

*Investing in Innovation*

# 2014: The year of thinking differently





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*Dorothy Teeter, Director,  
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## Four initiatives that set a new course

Four dramatic initiatives drove the work of the Health Care Authority in 2014. All four challenged us to examine our role in health care from a new perspective. They required innovative ways of thinking about what we do and how we do it. And all four changed the status quo of health and health care in Washington State.

### Healthier Washington

Possibly the most ambitious health initiative the state has ever taken on, Healthier Washington, catalyzed by a \$65 million federal grant, aims to improve the health of Washingtonians, deliver better care, and lower costs. At the heart of this five-year roadmap is a commitment for the state to act as “first mover,” getting the ball rolling as the state’s largest health care purchaser.

### Expanding Access

After years of preparation, new Medicaid expansion coverage under the Affordable Care Act began January 1, 2014. Nearly half a million people, many who were not previously eligible for Medicaid, are now enrolled in Washington Apple Health (Medicaid) and are getting regular health care for the first time in their adult lives.

### State Employee Health

Governor Jay Inslee challenged us to help state employees be healthier. This includes SmartHealth, an exciting new incentive program that rewards members of the Public Employees Benefits Board Program (PEB) for healthful

activities. We also took on an ambitious wellness program to help employees beat diabetes.

### Results HCA and Realignment

We worked hard this year to build a stronger, more effective, more cohesive agency from the inside, including the development of a new mission, vision, and values statements. We took big strides toward becoming an employer of choice, first and foremost by becoming more transparent with communication within our own agency. At the same time, we are repositioning the Health Care Authority to be a leader in changing the health care system in Washington.

### We’re Ready

Core to HCA’s mission are the close business and community partnerships we maintain with consumer groups, providers, health delivery systems, and health plans all across the state. The participation of these partners makes access to affordable, quality health care possible.

HCA is already a national leader in innovative programs and approaches to coverage. We pushed ourselves to go even further in leading the way toward better health, lower costs, and improved care for all Washingtonians in these four initiatives and many other endeavors. This report explains our efforts and the significant results we have achieved. We look forward to even better results in the coming year.

## Components of Healthier Washington

### Communities of health

HCA awarded nearly \$485,000 in grants to 10 communities to plan for the future designation of Accountable Communities of Health (ACHs).

These regional, multi-sector entities will use promising and evidence-based models to support integrated delivery and improve population health. The planning communities include providers, payers, community services, tribes, counties, public health, business, area agencies on aging, and other key sectors.

### Value-based purchasing

HCA and King County issued a joint-purchaser request for information to assess readiness for accountable delivery and payment approaches. Thirty-four organizations serving 98 percent of the state's residents responded with strong written commitment to the elimination of traditional fee-for-service models.

### Performance measure alignment

The statewide core measure set, established in December 2014 by a governor-appointed performance measures committee, will inform health care purchasing and enable us to identify benchmarks to track use, costs, and quality of health care.

### Prevention framework

The Department of Health and HCA led the creation of a public-private, multi-sector partnership to plan for addressing population health. This effort forged stronger linkages between public health and the health care delivery system. The committee prioritized prevention and management of chronic disease, interventions for substance abuse and mental health, and promotion of healthy eating and active, tobacco-free living.

# Healthier Washington

## A \$65 million grant to achieve better health, better care, lower costs

In 2013, Washington was one of three states awarded a \$1 million State Innovation Models (SIM) planning grant from the federal Center for Medicare and Medicaid Innovation (CMMI) to develop a five-year State Health Care Innovation Plan (SHCIP).

With HCA as the coordinating agency, the planning grant catalyzed conversations among a dozen state agencies and hundreds of community members and stakeholders about health and health care strategies aimed at achieving better health, better care, and lower costs.

The 2014 Legislature enacted two bills in support of the Innovation Plan. The legislation, which passed with bipartisan approval and was signed into law by Governor Inslee in April 2014, included funding to further develop the Innovation Plan in anticipation of a second SIM grant funding opportunity.

The result was Healthier Washington, our proposal for the second round of SIM grant funding. Late in 2014, we learned we were successful in winning a \$65 million grant. Healthier Washington will move health care purchasing from volume to value, improve the health of state residents, and deliver coordinated whole-person care.

