



# Medicaid Redesign Team Waiver Webinar

**New York's Reinvestment Strategy  
Bending the Cost Curve and Improving  
Patient Outcomes**

**June 27, 2012**



# Program Agenda

*Expand the Vital Access and Safety Net Provider Program:*

John Ulberg

*Capital Stabilization for Safety Net Hospitals:*

Lora Lefebvre and John Ulberg

*Hospital Transition:* Lora Lefebvre

*Public Hospital Innovation*

*New Models of Care for the Uninsured:* Greg Allen

*Managed Long Term Care Preparation Program:*

Mark Kissinger

Redesign Medicaid in New York State

# Expand the Vital Access and Safety Net Provider Program



# Program Overview

- New York has two programs designed to assist uniquely situated and financially challenged hospitals, nursing homes, Diagnostic and Treatment Centers and home health providers:
  - ✓ **Safety Net Provider Program:** Short-term funding to achieve defined operational goals such as a facility closure, merger, integration or reconfiguration of services.
  - ✓ **Vital Access Provider Program (VAP):** Longer-term support to ensure financial stability and advance ongoing operational changes to improve community care.



# Program Overview

- **Uniquely Qualified:** Facilities eligible for these funds must be financially challenged and provide services to a high-volume of Medicaid/uninsured patients and/or are essential given their location and status as a sole community provider (i.e., certain rural facilities).
- **Accountability:** In order to qualify for funding providers must submit a plan with benchmarks for achieving approved goals (i.e., quality, efficiency and advancing community health needs).



# Hospitals in NYS are Struggling Financially

	Financially Challenged Hospitals (12)	Non-Financially Challenged Hospitals (151)	National Average
<b>FINANCIAL</b>			
Operating Margins	-10.6%	3.7%	6.4%
Cash on Hand (Days )	25	61	33
Debt to Capitalization	43%	32%	34%
<b>PROPERTY/PLANT</b>			
Age of Physical Plant (Years)	13	12	13

- Based on 2010 ICR data with Financially Challenged defined as an Operating Margin < -5.00%
- Excludes all Public sponsored facilities
- Excludes facilities with 2010 data, but now closed (Sheehan, Peninsula, St. Vincents-Manhattan)



# Some Hospitals Vary in Quality & Efficiency

	Financially Challenged Hospitals (12)	Non-Financially Challenged Hospitals (151)
<b>ACCESS/QUALITY</b>		
Average Length of Stays (ALOS) – <i>National Average is 4.1 days</i>	6.0	5.4
Potentially Preventable Readmissions (PPR)	3.4	4.1
Ambulatory Sensitive Conditions (ACSC) – Severity 1 & 2	23.3%	21.0%
Mortality Rate Observed/Expected	2.5% / 1.9%	2.5% / 2.1%

- PPR defined as the Observed PPR Rate per 100 At Risk Admissions (2009 data).
- ACSC – Defined as Observed Rate Per 1,000 Medical Hospital Admissions.



# Some Nursing Homes Are Also Financially Challenged

	Financially Challenged Nursing Homes Negatively Impacted by Pricing (118)	All Other Nursing Homes (410)
<b>FINANCIAL</b>		
Operating Margin	-9.0%	1.6%
Cash on Hand (Days)	24	17
Debt to Capitalization	35%	32%
<b>PROPERTY PLANT</b>		
Age of Physical Plant (Years)	14	12

- *Financially Challenged Nursing Homes: Eligible for 2012 Financially Disadvantaged Funding or more than 5% of operating losses and 70% or more Medicaid Utilization in 2010 .*
- *Includes 77 homes that are Financially Challenged but benefit from the New Pricing Methodology effective January 1, 2012.*
- *Excludes 2-Filer Hospital-Based Nursing Homes and Public Facilities.*





# Financially Disadvantaged Homes Vary in Quality

## Medicare 5 Star ★ System

# of STARS <i>(as of November 28, 2011)</i>	Financially Disadvantaged Nursing Homes
★ ★ ★ ★ ★	9
★ ★ ★ ★	23
★ ★ ★	17
★ OR ★ ★	69
<b>TOTAL</b>	<b>118</b>

**Statewide Average is approximately 3 Stars**

*Six homes are currently under special focus review by CMS.*

# Bed Need/Access Are Important Considerations in Developing VAP/Safety Net Plans



WEF Region	Over Bed (-)	WEF Region	Under Bed (+)
Rochester	-1,128	New York City	7,649
Erie	-933	Long Island	1,353
Syracuse	-590	Orange	1,046
Binghamton	-278	Western	221
Westchester	-259	Northern Rural	145
Elmira	-166	Poughkeepsie	103
Utica	-94	Glens Falls	67
Albany	-25	Central Rural	55
<b><i>SUB TOTALS</i></b>	<b><i>-3,473</i></b>	<b><i>SUB TOTALS</i></b>	<b><i>10,639</i></b>
<b>TOTAL</b>		<b>7,166</b>	



# Safety Net/Vital Access Provider Financing and Policy Considerations

- How to define a Safety Net/Vital Access Provider (SN/VAP) that might qualify to receive the funding supplement?
  - *Payor mix (MA and Uninsured), financial condition, need for services*
- With a fixed amount of resources, how much of the MRT waiver funds should be allocated for this purpose?
- How do we advance community health care needs vs. supporting the financial viability of the institution?



