

About the Medicaid Transformation Project renewal

Washington State is pursuing a [five-year renewal](#) of the Section 1115 Medicaid demonstration waiver, called the Medicaid Transformation Project (MTP). MTP allows our state to improve Washington's health care system using federal Medicaid funding.

Washington State is currently in the last year of the current MTP waiver, which ends December 31, 2022. If approved, the MTP renewal will **begin January 1, 2023, and end December 31, 2027**. All work under MTP benefits people enrolled in Apple Health.

What is Apple Health (Medicaid)?

Apple Health is Washington State's Medicaid program, which provides health coverage to about two million people. Medicaid is a federal program administered by each state. The federal government helps pay for the program, creates rules for how the program works, and sets minimum standards for eligibility and benefits.

What is a Medicaid waiver?

A state must apply for a Medicaid waiver when it wants to make changes from normal guidelines. The state can ask the federal government (through the Centers for Medicare & Medicaid Services (CMS)) for this waiver. A state can request to waive certain regulations for greater flexibility around Medicaid eligibility and benefits, how care is delivered, and more. CMS usually only approves waivers for a few years at a time.

To continue to improve Apple Health, the Washington State Health Care Authority (HCA) and other agencies and partners are developing an application to renew the current MTP waiver. This application is one of several ways the state is working toward whole-person care for all.

This document shares the work that will begin or continue under the MTP renewal. Programs fall within one of three goals:

1. [Expanding coverage and access to care, ensuring people can get the care they need](#)
 - Continuous Apple Health enrollment for children
 - Re-entry coverage and services for people entering or exiting prison, jail, or other correctional institutions
 - Expanded Apple Health coverage after pregnancy
 - Supports for people receiving substance use disorder and mental health treatment
2. [Advancing whole-person primary, preventive, and home- and community-based care](#)
 - Medicaid Alternative Care (MAC) and Tailored Supports for Older Adults (TSOA) programs, plus new LTSS supports
 - Behavioral Health integration assessment
3. [Accelerating care delivery and payment innovation focused on health-related social needs](#)
 - Strategies to address health-related social needs (evolution of Initiative 1)
 - Foundational Community Supports



Goal 1: expanding coverage and access to care, ensuring people can get the care they need

Continuous Medicaid enrollment for children

This program would allow all Medicaid-enrolled children in Washington with family incomes below 215 percent of the Federal Poverty Level (FPL) to remain enrolled in Medicaid **until age six**.

Early childhood experiences greatly influence lifelong health and well-being. Optimal growth and development during early childhood have long-term impacts on health, educational achievement, and socioeconomic status. Extending continuous coverage for children under age six has many benefits:

- Advancing Washington’s coverage goals: despite a very low (three percent) uninsured rate among children, approximately 11 percent of children under age six in Washington experience Medicaid coverage gaps in a given year. Approximately 60 percent of children have gaps greater than three months.
- Promoting access to preventive and primary care (e.g., recommended well-child visits and immunizations and developmental screenings) that are often disrupted when children are on and off Medicaid.
- Helping to maximize the positive impact of the state’s investments in a family-centered system of coordinated physical, behavioral, and social care for young children.
- Promoting equity by addressing geographic and racial disparities among children who experience Medicaid coverage gaps.
- Potentially achieving savings to various state programs that serve children, such as special education and child welfare systems.

This work can only be implemented with a Medicaid waiver. It also aligns with larger goals set by CMS and the [Biden Administration’s budget](#) for fiscal year 2022, which identified “making it easier for eligible people to get and stay covered in Medicaid” as a priority.

Extending coverage for postpartum services

In Washington, nearly one-third of all pregnancy-related deaths and the majority of suicides and accidental overdoses in postpartum people occurred between 43 and 365 days after their pregnancy ended. Washington State’s [Maternal Mortality Review Panel](#) identified access to health care services and gaps in continuity of care, especially during the postpartum period, as factors that contribute to preventable pregnancy-related deaths.

Currently, individuals who are pregnant and on Apple Health receive extended postpartum coverage of 60 days, starting the last day their pregnancy ends. However, the American Rescue Plan Act (ARPA) and Senate Bill 5068 (2021) directs HCA to now extend the postpartum coverage **from 60 days to 12 months** from the date the pregnancy ends. After the end of the 12-month postpartum period, Washington state will redetermine individuals’ eligibility for other programs. There is no enrollment limit under this proposal.

By including this program under the renewal, Washington will ask CMS for enhanced benefits, in addition to what ARPA allows:

- Individuals with incomes under 193 percent of the FPL would be able to access this coverage regardless of citizenship status.
- Individuals not previously enrolled in Apple Health can apply for postpartum coverage beyond 90 days after the end of the pregnancy.

