

Healthier Washington Medicaid Transformation Transforming the way care is delivered and paid for in Washington

In 2017, Washington State and the Centers for Medicare and Medicaid Services (CMS) finalized an agreement for a five-year Medicaid transformation project to improve the state's health care systems, provide better health care, and control costs.

Through December 2021, the state will receive up to \$1.5 billion in federal investment to restructure, improve and enhance the Apple Health (Medicaid) service delivery system. With work well under way, the emerging system draws strength, stability, efficiency and flexibility from state-community partnerships. These regional collaborations are streamlining delivery of person-centered, integrated health services, while also addressing social determinants of health, and holding down costs.

The Medicaid Transformation benefits nearly 1.9 million Washingtonians who get their health care coverage through Apple Health. Every phase of this work is shaped by input from health care and public health leaders, providers, tribes, community organizations, and citizens.

Why is it called Transformation?

The Medicaid Transformation is the result of a Section 1115 waiver, a contract between federal and state governments that waives certain Medicaid requirements, as long as the state can demonstrate the investment will be effective. Under Medicaid Transformation, the state can use Medicaid funds for innovative projects, activities, and services that would not otherwise be allowed. It is not a grant; the state must show that it will not spend more federal dollars on its Medicaid program than it would have spent without the waiver.

Medicaid Transformation goals

- **Reduce avoidable use of intensive services and settings**—such as acute care hospitals, nursing facilities, psychiatric hospitals, traditional long-term services and supports, and jails.
- **Improve population health**—taking specific aim at prevention and management of diabetes, cardiovascular disease, mental illness, substance use disorders, and oral health.
- **Accelerate the transition to value-based payment**—using payment methods that take into account the quality of services and other measures of value.
- **Ensure Medicaid cost growth is below national trends**—through services that improve health outcomes and reduce the growth rate of overall care costs.

Paying for value

Value is where affordable, transparent costs meet appropriate high-quality care. The federal government and several states recognize the best way to control costs and improve health is to transform the delivery model to reward providers and health plans for value.

Transformation investments help us spend our Medicaid dollars more wisely, rewarding providers and health plans based on the quality of care and the effects people receive, rather than for the number of procedures and services provided.

We know these changes can be challenging. That's why much of the Transformation's focus is on supporting providers and plans as they switch to these new delivery and payment systems.

Initiative 1: Transformation through Accountable Communities of Health

This initiative lets communities to improve the health system at the local level. Each region, led by its Accountable Community of Health (ACH), is pursuing Transformation projects, specific to the needs of its region. These projects focus on:

- **Health systems and community capacity building**—*adopting a value-based payment system; developing the health care workforce, and making improvements in population health management, including enhanced data collection and analytic capacity.*
- **Care delivery redesign**—*integrating physical and behavioral health care, improving care coordination, making better transitions between services and settings, and improving diversion interventions (helping people access the most appropriate service or facility for their needs).*
- **Prevention and health promotion**—*focusing on opioid use, maternal and child health, access to oral health services, and chronic disease prevention and management.*

Because federal investment is not a grant, ACHs and their partners receive funds only after they achieve milestones, as identified in their project plans. Learn more: [Medicaid Transformation Initiative 1](#)

Initiative 2: Long-term Services and Supports

The state is creating a “next generation” system of care that supports families in caring for loved ones. This system is focused on delaying or avoiding more intensive long-term services and supports (LTSS) when possible, creating better linkages within the health system, and continuing a commitment to a robust LTSS system for those who need it. These services will be provided by two new limited benefit packages—Medicaid Alternative Care (MAC) and Targeted Supports for Older Adults (TSOA). Learn more: [Medicaid Transformation Initiative 2](#)

Initiative 3: Foundational Community Supports

Targeted supportive housing and supported employment benefits are available to Apple Health clients who are most likely to benefit. Initiative 3 is built around the growing body of evidence linking homelessness and unemployment with poor physical and mental health. While Medicaid funds cannot be used to provide housing or jobs, supportive services can promote stability and positive health outcomes while preventing homelessness and dependence on costly medical and behavioral health care, and long-term institutional care. Learn more: [Medicaid Transformation Initiative 3](#)

Stay informed

- Visit the [Medicaid Transformation](#) page.
- Join the Healthier Washington Feedback Network and receive regular updates and announcements of upcoming webinars—sign up on the [How to Participate](#) page.
- Email questions and comments to medicaidtransformation@hca.wa.gov.

Note: These programs are funded through a federal 1115 waiver, issued by the Centers for Medicare and Medicaid Services. Funding is not a grant. The state must demonstrate that it will not spend more federal dollars on its Medicaid program with this project than it would have without it.