WASHINGTON STATE PROPOSAL
GLOBAL MEDICAID MODERNIZATION INITIATIVE

INTRODUCTION

Since 2005, Washington State has been a leader in developing and implementing programs to improve quality and increase the efficiency of health care delivery to achieve expanded access and improved health. This proposal builds on that foundation with a set of innovative shifts and activities to our health care system that will improve the overall health and well-being of Washingtonians and make health care more affordable. These shifts will accelerate our movement from: volume-based to value-based purchasing; fragmented to coordinated care; purchasing costly, ineffective treatments to procuring evidence-based and cost-effective options; and management of disease to prevention. Implementation of these shifts will control expenditures, improve patient safety and quality of care, and increase access to care that is coordinated and tailored to the needs of individuals and communities. These changes will benefit all who are served through Medicaid, including those with disabilities and those who face the greatest challenges to their health.

To achieve these results, Washington State is requesting that the Department of Health and Human Services (DHHS), through the Centers for Medicare and Medicaid Services (CMS), enter into a dynamic federal-state partnership in the form of a **Global Medicaid Modernization Initiative**. In this new transformed partnership, the State of Washington and (DHHS) will commit to focusing on the achievement of outcomes and mutually planning, designing and implementing together, with flexibility, the reforms that will improve Washington State's health care delivery system while controlling costs. These reforms will include changes in benefit design, delivery models and payment methodologies. The State further commits to ensuring entitlement, access and consumer protections for Medicaid eligible categorical and expansion populations and achievement of specific service, health and cost outcomes.

BACKGROUND

Over the past decade, the amount Washington State pays annually for health care has doubled to more than $5 billion – a rate of increase that dwarfs any other part of the state budget. Health care now accounts for nearly one-third of our annual expenditures. The largest components are Medicaid and the Children's Health Insurance Program (CHIP), which together cover 1.3 million low-income children and adults, and insurance for 335,000 public employees, retirees and their families. Increased spending on health care substantially hinders our ability to maintain investments in such essential services as education and public safety. It is not just critical public services that are being squeezed – individuals, families and businesses are also overwhelmed by health care costs. Each dollar spent on health care is a dollar not available for other important needs.

While the cost of health care is not sustainable, the consumer experience in navigating our current system is equally troubling. Coverage and payment policies of various public and private payers drive clinical care and delivery. Individuals struggle with access and navigating the

system to get the quality care they need. People in the Medicaid fee-for-service system face significant difficulty in locating specialty care and in some cases, primary care. Those who can't access care resort to using emergency rooms as their only option to secure needed referrals to specialty care. For the highest risk and most vulnerable populations, the health care system is fragmented resulting in a lack of care coordination, duplicative treatments and tests, and unnecessary use of hospital and emergency services all resulting in poor health outcomes and unnecessary costs. Our current payment system is designed to treat problems as they arise and is not prevention funded or focused.

Health care providers are seeking new partnerships and collaborations to integrate care delivery and improve patient outcomes and are looking to public and private payers to support those efforts. Washington State has a critical role to play in providing best practice learning opportunities, performance and quality data, and other resources to encourage care integration.

WHAT'S WORKING: WASHINGTON STATE'S HISTORY OF PIONEERING SUCCESSFUL HEALTH REFORMS

Washington State has a track record of government, private employers, health care and community support service providers, health plans, and consumers working together to innovate and enhance health care quality and efficiency. When Governor Gregoire began her administration in 2005, she adopted a 5-point strategy to position Washington State as a national leader in containing costs and promoting high-quality health care. Since 2005, we have built on these strategies and incorporated them into our work creating noteworthy successes. Results in our Medicaid program have been exceptional. We have held the rate of growth in per capita costs to 2.6% which is just a little more than half of the national average growth of 4.2%. Washington State is perhaps the first and only state where Medicaid has achieved a reduction of 23% in costs for prescription drugs, despite an overall 5.1 percent increase in caseload over the past year. Key to pharmacy savings was our innovative evidence-based Prescription Drug List (PDL) including a "Generics First" initiative. The summary below includes additional information regarding Governor Gregoire's five strategies, key results and successes to date.

1. **EMPHASIZE EVIDENCE-BASED HEALTH CARE** –The use of medical devices and treatments demonstrated through study to be safe and effective as opposed to those that are simply newer or more aggressively marketed is a central component of evidence-based purchasing in Washington. Under this strategy the State established the first-in-the-nation Health Technology Assessment Program, a comparative effectiveness process focused on paying only for care proven to actually improve patient health. Since 2007, 21 procedures and tests have been reviewed. Of these 21, 10 were determined not to have evidence of a health benefit and 11 were found to have proven benefit under certain conditions. These decisions not only improve the quality of care, but are saving the state more than $30 million annually. Additionally, the Washington State Preferred Drug List (PDL) consists of 29 drug classes, with preferred drugs in each class selected based on evidence-based drug reviews and recommendations made by the state's Pharmacy and Therapeutics Committee. The PDL is currently used in the State's public employees, Medicaid and workers' compensation health care programs. In 2008, it resulted in cost avoidance of $57.7 million, including $23.3 million in Medicaid. The state's evidence-

based and patient safety approach extends broadly throughout Medicaid. Current initiatives are looking closely at hip, knee and back surgeries with poor outcomes and safer alternative therapies. Teamwork with providers statewide help curb overdosing of children with mental health and ADHD medications, offering second opinions for providers less familiar with those drugs.

