

Washington State Medicaid Transformation Project (MTP) Demonstration
Section 1115 Waiver Quarterly Report
Demonstration Year: 1 (January 9, 2017 to December 31, 2017)
Reporting Quarter: July 1, 2017 to September 30, 2017

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Introduction

On January 9, 2017, the Centers for Medicare and Medicaid Services (CMS) approved Washington State's request for a Section 1115 Medicaid demonstration, entitled "Medicaid Transformation Project." The activities under the Demonstration are targeted to improve the system to address local health priorities, deliver high-quality, cost-effective care that treats the whole person, and create sustainable linkages between clinical and community-based services.

Over the next five years, Washington aims to:

- Integrate physical and behavioral health purchasing and service delivery to better meet whole person needs
- Convert 90 percent of Medicaid provider payments to reward outcomes instead of volume
- Support provider capacity to adopt new payment and care models
- Implement population health strategies that improve health equity
- Provide new targeted services that address the needs of the state's aging populations and address key determinants of health

The State will address the aims of the Demonstration through three programs:

- Transformation through Accountable Communities of Health (ACHs) and Delivery System Reform Incentive Payment (DSRIP) Program
- Long-term Services and Supports (LTSS) – Medicaid Alternative Care (MAC) and Tailored Supports for Older Adults (TSOA)
- Foundational Community Supports (FCS) – Targeted Home and Community-Based Services (HCBS) for eligible individuals

Healthier Washington

The Washington State Health Care Authority (HCA) manages the work of the Demonstration under the banner of Governor Jay Inslee's Healthier Washington initiative. Healthier Washington is a multi-sector partnership working to improve health, transform care delivery, and reduce costs.

To learn more about Healthier Washington, visit www.hca.wa.gov/hw.

Quarterly Report – July 1, 2017 to September 30, 2017

This quarterly report summarizes the MTP activities from July 1, 2017 through September 30, 2017. This quarterly report includes details pertaining to Demonstration implementation activities, including stakeholder education and engagement, planning and implementation activities, and development of key demonstration policies and procedures.

Summary of Key Accomplishments of the Quarter

Highlights of the quarter that are further described in the report are:

- All nine ACHs completed Phase II Certification and met the requirements for full funds distribution
- Selection of the Independent Assessor
- Development of the ACH Project Plan Review Tool
- Continued measurement strategy development
- Opportunities for continued stakeholder and partner engagement in Demonstration development, including webinars, program-specific presentations across the state, and public comment periods on key Demonstration documents

Stakeholder and Partner Engagement

Demonstration Wide Stakeholder Engagement

Medicaid Transformation webpage and communication strategy: Final, CMS-approved protocols were posted to the webpage for public review. Draft protocols and other relevant program documents were updated on the webpage for public review and transparency with stakeholders. Program-specific frequently asked questions were routinely updated in response to public interest and inquiry. Questions were generated from a variety of forums, including webinars, presentations and stakeholder interaction, as well as to clarify and define programmatic development. One-page documents summarizing the Demonstration, as well as for each of the three initiatives under the Demonstration, continue to be available online. The webpage is continually updated as new materials are developed. Broad communication with stakeholders and the general public is maintained through existing Healthier Washington, HCA/DSHS and partner agency communication channels, including feedback network blasts, social media posts and quarterly email newsletter digests.

Tribal Partner Engagement

Extensive tribal engagement and outreach activities occurred, and summarized below:

