

## Policy Update

# New York 1115 Waiver Amendment Timeline for Medicaid Hospital Global Budget Initiative

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### Background

A key element of the Medicaid Redesign Team 1115 Waiver amendment is the Medicaid Hospital Global Budget Initiative (GBI), a reimbursement model tied very closely to the States Advancing All-Payer Health Equity Approaches and Development (AHEAD) model proposed by the Center for Medicare and Medicaid Innovation. A summary of the waiver can be found [here](#). The New York waiver, and in particular the GBI, seeks to provide financial stability to financially stressed hospitals serving disproportionately large numbers of Medicaid beneficiaries while also driving delivery reform to advance accountability and health equity. The GBI can be viewed as a global capitated reimbursement model, in which hospitals are guaranteed a certain revenue for a certain group of services but, of course, must manage operations within that budget. A similar effort in Maryland has shown promising [results](#).

The GBI will be developed over the next three years, broken down into four demonstration years (DYs). The initial DY (DY0) runs from January 9, 2024, to March 31, 2024, and the subsequent DYs each run from April 1 to March 31 of the following year. Each DY includes approximately \$550 million in funding if certain requirements are met. The state must submit documentation in its annual monitoring report showing that the identified requirements for the relevant year were met. There also are specific reporting and planning requirements for hospitals. This article summarizes these requirements for states and hospitals for the NY 1115 waiver.

### DY 0: January 9, 2024 – March 31, 2024

- The state must submit an initial letter of intent for the AHEAD model.
- The state must get letters of intent from interested hospitals and report to the Centers for Medicare and Medicaid Services (CMS) which hospitals have expressed interest in participation.
- The state must submit a detailed plan showing how it and its providers will collect beneficiary-reported demographic and health-related social needs data and ensure completeness of the data.

### DY 1: April 1, 2024 – March 31, 2025

- If the state has not already applied to be part of the first AHEAD cohort, it must apply as part of the second cohort in 2024 (the timing is not specific). However, if the state does not participate in the AHEAD model, it can still deploy the GBI through its own alternative Medicaid-only global budget model (alternative initiative), to launch April 1, 2027. If the state pursues the alternative initiative, then during DY1 it must submit a proposal to CMS that includes details of the alternative initiative.
- Eligible hospitals must reconfirm via a letter of intent that they will participate in the GBI as a part of the AHEAD model. The state must submit documentation, in collaboration with participating hospitals, showing that it is on track for developing a Medicaid global payment methodology effective



April 1, 2027. Presumably, if the state pursues the alternative initiative, these requirements will not apply.

Although it is not clear in the waiver, the remaining requirements likely will apply regardless of whether the state pursues the GBI or the alternative initiative:

- The state must develop an implementation plan that describes how it will develop a health equity plan and prepare for statewide quality and equity measures. Each participating hospital must submit a health equity plan to the state that aligns with the state health equity plan.
- Each participating hospital must submit complete data on quality metrics to be specified in the state's post-approval Medicaid Hospital GBI Implementation Protocol.
- Each participating hospital must submit to the state a custom roadmap of key targeted activities required to transition to a global budget model, including considerations on where to invest versus build, required partnerships, talent change management and technology gaps.

## DY 2: April 1, 2025 – March 31, 2026

- Each hospital must submit quality measures approved in the implementation protocol.
- Each hospital must achieve key milestones in at least the following areas (to be developed, it appears, as a part of the hospital-specific roadmap developed in DY1):
  - Data, interoperability, analytics and reporting.
  - Financial modeling.
  - Care coordination and management.
  - Quality improvement.
  - Compliance and business operations.
  - Network and physician engagement.
  - Patient experience and engagement.
  - Opportunities for service line rationalization based on community need.
  - Leadership, governance and talent management.
- The state must submit its plan and methodology for Medicaid hospital global budget by September 30, 2025, and any updates by the end of DY2.

## DY 3: April 1, 2026 – March 31, 2027

- Each hospital must provide a progress report and, where appropriate, provide updates to its state-approved transformation roadmap to the state for approval.
- The state and hospitals must submit achievement on the GBI's (or, presumably, the alternative initiative's) incentive metrics, including readiness to adopt global payment methodologies, as well as any funding forfeited by the state or hospitals because of a lack of performance.

The requirements associated with the GBI reflect the model's complex nature and the state and CMS's ambitious desired outcomes. Satisfying these requirements will take significant and coordinated strategic, planning and operational effort on the part of the state and the participating hospitals.

If New York state applies for the AHEAD model, there likely will be increased reporting and planning requirements for both states and hospitals. [CMS recently released the financial specifications](#) for developing a global budget under the AHEAD model. These specifications outline the complex process required to develop and implement these payment models across payers. We expect more clarity relating to New York state's participation and timeline for adopting the AHEAD model in the coming weeks.

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