DRAFT PRINCIPLES FOR THE CATEGORIZATION OF AT-RISK VITAL ACCESS PROVIDERS (VAPs)

Purpose:

A designation of Vital Access Provider (VAP) - hospital, nursing home, diagnostic and treatment center, home care providers - denotes the state's determination to ensure patient access to a provider's services otherwise jeopardized by the provider's payer mix or geographic isolation. Providers that are essential but not financially viable because of their payer mix or other factors should be the focus of the state's effort to provide supplemental financial support to ensure their long-term viability. Market forces should be allowed to govern in other cases.

A VAP designation is a threshold determination that will qualify providers for some level of supplemental financial assistance to support their longer-term financial viability. Such supports may have varied criteria, and be of variable duration, subject to periodic Department of Health (DOH) reassessment of the VAP determination and the potential for reconfiguration, conversion, or integration with other providers. However, absent a viable alternative, a VAP may receive repeat designations.

The VAP program is not intended to substitute for DOH's current approach to provide temporary funds to safety net providers in areas of excess capacity to assist with closure, conversion, or integration with other providers. The VAP is intended as an ongoing supplement to rates or exemption from payment reductions while the designation applies. The program may also include time-limited grants focused on improving operational efficiency as well as capital support.

Qualifying Criteria:

Providers will be deemed a VAP based on factors such as their lack of financial viability, their provision of care to financially vulnerable populations, their provision of essential health services, and their role in providing a high fraction of health services in their market area. Financial viability for this purpose will be determined by measures of profitability, liquidity, and capital structure. In rural communities, federal designation as critical access, essential access, or sole community provider will serve as the threshold criteria for New York State VAPs.

Eligible providers must apply for VAP status. Those that receive the designation will be reviewed for administrative and operational efficiencies, quality standards, provision of essential services, and potential for integration or collaboration with other entities.

Assistance to Qualifying VAPs

DOH shall provide supplemental funding to VAPs. Support may include: a global budget, cost-based reimbursement in rural areas, or a formulaic Medicaid rate add on.

Examples of recommended sources to fund the VAP program:

- The state should redirect the Transition 2 funds to a VAP pool, rather than move them back into the statewide base price.
- The state should redirect the Transition 1 funds rather than allow them to be eliminated.

- Waiver funds are needed to provide adequate VAP resources given the anticipated Medicare and Medicaid projected loss of disproportionate share funds.
- Funds from other payers
- New York State General Fund

In sum, a provider that accepts VAP status and financial support is required to agree to a level of state oversight, reporting, and other obligations.