- HCA Tribal Affairs and graphics staff developed a Washington State Tribes and Tribal Health Clinics map. The map will be distributed to tribes and ACHs, as well as posted to the public webpage, in early October.
- HCA Tribal Affairs hosted numerous education sessions, and attended tribal events to educate Indian Health Care Providers (IHCP) about how to participate in the demonstration. Comprehensive educational materials such as slide shows and handouts were created and provided to participants.
 - Attended Northwest Portland Area Indian Health Board, quarterly board meeting, July 17 – 18 held in Canyonville, OR.
 - Coordinated ACH Tribal Workshop for the King and Pierce County ACHs held July 19 – 20, hosted by the Muckleshoot Indian Tribe.
 - Hosted HCA Monthly Tribal Meeting on July 24, August 28 and September 25.
 - HCA coordinated multiple meetings with IHCPs and tribal representatives; held on August 7, 14, and 25.
 - Provided in person technical assistance during the following meetings: Indian Policy Advisory Committee meeting held on July 13; Nisqually Tribal Clinic on August 1; Olympic Community of Health Tribal Meeting on August 3 in Sequim, WA.
 - Provided technical assistance related to tribal engagement for the following meetings: Better Health Together, with the Tribal Liaison, on July 11; Southwest ACH Community Engagement staff on August 10.
 - Attended American Indian Health Commission quarterly board meeting on August 24 in Ferndale, WA.

- Participated in Better Health Together ACH Tribal Partners Leadership Council learning session on August 29. Meeting featured Mel Tonasket, tribal member, who shared valuable information specific to AI/AN background, issues and considerations.
- Provided technical assistance for Tribal Consultation held on September 8 with Governor Inslee, the American Indian Health Commission, HCA, DSHC, DOH and tribal representatives.
- Tribal Affairs staff met with American Indian Health Commission and Indigenous Pact leadership on September 15 to discuss tribal health care unmet needs and their relationship to ongoing MTP work.
- HCA Tribal Affairs Administrator attended the National Indian Health Board meeting on September 26 in Bellevue, WA; to support Governor Inslee's address: Washington State Tribal Health Updates.

DSRIP Program Stakeholder Engagement Activities

Representatives of HCA have participated in numerous stakeholder engagement activities, including public forums, presentations, emails, webinars, and direct technical assistance.

- Continued updates to the DSRIP glossary and frequently asked questions on HCA's webpage, in particular related to performance measurement and bi-directional integration of care.
- HCA presented to the Family Planning Clinics on July 18, with the purpose of providing information about the Project Toolkit, how incentives are earned and about performance measurement for DSRIP.
- HCA staff from the Medicaid Transformation office presented to the Washington State Medical Association (WSMA) executive committee on September 14. The purpose was to discuss opportunities under the MTP demonstration for the practice community. The presentation provided an overview of how the demonstration promotes delivery system reform through incentive payments and advancing value-based payment relationships, and raised the discussion of how investments made through DSRIP can be sustainable after the 5-year demonstration.
- Healthier Washington hosted a public webinar on September 20, with a focus on Project 2A of the Project Toolkit, but specifically discussing what bi-directional integration is and how the approaches listed in the toolkit should be considered. This webinar was a joint effort between Medicaid Transformation and the Practice Transformation Support Hub. Panelists represented the following: Medicaid Transformation, Practice Transformation HUB, University of Washington AIMS Center, Bree Collaborative, Yakima Valley Farm Workers Clinic, and the Washington Council for Behavioral Health. Over 375 individuals registered for the 90 minute webinar, with ample time for Q&A at the end of the presentation. There was active participation, with questions related to: request for additional detail about how incentive funds are earned by providers who participate in Project 2A efforts; how non-traditional providers fit into care transformation; what steps providers can take to assess their current capacity needs and supports required to pursue integrated models of care; how collaborative care could be implemented in various settings and provider types, such as the emergency department; clarification about the key areas of overlap and distinctions between

the Collaborative Care model and the Bree Collaborative behavioral health integration recommendations. A recording of the webinar is posted [online](#), as well as the [presentation slide deck](#).

- HCA opened the public comment period for the Project Plan assessment and scoring criteria on September 28, with a closing date of October 13. The draft Project Plan assessment tool was posted on the Healthier Washington webpage for public review, with an announcement on the front page of the Medicaid Transformation webpage, as well as numerous reminders sent via the Healthier Washington feedback network blast to ensure the public was aware of the public comment period.