The grant application outlined several major investments in a Healthier Washington.

- ▶ **Build capacity for community empowerment and accountability** to drive integrated delivery of health and social services and improve population health.
- ▶ **Create a practice transformation support hub** to support providers across the state to effectively coordinate care and benefits from value-based reimbursement strategies.
- ▶ **Leverage the state's purchasing power to be the "first mover"** in shifting 80 percent of the health care market from traditional fee-for-service to integrated, value-based payment models.
- ▶ **Develop new analytical infrastructure and information exchange capacity** to support health system performance and improved health outcomes.

# Expanding Access

## Bringing health care to Washingtonians

### Medicaid Expansion

Before the Affordable Care Act, Medicaid coverage was limited to children, pregnant women, caretakers with dependent children, those over 65, and people with disabilities. Thousands of Washingtonians with low incomes could not get Medicaid.

Under Medicaid expansion, Apple Health now covers adults ages 19-65 with incomes up to 138 percent of the federal poverty level (in 2014, \$16,000 for a single person, or \$23,550 for a family of four).

We began accepting applications for Apple Health on October 1, 2013, for coverage that began January 1, 2014.

With the federal government fully covering the costs of newly eligible clients through 2016, the savings to the state in the first biennium is more than \$300 million. Between 2017 and 2019, the state will gradually pick up a percentage of the cost, and in 2020 and beyond the state will incur 10 percent of the costs.

The new approach to Medicaid came with a federal mandate to simplify requirements, put the application online, and make it work in a smooth, seamless manner. It was a new world for HCA. Nearly every employee had something to do with re-inventing the process.

### Implementation challenges:

- ▶ Sort out the complex legal and policy issues.
- ▶ Transfer 850,000 clients to the new eligibility system.
- ▶ Rework contracts with providers to line up with new ACA requirements and write new WACs, procedures, and provider guides.
- ▶ Figure out the logistics of processing online applications between several state and federal agencies.
- ▶ Help develop an online application that would be easy to use, and an online process for renewing clients.
- ▶ Improve provider payment systems to comply with ACA.
- ▶ Enhance screening of providers and enroll thousands of new providers.
- ▶ Train 1,900 community-based partners and application assistors.
- ▶ Prepare eligibility and customer service staff.
- ▶ Take on the additional work of imaging all Health Benefit Exchange documents.
- ▶ Conduct outreach with media and stakeholders.

## 2014 By the numbers

**700**

WAC rules filed for implementation of the Affordable Care Act

**409,903**

Number of applications, renewals, and verification documents processed for Apple Health

**24 hours**

Time needed to scan paper applications for health care, from receipt to availability in the Health Benefit Exchange computer system

**2 million**

Number of Medicaid claims adjudicated

**105,145**

Average number of calls per month from Apple Health clients and providers to our Apple Health customer service line

## Signs of success

Implementation has been a huge success in Washington.

- ▶ We exceeded our initial enrollment estimates and surpassed our 2018 enrollment goals within the first few months.
- ▶ More than 1.3 million individuals have enrolled or renewed their enrollment in Apple Health since October 2013, including more than 470,000 new adults.
- ▶ A Gallup study found that Washington achieved the fourth-highest rank among states reducing their uninsured rates.
- ▶ Washington has been nationally recognized as one of a handful of states that got it right in implementing the Affordable Care Act.

## Coverage decisions

### Breast and cervical cancer screenings

The Health Care Authority and the Department of Health restored coverage for breast and cervical cancer screenings for low-income women using federal funding from the Breast and Cervical Cancer Treatment Program. The previously state-funded screenings had been eliminated January 1, 2014, following implementation of the Affordable Care Act. The restoration was effective April 1.

### Autism treatment approval

Applied Behavior Analysis (ABA) therapy was extended to Apple Health for Kids clients with a diagnosis in the autism spectrum disorder classification. Staff worked closely with families and providers to arrange services to include early screening, therapy, and treatment plans. They also developed a statewide network for clients to access ABA services from qualified providers.

