Washington State Health Care Authority

Washington State Department of Social & Health Services

Transforming lives

Progress Update: 2016 Medicaid Purchasing

Adult Behavioral Health Task Force
November 14, 2014

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Overview of Today's Topics

- Regional Service Areas Designation
- Early Adopter Implementation
- Behavioral Health Organization Implementation

Regional Service Areas Designation

Legislative Directives (Senate Bill 6312)

Purchasing Reforms

- **Regional purchasing -** DSHS & HCA jointly establish common regional service areas for behavioral health and medical care purchasing
- County authorities elect fully integrated purchasing (**"Early Adopters"**) by April 2016, with opportunity for shared savings incentive payment (up to 10% of state savings in region)
- **Other regions – separate managed care contracts** for physical health (MCOs) and integrated behavioral health care (newly created **Behavioral Health Organizations)**

Clinical Integration

- Primary care services available in mental health and chemical dependency treatment settings and vice versa
- Access to recovery support services
- Opportunity for dually-licensed CD professionals to provide services outside CD-licensed facility

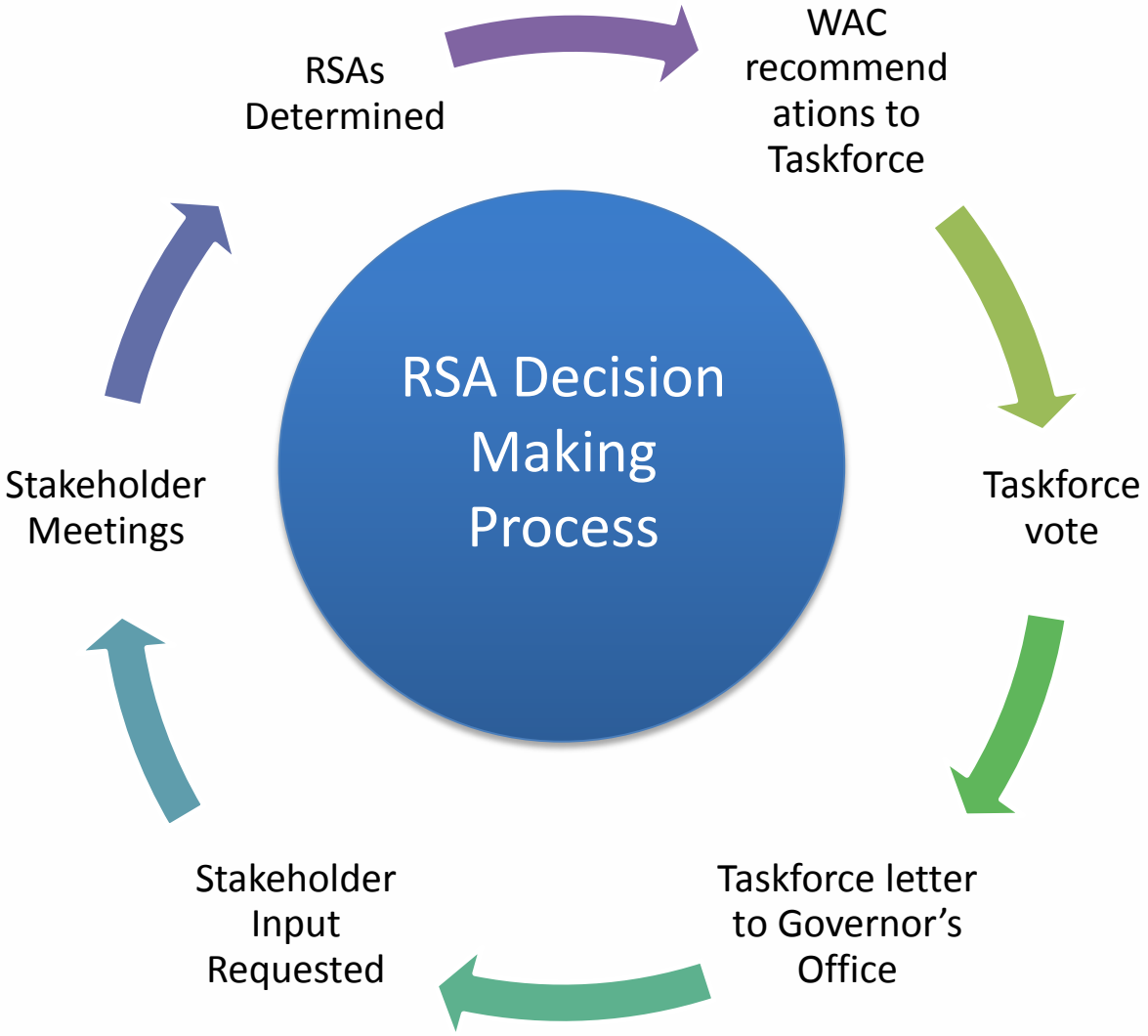
Criteria for Regional Service Areas

- Include full counties that are contiguous with one another
- Reflect natural medical and behavioral health service patterns
- Include a sufficient number of Medicaid lives to support full financial risk managed care contracting
- Ensure access to adequate provider networks
- Minimize disruption of business relationships (i.e., provider, payer and community) that have evolved over time

