

WISe Case Rate: CY27+ Considerations

Prepared for the Washington State Health Care Authority (HCA)

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Key caveats

This presentation is intended for discussion purposes only and does not constitute a recommendation by Milliman. We understand that the HCA is evaluating potential changes to the WISE case rate methodology, including the possible development of a two-tiered WISE rate. The material presented was prepared for the explicit business use of the HCA in order to support today's meeting. Any illustrations included are intended solely to facilitate conversation, and all figures, methods, data, and results are purely illustrative.

FOR DISCUSSION PURPOSES ONLY - NOT COMPLETE WITHOUT ORAL COMMENT.

Background of HCA Proposed Change

Introduction

Background:

- Current arrangement:
 - All MCOs receive single case rate (once an eligible WISE encounter is submitted) regardless of hours of service provided
- HCA Proposal:
 - Move to a two-case rate program
 - ✓ All MCOs receive the first case rate for each member.
 - ✓ Only WISE utilization \geq 10.5 hours of services triggers second case rate
 - ✓ HCA's goal = establish a refined structure that is budget-neutral to the HCA
 - ✓ However, we do expect that payments to MCOs / providers may vary from today as the two-case rate structure will help HCA better align reimbursement with the care being provided to WISE members

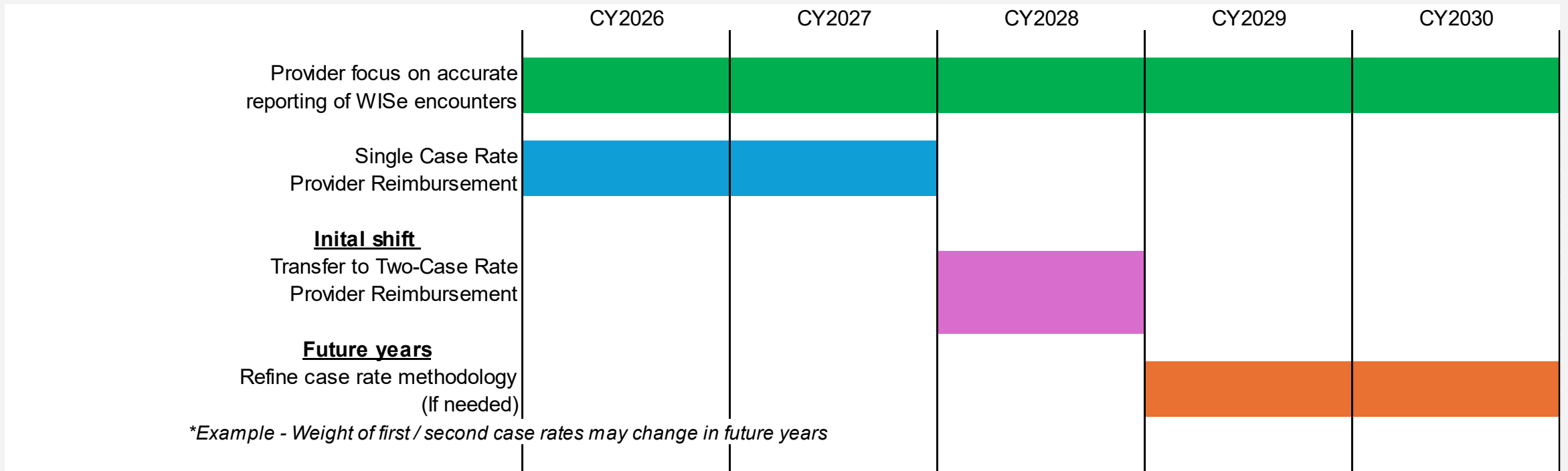
Intent:

- Presentation is intended to illustrate
 - HCA's proposed two-tiered case rate structure

Potential Timing – DRAFT and subject to change

Summary – note, the following is still under consideration. No final decisions have been made at this time.

