

To: Deborah Steinbach, Jessica Woodward, CMS
From: Peggy Chan, NYS DOH – DSRIP Program Director
Re: Safety Net status for two proposed PPS Lead Entity new corporate structures
Date: October 5, 2015

Introduction

The Delivery System Redesign Incentive Payment (DSRIP) Program seeks to transform New York State Medicaid health care delivery from a reactive, fragmented and inpatient-oriented system toward an integrated, pro-active system delivering care as close to the home as possible. The central goal is to achieve 25% reductions in avoidable hospital use while simultaneously structurally strengthening the state's safety net system. This means aligning providers that previously had no relationships, or would compete with one another for volume, to come together in Performing Provider Systems (PPSs) that take responsibility for the health outcomes of their populations. These PPSs have to include the full continuum of care providers (including hospitals, health homes, skilled nursing, FQHCs, behavioral health, community based organizations and others), forming partnerships to execute a series of carefully constructed and monitored transformation plans.

Participation of non-Safety Net providers is limited: non-qualifying facilities may only receive up to 5% (as a group) of their PPS's award.¹ Entities that do not strictly meet Safety Net definitions but that serve important functions in the care continuum for Medicaid beneficiaries were given the ability to submit documentation for both appeal and exception processes to the New York State Department of Health (DOH).

Each PPS must be run by a lead Safety Net organization. The role of the lead organization is crucial to the DSRIP program, both for contracting purposes and to lead the transformation efforts of the broader group of diverse providers into a (virtual) integrated delivery system. The lead must be able to rally a wide range of organizations, build and maintain relations across regions and accommodate often diverging interests. It must be capable of managing and overseeing the large organizational and financial responsibility that comes with receiving a significant DSRIP grant: distributing millions of dollars responsibly over hundreds of partners requires a mature infrastructure and the trust of the wide variety of providers in the process. In preparing for the Project Plan Application, it became apparent that individual Safety Net providers frequently did not fulfill these criteria by themselves, or preferred to share this responsibility with other local providers so as to create a more sustainable and successful consortium. This process is very similar to the experiences of many emerging ACOs, where previously competing hospitals or physician groups often shared responsibility in the governance structure rather than having one provider be the lead.

In discussion with CMS, we have encouraged these providers to consider a variety of options. Some PPSs have opted to handle governance relationships through a set of contracts under one lead; for others, the creation of a not-for-profit new corporation ('Newco') was the way to maximally strengthen the PPS'

¹ Safety Net criteria:

https://www.health.ny.gov/health_care/medicaid/redesign/docs/safety_net_appeal_form_instructions.pdf

chances of success. Whenever a ‘Newco’ was created, the State has ensured that these entities are controlled by existing safety net providers.

As the DSRIP program evolves, some of the current PPS Lead organizations will want to form new corporations to clarify and streamline many of the PPS administrative structures and operations. This memo summarizes new VAP exception applications for new corporations by two current PPS Lead entities.

Safety Net Exception for 2 PPS Lead Entities

There are currently twenty-five PPS networks set up across the state. As part of the VAP Exception process, safety net exceptions were requested for 11 PPS Leads and accepted by CMS, and the associated organizations are currently the Lead Entities for their PPSs:

- Adirondack Health Institute
- Advocate Community Providers
- Alliance for Better Health Care, LLC (Ellis)
- Bronx-Lebanon Hospital Center
- Central New York Care Collaborative (CNYCC aka CNY)
- Finger Lakes PPS
- Mount Sinai Hospitals Group
- Nassau Queens Performing Provider System, LLC
- Southern Tier Rural Integrated PPS (United)
- Staten Island Performing Provider System, LLC
- Stony Brook University Hospital

Two existing PPSs, Samaritan PPS and Bassett PPS, (summarized in the table below) are requesting similar safety net exceptions for proposed new corporate structures that are intended to become their PPS Lead Entity. In these cases, the existing safety net providers chose or created these entities to guarantee the best possible governance relationships for realizing the DSRIP goals. The Department of Health (DOH) has carefully evaluated these entities under a Vital Access Provider Exception Process, and agrees that in these instances:

