

Transition and Phase-Out Plan for Washington State's Managed Fee-for-Service (MFFS) Financial Alignment Demonstration

Introduction

On October 25, 2012, the Department of Health and Human Services announced that the State of Washington would become the first state to partner with the Centers for Medicare & Medicaid Services (CMS) in the Financial Alignment Initiative (FAI) to test a managed fee-for-service (MFFS) model for providing Medicare-Medicaid enrollees with a more coordinated, person-centered care experience. Washington State's MFFS demonstration used its State Plan Health Home program to improve health outcomes while reducing healthcare costs for high-risk dually eligible beneficiaries with chronic health conditions.

The Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) have collaborated on the Health Home Program with federal partners since 2013, and have received strong support from individuals, local health care providers, and advocates. The demonstration began on July 1, 2013, and expanded statewide on April 1, 2017. The most recent Demonstration Agreement was effective December 2, 2024, with the term of the demonstration ending on December 31, 2025. Because the Health Home program is an approved benefit as part of a Washington State Plan Amendment (24-0023), beneficiaries will remain in Health Home following the end of the demonstration. While Health Home funding is currently appropriated through 2026, the program has received strong support from the state legislature throughout the years.

Under Washington's approach, the Health Home program is the bridge to integrate care within existing delivery systems for managed care and fee-for-service (FFS) beneficiaries including full dual eligibles and American Indian/Alaska Native populations. After years of planning, in January 2023, the Health Home program became the first in the nation to extend to Dual Special Needs Plan (D-SNP) enrollees, who were already eligible for Health Home, as a Medicare benefit. Effective January 2025, Health Home further expanded and became available to all full-dual D-SNP enrollees who meet eligibility criteria. The Washington State Medicaid Agency Contract (SMAC) requires implementation of a Medicare Advantage (MA) D-SNP Health Home program that aligns with the Medicaid program.

Per the Final Demonstration Agreement with CMS, Washington State has created this transition and phase-out plan.

Continuity of Care

Health Home services will continue to be provided to all clients who are eligible and who agree to participate through State Plan authority including those that were a part of the demonstration. Health Home also remains part of the D-SNP requirements. All Health Home beneficiaries have the same eligibility criteria. To be eligible, clients must:

- Be on Medicaid (including those dually eligible for Medicaid and Medicare),
- Have a chronic condition, and,

- Be at risk for a second which is recognized as having a PRISM risk score of 1.5¹ or greater.

There are no changes to eligibility and no clients will lose services because of the demonstration ending. This means that if the client chooses FFS, managed care delivery system or D-SNP, they will continue to have access to Health Home services.

Individuals who are part of the demonstration and enrolled in Health Home at the time of the end of the demonstration will remain enrolled and will not see changes. Beneficiaries will automatically be part of the State Plan program or D-SNP benefit (for those enrolled in a D-SNP). This includes beneficiaries who are enrolled and not yet engaged in Health Home as well as beneficiaries enrolled and engaged in Health Home. The Health Home network of Care Coordination Organizations will not change, and the D-SNP benefit uses the same Care Coordination Organization (CCO) network.

Training: There are no changes to Health Home training due to the end of the demonstration. The State sponsors basic Health Home training and offers technical assistance training for core skill building on relevant topics. Training, training materials, meetings, and webinars foster shared learning, information sharing and problem solving. The State remains committed to providing training for the Health Home network and supporting providers.

Enrollment Functions

The end of the demonstration will not change the current eligibility and enrollment process. The Research and Data Analysis (RDA) division of DSHS sends HCA a monthly file of beneficiaries eligible for Health Home. The file does not identify beneficiaries who are part of the demonstration and there will be no changes to the current process and tasks for RDA and HCA. The HCA receives the eligibility list, processes beneficiaries for enrollment, and notifies the Lead Entity which of their enrollees are eligible. Lead Entities include Managed Care Organizations and Community-Based Leads.

Communication

As part of the transition plan the State has developed talking points for interested parties to ensure messaging is aligned and to emphasize the fact that no changes are being made to eligibility and no clients will lose services because of the demonstration end.

The Final Demonstration Agreement provides directions on a phase-out plan including conducting tribal consultation and notifying affected beneficiaries. Following discussion with CMS, the State determined these are unnecessary as there will be no changes for demonstration beneficiaries and this communication may only unnecessarily confuse beneficiaries and other interested parties. The State does not identify demonstration beneficiaries to the beneficiary, Lead Entity, or Care Coordination Organization and beneficiaries will remain on Health Home as part of the State Plan program or D-SNP benefit. Beneficiaries will retain support and resources after the transition.

¹ PRISM risk score of 1.5 or greater. PRISM is an acronym for Predictive Risk Intelligence System, and it is a decision tool designed to support case management intervention for high-risk clients. A client with a risk score of 1.5 means they are expected to incur 50% higher medical costs in the next year than the average cost for the disabled Medicaid population.

Enrollment Letters: An enrollment letter is sent to those eligible for Health Home. The HCA sends it to Medicaid beneficiaries and the Managed Care Organization sends it to their eligible members. There will be no changes to the enrollment letter and how it is sent.

Beneficiary Notification: No beneficiary notification is necessary as nothing is changing for enrollees and those eligible for Health Home. The Beneficiary will continue to receive services with no disruption and any notification may only cause confusion.

Quality Metrics: Performance measures have been reported to CMS as part of the demonstration. Since performance measures (and benchmarks) were considered in determining shared savings, ongoing demonstration reporting will cease at the end of the demonstration. The last submitted measures for Demonstration Year 10 (calendar year 2023) were sent to CMS January 8, 2025. The state will submit DY11 and DY12 performance measures by September 30, 2025, for DY11 (CY2024) and September 30, 2026, for DY12 (CY2025).

The State will continue to monitor all Lead Entities for contract compliance and quality improvement opportunities such as the Health Home Core Set measures reported to CMS annually for the entire Health Home population.

Stakeholder Engagement

As part of the Demonstration, the State was required to establish mechanisms to ensure meaningful beneficiary and stakeholder input in planning and process improvements. There are many opportunities that will continue: The State provides beneficiaries, or their advocates, the ability to provide input through participation in the Service Experience Team (SET) and feedback from this advocacy group is provided to the Health Home network; The State meets regularly with Lead Entities and MA Plans both individually and in a group as well as meets with Health Home qualified trainers for planning and process improvements; HCA and DSHS also meet regularly as a team for planning and process improvements. Beneficiaries also have the opportunity to provide input through the Apple Health Medicaid Advisory Committee consistent with the Washington State Plan.

The DSHS and HCA met with Lead Entities on March 12, 2025, to communicate the end of the demonstration and that no impact will be felt for them as a Lead Entity or for the beneficiaries they serve.

Health Home materials generally do not mention the demonstration. The State will review all contracts, training materials, websites, marketing materials, or other program documents to ensure that if the demonstration is mentioned, it is used for historical purposes. The State anticipates very little updates will be necessary.

As part of the bi-monthly Teams meeting, DSHS and HCA Health Home managers and leadership will review the plan and provide updates to ensure all aspects are addressed.

The Final Demonstration Agreement provides directions on a phase-out plan including publishing the plan on the State's website. The plan will be located at <https://www.hca.wa.gov/billers-providers-partners/program-information-providers/health-home>.