- Starting in 2026: HCA / MCO / providers work to ensure accurate WISE encounter reporting in ProviderOne
- Current approach: Maintain current structure for 2026 and 2027
- Potential change to structure starting in 2028: HCA evaluating a shift to a two-tiered structure
- Continue to refine approach in future years: one option may be to change the weight of the first / second case rate in future years



HCA's Goals of Two-Case Rate Arrangement

Reimbursement and utilization

Better align reimbursement with utilization, while maintaining budget neutrality

Reduce risk of over / underpayment based on utilization

Provider Incentives

Improve WISE encounter reporting

**note, encounter reporting quality today may vary by provider, MCO, and contract period*

Provide incentive to ensure members get at least 10.5 hours of service per month

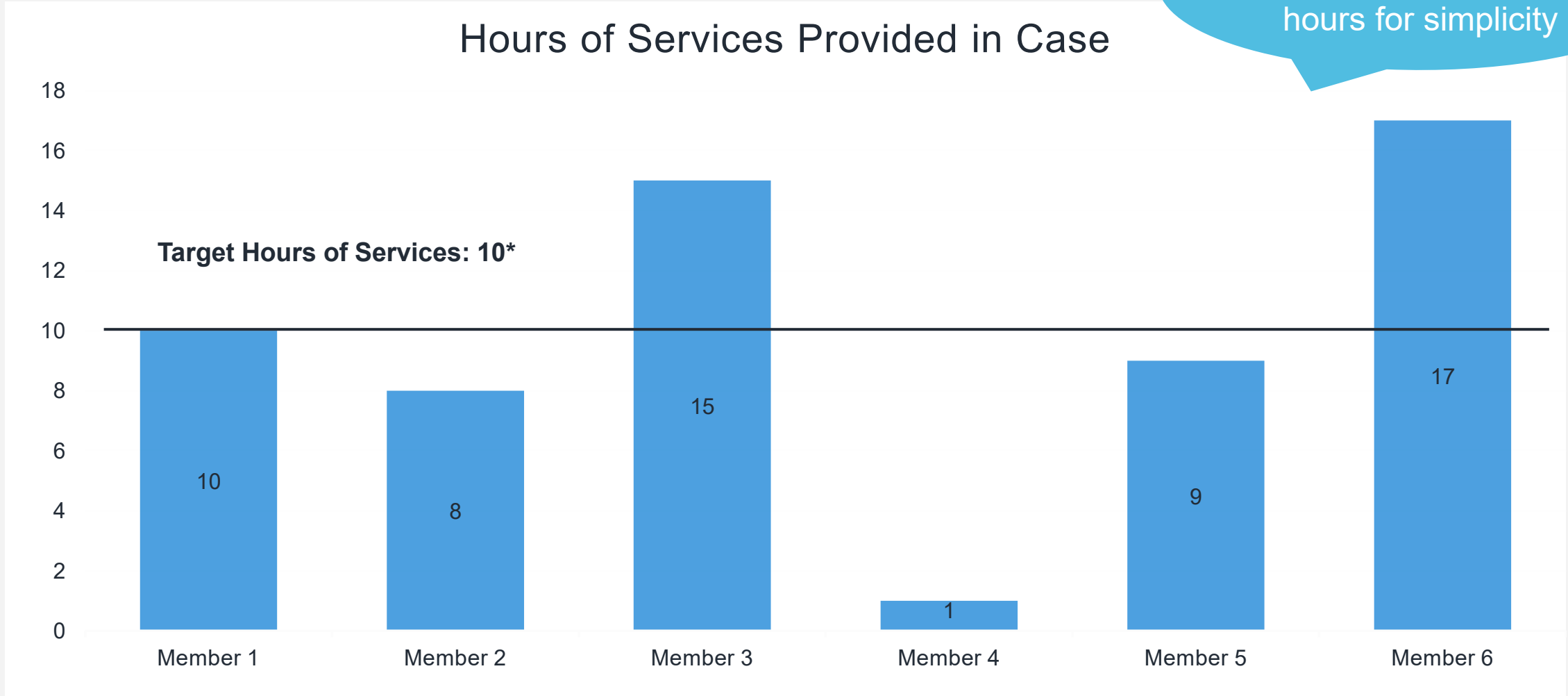
**could phase the incentive in over time*