- 1) The designation ‘safety net provider’ is legitimate given the organizations that work together in the entity, and
- 2) Opting for the proposed entity vastly enhances the changes of a successful execution of the DSRIP program within the service areas involved

These two organizations currently await final approval by CMS. They are:

- 1) Bassett PPS, LLC (DBA Leatherstocking Collaborative Health Partners, LLC)
- 2) North Country Initiative (NCI)

In the section below, we will outline the considerations in more detail per case. For each case, we will highlight why approval is warranted, and why granting Safety Net status for these new corporation entities positions these PPSs for greater long-term success in DSRIP.



1. Bassett PPS, LLC (DBA Leatherstocking Collaborative Health Partners, LLC)

Type of organization	The Mary Imogene Bassett Hospital d/b/a Bassett Medical Center (BMC) is a 501(c)3 not-for-profit organization and tax-exempt organization. They are proposing to form a New York limited liability company to be known as Bassett PPS, LLC (DBA Leatherstocking Collaborative Health Partners, LLC).
Reason for VAP Exception	A community will not be served without granting the exception because no other eligible provider is willing or capable of serving the community.
PPS	Mary Imogene Bassett Hospital
Service area	Delaware, Herkimer, Madison, Otsego, Schoharie
Key reasons for granting Safety Net as opposed to choosing existing Safety Net alternative	<ol style="list-style-type: none"> 1. BMC is serving as Lead Entity for the Mary Imogene Bassett Hospital DBA Bassett Medical Center PPS (PPS). The New York State Department of Health (DOH) issued to BMC a DSRIP Project Award Letter (PPS Lead) dated May 7, 2015. BMC is a New York Public Health Law Article 28 hospital and designated as a Safety Net provider serving as PPS Lead Entity for Otsego, Schoharie, Delaware, Madison, and Herkimer Counties under the PPS. 2. BMC provides the following network services for the PPS: <ol style="list-style-type: none"> (1) Administration of PPS including, but not necessarily limited to: general administrative support and project implementation; oversight of project metrics; liaison with NYSDOH and other State and Federal entities as required for PPS administration; operational expertise with regard to PPS and project oversight and administration (2) Compliance program implementation and oversight (3) Data and Information Security (4) Medical Director services for PPS (5) Marketing and communication of PPS wide initiatives (6) Accounting and auditing (7) Information technology support (8) Project management (9) Legal services (10) Office and conference room space 3. In order to enhance the provision of those services and segregate DSRIP operations from BMC’s hospital operations, BMC is proposing to form a New York limited liability company to be known as Bassett PPS, LLC (DBA Leatherstocking Collaborative Health Partners, LLC). The sole purpose of the LLC will be to function as Lead Entity for the PPS in lieu of BMC. The LLC will be operated under the principles of a tax-exempt and non-profit organization. Upon formation, the LLC will seek tax-exempt status under the Internal Revenue Code. 4. Formation of the LLC is a further step in the evolution of the PPS governance structure under the approved collaborative contracting model. BMC will be the sole member of the LLC. As such, BMC will retain reserve powers including, but not limited to, determining the DSRIP funds flow methodology for the PPS for distribution of funds to partners. The funds flow will be controlled by BMC as a sole member of the LLC with a restriction of up to 5% of funds directly flowing to non-safety net providers. As noted earlier, the LLC will conduct business under the assumed name of Leatherstocking Collaborative Health Partners (LCHP). 5. The LLC will be governed by a five-member board of managers who will be appointed by BMC. The board of managers will conduct the day-to-day operations.



