

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-25-26  
Baltimore, Maryland 21244-1850



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## State Demonstrations Group

January 19, 2022

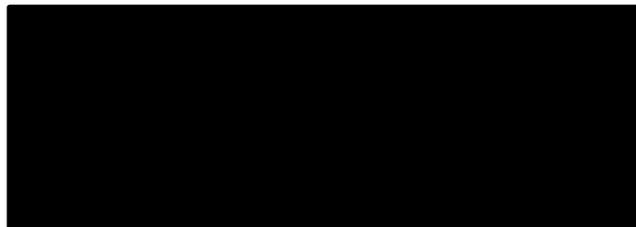
Dr. Charissa Fotinos  
Acting Medicaid Director  
Health Care Authority  
626 8<sup>th</sup> Avenue SE  
P.O. Box 45502  
Olympia, Washington 98504-5010

Dear Dr. Fotinos:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of the Demonstration Year (DY) 4 Statewide Accountability Report (SWA) for Washington's approved section 1115(a) demonstration entitled "Medicaid Transformation Project" (MTP) (Project No. 11-W-00304/0). CMS is approving the DY4 (January through December 2020) SWA as submitted on December 29, 2021. This SWA demonstrates that Washington met its Delivery System Reform Incentive Payment (DSRIP) goals for quality improvement, but fell short of its value-based payment improvement goal. Due to the COVID-19 Public Health Emergency, no DSRIP funding is at risk for failing to demonstrate progress toward meeting the demonstration's quality improvement and value-based payment goals for DY4. CMS agreed to provide this flexibility to Washington because of the uncertain impact of COVID-19 on statewide performance on quality measures and new provider payment arrangements. The state may receive federal financial participation (FFP) for up to the full amount of DY4 DSRIP funding authorized in the Special Terms and Conditions.

If you have any questions, please do not hesitate to contact your project officer, Ms. Diona Kristian, at 410-786-1102 or [Diona.Kristian@cms.hhs.gov](mailto:Diona.Kristian@cms.hhs.gov).

Sincerely,



cc: Edwin Walaszek, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

# Statewide Accountability Report

**Washington State Medicaid  
Transformation Project**

**Demonstration year 4  
(January 1–December 31, 2020)**

# Table of contents

<b>Table of contents</b> .....	<b>2</b>
<b>Statewide accountability performance: demonstration year 4</b> .....	<b>3</b>
<i>Statewide accountability components</i> .....	3
STC requirements.....	3
Quality improvement.....	3
QI performance.....	3
VBP adoption.....	3
VBP adoption performance.....	4
Managed care integration.....	4
Managed care integration status update.....	4
<i>Statewide accountability composite score</i> .....	4
Composite score performance.....	4
Table 1: statewide accountability at-risk parameters.....	5
Table 2: statewide accountability assessment, with waived DY4 outcome.....	5
Table 3: statewide accountability assessment, without waived DY4 outcome.....	5
<b>Attachment A: state contact</b> .....	<b>6</b>
Table 4: contact information.....	6
<b>Attachment B: quality improvement model, DY4</b> .....	<b>7</b>
Table 5: state performance - quality improvement component.....	7
<b>Attachment C: VBP adoption model</b> .....	<b>8</b>
Table 6: Washington State VBP adoption performance.....	8



# Statewide accountability performance: demonstration year 4

This report shows Washington State's performance across Delivery System Reform Incentive Payment (DSRIP) statewide accountability components for demonstration year (DY) 4. DY4 represents January 1–December 31, 2020 of the Medicaid Transformation Project (MTP). MTP is Washington's Section 1115 Medicaid demonstration waiver.

## Statewide accountability components

The MTP [special terms and conditions \(STCs\)](#) outline DSRIP statewide accountability. The [DSRIP Measurement Guide](#) defines the statewide accountability measurement methodology. Starting in DY3, Washington State committed to improvement and achievement of these core components:

- **Quality improvement:** improvement and attainment of quality targets across a set of performance metrics.
- **Value-based purchasing (VBP) adoption:** improvement and attainment of defined statewide VBP adoption targets.
- **Managed care integration:** achievement of statewide integration of physical and behavioral health in managed care by January 2020.

## STC requirements

Because of the COVID-19 pandemic and impacts to performance, the Centers for Medicare & Medicaid Services (CMS) allowed Washington State to waive the DY4 statewide accountability requirements. This includes the quality improvement and VBP adoption outcomes.

However, the Health Care Authority (HCA) is still submitting this report to provide updates on the state's advancement of VBP adoption and quality goals.

## Quality improvement

The 10 statewide accountability quality metrics align with other Washington State measure sets and contracts. These include Apple Health managed care contracts, Washington Statewide Common Measure Set, and pay-for-performance (P4P) metrics included in the Accountable Communities of Health (ACH) projects. A Quality Improvement (QI) model determines statewide performance across the quality metric set.

**Definition of achievement:** As in the Apple Health Managed Care Contracts, the QI composite score of 0.2 is required to receive full credit for the quality improvement component.

## QI performance

See Attachment B for a summary of findings and results from the QI mode.

