

ATTACHMENT D: DSRIP PROGRAM FUNDING AND MECHANICS PROTOCOL

New Hampshire Building Capacity for Transformation Section 1115(a) Medicaid Demonstration

Approved July 20, 2016

I. Preface

a) *Delivery System Reform Incentive Payment Fund*

On January 5, 2016, the Centers for Medicare and Medicaid Services (CMS) approved New Hampshire's request for a section 1115(a) Medicaid demonstration (hereinafter "demonstration") entitled *Building Capacity for Transformation, a Delivery System Reform Incentive Payment (DSRIP) Program*. Under the DSRIP demonstration, the state will make performance-based funding available to regionally-based Integrated Delivery Networks (IDN) that serve Medicaid beneficiaries with the goal of transforming the delivery system for beneficiaries with mental health conditions and/or substance use issues, including opiate abuse. This transformation will be supported by participation of IDNs in Alternative Payment Models (APM) that move Medicaid payment from primarily volume-based to primarily value-based payment over the course of the demonstration period.

The Special Terms and Conditions (STC) of the demonstration set forth in detail the nature, character, and extent of federal involvement in the demonstration, the state's implementation of the expenditure authorities, and the state's obligations to CMS during the demonstration period.

STC 20 describes the general rules and requirements of the IDN Transformation Fund. The IDN Transformation Fund will be used to make payments to the IDNs that implement projects to further the objectives of the demonstration and that meet milestones described in a state-approved IDN Project Plan.

STC 31 establishes the IDN Project Design and Capacity Building Fund which will be used by IDNs for pre-implementation activities. The dollar amount available for the IDN Project Design and Capacity Building Fund accounts for up to 65 percent of Demonstration Year (DY) 1 funding, or up to \$19.5 million. The IDN Project Design and Capacity Building Fund will be used by IDNs to develop specific and comprehensive IDN Project Plans and to begin to develop the capacity and tools required to implement these plans.

b) *DSRIP Program Funding and Mechanics Protocol*

The requirements specified in the STCs are supplemented by the Quarterly Report Format (Attachment A), the DSHP Claiming Protocol (Attachment B), the DSRIP Planning Protocol (Attachment C), and this DSRIP Program Funding and Mechanics Protocol (Attachment D).

In accordance with STC 27, Section II of the DSRIP Program Funding and Mechanics Protocol (this attachment, Attachment D) describes the structure of IDNs and how beneficiaries are attributed to IDNs; Section III specifies the process by which organizations apply to create IDNs; Section IV provides an overview of projects, metrics, and metric targets (see Attachment C for more detail); Section V describes the incentive funding methodology; Section VI specifies IDN reporting requirements; Section VI outlines other state oversight activities; Section VIII identifies Statewide accountability metrics and the process by which unearned IDN funds are handled; and Section IX describes the demonstration's Mid-Point Assessment.

In accordance with STC 27, the state may submit modifications to this protocol for CMS review and approval. Any changes approved by CMS will apply prospectively unless otherwise specified by CMS.

c) Supporting Project and Metrics Specification Guide

This attachment will be supplemented by a Project and Metrics Specification Guide developed by the state. This Guide will provide additional details and requirements related to the IDN projects and will assist IDNs in developing their Project Plans, described in Section III Below.

II. Integrated Delivery Networks

a) Introduction

Under the demonstration, a broad array of health and social service providers within geographic regions across the state will create Integrated Delivery Networks (IDNs) capable of implementing evidence-supported programs that address the needs of Medicaid beneficiaries with behavioral health conditions. IDNs are the only entities that are eligible to receive incentive payments from the IDN Transformation Fund or the Design and Capacity Building Fund, as described in STC 21. An organization seeking to participate in the demonstration and receive incentive or design and capacity building payments must do so through an IDN.

IDN partners will include but not be limited to: Federally Qualified Health Centers (FQHC), and/or Community Health Centers or Rural Health Clinics where available within each defined region, Community Mental Health Centers (CMHC), other mental health providers, substance use disorder (SUD) providers (including recovery providers), hospitals, independent primary care providers (PCP), psychiatrists, psychologists and other behaviorists, medical specialists,

county organizations representing nursing facilities and correctional systems, peer and family supports counselors, and multiple community-based social support agencies that serve the target population in a region or regions.

b) IDN Service Regions

IDNs will be organized around seven Service Regions throughout the state. These Service Regions will include one or more of the thirteen Regional Public Health Networks (RPHN) in New Hampshire, as listed in Table 1 below. The 13 New Hampshire RPHNs were established in 2013 to ensure coordinated and comprehensive delivery of essential public health services regionally. Through single contracts with 13 agencies who serve as the host entity for each of the networks, New Hampshire DHHS funds these agencies to convene, coordinate, and facilitate an ongoing network of partners to address regional public health needs. The purpose of the RPHNs is to integrate multiple public health initiatives and services into a common network of community stakeholders. The IDN Service Regions were designed around the RPHNs, and IDNs are expected to coordinate closely with RPHN agencies.

Table 1: IDN Service Regions

Service Region	RPHNs Included
1. Monadnock, Sullivan, Upper Valley	Greater Monadnock, Greater Sullivan County, Upper Valley
2. Capital	Capital Area
3. Nashua	Greater Nashua
4. Derry & Manchester	Greater Derry, Greater Manchester
5. Central, Winnipesaukee	Central New Hampshire, Winnipesaukee
6. Seacoast & Strafford	Strafford County, Seacoast
7. North Country & Carroll	North Country, Carroll County

More than one IDN can serve in a region, although providers and social service agencies are strongly encouraged to collaborate and build a single IDN per region when feasible, particularly

for less populated regions. As described in detail in Section III, IDNs will be selected through an IDN application process. When evaluating applications, the state and Independent Assessor will consider the extent to which applicants have developed an efficient, collaborative approach to serving their regions.