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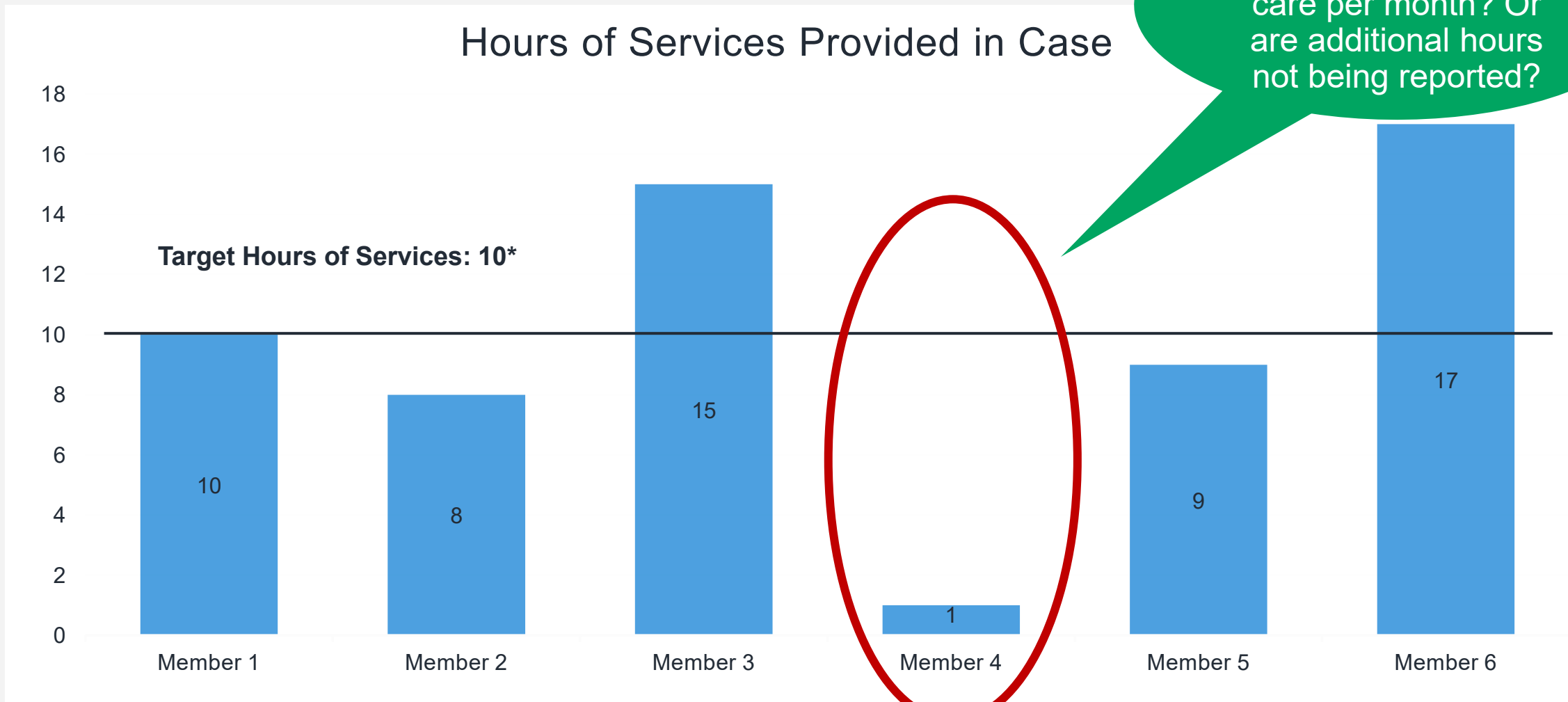
Illustrative Example

