

Summary of one-year extension request

Overview

The Washington State Health Care Authority (HCA) is requesting a one-year extension of the Medicaid Transformation Project Demonstration section 1115 waiver (MTP), which is scheduled to expire on December 31, 2021.

Washington State is seeking a one-year Extension of authorities from CMS that would create a “year 6” for current MTP waiver activities, with no programmatic changes or additional program funding. While continuing to address COVID-19 recovery, we expect a return to making continued progress on the goals and objectives of MTP, with continued coordination and planning for renewal, sustainability, and transition strategies.

The waiver allows Washington State to develop and implement projects to improve our state’s health care system and deliver critical services to people who rely on them.

MTP includes the following initiatives:

- Transformation through Accountable Communities of Health and Indian Health Care Providers: transforming the Medicaid delivery system through a regional approach. Each region, through its Accountable Community of Health (ACH), pursues projects aimed at transforming the Medicaid delivery system to serve the whole person and use resources more wisely. Washington’s Tribes and Urban Indian Health Programs are implementing projects to improve care and the health of people served through Indian Health Care Providers.
- Long-term services and supports: supporting Washington’s aging population and family caregivers who provide care for their loved ones, through Medicaid Alternative Care and Tailored Supports for Older Adults.
- Supportive housing and supported employment: helping people get and maintain stable housing and employment in support of their broader health needs.
- Substance use disorder (SUD) treatment services: providing additional federal funding for expanded SUD treatment in participating health care facilities.
- Mental health IMD: if approved, would support the development of extended services in participating facilities for enrollees with serious mental health conditions.

Goals of the extension request

This extension request will allow Washington state to continue working toward the original goals of the MTP waiver for one additional year. Due to COVID-19 disruptions, this additional time is necessary to continue implementation and evaluation while also responding to the pandemic. The goals of the MTP waiver are:

- Integrate physical and behavioral health purchasing and services to provide whole-person care.

- Convert 90 percent of Medicaid provider payments to reward outcomes instead of volume of service, and support providers as they adopt new payment and care models.
- Improve health equity by implementing population health strategies.
- Provide targeted services to support the state’s aging populations and their family caregivers.
- Help our most vulnerable population get and keep stable housing and employment.
- Improve substance use disorder (SUD) and Mental Health (MH) treatment access and outcomes.

Eligibility

Washington’s extension request does not impact the MTP eligibility criteria that is already approved. Eligibility and enrollment information is different for each MTP initiative:

Initiative	Eligibility criteria
Initiative 1: Delivery system transformation	Benefits all Medicaid clients through large scale delivery system and payment reform projects implemented by ACHs and IHCPs.
Initiative 2: Long term services and supports	<p>Medicaid Alternative Care (MAC):</p> <ul style="list-style-type: none"> • Age 55 or older; • Income at or below 150% of the Federal Poverty Level; • Eligible for Categorically Needy (CN) services • Meet functional eligibility criteria for HCBS as determined through an eligibility assessment (these individuals would not need to meet the higher functional eligibility criteria that will be established under the Demonstration for nursing facility care); • Have not chosen to receive the LTSS Medicaid benefit currently available under optional state plan or HCBS authorities. <p>Tailored Supports for Older Adults (TSOA)</p> <ul style="list-style-type: none"> • Be age 55 or older; • Not be currently eligible for Medicaid; • Meet functional eligibility criteria for HCBS as determined through an eligibility assessment (these individuals would not need to meet the higher functional eligibility criteria that will be established under the Demonstration for nursing facility care); • Have income up to 300% of the Federal Benefit Rate.
Initiative 3: Foundational Community Supports	<p>Individuals must be 18 years or older for Supportive Housing services and 16 years or older for Supported Employment services and be Medicaid eligible.</p> <p>Individuals must meet at least one assessed health needs-based criteria and is expected to benefit from community support services:</p>