LTSS Program Stakeholder Engagement Activities

The Department of Social and Health Services (DSHS)/Aging and Long-Term Support Administration did not hold a formal stakeholder meeting this quarter. DSHS/ALSA communicated regularly with stakeholders regarding the implementation of the MAC and TSOA benefits and provided regular status updates to ensure our community partners were aware of progress. We also authored a joint release with HCA that was published to notify the Healthier WA network regarding the implementation of these new benefits. An in person stakeholder meeting was scheduled for October in order to have more enrollment data and program updates post implementation of Initiative 2.

DSHS/ALSA collaborated with Columbia Legal Services, a client advocacy stakeholder, in an effort to create a straightforward and informative Q&A on the MAC and TSOA program. This effort is ongoing.

FCS Program Stakeholder Engagement Activities

HCA and DSHS staff participated in various conferences, work groups and meetings to build awareness of and engagement in the FCS program. Activities include:

- Facilitated provider trainings for supported employment and supportive housing services.
- Presented on FCS Program at conferences and roundtables, including:
 - July 20: Kresge Foundation and Stewards of Affordable Housing for the Future (SAHF) Housing and Health Care Round Table, Washington, D.C.
 - August 8: Supported Employment Fidelity reviewers training
 - September 15 – 16: National Alliance on Mental Illness (NAMI) Conference Panel on FCS services
 - August 29 – 30: Washington State Certified Peer Conference
 - August 26: WISE Symposium – Youth in Transition providers, family members and youth
 - August 13: Spokane Regional Provider meeting
 - August 15: TANF Summit for State TANF Directors
 - September 23: Washington Academy of Family Physicians FCS Presentation

DSRIP Program Implementation Accomplishments

ACH Certification – Completion of Phase II

Critical steps in Washington’s Medicaid Transformation demonstration require Accountable Communities of Health (ACH) to satisfy a two-phase certification process. The certification process ensures each ACH is capable of serving as the regional lead entity and single point of performance accountability for transformation projects. All nine ACHs passed Phase I certification in June 2017, exhibiting that they are building the internal capacity and infrastructure to plan and carry out the work of the demonstration. Each ACH successfully met the requirements of Phase I, and approval for the full funding amount of \$1 million for Phase I Design Funds.

Building on Phase I certification, ACHs began working on Phase II submissions on June 17 with a deadline for submission of August 14. ACHs had to prove they were building relationships, developing a decision-making structure that involves Medicaid beneficiaries, providers, and community partners, and demonstrate overall evolving maturity of ACH structure and preparation for completing a robust Project Plan application. Each ACH was eligible to receive up to \$5 million in Phase II Design Funds, based on a tiered scoring methodology. To pass, ACHs were required to achieve an overall score of 60 points out of 100, and receive at least 60% in each sub-category.

All nine ACHs successfully met the requirements of Phased II certification in September, and each were approved for the full \$5 million for Phase II Design Funds. The next major milestone for ACHs is submission of Project Plans on November 16.

Independent Assessor

HCA selected Myers and Stauffer as the Washington State DSRIP Independent Assessor effective August 17. To date, the Independent Assessor has developed a standardized Project Plan Review Tool to review and score ACH Project Plans. The Review Tool was released for public comment on September 28. The state received comments from stakeholders and partners including advocacy organizations, ACHs, providers, and MCOs. Key themes from public comment included: greater specificity and examples of assessment criteria categories, scoring methodology and point allocation, and the overall Project Plan assessment process. To address these concerns, the state and Independent Assessor held a joint webinar after the public comment period ended to walk through the Project Plan Review Tool and scoring methodology.

Future responsibilities of the Independent Assessor include, but are not limited to:

- Lead the assessment of ACH performance for each semi-annual reporting period, and calculate incentive payment adjustments accordingly.
- Provide at-risk project identification, guidance and monitoring to ACHs and HCA.
- Conduct the Mid-Point Assessment of ACH project plan performance.
- Assist HCA in assessment of performance as it relates to value-based payment targets and quality attainment and improvement on sub-set of metrics tied to the Challenge and Reinvestment incentive payment pools.

