

Medicaid Transformation Waiver

Medicaid—Challenge and Opportunity

Apple Health (Medicaid) now covers 1 in 4 people in Washington. Before the Affordable Care Act, it covered mostly children. Now the largest group is adults, with different needs than children—including more mental health and substance use disorder treatment, and a higher number of chronic health issues. The state's population is also aging: Over the next 20 years, the number of people in Washington who are 65 or older will double—and, as they age, their need for health care and long term services and supports will grow.

On August 24, 2015, the Washington State Medicaid program submitted a proposal to the Centers for Medicare and Medicaid Services (CMS) for a Section 1115 Medicaid Transformation waiver. The complete proposal application is available on the [Medicaid Transformation web page](#). This waiver provides an opportunity to accelerate the Healthier Washington vision to meet the needs of our growing, changing, and aging Medicaid population. Through this waiver, we are asking for a federal investment over a five-year demonstration period. We are not asking for additional spending of Washington State taxpayer dollars.

What is an 1115 waiver?

A “Section 1115” waiver is a contract between the federal and state governments that “waives” certain federal Medicaid requirements. Through an 1115 waiver CMS has recently allowed other states to negotiate the use of Medicaid funds for innovative projects, activities, and services that otherwise would not be eligible for Medicaid funding. The waiver is not a grant; the federal government must not spend more on the state's Medicaid program during the five years of the demonstration than it would have spent without the waiver.

Goals

The state is seeking federal support to advance four key goals:

- **Reduce avoidable use of intensive services and settings**—such as acute care hospitals, nursing facilities, psychiatric hospitals, traditional long term services and supports and jails.
- **Improve population health**—focusing on prevention and management of diabetes, cardiovascular disease, pediatric obesity, smoking, mental illness, substance use disorders, and oral health.
- **Accelerate the transition to value-based payment**—expanding use of payment methods that take the quality of services and other measures of value into account while ensuring that access to specialty and community services outside the Indian Health System are maintained for Washington's tribal members.
- **Ensure that Medicaid per-capita cost growth is below national trends**—through innovative projects, activities and services that improve health outcomes and reduce the rate of growth in the overall cost of care for Washington's Medicaid population.

These goals will be achieved through three initiatives:

INITIATIVE 1: Transformation through Accountable Communities of Health

Each region, through its Accountable Community of Health, will be able to pursue transformation projects that drive health care delivery systems toward improved health outcomes. Performance payments will be

made as specific project milestones are achieved, including planning, project implementation, reporting, and health outcomes improvement. Accountable Communities of Health, in partnership with clinical and community service providers, will choose from a menu of projects. It has not yet been determined how many projects each region will undertake. These projects will be aimed at:

- Health systems capacity building—*workforce development; system infrastructure, technology, and tools; and system supports to assist providers in adopting value-based payment.*
- Care delivery redesign—*Statewide or regional scaling, spreading, and sustaining of care delivery models that integrate systems of care and supports to address the health and recovery needs of the whole person, develop clinical-community linkages, and build better transitions of care.*
- Population health improvements—*focus on clinical and community prevention and health promotion for Medicaid beneficiaries, consistent with the goals of the waiver.*

The development of the project menu will be an iterative process and is part of ongoing negotiations with CMS. The state remains committed to engaging with stakeholders throughout this process, though approval of the menu ultimately will be made by CMS. For more information, visit the [Medicaid Transformation Initiative 1](#) page on the Healthier Washington website.

INITIATIVE 2: Broaden the Array of Service Options that Enable Individuals to Stay at Home and Delay or Avoid the Need for More Intensive Care

The state will create a “next generation” system of care focused on outcomes, supporting families in caring for loved ones, delaying or avoiding more intensive long term services and supports (LTSS) when possible, creating better linkages within the health care system, and continuing its commitment to a robust LTSS system for those who need it. The state is currently working with its partners to establish process flows that ensure that Medicaid enrollees and their caregivers receive the benefit that best meets their current needs. For more information, go to the [Medicaid Transformation Initiative 2](#) page on the Healthier Washington website.

INITIATIVE 3: Provide Targeted Foundational Community Supports

Targeted supportive housing and supported employment services will be offered to those Medicaid enrollees most likely to benefit. Initiative 3 is built around the growing body of evidence linking homelessness and unemployment with poor physical and mental health. While Medicaid funds cannot be used to provide housing or jobs, supportive services can promote stability and positive health outcomes while preventing homelessness and dependence on costly medical, behavioral health and long-term institutional care. For more information, go to the [Medicaid Transformation Initiative 3](#) page on the Healthier Washington website.

Stay informed

- Visit the Medicaid Transformation page at www.hca.wa.gov/hw/Pages/medicaid_transformation.aspx
 - Join the Healthier Washington feedback network and receive regular updates and announcements of upcoming webinars—sign up on the Contact Us page at www.hca.wa.gov/hw
 - Send questions and comments to medicaidtransformation@hca.wa.gov
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