

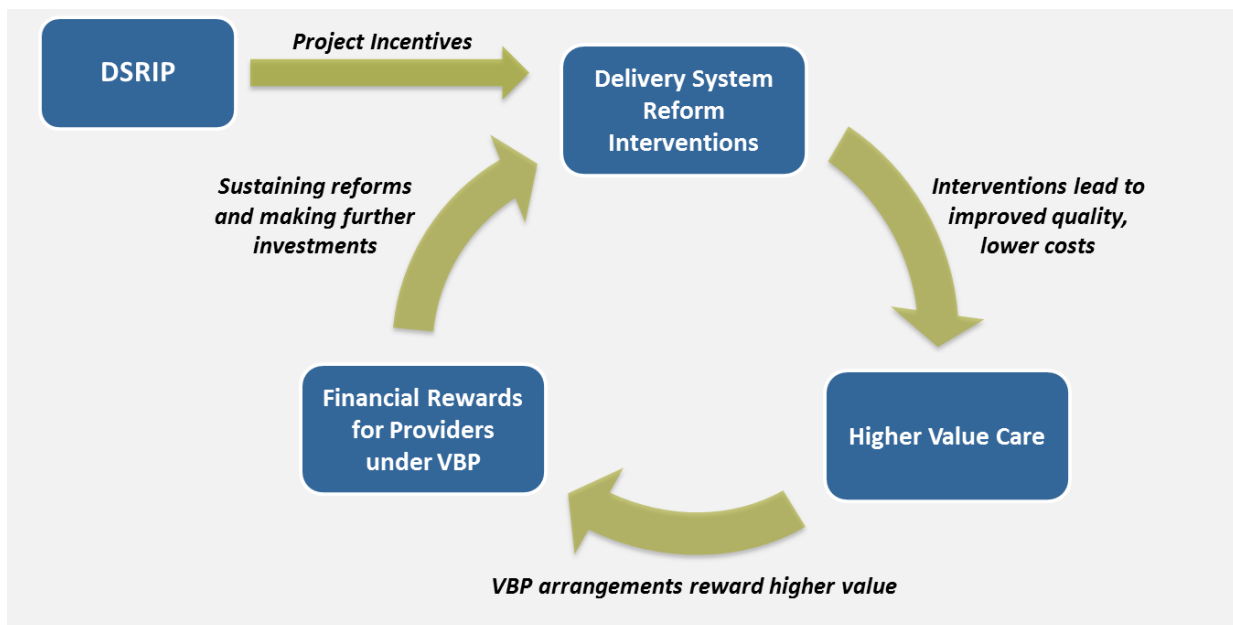


How the funding works for Medicaid Transformation Partnering Organizations

What is the goal of Washington's Medicaid Transformation?

The five-year Delivery System Reform Incentive Payment (DSRIP) program is one of the foundations of Medicaid Transformation in Washington. It is a plan approved by the Centers for Medicare and Medicaid Services (CMS) that allows the state to support transformative community health projects.

Washington State is using DSRIP to invest in projects that will help doctors, clinics, hospitals, and other providers successfully adopt value-based payment (VBP) contracts with Medicaid managed care organizations (MCOs). VBP contracts reward providers for delivering high-quality, integrated, coordinated, whole-person care, instead of simply the amount of care they provide.



How much money is available for Washington's Medicaid Transformation?

The state Health Care Authority (HCA) has federal approval to use up to \$1.12 billion* in financial incentives to advance Medicaid Transformation.

- In Year 1 (2017), \$54 million has been awarded to the nine regional partnering organizations – Accountable Communities of Health (ACHs) – as Design Funds. These funds support initial project planning.
- Between 2017 and 2021, eligible organizations will have available up to \$847 million* for Project Incentives. These funds will support providers and other organizations as they work to transform Washington Apple Health (Medicaid). The ACHs have the authority to decide how to distribute Project Incentive funds.
- \$100 million* in Year 1 Project Incentive funding is anticipated to be awarded to ACH regions in early 2018 (Year 2). Each year, HCA will announce the amount of Project Incentive funds available.
- Up to \$169 million* over five years is available to reward regions for reaching VBP milestones. These milestones include integrating physical and behavioral health, and increasing VBP arrangements between providers and MCOs.
- HCA will use remaining funds to implement and support transformation.

Who is eligible to receive funds?

Recipients may include ACHs, participating providers, and other partnering organizations. Examples of the various types of recipients include primary care providers, behavioral health providers, Indian Health Care Providers (IHCP), hospitals, health centers, and county and tribal governments.

ACHs included a preliminary list of partnering organizations in their Project Plans. They will continue to create partnership agreements throughout the five-year transformation effort. Partnership agreements outline the expectations that providers must meet to receive funding.