- Responsible for supporting the development and management of ongoing monitoring and reporting activities required by HCA and ACHs.

DSRIP Performance Measurement Development

Measurement strategy development continued over the course of the quarter. Key elements of focus were data and measurement timing, achievement value calculations, how improvement targets will be set and Measurement Guide development.

P4R Achievement Value (AV) Calculation: ACHs will be required to submit a semi-annual report every 6 months, which includes a report on P4R metrics. P4R metrics include project milestones and project metrics in the Toolkit. Each P4R metric is assigned an AV of 1.0 based on:

- Providing evidence of completion of project milestones by the quarter indicated in the ACH's Project Plan,
- Reporting on the P4R project metrics for the year in each semi-annual report period.

P4P AV Calculation: Once a year, HCA will compile P4P metric performance, which the Independent Assessor will use to calculate P4P AVs. Each metric is assigned an AV based on ACH performance against their ACH-specific improvement target. Metrics with multiple submetrics will be assessed by one of the following approaches:

- Each submetric contributes equal weight in the final AV calculation for the overall metric.
- Weighted average of performance for each submetric is used to calculate overall AV; determined by number of Medicaid beneficiaries the ACH has in each submetric.
- Contraceptive Care Access metric bundle: Assess all metrics/submetric rates of the Contraceptive Care bundle. The metric with the most progress towards the improvement target will determine the final AV value for the "Contraceptive Care" bundle.
- Utilization of dental services: Accountability linked to performance on the broad service category "Overall." The AV is determined by the age band submetric that shows the greatest progress towards its respective improvement target.

Development of the Measurement Guide: HCA continues to develop the measurement strategy for DSRIP to ensure a consistent, standard and robust approach to assessing ACH performance. Design sessions continued this quarter to address considerations of broad population measurement concepts, technical measure specifications and identification of data source, responsible entity for production and responsible entity for validation of results by metric. In addition, improvement target methodology was further specified. All measurement parameters will be included in detail in the DSRIP Measurement Guide, which will be made available for public comment in January of 2018.

Other DSRIP Program Activities

Medicaid Value-based Payment Action Team

A critical component of delivery system reform is the pursuit and achievement of value-based payment goals. The Health and Community Capacity Building component (Domain 1) of the Project Toolkit recognizes the importance of guiding and supporting ACHs and their partnering providers as they work to integrate VBP goals into their transformation projects. The Medicaid Value-based

Payment (MVP) Action Team has continued to provide guidance to HCA, ACHs, MCOs and partnering providers, and serve as a learning collaborative to support Medicaid value-based payment targets.

The 20-member Action Team represents all five MCOs, all nine ACHs regions, providers from a variety of organizations, behavioral health providers, and tribal health leaders. During this reporting quarter, the MVP Action team held two meetings. Meeting dates and topics are as follows:

- July 18: Provider capabilities needed to be successful in VBP
- September 7: MCO and provider survey update; MVP Action Team member perspectives on VBP scenario

Going forward, the Action Team will continue to meet on a quarterly basis, facilitated by HCA staff and support from the DSRIP Support Team. Future topics will continue to include the development of relevant tools, resources, and strategies to support ACHs and partnering providers in incorporating sustainable, value-based payment strategies as project planning gets underway.

DSRIP Support Team

The DSRIP Support Team continues to support the demonstration by helping ACHs in the develop Certification applications and Project Plans, develop Technical Assistance resources for ACHs, and assist HCA to develop key demonstration policies and procedures. Highlights of the technical assistance provided by the DSRIP Support Team during this quarter include:

- “Funds Flow 102” and “Funds Flow 103” presentations to ACHs and others.
- Good Governance Best Practices, a series focusing on ACH governance, organizational structure, and decision-making.
- Project Plan Template presentation, providing an overview of the Project Plan Template, deep dives on sub-sections, and preliminary project plan scoring.
- DSRIP Fund Allocation and DSRIP Calculator Tools, providing decision support to ACHs in modeling their potential DSRIP program Project Incentive revenue under various scenarios.