Keeping postpartum individuals connected with coverage allows more opportunities to identify and address issues quickly to improve health and reduce postpartum deaths. It may also reduce the need for costly services for the parent and child in the emergency room or inpatient treatment settings.



Re-entry coverage after incarceration

Today, individuals who enter jail, prison, or another correctional facility have their Apple Health (Medicaid) coverage placed in a suspended status until they are released. This is often referred to as the “inmate exclusion.” Full-scope coverage is reinstated once the individual exits the facility.

To receive effective health care after incarceration, the process of reinstating coverage needs to begin before the individual is released. Otherwise, it can create an administrative delay where a person incorrectly appears as “ineligible” in the Medicaid system, making them unable to access substance use disorder (SUD) services or medications. This delay creates barriers in care coordination, case management, and the transfer of medical records to appropriate treatment providers.

Having access to same-day and next-day health services is key to successful re-entry. In our current system, 75 percent of formerly incarcerated individuals with an opioid use disorder will relapse within three months after release. Additionally, this population is between 40 and 120 times more likely to die from overdose during the first two weeks after release than others. To prevent these fatal outcomes, incarcerated people need coverage in jail they can access immediately upon release.

With direction from the Legislature, HCA will ask CMS to waive the “inmate exclusion” provision for Washington State. This would restore coverage up to 30 days prior to release and use federal money to support transition services for these individuals. Supporting re-entry during these transitional periods may also:

- Promote preventative care, reducing future emergency room visits, crisis services, in-patient stays, relapse, and likelihood of criminal re-offense.
- Provide potential savings in health care and other areas of the social support system.

SUD and mental health IMD coverage

This part of the MTP waiver allows Washington State to continue to use federal money for mental health and SUD treatment services in facilities that are “institutions for mental disease” (IMDs). Without this waiver, Medicaid rules prohibit use of federal money for services to individuals between 21-65 years of age who are admitted to an IMD.

Note: IMDs are legally defined as hospitals, nursing facilities, or other institutions with more than 16 beds that primarily provide diagnosis, treatment, or care of persons with mental illnesses. This includes medical attention, nursing care, and related services. HCA acknowledges that the term “mental disease” may be harmful or stigmatizing. We use it in this context only to reflect the legal terminology used in statute.

Currently, under the SUD and mental health IMD programs:

- The state is allowed to pay for treatment at IMDs with federal and state dollars.
- People have better access to medications for opioid use disorder (MOUD) treatment options.
- More people can receive inpatient psychiatric care.
- Medicaid clients have access to services at new settings that were previously not covered.

Access to the full spectrum of mental health treatment options is vital to recovery for individuals experiencing mental illness. In the first year of Washington’s SUD IMD program, several measures of access to and treatment for SUDs improved. For example, more people were able to access preventive services and begin treatment programs, and the number of patients receiving substance use treatment increased.

SUD and mental health IMD coverage in the current MTP waiver would continue under the renewal with **no changes** and continue key investments in technology required under the waiver.



Goal 2: advancing whole-person primary, preventive, and home- and community-based care

Long-term services and supports (LTSS)

LTSS supports Washington's aging population and family caregivers who provide care for their loved ones. LTSS is made up of two current waiver programs: Medicaid Alternative Care (MAC) and Tailored Supports for Older Adults (TSOA), both of which:

- Expand care options for people, ages 55 and older, so they can stay at home and delay or avoid more intensive services, such as moving to a nursing facility.
- Assist unpaid family caregivers, ages 18 or older, who provide care for their loved ones by providing access to training; support groups; respite services; specialized medical equipment and supplies; health maintenance and therapies; help with housework and errands; and home-delivered meals.

MAC provides support for unpaid family caregivers caring for Medicaid-eligible people who are not currently accessing Medicaid LTSS.¹ MAC helps unpaid family caregivers provide high-quality care for their loved ones, while also tending to their own health and well-being.

TSOA establishes a new eligibility category and benefit package for people who may need Medicaid LTSS in the future. TSOA helps people and families avoid or delay impoverishment and the future need for Medicaid-funded services. TSOA also provides support to unpaid family caregivers.

Currently, under MTP, this work is changing the Medicaid health care delivery system by:

- Providing additional options for people with long-term care needs.
- Increasing access to services for people on the edge of poverty.
- Slowing the growth trend of traditional Medicaid-funded services, including Medicaid LTSS.
- Providing unpaid family caregivers with supports and knowledge to continue providing care while also taking care of themselves.
- Helping people remain at home for as long as possible, and to maintain independent living.

MAC and TSOA would continue under the renewal with **no changes**.

Under the renewal, Washington State would add the following new Medicaid LTSS elements, which would not apply to MAC and TSOA:

- **Guardianship:** legal guardians are often necessary to provide informed consent for transition and medical care purposes when individuals are unable to make these decisions themselves. Guardians also assist in long-term decision-making supports when needed, e.g., if the care setting cannot accept a client without ongoing supports in place.