2. **PROMOTE PREVENTION, HEALTHY LIFESTYLES AND HEALTHY CHOICES** – Washington State has served as a role model for promoting healthy behaviors across government, schools and communities. Preventing illness requires policy makers to think across silos, with a "health in all policies" approach. The health and well-being of individuals depends on quality coordinated care and community conditions that support health and safety. No other strategy is as pivotal in improving health, reducing costs and stretching our health care resources. People need the right tools and information to make healthy choices, communities need policies that make the healthy choice the easy choice, and the health care system should provide quality coordinated care. Medicaid has focused the state's health care systems' attention on the national increase in C-sections, helping women and their providers make choices that help them avoid high risk induction of labor for births that do not require that extreme step.

   Washington's public health system has shifted priorities from chronic disease management to upstream disease prevention efforts – creating opportunities for all people to be and become healthier. Two years ago, the Department of Health launched the Healthy Communities Washington (HCW) initiative. Healthy Communities Washington is our call-to-action to support people where they live, learn, work, and play. We need changes in policies and systems to support healthy environments. HCW recognizes the importance of a coordinated multi-pronged approach and the need to work together towards collective impact. We have many partners in this effort: business and industry, schools, public health, health care, transportation, philanthropy, and community planning organizations. Instead of preventing one disease at a time, we are implementing public health interventions that can help prevent multiple conditions and improve health. Eating healthy foods, being physically active, and quitting tobacco can prevent disease. These behaviors also improve the health of people who have these diseases.

   HCW focus areas include Healthy Communities, Healthy Schools, Healthy Worksites, Healthy Homes, Medicaid Health Homes, and a Healthy Communities Statewide Partnership. Three cross-cutting focus areas and those noteworthy include: Healthy Communities projects (HC), the Healthy Communities Statewide Partnership, and Medicaid Health Homes (Patient Centered Medical Home as described on the following page).

   HC projects are now underway in 12 counties with high chronic disease rates. These counties also have a higher percentage of population living in poverty, without a college degree, who are non-white, and who lack health insurance and access to primary care. These counties also have the highest rates of cancer deaths, heart disease and stroke,

smoking, obesity and food insecurity and the lowest rates of physical activity, fruit and vegetable intake and cancer screening (breast, cervical and colorectal).
Funds to support this work are pooled and leveraged using six federal grants, which typically address single diseases or risk factors. The selected counties work with their local communities to address the primary chronic disease risk factors that contribute to the five percent of patients who account for 50% of costs. These risk factors addressed include tobacco use, physical activity, unhealthy eating and obesity. This critical work has given Washington a head start on the prevention work necessary to curb the cost of chronic disease. The selected counties whose work started two years ago have high rates of uninsured who will gain access to health insurance through the Affordable Care Act. Preventing chronic disease now reduces their future health care costs.

Concrete community strategies that are being implemented include:

- Tobacco – tobacco free campuses, expansion of smoke-free public housing, media to educate and encourage individuals to live tobacco free, zoning restrictions on the amount and placement of tobacco and alcohol advertising near schools and in low income neighborhoods
- Physical activity – safe routes to schools that promote children and their parents walking to school, supporting workplace policies that increase physical activity
- Unhealthy eating/obesity – improved access to affordable fresh fruits and vegetables in small grocery stores in low income communities, promotion of community gardens, breastfeeding policies in hospitals and worksites

Washington recognizes that our social, economic, and physical environments determine opportunity and limitations that can dramatically influence our health. These strategies are designed to improve overall wellness for all Washingtonians, including those that are disproportionately affected by chronic disease.

The Healthy Communities Statewide Partnership began in January 2011. The Department of Health in partnership with the Association of Washington Businesses joined together with other state agencies and key representatives to make healthy choices easier through the identification of a limited number of widely supported community policy and practice strategies to improve nutrition, increase physical activity and reduce tobacco use all in the context of promoting community health. This focus area aligns with the National Prevention Council and positions Washington well as a national leader in innovative prevention strategies.

