

August 21, 2015

Dorothy Frost Teeter
Director
Health Care Authority
Attn: Medicaid Transformation
PO Box 42710
Olympia, WA 98504

Dear Dorothy:

The Washington State Medical Association applauds the Health Care Authority effort to seek a Medicaid Transformation Demonstration Waiver in order to achieve its five year goals of improved health, better care, and lower costs. We agree that the waiver has the potential to give our state's Medicaid program the flexibility it needs to allow new innovative models of care, with hopefully the financial support providers, including physicians, need to successfully evolve and adapt to this new practice environment. Yet we have strong concern that the lack of detail regarding basic aspects of the proposal could engender a lack of physician and community support. An explanation of those concerns is offered below:

Building Blocks for the Transformation

Initiative 1: Transformation through Accountable Communities of Health (ACHs) (pages 4 – 6)

Need for uniform ACH Framework

The ACH model as described would provide each of the nine ACH regions with the flexibility to tailor their care delivery to address local needs. Yet there does not appear to be a template for some operational uniformity across all the ACHs.

For example, all the ACHs will need to report out to the Health Care Authority (HCA) on performance measures. A potential risk is that should each ACH evolve in isolation, there could be too much "variation" in their respective operational models, which in turn could pose a challenge to the state in aggregating data in analyzing the activities of all the ACHs in a cohesive fashion. Understandably, those details will need to be worked out over time.

The WSMA recommends that the HCA include in the draft application a general description of a uniform framework that would best facilitate methods for data reporting by the ACHs to the HCA in a consistent and useable manner.

Practice Transformation Support Hub (page 6)

Need a model/demonstration practice

For physician practices and other providers, the transition to value-based care models will best be conducted in an incremental manner, providing sufficient time as not to jeopardize existing care delivery activities. One example to consider is a shadowing model, whereby new requirements for performance data reporting are conducted in parallel to traditional activities. In that manner, practices and providers can learn how the new methods will operate, what new activities the providers will need

to perform, and then allow for incremental transition to the new activities when feasible, to avoid any adverse impact to patients and their health outcomes.

Initiative 2: Provision of Targeted Long-Term Services and Supports to Individuals at Risk of Utilizing more Intensive Care (pages 6 - 7)

Need for detail on mechanisms and safeguards to achieve goal of quality and cost-effective care.

While the construct of using long-term services in the most clinically appropriate and cost-effective manner is sensible, the WSMA recommends that the HCA articulate in some detail the mechanisms it envisions that will ensure that patients' quality of care needs will be met under these new models. For example, if a cohort of patients will not qualify for nursing home services, it is unclear as to what manner of care giving skills will be required by other individuals and organizations to absorb that load.

Furthermore, it is also unclear whether the HCA has assessed the size of the workforce – including family members of the patients – that would be needed.

We have experienced the effects of a strategy of ending the institutionalization of mental health patients, which decreased those associated expenditures incurred by selected state agencies, but which also in many cases merely released those patients into the streets with little or no continuity of care. A similar undesirable outcome could potentially occur by limiting access to long-term services. Therefore the HCA should articulate what safeguards will be in place in order to avoid a failure of this proposal.

Initiative 3: Provision of Targeted Foundational Community Supports (page 7)

Need for strategy and model for community supports

Clearly a strategy to directly address the social determinants of health presents a laudable yet very ambitious set of goals which will require a broad range of solutions. From the description provided, however, it is unclear as to whether any successful models exist for this transformative strategy or whether the HCA has any detail as to the mechanisms/safeguards that are envisioned to achieve the goals. If so, the WSMA recommends that the HCA provide some references in the application to better illustrate the successes that could be replicated here in Washington.

Sustainability of the System (pages 7 – 8)

Recommendation to articulate systemic cost savings

While expenditures may be reduced by eliminating access to more intensive services and by conducting earlier interventions in patients' care, the concern is that some of these strategies do not achieve actual savings but merely perform cost shifting to other components of society and governmental entities. The WSMA recommends that the HCA include detailed examples within the application that illustrate true *net savings* across a broader societal standpoint, as that would make for a stronger application.

Need for clear and defined description of technical support available to all ACHs

It is unclear as to the level of technical support and guidance that the ACHs will have, either received from the state or by an ACH's own research and development. For example, the HCA could provide well-researched examples of successful regional care delivery models, rather than expecting each ACH to find solutions through its own isolated efforts.

