



STATE OF WASHINGTON

June 30, 2015

Dear Interested Partners:

SUBJECT: Joint HCA-DSHS Revised Regional Service Area Boundaries for 2016 Medicaid Purchasing

In November 2014, the Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) jointly published common Regional Service Areas (RSAs) for Medicaid purchasing of physical and behavioral health care, to take effect in 2016. RSA designation was based on the Adult Behavioral Health Task Force guidance¹ as required by E2SSB 6312, community feedback, and criteria listed in Attachment A, “*Background on RSA and Purchasing under E2SSB 6312.*”

Subsequently, Chelan and Douglas County Commissioners officially expressed interest in considering the 2016 “early adopter” pathway to expedite fully integrated contracting for physical and behavioral health care. Based on extensive further deliberation with all counties in the North Central RSA, County Commissioners from Chelan, Douglas, Grant and Okanogan counties provided official requests that necessitated changes in the established RSA boundaries. Furthermore, while Klickitat County Commissioners initially provided a non-binding letter of intent to adopt the 2016 “early adopter” pathway as members of the Southwest Washington RSA, their final decision was to move towards full integration on a later timeline and remain with the Greater Columbia region for 2016 contracting. HCA and DSHS have chosen to re-designate RSA boundaries to facilitate these transitional requests.

Attachment B “*June 2015 Revised RSA Boundaries*” sets out revised RSA boundaries that will be effective for 2016 Medicaid purchasing and will remain in effect through the duration of the managed care health system contracts, 2016-2017. They mark the beginning of a four year transition period towards fully integrated contracting for physical and behavioral health care by 2020. As is the case today, managed care networks will continue to reach across RSAs to satisfy network adequacy requirements. Medicaid beneficiaries who typically receive services, such as inpatient hospital care outside of their RSA will continue to have access to those services.

During the transition to 2020, further RSA revisions may be necessary as counties adopt the fully integrated approach to service delivery. HCA and DSHS intend to jointly initiate a public-private workgroup later this year to define a process for future RSA revisions. One important consideration will be the implications of revisions on the alignment of Accountable Communities of Health with Medicaid purchasing regions. If you have ideas you would like us to consider in establishing a public-private workgroup to develop the RSA refinement process, please send your comments to MaryAnne Lindeblad, Medicaid Director, via email at maryanne.lindeblad@hca.wa.gov.

¹ Proceedings available at: <http://www.leg.wa.gov/jointcommittees/ABHS/Pages/default.aspx>

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Your engagement continues to be essential to help HCA and DSHS transition towards implementing Washington State's vision for improved delivery of health care. Thank you for your ongoing efforts on behalf of Washington's Medicaid beneficiaries.

Sincerely,



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Medicaid Director
Health Care Authority



Jane Beyer, JD
Assistant Secretary, BHSIA
Department of Social and Health Services

cc: Dorothy F. Teeter, Director, HCA
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ATTACHMENT A: *Background on RSA and Purchasing under E2SSB 6312*

Criteria Used in Establishing November 2014 RSA Boundaries

Criteria used in determining RSA boundaries included an assessment of the degree to which geographic boundaries:

- Support naturally occurring health care delivery system and community service referral patterns across contiguous counties.
- Reflect active collaboration and alignment with community planning that prioritizes the health and well-being of residents.
- Serve as a platform to expedite fully integrated Medicaid purchasing of physical and behavioral health services by 2020, as directed by statute.
- Include a critical mass of beneficiaries (60,000 covered Medicaid lives) to ensure active and sustainable participation by risk-bearing organizations that serve whole region(s) and promote integrated delivery of care.
- Ensure access to adequate provider networks, considering typical utilization and travel patterns, the availability of specialty services, and continuity of care as enrollee circumstances change.
- Minimize disruption of business relationships (i.e., provider, payer and community) that have evolved over time.