c) IDN Composition and Provider Participation Guidelines

Each IDN will consist of partner organizations and an administrative lead. As described in Section III, the diversity and expertise of participating providers and social service organizations will be important criteria in evaluating IDN applications. The IDN partners must together be able to provide the full spectrum of care and related social services that might be needed by an individual with a behavioral health condition. As such, at a minimum each Integrated Delivery Network must include:

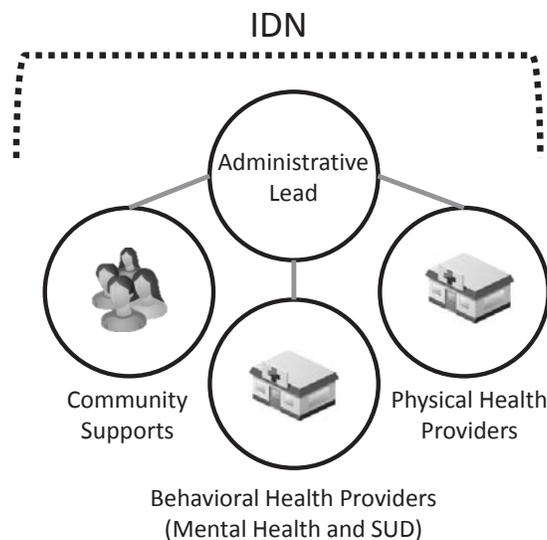
- Primary care practices and facilities, serving the majority of Medicaid beneficiaries
- Substance use disorder (SUD) providers, including recovery providers, serving the majority of Medicaid beneficiaries
- Regional Public Health Network host agencies
- One or more Regional Community Mental Health Centers
- Peer-based support and/or community health workers from across the full spectrum of care
- One or more hospitals
- One or more Federally Qualified Health Centers, Community Health Centers or Rural Health Clinics where available within a defined region
- Multiple community-based organizations that provide social and support services reflective of the social determinants of health for a variety of populations, such as transportation, housing, employment services, financial assistance, childcare, veterans services, community supports, legal assistance, etc.
- County facilities, such as nursing facilities and correctional institutions

Some organizations serve Medicaid beneficiaries across multiple IDN Service Regions and may be critical to the success of multiple IDNs. Therefore, organizations are permitted to participate in multiple IDNs. However, in accordance with STC 22, as part of its IDN Project Plan (described further in Section III and in Attachment C) IDNs will be required to describe clear business relationships among participating organizations, including a joint budgeting and funding distribution plan that specifies in advance the methodology for distributing incentive funding to participating partner organizations, as well as mechanisms to ensure a partner participating in multiple IDNs does not receive duplicative payments for serving the same beneficiary through a project activity.

d) *IDN Administrative Leads*

Each IDN must designate an Administrative Lead from among the partner organizations that constitute the IDN. The Administrative Lead will submit a single IDN application on behalf of the partner organizations, and serve as the single point of accountability to the state. Its responsibilities include serving as a coordinating entity for the partners in planning and implementing projects; receiving and distributing funds to IDN partners in accordance with the funding methodology (described in III(c) below); collaborating with partners in IDN leadership and oversight; leading data and reporting responsibilities, and complying with all state and CMS reporting requirements.

Figure 1: Integrated Delivery System and Administrative Lead



The Administrative Lead can be any type of provider or organization that participates in the IDN, but it must, at a minimum, meet the following requirements:

- Demonstrate that it has the experience to coordinate transformation efforts in collaboration with partners in the Service Region.
- Show evidence of active working relationships, or the ability to establish such relationships, with diverse entities that will participate in the IDN, including social service organizations and community partners.
- Establish its ability to administer the financial responsibilities of an administrative lead such as by detailing prior experience using financial practices that allow for transparency and accountability and by demonstrating financial stability.
- Specify how it will comply with the IDN reporting requirements and obligations
- Provide consent for audit and oversight by the state and CMS.

e) *IDN Governance and IDN Management*

As part of its IDN Project Plan development process (described further in Section III and in Attachment C), the IDN Administrative Lead will coordinate a process for establishing a governance structure to facilitate and oversee decision-making.

In establishing an IDN governance structure, the Administrative Lead and other participating organizations must ensure it is consistent with the following principles:

- *Participatory*, i.e., IDN partners have active roles in decision-making processes
- *Accountable*, i.e., Administrative Lead and partners are accountable to each other, with clearly defined mechanisms to facilitate decision-making
- *Flexible*, i.e., within parameters established by DHHS and outlined in the Project Plan template, each IDN can implement a governance structure that works best for it

It is required that an IDN identify a primary governing body (e.g., a Board or Executive Committee) and that this body reflect representation from across all required organization types listed in Section II (c). The primary governing body should be no larger than 15 members (exceptions require written justification). In addition, the overall structure of governance bodies established by the IDN must reflect oversight over the following four domains, at a minimum:

- *Financial governance*, including how decisions about the distribution of funds will be made, the roles and responsibilities of each partner organization, and budget development
- *Clinical governance*, including standard clinical pathways development and strategies for monitoring and managing patient outcomes
- *Data/IT governance*, including data sharing among partners and reporting and monitoring processes
- *Community engagement*, including the processes by which the IDN will engage the community in the development and implementation of the IDN

Furthermore, as part of its Project Plan, each IDN will be required to identify individuals serving the following key management functions:

- Executive Director, or equivalent
- Medical Director, or equivalent
- Financial Director, or equivalent

f) DSRIP Beneficiary Attribution

The demonstration seeks to enable each IDN to improve care for Medicaid beneficiaries at risk for or already diagnosed with behavioral health conditions (mental illness and/or substance use disorder) in and around its Service Region. Every Medicaid beneficiary will be attributable to one, and only one, IDN. Attribution will be used for two primary purposes:

1. As a component of the formula used to determine the maximum five-year IDN Project Funding amount for each IDN, described in more detail in Section V
2. For measurement of IDN performance metrics

The principle of New Hampshire’s attribution methodology is that beneficiaries should be attributed to IDNs based on where they currently receive their care, although it is not always possible to identify a beneficiary’s current providers. Accordingly, attribution of New Hampshire’s eligible Medicaid beneficiaries will be based on the following four factors:

- Use of long-term care facility providers
- Use of mental health / substance use disorder providers, including Community Mental Health Center (CMHC) providers
- Use of primary care providers
- Geographic criteria (when necessary)

Priority will be given to assigning beneficiaries based on their care providers using health care claims and other data available to New Hampshire. When it is not possible to make an assignment based on these factors alone, the attribution algorithm will consider geographic criteria.

