



Adirondack Health Institute

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POLICY AND PROCEDURE

Title: DSRIP Financial Sustainability Plan

Department: Finance – DSRIP

Effective Date: 03/2016

Annual Review Date: 04/2018

Date Revised: 04/2017

Policy

The Adirondack Health Institute Performing Provider System (AHI PPS) must monitor the stability of its partners to ensure that the goals of DSRIP and AHI PPS’s milestones are achieved in the communities served. AHI PPS will assess the financial stability of its partners on an annual basis, identify potentially “financially fragile” partners, and develop a process to monitor and assist “financially fragile” partners, where appropriate, with sustaining their operations.

Procedure

1. Annual Financial Assessment:
 - a. On an annual basis, a pre-identified list of partners, not eligible to receive a Financial Sustainability Waiver, will be required to submit a Financial Sustainability assessment and the organizations most recent financial statement. A web-link to the policy will be provided along with the assessment to remind partners of the process and their responsibilities.
 - b. Partners will be requested to provide selected financial information for an identified period in order to calculate the following financial metrics (which generally coincide with the financial metrics used by New York State Department of Health (NYSDOH) to evaluate the financial stability of PPS-Lead entities):
 - i. Days Cash on Hand
 - ii. Current Ratio
 - iii. Debt to Equity Ratio
 - iv. Operating Margin
 - c. Partners will also be requested to provide answers to several financial attestations as part of the assessment, identifying potential financial concerns such as if the organization has a going concern audit opinion, or a filing for bankruptcy protection.



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- d. Partners will also be required to provide their annual audit report(s).
 - e. The DSRIP Finance Team will be responsible for compiling the surveys and audit reports, and recalculate/confirm the financial metrics for each partner.
 - f. The DSRIP Finance Team will evaluate results based on:
 - i. Comparison to NYSDOH benchmarks for each metric as developed by AHI PPS Finance Committee.
 - ii. Knowledge of impending changes to a partner's financial performance given the implementation of identified DSRIP projects as well as the impact of broader health reform initiatives.
 - g. Partners will then be stratified by the DSRIP Finance Team between strong, medium, and weak financial stability.
2. Financial Assessment Waiver:
- a. It is recognized that some PPS partners would have difficulty or unwillingness to complete a financial assessment due to the nature of their organization. Upon completion of the Financial Sustainability Waiver those organizations will be exempt from financial monitoring. AHI PPS assumes government entities will fall into the waiver category based on the nature of their organization.
 - b. Any organization unable to participate in the Annual Financial Assessment may submit a waiver to the AHI PPS Finance Committee seeking relief from the Annual Financial Assessment requirement. The PPS will request a signed waiver from each partner annually. At any time if a partner feels their organization is in need of financial sustainability review, the partner is able to submit three years of financial data and a completed assessment to be considered for Financial Sustainability funding.
 - c. On a partner by partner basis the AHI PPS Finance Committee will review the waiver and determine if partner is exempt from the Annual Financial Assessment requirement.
 - d. Any partner found exempt would still be required to satisfy all other reporting requirements.
 - e. Any partner denied exemption would be required to fulfill the Annual Financial Assessment requirements or else be at risk of exclusion from participating in AHI PPS.



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3. Identification of “financially fragile” partners:
 - a. Partners identified as “weak” based on the annual Financial Assessment process will be compiled by the DSRIP Finance Team.
 - b. Partners found to be “weak” in any sample of “days cash on hand” metric will automatically place partner into review process. Partners found to be “medium” or “strong” for “days cash on hand” would need to be found “weak” in two or more additional financial metrics to place partner into review process.
 - c. AHI PPS management team will review the list of “weak” partners and identify those that are critical to attaining DSRIP goals and success in PPS project accomplishments.
 - d. AHI PPS management team will schedule meetings for those partners identified as “weak” and critical to the success of DSRIP and AHI PPS projects. Other members of the Project Management Office may also meet to further discuss the partner’s financial health and strategic plans.
 - e. As a result of this process, the AHI PPS management team will identify those partners believed to be “financially fragile” and critical to the success of DSRIP and AHI PPS projects. A partner profile will be developed by the DSRIP Finance Team containing:
 - i. The financial metrics of the partner as compared to benchmarks
 - ii. Summary of the discussions with the partner and their strategic plan
 - iii. The DSRIP projects the partner is involved in.
 - f. On an annual basis the list of “financially fragile” partners as identified in section 2.d. above will be presented to the AHI PPS Finance Committee for discussion and approval.
4. Development of Performance Improvement Plans (PIPs) for “Financially Fragile” Partners and Monitoring:
 - a. Partners approved by AHI PPS Finance Committee as “financially fragile” will be asked to prepare a PIP to describe their glide path to financial sustainability and the resources required.
 - i. If “financially fragile” partner participates in multiple PPSs, collaboration efforts with the other PPSs should be taken into consideration.
 - ii. The form of the PIP should be consistent with NYSDOH monitoring of Vital Access Providers.