2. North Country Initiative, LLC (NCI)

Type of organization	Clinically Integrated Network (CIN) & ACO under the Medicare Shared Savings Program (MSSP) program
Reason for VAP Exception	A community will not be served without granting the exception because no other eligible provider is willing or capable of serving the community.
PPS	Samaritan Medical Center PPS
Service area	Saratoga, Hamilton, Franklin, Clinton, St. Lawrence, Fulton, Essex, Warren, Washington
Key reasons for granting Safety Net as opposed to choosing existing Safety Net alternative	<ol style="list-style-type: none"> 1. NCI has a strong history of success implementing change, demonstrated through regional project implementation in areas like quality improvements, IT advancement, and physician engagement 2. NCI is respected across the region for its willingness to work with all groups, and accept feedback, advice and constructive criticism from a broad representation of PPS partners, as well as, for its physician leadership. It is of note that NCI’s community based sub-committees and PAC voted unanimously for the NCI Board of managers to be the DSRIP decision making body due to the trust that has been built over time in this region. Through these initiatives and the regions acceptance of the governing body, NCI is uniquely positioned to lead the PPS. 3. Samaritan Medical Center was selected as the initial lead entity for DSRIP due to its Safety Net Hospital status, however it was always the plan of our regional PPS partners that NCI serve as the governing body and become the lead entity. 4. NCI’s Governing Board structure is made up of three classes of members, Class A, B and C. Reserve powers over budget and funds flow are held by the Class B owner members who are all not-for-profit safety net hospitals and who would have controlling authority and accountability regarding DSRIP flow of funds. Consequently, we believe NCI meets the safety net requirements to be the PPS Lead and can assume the leadership since NCI is ultimately controlled by all safety net hospitals. 5. The governance structure established supports the success of the NCI PPS DSRIP deliverables as well as the ACO and developing Clinically Integrated Network (CIN) program to work with commercial payer’s to improve quality metrics and reduce costs. The speed and efficiency of the model of governance created by the NCI will be critical to DSRIP success.



VAP EXCEPTION FORM IS DUE 10/14/2014 - NO EXTENSIONS WILL BE GRANTED

**State of New York Department of Health
Delivery System Reform Incentive Payment (DSRIP) Program
Vital Access Provider Exception Form**

Vital Access Provider Exception: The state will consider exceptions to the safety net definition on a case-by-case basis if it is deemed in the best interest of Medicaid members. Any exceptions that are considered must be approved by CMS and must be posted for public comment 30 days prior to application approval. Three allowed reasons for granting an exception are shown in Section IV.

I. Are you a Medicaid Provider

Answer	Yes
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You have chosen the following VAP Exception:	ii
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II. Appeal Applicant Information

Organization Name:	The Mary Imogene Bassett Hospital DBA Bassett Medical Center
Joined PPS:	Mary Imogene Bassett Hospital

^^ The VAP Exception is evaluated in the context of the PPS you are joining. If you are joining more than one PPS, you have the option of applying for the VAP Exception in that PPS as well (if applicable). Please see the "VII_Additional PPSs" tab to select multiple PPS's. See Section II and VII of the instructions for further clarification!

Provider Type:	Hospital		
Provider Type - Other:	Outpatient Services		
Operating Certificate/License #	MMIS*	NPI*	
Unique Identifiers:	3824000H	03000593	1780600577
Agency Code:			
Billing Entity ID:	Mary Imogene Bassett Hospital d/b/a Bassett Medical Center		
Address	City	State	Zip
1 Atwell Road	Cooperstown	NY	13326

VI. Restricted to 3500 Characters only! - Please read instructions for clarification!

~ The VAP Exception relies heavily on the statement you provide, so please be concise and thorough~

You chose qualification ii, in the space below please include all of the following that apply to your Hospital:

- a. A description of the applicant's niche services that would enhance the network of services for the PPS.
- b. A financial viability analysis (attach as PDF in the email when submitting)
- c. An identification of and description of how the applicant's relationships within the community that would enhance PPS' success.
- d. Demonstration of past success in reducing avoidable hospital use
- e. Any supporting documentation to substantiate your narrative (attach as PDF in the email when submitting)