# Safety Net/Vital Access Provider Financing and Policy Considerations

- How do we ensure transparency and that funds are being used effectively?
  - ✓ *Well defined/transparent plan with clearly defined benchmarks (operational+ financing) and outcomes (including quality)*
  - ✓ *Is there a role for an independent evaluator/restructuring officer to help providers develop and implement a SN/VAP plan?*

Redesign Medicaid in New York State

# Capital Stabilization for Safety Net Hospitals



# Program Overview

- New York's not-for-profit safety net hospitals are at risk and are not prepared to create new models of healthcare delivery.
- Assistance directed at priorities:
  - ✓ *Well articulated integrated provider relationships;*
  - ✓ *Reduction of unneeded inpatient capacity;*
  - ✓ *Preparation for ACA implementation and payment reform;*
  - ✓ *Participation in Health Homes.*



# Questions/Issues

- What does the new delivery paradigm look like in their community/region?
- What are the necessary elements of the delivery systems – hospitals, ambulatory surgery centers, physicians, community organizations?
- What type of capital is needed?
  - ✓ *Working capital, balance sheet relief and/or capital for assets such as building, EHRs etc.*



# Questions/Issues

- How should financial support facilitate change?
  - ✓ *Lessons learned from HEAL/ FSHRP waiver?*
- Should funds be geographically allocated?
- What is the role of Academic Medical Centers in the realignment for the Safety Net Hospitals?
- Are there opportunities to leverage dollars with other resources?



Redesign Medicaid in New York State

# Hospital Transition



# Program Overview

- **Funding should be made available to support hospitals to become active partners in provider delivery transformation.**
  - The future delivery model requires:
    - ✓ *focus on patient centered outcomes;*
    - ✓ *formal network of services which emphasize prevention, wellness, primary care and outpatient services;*
    - ✓ *alignment of funding based on patient centered outcomes through approaches like global budgeting.*
    - ✓ *reductions in hospital and emergency room utilization.*



# Questions/Issues

## Many of the issues and questions are the same...

- What does the future delivery model look like?
  - ✓ Regional and community differentiation?
- What types of support do hospitals need to become a part of or develop that model in their communities?
  - ✓ *Investment in primary care/outpatient services linked to bed closures;*
  - ✓ *Workforce retraining;*
  - ✓ *Linkages and alignment with other regional/community providers such as physicians, FQHCs, nursing homes, CHAAs etc*

Redesign Medicaid in New York State

# Public Hospital Innovation

*New Models of Care for the Uninsured*



# Program Overview

- Public Hospitals provide vital care to Medicaid patients and the uninsured.
- Even after the Affordable Care Act (ACA) its estimated there will still be 1.7M uninsured individuals many with multiple chronic illnesses.
- New York State currently spends over \$1B in “charity care” and another \$500M per year on emergency Medicaid to the uninsured population.



# Program Overview

- Public Hospitals under this program could serve as a lead applicant in partnership with other community safety net providers to provide uninsured patients with:
  - ✓ *Access to better primary care and preventative care avoiding reliance on emergency care, and*
  - ✓ *Care management for select populations – (e.g., health home for the uninsured) helping to organize care for the uninsured to avoid overutilizing inpatient services.*



# Program Overview

- Access to better primary care and preventative care could occur through:
  - ✓ *Expanded night and weekend hours;*
  - ✓ *Providing additional clinic and practitioner sites to meet both uninsured and Medicaid patient needs in certain higher risk communities, and*
  - ✓ *Expanding access to Patient Centered Medical Homes (PCMHs) with co-located behavioral health treatment capacity to serve both the uninsured and Medicaid patient populations.*

Redesign Medicaid in New York State

# Managed Long Term Care Preparation Program





# Program Overview

- Overall goals is to transition all nursing home residents into Managed Long Term Care (MLTC) and/or mainstream managed care.
- Nursing Home providers are concerned about payment/reimbursement of prior and future capital investments.
- Federal regulation prohibits separate capital payment outside of capitation rate - state budget discussion on this topic.



# Question/Issues

- **Questions/Issues in program design include:**
  - ✓ Scope of investment compared to total Nursing Home outstanding capital obligations (approximately \$600 million in current annual capital reimbursement).
  - ✓ Eligible applicants: Are we treating all nursing homes the same or all groups the same - (NFP,FP, Public)?
  - ✓ Are nursing homes in areas of the state that have limited choices eligible to receive payments?
  - ✓ Are the payments limited to SNF or may some payments go to other residential providers like ALP.



# Question/Issues

- **Questions/Issues in program design include:**
  - ✓ Timing of payments should be tied to managed care rollout of nursing home population geographically.
  - ✓ Are nursing homes with recent capital investments related to rightsizing advantaged over homes with limited useful life of assets?
  - ✓ Any opportunity to leverage dollars?



# Contact Information

**We want to hear from you!**

***MRT Waiver Website:***

[http://www.health.ny.gov/health\\_care/medicaid/redesign/mrt\\_waiver.htm](http://www.health.ny.gov/health_care/medicaid/redesign/mrt_waiver.htm)

This website includes the documents referenced in this presentation, e-mail address and form to submit feedback, as well as instructions on how to enroll for the MRT listserv.

***'Like' the MRT on Facebook:***

<http://www.facebook.com/NewYorkMRT>

***Follow the MRT on Twitter: @NewYorkMRT***