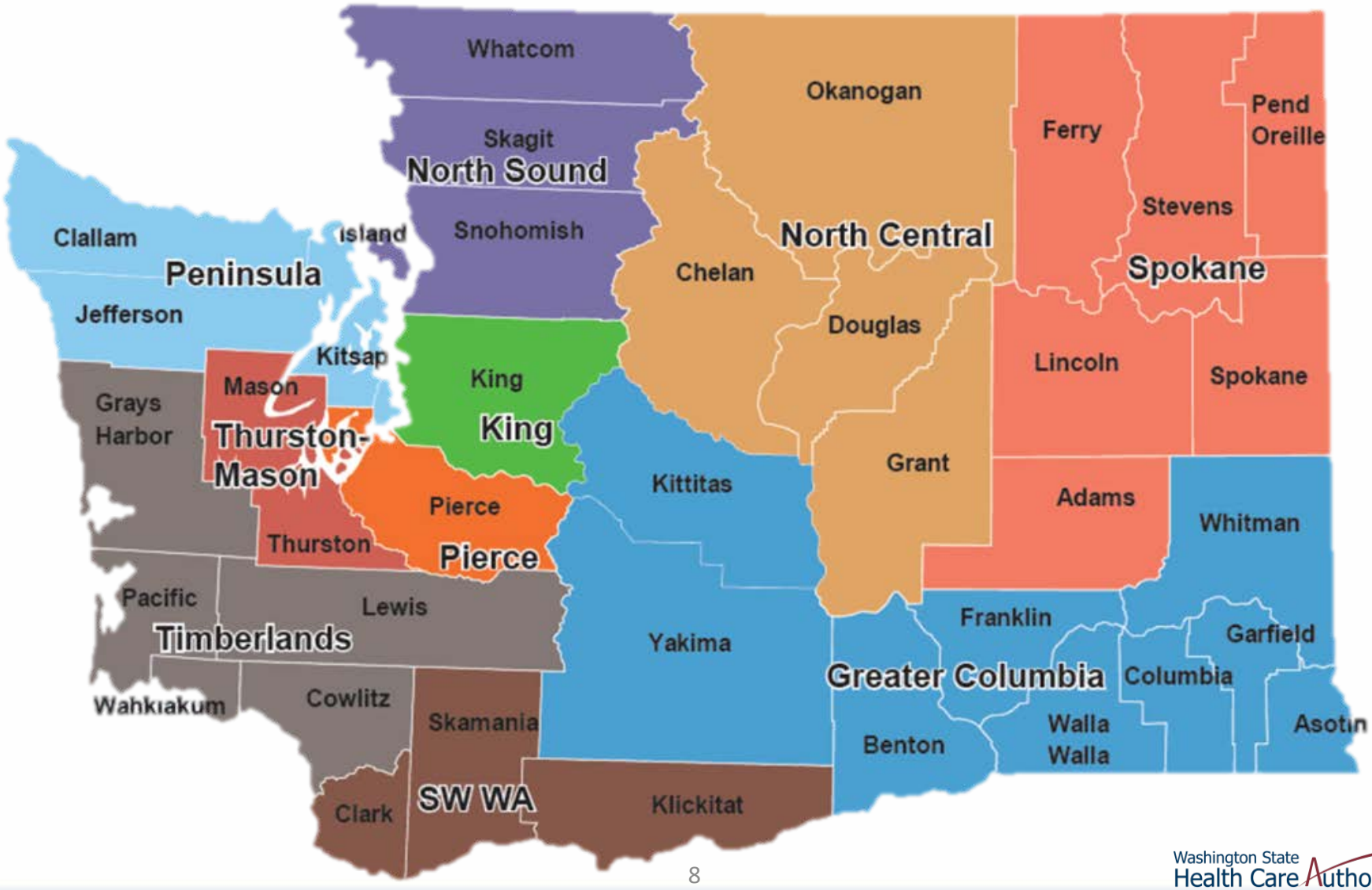
Goals for Regional Service Areas

- Align interests around a common population especially for individuals who have complex, high cost, multi-system service use and needs.
- Bring partners together for shared accountability and to meet the legislated outcome measures of SB 5732 and HB 1519
- Serve as a platform to expedite fully integrated managed care delivery systems by 2020, as directed by statute
- Provide a framework for the evolution of a community role in Medicaid purchasing through Accountable Communities of Health (ACHs)