## VBP adoption

By the end of 2021 (DY5), 85<sup>1</sup> percent of total Medicaid managed care organization (MCO) payments to providers must be made through designated VBP arrangements for the state to secure maximum available DSRIP incentives.

**Definition of achievement:** statewide VBP adoption targets are consistent with [Health Care Payment Learning and Action Network \(HCP-LAN\)](#) alternative payment model (APM) Categories 2C and above. VBP adoption performance is measured by two factors: improvement toward and achievement of the annual target. If the VBP adoption target is achieved, then the full VBP portion of the statewide accountability withhold is earned. If the target is not achieved, a portion of the withhold can still be earned based on the state's improvement in VBP adoption from the prior year.

- **What this means:** in DY4, the VBP adoption goal is set at 85 percent.
- **Caveat:** designated VBP arrangements include those in Categories 2C and above in the HCP-LAN APM framework.

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<sup>1</sup> Due to COVID-19 pandemic impacts, HCA submitted to CMS an adjusted DY5 target to remain at 85 percent rather than increasing to 90 percent.



- Washington State will determine whether VBP adoption targets have been met by leveraging the data and validation process as described in the managed care contracts. These contracts are used to determine MCO performance.

## VBP adoption performance

VBP adoption performance for the achievement of HCP-LAN 2C-4B is set at 85 percent for DY4. For the state to receive full VBP incentives for statewide accountability, MCOs need to collectively meet that target. If not, the improvement score (IS) methodology will be used to determine total incentives earned for DY4.

The VBP adoption for DY4 was 81.82 percent. MCOs did not collectively meet the target of 85 percent. With the current scoring methodology,<sup>2</sup> the state's overall VBP adoption earnings would be 27 percent (\$830,230) of the total at-risk dollars (\$3,030,200) for DY4, and total funds lost would have been 73% percent if not waived. See a summary of state VBP achievement and improvement in for the complete methodology and calculation.

## Managed care integration

Managed care integration is a foundational goal for MTP and characterized as a "statewide accountability quality metric." All DSRIP incentives were at risk pending statewide integration of physical and behavioral health by the January 2020 deadline, which was confirmed in the DY3 statewide accountability report.

Under integrated managed care, MCOs are responsible for physical and behavioral health services for the Apple Health clients they serve. In addition, behavioral health administrative services organizations deliver crisis services that are available to all. These services also manage regional functions, such as employing ombuds and managing a community behavioral health advisory board.

## Managed care integration status update

As of January 1, 2020, HCA completed a multi-year effort to integrate physical health, mental health, and substance use disorder treatment services into one system for nearly two million Apple Health (Medicaid) clients.

## Statewide accountability composite score

Seven of the 9 quality measures contribute equal weight to the QI composite score, with two measures splitting weight evenly (collectively representing 80 percent weight). VBP adoption is weighted at 20 percent in recognition of its importance in the overall MTP effort and statewide value-based goals.

One measure was replaced based on the National Committee of Quality Assurance (NCQA) 2020 measure changes. The Well-Child Visits in the 3rd, 4th, 5th, and 6th Years of Life was replaced with an alternative measure: Child and Adolescent Well-Care Visits. This change was to align with NCQA Health Effectiveness Data and Information Set (HEDIS) recommendations.

Only the 3-11-years-old age band will be included in the statewide accountability calculation. This is to align with the purpose of the original metric. Because this is a new metric and no national benchmark is available for the baseline period (calendar year 2018), an improvement-over-self approach will be used in the QI model.

## Composite score performance

The state's performance toward the QIS measures proves the state met and exceeded the QIS threshold expectation of 20 percent. There were six measures that met the quality or improvement score baseline requirement, providing a measure composite score to be weighted for the total QIS. However, three measures did not improve from their previous baseline. Those measures received a zero (0) in the measure composite score, contributing only as a weight percentage against the total QIS.

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<sup>2</sup> The state submitted a request to CMS to adjust the IS methodology. This was because of concerns about the methodology resulting in insufficient incentives to reward improvement. Based on the performance from the submitted request, HCA would have scored 46% in VBP adoption. An increase of 19 percentage points.



**Table 1: statewide accountability at-risk parameters**

DY4 DSRIP total earnable	DY4 DSRIP percentage at risk	DY4 DSRIP total at risk
\$151,510,022	10%	\$15,151,002

**Table 2: statewide accountability assessment, with waived DY4 outcome**

DY4 statewide accountability	Score	Percent earned	Dollars earned
Quality improvement (QI)	1.00	100%	\$12,120,802
VBP adoption	0.82	100%	\$3,030,200
<b>Total</b>			\$15,151,002

**Table 3: statewide accountability assessment, without waived DY4 outcome**

DY4 statewide accountability	Weight	Dollars at risk	Score	Full credit threshold	Percent earned	Dollars earned	Dollars Unearned
Quality improvement (QI)	80%	\$12,120,802	1.00	0.20	100%	\$12,120,802	\$0
VBP adoption	20%	\$3,030,200	0.82	0.85	27%	\$830,230	\$2,199,970
<b>Total</b>	100%	\$15,151,002				\$12,951,032	\$2,199,970



