



Executive Summary

Washington's Health Care Innovation Plan

Washington's State Innovation Models grant from the federal Center for Medicare and Medicaid Innovation (CMMI) has catalyzed a bold initiative. The CMMI planning grant enabled extensive and rapid cross-community and cross-sector engagement on broadly defined health and health care system change. The resulting Innovation Planning initiative created a framework for health system transformation that is significantly more far reaching than the testing grant application submitted by the state in 2012.¹ The State Health Care Innovation Plan forms the basis of a future application for a multiple-year State Innovation Models testing grant. More importantly, it charts a bold course for transformative change in Washington state that links clinical and community factors that support health, spreads effective payment and care delivery models, and has the potential to generate more than \$730 million in return on investment.

Washington is home to some of the most innovative and transformational efforts in the nation to improve health and health care and lower costs, which have only been strengthened by an infusion of energy and resources upon passage of the Affordable Care Act. Washington's purchasers, labor organizations, providers, quality improvement organizations, local jurisdictions, and health plans are leaders in performance measurement, clinical practice transformation, and innovative payment and delivery methods, ensuring focus on value rather than volume. In his first year, Governor Jay Inslee has set ambitious health and health care goals for the state, including a vision for full integration of mental health, chemical dependency, and physical health care. Innovative local jurisdictions and communities throughout the state already have leveraged collaboration and engagement across sectors to work toward healthier people in their communities and are poised to do much more.

The State embraces and applauds its deserved reputation for innovation, but recognizes it must reach higher and transform faster to ensure Washingtonians are healthy and consistently receive high quality, affordable care. The Innovation Plan builds on Washington's unique blend of entrepreneurship and collaboration. It seeks to channel health plan and provider competition toward value without dictating lockstep adherence to specific payment or delivery system

¹ Washington's 2012 State Innovation Models testing grant application proposed implementation and testing of a model for improving maternal/infant care and managing chronic conditions through a multi-payer approach. See <https://www.statereforum.org/system/files/wa_sim_project_narrative.pdf> for the original project narrative.

models. In order to achieve results through competition, the State must focus on the fundamentals necessary to consistently define, demand and incentivize value, measure it consistently, and act on what is measured. For this reason, the Washington plan emphasizes greater purchaser leadership and the importance of transparency and deploying high-value measures, drawn as much as possible from nationally standardized measure sets.



The Innovation Plan also focuses on creating capacity and modest infrastructure to support enhanced cooperation where a competitive model will not suffice. Caring for the state's most vulnerable; engaging individuals in their own health; addressing the needs of rural and underserved communities; and preventing illness, injury, and disease often demands coordinated planning and response among multiple private actors, various governments, public health, not-for-profit service providers, and philanthropy. Maximizing the potential for collective impact does not demand a great deal of infrastructure nor does it call for top-down regulation. It does require that communities have support and a voice in defining mutual state and regional aims, greater local control, and more consistency and clarity from their State governmental partners. New thinking and financing tools to support health are required, particularly when investments by one party or sector yield return in others.

The collaborative and inclusive state Innovation Planning process recognized the importance of the contributions of and commitment from all state actors. As such, the Innovation Plan is intended to be viewed as a comprehensive *state* plan, and not just the State or Governor's plan. It will require action on multiple levels and strong public-private partnership, particularly as Washington bridges from planning to implementation.

The Innovation Plan is organized along two major axes: (1) three strategic focus areas, which include multiple targeted health system and payment reforms, and (2) seven foundational building blocks, which directly support the three strategies and also enhance overall system performance.

Strategies for Better Health, Better Care, and Lower Cost

The Innovation Plan is built to achieve three ultimate aims: better health, better care, and lower costs. Three broad strategies drive progress toward these interrelated aims.

Strategy 1

Drive value-based purchasing across the community, starting with the State as “first mover”

The Innovation Plan emphasizes leadership from Washington’s public and private major purchasers to jointly catalyze payment and delivery system transformation. Washington will move away from a largely fee-for-service reimbursement system to an outcomes-based payment system that delivers better health and better care at lower costs. Specifically, within five years, Washington aims to move 80 percent of its State-financed health care to outcomes-based payment and work in tandem with other major purchasers to move at least 50 percent of the commercial market to outcomes-based payment. Key action steps include:

- Requiring all providers of State-financed health care to collect and report common measures, implement evidence-based guidelines, and enable use of patient-decision aids.
- Implementing accountable care organization models, reference pricing, and tiered/narrowed networks for State-financed health care.
- Aligning public and private purchasing expectations with flexible benefit design efforts.
- Generating actionable commitments in support of a well-defined strategy that will align payment and delivery system transformation across multiple payers, purchasers, and providers.