Washington's Medicaid managed care program, Healthy Options, has utilized performance standards related to immunizations and well-child visits for the past five years. The Department of Health and local public health districts have also placed an emphasis on improving childhood immunization rates with a goal of 80% of children getting all recommended vaccines on time. While that goal has not yet been achieved, the State's rate for children receiving all recommended vaccines has increased nearly 20% over the past several years. 2009 data ranks Washington 17th for the 15 dose series – up 15 spots from 2008 – and 14th for the 19 dose series – up 11 spots from 2008.

3. **BETTER MANAGE CHRONIC CARE** – Five percent of patients and five conditions – heart conditions, mental disorders and substance abuse, asthma and chronic obstructive pulmonary disease, type II diabetes, and musculoskeletal orthopedics conditions -- account for 50% of health care costs. By targeting both the prevention and the treatment of these conditions, our efforts to improve care and lower costs are maximized.

   Washington State was one of the first states to enroll Medicaid clients into disease management programs in 2002 and used that platform to design even better ways of managing care for high needs populations. Intensive chronic care management programs for people receiving long term services and supports and mental health services have been developed and evaluated for the past four years. These programs provide care management and coordination activities for medical assistance clients determined to be at risk for high medical costs. Chronic care management recognizes and provides interventions for the medical, social, economic, mental health/substance abuse, and environmental factors impacting health and health care choices. Instead of uncoordinated care episodes, individuals in a chronic care management program receive evidence-based assessments and a client-centered health action plan including coordinated health care, supportive services and transitional care supports as well as education and coaching to assist them in improving their health self-management skills. Results include improved individual health outcomes, higher levels of satisfaction and confidence in working with health care providers, improved access to care, and increased client engagement in preventing further health problems. Immediate benefits also include decreased mortality rates and fewer hospitalizations due to emergency care needs. Medicaid is also sharing information with its managed care organizations through PRISM ("Predictive Risk Intelligence System") that will help them manage similar care for clients who may be on the brink of high risk.

   Medicaid's evidence-based requirements today protect some patients who might otherwise avoid dealing with the underlying causes of chronic conditions like morbid obesity. The program established firm guidelines for bariatric surgeries, requiring patients to demonstrate an ability to live within the stringent lifestyle necessary for these operations to be successful. The state also now requires these high risk surgeries to be performed in centers of excellence – clinics and hospitals with a record of successful outcomes. The number of associated deaths has dropped to zero since the implementation of these new rules.

   The Department of Health also partners with the Health Care Authority to provide technical training and assistance to Washington State Medicaid providers in their implementation of health homes and other delivery models supporting affordable, high quality chronic condition management and care coordination. Since 1999, the Department of Health has trained over 600 providers in practice improvement initiatives and learning collaboratives through contributions of pooled funds from federal grants and support from Medicaid health plans. They are working closely with the Health Care Authority to plan future technical assistance, training opportunities and quality metrics to support Washington State in its implementation of health homes and health teams.

4. **CREATE MORE TRANSPARENCY IN THE HEALTH SYSTEM** – Informed shoppers are smart shoppers, whether it's purchasing a car or making decisions about health care. Health care consumers need to be engaged and have information that will help them decide what the various options for treatment are, which treatments are most effective, which providers offer the best success rates and at what cost. The State is a member of the Puget Sound Health Alliance, a partnership of public and private payers, health plans and providers, that has been a leader in health care transparency. Since 2008, the Alliance has produced its *Community Checkup* report which details the performance on key quality measures of Puget Sound area medical groups, clinics, hospitals and health plans. The report serves as a resource to support quality decisions and improved patient care. Legislation enacted in 2007 also laid the foundation for the development in Washington of patient decision aids supporting "informed patient choice" rather than simply "informed consent" with an understanding that treatment decisions in which patients are fully engaged frequently lead to lower costs and higher quality.

   Providers need information, too. Medical directors from several state agencies worked together to develop opioid dosing guidelines to aid in reducing the quantity of narcotics consumed in Washington. Providers seeing Medicaid clients are given data on all the narcotic prescriptions their patients are filling.

   In January 2009, a coalition of Washington health care stakeholders, led by the Foundation for Health Care Quality and the Surgical Clinical Outcomes Assessment Program, launched the "Surgical Checklist Initiative". This initiative engages healthcare professionals in active change that improves the way health care is delivered and avoids unnecessary harm. Just like a pilot checks off a list before take-off and landing, surgeons and staff are required to have the same attention to quality and safety both before and after surgery. The coalition members set the goal of getting a Checklist into every operating room in Washington State by January 2010. The Washington State Hospital Association reports that 100 percent of Washington State hospitals have either implemented a standardized surgical checklist or are in the process of doing so.