RSA Designation Process



RSA Designations



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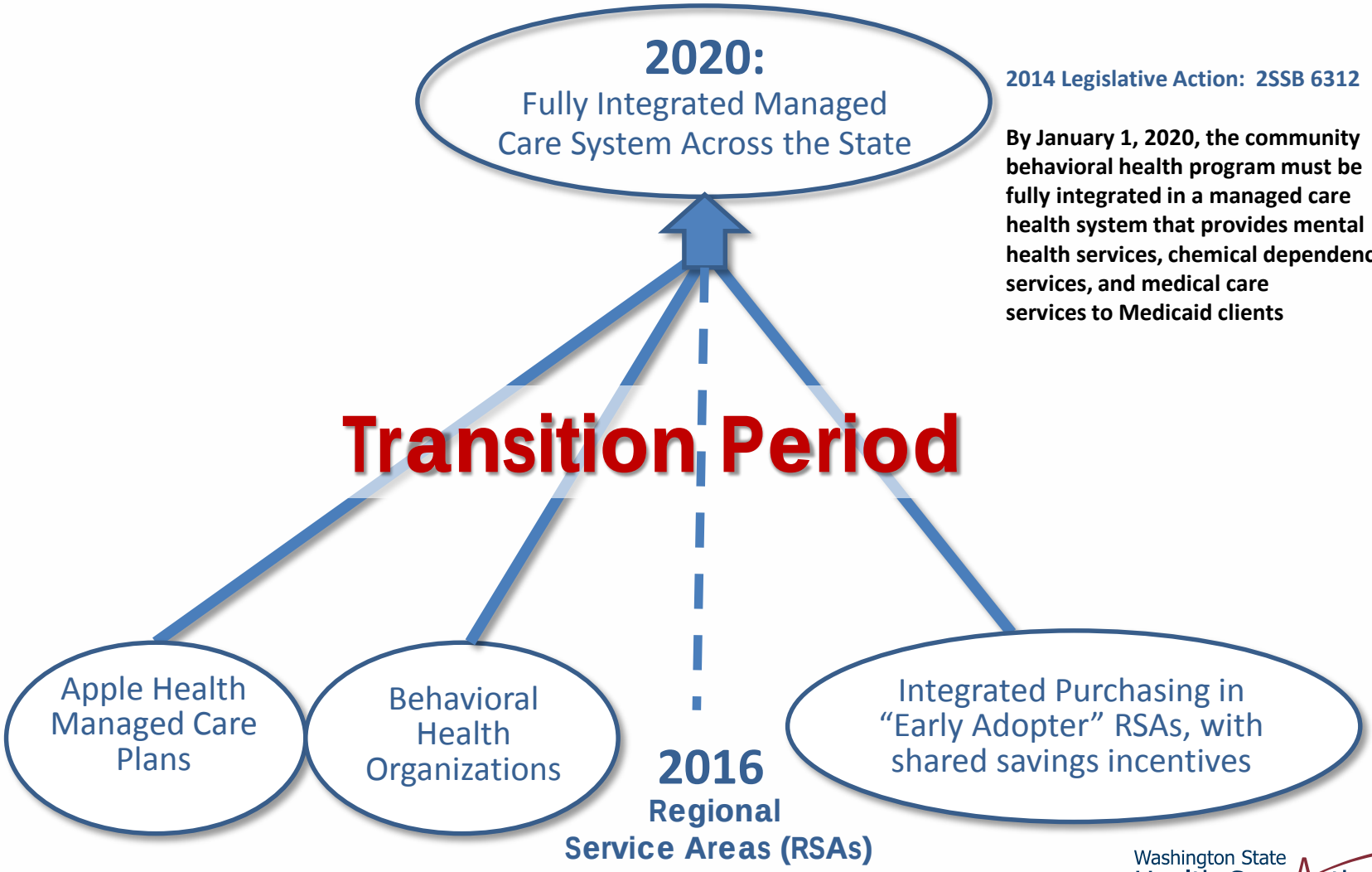
North Central WA

Transitional two-RSA approach for counties presently served by the Chelan-Douglas and Spokane Regional Support Networks:

- **Apple Health Managed Care:** New North Central RSA separate from Spokane RSA
- **BHO:** Single BHO will serve new North Central and Spokane RSAs during the transition
- **2020 Full Integration:** Fully integrated managed care is required in 2020 by Senate Bill 6312. North Central and Spokane RSAs will be separate and distinguishable for purposes of integrated physical and behavioral health managed care systems in 2020.

Early Adopter Implementation

Parallel Paths to Purchasing Transformation



2014 Legislative Action: 2SSB 6312

By January 1, 2020, the community behavioral health program must be fully integrated in a managed care health system that provides mental health services, chemical dependency services, and medical care services to Medicaid clients

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2016 Medicaid Purchasing Context

- **"Early adopter" regional service areas**
  - Fully Integrated managed care plans contract for full physical and behavioral health risk

- **"Other" regional service areas**
  - Managed care plans contract for physical health for all and mental health for individuals who do not meet access-to-care standards

    AND
  - Behavioral health organizations provide substance use disorder services for all and mental health for individuals who do meet access-to-care standards

Early Adopter Implementation Principles

- Whole-person care
- Seamless access to necessary services; no need for “access to care” standards
- Adequate and sustainable network that ensures access and continuity of care
- Focus on outcomes, performance and accountability
- Flexible models of care that support the use of interdisciplinary care teams
- Shared savings reinvested in the delivery system