The following table provides additional detail on the 5-step logic by which a member will be attributed to an IDN. If the member meets the criteria in a particular step, the member will be attributed to the associated IDN. If the member does not meet the criteria in a particular step, the logic advances to the next step.

Table 2: NH DSRIP Attribution Algorithm

Step	Medicaid Member Status	YES?	NO?	
	1	Is the member receiving long-term care at a long-term care facility, and is the facility in a single IDN?	<i>If yes, member is assigned to the facility's affiliated IDN.</i>	<i>If no, proceed to step 2.</i>
	2	Is the member a Community Mental Health Center (CMHC) patient, and is the CMHC in a single IDN?	<i>If yes, member is assigned to the CMHC's affiliated IDN.</i>	<i>If no, proceed to step 3.</i>
	3	Has the member received services from a primary care provider, and is the provider in a single IDN? <i>(Note: identification of primary care provider will be based on the member's most recent preventive care claim(s), followed by the most recent E&M office visit or clinic visit codes to FQHCs, RHCs, APRNs, pediatricians, family practice, and internal medicine providers)</i>	<i>If yes, member is assigned to the provider's affiliated IDN.</i>	<i>If no, proceed to step 4.</i>
	4	Does the member have recent claims for behavioral health or substance use disorder treatment services, and is the most recent provider in a single IDN?	<i>If yes, member is assigned to the provider's affiliated IDN.</i>	<i>If no, proceed to step 5.</i>
	5	Geographic criteria: member is assigned to the IDN based on the IDN Service Area of the member's residence.		

Once the attribution of beneficiaries to IDNs is finalized, the state will calculate the Maximum IDN Project Funding amount for each IDN for the 5-year demonstration period, as described in Section V. This valuation calculation will occur during Year 1 of the demonstration. Attribution may subsequently be updated periodically for the purposes of IDN performance measurement. However, the 5-year Maximum IDN Project Funding will go through a calculation process once during Year 1 of the demonstration and will remain unchanged throughout the demonstration.

For the purposes of collecting sufficient sample sizes for some performance metrics or to allow for risk sharing arrangements under alternative payment models in future years, IDNs may be aggregated into larger areas, or “zones.” When zones are used as the unit of analysis for

measuring progress toward milestones, any incentive funds earned will be distributed to individual IDNs based on their share of attributed Medicaid beneficiaries.

III. IDN Application and DSRIP Project Plan Guidelines and Approval Process

a) Introduction

The IDN formation process has four key steps:

1. Potential IDNs submit an IDN Application that describes the partner organizations and their ability to serve as an IDN; identifies the Administrative Lead for the IDN; and requests Project Design and Capacity Building Funds on behalf of the IDN. The IDN Application was released for public comment on March 31, 2016 and finalized on May 6th, 2016. Completed IDN Applications are due to State on May 31st, 2016.
2. The State and its contracted Independent Assessor approve or reject IDN Applications and certify approved IDNs, which are then eligible to receive Project Design and Capacity Building Funds. This review and approval/rejection process will occur between May 31, 2016 and June 30, 2016
3. IDNs that receive Project Design and Capacity Building Funds must then develop and submit an IDN Project Plan for approval. The components of the IDN Project Plan are described in the DSRIP Planning Protocol (Attachment C) Section V. It is expected that IDN Project Plans will be due on October 15, 2016
4. The State and its contracted Independent Assessor evaluates and approves IDN Project Plans. IDNs with approved IDN Project Plans are then eligible to receive performance-based incentive payments. The state will approve IDN Project Plans as early as November 1, 2016 and no later than December 31, 2016.

The IDN Application and IDN Project Plan are both described in more detail below.

b) IDN Applications

In accordance with Section V of the STCs, the state has developed an application that IDNs must complete to be certified as an IDN, which in turn allows the IDN to receive IDN Project Design and Capacity Building Funds. The state is required to review and approve or reject IDN applications and IDN Project Design and Capacity Building Funds by June 30, 2016.

An organization interested in serving as an Administrative Lead must submit an IDN Application on behalf of itself and participating partner organizations. The IDN Application solicits information to assess whether: (a) an applicant is qualified to serve as an Administrative Lead;

(b) the proposed IDN meets the composition standards outlined in Section II; and (c) the IDN is eligible to receive Project Design and Capacity Building Funds.

The state's IDN Application, reflecting input from stakeholders and the public, requires applicants to provide the following:

1. Identification of IDN Administrative Lead, and description of its financial controls/process and its qualifications/capabilities in coordinating transformation initiatives
2. Preliminary network of participating organizations and a description of existing active working relationships among organizations
 - Network information will also be used by the state to calculate preliminary member attribution and evaluate whether the proposed IDN meets minimum size/coverage thresholds
3. Description of stakeholder process to be used to solicit community input
4. High-level description of local behavioral health-specific needs
5. Description of Project Plan development process
6. Explanation of why Project Design and Capacity Building Funds are needed and how they will be used to prepare IDN Project Plans and support the transformation goals of the demonstration

Multiple IDNs may apply. It is anticipated that there will likely be one IDN in many areas of the state, but multiple IDNs may emerge in more heavily populated regions.

c) IDN Project Plans

Once IDNs have been selected through the IDN Application process, organizations participating in the IDN will collaborate to prepare an IDN Project Plan. The Project Plan will provide a blueprint of the work that an IDN intends to undertake, including which projects it has selected; explain how the work responds to community-specific needs and furthers the objectives of the demonstration; and provide details on the IDN's composition and governance structure. IDNs are required to engage community stakeholders as part of the development of the IDN Project Plan.

