

## EXECUTIVE SUMMARY

### GLOBAL MEDICAID TRANSFORMATION WAIVER DEMONSTRATION

Washington State proposes a five-year Medicaid demonstration waiver in partnership with the Centers for Medicare and Medicaid Services (CMS) under Section 1115 of the Social Security Act. We refer to this agreement as the global Medicaid waiver. The state intends to collaborate closely with all interested parties in the further development and implementation of initiatives under this waiver.

**What** – Washington is proposing this global Medicaid waiver to provide increased flexibility in our Medicaid program and to support upfront investments to transform the health delivery system. It will increase Washington’s ability to fully implement the policy direction established under Healthier Washington and guided through legislative directives.<sup>1</sup>

Over five years, Washington will demonstrate that targeted investments designed to deliver whole person care and impact the social determinants of health outside the traditional health care delivery system are critical to achieve the triple aim – better health, better care and lower costs.

Washington seeks a \$3 Billion federal investment over five years to fund nontraditional services critical to achieving improved health and sustaining independence for targeted populations, along with other strategic investments that:

- Bend the Medicaid cost curve by two percentage points<sup>2</sup> below national trends.
- Reduce institutionalization in acute care hospitals, psychiatric hospitals, and nursing facilities.
- Improve population health.<sup>3</sup>
- Accelerate payment reform to pay providers for better health outcomes.<sup>4</sup>

The flexibility available through 1115 federal waiver authority provides an opportunity to address existing health care delivery challenges and respond to the added pressure of an aging population and Medicaid expansion. For Washington, a global waiver enables the state to transition from fragmented systems of care and social supports to a sustainable, high-quality, integrated health system that improves the care experience and outcomes for Apple Health (Medicaid) enrollees. It will blend a set of interconnected strategies to collectively build a stronger, healthier system.

The state proposes four investment domains that advance Washington’s strategies for sustainable Medicaid transformation. Within each domain is a list of correlated transformational activities. Together, the domains and respective transformational activities create a portfolio of investment areas to support the necessary capacity building, service flexibility, and

Goals	Strategies	Investment Domains	Sample Transformation Activities
Bend the Medicaid curve by two percentage points below national trends.	Fully integrated managed care systems for physical and behavioral health services.	Delivery System Transformation	<ul style="list-style-type: none"> <li>• Bi-directional integrated delivery of physical and behavioral health services</li> <li>• Alignment of care coordination and case management to serve the whole-person</li> <li>• Transitional care focused on specific populations</li> <li>• Outreach, engagement, and recovery supports</li> </ul>
Reduce avoidable institutionalization in hospitals, psychiatric hospitals, and nursing facilities.	Clinical-community linkages with mutual accountability for results.	Health Systems Capacity Building	<ul style="list-style-type: none"> <li>• Workforce development</li> <li>• System infrastructure, redesign, technology, and tools</li> <li>• Provider system supports to adopt value-based payment models</li> </ul>
Improve Population Health	Targeted long-term services and supports, enabling individuals to delay or avoid more costly services.	Population Health Improvement	<ul style="list-style-type: none"> <li>• Trauma-informed practice and community supports to address adverse childhood experiences (ACES)</li> <li>• Substance use/abuse prevention</li> <li>• High risk pre-natal interventions</li> <li>• Diabetes / pre-diabetes, tobacco use, obesity and suicide prevention</li> </ul>
Accelerate payment reform to pay providers for better health outcomes (value-based purchasing).		Targeted Long Term Services and Supports	<ul style="list-style-type: none"> <li>• Pre-Medicaid community-based supports, including informal caregiver supports</li> </ul>



comprehensive reform needed to achieve Washington's Medicaid Transformation vision.

Investments in transformation activities will prioritize evidence and research-based interventions. Like many of the examples provided, selected transformational activities have been previously tested to demonstrate desirable outcomes and a high likelihood of successful replication. Promising practices that show potential for desirable outcomes based on a well-established theory of change or preliminary analysis, particularly for ethnic minority and Tribal communities where evidence-based practices have not been fully researched will also be considered. We also see opportunity to recognize and support regions in addressing regional capacity gaps to carry out statewide priorities and succeed in ensuring the fidelity of the models.

