



# Behavioral and Physical Health Integration

## Integration Savings

Engrossed Substitute House Bill 1109; Section 211(4); Chapter 415;  
Laws of 2019

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# Executive Summary

This report provides information on the savings resulting from behavioral and physical integration in regions which have been integrated to-date, as well as regions that will be integrating in calendar year 2020.

## Proviso Language

“1109 - Section 211 (4) Annually, no later than November 1st, the authority shall report to the governor and appropriate committees of the legislature: (a) Savings attributed to behavioral and physical integration in areas that are scheduled to integrate in the following calendar year, and (b) savings attributed to behavioral and physical health integration and the level of savings achieved in areas that have integrated behavioral and physical health.”

## Integration Savings

As of the date of this report, behavioral and physical health services have been integrated in seven Regional Service Areas (RSA). Southwest Washington (SWWA) was integrated effective April 1, 2016; North Central (NC) was integrated effective January 1, 2108; Greater Columbia (GC), King, Pierce, and Spokane were integrated effective January 1, 2019; and North Sound (NS) was integrated effective July 1, 2019.

The actual integration savings reported here is limited to the experience in the SWWA-RSA. A credible post-implementation dataset is not yet available for the additional regions that integrated in 2018 and 2019. However, the program-level integration savings factors applied to the calendar year 2019 and 2020 rates are shown below. Integration savings factors were applied to both physical and behavioral health rate components.

**Table 1: Integration Savings Factors Applied to Calendar Year 2019 Rates**

CY2019 Integration Savings Factors	Apple Health Managed Care Program *			
	SCHIP	Family	AHAC	Blind/Disabled
Greater Columbia	-0.31%	-0.21%	-0.34%	-0.50%
King	-0.29%	-0.20%	-0.42%	-0.63%
North Central	-0.19%	-0.21%	-0.43%	-0.55%
North Sound **	-0.20%	-0.25%	-0.40%	-0.43%
Pierce	-0.25%	-0.21%	-0.36%	-0.42%
Spokane	-0.45%	-0.36%	-0.47%	-0.57%

\*Apple Health Managed Care programs. State Children’s Health Insurance Program (SCHIP), Family includes child and adult categories. Apple health Adult Coverage (AHAC), Blind/Disabled includes Community Options Program Entry System (COPES) and Developmental Disabilities Administration (DDA) as well as non-waiver categories.



\*\* The North Sound region integrated effective July 1, 2019. The factors shown here were applied to rates for July through December 2019.

**Table 2: Integration Savings Factors Applied to Calendar Year 2020 Rates**

CY2020 Integration Savings Factors	MC Program			
	SCHIP	Family	AHAC	Blind/Disabled
Great Rivers	-0.14%	-0.31%	-0.46%	-0.48%
Greater Columbia	-0.19%	-0.23%	-0.42%	-0.54%
King	-0.18%	-0.17%	-0.48%	-0.60%
North Sound	-0.13%	-0.20%	-0.45%	-0.45%
Pierce	-0.16%	-0.21%	-0.42%	-0.44%
Salish	-0.14%	-0.22%	-0.41%	-0.41%
Spokane	-0.10%	-0.25%	-0.45%	-0.52%
Thurston/Mason	-0.14%	-0.20%	-0.37%	-0.36%

## Analysis: Actual Integration Savings Achieved

HCA contracted with Milliman, an actuarial firm, for the analysis of integration savings detailed in this report. The analysis is intended to support the assumption that the base physical health data for SWWA reflects integration savings and is consistent with the assumption in the calendar year 2020 rate development.

The analysis contains a high-level summary of the per-member per-month (PMPM) relativities between the Integrated Managed Care (IMC) population in the SWWA RSA and the Apple Health Managed Care (AHMC) population in the rest of the state. These PMPMs have been adjusted for differences in age-sex distributions and morbidity (using risk scores).

The Integration Savings Factor applied during the rate development was applied to the physical and behavioral health services.

### Additional Considerations

- SSWA is a small region; some volatility in the results by aid categories is expected.
- An adjustment has been included for claims incurred but not paid (IBNP).
- This rate comparison is intended to compare base medical cost and as such does not include administrative costs, pass-throughs, risk margin, or taxes.
- While we have attempted to control for differences in age-sex distribution and risk profile, there are likely other differences between the two populations not reflected in this analysis.
- We did see more volatility between populations than our projections. We want to continue to monitor this over time to see if this is due to integration or random fluctuations.



- This result is specific to SWWA. Other regions will result in different savings assumptions due to the penetration of behavioral health needs in the population and the local abilities to meet those needs.

## Conclusion

The analysis shows an overall savings of approximately 1.2 percent reflected in the SWWA experience. These savings aligns with the 1.2 percent global savings assumptions used in the rate setting for this period.

**Table 3: Overall Savings**

<b>Risk Normalized PMPM<sup>i</sup></b>					
<b>Category of Aid</b>	<b>AHMC</b>	<b>SWWA - IMC</b>	<b>Physical Health Percentage Savings</b>	<b>Global Savings<sup>ii</sup></b>	<b>Behavioral Health Savings<sup>iii</sup></b>
SCHIP	\$84.07	\$81.53	3.0%	0.7%	0.7%
Family Composite	\$129.84	\$115.51	11.0%	0.9%	0.9%
AHAC	\$230.90	\$240.56	-4.2%	1.4%	1.4%
ABD Composite	\$574.69	\$646.56	-12.5%	1.8%	1.8%
<b>Overall Composite</b>	<b>\$186.14</b>	<b>\$185.06</b>	<b>0.6%</b>	<b>1.2%</b>	<b>1.2%</b>

<sup>i</sup> Per-member, per month

<sup>ii</sup> From the "CY18 FIMC-SWW Capitation Rate Certification 20171002" letter. The global savings percentage was applied to the physical health, mental health, and chemical dependency services. This analysis only looks at the physical health services.

<sup>iii</sup> BH actual savings are equal to assumed savings as a result of how these are applied. The actual amount paid out by the State is equal to the Mercer rate developed without accounting for integration, net global savings.