The WSMA recommends that the HCA more thoroughly describe in the application the level of technical support and guidance that the HCA will provide to the ACHs.

Recommend description of long-term capabilities and expectations of predictive modeling

Regarding predictive modeling capabilities, it is unclear as to whether each ACH will be provided with an ongoing continuum of robust support and analyses of their respective populations, to better enable each ACH to direct those care needs longitudinally.

The WSMA recommends that the HCA more specifically describe this aspect of its support to the ACHs, or alternatively, describe the expectations that the ACHs would need to research and develop independently.

Section III – Demonstration Benefits and Cost Sharing Requirements (pages 20 -21)

Need support and detail of how estimates for client costs determined.

In “Supportive Housing,” HCA estimates the per client cost at \$600, but does not provide any details as to how that estimate was calculated. The WSMA recommends that the application provide additional details in support of that estimate.

In “Supported Employment,” no estimated costs are provided. The WSMA recommends that the application provide some rough estimate of those costs with supporting details.

Section IV – Delivery System and Payment Rates for Services (page 26)

Initiative 1: Transformation through Accountable Communities of Health

Need for detail and assurance of technical and/or financial support

It is unclear as to what level of technical and/or financial support the HCA intends to provide to the many stakeholders in helping to establish a longer term sustainable business case for these delivery models, once those Demonstration funds have been fully expended.

The WSMA recommends that the HCA offer a more complete description of the technical and/or financial support envisioned for that phase of the initiative.

Defining the projects providers will undertake to enable transformation. (pages 26 – 27)

Need for description of how variance in care will be tracked

If the HCA will allow the ACHs to exercise regional flexibility for these projects, it is not clear as to how such variations in care delivery will be tracked by the ACHs or the HCA.

The WSMA recommends that the HCA describe how those variations in care delivery and performance outcomes will be monitored.

Role of the ACHs. (page 29)

Need for detail on standards for basic reporting data

As commented above, there does not appear to be a template that would create for some operational uniformity across all the ACHs.

The WSMA recommends that the HCA include in the draft application a general description of a uniform framework that would best facilitate methods for data reporting by the ACHs to the HCA in a consistent and useable manner.

Ensuring that Demonstration funds are used effectively. (pages 31 – 32)

Request clarity on advance funds to ACHs

Regarding the statement “Once an ACH has reached the required process milestones or outcome metrics, the State will release funds to the ACH” this payment model raises a concern. If the release of any funds is premised on the ACH first achieving (“reached”) process milestones and outcome metrics, it appears that the ACH would not have early access to needed start-up funds. Note that CMS modified its Medicare ACO model to allow for advancing funds to qualified new organizations to underwrite their initial activities.

If the HCA's model would not advance funds to ACHs for start-up activities, then the WSMA recommends that the HCA revisit that component and provide a mechanism to advance funds to the newly forming ACHs where needed. In contrast, if the WSMA has misinterpreted the HCA's intention here, then a revised description in the draft application, with better clarity on that point, is advisable.

Similarly, physician practices and other providers in some cases may need access to some advance payment to help with start-up activities, such as in transitioning to new value-based care methods. If the HCA amends its model as recommended above, then the ACHs would be in a position to, in turn, offer advance funds to practices and other providers to accomplish those activities. Absent those funds, practices and other providers may not be able to successfully adopt those new methods.

It is unclear as to how, and by whom, the thresholds of "high-performing" providers would be established. Will there be statewide standards developed by the HCA, or will each ACH create its own? The WSMA recommends that the HCA provide further clarity on this point.

Ensuring the sustainability of transformation. (pages 32 – 34)

Need for continued stakeholder involvement for provider "buy in"

As there is no mention of the role of stakeholders here, the WSMA recommends that the HCA include clarification that it will engage the provider community in developing reasonable and acceptable methodologies for quality-based supplemental payments.

Thank you for considering our comments when finalizing your application.

Sincerely,



Bob Perna

WSMA Director of Health Care Economics and Practice Support

Copy to: WSMA Executive Committee
 Jennifer Hanscom, Executive Director/CEO
 Katie Kolan, Director, Legislative and Regulatory Affairs