Two-Case Rate Proposal Illustration

Figures are illustrative.
*Threshold set at 10 hours for simplicity

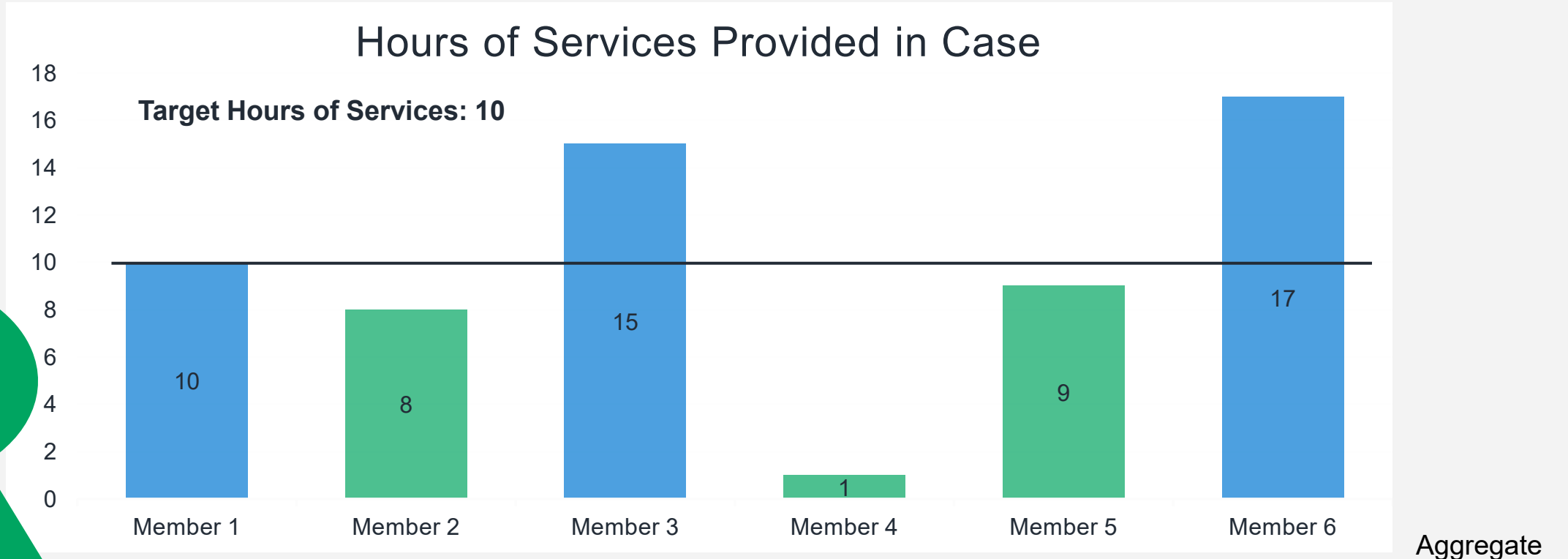


Two-Case Rate Proposal Illustration



Is this member only receiving 1 hour of care per month? Or are additional hours not being reported?

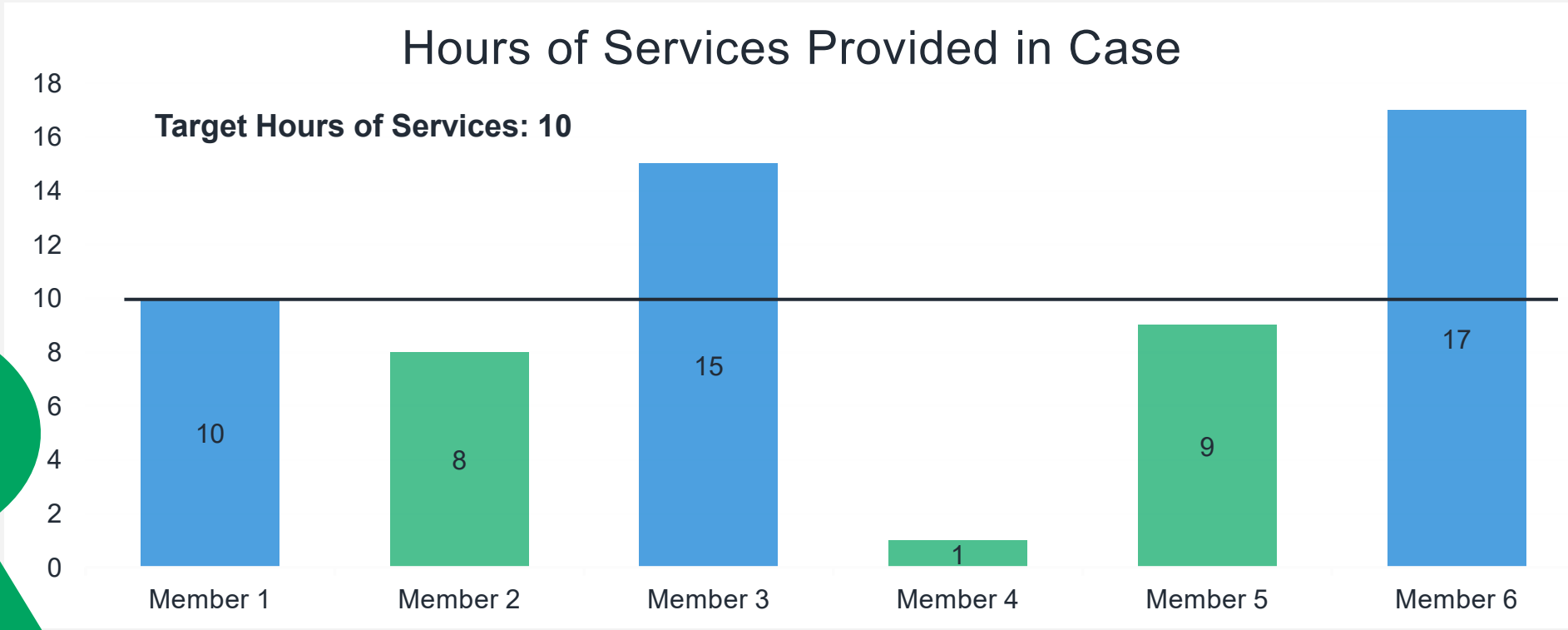
Two-Case Rate Proposal Illustration – Small Differential