Financial Executor

Public Consulting Group (PCG), the selected Washington State DSRIP Financial Executor, continues to work with HCA to develop and establish the web portal to facilitate financial executor functions, the provider registration process, and the DSRIP funds distribution plan. Presentations to ACHs and the public regarding the web portal are forthcoming.

Future responsibilities of the Financial Executor include, but are not limited to:

- Developing management reports to be used by various web portal users and stakeholders to include the state, ACHs, providers, an independent assessor, CMS, the public, and other potential stake holder to be identified.
- Cooperating fully with HCA in responding to inquiries from CMS and other relevant authorities regarding financial transactions and in any audits that may be required.
- Complying with the Washington State Administrative and Accounting Manual and the Demonstration’s Special Terms and Conditions.

- Designing, administering, and monitoring the Intergovernmental Transfer (IGT) process for the duration of the Demonstration.

State-contracted DSRIP Measurement Support

To support ACH project implementation and reporting for the DSRIP Program, HCA will contract with Providence CORE to build upon the current Healthier Washington data infrastructure to create Medicaid Demonstration dashboard reporting tools to monitor transformation project performance measures and statewide accountability measures. Providence CORE will work with HCA to design, develop, and produce ACH-level data visualization tools using Tableau to support Demonstration measure reporting and monitoring. Providence CORE will also provide data to HCA's independent assessor contractor to determine ACH performance on toward incentive payments. The contract was finalized October.

Key tasks that Providence CORE will support:

- *Planning & design.* Collaborative design process that engages key stakeholders, including end users.
- *Data system infrastructure.* Develop and maintain the data infrastructure, incorporate any additional data sources needed for measurement, aggregate data for reporting outcomes measures, and ensure data security and privacy.
- *Measure production, validation, & analytics.* Produce and validate agreed-upon measures, incorporate pre-calculated measure rates, collaboratively develop measure production, validation, and analytic processes.
- *Dashboard views and data visualization tools.* Develop additional dashboard views that allow users to monitor performance on Demonstration measures; refresh and redesign existing views as needed; develop access-restricted views.
- *Technical assistance & advising.* Advise on best practices for reporting and data visualization; and dashboard communications.

Upcoming Activities

- Final Project Plan Review Tool release, *October, 2017*
- Deadline for ACH Project Plan application submission, *November 16, 2017*
- Weekly Technical Assistance for ACHs, *Ongoing*

Long-term Services and Supports (LTSS) Implementation Accomplishments

This report summarizes LTSS program development and implementation activities conducted from July 1, 2017 through September 30, 2017. Key accomplishments for this quarter include:

- Staff readiness activities related to implementation were completed.
- On Monday September 11, MAC and TSOA programs were officially implemented.
- AL TSA and Health Care Authority websites were updated with MAC and TSOA program information including caregiver resource materials and referral/intake guidance.

Network Adequacy for LTSS programs, MAC and TSOA

Nine of the 13 Area Agencies on Aging (AAAs) have submitted their milestone documentation and have met the network adequacy requirements. The other four AAAs are in process of submitting their milestone documentation for network adequacy and are expected to have this completed by December 31, 2017. Technical assistance from HCS has been offered to these AAAs and the AAA Statewide Lead Manager group is also available to assist the AAAs as needed.

Assessment and Systems Update

Testing of the functionality of all systems and interfaces was completed during this quarter. All systems were determined to be viable for implementation. Post implementation in early September, HCS and AAA staff will be identifying and tracking system corrections and enhancements that may be necessary. Post implementation support activities continue into the next quarter.