### Adult dental coverage restored

During the lean years of the Recession, the state cut dental benefits to adult Apple Health (Medicaid) clients, except for emergency services. Because those services are often not available in hospital emergency rooms, some clients were never referred to dental surgeons, and even treatable injuries were sometimes not addressed as effectively as

possible. For 2014, the Legislature restored the adult dental benefit, covering restorative and preventive services, resin partials, and complete dentures, root canals, cavities, and routine checkups and cleanings, as well as emergency services.

### Hepatitis C drugs

New, highly effective drugs can cure more than 90 percent of those infected with the hepatitis C virus. However, the average wholesale price for a course of treatment with these drugs is close to \$90,000. The breakthrough has presented HCA with the challenge of creating a broad, equitable, appropriate, and cost-effective clinical policy that provides needed treatment to a large population of patients. We worked with clinicians across HCA and other impacted state agencies (especially the Department of Corrections and the Department of Social and Health Services), and we collaborated with experts at the University of Washington and the clinical leadership of the health plans that HCA contracts with. Together, we crafted an evidence-based clinical policy for the treatment of hepatitis C. The policy follows the recommendations of authoritative national clinical organizations and will help ensure that those most in need receive timely treatment for hepatitis C.

HCA's policy — applicable to both Apple Health (Medicaid) clients and Public Employee Benefits Board Program members — reflects the rapidly changing field of treatment for the chronic disease.

### Transgender treatments

The Public Employees Benefits Board, which governs the HCA-run employee and retiree health coverage program, approved new rules to cover treatment for gender dysphoria, including surgery, beginning in 2015. We're working on a reconsideration of current WAC rules governing Apple Health (Medicaid) that limit transgender care to hormones and mental health care.



# State Employee Health

## Finding new ways to improve state employees' health

### SmartHealth

A new voluntary health incentive program for state employees and retirees called SmartHealth is launching in 2015. The program is open to public employees and non-Medicare retirees who get their health insurance from the Public Employee Benefits Board (PEBB) Program.

SmartHealth gives participants the tools to engage and improve their health and well-being using a best-in-class, interactive and educational website. As they progress on their wellness journey, eligible PEBB members can earn points to qualify for a \$125 wellness incentive in 2016.

SmartHealth is part of Governor Jay Inslee's vision for a healthier, productive workforce. The Governor's State Employee Health and Wellness Steering Committee — comprising members from state employee unions, state agencies, the Office of Financial Management Labor Relations Office and Budget Division, and the Governor's Legislative Affairs and Policy Office — has executive oversight of this innovative program, as well as other efforts to help state employees improve their health. The committee is chaired by HCA Director Dorothy Teeter and Department of Health Secretary of Health John Wiesman.

SmartHealth is led by PEBB Program staff with input from members representing several state agencies and higher-education institutions.

### Premium Surcharges

In spring 2014, the Legislature added two surcharges to PEBB premiums:

- ▶ \$25 monthly for members (or their covered dependents) who smoke or use tobacco products.
- ▶ \$50 monthly for members whose health insurance covers spouses or registered domestic partners who could have been covered by their own employers' comparable insurance plans.

The surcharges went into effect on July 1, 2014, and work continues to maintain the attestation system for 2015 premiums. Over time the first surcharge will provide incentives for PEBB members to engage in healthier behaviors, and the second enables Washington State to be a great steward of state funds.

### Diabetes prevention and control

During 2014 we offered free diabetes testing to 17,631 PEBB members. Those who tested positive were offered free enrollment in a diabetes control program. A much larger group that tested in the pre-diabetes range was offered the Not Me! diabetes prevention course.

- ▶ 2,591 (14.6%) did the testing
- ▶ 90 (3.4% of tested) tested positive for diabetes
- ▶ 141 (5.4% of tested) enrolled in the diabetes control program
- ▶ 630 (24.3% of tested) tested in the pre-diabetes range
- ▶ 479 (18.5% of tested) of those attended Not Me!

### Smoking and Spousal Attestations

#### As of December 2014:

- ▶ 13,260 subscribers attested that they or a covered dependent used tobacco.
- ▶ 4,054 subscribers attested that they covered their spouse through PEBB when their spouse declined other comparable medical coverage.
- ▶ \$3,360,525 obtained through surcharges.

## MISSION

Provide high quality  
**health care**  
through innovative  
health policies and  
purchasing strategies.