Differential is small to support provider reimbursement stability in early years

Current Case Rate	\$100	\$100	\$100	\$100	\$100	\$100	\$600
Proposed System							
Case Rate 1	\$95	\$95	\$95	\$95	\$95	\$95	\$570
Case Rate 2	\$10		\$10			\$10	\$30
Total Case Payments	\$105	\$95	\$105	\$95	\$95	\$105	\$600

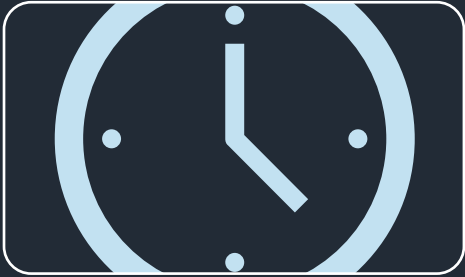
Two-Case Rate Proposal Illustration – Moderate Differential



Differential could grow across time to ensure that the payment model aligns with HCA incentives

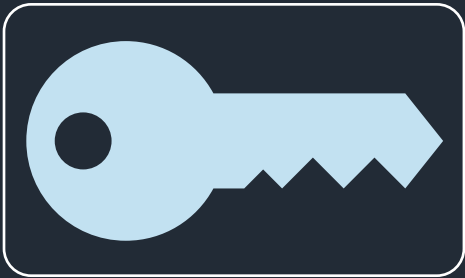
	Member 1	Member 2	Member 3	Member 4	Member 5	Member 6	Aggregate
Current Case Rate	\$100	\$100	\$100	\$100	\$100	\$100	\$600
Proposed System							
Case Rate 1	\$80	\$80	\$80	\$80	\$80	\$80	\$480
Case Rate 2	\$40		\$40			\$40	\$120
Total Case Payments	\$120	\$80	\$120	\$80	\$80	\$120	\$600

Key Takeaways



HCA considering changes in 2027+ but specifics are still unknown

- CY2027 may be relied on to emphasize encounter data reporting improvement.
- HCA then evaluating a shift towards a two-case rate reimbursement method for CY2028.
- Consideration - Size of second case rate payment may be small to start and could increase in future years to align with HCA incentives



Data is KEY

- Provider data in ProviderOne will be the basis for the development of the case rates
- HCA / MCOs / providers should focus on this in 2026 and 2027
- More details to follow from the HCA – stay tuned



This change is intended to be budget-neutral to the HCA

- HCA's goal is to ensure that these changes are budget neutral to the HCA.
- However, we do expect that payments to MCOs / providers may vary from today as the two-case rate structure will help HCA better align reimbursement with the care being provided to WISE members.

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Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Davis Burge is a member of the American Academy of Actuaries and meets the qualification standards to offer this presentation.



Thank you

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