlessly reuse their knowledge and VBP infrastructure in the other program (Medicaid), and vice versa
- Alignment between payment mechanisms (Medicaid and Medicare) greatly reduces administrative costs
- Financially weak safety-net providers in NYS will be greatly supported by the ability to be rewarded for delivering value consistently across Medicaid and Medicare
- Uniquely, NYS stakeholders (including providers and managed care organizations) have actively participated in the creation of the Roadmap and have committed themselves to the APMs described in the Roadmap (including 'off-menu' APMs that will be equally value-oriented). These same stakeholders have pressed the State to request CMS to align its reforms with NYS (and vice versa). This offers a significant step for CMS to achieve its goal of realizing 50% of Medicare payments tied to quality or value through APMs by the end of 2018.
- Alignment across systems increases the numbers and diversity of beneficiaries that can be included in the APMs, enhancing the ability for providers to participate in these APMs as well as the ability for CMS to test these models more comprehensively.

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<sup>2</sup> *ACO participant* means an individual or group of ACO provider(s)/supplier(s), that is identified by a Medicare-enrolled TIN, that alone or together with one or more other ACO participants comprise(s) an ACO, and that is included on the list of ACO participants that is required under §425.204(c)(5).

- The NYS VBP Arrangements have been designed building upon the latest national and global insights and lessons learned, including those of CMS' Innovation Center. Realizing and subsequently monitoring this alignment would be perfect input for the Health Care Payment Learning and Action Network.

Accordingly, we propose that the VBP Workgroup add to its list of proposals a fifth item:

5. NYS invites and will strive to support proposed approaches to combine or harmonize the governance of entities created to advance Medicare innovations (e.g., MSSPs) and Medicaid innovations (e.g., PPSs) and will explore with CMS changes to or waivers from requirements to foster such governance alignment.

We at IHANY and Alliance would be pleased to discuss this issue further at your convenience.

Yours truly,



Bethany Gilboard

CEO, Innovative Health Alliance, LLC

CEO, Alliance for Better Health Care, LLC

cc: William Busino, MD, IHANY Chairman of the Board  
Victor Giulianelli, AFBHC Chairman of the Board