Washington State
Health Care Authority

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July 2, 2010

TO: Health Care Cabinet Members
Susan Dreyfus, Secretary, DSHS
Judy Schurke, Director, L&I
Mary Selecky, Secretary, DOH
Eldon Vail, Secretary, DOC

FROM: Doug Porter, Administrator
Health Care Authority

SUBJECT: Status Report

I thought it might be helpful to provide a report to the Health Care Cabinet on efforts to date to prepare for National Health Reform, the consolidation of health care purchasing, and the merger activities between the Health Care Authority (HCA) and Medicaid.

Much progress has been made on the Medicaid Bridge Waiver and discussions across organizations related to implementation of National Health Reform – *the Washington Way*. Many longer-term opportunities exist for the newly constituted Health Care Authority; however, certain short-term opportunities have become apparent and I wanted to share the short list with you:

- Established work groups on the Health Insurance Exchange and Low-income Expansion
- Shared procurements for Basic Health and Medicaid managed care contracts
- Leverage of ProviderOne infrastructure to benefit other state agencies
- Collaborative purchasing between HCA and DOC
- Identified Organizational Efficiencies for HCA and Medicaid

National Health Reform

Medicaid, in the person of Roger Gantz, is taking the lead on convening the workgroup on **Low-income Expansion**, although the membership of that workgroup will include HCA, DSHS, OFM and Legislative staff, as appropriate. A 52-page matrix of activities mandated or authorized by the Patient Protection and Affordable Care Act (PPACA) is available for those interested. Three immediate issues to be dealt with are the waiver to obtain federal participation to subsidize the Basic Health Program (BHP) and framing the question of BHP's status as of January 1, 2014, and its relationship to Medicaid and the Health Insurance Exchange, as well as the interface between the Exchange and Medicaid eligibility systems.

The Health Care Authority, in the person of Richard Onizuka, is taking the lead on the workgroup on the **Health Insurance Exchange –** for which I will use the acronym HIX, to differentiate it from the acronym HIE that has already been appropriated at the national level for the Health Information Exchange.

This workgroup will have a similar composition to the Low-income workgroup, and a detailed activity matrix for this workgroup is also available. Chief questions to be framed by the workgroup including: should the state or the federal government be responsible for the operation of the HIX, and if the state – should that be an executive branch function, or should responsibility be given to a quasi-governmental or independent agency.

Health Care Purchasing Consolidation

- **Joint Managed Care Procurement:** The Health Care Authority's Basic Health (BH) program and the Medicaid Purchasing Administration's (MPA) Healthy Options (HO) program currently contracts with most of the same health plans. While the overlap is not exact, it is significant. There is also considerable overlap in the populations covered by each program. Depending on the state's decision to adopt the NHR's BH option for state administered coverage for persons between 133% and 200% of federal poverty level, there may be further options to link purchasing for all low-income citizens up to 200% of federal poverty level.

  BH coverage (approximately 65,000 members) is delivered through a managed care delivery system. Currently, 60% (608,000) of Medicaid clients receive coverage through a managed care delivery system. With enrollment of all *Apple Health for Kids* children in managed care and the legislative directive to consider enrollment of non-dual eligible Medicaid clients, managed care enrollment could account for 75% (approximately 750,000) of all enrollees.

  The table below outlines a joint purchasing strategy, including a proposed timeline, as Washington State moves towards fully implementing NHR by 2014.

2010	Planning begins immediately for amendments to the Plan Year 2011 contracts for BH and HO and to issue a joint Request for Proposal for plan Year 2012.
Plan Year 2011	BH and HO contract amendments, including common quality measures, common data reporting approaches, common program integrity requirements and standardized plan expectations (e.g., reporting to the Puget Sound Health Alliance, participating in Office of the Insurance Commissioner administrative simplification efforts, use of common performance standards, participating in pilots and collaborative, administrative cost structure, care management approaches, etc.). BH renews existing contracts and amends as noted above. HO contracts are amended and extended to December 31, 2011 (except rates) so that end dates for both contracts align.
Plan Year 2012	Plans operate under new contract terms, although a separate benefit design is created for each program. If permitted by CMS, the programs could be blended under a single contract. Depending on the success of Washington 1115 demonstration waiver application, consideration may be given to also pooling the various populations while retaining multiple benefit designs. Behavioral health services are included in the benefit design for most members.
Plan Year	BH and HO begin operating under a single name, unless BH is the option for

2013	covered lives between 133-200 FPL. Systems and processes will be developed to provide seamless coordination for State coverage options. Quality standards, performance measures, payment methodologies, risk adjustments (if appropriate and financially prudent to continue), and payment integrity approaches are standardized. As appropriate, a separate behavioral health package is developed for individuals with severe and persistent mental illness.
Plan Year 2014	Populations below 133% of FPL are enrolled in Medicaid. Those above 133% of FPL are enrolled in subsidized Health Benefit Exchange, the state Basic Health plan option, or expanded Medicaid. Plans are common and members can transition from Medicaid to the Exchange and vice-versa without changing providers or health plans.