When will funds be available and how are they designated?

HCA plans to release funds to regions on regular cycles, following the period of time in which the funds are earned. Initially, both VBP Incentives and Project Incentives are payments that reward reporting, known as Pay-for-Reporting (P4R). As the work progresses, payments increasingly become performance-based, known as Pay-for-Performance (P4P). P4R funds are earned by reporting progress on achieving project implementation milestones, whereas P4P funds are earned by meeting pre-determined performance or improvement targets.

*Note: The amounts listed above are the maximum approved by the federal government. The actual amounts available to be earned each year are subject to change.

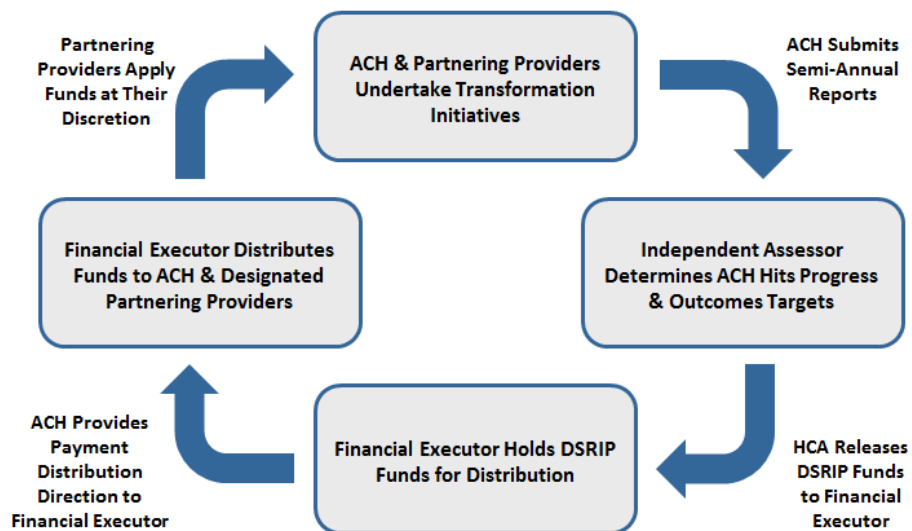
In early 2018, regions will receive funds earned for Project Plans and committing to integrated managed care. Beginning in late 2018, regions will receive Project Incentives on a semi-annual basis earned through P4R.

Starting in early 2020, ACHs will receive annual VBP Adoption Incentives for achieving VBP milestones, and for earlier VBP arrangements that were in place in 2018. In 2021, regions will begin receiving annual Project Incentives earned through P4P to reward performance achieved in 2019. The “lags” between earning funds and funds availability are based on the time required for data compilation and analysis, completed by HCA and an independent assessor.

How are funds distributed?

Once funds are earned by a region, ACHs determine which partners will receive funds, when funds will be distributed, and in what amounts. Decisions are made openly and inclusively through consultation with regional partners and public meetings.

HCA releases each region’s earned funds to a third-party financial executor based on the independent assessor’s determination of regional achievement of the reporting and/or performance targets. The financial executor then distributes regional funds based on the ACHs’ direction. The financial executor electronically transfers payments directly to the ACH-designated recipient. The ACH does not distribute funds directly to providers.



How do these funds differ from traditional grants?

Grants are used by governments to achieve policy goals and public program objectives. Organizations compete for funding and receive grant awards at the start of the project and/or in phases throughout the project. Organizations use grant funding to perform agreed upon services or activities. In contrast, DSRIP funds are incentive payments, triggered by the achievement of agreed-upon goals. Partnering Providers, which include

a variety of organizations working with ACHs, earn Project Incentives based on their participation in DSRIP projects. Funds are earned based on whether regions achieve a pre-determined set of targets such as implementation milestones, reporting requirements, and performance metrics. Participants receive funding after work has been performed. If regions do not meet targets, their participants will not receive the full potential funding. In this way, DSRIP funds are “incentives” rather than grants.

What happens after Year 5?

The success of Medicaid Transformation will enable Washington to sustain and expand value-based care, increase equitable access to care, and improve overall population health. Providers will be supported by a successful VBP system. Among other strategies to sustain health care transformation, HCA has established a collaborative group – the Medicaid Value-based Purchasing (MVP) Action Team – with representatives from MCOs, providers, tribal governments, ACHs, and other organizations. The MVP Action Team is charged with supporting MCOs, ACHs, and providers across Washington State as they implement transformation projects and value-based strategies.

After 2021, the learning, innovation, partnerships, and improvements made through Medicaid Transformation will be shared broadly to promote greater access to high-quality, integrated, coordinated, and whole-person care.

How do I get involved?

[Contact](#) the ACH for your region. Learn more about the [MVP Action Team](#).