Currently, Washington State Department of Social and Health Services (DSHS) does not have the authority to compensate legal guardians at the state's expense; individuals can only use their resources to pay for guardianship needs. This element would allow DSHS to compensate Office of Public Guardianship (OPG)-contracted guardians who provide critical decision-making support for individuals who rely on LTSS.

- **Coordinated personal care:** many professional caregivers require a minimum amount of time per client visit to make their schedules manageable. Many clients need assistance with taking medications or other tasks that only take a few minutes but are needed multiple times during the day.

¹ In this document, LTSS is the MAC and TSOA programs offered through the MTP waiver. When referencing the federal LTSS program, it is listed as "Medicaid LTSS."



As scheduling happens now, clients often cannot get professional help with these types of tasks unless they have enough hours for the caregiver to be there for most of the day. The new element of coordinated personal care allows more flexible scheduling and better access to services for clients and caregivers in places where personal care services are being provided to clients living close to one another.

- **Rental subsidies:** rent and rental subsidies are currently not allowed to be included in any CMS waiver or state plan. This additional element of the MTP renewal would extend DSHS' Aging and Long-Term Support Administration's (AL TSA's) ability to offer rental subsidies in these three eligibility categories:
 - Individuals in institutional settings eligible to receive AL TSA services who wish to transition to an in-home setting, but their income requires that they be able to access rental subsidies while waiting for affordable housing assistance.
 - AL TSA clients residing in residential programs who currently have no viable path to move to independent housing. This is the largest gap in the current transition structure, and it would benefit individuals wishing to move, and create needed capacity in our existing residential programs.
 - AL TSA clients accepted into the Foundational Community Supports Supportive Housing program who need a rental subsidy and services to afford independent housing.
- **Presumptive eligibility:** financial eligibility for Medicaid-funded LTSS currently requires a detailed process to verify income and assets. This requires a face-to-face assessment, review of medical records, and collaboration with the client, their family, and other contacts to determine if functional impairments are because of mental health issues, dementia, and other diagnoses. Additionally, a person-centered service plan is required prior to authorization of services.

Extending the presumptive eligibility (PE) process to cover individuals applying for in-home and community based residential LTSS would mean applicants would be able to access immediate, essential services before finishing the full eligibility determination.

Currently, the system makes it easier for someone to go into an institution than it would be to stay in their home. Extending PE would help people get support in the setting of their choice. It would include access to appropriate LTSS services through Community First Choice and 1915(c) waivers and Medicaid medical coverage.

- The LTSS PE benefit package will be offered to individuals through a person-centered planning process.
- Individuals who later become categorically needy (CN) or alternative benefit plan (ABP) Medicaid-eligible will no longer be eligible for LTSS PE services.
- Services offered under this benefit will not duplicate services covered under private insurance, Medicare, state plan Medicaid, or through other federal or state programs.

Advancing whole-person care

During the first six years of MTP, HCA integrated physical and behavioral health systems across the state, progressing toward whole-person care. In the renewal, the state will continue this work with **standardized clinical integration assessment** and technical assistance for providers.

Standardized statewide assessment will allow providers, plans, and the state to understand the progress on integration so far and identify opportunities for improvement. Key partners in this work include Accountable Communities of Health (ACHs), managed care organizations (MCOs), behavioral health agencies, and others.

Goal 3: accelerating care delivery and payment innovation focused on health-related social needs

Foundational Community Supports (FCS)

FCS is a partnership between HCA and AL TSA that was funded by the current MTP waiver. Amerigroup is the contracted third-party administrator. Together, they work with a variety of agencies that provide community support services (also



called supportive housing) and supported employment services (also called individual placement and support services) to the state's most vulnerable Medicaid beneficiaries with complex care needs.

These services are designed to promote self-sufficiency and recovery by helping participants find and maintain stable housing and employment. Supportive housing services help individuals get and keep community housing. Supported employment services help individuals with barriers to employment get and keep a job. These services work with employers and property owners to match individuals with the right environment while providing ongoing support. However, these services do not pay for housing or for wages or wage enhancements.

Research shows that unemployment and job insecurity, homelessness, and unstable housing contribute to poor health. These are also referred to as social determinants of health (SDOH).² Homelessness is traumatic and cyclical; it puts people at risk for physical and mental health conditions and SUDs. Similarly, evidence links unemployment to poor physical and mental health outcomes, even without pre-existing conditions.

FCS uses two evidence-based practices (individual placement and support and permanent supportive housing) to deliver quality services and improve outcomes. To date, more than 20,000 individuals have enrolled in FCS. [Early findings of the program](#) show:

- Statistically significant improvements in employment rates, earnings, and hours worked.
- Statistically significant increases in transitions out of homelessness.
- Promising reductions in outpatient emergency department and inpatient utilization for FCS enrollees.