- **Multi-agency use of contracted services for advanced diagnostic imaging authorizations:** Advanced diagnostic imaging has been identified as one of the highest cost/utilization control opportunities for state-purchased health care programs to use common evidence-based guidelines and decision-support mechanisms. Shared contract consultants will ensure evidenced-based purchasing across worker's compensation, Medicaid, and state employees. Discussions are nearly concluded to determine whether HCA and Medicaid could use, by amendment, the contract currently held by Labor and Industries (L&I), or if a separate procurement needs to be conducted.

- **Department of Corrections/Health Care Authority Joint Purchasing Project:** Staff across the two organizations have met and agreed to form three workgroups to move the following initiatives forward:

  - Information Technology DOC/Medicaid**:** A workgroup will consider utilization of ProviderOne's claims processing and reporting functions for use by DOC. Additionally, the group will consider if it might make sense for DOC health care providers to submit claims data (not for payment) in order to collect and then receive encounter data reports. Lastly, DOC is interested in automating their pharmacy program and would like to look at the system used in the mental health hospitals. For this discussion, DSHS mental health staff will be included.

  - Standardize Rate-Setting Methodologies and Contracts**:** This group will consider, with a special emphasis on hospitals, the potential to standardize rate setting methodologies and movement to standard contracts. Through this work, discussion will occur related to network capacity and ways for network expansion. HCA staff will be included as some HCA health care plans have expressed interested in DOC service opportunities.

  - Pharmacy Benefits Management (PBM) Study: DOC had been planning to hire a contractor to explore opportunities to implement a PBM model. Discussion occurred that this study might be expanded to include Medicaid and HCA. HCA staff will be included in this workgroup.

A fourth workgroup will be established to focus on release strategies that ensure Medicaid eligible inmates scheduled for release are Medicaid enrolled and able to obtain Medicaid services upon release. Immediate enrollment assures continuity of care, compliance with treatment plans and enhance employability.

Health Care Authority - Medicaid Merger

Past Successes

The Health Care Authority and Washington's Medicaid program have been a winning team across agencies since 2003 when they joined forces and developed one of the nation's first Medicaid Preferred Drug Lists. What follows are highlights of successful efforts from 2003-2009.

Preferred Drug List: This project created common sets of preferred and non-preferred drugs based on scientific research into the relative safety, efficacy and effectiveness of prescription drugs, and sorted them into categories.

Health Technology Assessments: This innovative program uses scientific evidence, a panel of clinicians, and practical demonstrations by the developers of new technologies to make sure that the devices and therapies are safe as well as more effective than existing technologies.

Opioid Dosing Guideline for Chronic Non-Cancer Pain: The opioid dosing guidelines were developed by an interagency group of agency medical directors, working in conjunction with pain specialists and other health care providers to address the growing problem of deaths in our state from narcotic overdoses.

Coding and payment standards: Medicaid, HCA and the Department of Labor and Industries now meet monthly to review coding, rate setting, and policies that affect provider payments (professional and facilities).

Near Term Joint Purchasing Opportunities

Shared Systems Infrastructure: Plans are immediately underway to leverage existing Medicaid information technology systems to "slim down" the scope of a future HCA system implementation. Capacity exists for the new Provider One system to provide system and data warehousing support to the Basic Health Plan and PEBB.

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Immediate Organizational Opportunities: Opportunities exist to streamline state government and move to shared services of back office and purchasing functions across the joint Health Care Authority and Medicaid programs and product lines to ensure that existing resources are deployed efficiently and with no overlap or duplication of effort. Plans are being drawn for the new organizational structure in partnership with the Office of Financial Management and will be implemented over the next nine months.

An announcement on the first step in shared services consolidation is scheduled for next week.

Attachments

cc: Jay Manning
Kari Burrell
Jonathan Seib