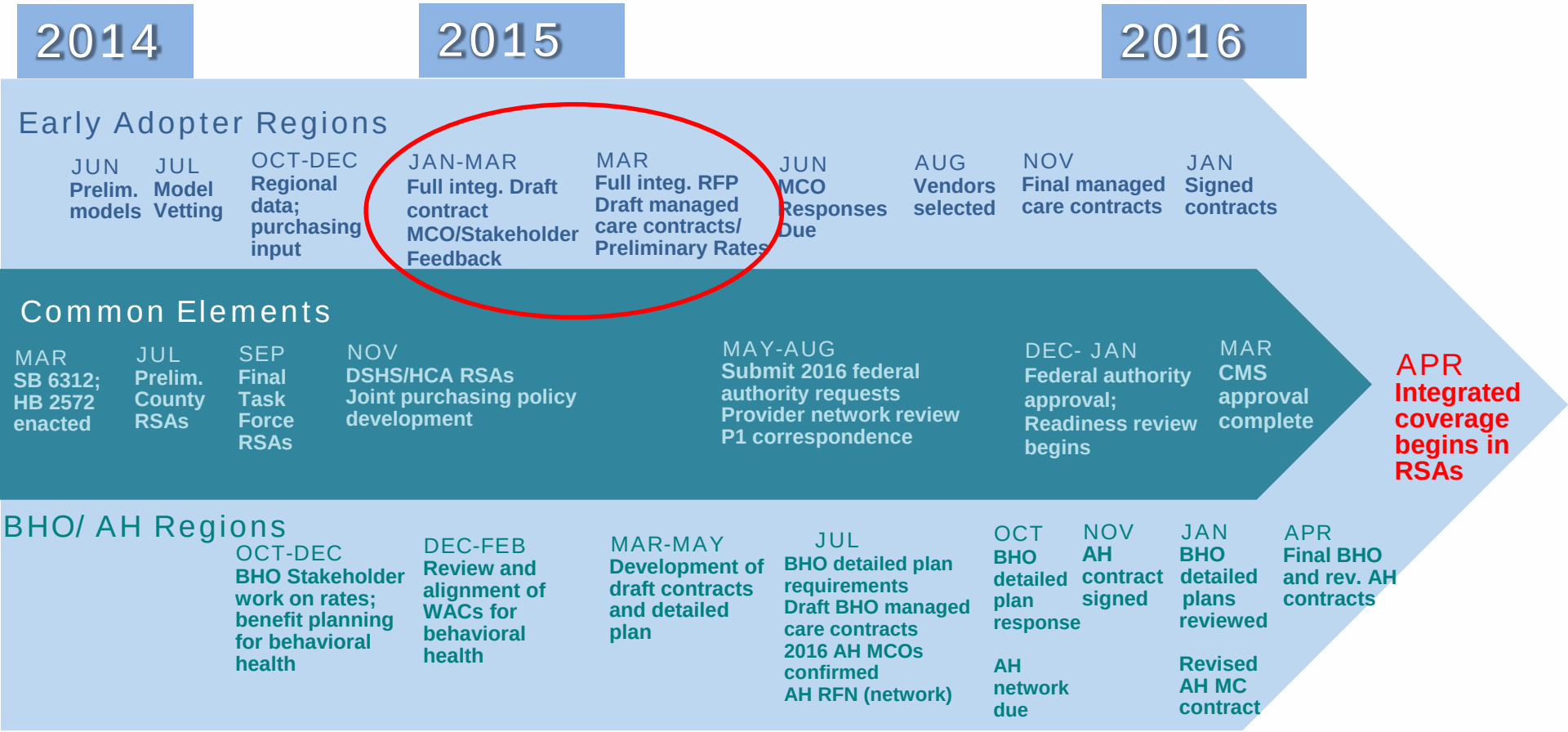
Purchasing in "Early Adopter" RSAs

- Standards developed jointly by the HCA and DSHS
- Agreement by county authorities in a regional service area
- Shared savings incentives
  - Payments targeted at 10% of savings realized by the State
  - Based on outcome and performance measures
  - Available for up to 6 years or until fully integrated managed care systems statewide
- HCA will contract with MCOs; MCOs at risk for full scope of Medicaid physical and behavioral health services
- Operational and contract requirements will be consistent at the State level
  - Populations enrolled, enrollment processes
  - Fully-integrated Medicaid capitated payment to MCOs
  - Covered benefits
- Each RSA will have no fewer than 2 MCOs that serve entire region
- Medicaid benefits will continue to be defined by the State plan and will apply in EA and BHO regions
- All benefits (Medicaid and non-Medicaid) will be assigned to a responsible entity
- Models continuing to be discussed broadly

Early Adopter Criteria for MCO Participation

- Meet network adequacy standards established by HCA and pass readiness review
  - Able to provide full continuum of comprehensive services, including critical provider categories, such as primary care, pharmacy and mental health
  - Ensure no disruption to ongoing treatment regimens
- MCOs must be licensed by the Washington State insurance commissioner as an insurance carrier
- Meet quality, grievance and utilization management and care coordination standards and achieve NCQA accreditation by December 2015.

Medicaid Integration Timeline - - Updates



RSA – Regional service areas
MCO – Managed Care Organization
BHO – Behavioral Health Organization
AH – Apple Health (medical managed care)
SPA – Medicaid State Plan amendment
CMS – Centers for Medicare and Medicaid Services
Early Adopter Regions: Fully integrated purchasing
BHO/AH Regions: Separate managed care arrangements for physical and behavioral health care

November 4, 2014

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Fully Integrated Physical & Behavioral Health Purchasing Managed Care Arrangements in Early Adopter Regions