Under the renewal, FCS would also:

- Be able to use Medicaid funds to help FCS enrollees pay for one-time transition fees (including first and last month's rent, application fees, and/or basic home goods) when an enrollee is exiting inpatient mental health or SUD treatment, or experienced homelessness the month prior to receiving treatment.
- Expand eligibility for supported employment to include people exiting jail, prison, or who have a status of "on parole."
- Expand supportive housing eligibility to 16 years and older. This would offer the ability to provide pre-tenancy supports to transition-age youth and youth exiting foster care.

Strategies to address health-related social needs (evolution of Initiative 1)

This work is about improving the Apple Health care delivery system in Washington State. ACHs and Indian health care providers (IHCPs) are working to improve the health of the people in their communities and regions. During the first six years of MTP, ACHs have been working on building capacity in health systems and communities, redesigning care delivery, integrating physical and behavioral health, improving access to treatment for opioid use, and other areas.

Under the renewal, HCA, ACHs, MCOs, and other partners will take on new initiatives to build a continuum of health supports beyond clinical care. These will include:

- **Services to address unmet needs:** these programs provide direct benefits to individuals to support their health and well-being beyond clinical care.
 - **In-lieu-of services (ILOS):** ILOS³ are alternatives to clinical care proven to be appropriate and cost-effective. For example, replacing carpets with hard flooring in the home of someone with asthma is a medically appropriate and cost-effective alternative to repeated emergency room visits for asthma attacks. MCOs or health insurance companies that serve Medicaid clients can already offer and pay for

² The [Centers for Disease Control and Prevention \(CDC\)](#) define SDOH as conditions in the places where people live, learn, work, and play that affect a wide range of health and quality-of-life risks and outcomes.

³ ILOS could include housing transition navigation services; housing deposits; housing tenancy and sustaining services; respite services; day habilitation programs; nursing facility transition/diversion to assisted living facility; community transition services/nursing facility transition to a home; environmental accessibility adaptations (home modifications); asthma remediation; medically tailored meals; sobering centers; short-term post-hospitalization housing; and medical respite.



ILOS in Washington. With the renewal⁴, the state will formalize and expand the menu of available ILOS to enable more people to access services to help them stay healthy.

- **Health-related services (HRS):** this program will allow the state to offer coverage for health-related needs. The state will define who can get services, as well as what services are available. These could include transportation, food, housing, and targeted financial assistance (such as utilities payment). ACHs will be responsible for aligning these services with the referral partnerships developed through the Community Hubs (described below). These services will be designed to complement but not duplicate ILOS.

Unlike ILOS, these services would not have to substitute for specific clinical care. For example, the transportation benefit could include payment to help seniors get to a senior center once a week. This does not replace any medical treatment but supports physical and emotional health and wellbeing.

- **Community-based care coordination:** each ACH will oversee a regional Community Hub to deliver community-based care coordination across the entire state.

The Community Hub concept is an evolution of work that began in the first six years of MTP and aligns with the Department of Health's CareConnect program, which specifically serves people in isolation and quarantine due to COVID-19. Community Hub functions will be standardized and include SDOH screening, help identifying and navigating community resources, referrals, and payment for community health workers (CHWs).

Community Hubs do not replicate clinical care coordination, but provide the critical support needed to connect individuals to community resources and organizations, including primary care. In this way, Hubs provide vital support to both the health system and the community.

Community Hubs will take time and funding to establish. The state will provide upfront design and implementation funding for each region; this will later shift to operational funding to support an active Hub. Funding will be adjusted based on the needs of each region.

- **Health equity and community capacity funding:** HCA is considering a strategy around flexible health equity funding. With community input, ACHs will manage funding to address health equity and SDOH. These investments will be designed to support community-wide initiatives and needs, complementing the individual services provided through other areas of work. The details of these funds are still being developed.

IHCP-specific Projects were also part of Initiative 1 in the first six years of MTP. These projects were designed by and for Native people, in partnership with HCA, to:

- Better meet the whole person needs of American Indian/Alaska Natives (AI/ANs).
- Improve IHCP administrative and technological capacity.
- Work to reduce the health inequities experienced by AI/ANs.

Under the MTP renewal, there will be support for the development of a statewide Native Community Hub, focused on the community care coordination needs of AI/ANs. There will also be support for similar efforts to those of ACHs, developed in consultation with Tribes and IHCPs in recognition of HCA and Tribes' unique relationship and to address the unique needs of AI/ANs.

[Learn more about the evolution of Initiative 1.](#)

⁴ Note that ILOS is a mechanism that is already available through managed care and does not need waiver authority or funding to implement. We are using the renewal to make these services more available.