	<ul style="list-style-type: none"> • Mental health need where there is need for improvement, stabilization or prevention of deterioration of functioning resulting from the presence of a mental illness (receiving services through a behavioral health organization [BHO] or integrated managed care [IMC]) • Need for outpatient substance use disorder (SUD) treatment (receiving services through BHO or IMC) • Need for assistance with three or more activities of daily living (ADL) (receiving long-term care [LTC] services) • Need for hands-on assistance with one or more ADL (receiving LTC services) • Complex physical health need, which is a long continuing or indefinite physical condition requiring improvement, stabilization or prevention of deterioration of functioning <p>Individuals must also meet at least one of the following risk factors:</p> <ul style="list-style-type: none"> • Supportive housing services serves clients who experience: <ul style="list-style-type: none"> ○ Chronic homelessness (as defined by the U.S. Department of Housing and Urban Development) ○ Frequent or lengthy institutional contacts ○ Frequent or lengthy stays in adult residential care ○ Frequent turnover of in-home caregivers ○ Predictive Risk Information System (PRISM) Risk score of 1.5 or above • Supported employment services serves clients who: <ul style="list-style-type: none"> ○ Are enrolled in the Aged, Blind or Disabled Program or the Housing and Essential Needs Program ○ People diagnosed with severe and persistent mental illness (SPMI), substance use disorder (SUD), or co-occurring mental illness and SUD ○ Vulnerable youth and young adults with behavioral health needs ○ People who receive long-term services and supports
<p>Initiative 4: Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD)</p>	<p>Individuals who are primarily receiving treatment and withdrawal management services for substance use disorder (SUD) who are short-term residents in facilities that meet the definition of an institution for mental diseases (IMD).</p>
<p>Initiative 5: Residential and Inpatient Treatment for Individuals with Serious Mental Illness (SMI)</p>	<p>Individuals who are primarily receiving treatment for serious mental illness who are short-term residents in facilities that meet the definition of an institution for mental diseases (IMD).</p>

Benefits and cost-sharing

Washington state is not requesting any changes to benefits as approved in the original waiver application. The Medicaid Transformation project does not have any cost sharing requirements.

Initiative 1:

Benefits all Medicaid clients through large scale delivery system and payment reform projects implemented by ACHs and IHCPs. In addition, care transition, care coordination, chronic-disease self-management and other prevention activities target some of the state's most vulnerable populations, including those facing the greatest health disparities and co-morbidities.

Initiative 2:

1. Medicaid Alternative Care (MAC) - Creation of a benefit package for individuals who are eligible for Medicaid but not currently accessing Medicaid-funded LTSS. This benefit package will provide services to unpaid caregivers designed to assist them in getting supports necessary to continue to provide high-quality care and to focus on their own health and well-being.
2. Tailored Supports for Older Adults (TSOA) – A separate eligibility category and benefit package for individuals “at risk” of future Medicaid LTSS use who currently do not meet Medicaid financial eligibility criteria. This is designed to help individuals avoid or delay impoverishment and the need for Medicaid-funded services. The TSOA benefit package provides services and supports to unpaid family caregivers as well as services and supports to individuals without unpaid caregivers.

MAC and TSOA include the following benefits:

- Caregiver Assistance Services: Services that take the place of those typically performed by unpaid caregiver.
- Training and Education: Assist caregivers with gaining skills and knowledge to care for recipient.
- Specialized Medical Equipment & Supplies: Goods and supplies needed by the care receiver.
- Health maintenance & therapies: Clinical or therapeutic services for caregivers to remain in role or care receiver to remain at home.
- Personal Assistance Services: Supports involving the labor of another person to help the recipient (TSOA individuals only).

Initiative 3:

Foundational Community Supports (FCS) provides a set of Home and Community Based Services (HCBS), including Community Support Services (also called Supportive Housing) and Supported Employment Services (also called Individual Placement and Support Services). Supportive housing and supported employment services work with employers and property owners to match individuals with the right environment while providing ongoing support. These services do not pay for housing or for wages or wage enhancements.

Initiative 4 provides extended treatment services in participating facilities for clients with serious mental health conditions.

Initiative 5 (*pending approval*) provides extended treatment services in participating facilities for clients with serious mental health conditions.

Enrollment

Below is the estimated annual enrollment projections for Initiative 2 and 3 in DY06. There are no enrollments specific to the other three initiatives. MAC and TSOA enrollment assumes an average annual growth rate of 3%. This trend is based on historical growth from July 2019 through June 2020. FCS 1 enrollment is projected to increase by 5% and FCS 2 is projected to increase by 3%. FCS trends are based on the program’s average caseload increase from May 2019 through April 2020.