An IDN Project Plan template will be developed by the state and posted for public comment prior to finalization. Additional information on the key components of the IDN Project Plan can be found in the DSRIP Planning Protocol (Attachment C), Section V. According to a timeline to be developed by the state and consistent with the requirements in Section V of the STCs, IDNs are required to submit final IDN Project plans to the state for review. An Independent Assessor contracted by the state will review and evaluate submitted IDN Project Plans. The state will

approve applications and initiate IDN Transformation Fund payments for projects as early as November 1, 2016, but no later than December 31, 2016.

IV. Projects, Metrics, and Metric Targets

a) Overview of Projects

IDNs will design and implement six DSRIP projects, selected from the Project Menu described in the DSRIP Planning Protocol (Attachment C). IDNs must develop Project Plans based on these selected projects that are directly responsive to the needs and characteristics of the behavioral health populations that they serve and the transformation objectives furthered by this demonstration.

Projects described in the DSRIP Planning Protocol (Attachment C) are grouped into three categories: Statewide Projects, a Core Competency Project, and Community-Driven Projects. The IDN will be responsible for demonstrating progress against process milestones and outcome metrics for each project. As described in the DSRIP Planning Protocol (Attachment C), Section III, IDNs are required to implement: two Statewide Projects (Behavioral Health Work Force Capacity Development and Health Information Technology Infrastructure to Support Integration); one Core Competency Project (Integrated Healthcare); and three Community Driven Projects that reflect the particular priorities of the communities that they serve (one project from each Community Driven project sub-category). IDNs must select at least one Community Driven project focused primarily on the substance use disorder (SUD) population.

b) Project Metrics

As part of the IDN Project Plan, which is further described in Attachment C Section V, IDNs will develop timelines for implementation and completion of each project, in alignment with state-specified process milestones included in the Project Metrics and Specification Guide. As described in Attachment C Section IV and in accordance with STC 24, project performance will be measured based on metrics that track: project planning/implementation progress (Stage 1), project utilization and system transformation metrics (Stage 2 and 3), and progress towards transition to Alternative Payment Models (Stage 4).

IDNs will report on these metrics in their semi-annual reports (described in Section VI) and will receive fiscal incentive payments from the IDN Transformation Fund if they meet performance metrics targets (based on the mechanism described in Section V).

c) Stage 2 and 3 Performance Metric Goals and Improvement Targets

IDNs must have a performance goal for each Stage 2 or 3 performance metric. The state will measure IDN improvement from a baseline towards this goal to evaluate whether or not the IDN has achieved the metric improvement target each semi-annual reporting period. Performance goals will be based on the 85th percentile of performance within the state during the baseline period.

Each IDN will have its own baseline starting point, based on historical data that will be generated after IDN networks are finalized and it is possible to establish an IDN-specific baseline. For certain measures, including newly created measures, baseline data will be collected during 2017, at which point the performance goal and annual IDN improvement targets will be established for 2019 and 2020.

The state will set annual improvement targets for IDN metrics that reflect annual progress towards closing the relative gap by 15% between the baseline performance of each IDN and the goal for each metric. These data will be used to determine the size of the “gap to goal” for the purpose of setting annual improvement targets. This methodology is further explained through the following illustrative example:

Illustrative Example:

Metric: Potentially Preventable ER Visits for BH Population (visits/1,000)

Goal: 125.4 visits/1,000 (85th percentile of baseline IDN performance)

In this example, IDN #1 has a baseline preventable ED visit rate of 210.2 visits/1,000. The gap between 210.2 visits/1,000 and the 85th percentile goal of 125.4 visits/1,000 is 84.8 visits/1,000. The IDN’s annual improvement targets will be set to require that the IDN close this 84.8 visits/1,000 gap by 15% (or 12.7 visits/1,000) each year. IDN #2, on the other hand, has a baseline performance level of 180.7 visits/1,000. Therefore, the ‘gap-to-goal’ for IDN #2 is 55.3 visits/1,000 (difference between 180.7 visits/1,000 and the goal of 125.4 visits/1,000). The IDN’s annual improvement targets will be set to require that the IDN close this 55.3 visits/1,000 gap by 15% (or 8.3 visits/1,000) per year.

In cases where IDN performance meets or exceeds 85th percentile of performance within the state, annual improvement targets will reflect a 5% annual improvement in the metric from the IDN's prior year baseline, up to a maximum to be determined by the NH DHHS Office of Quality Assurance and Improvement. In other words, if IDN #3 has a baseline performance level of 123.2 visits/1,000 in the example above, the IDN already exceeds the 85th percentile goal of 125.4 visits/1,000. Therefore, rather than following a ‘gap-to-goal’ target-setting methodology, this IDN would be required to improve performance on this metric by 5% per year, up to a maximum to be determined by the NH DHHS Office of Quality Assurance and Improvement. A

5% absolute improvement from a baseline level of 123.2 visits/1,000 would result in a target of 117.4 visits/1,000 for the first performance measurement year.

In other cases, baseline performance on a metric across IDNs may be too similar/concentrated or an IDN's baseline performance may already be too close to the 85th percentile goal to allow for meaningful improvement using a 'gap-to-goal' methodology. In these cases, the state will use a comparable national benchmark or require 5% annual improvement in the metric from prior year's baseline in establishing the performance goal.