   The Washington State Department of Health is developing a Prescription Monitoring Program (PMP) to collect, monitor, and analyze electronically transmitted prescribing and dispensing data submitted by pharmacies and dispensing practitioners. These data include all drugs dispensed regardless of payer and allow practitioners to access the data about their clients so they have the full picture of prescribing and filling of prescriptions. PMPs have proven effective in proactively safeguarding patient safety while reducing prescription drug misuse and abuse and reducing health care costs. In addition, Washington State Medicaid has devised specific intensive monitoring strategies for high utilizers of narcotics drugs. The program now regularly furnishes prescribers with narcotic prescription drug histories of their clients who may be engaged in doctor shopping. A similar approach is used in the Generics First initiative where providers are furnished their own generic prescribing histories to point out patterns that fall outside the generics mainstream. Both have been very effective in identifying and correcting outliers. The Department of Health will explore sharing PMP data with a system being

piloted to share data between hospital emergency departments to increase patient safety and improve coordination of care.

5. **MAKE BETTER USE OF INFORMATION TECHNOLOGY** – Duplicative and unnecessary medical procedures threaten patient safety and drive up costs. In fact, experts estimate that 30 percent of medical testing is redundant because specialists aren't aware that primary care providers have already performed tests. Activities underway supporting health reform through health IT activities include the Health Record Bank Project (HRB), the State Health Information Exchange (HIE) Cooperative Agreement Program (CA) and direct coordination across ARRA HITECH programs. All of these activities will contribute to supporting health care reform by providing health information when and where needed in order to help improve health outcomes, contribute to increased quality and safety, and help reduce medical errors and redundancies.

   In May 2010, Washington implemented *Provider One* to replace its legacy Medicaid Management Information System (MMIS); phase two of the system will also replace the legacy based Social Services Payment System. This state of the art new payment processing system not only provides more comprehensive and real-time data on health care utilization and costs, but also allows the state greater flexibility and agility in making modifications to health care payment models to support practice and delivery system innovations.

Washington State also has a history of proactively expanding and managing health care access and care for low-income individuals and families. In the 1980's, Washington was an early adopter of options to provide long term care supports in less-expensive home and community settings and is a national leader in that commitment. Initiated in 1992, *Healthy Options* provides Medicaid managed care coordinated services to children and families. *Apple Health for Kids* provides comprehensive health care for all children in families with incomes below 300% of poverty through a combination of Medicaid, CHIP and state funding. The Basic Health Plan (BHP), piloted in 1987 and implemented statewide in 1993, provides affordable health care coverage to low income individuals through a strong program of managed care contracting. Our Disability Lifeline (DL) Medical Care Services program provides integrated behavioral health and medical care services for low-income, unemployable adults with disabilities in an FQHC health home model, using capitated managed care payments. A recently approved Medicaid Bridge Wavier provides federal financial participation for BHP and DL enrollees who will become Medicaid eligible in 2014. In 2006, Washington State launched a comprehensive effort to address health disparities with the creation of the Governor's Interagency Council on Health Disparities. This Council targeted its first State Policy Action Plan on health insurance coverage, health care workforce diversity, obesity, diabetes and education and is in the process of finalizing its second Action Plan.

NEED FOR ADDITIONAL BOLD REFORMS

While Washington State is proud of its accomplishments, it is clearly not enough for us to simply rest on our current successes. Washington State remains challenged by its current health care

environment. Given the economy and its effect on the state budget, access is fragile at best. Costs continue to grow at an alarming rate while inefficient health care purchasing practices continue. Treatment patterns and quality levels vary and health disparities across socio-economic and racial groups as well as between rural and urban settings remain high. Declining affordability of coverage and growing state budget challenges threaten access to key safety net programs – some of the highest risk, most vulnerable people do not have access to the care they need.

There is a better way of organizing, delivering and paying for health care to improve people's health, health care quality and reduce costs. Washington remains focused on transforming the health care delivery system and its' financing to support integrated systems delivering coordinated services through health homes. In this integrated system, multi-disciplined health care professionals ensure person-centered care that follows evidence-based standards. Every person receives equal access to effective, efficient and integrated physical and behavioral health care as well as needed long term care services and supports – in other words, access to the right services at the right time in the right setting, according to their individual need.

Governor Gregoire is pushing for even more changes in our state's health care delivery system that will result in higher quality, more affordable care. **The Governor has set a goal of reducing the overall trend in health care spending to no more than 4 percent annual growth by 2014 while maintaining or improving patient health outcomes.** She along with key state agencies – Health Care Authority, Department of Social and Health Services and the Department of Health – have engaged other public and private purchasers, insurance carriers, health care providers and consumers to join the State in this goal. During an April 2011 forum with representatives of these entities, consensus was reached to pursue joint, focused efforts in key priority areas of payment reform, care coordination, prevention and wellness, and data transparency. Efforts are also underway to develop a Leadership Council from this group to provide ongoing two-way communication and coordination between the State and private sector health care stakeholders.