	MAC	TSOA	FCS 1	FCS 2
January-22	172	4,951	13,084	7,516
February-22	172	4,963	13,801	7,764
March-22	173	4,976	14,557	8,020
April-22	173	4,988	15,355	8,285
May-22	174	5,001	16,197	8,558
June-22	174	5,013	17,084	8,840
July-22	174	5,026	18,021	9,132
August-22	175	5,038	19,008	9,433
September-22	175	5,051	20,050	9,745
October-22	176	5,063	21,149	10,066
November-22	176	5,076	22,308	10,398
December-22	177	5,089	23,530	10,742

Health care delivery system

Washington state is not requesting changes to our original delivery system transformation plan approved under the current 1115 waiver. Washington intends to continue transforming Medicaid over the extension year to improve its delivery and payment system and sustain the program in the face of a growing and aging Medicaid population. All facets of Washington’s transformation strategy share a common theme—the need to grow competency in health improvement and recovery strategies. This will allow Washington to deliver higher value care that meets each beneficiary’s range of needs, thereby decreasing the use of avoidable intensive and costly services.

Annual costs and budget neutrality

Washington state is not requesting new expenditure authority as the State expects to have sufficient unspent expenditure authority funding to cover the extension year.

Below is a summary table showing the without-waiver expenditure limits compared to our with-waiver projections for the main budget neutrality test. The state is projecting savings of \$1.6B (total computable) for DY01-DY05 plus the extension year projections.

Budget Neutrality Summary

The with-waiver financial summary below reflects actuals + projections through DY5 plus projected costs for the extension period (DY06).

Without-Waiver Total Expenditures

		DEMONSTRATION YEARS (DY)					Extension projections	Total
		1	2	3	4	5	6	
Medicaid Per Capita								
Non-Expansion Adults Only	Total	\$4,528,920,848	\$4,603,028,088	\$3,002,026,247	\$3,202,687,164	\$3,365,920,701	\$3,500,548,566	
	PMPM	\$1,012.82	\$1,046.24	\$694.38	\$722.16	\$751.05	\$781.09	
	Mem-Mon	4471595	4399591	4323319	4434872	4481620	4481620	
TOTAL		\$ 4,528,920,848	\$ 4,603,028,088	\$ 3,002,026,247	\$ 3,202,687,164	\$ 3,365,920,701	\$ 3,500,548,566	\$ 22,203,131,613

With-Waiver Total Expenditures

		DEMONSTRATION YEARS (DY)					Extension projections	Total
		1	2	3	4	5	6	
Medicaid Per Capita								
Non-Expansion Adults Only		\$4,127,090,476	\$4,588,372,995	\$2,650,967,700	\$2,516,458,778	\$2,467,964,560	\$2,509,551,597	
Medicaid Aggregate - WW only								
DSHP		\$192,631,562	\$181,206,690	\$117,008,060	\$76,543,710	\$98,879,556	\$82,161,748	
DSRIP		\$242,100,000	\$231,700,000	\$187,180,434	\$151,510,022	\$71,250,000	\$101,679,588	
TOTAL		\$4,561,822,038	\$5,001,279,685	\$2,955,156,194	\$2,744,512,510	\$2,638,094,116	\$2,693,392,933	\$ 20,594,257,477
VARIANCE		(\$32,901,190)	(\$398,251,597)	\$46,870,053	\$458,174,654	\$727,826,585	\$807,155,633	\$1,608,874,137

Evaluation Design

Evaluation activities completed to date include:

- Receipt of Washington State Institutional Review Board approvals for evaluation design, collection and use of quantitative and quantitative data.
- Extensive and on-going analysis of relevant reports and documents.
- Conducted and analyzed first round of Key Informant Interviews.
- Development and administration of first round of provider and health facility surveys.
- Receipt of an quantitative data; development of data infrastructure
- Development of attribution model.
- Development of data models for statewide performance and ACH health improvement projects.
- Development and delivery of quarterly Rapid Cycle Reports and a Baseline Report (final report received in May 2020)

Washington state proposes to continue its current evaluation of all five initiatives the Medicaid Transformation Project Demonstration section 1115 waiver, in the 1115 waiver demonstration into the

12-month extension period. This includes the ongoing evaluations for all five program initiatives. The state would extend the deadline for the final MTP evaluations for all initiatives one calendar year forward from the current deadlines.