## VISION

**A healthier  
Washington.**

## VALUES

- ▶ People First
- ▶ Innovation
- ▶ Respect
- ▶ Public Service
- ▶ Collaboration
- ▶ Service Excellence
- ▶ Leadership
- ▶ Stewardship

# Results HCA and Realignment

## Mapping the way to the future

### Results HCA

Over the last several years, the Health Care Authority has undergone a significant amount of change. During 2014 we took time to reflect on how these changes have affected us as an agency, and now we're steering a new course.

We're calling this process Results HCA, an ongoing strategic planning and implementation effort that includes identifying our fundamental operations and implementing strategic initiatives with specific performance metrics. We created a roadmap to help measure progress toward our goals. In every part of the agency, we have taken steps to be a more transparent, cohesive team—working together to accomplish our objectives. We have also aligned our performance management efforts with the Governor's Strategic Framework and Results Washington.

### Realignment

One component of Results HCA is realignment. We are moving most of our Apple Health clients into managed care health plans that emphasize quality of services, rather than quantity.

This shift in health care purchasing influences the skills and functions HCA needs to operate effectively. As we continue to develop our leadership role as the single largest health care purchasing entity in the state, we must consider how to best structure the agency for success in this new environment.

To realign HCA for the best outcomes for Washington State, we have been conducting thorough, thoughtful research and analysis. The entire staff is discussing, brainstorming, analyzing, and reviewing various options. The information we collect and evaluate will inform our thinking and help move us in the right direction.

We still have a long journey, but we are well on our way.

# Innovation and Change

## Developments that make a difference

### Health care innovations

#### Link4Health

Washington Link4Health is a multi-year initiative that will enable medical, dental, social service support and behavioral health care records to follow patients across settings and over time. Regardless of patients' insurance, plan, or provider, their medical records will be available to any authorized provider via electronic health records (EHR).

Since 2009, HCA has administered the state's portion of the federal incentive payment program to encourage providers and hospitals to adopt, implement, and meaningfully use EHR systems in their offices. We're building a statewide electronic exchange of medical records between providers.

#### ER is for Emergencies

We've seen a significant drop in emergency room usage, thanks in large part to the ER is for Emergencies program, a partnership between the Washington State Hospital Association, the Washington State Medical Association, the Washington Chapter of the American College of Emergency Physicians, and the Health Care Authority.

The program's success can be measured by:

- ▶ A 9.9 percent decline in ER visits and a 10.7 percent drop in the rate of frequent visitors (five or more visits annually).
- ▶ A 24 percent decrease in visits resulting in a scheduled drug prescription.
- ▶ A 14.2 percent decrease in less-serious diagnoses.

#### ICD-10 implementation

In 2014 HCA was all set to launch ICD-10, the new standard code set required to be used by all health care providers, including physicians, clearinghouses and payers. However, Congress postponed the launch date from fall 2014 to fall 2015. Providers will continue to use ICD-9 through September 2015. Our billing system will be ready well before the switchover. Washington Apple Health (Medicaid) providers will be invited to test ICD-10 during the summer of 2015 to ensure they are ready.

## 2014 By the numbers

**46**

Comprehensive evidence reviews of selected health technologies by the Health Technology Assessment (HTA) program through 2014

**\$47 million**

Estimated savings to state in avoided or unnecessary costs due to HTA

**\$8.5 billion**

Payments to providers and managed care organizations through ProviderOne

**\$150 million**

Cost avoidance and cost recoveries in FY 2014

**\$16 million**

Recovered in the past two fiscal years through maximizing Medicare coverage before Medicaid coverage for clients with dual coverage

**\$30 million**

Overpayments found and recovered in FY 2014

**75,598**

PEBB subscribers who earned a wellness incentive for 2015

### Medicaid provider screening improvements

HCA implemented broader and more comprehensive Apple Health (Medicaid) provider requirements, based on risk category, as required by the Affordable Care Act. The standards include enhanced screening during enrollment activities and re-screening of providers on a five-year cycle. Screening tasks include several types of federal database checks, verification of licensure, and site visits for providers in the higher risk categories.

### Customer Service

#### Tribal Affairs support

The Tribal Affairs team developed new resources to help tribal providers (including urban Indian health clinics) navigate Apple Health (Medicaid) and improve reimbursement rates.