The Washington State Legislature has also provided leadership and support in furthering health care reform efforts. Most recently, the Joint Legislative Select Committee on Health Reform Implementation was created in 2010 to provide a forum for policy discussions related to implementation of the Affordable Care Act in Washington State. During the 2011 Session, the Legislature authorized the Joint Select Committee to continue through 2014. The State Senate has adopted and the House will consider legislation expressing the following intent:

> *The Legislature finds that mounting budget pressures combined with growth in enrollment and constraints in the Medicaid program have forced open discussion throughout the country and in our state concerning complete withdrawal from the Medicaid program. The Legislature recognizes that a better and more sustainable way forward would involve new state flexibility for managing its Medicaid program built on the success of the Basic Health Plan and Washington's transitional bridge wavier, where elements of consumer participation and choice, benefit design flexibility, and payment flexibility have helped keep costs low. The Legislature further finds that either a Centers for Medicare and Medicaid Services' Innovation Center project or a section 1115*

demonstration project, or both, with capped eligibility group per capita payments would allow the state to operate as a laboratory of innovation for bending the cost curve, preserving the safety net, and improving the management of care for low-income populations.

Meeting the Governor's goal of reducing the overall health care spending trend to no more than 4 percent annually by 2014 while maintaining or improving patient health outcomes will require continued efforts by the State on our 5-point Strategy as well as additional focused and deliberate innovations. In particular, the Governor is interested in moving aggressively toward a system that pays on the basis of quality of outcomes instead of the number of medical procedures performed, where care is routinely coordinated to ensure appropriate use of services, and where enrollees take personal responsibility for their own health and for making cost effective treatment decisions.

To be successful, the State will also require additional flexibility from the federal government. As Washington State moves forward with implementation of the Affordable Care Act (ACA), it is anticipating an additional 400,000 to 500,000 Medicaid enrollees by 2014. Assuring the sustainability of the expanded Medicaid program and improving access and health outcomes for clients will require greater flexibility in how we manage the program. We cannot simply add another half-million individuals to the current Medicaid system and expect improved results. We can and must seize this opportunity to modernize Medicaid for all enrollees.

Modernizing Medicaid will require a transformed partnership between DHHS/CMS and Washington State. Washington State proposes to enter into a new partnerhip with DHHS/CMS – a **Global Medicaid Modernization Initiative** -- where in exchange for a continuing commitment to ensuring entitlement, access and enrollee protections for categorical and expansion populations as well as achievement of specific service, health and cost outcomes, the state would receive flexibility to design benefit and delivery models and establish rates and payment methodologies to support those models. This **Global Medicaid Modernization Initiative** would include continuing federal Medicaid financial participation as a per capita payment for all enrollees, with the base amount and annual indexing to be negotiated.

ACTION PLAN AND REQUESTS OF DHHS/CMS

Washington State will pursue the following priority strategies and actions to achieve the Governor's goal of improving the affordability and quality of health care. Some actions can be taken within existing federal and state authorities and resources; others will require federal flexibility, waivers, resources and/or technical assistance.

VALUE-BASED BENEFIT AND PAYMENT REFORM

Intent: A health care system where public and private payers and providers test, confirm, then adopt new, common business models that sustain a strong primary care base and promote the delivery of value-based, patient-centered care.

Actions that can be taken within existing federal/state authority:

- Position the state to use its full purchasing power to get the greatest value for its money by organizationally consolidating the majority of the state's health care purchasing in the Health Care Authority.
- Collaboration with private purchasers and payers including implementation of the Multi-Payer Medical Home Reimbursement Pilot. Administered by the State Health Care Authority and launching on May 1, 2011, this pilot involves seven health insurers who have agreed to test a common way to pay physicians for keeping consumers healthy rather than just ordering treatments and tests. The State of Washington Public Employees' Benefit Program is participating in the pilot through its' self-insured PPO. Participating small physician groups of 4 to 12 practitioners will be paid a monthly care management fee, those who meet established quality criteria and are successful in reducing emergency room visits and hospitalizations will share in cost savings; those who do not achieve those results will have their fees reduced in later years of the pilot.
- Evaluate national processes used by American Medical Association (AMA) and Centers for Medicare and Medicaid Services (CMS) as vehicle for understanding value of new and expensive technologies and health care services.
- Designate and selectively contract with providers (Centers of Excellence) for specific conditions, treatments, and procedures based on demonstrated high performance (quality and cost-effectiveness).
- Expand existing incentives/deeper insurance discounts for employers offering smoking cessation in employee health and productivity programs.