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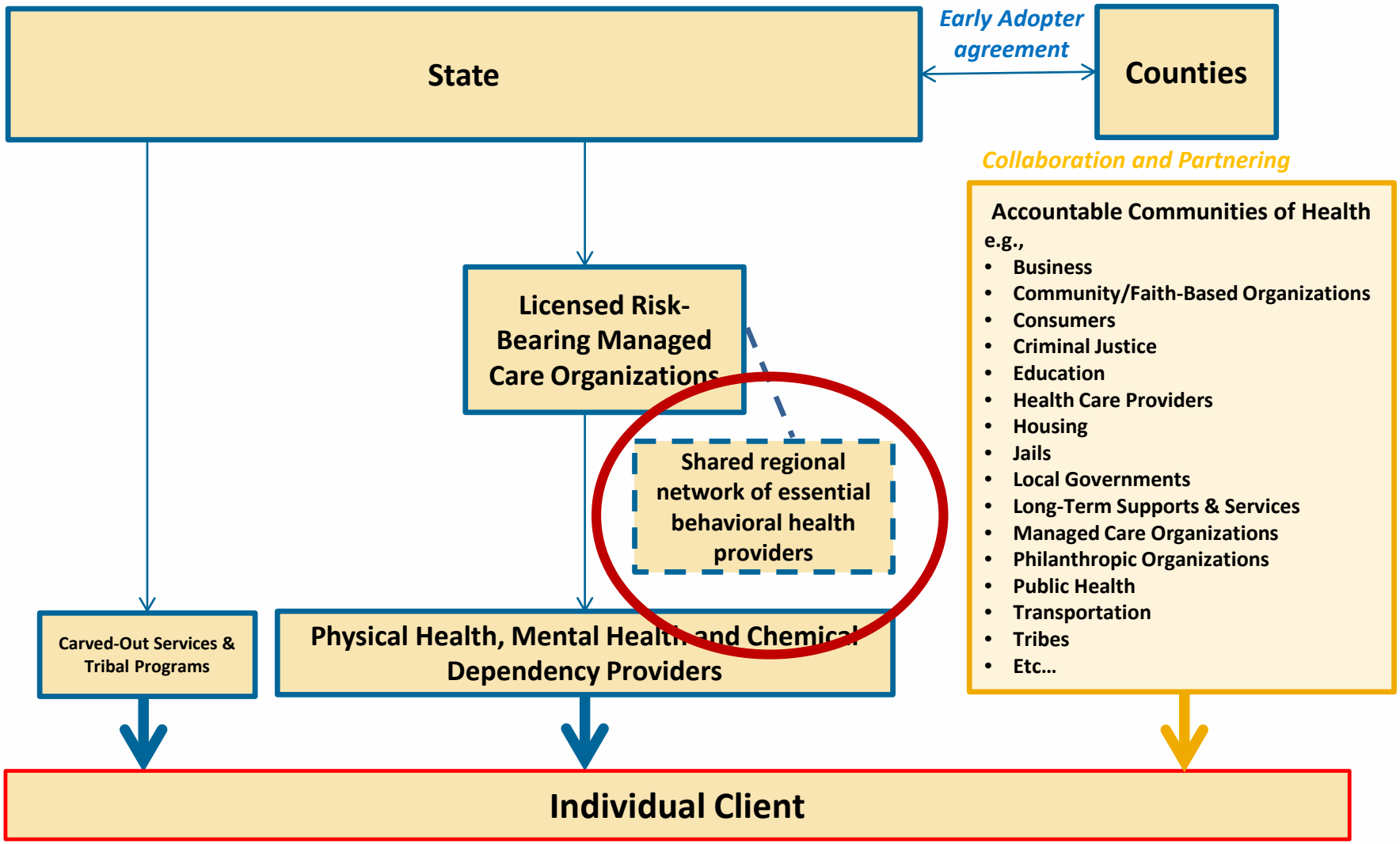

