



Health transformation update

**Senate Health & Long
Term Care Committee**

January 22, 2021

Health transformation update

- ▶ Brief highlights on several transformation activities:
 - ▶ Behavioral health integration
 - ▶ Medicaid managed care organizations (MCOs)
 - ▶ Medicaid Transformation Project extension application
 - ▶ Other value-based purchasing (VBP) activities

Behavioral health integration

- ▶ Fully integrated Medicaid physical and behavioral health services statewide, as directed by SSB 6312.
 - ▶ Integration was phased in by region, with last region integrated January 1, 2020.
- ▶ Work continues to support behavioral health providers in their transition to managed care.
 - ▶ Final stages of the transition further challenged by COVID-19.
 - ▶ HCA staff continue to support regional provider meetings to help address issues/concerns.

Behavioral health integration continued

- ▶ Stabilizing the behavioral health provider network has had extra challenges due to COVID-19.
 - ▶ Implemented telehealth broadly – MCOs report considerable uptake.
 - ▶ To mitigate financial instability, MCOs targeted financial support and contracting flexibility to providers early in the pandemic.
- ▶ Next steps: further advance clinical integration and ensuring full continuum of services.
 - ▶ Whole-person care is the ultimate goal.
 - ▶ There is also a great opportunity to dive deeper into data/outcomes and network adequacy to make system improvements and advance VBP.

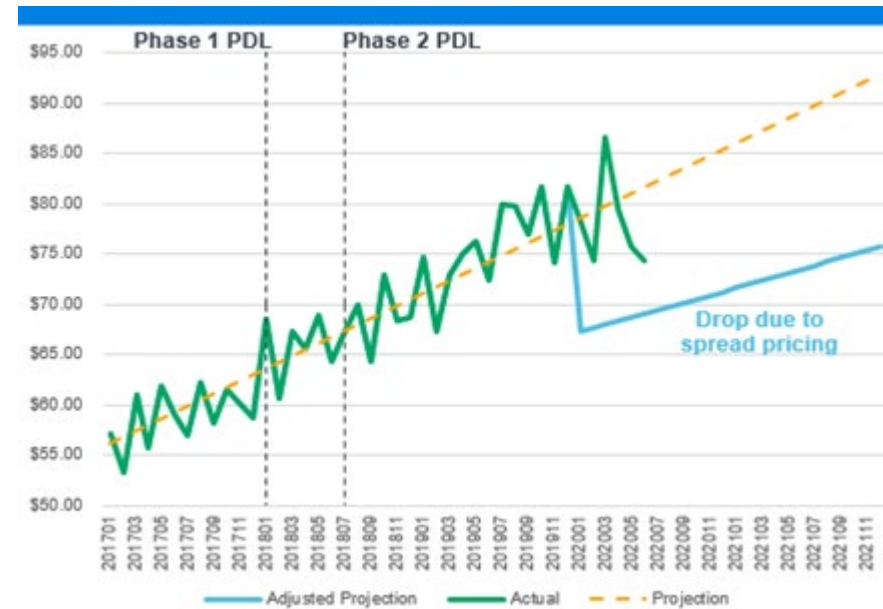
Medicaid managed care updates

- ▶ Goal: ensuring value for our members, providers, and the state in achieving whole-person, equitable health care.
- ▶ Managed care advantages:
 - ▶ Plans are at risk.
 - ▶ Federal regulations and actuarial rate-setting offer considerable oversight, including adequate network and actuarial sound rates.
 - ▶ Medicaid expansion and behavioral health integration made considerably easier to implement.
 - ▶ VBP easier to accomplish.
 - ▶ Rates have been steady (per capita Medicaid spending in Washington State has stayed significantly under the national average).
- ▶ Managed care is the mode of service delivery, not just in Washington, but in at least 38 other states.

Recent updates in managed care

- ▶ 2021 rates are low and steady: 1.9 percent overall
 - ▶ Pharmacy spread pricing prohibition reduces rates by ~\$130M – results from important program integrity work
 - ▶ Other efficiencies reduces rates by ~\$51M

Pharmacy costs (PMPM):



Quality and customer satisfaction

- ▶ Using quality VBP to increase quality.
- ▶ Medicaid quality is consistent with national Medicaid and local comparisons with commercial insurance coverage (WA Health Alliance).
- ▶ Client survey conducted by DSHS indicates increasing trend in client satisfaction, specific to access to care.
 - ▶ 86 percent of clients said it was easy to get services through Apple Health.
 - ▶ 90 percent said they were able to get Apple Health services as quickly as they needed.
 - ▶ 93 percent felt the providers' offices were open at times that were good for the client.

Medicaid Transformation Project (MTP)

In 2017, Washington State received a five-year Section 1115 Medicaid demonstration waiver, to receive up to \$1.5 billion in federal funding.