Actions that will require additional federal flexibility, resources, and/or assistance:

- Complete next phase of transition from Medicaid fee for service system by accelerating the move of low-income populations -- categorically eligible aged, blind and disabled, SSI, dual Medicaid/Medicare enrollees and foster children -- to managed care delivery systems. Use of the fee-for-service system should be limited to populations such as Alien Emergency Medical, American Indians, incarcerated persons receiving care outside their institutions and other uniquely situated populations.
- Consistent use of evidence-based purchasing across all public coverage, including an enforceable preferred drug list.
- Adoption of payment reforms to support integrated delivery systems, including health homes and accountable care organizations, and which incorporates innovative payment models for sustaining critical safety net providers, including federally qualified health centers and rural health clinics.
- Adoption in Medicaid of other national payment reform strategies including restricted or non-payment for "never" events, health care-acquired conditions, and hospital readmission for selected conditions and the Medicare hospital value-based purchasing program authorized under ACA.
- Adoption of payment models that pay providers based on their demonstrated ability to meet, or exceed, specified performance standards for health outcomes and cost efficiency.
- Revise public coverage to include payment for new services (HCPC/CPT codes) only when there is supporting evidence of clinical value.

SPECIFIC REQUESTS OF DHHS/CMS:

- Maximum participation and alignment of Medicare and Medicaid in efforts to pay differently for services and care including – incenting managed care plans to utilize bundled payments or sub-capitation models; episode based reimbursement, capitation/global payments, shared savings or other incentive based payment system that rewards coordinating the continuum of care and optimizing value. This would also apply to services that are provided through the Medicaid fee-for-service system.
- Authority to apply and enforce an evidence-based prescription drug list.
- Authority to restrict choice of providers under certain circumstances to providers with specified performance standards, including those designated as Centers of Excellence.
- Authority for non-comparability of payment among providers performing the same services with different risk-adjusted outcomes.
- Ability to adopt the ACA essential health benefits for both current and "new" Medicaid eligibility groups, with additional supplemental benefits for children, pregnant women, individuals with disabilities and elderly adults.
- Engage in discussions on the possibility of pooling Medicaid and the Basic Health Plan option in a common risk pool for managed care coverage.
- Funding to support necessary planning, design, development, implementation and evaluation activities related to above items.

DELIVERY SYSTEM REFORMS

Intent: A health care system where care is integrated, culturally competent and responsive to the varying needs of rural and urban settings, where providers respond to routine reporting that highlights efficient and inefficient practices and where consumers, providers, and payers make informed decisions for more effective and efficient use of health care resources.

Actions that can be taken within existing federal/state authority:

- Transition current Patient-Centered Medical Home Collaborative to a regional, scalable model that supports culturally competent medical and behavioral health providers in both urban and rural areas to redesign and improve clinic work flow efficiencies and achieve improved outcomes.
- Build capacity to train and support nurse and MSW care managers, either as care coordinators or as leads of coordinated care management teams, to build well-coordinated systems of support that meet the needs of high risk individuals impacted by heart disease, mental disorders, substance abuse, type II diabetes, asthma, and other chronic conditions.
- Practice improvement efforts, supported by the Department of Health, will also include focused technical assistance and training in evidence-based screening and treatment of mental illness and substance use disorders, planned care strategies and education interventions for numerous chronic medical conditions, coordination of care across multiple providers and care settings, and medication management and reconciliation.
- Build new systems that incorporate public health activities and services aligned with other strategic reform initiatives. Utilize health teams that incorporate public health

nurses, community health workers, and other appropriate team members to coordinate care and linkages over a broad range of health services.
- Measure and report provider performance based on known efficient practices for prescribing drugs, use of advanced radiology, use of C-sections, etc.

Actions that will require additional federal flexibility, resources, and/or assistance:

- Expand care management and integrated health home models of delivery for targeted populations with chronic medical and/or behavioral health conditions whose care needs can be managed within a primary care based health home.
- Development of a "secondary health homes" model for those with severe or multiple chronic conditions, individuals with severe mental health/substance use disorders, and individuals with physical or developmental disabilities who require expanded services beyond those provided by a primary care health home. In concert with the managed care delivery system, these "secondary health homes" would use a community health team approach to coordinate culturally competent care among multiple specialists, as well as among providers of specialized community based social services including home care, housing, employment, personal care, oral health care, food assistance and coordination with educational and criminal justice systems.
- Implement the *Integrating Care for Dual Eligible Individuals* Project that will pilot approaches to align incentives, make consumer and expenditure information more available, develop methods for federal and state sharing of savings, coordinate care and integrate primary and secondary health home supports for people whose health costs are covered by both Medicare and Medicaid. Washington State was recently awarded a CMS planning grant to support this effort.
- Ongoing development and use of the Prescription Monitoring Program (PMP) authorized in Washington law and currently under development by the Department of Health including design of a reliable funding source that ensures the long-term viability of the PMP.
- Combine disparate public financing sources to fund coordinated medical, behavioral health and long term care services and supports.