Over six weeks, the team also delivered “Medicaid 101” and “Medicaid 102” presentations to health provider staff members at Colville, Lower Elwha Klallam, Kalispel, Muckleshoot, NATIVE Project, Nez Perce (western Idaho), Puyallup, Seattle Indian Health Board, Shoalwater Bay, Spokane, and Yakama Tribal locations.

#### Website cleanup and improvement

The Web Team completed several projects to ensure efficient, effective, and compliant intranet and internet sites.

- ▶ Coordinated content audit and migration of older SharePoint sites (2003) to SharePoint 2013.
- ▶ Moved Medicaid manuals and WAC documents from DSHS to the HCA website.

#### Call center challenges

HCA’s Medical Assistance Customer Service Center fields calls from clients and providers. This unit answered 9 percent more calls per employee during the first half of 2014, compared to 2013.

Implementing the Affordable Care Act and restoring adult dental for Apple Health clients caused an 82 percent increase in the number of calls coming in in 2014. The

center averaged 105,145 calls a month. With the resources available, call center employees were able to answer 37 percent (37,709 per month) of incoming calls. The center was compliant with legislative requirements for answering client and provider email requests. We continue to look for ways to improve service levels with the limited resources available.

### Technology

#### Information security

HCA increased information technology security staff and added several new fraud detection and prevention capabilities, including vulnerability management and additional security tools.

#### Desktop technology support

We installed desktop technology for 69 HCA eligibility staff located at hospitals, clinics, and similar customer support locations throughout the state, aided the onboarding of new staff members, and replaced 600 outdated desktop PCs and laptops.

#### New purchasing system

We replaced an old purchasing system that did not work well with computer upgrades. The new purchasing system eliminates many manual steps and routes purchase requests to the appropriate spending authority, increasing efficiency.

#### ProviderOne CORE compliance

ProviderOne, our Apple Health (Medicaid) provider payment system, is now fully compliant with the requirements of the Committee on Operating Rules for Information Exchange (CORE). System updates make HCA a national leader among state Medicaid programs in adopting and implementing the CORE rules, which streamline electronic funds transfer, electronic remittance advice processes and HIPAA eligibility, and claims transactions and responses.

### ProviderOne Phase 2 — Social service providers

After years of preparation, ProviderOne began enrolling social service providers into our billing and payment system in September 2014.

Approximately 4,000 social service Apple Health (Medicaid) providers were set to switch from the old system to ProviderOne in January 2015.

The new system reduces provider overpayments and duplicate payments, improves client coordination of care across programs, complies with federal requirements, and mitigates a potential federal disallowance of \$31 million. The change will also increase the Medicaid federal funding participation for IT maintenance from 50 percent to 75 percent.

### Important to HCA employees

#### Washington State Patrol on duty

Two Washington State Patrol cadets are now stationed at the Health Care Authority, making the agency better prepared to respond to emergencies and offering a higher level of safety and security for employees and visitors.

#### Wellness award

State agencies and higher-education institutions participate in Team WorkWell to support and grow their employee wellness program. Executive Order 13-06 requires agencies to take part. Participating agencies, colleges, and universities can receive the Zo8 Award designation for implementing all eight workplace wellness standards, demonstrating the highest level of commitment to employee wellness. The Health Care Authority was one of five recipients of the award in 2014.

## 2014 By the numbers

**850**

Apple Health administrative hearing requests related to scope of coverage, including provider overpayments

