

# Washington State's Medicaid Transformation

## Medicaid—Challenge and Opportunity

Apple Health (Medicaid) now covers 1 in 4 people in Washington. Before the Affordable Care Act, it covered mostly children, disabled and elderly individuals, and low-income parents. Now the largest group is adults, whose needs include more mental health and substance use disorder treatment, and a higher number of chronic health issues. The state's population is also aging: Soon, 1 in 5 Washingtonians will be over the age of 65—and, as they age, their need for health care and long term services and supports will grow.

## Washington State Medicaid Transformation

On September 30, 2016, Washington State and the Centers for Medicare and Medicaid Services (CMS) reached an agreement in principle on a five-year Medicaid demonstration project. This is an opportunity to accelerate changes in our state's Medicaid program that support the goals of Healthier Washington—better health, better care, and lower costs.

Through the principled agreement, CMS and Washington State have agreed on the core facets of the project, including the structure and role of Accountable Communities of Health (ACHs) and financing. Final approval by CMS is subject to the special terms and conditions (STCs), the actual contract for the demonstration. This agreement will “waive” certain federal Medicaid requirements, allowing the state to use Medicaid funds for innovative projects, activities, and services that otherwise would not be eligible for funding. This is not a grant; the state must demonstrate 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**—*focusing on prevention and management of diabetes, cardiovascular disease, pediatric obesity, smoking, mental illness, substance use disorders, and oral health.*
- **Accelerate the transition to value-based payment**—*using payment methods that take the quality of services and other measures of value into account.*
- **Ensure that Medicaid per-capita cost growth is below national trends**—*through projects and services that improve health outcomes and reduce the rate of growth in the overall cost of care for Medicaid clients.*

## Paying for Value—Instead of Volume

Value is where affordable, transparent costs meet appropriate high-quality care. The federal government and states across the nation are recognizing that new health care delivery models that reward providers and health plans for value are key to controlling costs and fostering health.

The waiver's Medicaid transformation investments will help us spend our Medicaid dollars more wisely by rewarding providers and health plans based on the quality of care people receive and its effect on their health, instead of the number of procedures and services provided.

We know these changes can be challenging. That's why much of the waiver's focus will be on supporting providers and plans as they build their capacity to transition to these new delivery and payment systems.

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The Medicaid transformation goals will be achieved through three initiatives.

### **INITIATIVE 1: Transformation through Accountable Communities of Health**

This initiative will provide communities with financial resources to improve health system performance for Medicaid clients at the local level. Each region, through its Accountable Community of Health (ACH), will be able to pursue projects aimed at transforming the Medicaid delivery system to serve the whole person and use resources more wisely. These projects will be aimed at:

- Health systems capacity building—*Support for development of new primary care models; workforce development, including non-conventional service sites; and improvements in data collection and analytic capacity.*
- Care delivery redesign—*Bi-directional integration of physical and behavioral health care; improved care coordination, including clinical-community linkages; and better transitions between services and settings.*
- Prevention and health promotion—*Focusing on chronic disease prevention and management, and maternal and child health, for Medicaid beneficiaries.*

This is not a grant. ACHs and their partners will receive funds only after they meet project goals. In the early years, payments will be made for meeting process milestones. Later, payments will be based on improvements in outcome measures. For more information, visit the [Medicaid Transformation Initiative 1](#) page on the Healthier Washington website.

### **INITIATIVE 2: Broaden the array of service options that enable individuals to stay at home and delay or avoid the need for more intensive care**

The state will create a “next generation” system of care focused on outcomes that supports families in caring for loved ones, delaying or avoiding more intensive long term services and supports (LTSS) when possible; creates better linkages within the health care system; and continues its 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). For more information, go to the [Medicaid Transformation Initiative 2](#) page on the Healthier Washington website.

### **INITIATIVE 3: Provide targeted foundational community supports**

Targeted supportive housing and supported employment Medicaid benefits will be available to those enrollees 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. For more information, go to the [Medicaid Transformation Initiative 3](#) page on the Healthier Washington website.

### **Stay informed**

- Visit the Medicaid Transformation page at [www.hca.wa.gov/hw/Pages/medicaid\\_transformation.aspx](http://www.hca.wa.gov/hw/Pages/medicaid_transformation.aspx)
- Join the Healthier Washington Feedback Network and receive regular updates and announcements of upcoming webinars—sign up on the Contact Us page at [www.hca.wa.gov/hw](http://www.hca.wa.gov/hw)
- Send questions and comments to [medicaidtransformation@hca.wa.gov](mailto:medicaidtransformation@hca.wa.gov)

*New State General-Fund dollars will not be needed for waiver activities.*

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