



Additional Clarification for the PPS Lead & PPS Lead Financial Stability Test

General Clarification on the Requirements for a PPS Lead in a New Corporate Structure for DSRIP

In order for a safety net provider to be used for the “PPS Lead & Financial Stability Test” in the context of a new corporate structure that provider must both have at least a 25% ownership share in the new corporate structure and must include for attribution purposes their providers (hospital, employed physicians, etc.) in the PPS.

General Clarification on Financial Stability Test Requirements for Public Providers ONLY

Public providers will only be required to exhibit a Days Cash on Hand value of 15 days in order to have passed the Phase I requirement and not the 20 days as indicated in the Excel Tool. A public provider can proceed with the submission of their PPS Lead & PPS Lead Financial Stability Test Application if they have met the 15 Days Cash on Hand requirement despite the Excel Tool indicating that they have failed if they do not meet the 20 day requirement for that metric. A new Excel Tool will not be published for this clarification.

1. (Page 6) The requirement to indicate whether we will be applying for a COPA or ACO as part of the DSRIP application is new. We are still making those decisions. Why is this needed at this point? Also, if we answer these questions one-way here, and it changes by the time the application is submitted, are there any ramifications if we change?

RESPONSE: The requirement to indicate whether a PPS will be applying for a COPA or ACO was included in the overall DSRIP PPS Project Plan Application and was moved in to this section to allow the state to assess the number of potential COPA/ACO applications may be submitted. A PPS will be able to change their decision regarding a COPA or ACO application at a later date.

2. (Page 8) If a Lead Agency decides "to provide documentation of any arrangements that would support the provider's financial stability throughout the 5 year DSRIP period" through a "backing entity", will the "backing entity" also need to submit the Test and pass?

RESPONSE: Yes, the backing entity would need to submit and pass the Financial Stability Test.

3. (Page 8) The revised Test indicates that if the Lead's annual operating revenue is less than the annual DSRIP value, then the Lead agency will need to execute a program integrity agreement with OMIG. What if the "combined" annual operating revenue of the "co-leads", exceed the annual DSRIP value? Would the Lead still need a program integrity agreement?

RESPONSE: Any existing entity or a newly formed corporation with annual operating revenues less than the annual DSRIP funding to be allocated to the PPS Lead will be required to enter in to a “program integrity agreement” with the OMIG.

For those corporations newly formed for the purposes of DSRIP, if the financial management and fund flow functions of DSRIP will be contracted out to an existing entity that has at least a 25% ownership interest in the new corporation, along with annual operating revenues that exceeds



the annual DSRIP funding to be allocated to the newly formed corporation, the new corporation will not be required to enter into a “program integrity agreement” with the OMIG.

4. What is meant by a “program integrity agreement”? Is this the same or different from a “Corporate Integrity Agreement (CIA)”?
- If it is different than a CIA, what are the requirements that we should be planning for assuming our annual DSRIP value exceeds our annual operating revenue? This may have an impact on our application.
 - If it is referencing a CIA, this seems inappropriate and we will have more follow-up questions for you.

RESPONSE: This “program integrity agreement” would be similar to a “Corporate Integrity Agreement (CIA)” but will not include all requirements of a CIA. The requirements of the “program integrity agreement” are still being finalized with OMIG but are likely to include:

- a compliance program requirement for the PPS and any of its contractors, affiliates, appointees and other persons associated with the PPS;
- a certification requirement before the end of DY 1 (April 1, 2014 – December 31, 2014) and on an annual basis that the PPS has completed the Social Services Law mandatory compliance program certification available through the OMIG website;
- completion of an annual program integrity assessment and report; and
- an acknowledgement that the PPS shall be subject to review, audit or investigation by the OMIG relative to any program integrity requirement of the NYS Medicaid program.

5. When would a “program integrity agreement” be required to be executed? Since the annual DSRIP value cannot be determined until after the close of the year and milestones/metrics evaluated, is this done at the end of a year and implemented prospectively for the following year? We are interested in understanding the timing of the evaluation and the related implementation timeframes if this situation were to occur.

RESPONSE: The “program integrity agreement” would not be required until after the DSRIP project valuation process has been completed and would be for prospective years. For awards made starting April 1, 2014, it would be expected that the PPS enter in to a “program integrity agreement” for April 1, 2014 forward.

6. If a Government Sponsored (Public) hospital receives Government backing, they do not need to take the stress test. Would they still need to complete Section III on Financial Controls, etc.?

RESPONSE: Yes, a Government Sponsored (Public) hospital that receives their government backing and as such does not need to complete Phase I and Phase II of the Financial Stability Test would still be required to complete Phase III of the Financial Stability Test.