Strategy 2

Improve health overall by building healthy communities and people through prevention and early mitigation of disease throughout the life course

Ensuring better health, better care, and lower costs requires Washington to close the gaps between prevention, primary care, physical and behavioral health care, public health, social and human services, early learning/education, and community development systems. It also requires better alignment at the state and community levels. To invest in the success of healthy communities, the State will leverage its leadership role to shape and align policies that provide the opportunity and space to develop healthy physical and social environments that foster resilient and connected communities. Key action steps include:

- Leveraging community-based, public-private collaboratives to bring together key stakeholders to link, align, and act on achieving health improvement goals, support local innovation, and enable cross-sector resource sharing, development, and investment.
- Amplifying a Health in All Policies approach across State agencies and within communities, with a focus on healthy behaviors, healthy starts for children, prevention and mitigation of adverse childhood experiences, clinical-community linkages, and social determinants of health.
- Using geographic information systems-mapping and hot-spotting resources to drive community decisions.
- Designing a toolkit for communities seeking to finance innovative regional projects.

Strategy 3

Improve chronic illness care through better integration of care and social supports, particularly for individuals with physical and behavioral co-morbidities

Needlessly complex health care and benefit systems are major obstacles to prevention and effective management of chronic disease. These obstacles can be particularly challenging for people with both physical and behavioral health issues. Effectively integrating mental health, substance abuse, and primary health care services produces the best outcomes and proves the most effective approach to caring for people with multiple health care needs. Key action steps include:

- Spreading adoption of the Chronic Care Model.
- Supporting the integration of physical and behavioral health care at the delivery level through expanded data accessibility and resources, practice transformation support, increased workforce capabilities, and reduction of administrative and funding silos on a phased basis.
- Restructuring Medicaid procurement into regional service areas to support integrated physical and behavioral health care and linkages to community resources.

Foundational Building Blocks

These building blocks address fundamental capabilities and supports that must be in place to realize the Innovation Plan, and for health and health care transformation to succeed on a system-wide basis. The goal of these building blocks is to enable Washington to harness and channel competition, and accelerate change at the delivery system and community level.

FOUNDATIONAL BUILDING BLOCK 1

Build a culture of robust quality and price transparency

The State will actively lead in the development of broad price and quality transparency infrastructure to help individuals and providers make informed choices, enable providers and communities to benchmark their performance against that of others, and enable purchasers and payers to reward improvements in quality and efficiency.

FOUNDATIONAL BUILDING BLOCK 2

Activate and engage individuals and families in their health and health care

Washington will implement and promote evidence-based wellness programs, flexible benefit design, and tools, and provide a suite of new resources and training to help individuals and providers in shared decision making.

FOUNDATIONAL BUILDING BLOCK 3

Regionalize transformation efforts

Recognizing that health and health care are influenced by local needs, the State and regional leaders (including counties) will work together to determine regional service areas that drive increased collaboration between clinical and population health efforts. These regional service areas also will define Medicaid purchasing boundaries and make it easier to support health improvement and prevention at the local and regional levels. Most importantly, this regional approach will empower local entities, such as counties and public health jurisdictions, to shape

a health and social services system tailored to the needs of their communities and aligned with key statewide priorities.

FOUNDATIONAL BUILDING BLOCK 4

Create Accountable Communities of Health

The Innovation Plan leverages innovation and collaboration already occurring in local communities by formalizing regionally governed public-private collaboratives to address shared health goals. These new partnership organizations will support communities, sectors, and systems in their regional service areas, and implement health improvement plans primarily focused on prevention strategies. Accountable Communities of Health also will help structure and oversee Medicaid purchasing. They will partner with the State to bring order and synergy to programs, initiatives, and activities based on unique regional and local characteristics.

FOUNDATIONAL BUILDING BLOCK 5

Leverage and align state data capabilities

Washington agencies will partner with one another and the private sector to address the longer-term needs for clinical health data management solutions, services, and tools to support case management and treatment decisions at the point of care, and new methods of paying for value versus volume. Washington will partner with the Institute for Health Metrics and Evaluation and local public health to develop new data capabilities and technical assistance to support community population health management.

FOUNDATIONAL BUILDING BLOCK 6

Provide practice transformation support

To align and amplify the array of exemplary public and private learning collaborative programs currently providing practice and community transformation support, the State will create a Transformation Support Regional Extension Service that operates at the state and community levels. This entity will ensure providers receive the necessary support in Washington's rapidly changing health care environment.

FOUNDATIONAL BUILDING BLOCK 7

Increase workforce capacity and flexibility

Washington will prepare its health workforce to care for the whole person and to work in teams to engage individuals and families and provide care effectively for those with complex and chronic conditions.

In addition to these seven building blocks, Washington has existing health information technology and information exchange transformation plans in place that address uptake and spread of health technologies. These are linked to and supportive of the Innovation Plan's strategies.

Ultimately, implementation of Washington's plan will impact nearly every health consumer and taxpayer in the state and is conservatively estimated to yield a \$730 million return on investment over the next three years. Innovation Plan initiatives will continue to drive greater returns in later years as delivery and payment reform initiatives take root. Washington's prevention investments will save money as fewer people suffer from preventable illness and untimely death, and will reduce the toll of illness in the state's workforce, schools, and communities.