Shared Essential Behavioral Health Network: 2 MCO Example

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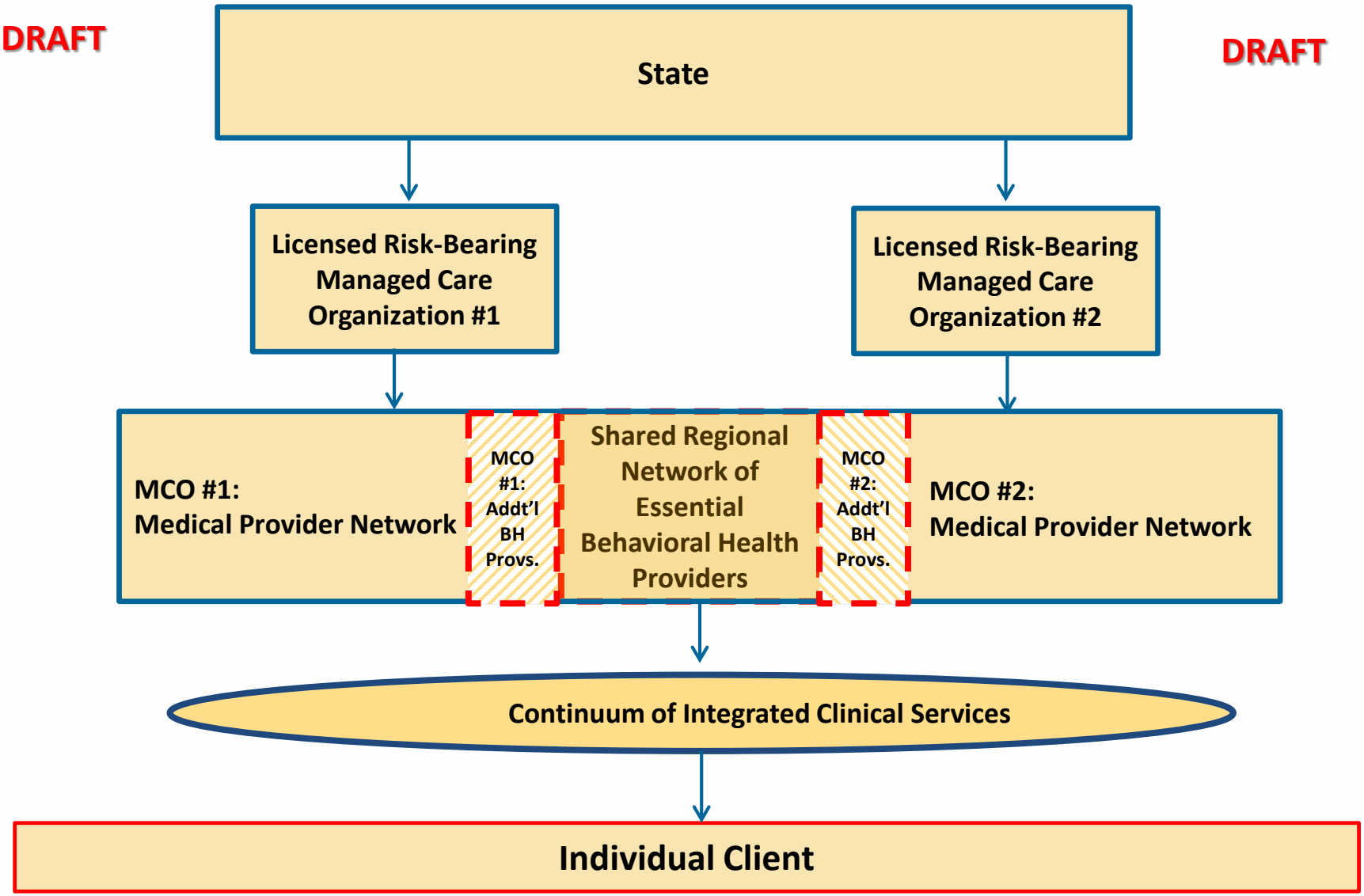
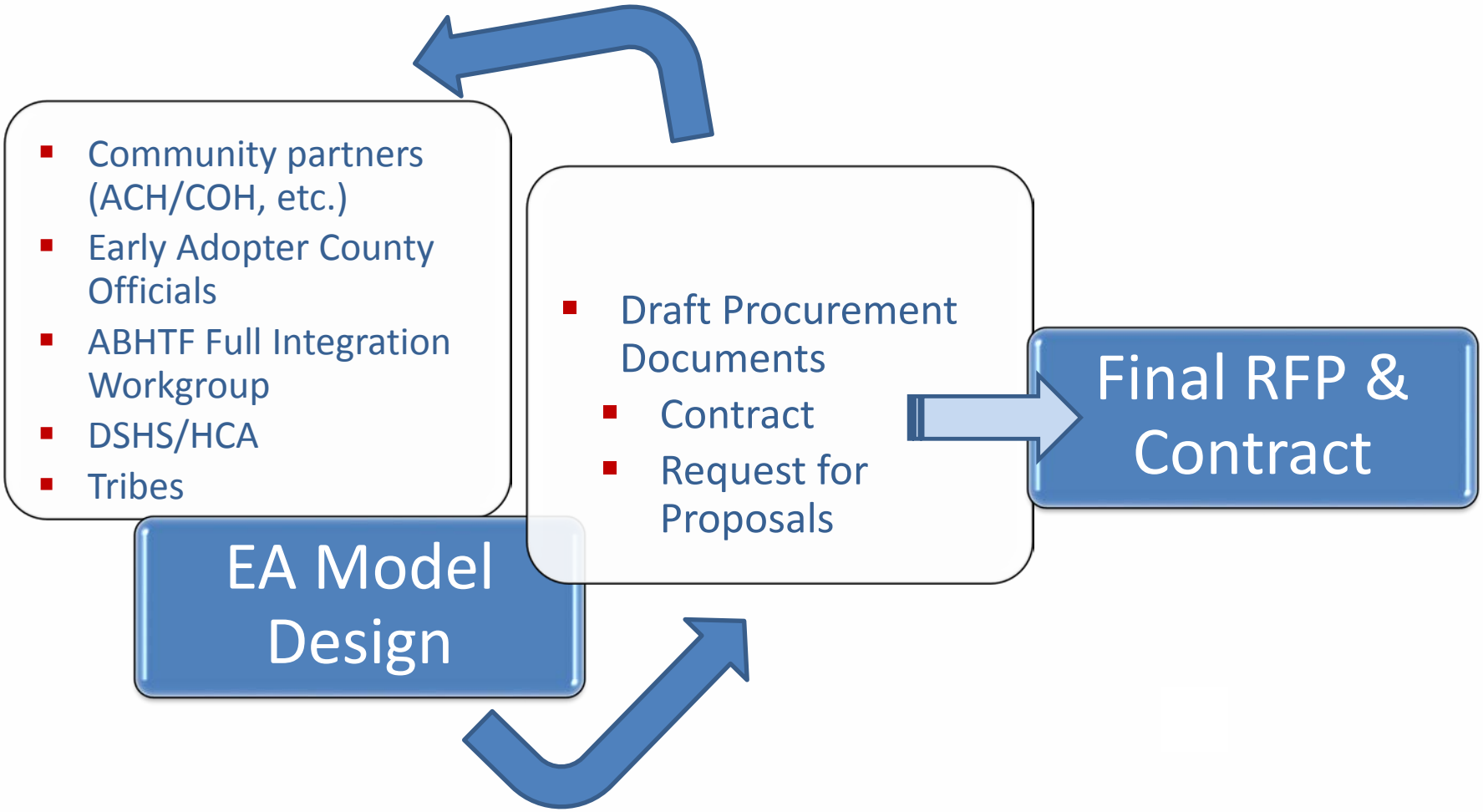