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- b. Partners approved by AHI PPS Finance Committee as “financially fragile” will be asked to provide additional information such as:
 - i. Submit financial metrics at least quarterly instead of annually to be monitored more frequently.
 - ii. Submit additional metrics and measures such as:
 - 1. 3-year trend in operating statistics
 - 2. Interim financial data (at least quarterly)
 - 3. Payer mix of patients in the last year
 - 4. Size of annual operating revenue
- c. AHI PPS management team will review PIP submitted by the partner for reasonableness as to the ability to sustain operations and satisfy DSRIP project metrics.
- d. As part of the PIP process, AHI PPS management team will assess the partner’s need for technical assistance and financial resources required to attain financial sustainability.
 - i. AHI PPS management team will assess the partner’s needs and determine whether expertise of other partners within AHI PPS can be leveraged to assist “financially fragile” partner.
 - ii. As part of AHI PPS’s funds flow, a Sustainability Fund will be established to assist “financially fragile” partners with attaining financial health. As the financial Sustainability Fund has limited resources, partners are not guaranteed sustainability funding and each request will be evaluated based on the availability of funds, and the relative needs of all requests to the Fund. The Sustainability Fund may be accessed to:
 - 1. Cover costs of consultants and other technical assistance required, or
 - 2. Other needs that are identified by the partner
- e. PIPs and requests for funds from the Sustainability Fund will be subject to review and approval. AHI PPS Finance Committee will be informed of all Financial Sustainability Requests. Requests in excess of \$25,000 will be required to have approval from the AHI PPS Finance Committee and AHI Board of Directors.
- f. Partners will be required to provide progress reports to the AHI PPS management team detailing PIP accomplishments at least quarterly.
- g. Progress for accomplishing deliverables of the PIP will be monitored on an ongoing basis

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by the DSRIP Finance Team and reported to AHI PPS Finance Committee and AHI Board of Directors when necessary.

- h. “Financially fragile” status will be re-evaluated annually as part of the financial assessment process.
5. Collaboration with other PPSs
- a. In developing PIPs and assessing the need for funding from the Sustainability Fund, partners will be evaluated to determine if partner participates in other PPSs.
 - b. For “financially fragile” partners, AHI PPS management team will contact the respective PPS(s) to collaborate efforts, where appropriate, around designing an effective PIP and avoid duplication of funding, if applicable.
6. Partner Responsibilities:
- a. Annual participation in the Financial Sustainability Assessment or completion of an annual Financial Sustainability Waiver.
 - b. Annual submission of audited financial statements, where applicable
 - c. For partners identified as “financially fragile”
 - i. Preparation of PIP
 - ii. At least quarterly reporting of a partner’s financials
 - iii. At least quarterly reporting to AHI PPS as required by the PIP
 - d. Cooperation with the PMO in discussions concerning financial stability and/or PIPs.
7. PMO Roles and Responsibilities:
- a. Annual dissemination of aggregation of Financial Sustainability surveys and partner financial statements.
 - b. Annual calculation of financial metrics of partners and stratification of strong, medium, and weak partners.
 - c. Communication with the AHI PPS Finance Committee and AHI Board of Directors on the financial assessment and identification of “financially fragile” partners, development of



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PIPs, and monitoring efforts.

- d. Maintain confidentiality of all partner financial documents, analysis, PIPs, and discussions.
8. Confidentiality:
- a. Financial information and documents accessed as a result of this Financial Sustainability Plan will be held confidential as stipulated in the AHI PPS Partner Participation Agreement, section XII – Data Use and Confidentiality.

Contact Person: DSRIP Finance Manager

Responsible Person: Chief Financial Officer

Approved by: Chief Executive Officer