The state is not proposing any adjustment to the CMS-approved evaluation design in light of the challenges raised by COVID 19. However, the challenges of COVID-19 have resulted in impacts of data for both quantitative and qualitative evaluation. The state is requesting an additional evaluation year to coincide with the extension and will change the IEE's activities and reporting to accommodate for COVID-19 challenges in order to mitigate these challenges and get the most robust evaluation over the course of the extension year. Below is a summary of the evaluation goals and design as approved by CMS.

The goals of the approved evaluation design include:

1. Assessment of overall Medicaid system performance under the DSRIP program
2. Assessment of progress toward meeting VBP penetration targets
3. Assessment of the impact of the Demonstration on the development of the workforce capacity needed to support health system transformation.
4. Assessment of the impact of the Demonstration on provider adoption and use of health information technology.
5. Measurement of project-level impacts at the state and ACH level
6. Rapid-cycle project implementation support (formative evaluation)

The hypotheses of the approved evaluation design include:

1. Do ACH projects improve individual health outcomes, and thereby contribute to improved population health outcomes?
2. Do ACH projects reduce use of potentially avoidable intensive services and service settings, contributing to holding spending growth below national trends?
3. Are ACHs able to implement projects that (1) support redesigned care delivery, (2) expand health system capacity, and (3) accelerate adoption of value-based payment reform?
4. What are the effects of modifying eligibility criteria and benefit packages for long-term services and supports?
5. Does the provision of foundational community supports - supportive housing and supported employment - improve health outcomes for a targeted subset of the Medicaid population?
6. Does the provision of foundational community supports - supportive housing and supported employment - reduce costs for a targeted subset of the Medicaid population?

List of waiver and expenditure authorities that are being requested

Washington state is not requesting any changes to federal expenditure and waiver authorities already approved in the Medicaid Transformation Project Demonstration.

Previously approved expenditure authorities:

f § 1903. Authority to receive federal matching dollars for designated state health programs.
f § 1903. Authority to receive federal matching dollars for payments related to transformation projects made under the Demonstration.
f § 1903. Authority to receive federal matching dollars for services provided to the “At Risk” for Medicaid group.
f § 1903. Authority to allow the reinvestment of state-designated shared savings towards applicable Demonstration expenditures. The amount of savings available for use under this authority will be based on the difference between the actual expenditures under the Demonstration and pre-established agreed to per capita amounts.
f § 1903(m) and 42 CFR §438.60. Authority to allow direct payments to managed care providers or supportive housing and supported employment services.
f § 1903. Authority to allow for reimbursement for specific managed care plan, provider, behavioral health organization and system payments that support performance, quality, system alignment and whole-person care coordination to the extent not otherwise allowed. This may include fee-for-service and managed care-based incentive payments, and expenditures that support value-based payment evolution.

Previously approved waiver authorities:

f § 1902(a)(1). Authority to operate the Demonstration on a less-than-statewide basis.
f § 1902(a)(10)(B). Authority to vary the amount, duration, and scope of benefits provided to the TSOA population.
f §1902(a)(10)(B). Authority to vary the amount, duration, and scope of benefits for individuals who meet current eligibility criteria for Medicaid funded long term care services, but who wish to receive MAC benefits in lieu of more intensive services.
f §1902(a)(10)(B). Authority to vary the amount, duration, and scope of benefits for individuals who wish to receive supportive housing and supported employment services.
f §1902(a)(10)(B). Authority to limit housing-based case management to certain targeted groups of Medicaid beneficiaries.
f § 1902(a)(17). Authority to allow ACHs to target transformation projects to different sub-populations.
f § 1902(a)(17). Authority to target certain state-administered benefits to subpopulations.
f § 1902(a)(17). Authority to apply a more liberal income and resource standard for individuals determined to be “At Risk” for future Medicaid enrollment.
f § 1902(a)(17). Authority to provide the TSOA benefit package to the “At Risk” for Medicaid group.

f § 1902(a)(17). Authority to provide the MAC benefit package to individuals meeting current eligibility criteria for LTSS, but who are not currently receiving and do not choose more intensive Medicaid-funded nursing facility “most intensive” services.