**4.7%**

Apple Health Board of Appeals final orders appealed in court

**87.5%**

Apple Health appealed Board of Appeals final orders affirmed in court

**104,987**

Calls to PEBB Customer Service and Outreach and Training units this year

**287,578**

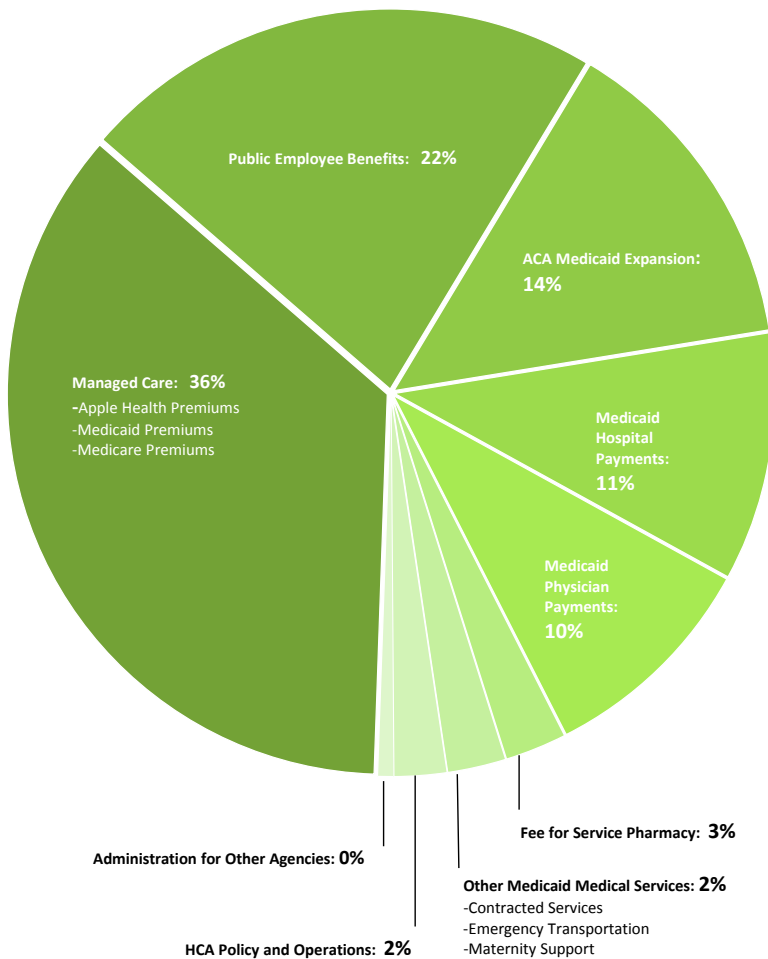
Number of documents imaged for PEBB

**100%**

HCA employees who completed HIPAA privacy training

# HCA 2013–15 Budget

13–15 Biennium —  
After 2014 Supplemental Budget



<b>13-15 Biennium in millions</b>	<b>\$ 16,941</b>
<b>Public Employees Benefits</b>	<b>\$ 3,770</b>
<b>Medicaid Managed Care</b>	<b>\$ 6,069</b>
Apple Health	\$ 4,971
Eligibility Review	\$ (16)
Other Health Insurance	\$ 205
Medicare Part A	\$ 237
Medicare Part B	\$ 469
SNAF MC	\$ 619
Drug Rebates (Managed Care)	\$ (417)
<b>Medicaid Hospital Payments</b>	<b>\$ 1,791</b>
Inpatient	\$ 882
Outpatient	\$ 273
Trauma Hospital H1429	\$ 23
BU X54 Non Forecast H1419	\$ 272
HIT	\$ 54
SNAF Hospital	\$ 287
<b>Medicaid Payments to Licensed Health Care Professionals</b>	<b>\$ 1,609</b>
Physicians	\$ 382
Physicians Trauma	\$ 8
HIT	\$ 113
Clinic	\$ 427
Dental	\$ 457
Professional Services	\$ 223
<b>Medicaid Pharmacy</b>	<b>\$ 446</b>
Drug Expenditures	\$ 226
Medicare Part D Clawback	\$ 371
Drug Rebates (Fee For Service)	\$ (151)
<b>Other Medicaid Medical Services</b>	<b>\$ 243</b>
Contracted Services	\$ 167
Emergency Transportation	\$ 14
Maternity Support	\$ 17
All Other	\$ 45
<b>Basic Health Benefits</b>	<b>\$ 52</b>
<b>HCA Policy and Operations</b>	<b>\$ 381</b>
<b>ACA: Medicaid Expansion</b>	<b>\$ 2,339</b>
<b>Durable Medical</b>	<b>\$ 128</b>
<b>Administration for Other Agencies</b>	<b>\$ 113</b>