V. Incentive Funding Formula and Year 1 Design and Capacity Building Funds

a) Year 1 Funding

i. Capacity Building and Design Fund

In accordance with STC 31, during calendar year 2016, the State will provide payments to approved IDNs from a designated IDN Project Design and Capacity Building Fund. This funding can be used by approved IDNs to develop specific and comprehensive IDN Project Plans and to begin to develop the technology, tools and human resources that will allow IDNs to build capacity and pursue demonstration goals in accordance with community-based priorities.

Payments from the IDN Project Design and Capacity Building Fund will total up to 65% of demonstration Year 1 funding from the IDN Transformation Fund. The amount of Project Design and Capacity Building Funds allocated to each IDN will be based on a calculation with two components: 1) a fixed component, calculated assuming equal distribution of 50% of total available funds evenly across all approved IDNs and 2) a variable component that is calculated by assuming the remaining 50% of total funds is distributed proportionately among IDNs based on their share of attributed Medicaid beneficiaries.

As described in Section III, IDN Applications will require each applicant to describe in detail its qualifications, network composition, why Project Design and Capacity Building funds are being requested and how they will be used to prepare IDN Project Plans and support the transformation goals of the demonstration. Potential IDNs must meet specific minimum qualifications, size thresholds and network coverage thresholds in order to be considered for approval. In addition, IDN applications will be scored on a relative basis by the State's contracted Independent Assessor. Only those IDNs selected through this evaluation process will be approved. Approved IDNs will receive Project Design and Capacity Building funds, which will be used to develop specific and comprehensive IDN Project Plans and to begin to develop the technology, tools, and human resources that will allow IDNs to build capacity and pursue demonstration goals in

accordance with community-based priorities. In order to be eligible for any payments beyond Project Design and Capacity Building funds, an approved IDN will need to submit and receive state approval for an IDN Project Plan.

ii. Project Funding

The state will award the remaining 35% of Year 1 funding available for incentive payments from the IDN Transformation Fund (excluding state administrative expenses) to approved IDNs upon successful submission and state approval of an IDN Project Plan. Year 1 incentive payments will be allocated to IDNs based on each IDN's share of total attributed Medicaid beneficiaries.

b) Year 2-5 IDN Incentive Funding and Project Valuation

For years 2 through 5 of the demonstration, IDNs will continue to earn performance-based incentive funding by achieving defined targets for individual process and outcome metrics. During Year 1 of the demonstration, the state will determine the maximum amount of performance-based incentive funding available to be earned by each IDN annually for Years 2-5 of the demonstration. This annual amount will be driven by the size of the IDN's attributed population (described in Section II) and be allocated across three project groups in proportion to the relative intensity of effort and benefit of each project group over the life of the 5-year demonstration. Each project will have associated process and outcome metrics that must be achieved for IDNs to earn funding associated with a project group in a given year.

The maximum amount of incentive funding for each IDN will be calculated based on the methodology described in (i) below. Once the overall maximum valuation is determined, the value for the individual metrics of the IDN Project Plan is determined based on the distribution method described in (ii) below. Project values are subject to monitoring by the state and CMS, and IDNs may receive less than their maximum available project valuation if they do not meet their designated metrics and/or if statewide DSRIP funding is reduced because of the statewide penalty (described in Section VIII(a) below).

i. Calculating Maximum IDN Project Valuation

Step 1: Assigning Project Group Weighting

Each IDN will be required to implement six projects from the Project Protocols Menu of the DSRIP Planning Protocol (Attachment C, Section III). Of these six projects, two will be the mandatory Statewide projects, one will be the mandatory Core Competency project, and three will be selected by the IDN from the menu of Community Driven projects (one from each Community Driven project sub-category).

As required in Section V of the STCs, the value of funding for each IDN project will be proportionate to its potential benefit to the health and health care of Medicaid beneficiaries. Since many projects within a project group are co-dependent and share similar metrics, the value of individual projects within a project group will be identical.

Each of the three project groups (Statewide, Core Competency, Community-Driven) is assigned a relative weighting as a percentage of total project funding available to be earned in a given DSRIP Year. The state will assign weightings at the project *group* level, based on value of the program outcomes to the demonstration goals and intensity of resources required to implement the projects within that group. Project groups will be valued relative to one another, as a percentage of the total project funding available within a given year. The percentage allocation to each project group will vary over time to reflect the relative intensity of effort and benefit of each project group over the life of the 5-year demonstration. Therefore, for example, meeting milestones and metrics associated with the two Statewide Projects will account for 50% of funding IDNs can earn in DSRIP Year 2, and 20% of funding in DSRIP Year 5. The table below provides the relative percentage weighting by project group by year.

Table 3: Year 2-5 Incentive Funding Allocation by Project Group

Project Group	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)
Statewide Projects	50%	50%	30%	20%
Core Competency Project	30%	30%	50%	60%
Community-Driven Projects	20%	20%	20%	20%

Step 2: Calculating Maximum IDN Project Funding

The maximum IDN incentive funding for each year for each project group is calculated by multiplying the total available statewide IDN incentive funding for that year by the weighting percentage of that project group and the proportion of total Medicaid beneficiaries attributed to the IDN (based on the attribution method described in Section II above), as shown below:

Maximum IDN Project Funding by Year for Each Project Group = [Total Statewide IDN Transformation Funds available] x [Project Group Weight] x [% of Total Attributed Medicaid Beneficiaries]

This same formula will be repeated for all project groups, and the sum of all three project group funding will equal the total maximum amount of financial incentive payments (“maximum IDN project funding”) that the IDN could potentially earn based on performance.

Maximum IDN Project Funding by Year for an IDN = [Maximum IDN Funding for Statewide Project Group] + [Maximum IDN Funding for Core Competency Project Group] + [Maximum IDN Funding for Community-Driven Project Group]

The maximum IDN project funding represents the highest possible financial allocation that each IDN can receive for its menu of projects over the duration of its participation in the demonstration. IDNs may receive less than their individualized maximum allocation if they do not meet metrics and/ or if demonstration funding is reduced because of the statewide penalty (described in Section VIII below).

ii. Earning Incentive Payments

As described above, Year 1 incentive funding from the IDN Transformation Fund will be awarded to approved IDNs upon successful submission and state approval of an IDN Project Plan. In years 2 through 5, each IDN will be able to receive incentive payments up to its Maximum IDN Project Funding amount by meeting or exceeding its designated performance metrics. Each project will have specific process metrics and/or performance metrics, as specified in the Project and Metrics Specification Guide.