Character Count: 3405

III. Appeal Point of Contact

Contact Person	Michael Tengeres		
Title	Corporate Vice-President and Chief Financial Officer		
Contact Phone	607-547-3635	Extension	
Contact Email	michael.tengeres@bassett.org		

IV. Please choose the following VAP Exception:

i A community will not be served without granting the exception because no other eligible provider is willing or capable of serving the community.

ii Any hospital is uniquely qualified to serve based on services provided, financial viability, relationships within the community, and/or clear track record of success in reducing avoidable hospital use.

iii Any state-designated health home or group of health homes. **

When choosing VAP Exception i & ii – Please indicate what Performing Provider System (PPS) you plan on joining. If you do not indicate what PPS you intend to join, then you will be denied. Please indicate the name of the PPS in the "Appeal Applicant Information – Section II". If you are part of multiple PPSs, see section VII tab.

** When choosing VAP Exception iii– The Department has submitted a draft list of State Designated Health Homes and Network Care Management Agencies (CMAs) that have already been approved as safety net providers as well as those that are pending CMS approval. If your Health Home appears on this list as pending approval, you will be granted a VAP Exception pending CMS approval and do not need to submit this form. If the organization operating your Health Home/CMA already appears on another safety net list, you do not need to submit this form. If your organization does not appear on the draft Health Home list or on another approved safety net provider list, but your organization believes that it should qualify as a Health Home, please complete this form. List is available on the DSRIP website.

~ For Section IV, if you are joining more than one PPS, use second tab (Section VII) to add additional PPSs.

V. Percentage of Medicaid & Uninsured members that your facility serves

	Medicaid (FFS & MC)	Uninsured	Data Source	Year
Percentage	20%	2%	Billing records	2014

The Mary Imogene Bassett Hospital d/b/a Bassett Medical Center (BMC) is serving as Lead Entity for the Mary Imogene Bassett Hospital DBA Bassett Medical Center PPS (PPS). The New York State Department of Health (DOH) issued to BMC a DSRIP Project Award Letter (PPS Lead) dated May 7, 2015. BMC is a New York Public Health Law Article 28 hospital and designated as a Safety Net provider serving as PPS Lead Entity for Otsego, Schoharie, Delaware, Madison, and Herkimer Counties under the PPS. BMC is a not-for-profit and tax-exempt organization. BMC provides the following network services for the PPS:

- (1) Administration of PPS including, but not necessarily limited to: general administrative support and project implementation; oversight of project metrics; liaison with NYSDOH and other State and Federal entities as required for PPS administration; operational expertise with regard to PPS and project oversight and administration
- (2) Compliance program implementation and oversight
- (3) Data and Information Security
- (4) Medical Director services for PPS
- (5) Marketing and communication of PPS wide initiatives
- (6) Accounting and auditing
- (7) Information technology support
- (8) Project management
- (9) Legal services
- (10) Office and conference room space

Under the collaborative contracting model selected by the PPS, BMC has entered into approximately 65 written DSRIP PPS Partner Agreements (Partner Agreements) with various PPS Partners (Partners).

In order to enhance the provision of those services and segregate DSRIP operations from BMC's hospital operations, BMC is proposing to form a New York limited liability company to be known as Bassett PPS, LLC (DBA Leatherstocking Collaborative Health Partners, LLC). The sole purpose of the LLC will be to function as Lead Entity for the PPS in lieu of BMC. The LLC will be operated under the principles of a tax-exempt and non-profit organization. Upon formation, the LLC will seek tax-exempt status under the Internal Revenue Code.