**THE MATH**

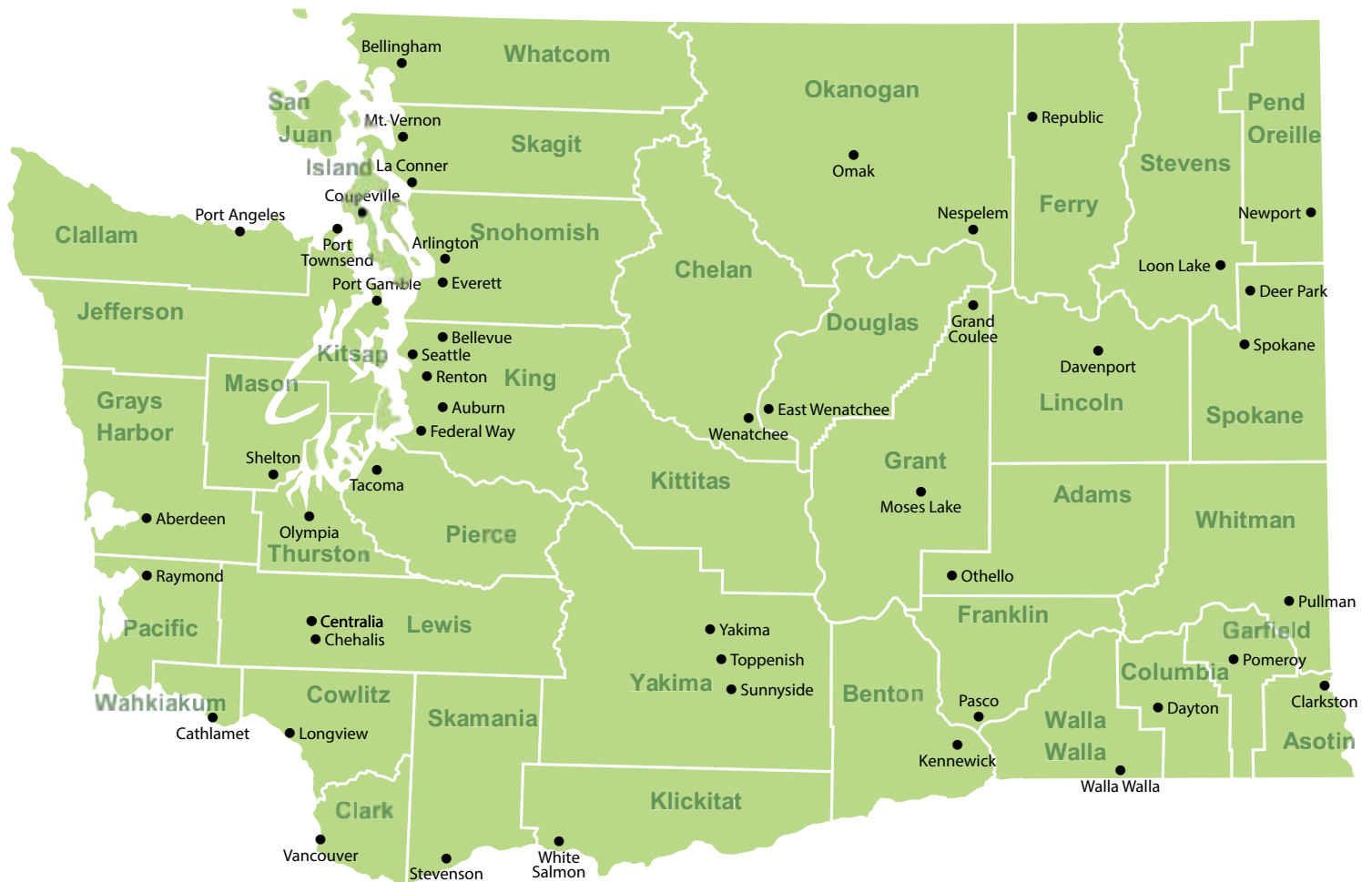
Medicaid =	\$ 13,119
Basic Health + PEB =	\$ 3,822
<b>TOTAL =</b>	<b>\$ 16,941</b>

# Regional representatives

## Covering every county in the state

The Health Care Authority has expanded its presence throughout the state by stationing Apple Health community-based enrollment specialists in hospitals, health centers, and other community organizations. These HCA employees answer questions about Apple Health eligibility and enrollment, helping individuals and families obtain health insurance.

### Locations of Community-based Enrollment Specialists





**For more information about the Health Care Authority**

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