As described in STC 24 and further detailed in Section IV of the DSRIP Planning Protocol (Attachment C), performance metrics and milestones will be organized into the following stages:

- i) Stage 1: Project planning and progress milestones
- ii) Stage 2: Project utilization milestones
- iii) Stage 3: System transformation utilization milestones
- iv) Stage 4: Alternative Payment Model milestones

As described in Section IV, Stage 1 process milestones for each project are detailed in the Project and Metrics Specification Guide. For Stage 2 and 3 measures, the state will measure baseline performance and identify annual improvement targets based on identified goals. Stage 4 milestones are also established by the state and are described further in Attachment C.

Within each reporting period, IDNs will be scored on their performance towards achieving their designated metric targets. Scores for an IDN will be expressed as “meeting” or “not meeting” the process milestone and/or outcome improvement target. The point value given for reaching a specified performance target/metric will be called an Achievement Value (AV) and will be assigned either a 0 or 1. If an IDN meets a process milestone or outcome metric, it will receive

an AV of 1 for that process metric/outcome metric in that reporting period. If the IDN does not meet its metric or performance target, it will receive an AV of 0 for that metric for that reporting period.

The AV for each metric will be summed to determine the Total Achievement Value (TAV) for the project group during any given reporting period. A Percentage Achievement Value (PAV) will then be calculated by dividing the TAV by the maximum available AV (the total number of metrics/metrics) for the reporting period in each project group. The PAV will reflect the percentage of metrics achieved by an IDN for each project group for a given reporting period, and be used to calculate how much of the project group’s maximum available funding was earned by the IDN.

Example: An IDN is able to earn a maximum of \$1,000,000 in the second payment period in Year 3 for Community-Driven Projects. If the IDN achieves four out of ten of the required milestones/metrics for Community-Driven Projects, the IDN would receive 40 percent of the \$1,000,000 or \$400,000.

In accordance with STC 27g, the state will shift funding over the duration of the demonstration, from a focus on rewarding achievement of process (Stage 1) milestones in the early years of the demonstration, to rewarding improvement on Stage 2, 3, and 4 performance metrics in the later years of the demonstration. This timing of accountability for IDN performance will be based on the following overall distribution pattern:

Table 4: Percent of funding contingent on IDN performance, by milestone/metric type

Milestone/Metric Type	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)
Stage 1 Process Metrics/Milestones	90%	75%	0%	0%
Stage 2, 3, 4 Performance Metrics/Milestones	10%	25%	100%	100%

When combined with the allocation of incentive funding by project group (see Table 3), the allocation of incentive funding by project group and milestone/metric type is as follows:

Table 5: Percent of funding contingent on IDN performance, by project group and milestone/metric type

	Year 2 (2017)		Year 3 (2018)		Year 4 (2019)		Year 5 (2020)	
Project Group								
Statewide Projects	50%		50%		30%		20%	
Core Competency Project	30%		30%		50%		60%	
Community-Driven Projects	20%		20%		20%		20%	
Milestone/Metric Type	Stage 1	Stage 2,3,4						
	90%	10%	75%	25%	0%	100%	0%	100%
Resulting Allocation by Milestone/Metric Type and Project Group	Stage 1	Stage 2,3,4						
Statewide Projects	45%	5%	37.5%	12.5%	0%	30%	0%	20%
Core Competency Project	27%	3%	22.5%	7.5%	0%	50%	0%	60%
Community-Driven Projects	18%	2%	15%	5%	0%	20%	0%	20%
<i>All Projects</i>	<i>90%</i>	<i>10%</i>	<i>75%</i>	<i>25%</i>	<i>0%</i>	<i>100%</i>	<i>0%</i>	<i>100%</i>

iii. *Maximum IDN Project Funding and Incentive Payments: Illustrative IDN Example*

The example in Table 6 below illustrates how the funding allocations in Table 5 will drive the maximum amount of funding available for different categories of incentive payments at a statewide and an illustrative IDN level. The example is based on the following assumptions:

- Illustrative total funding available for distribution to IDNs over the course of the 5-year demonstration: \$142 million (\$28.4 million per year). The final funding amount available for distribution will depend on the precise level of funding required for the state to administer and support the implementation the program, including statewide planning efforts.
- Assumed number of total IDNs: 7 (illustrative). Actual number will be finalized through the IDN Application process.
- Example IDN percent of total statewide attributed Medicaid beneficiaries: 12.5%. Actual attribution will be calculated based on the final network composition of each approved IDN.

- Percent of Year 1 available dollars allocated to Project Design and Capacity Building Fund: 65% (remaining 35% of Year 1 available dollars available for distribution to approved IDNs upon successful submission and state approval of an IDN Project Plan). This reflects the maximum allocation of Project Design and Capacity Building Funds and is subject to change based on the precise level of funding required for the state to administer and support the implementation the program, including statewide planning efforts.

Under this example, in Year 3 of the demonstration (2018), of the \$28,400,000 total available for distribution to IDNs in incentive payments, \$11,360,000 (or 40%) is available to be earned through IDN achievement the milestones and performance metric targets associated with the Statewide Projects.

The illustrative IDN in this example can earn a maximum of \$3,550,000 each year from 2017-2020 through the achievement of milestones and performance metric targets. In 2017, for example, the IDN can earn a maximum of \$958,500 through the achievement of Stage 1 milestones associated with the Core Competency Project, and \$106,500 for the achievement of Stage 2,3,4 performance targets associated with that project.