Stakeholder and Tribal Engagement



Critical Priorities and Decision Points

- Carve in/Carve out of MCO contracts
  - Crisis services, involuntary treatment evaluation/hospitalization, therapeutic courts, state hospital utilization
- Entity responsible for administering array of carved out services and funds that managed care plans are not at risk for
- How to serve clients who are not enrolled in managed care (e.g., AI/AN)

Federal Rate Setting Requirements

Actuarially sound capitation rates **means capitation rates that:**

Have been developed in accordance with generally accepted actuarial principles and practices;	Are appropriate for the populations to be covered, and the services to be furnished under the contract; and	Have been certified, as meeting requirements by actuaries who meet the qualification standards established by the American Academy of Actuaries and follow the practice standards established by the Actuarial Standards Board

Early Adopter Rate Setting - - Key Dates

- **Currently underway:** Behavioral health data book vetting with counties, stakeholders and actuaries
- **November 2014:** Behavioral health data book finalized (HCA will use the same behavioral health utilization information in our integrated rate setting process)
- **December – March 2015:** HCA to develop fully-integrated data book, with Apple Health cost/utilization data and behavioral health cost/utilization data
- **March 2015:** HCA to release preliminary Early Adopter rate and fully-integrated data book

Actuarial Rate Setting Process

- Historical snapshot of utilization (*same process for all regions*)
- Examine policy, benefits and populations
- Examine trends: Medical inflation, utilization patterns, new drugs, new technologies, changes in health care practice, etc.
- Based on research, assumptions made about plan performance and the impact of integrated delivery on overall health care spending
- Rates set with clear communication among HCA, DSHS, OFM, Legislative fiscal staff and the state's contracted actuar(ies) (Milliman and Mercer)
- Premiums paid monthly to plans for their enrolled population
- Premiums adjusted to control for age, gender, geography and health risk characteristics of enrollees. Adjustment is cost-neutral to state.

Medicaid's Reform Requires Aligned Strategies

Evolution toward value-based payment that supports delivery system transformation

Phased Staging of Integrated Purchasing through Managed Care

E2SSB 6312: By January 1, 2020, the community behavioral health program must be fully integrated in a managed care health system that provides mental health services, chemical dependency services, and medical care services to Medicaid clients

State, Community (ACH) and delivery system infrastructure

Business enterprise development, capacity building, and ongoing support.

SIM (CMMI) Round 2, other grants, State funds, philanthropic and local support

Revised federal authority - potential opportunities for waivers or SPAs

e.g., Flexibility to derive savings and re-invest in implementing delivery system transformation

Integrated Health Delivery System

Payment reform and investments to support increased accountability for health outcomes

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Behavioral Health Organization (BHO) Development

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2SSB 6312 (2014)

- Authorizes Behavioral Health Organizations.
- Directs state to purchase in common regions.
- By April 1, 2016 BHOs begin in regional service areas that do not pursue the early adopter option.
- BHOs held to new outcome measures.
- January 1, 2020 full integration of behavioral and medical health services to Medicaid enrollees.

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Elements of BHO

- BHOs established within regional service areas; one BHO per region
- Scope of services include current mental health services and substance use disorder services in current state law
- The State pays a monthly capitation rates to the BHO to cover the cost of providing behavioral health services to Medicaid eligible members
- DSHS has established several workgroups, participants of which include state agency staff, HCA, RSNs, and various stakeholder groups
- Recovery Support Services including Supported Housing, Supported Employment and expansion of Peer Support to Substance Use Services may be added based on legislative and budget priorities

Other Regions: Physical & Behavioral Health Purchasing

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Separate Managed Care Arrangements