# Attachment A: state contact

**Table 4: contact information**

Name	Title	Phone
Chase Napier	Medicaid Transformation Manager	(360) 725-0868

**For mail delivery, use the following address:**

Washington Health Care Authority  
Policy Division  
Mail Stop 45502  
628 8th Avenue SE  
Olympia, WA 98501



# Attachment B: quality improvement model, DY4

**Table 5: state performance - quality improvement component**

	1A. Antidepressant Medication Management - (Acute Phase)	1B. Antidepressant Medication Management - (Continuation)	2.Astha Medication Ratio	3. Mental Health Treatment Penetration (Broad version) (6 - 64)	4. All-cause Emergency Department Visits per 1,000 MM (All)	5. Plan All-Cause Readmission Rate (30 Days)	6. Substance Use Disorder Treatment Penetration (12-64 Years)	7. Child and Adolescents Well-Care Visits (Narrow version)	8. Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) poor	9. Comprehensive Diabetes Care - Blood Pressure Control
Benchmarks & Performance	1A	1B	2	3	4	5	6	7	8	9
Mean (QS Baseline)	53.8%	38.5%	61.4%	55.5%	50.77	13.1%	35.8%	55.7%	41.2%	62.1%
Improvement Baseline Year Measure Score (IS Baseline)	50.8%	35.7%	56.0%	55.5%	50.77	13.1%	35.8%	55.7%	41.2%	62.1%
Target (QS & IS)	64.7%	49.2%	71.9%	54.5%	49.8%	12.1%	36.8%	56.7%	40.2%	63.1%
Source	NCQA	NCQA	NCQA	State	State	NCQA	State	NCQA	NCQA	NCQA
Target Direction	Higher is better ↑	Higher is better ↑	Higher is better ↑	Higher is better ↑	Lower is better ↓	Lower is better ↓	Higher is better ↑	Higher is better ↑	Lower is better ↓	Higher is better ↑
2020 Performance Year Measure Score	56.1%	40.7%	64.4%	53.9%	38.3%	14.8%	39.2%	46.2%	37.5%	68.4%
Q-I Weighting Factor	1A	1B	2	3	4	5	6	7	8	9
	0.25	0.25	0.29	0.25	1.00	0.25	1.00	0.25	1.00	1.00
Quality Score (QS)	1A	1B	2	3	4	5	6	7	8	9
Measure QS Attainment	0.02	0.02	0.03	-0.02	50.39	-0.02	0.03	-0.10	0.04	0.06
Measure QS Span	0.11	0.11	0.11	0.01	50.27	0.01	0.01	0.01	0.01	0.01
Measure QS Ratio	0.21	0.20	0.29	-1.59	1.00	-1.64	3.43	-9.51	3.71	6.28
Measure QS	0.10	0.10	0.16	0.00	1.53	0.00	2.00	0.00	2.00	2.00
Improvement Score (IS)	1A	1A	1A	1A	1A	1A	1A	1A	1A	1A
Measure IS Attainment	0.05	0.05	0.08	-0.02	50.39	-0.02	0.03	-0.10	0.04	0.06
Measure IS Span	0.14	0.14	0.16	0.01	50.27	0.01	0.01	0.01	0.01	0.01
Measure IS Ratio	0.38	0.37	0.53	-1.59	1.00	-1.64	3.43	-9.51	3.71	6.28
Measure IS	0.55	0.53	0.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Measure Composite Score	1A	1B	2	3	4	5	6	7	8	9
	0.65	0.63	0.85	-	1.53	0.00	2.00	-	2.00	2.00
Measure Weight	1A	1B	2	3	4	5	6	7	8	9
	6%	6%	11%	11%	11%	11%	11%	11%	11%	11%

Quality Improvement Score (QIS):	1.00
QIS threshold for full credit:	0.20
Percent of at-risk funds associated with quality component earned:	100%

# Attachment C: VBP adoption model

**Table 6: Washington State VBP adoption performance**

	DY 1	DY 2	DY 3	DY 4	DY 5
<b>Parameters</b>					
VBP adoption target (HCP LAN 2C-4B)	N/A	N/A	75%	85%	85%
VBP achievement - weight	N/A	N/A	50%	55%	60%
VBP improvement - weight	N/A	N/A	50%	45%	40%
	DY 1	DY 2	DY 3	DY 4	DY 5
<b>Achievement</b>					
Achievement weight	N/A	N/A	50%	55%	60%
HCP LAN 2C-4B adoption target	30%	50%	75%	85%	85%
HCP LAN 2C-4B adoption (actual)	49.7	65.68%	76.87%	81.82%	
Achievement score	100%	0%	100%	0%	0%
<b>Improvement</b>					
Improvement weight	N/A	N/A	50%	45%	40%
Improvement percent	N/A	-100%	18%	61%	0%
Improvement score	N/A	0%	100%	61%	0%
<b>Result</b>					
<b>VBP adoption score</b>	N/A	N/A	100%	27%	0%