Purchasing Models

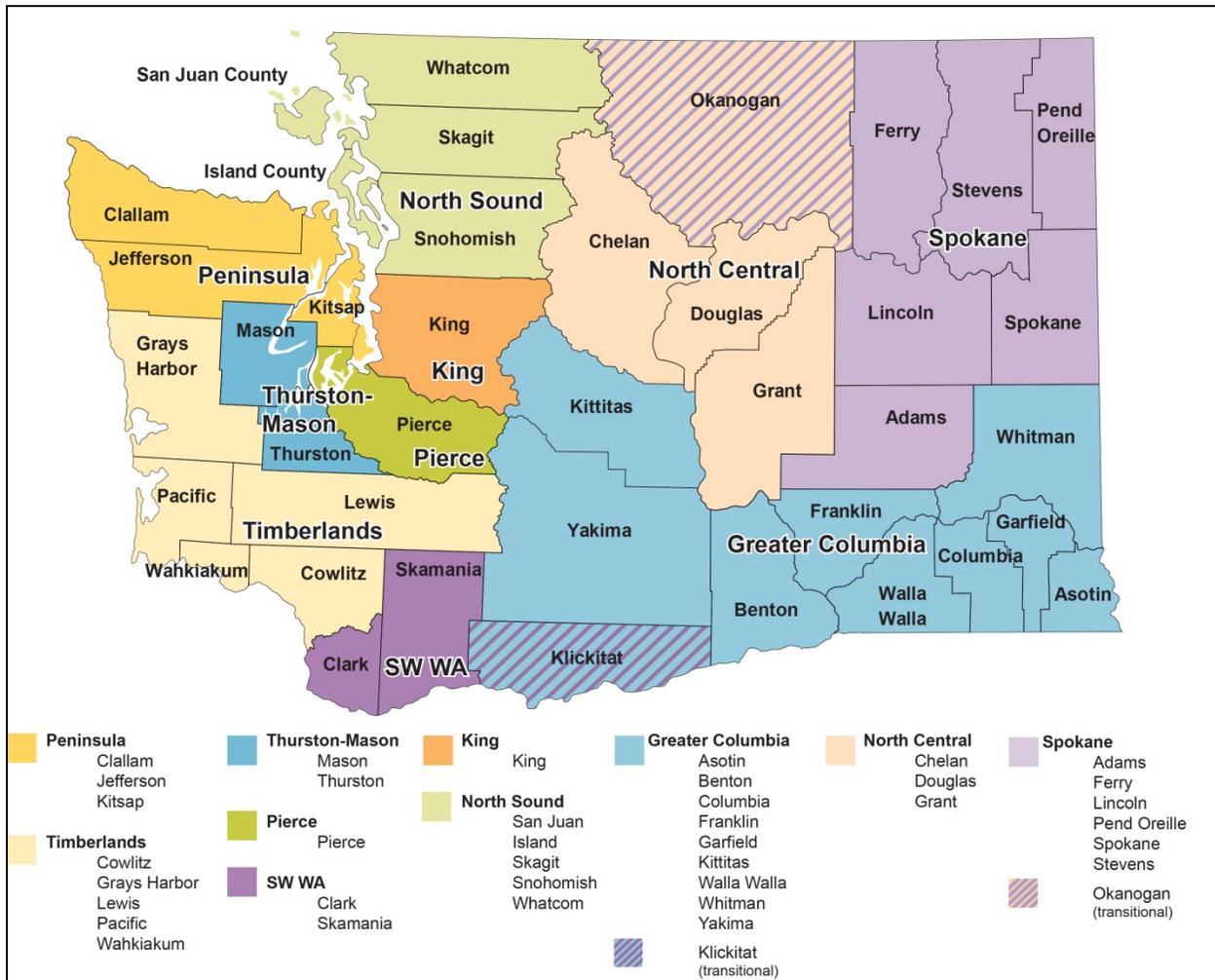
As provided in E2SSB 6312, counties in each RSA must collectively adopt one of two Medicaid managed care delivery system pathways beginning in 2016.

1. Counties in *early adopter RSAs* will adopt a purchasing model in which care is delivered through Managed Care Organizations (MCO) at risk for physical and behavioral health services and where financing is leveraged to support the integrated delivery of whole-person care. Counties in these RSAs will share 10 percent of resulting state savings.
2. For more information about the Early Adopter track visit:
http://www.hca.wa.gov/hw/Pages/integrated_purchasing.aspx or email questions to earlyadopterquestion@hca.wa.gov.
3. In *other RSAs*, counties will initially adopt a purchasing model in which care is delivered through separate but coordinated behavioral health and physical health managed care contracts. Under this model, behavioral health services will be delivered

through a Behavioral Health Organization (BHO), a managed care entity at risk for the mental health and substance disorder services for the population it serves. Traditional Medicaid MCOs will remain at risk for delivery of physical health services. As the delivery system transformation evolves, counties will transition toward fully integrated managed health care systems.

For more information on the BHO track visit: <https://www.dshs.wa.gov/bhsia/division-behavioral-health-and-recovery/developing-behavioral-health-organizations>.

ATTACHMENT B: June 2015 Revised RSA Boundaries



With assurance that managed care networks may reach across RSAs to serve Medicaid beneficiaries whose natural referral patterns are outside their RSA, changes to the November 2014 RSA boundaries are as follows:

- Beginning in 2016, Chelan, Douglas and Grant counties will adopt the purchasing model in which behavioral health care is delivered through one Behavioral Health Organization (BHO) established to serve a three county North Central RSA. Physical and behavioral health services for Okanogan beneficiaries will be delivered through the Spokane RSA until such time as Okanogan County Commissioners elect to rejoin the North Central RSA.
- Physical and behavioral health services for Medicaid beneficiaries residing in Klickitat County will be delivered through the Greater Columbia RSA. Klickitat County Commissioners have confirmed that they expect Klickitat to rejoin the Southwest Washington RSA, under the fully integrated managed care purchasing model, when local provider infrastructure concerns have been addressed.