Table 6: Illustrative Funding Mechanics Example (Statewide and IDN-level)

	Year 1 (2016)	Year 2 (2017)	Year 3 (2018)	Year 4 (2019)	Year 5 (2020)
Illustrative Maximum Statewide Funding Totals					
Maximum Funding Available for Distribution by Year: <i>Statewide Total (Illustrative)</i>					
Funding Available	\$28,400,000	\$28,400,000	\$28,400,000	\$28,400,000	\$28,400,000
Maximum Year 1 Funding: <i>Statewide Total (Illustrative)</i>					
Y1 Design/Capacity Funds	\$18,460,000	N/A	N/A	N/A	N/A
Y1 Remaining Payments	\$9,940,000	N/A	N/A	N/A	N/A
<i>Total</i>	<i>\$28,400,000</i>				
Maximum Year 2-Year 5 Funding by Project Group: <i>Statewide Total (Illustrative)</i>					
Project Group					

Statewide Projects	N/A	\$14,200,000	\$14,200,000	\$8,520,000	\$5,680,000
Core Competency Project	N/A	\$8,520,000	\$8,520,000	\$14,200,000	\$17,040,000
Community-Driven Projects	N/A	\$5,680,000	\$5,680,000	\$5,680,000	\$5,680,000
<i>Total</i>		<i>\$28,400,000</i>	<i>\$28,400,000</i>	<i>\$28,400,000</i>	<i>\$28,400,000</i>

Illustrative Example IDN Maximum Funding

Maximum Funding Available to be Earned by *Example IDN*, by Milestone/Metric Type and Project Group (*Illustrative*)

	Year 1 Max Payments ¹³	Stage 1	Stage 2,3,4						
Y1 Design/Capacity Funds	\$2,472,321								
Y1 Remaining Payment	\$1,242,500								
Statewide Projects	N/A	\$1,597,500	\$177,500	\$1,331,250	\$443,750	\$0	\$1,065,000	\$0	\$710,000
Core Competency Project	N/A	\$958,500	\$106,500	\$798,750	\$266,250	\$0	\$1,775,000	\$0	\$2,130,000
Community-Driven Projects	N/A	\$639,000	\$71,000	\$532,500	\$177,500	\$0	\$710,000	\$0	\$710,000
<i>Total</i>	<i>\$3,714,821</i>	<i>\$3,550,000</i>		<i>\$3,550,000</i>		<i>\$3,550,000</i>		<i>\$3,550,000</i>	

VI. IDN Reporting Requirements

These activities are detailed below.

a) Semi-Annual Reporting for IDN Project Achievement

Two times per year, IDNs seeking payment under the demonstration shall submit reports to the State using a standardized reporting form approved by the State and CMS. IDNs will use the document to report on their progress against the milestones and metrics described in their

¹³ As described in Section IV, the amount of Project Design and Capacity Building Funds allocated to each IDN will be based on a calculation with two components: 1) a fixed component, calculated assuming equal distribution of 50% of total available funds evenly across all approved IDNs and 2) a variable component that is calculated by assuming the remaining 50% of total funds is distributed proportionately among IDNs based on their share of attributed Medicaid beneficiaries. The state will award the remaining 35% of Year 1 funding available for incentive payments from the IDN Transformation Fund (excluding state administrative expenses) to approved IDNs upon successful submission and state approval of an IDN Project Plan. Year 1 incentive payments will be allocated to IDNs based on each IDN's share of total attributed Medicaid beneficiaries.

approved IDN Project Plans. Based on these reports, as well as data generated by the state on performance metrics, the state will calculate aggregate incentive payments in accordance with Section V and Section VIII. The IDNs reports will be reviewed by the State and may be reviewed by CMS. Upon request, IDNs will provide back-up documentation and data in support of their progress. These reports will be due as indicated below after the end of each reporting period:

- For the reporting period encompassing January 1 through June 30 of each year: the semi-annual report and the corresponding request for payment must be submitted by an IDN to the State before July 31.
- For the reporting period encompassing July 1 through December 31 of each year: the semi-annual report and the corresponding request for payment must be submitted by an IDN to the State before January 31.

The state shall have 30 business days after these reporting deadlines to review and approve or request additional information regarding the data reported for each milestone/metric and measure. If additional information is requested, the IDN shall respond to the request within 15 business days and the State shall have an additional 15 business days to review, approve, or deny the request for payment, based on the additional information provided. The state shall schedule the payment transaction for each IDN within 30 business days following state approval of the IDN's semi-annual report.

VII. State Oversight Activities

The state will provide various types of oversight to ensure accountability for the demonstration funds being invested in New Hampshire, as well as to promote learning within New Hampshire and across the country from the work that is being done under the demonstration. Throughout the demonstration, the State, and/or its designee, will oversee and monitor the activities of IDNs and submit regular reports to CMS.

Certified IDNs must enter into a contract with the New Hampshire DHHS to be eligible to receive Project Design and Capacity Building Funds, as well as other incentive funding under the demonstration. This contract will set forth the requirements and obligations of the IDN Administrative Lead and other participating organizations in the IDN, including reporting requirements, data sharing agreements, performance standards, compliance with the Standard Terms and Conditions of the waiver, and agreement to participate in state oversight and audit activity to ensure program integrity of the demonstration. In the contract, the State will require IDNs to participate in the semi-annual IDN reporting process outlined above as a condition of qualifying for demonstration funds.