MTP initiatives at-a-glance:

1. Transformation through Accountable Communities of Health (ACHs) and Indian Health Care Providers (IHCPs)
2. Long-term Services and Supports (LTSS)
3. Foundational Community Supports (housing and employment supports)
4. Substance use disorder (SUD) IMD
5. Mental health IMD

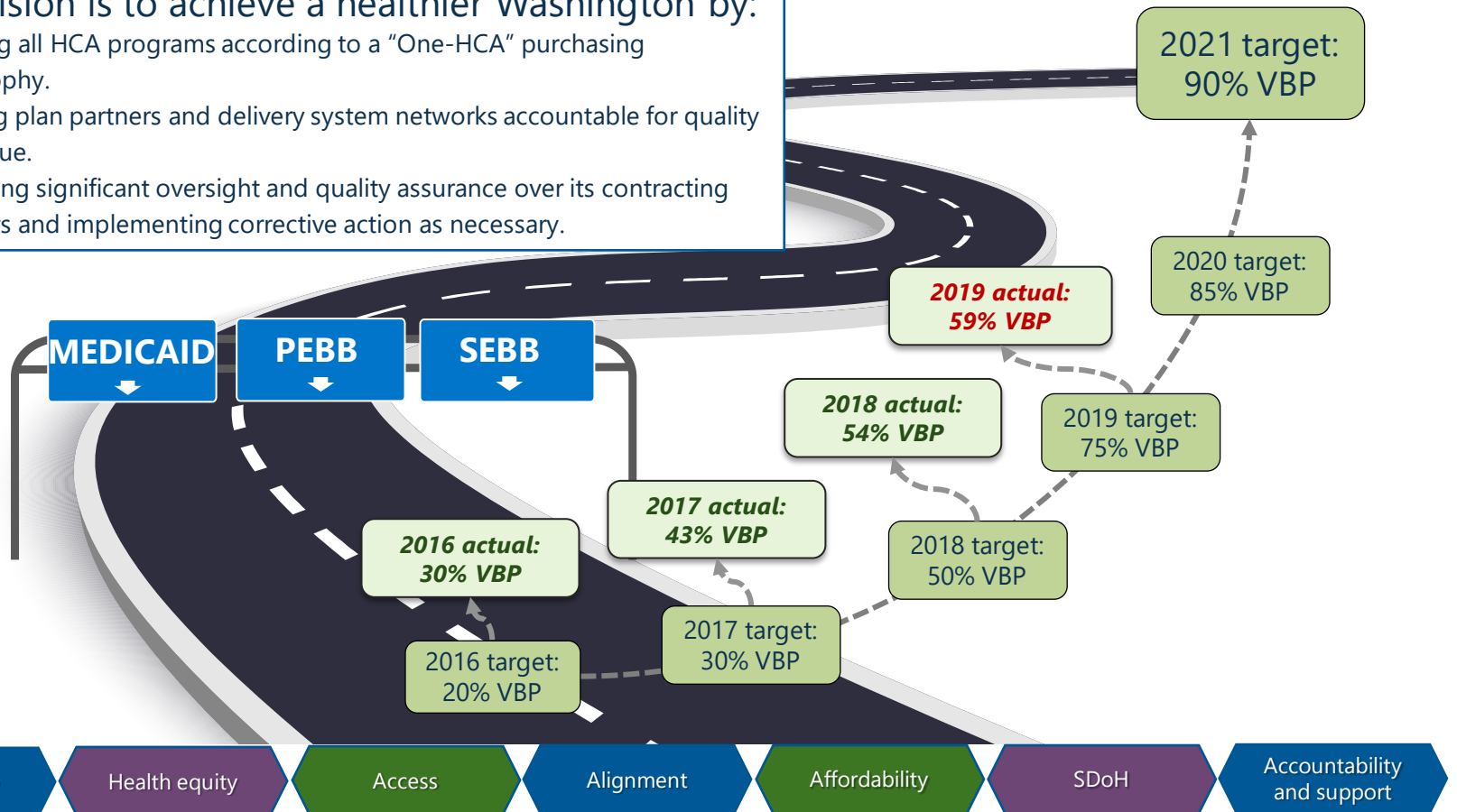
MTP continued

- ▶ We submitted an application to CMS for a one-year extension for the waiver to continue through December 2022 (and legislative budget package for spending authority).
- ▶ The extension would create a **sixth** MTP year and continue all initiatives without significant program changes.
- ▶ This extension would use federal funding:
 - ▶ Access \$260 million total federal and local money that would otherwise go unspent.
 - ▶ For the one-year extension, we will not need General Fund-State dollars.

Value-based purchasing

HCA's vision is to achieve a healthier Washington by:

- Aligning all HCA programs according to a "One-HCA" purchasing philosophy.
- Holding plan partners and delivery system networks accountable for quality and value.
- Exercising significant oversight and quality assurance over its contracting partners and implementing corrective action as necessary.



Primary care

Health equity

Access

Alignment

Affordability

SDoH

Accountability and support



Questions?

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