



Assessing the impact of Medicaid reform

One of the trickiest aspects of organizing the new Performing Provider Systems forming under the Delivery System Reform Incentive Payment program is the concept of attribution. Medicaid individuals in a ZIP code will be attributed to a PPS. Attribution "is one of the most critical steps in DSRIP. Who are they trying to reach?" said Arthur Webb, a senior fellow with the consulting firm BDO.

The problem is that not everyone in a geographic area uses services where they live. They can go to an academic medical center for serious conditions, or to a community hospital in their borough for routine care. Attribution is driving new relationships and networks. "The motivation is for the lead provider to maximize their attribution in a catchment area," added Mr. Webb.

The goal of the Medicaid waiver is to cut hospital admissions by 25%, so at roughly 2.3 million discharges, at least "500,000 discharges will be redirected," notes Mr. Webb. "Do we have the capacity and access point to physicians to absorb this?"

Providers are looking at those discharges for "frequent flyers" who return to hospitals. DSRIP makes it very important to understand the nature of the discharges, said Patrick Pilch, managing director at BDO Consulting.

Messrs. Webb and Pilch believe the DSRIP program, with its emphasis on collaboration, has the potential to be transformative for how health care is delivered in New York. But there could be some trouble spots. Mr. Pilch cautioned that groups should make sure they are finding the right partners, and pay special attention to governance issues and measuring outcomes. "It's like a marriage to take care of the population you are serving," said Mr. Pilch.

The lessons learned from DSRIP could be enormously important as costs are taken out of the state's health care system. Commercial payers also may see results that apply to their business, added Mr. Pilch. Insurers "may have frequent flyers, too."

"If we can change the cost structure and reduce costs for employers, this has a tremendous potential impact," said Mr. Webb.