SPECIFIC REQUESTS OF HHS/CMS:

- Authorization to require all Medicaid adults and children to be enrolled in a health home that will provide safe, effective, person-centered, timely and accessible health care. This could include enrollment in a health plan that would be contractually required to provide the health home.
- Assistance in developing policy and financing models to support the "secondary health homes" model. Items for discussion include greater flexibility in the Money Follows the Person program, integrated waiver approaches that focus on individual needs rather than eligibility categories around which delivery silos are built – senior citizens, people with developmental disabilities, or people with mental health conditions -- and financing models that incent and reward collaboration with primary care health homes including shared savings. This will be facilitated by CMS leadership and coordination of discussions across CMS and with other DHHS agencies including the Substance Abuse and Mental Health Services Administration

(SAMHSA), Administration for Children and Families (ACF), Administration on Aging (AoA), and Health Resources and Services Administration (HRSA) and with appropriate entities in the Department of Housing and Urban Development (HUD) and the Department of Agriculture to explore options for better coordination and possible blending of funding for health and social support services.

- Authority to require enrollment of individuals dually eligible for Medicare and Medicaid in organized health care systems that provide safe, effective, person-centered, timely and accessible health care. This could include enrollment in a health plan that would be contractually required to provide the health home. Appropriate opt-out criteria for enrollment will be developed. Enrollment will be expected for a minimum period of time with appropriate criteria for changing plans developed. The state further seeks authorization to blend Medicare and Medicaid funding for the dually eligible population and will seek to negotiate an agreement between Medicare and the state to identify, capture and share Medicare savings.
- Approval of ACA Section 2703 planning grant and State Plan Amendment to expand health home and health team models for targeted populations of Medicaid adults and children with chronic medical conditions and/or serious and persistent mental illness. Washington anticipates submitting a planning grant request by April 30, 2011 and a state plan amendment by August 2011.
- Funding to support the development and implementation of standardized training systems for public health nurses, community health workers, and other appropriate team members to coordinate care and linkages over a broad range of health services.
- Funding to support necessary planning, design, development, implementation and evaluation activities related to above items.

CONSUMER ENGAGEMENT

Intent: A health care system where consumers are informed and incented to take greater responsibility for managing their own health and where they have easy access to health facts, comparative information on costs and quality and available care options.

Actions that can be taken within existing federal/state authority:

- Support delivery models that use patient navigators and peer supports for high-need, high-risk and vulnerable populations.
- Enhance the effectiveness of the Patient Review and Coordination Program through use of intensive patient navigator strategy.
- Increase availability of patient decision aids to assist consumers in making informed health care decisions.
- Promote use of telehealth and web based educational tools to assist consumers in self-management of their health as well as medication and treatment adherence.
- Support policy and delivery models with a focus on self-management, using coaching and patient activation strategies – make the healthy choice the easy choice.

Actions that will require additional federal flexibility, resources, and/or assistance:

- Design cost sharing options that promote the use of cost-effective treatments, devices and providers and adherence to treatment regimens to improve patient health outcomes. Cost

sharing will not be imposed on preventive services or those conclusively linked with better outcomes (e.g. diabetic supplies).
- Expand the proven Washington State Quit Line model to a Health Line addressing nutrition and physical activity – guiding participants in evaluating their current behavior choices and then equipping them with knowledge, skills, and resources to make lifestyle changes.

SPECIFIC REQUESTS OF DHHS/CMS:

- Authority to establish and enforce point-of-service variable cost-sharing on the part of Medicaid patients to encourage informed consumer behavior, promote utilization of primary and preventive care benefits, promote adherence to treatment regimens and discourage inappropriate use of specialty care for primary and preventive care purposes.
- Medicaid participation in prevention investments including financing of Quit Line/Health Line and the Prescription Monitoring Program.
- Funding to support necessary planning, design, development, implementation and evaluation activities related to above items.

PREVENTION AND WELLNESS:

Intent: *Connect prevention-focused health care and community efforts to increase preventive services*. Both clinical and community-based prevention are central to improving and enhancing health. Clinical and community prevention efforts need to be mutually reinforcing – individuals need to receive appropriate preventive care in clinical settings (for example, primary care providers should counsel their patients about the benefits of not smoking or of quitting if they do smoke) and also be supported by community-based resources (such as telephone quitlines that help people stop using tobacco). Identifying and supporting preventive clinical efforts in a variety of sectors, e.g., worksites, is an important component to the early identification of health problems and to enhancing health.