**How** – Medicaid transformation will be accomplished through transformational activities at the regional and state levels. At the regional level, to coordinate delivery system reform activities, the State will leverage its partnership with Accountable Communities of Health (ACHs). These regionally organized public-private collaboratives will align priorities, actions, and investments to facilitate and support their memberships to develop and sustain more accountable and integrated care delivery—with improved overall health for Washingtonians.

At the state level, key transformational activities will be implemented, such as: supportive housing and supported employment services, investments in outreach and engagement, and activities designed to delay or reduce the need for Medicaid long term services and supports. These statewide programs will provide a foundation to improve coordination and delivery of Medicaid services. They will enhance effective linkage of coordinated physical and behavioral health, long term services and supports, and other social supports and provide access to services essential to more effectively engaging Medicaid clients in improving their health.

Washington proposes a "Delivery System Reform Incentive Payment" program (DSRIP) as a tool for investing in transformation activities that are directly linked to measureable outcomes. DSRIPs are performance-based incentive programs with funding tied to advancing the overall vision for the state; the intended result is long-term federal savings in Medicaid spending. Over the course of a demonstration project, DSRIP activities must show measurable improvements in outcomes and must demonstrate how these improvements can be sustained once DSRIP funding ends.

**When** – The stakeholder engagement process is well underway and additional details will be developed and shared as they become available. Washington intends to submit its waiver application in the summer of 2015 and is targeting spring 2016 for CMS approval.

**Why** – This waiver is a critical component of Washington's broader delivery system transformation. The purpose of the demonstration is to complement and strengthen a number of existing initiatives, including the State Innovation Model Test grant.<sup>5</sup> These investments are not enough to assure full adoption of change and engagement in care delivery and value-based purchasing by the Medicaid delivery system. The concept proposed for the Medicaid Transformation Waiver addresses this void and assures the sustainability of these changes beyond the five-year waiver demonstration period.

New demands on the state's Apple Health program require a new approach. Over the last 16 months, Washington's Apple Health program has added nearly 550,000 newly eligible adults, with a wide span of care needs. We have a Medicaid delivery system largely built for low income families, disabled and elderly



individuals. Nearly 1/3 of our Medicaid population now brings very different needs and the challenges of program sustainability are the cornerstone of this global waiver. Today's Medicaid payment and delivery system approaches must adapt to this new reality.

Rapidly changing demographics will also generate escalating demand for long-term services and supports (LTSS) as the 65 and over population is expected to double over the next 20 years. The projected growth of this population will increase LTSS and all other health care costs significantly. As individuals grow older, the need for long-term services and supports increases dramatically. Finding innovative approaches for meeting this growing demand and preventing or delaying the needs for high cost care is necessary.

Apple Health consumers and their families rely on a health delivery system that supports improved outcomes. They require better integrated care that coordinates physical care, behavioral health care services, and social supports. They depend on responsive services in community settings that maximize their ability to control daily decisions that affect them. Bottom line, they need a Medicaid program that is more accountable and streamlined, while producing reliable outcomes. This is the primary aim of Washington's pursuit of a global waiver.

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<sup>1</sup> [Engrossed Second Substitute House Bill 2572](#) (2013)—“Better Health Care Purchasing”; [Second Substitute House Bill 6312](#) (2013)—“Treating the Whole Person”.

<sup>2</sup> Washington State Health Care Innovation Plan, [www.hca.wa.gov/hw/Documents/SHCIP\\_InnovationPlan.pdf](http://www.hca.wa.gov/hw/Documents/SHCIP_InnovationPlan.pdf).

<sup>3</sup> As measured by [Washington State Common Measure Set for Health Care Cost and Quality Report](#), page 6, December 2014. For population health measures and [Cross System Performance Measures for Medicaid as required by 5732/1519](#);

<sup>4</sup> As part of the State's Health Care Innovation Plan, the state aims for 80% of payments to providers to be on the value-based continuum by 2020.

<sup>5</sup> Washington received a \$65 million Round 2 model test grant from the Center for Medicare and Medicaid Innovation (CMMI), under the State Innovation Model (SIM) program.