In addition, New Hampshire is dedicating staff to the demonstration who will be charged with providing day-to-day monitoring and oversight of IDN activities, including:

- The speed and scale of progress made by each IDN towards meeting its milestones
- The specific activities that are driving measureable change
- The key implementation challenges, including governance issues, associated with specific activities designed to drive improvement, and effective strategies for addressing them
- The need for any adjustments to the demonstration to maximize its effectiveness

The State also will support IDN implementation by sponsoring an IDN Learning Collaborative and providing guidance and support on the state's expectations and requirements. Four of the state activities and reports designed to ensure program integrity and transparency, promote cross-IDN learning, and conduct evaluation are described in more detail below:

i. Quarterly Operational Reports

In accordance with STC 41 and as outlined in Attachment A, the state will submit progress reports on a quarterly basis to CMS. The reports will present the state's analysis of the status of implementation; identify challenges and effective strategies for overcoming them; review available data on progress toward meeting metrics; and describe upcoming activities. This report will also include an Executive Summary which can be used by CMS, senior state officials and the public as a means of tracking the overall progress of the demonstration.

ii. Learning Collaborative

A Learning Collaborative will be sponsored by the State to support an environment of learning and sharing among IDNs through in-person and virtual meetings. Specifically, the LC will promote the exchange of strategies for effectively implementing projects and addressing operational, administrative and data challenges. The state also will use the LC to provide statewide updates on the demonstration, disseminate best practices, and gather feedback on where additional clarification of state expectations and requirements are needed. Depending on the number and type of projects chosen by IDNs, there may be multiple strains of the Learning Collaborative that allows similarly-situated IDNs to work together on specific challenges or projects.

iii. Web Site and Reporting Tool

The state will develop and regularly update a web site that provides information on the demonstration to participating IDNs, policymakers and members of the public. It will offer access to a centralized tool or system that tracks and disseminates information on the demonstration, participating IDNs, and projects. A key component of the tool will be a reporting feature that conveys key information on the status of demonstration progress for various audiences including that of the general public and CMS. The tool will deliver data that can 1) be easily interpreted by various stakeholders, 2) promote self-evaluation, and 3) promote the diffusion of effective intervention models.

iv. Program Evaluation

As described in STCs 72 and 78 in Section X, the state will contract with an independent evaluator to evaluate the demonstration. The evaluator will be selected after a formal bidding process that will include consideration of the applicants' the qualifications, experience, neutrality, and proposed budget. The evaluation will be completed by June 30, 2021.

VIII. Statewide Performance and Unearned IDN Funding

a) Accountability for State Performance

As described in STC 35 in section V, the state will be accountable for demonstrating progress towards meeting the demonstration's objectives of building greater behavioral health capacity; better integrating physical and behavioral health; and improving care transitions. Funding for IDNs may be reduced in demonstration Years 3, 4, and 5 if the State fails to demonstrate progress on the four statewide metrics described below. Based on statewide performance on these four measures, available IDN Transformation Funds may be reduced by the amount specified in STC 35 in Section V. The funding reductions will be applied proportionately to all IDNs based on their maximum IDN Project Funding amount.

A state-wide performance goal will be established for each of the following four metrics. The state will be accountable for achieving these goals by the end of the demonstration period, DSRIP Year 5. During DSRIP Years 3, 4, and 5, annual improvement from a baseline towards these goals will be used to evaluate whether or not the state-wide metric improvement target has been achieved.

Statewide Accountability Metrics

- i. Readmission to Hospital for Any Cause (Excluding Maternity, Cancer, Rehab) at 30 days for Adult 18+ Behavioral Health Population
- ii. Comprehensive and consistent use of standardized core assessment framework including screening for substance use and depression for age 12+ by IDN providers

- iii. Potentially Preventable ER Visits for BH Population and Total Population
- iv. Initiation of Alcohol and Other Drug Dependence Treatment (1 visit within 14 days)

The state will establish baseline performance for each measure. The statewide goal to be achieved by the end of the demonstration period will be based on the 75th percentile of IDN performance levels during the baseline period. For metric ii (use of standardized core assessment framework), the state will be accountable for demonstrating a statewide rate of 75% by the end of the demonstration period.

Annual improvement targets will reflect closing of the relative gap between the baseline and the goal by 15% each year. For example, if the gap between the baseline and the 5-year goal is 75 visits/1,000, the state will be accountable for closing that gap by 15% of 75 visits (11.3 visits/1,000) each year.

The levels of potential statewide funding at risk each year is outlined in STC 35, section V. This funding will be divided equally among the four statewide accountability metrics. If the state fails to achieve its annual improvement target on a given statewide accountability metric, funding will be reduced by the amount tied to that measure (i.e, 25% of total funding at risk for statewide performance).

b) *Unearned IDN Funding and the DSRIP Performance Pool*

IDNs will be permitted to “reclaim” incentive funding that is unearned because the IDN failed to achieve certain performance metrics for a given reporting period. Funding amounts that are unearned will be available to the IDN for two immediate, subsequent reporting periods, with the exception of DY 5. To “reclaim” the unearned incentive funds, an IDN must not only demonstrate that it has achieved the original process or outcome metric target, but that it has also achieved its most recent target for the same metric. If an IDN is not able to reclaim the unearned incentive funding in the two immediate, subsequent reporting periods, the funds will be forfeited by the IDN and placed into a general DSRIP Performance Pool. The DSRIP Performance Pool will be used to support the scope of the statewide DSRIP program or to reward IDNs whose performance substantively and consistently exceeds their targets. The State does not plan to withhold any amounts to subsidize this Performance Pool.

IX. Demonstration Mid-Point Assessment

A mid-point assessment will be conducted in demonstration Year 3. Based on qualitative and quantitative research and stakeholder and community input, the midpoint assessment will be used to systematically identify recommendations for improving individual IDNs and implementation of their Project Plans; state policies and procedures for oversight; and any other

elements of the demonstration that may be hampering the effective and efficient use of funds and progress toward the demonstration's goals. IDNs will be required to participate in the mid-point assessment, and to adopt IDN-specific recommendations that emerge from the review. The state may withhold future IDN Transformation Fund incentive payments to an IDN if it fails to adopt recommended changes even if all other requirements for DSRIP payment are met. If the review identifies recommendations for change to the STCs (including attached protocols), the state will submit an amendment request, in accordance with STC 7, to CMS for changes on or before October 1, 2018.