Actions that can be taken within existing federal/state authority:

- Provide individuals the tools they need to engage in more physical activity, since even small amounts of activity can lead to major health improvements. The communities we live in should allow greater opportunities for activity, including places for safe and affordable public recreation and increased availability of sidewalks. Everyone must also be given the tools to take responsibility for their eating habits, including nutritional recommendations and information and access to supermarkets and affordable healthy foods.
- Implement regional *Centers for Excellence* to promote community-based solutions aimed at preventing chronic disease and addressing the risk factors of chronic disease that contribute to high costs of health care. The centers will comprise a statewide system that serves multiple counties to promote regional strategies to reduce tobacco use, increase physical activity, and improve nutrition. These centers will align and coordinate community-based strategies and health care practice improvement initiatives and create a stronger capacity to respond to the ongoing chronic disease health threats across the state. These centers are a critical strategy to assure the public health and health care workforce

is cross-trained to address the crucial components necessary to fight chronic disease in Washington State. Long term outcomes will include reduction of tobacco use, changes in body weight, increase in physical activity and consumption of fruits and vegetables, and reduced health care costs. Specific center strategies include:

- Provide training and technical assistance in proven community based policy prevention initiatives, screening and treatment of mental illness and substance use disorders, and education interventions for chronic conditions, coordination of care across multiple providers and care settings and medication management and reconciliation.
- Conduct regional community health assessments, identify regional health priorities, and assure standardized data collection. Assessment data will be used to target health disparities, communities and populations with high rates of chronic conditions.
- Engage communities in planning and implementing prevention policies and programs.
- Engage Medicaid providers in practice improvement efforts to assure affordable high quality care.
- Ensure collaboration and alignment across the various entities that impact health and health outcomes such as education, housing, transportation, health care, public health and economic development to support state level programs, policies and initiatives.
- Align community based prevention work with practice improvement efforts.

Through targeting both prevention and quality treatment of these conditions, we maximize our efforts to improve care and lower costs.

Actions that will require additional federal flexibility, resources, and/or assistance:

- Work with communities and make a concerted effort to address the needs of low-income and minority groups. Public health leaders will develop relationships with trusted organizations and stakeholders in diverse communities. Communication and community engagement must be ongoing to understand the disparate needs of various populations.
- Policies must address the ongoing gaps in services to low-income and underserved minority communities.
- Preventing illness requires policymakers and public health professionals to think across silos. Instead of preventing one disease or condition at a time, we will implement public health interventions that can help prevent multiple conditions and benefit communities. We will support local public health jurisdictions by providing flexibility to allow the development of cross-cutting programs.

SPECIFIC REQUESTS OF DHHS/CMS:

- Financial participation in support of regional *Centers for Excellence* described above.
- Assistance with increasing collaboration and communication between Washington's Healthy Communities Partnership and federal agencies (aligned with National Prevention Council).

ADMINISTRATIVE SIMPLIFICATION

Intent: Reduce administrative costs for public and private health care entities through timely and efficient processing of business transactions between providers, payers and government. Simplify eligibility and enrollment processes to facilitate initial and continuing health care coverage for individuals.

Actions that can be taken within existing federal/state authority:

- Adopt the Washington State Office of Insurance Commissioner's (OIC) administrative simplification principles and requirements across all state purchased health care including uniform standards for professional credentialing, electronic eligibility and coverage verification, processing health care claims, and utilization management.

Actions that will require additional state authority:

- Require paperless transactions for provider communications, claims submissions, and authorization of services.

Actions that will require additional federal flexibility, resources, and/or assistance:

- Align income eligibility standards to provide a more seamless eligibility process for persons whose incomes change overtime resulting in their movement between Medicaid and health coverage through the Exchange.

SPECIFIC REQUESTS OF HHS/CMS:

- Demonstration project that would allow the ACA Modified Adjusted Gross Income (MAGI) methodology to be used for determining eligibility for adults eligible for Medicaid, Basic health option and subsidized coverage in the state's Health Benefits Exchange. The use of MAGI would allow for a more seamless eligibility process for persons whose incomes change overtime and move between Medicaid and the Exchange and avoid expensive modifications to the state's Automated Client Eligibility System (ACES).
- Engage in discussions regarding options for allowing low-income persons to retain their existing plan and coverage during the year when their income transfers their coverage between Medicaid and the Exchange.
- Funding to support necessary planning, design, development, implementation and evaluation activities related to above items.

STAKEHOLDER INVOLVEMENT

As Washington State engages with HHS/CMS in negotiating a Global Medicaid Modernization Initiative, it will seek the input of Medicaid consumers and their representatives, Tribes, public and private providers including health plans and Regional Support Networks, other public purchasers, local government and the general public. Stakeholder work has already begun around better integration of behavioral and physical health across the Medicaid delivery system, engaging counties around the critical role they play in the delivery of "wrap around" services such as housing and employment and early discussions with the Developmental Disabilities and Long Term Care communities on health reform and the roles they play in the health care delivery

system of the future. While additional stakeholder engagement on all elements of the proposed Global Medicaid Modernization Initiative will occur, a specific priority will be placed on payment reform strategies as these efforts will lay the foundation for other critical reforms to be developed and implemented.

An organized process for receiving input from and transmitting information to stakeholders will be initiated. Frequent opportunities for review and input including use of focus groups and opportunities to comment on draft materials will be provided. Regular updates and reports will be provided to the Joint Legislative Select Committee on Health Reform Implementation. The assistance of DHHS/CMS in the form of resources to support these stakeholder engagement activities is requested.