Formation of the LLC is a further step in the evolution of the PPS governance structure under the approved collaborative contracting model. BMC will be the sole member of the LLC. As such, BMC will retain reserve powers including, but not limited to, determining the DSRIP funds flow methodology for the PPS for distribution of funds to partners. The funds flow will be controlled by BMC as a sole member of the LLC with a restriction of up to 5% of funds directly flowing to non-safety net providers. As noted earlier, the LLC will conduct business under the assumed name of Leatherstocking Collaborative Health Partners (LCHP).

The LLC will be governed by a five-member board of managers who will be appointed by BMC. The board of managers will conduct the day-to-day operations of the LLC in its role as Lead Entity for the PPS. Attached in PDF format is a governance structure diagram. The Partner Agreements will be assigned by BMC to the LLC. The language of said assignment is outlined in the partner agreements. Formation of the LLC to serve as Lead Entity is vital to ensuring the efficient operation of the PPS so as to achieve its ultimate goal of creating a high-performing, integrated delivery system.

The LLC will adopt a comprehensive written compliance program that satisfies the requirements of New York's Social Services Law §363-d and 18 NYCRR 521.

VIII. Yes I Hereby Certify that the information and data provided on this form is accurate and correct to the best of my knowledge. I understand that this information may be subject to audit and I may be asked to provide documentation in support of this appeal.

Answer

Name Michael Tengeres Yes No
Title Corporate Vice-President & Chief Financial Officer
Only appeals from the CEO, CFO or comparable will be accepted

VAP EXCEPTION FORM IS DUE 10/14/2014 - NO EXTENSIONS WILL BE GRANTED



State of New York Department of Health
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Vital Access Provider Exception: The state will consider exceptions to the safety net definition on a case-by-case basis if it is deemed in the best interest of Medicaid members. Any exceptions that are considered must be approved by CMS and must be posted for public comment 30 days prior to application approval. Three allowed reasons for granting an exception are shown in Section IV.

I. Are you a Medicaid Provider

Answer No

II. Appeal Applicant Information

Organization Name: North Country Initiative, llc

Joined PPS: Samaritan Medical Center

*The VAP Exception is evaluated in the context of the PPS you are joining. If you are joining more than one PPS, you have the option of applying for the VAP Exception in that PPS as well (if applicable). Please see the "VII. Additional PPSs" tab to select multiple PPS's. See Section II and VII of the instructions for further clarification!

Provider Type: Other			
Provider Type - Other:	Clinically Integrated Network	MMIS*	NPI*
Unique Identifiers:	Operating Certificate/License #		
Agency Code:			
Billing Entity ID:			
Address	120 Washington St Suite 230	Watertown	NY 13601
* REQUIRED			

III. Appeal Point of Contact

Contact Person:	Brian Marcolini
Title:	Director
Contact Phone:	315-755-2020
Contact Email:	bmarcolini@northcountryinitiative.org
Extension:	31

IV. Please choose the following VAP Exception:

- I A community will not be served without granting the exception because no other eligible provider is willing or capable of serving the community.
- II Any hospital is uniquely qualified to serve based on services provided, financial viability, relationships within the community, and/or clear track record of success in reducing avoidable hospital use.
- III Any state-designated health home or group of health homes.**

When choosing VAP Exception I & II - Please indicate what Performing Provider System (PPS) you plan on joining. If you do not indicate what PPS you intend to join, then you will be denied. Please indicate the name of the PPS in the "Appeal Applicant Information - Section II". If you are part of multiple PPSs, see section VII tab.

** When choosing VAP Exception III- The Department has submitted a draft list of State Designated Health Homes and Network Care Management Agencies (CMAs) that have already been approved as safety net providers as well as those that are pending CMS approval. If your Health Home appears on this list as pending approval, you will be granted a VAP Exception pending CMS approval and do not need to submit this form. If the organization operating your Health Home/CMAs already appears on another safety net list, you do not need to submit this form. If your organization does not appear on the draft Health Home list or on another approved safety net provider list, but your organization believes that it should qualify as a Health Home, please complete this form. List is available on the DSRIP website.

* For Section IV, if you are joining more than one PPS, use second tab (Section VIII) to add additional PPSs.

