



NEW YORK
**ALLIANCE FOR
INCLUSION & INNOVATION**

Strength Together

September 9, 2019

Theodore Kastner, MD
Commissioner
NYS Office for People With Developmental Disabilities
44 Holland Ave
Albany, NY 12229

Dear Commissioner Kastner,

On behalf of the New York Alliance for Inclusion & Innovation (New York Alliance), we write to share our thoughts on moving OPWDD services to managed care. As we read the numerous letters sent to you on this subject in recent weeks, we see that there are a variety of positions that exist in the field. Some urge you to stop the move toward managed care, while others encourage you to accelerate this policy change, and still others are somewhere in between. Yet, all these positions appear to share one common theme, with which we agree: resources to fund the administrative costs associated with managed care must not come out of the current OPWDD service delivery system.

Based on the experience of implementing managed care in other sectors and for other populations, we believe the plan start-up and operating costs associated with implementing managed care to be 7-10% of the overall service system. Assuming these estimates are accurate, this would mean \$500M to \$800M in transition readiness resources for the OPWDD service sector. The New York Alliance firmly believes the OPWDD service system cannot shoulder this type of financial impact. Provider organizations cannot sustain rate reductions of this magnitude, nor can individuals and families sustain such severe service reductions. Therefore, we remain firmly in agreement with the recommendations of the Commissioner's 2015 Transformation Panel report, to "identify funding to meet the administrative costs of managed care, distinct from funding required to meet the needs of individuals for services."

In order for all stakeholders to have a better understanding of these costs and their funding source, we are requesting that OPWDD share the State's current estimates of these costs with the field. Sharing this information with providers, individuals with disabilities, parents, family members and State Legislators is a key step that would help further inform the dialogue and ensure transparency around moving OPWDD services and supports into managed care.

It is important for the New York Alliance to acknowledge that many providers have invested significant financial resources in preparing for this shift to managed care, not the least of which are investments in Care Coordination Organizations (CCO) and the emerging Specialized I/DD Plans – Provider Led (SIPs-PL). It is also important to recognize that such investments have been made in an extraordinarily challenging fiscal environment for providers. Provider rates have not been adjusted to account for inflation and other increased costs of doing business in nearly a decade, and despite two increases and two forthcoming increases for Direct Support Professional compensation, current reimbursement makes it challenging – at best – for providers

to offer competitive wages. We ask the State to acknowledge these realities as well and strongly recommend the State develop and deploy a plan to remedy these systemic fiscal and workforce-related vulnerabilities in the current system in advance of the voluntary enrollment phase of implementation of managed care. We ask this because we recognize that managed care will likely only compound these challenges and pressures on providers.

With regard to whether moving OPWDD services to managed care is a positive policy for the State to pursue, the New York Alliance continues to reserve judgement. We await the State's further articulation of:

1. Why the State is moving OPWDD services and supports to managed care. There are multiple reasons to consider such a policy shift, including: improving the overall care experience of the individual through better integration of services; improving quality of services; ensuring continued, or pursuing improved, access to services; improving efficiency of administration and oversight beyond what the State can achieve on its own; delegating the State's authority to limit services; and achieving cost savings/containing cost growth. The State may have any number of these goals in mind, but understanding the State's motivation is key, and will shape all policy decisions that follow.
2. How the State will permit managed care organizations to operate. We understand that managed care organizations – whether they be OPWDD provider-led or mainstream – will likely be required to reduce or otherwise limit payments they make to providers in order to remain solvent. The specific rules by which plans may engage in this pursuit when it comes to OPWDD services (e.g. time period limitations for providers to submit claims; retrospective/concurrent/prospective review and utilization management; denials and appeals) must be better understood by providers, and the impact on service availability fully understood by all stakeholders, especially individuals with disabilities and their families. We hope some of these details to be contained in the long-awaited plan qualification document for SIPs-PL, with additional details forthcoming in subsequent documents.

Thank you for your attention to our stated concerns and we look forward to learning more about the State's plans for managed care, including the estimated costs associated with initially implementing managed care and the State's plans to fund these initial costs.

Sincerely,



Ann Hardiman
President and CEO



Michael Seereiter
Executive Vice President and COO

cc: Paul Francis
Kerri Neifeld
Howard Zucker
Donna Frescatore

Michael Murphy
Frank Walsh
Senator David Carlucci
Assemblymember Aileen Gunther