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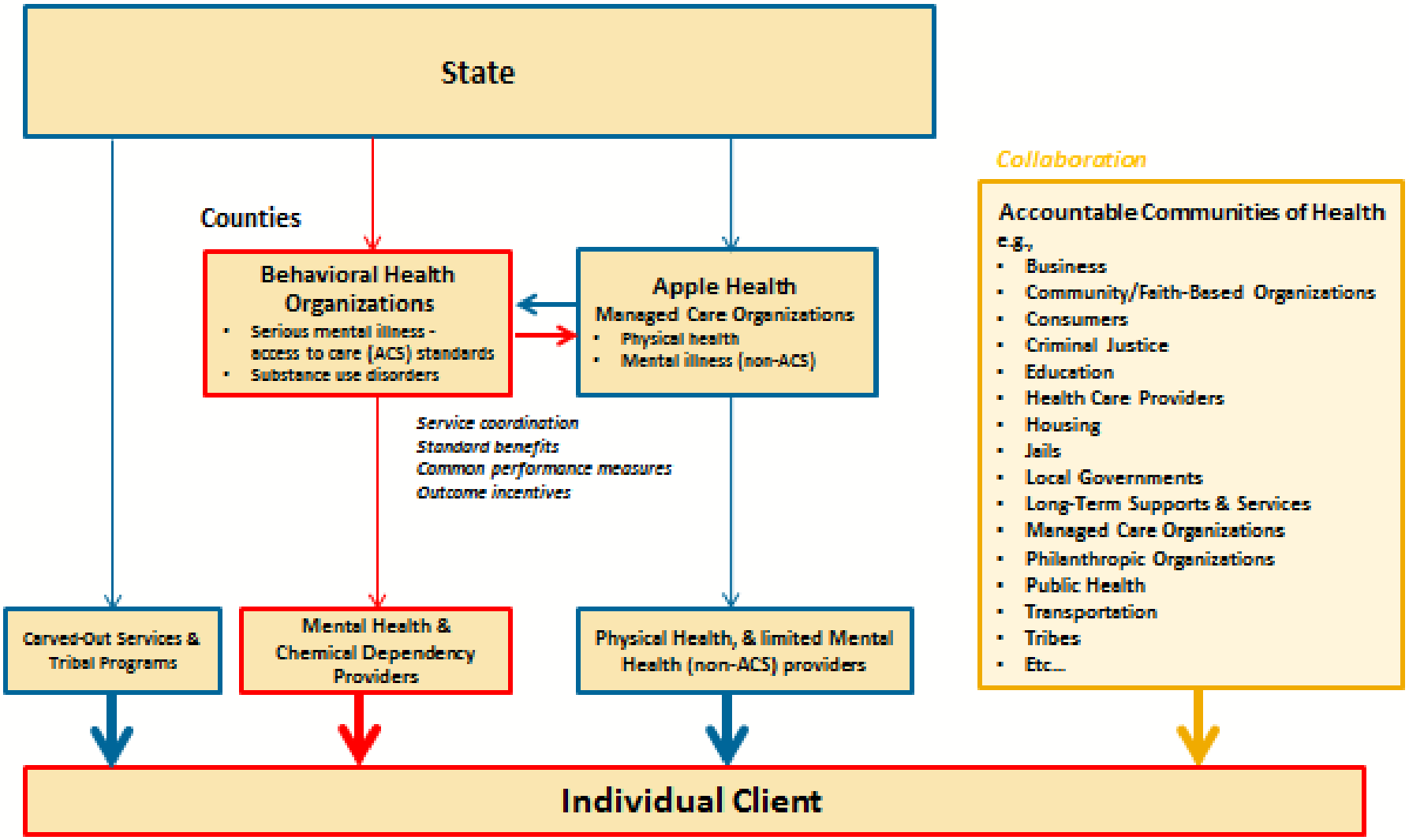

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Rate Development

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Step One

- DSHS has engaged Mercer to develop rates for Behavioral Health Organizations
- Mercer has set mental health rates for RSNs that will be the basis for the mental health portion of a Behavioral Health Rate
- Payment history is the starting point for the task of prediction that leads to a future rate

Step Two

Adjustments may be made by Mercer to historical costs for verifiable and quantifiable factors such as:

- Demographic & population changes
- Variations in utilization
- Inflation
- Cost changes
- Penetration & prevalence
- Experience in other states
- Benefit changes

Step Three

Combine CD & MH rates into a BHO Rate

Preliminary BHO rates will be presented to:

- The governor and legislature and their staff
- Office of Financial Management
- Potential BHOs
- Stakeholder workgroups

Rates are finalized as the basis for the budget

Rates are submitted with resulting contracts to CMS for approval

Chemical Dependency Services

In BHO Contract

- Traditional Outpatient, Intensive Outpatient and Opiate Substitution (both Medicaid and non Medicaid services)
- Pregnant and Parenting Women, PCAP
- Criminal Justice Treatment Account
- Residential Services
- Detox services

Continue as individual county contracts

- Prevention services

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Update on Civil and Forensic Mental Health Lawsuits

Update on SBC response

- Since the early emergency response, the plan for beds and the projected costs have been favorably modified in three significant ways:
  - DSHS is on track to make available 145 new beds by December 26, 2014, as planned.
  - Authority to use Medicaid funding for acute treatment provided in IMD's In lieu of hospitalization - Starting October 1, 2014
  - Budget estimates were refined to account for resources that are already funded under current RSN contracts

- DSHS is working with several RSNs to develop additional community-based evaluation and treatment capacity by the end of 2015.

- DSHS plan includes opening additional civil beds at Western State Hospital in mid-2015.

Trueblood et al v DSHS

BACKGROUND

- Federal class action lawsuit against DSHS in 2014 (September)

- Alleges that persons' 14th amendment constitution rights are being violated by being held in jail while awaiting admission into state hospitals for competency to stand trail (CST) evaluations or competency restoration services

- Oct 2014: US District Court set trial date March 2015
  - Scope of case was narrowed to the timeframes of how long individuals wait in jail for admission into hospital after forensic services are ordered by the court.
  - Plaintiffs have filed a summary judgment motion, which will be heard by the court on December 5, 2014.

Trueblood et al v DSHS (cont.)

Potential Policy Responses

- Adding forensic beds at the state psychiatric hospitals;
- Development of a forensic evaluator credential;
- Provision of competency restoration services at sites other than the state psychiatric hospitals, considering access to appropriate treatment and public safety
- Work with Adult Behavioral Taskforce to develop strategies for system reform that would divert persons with mental illness from criminal justice system. Possibilities would include:
  - Crisis diversion services
  - Law enforcement training – Crisis Intervention Training throughout the state
  - Therapeutic courts
  - Enhanced community mental health services to meet the needs of persons with mental illness

For More Information

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