Washington State Department of Social & Health Services

ALTSA Aging and Long-Term Support Administration

FINAL

2014 SUPPLEMENTAL BUDGET

HEALTH PATH WASHINGTON

Request	FY14	FY15	13-15
FTE	9.6	12.0	10.8
GF-State	$0	$269,000	$269,000
Total	**$1,389,000**	**$2,267,000**	**$3,656,000**

DECISION PACKAGE SUMMARY

Washington was awarded a developmental grant to design improved coordination of services and manage costs for clients dually eligible for both Medicaid and Medicare. The design grant does not require a state match in the first year of development; however, there is a 25% state match in the second year and 50% match in subsequent years. Fifty percent is the usual match rate for Washington state Medicaid programs.

PROBLEM STATEMENT

Expenditures on dually eligible beneficiaries are a key driver of Medicaid costs in Washington and across the nation. Washington State has worked with the Centers for Medicare and Medicaid (CMS) since 2011 through a design contract for a "*Demonstration to integrate care for Dual Eligible Individuals*". The goal of this initiative is to test innovative service delivery and payment models that will enrich quality of care and reduce costs under Medicare and Medicaid. A formal grant proposal was submitted to CMS in April 2013. This opportunity will support Washington to provide comprehensive health and social supports to decrease costs, improve the patient experience and better utilize existing resources for some of the highest cost beneficiaries in King and Snohomish counties.

PROPOSED SOLUTION

The Medicare/Medicaid Integration Program (MMIP) strategy will use a full-risk managed care model of health delivery that coordinates Medicare, Medicaid and state-funded medical services, behavioral health services, long-term services and supports, and community resources to better serve the needs of the whole person in a manner that is more seamless to the beneficiary. The MMIP will test an innovative payment and services delivery approach to alleviate the fragmentation and improve coordination of services for dually eligible enrollees, enhance quality of care and reduce costs for both the state and the federal government. The focus is service delivery for a dually eligible population of approximately 41,000 children and adults through health plans in King and Snohomish Counties. This federal and state partnership will enter into separate three-way contracts between the Centers for Medicare and Medicaid Services, Washington State and health plans.

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The model will provide high touch care coordination services embedded in health plan contract expectations with a single point of contact and a coordinated plan of care. Tiered care coordination will be available with a variety of outcome measures, a quality incentive pool and risk adjusted rates.

The Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) will jointly administer the demonstration. The Department of Social and Health Services will act as lead. The demonstration will test the model between May 1, 2014 and December 31, 2017.

EXPECTED RESULTS

This demonstration provides an opportunity for the state to share in Medicare savings. The demonstration is expected to decrease avoidable hospitalizations, postpone institutional placements, eliminate duplicate services, identify and fill in service delivery gaps and avoid unnecessary emergency room visits. Cost-offset studies show that care coordination pays many dividends, including decreased jail visits for mental and substance abuse beneficiaries.

The shared goals of the demonstration are:

- Better health care by improving all aspects of beneficiary care;
- Better health by encouraging healthier lifestyles in the entire population; and
- Lower costs through improvement by promoting preventative medicine, improving coordination of health care services, and reducing waste and inefficiencies.

STAKEHOLDER IMPACT

During the planning phase of the demonstration project, a diverse stakeholder audience including public and private organizations, advocacy groups, provider associations, local county governments, labor partners, health plans and beneficiaries of service clearly voiced their support of the project and expressed concern about the gradually reduced funding in years two and three of the project. These representative stakeholders would support this proposal.

ALTERNATIVES CONSIDERED

Lack of funding would result in the loss of federal funding and support for the collateral projects already funded such as Aging and Disability Resource Center grants. It would also leave two of the most populated counties without the opportunity to impact high health care costs of persons with chronic conditions and result in the state's inability to evaluate and test outcomes and cost savings of an innovative model.

Continuation of the demonstration is dependent on the state's ability to meet match requirements in years 2 and 3 of the project. There are no other funding options.

Karen Fitzharris (360) 725-2254

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