V. Percentage of Medicaid & Uninsured members that your facility serves

Percentage	Medicaid (FFS & MC)	Uninsured	Data Source	Year

VIII.

I Hereby Certify that the information and data provided on this form is accurate and correct to the best of my knowledge. I understand that this information may be subject to audit and I may be asked to provide documentation in support of this appeal.

Name: Brian Marcolini Answer Yes No

Only appeals from the CEO, CFO or comparable will be accepted

You have chosen the following VAP Exception: I

VI. Restricted to 3500 Characters only! - Please read instructions for clarification!

~The VAP Exception relies heavily on the statement you provide, so please be concise and thorough~

You chose the qualification I, in the space below please include:

- a. A specific definition of the community (ies) that would otherwise not be served by the selected PPS. Be sure to include descriptions of the geographic area, the population, and how the services in this community are insufficient without your organization's involvement given the PPS current configuration of network providers.
- b. A description of the applicant's organization, the services provided, and how the services will enhance the network of services for the PPS in this community (ies).
- c. Any supporting documentation to substantiate your narrative (attach as PDF in the email when submitting)

Character Count: 3487

Samaritan Medical Center was selected as the initial PPS lead entity for DSRIP due to its Safety Net Hospital status, however it was always the plan of our regional PPS partners that North Country Initiative, LLC serve as the governing body and become the lead entity. This VAP exception application is to demonstrate that NCI governance meets the requirements to be the lead entity and is positioned to accomplish the DSRIP deliverables and implement new care delivery models.

NCI serves a three county region of Northern NY with a population of 262,650 spread over 5,224 square miles of land mass. The region encompasses a large, underserved, high-poverty rural geography with multiple medically underserved areas and Health Professional Shortage Areas. The DSRIP program provides an exceptional opportunity to have a significant positive impact on our Medicaid population and serve as a mechanism to develop sustainable scalable processes to transform us from a healthcare system to a system for health.

The NCI is a hospital-capitalized, physician-led Limited Liability Corporation operating with a delegated model of governance. NCI was originally formed in 2011 as a collaboration of hospitals and independent physicians who realized that change in the regions healthcare delivery was needed. This group of forward thinking leaders created a vision and charted a new course for clinical care and for health in the region. NCI partnering hospitals and physician leadership went through an intensive planning process in 2012-2013 and have evolved into the existing governance on the basis of collaboration and trust, focused on improving regional healthcare delivery. NCI has a strong history of success implementing change, demonstrated through regional project implementation in areas like quality improvements, IT advancement, and physician engagement. It is of note that NCI's community based sub-committees and PAC voted unanimously for the NCI board of managers to be the DSRIP decision making body due to the trust built over time in this region.

The governance body of NCI is a representative Board of Managers, made up of clinical providers (primary care, specialty, BH, FQHC), hospital executive leadership and community members, which holds accountability for all aspects of finance, clinical, compliance and information technology governance. NCI has integrated PPS partners and DSRIP Project Advisory Committee into all levels of governance and have added DSRIP deliverables to each governance committee's responsibilities. NCI's manager structure is made up of three classes of members, Class A, B and C.

Reserve powers over budget and funds flow are held by the Class B owner members who are all not-for-profit safety net hospitals and who would have controlling authority and accountability regarding DSRIP flow of funds. Consequently, we believe NCI meets the safety net requirements to be the PPS lead and can assume the leadership since NCI is ultimately controlled by safety net hospitals. NCI class B members are: the current PPS lead, Samaritan Medical Center in addition to River Hospital, Carthage Area Hospital, Clifton-Fine Hospital, Claxton-Hepburn Medical Center and Massena Memorial.

The transfer of the PPS Lead entity responsibilities to NCI allows the PPS to leverage current governance, administrative structures (IT, personnel, etc.) and provider agreements to further DSRIP project implementation, reduce duplicative costs and efforts.