Staff Readiness and Training

Staff readiness activities were completed this month and included refresher webinars, desk aids for case managers and additional topic-specific videos. Following implementation in September, biweekly statewide debrief webinars were held with field supervisors and managers to identify and track any system, policy and training issues. Based upon feedback from these meetings, training and guidance meetings were held weekly with case managers to address identified needs. Additional training webinars were also held every other week as needed. Post implementation activities will continue into the next quarter.

Data and Reporting

Three of the eleven identified MTP reports were completed and tested this quarter. Six other reports are under development and expected to be released next quarter. Two additional reports will begin the development stage next quarter. These reports will assist AL TSA to gather necessary information for CMS quarterly and annual reports as well as providing data for monitoring and managing the MAC and TSOA programs.

Since implementation of MAC and TSOA occurred in early September we do not have data to report this quarter.

In future quarterly reports we will report on the elements identified in STC 54(b) as required:

LTSS Beneficiaries by Program	
MAC	TSOA

Number of New Person-centered Service Plans by Program	
MAC	TSOA

Number of Beneficiaries Self-directing Services under Employer Authority	
MAC	TSOA

Quality Assurance

Further refinement of the quality assurance processes continued this quarter in preparation for the focused review of presumptive eligibility at the end of the calendar year and the beginning of the 2018 internal auditing cycle. Internal work also continued on development of the QIS that will be submitted to CMS for approval next quarter.

State Rule Making

Program rule revision continued this quarter based upon comments received during the public review process. The program is operating under emergency rule until the permanent rule is filed next quarter. The second public hearing on the revised rule will be held early January 2018.

Other LTSS Program Activities

Conflict Free Case Management

Further refinement of this policy continues between DSHS/AL TSA and the AAAs. The policy is expected to be completed and forwarded to HCA for review and approval by the end of the next quarter. It will then be submitted to CMS.

Upcoming Activities

October:

- LTSS Stakeholder meeting #6
- Complete work on Tribal FAQ for MAC and TSOA in alignment with

November:

Washington State Medicaid Transformation Project Demonstration
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- National Caregiver Month – statewide outreach and marketing strategy implemented
- Statewide Outreach webinar – identifying caregivers and making referrals; audience is primary care physicians, hospital/nursing facility discharge planners, MCO case managers, assisted living professionals, health home coordinators

Foundational Community Supports (FCS) Implementation Accomplishments

This report summarizes FCS program development and implementation activities conducted from July 1, 2017 through September 30, 2017. Key accomplishments for the quarter include:

- Execution of Third Party Administrator (TPA) Contract with Amerigroup Washington.
- Finalization of state rules authorizing the program

Third Party Administrator Procurement

In September the Health Care Authority and Amerigroup Washington finalized and executed a contract for Third Party Administrator services for the Foundational Community Supports program. Amerigroup WA has commenced preparatory activities in anticipation of approval of the FCS Protocol. Preparatory activities include engaging with potential FCS providers and initiating provider network development for Community Support Services and Supported Employment – IPS Services.

State Rule Making

State has finalized administrative rules for the FCS programs. Revisions will likely be necessary based on the anticipated final FCS protocol.

Other FCS Program Activity

- Facilitated provider trainings for supported employment and supportive housing services.
- Presented on FCS Program at conferences and roundtables, including:
 - July 20: Kresge Foundation and Stewards of Affordable Housing for the Future (SAHF) Housing and Health Care Round Table, Washington, D.C.
 - August 8: Supported Employment Fidelity reviewers training
 - September 15 – 16: National Alliance on Mental Illness (NAMI) Conference Panel on FCS services
 - August 29 – 30: WA State Certified Peer Conference
 - August 26: WISE Symposium – Youth in Transition providers, family members and youth
 - August 13: Spokane Regional Provider meeting
 - August 15: TANF Summit for State TANF Directors
 - September 23: WA Academy of Family Physicians FCS Presentation

Upcoming Activities

- Stakeholder engagement:
 - October 3: Washington Affordable Housing Conference FCS presentation
 - October 16: Co-Occurring Disorder Conference FCS Presentation
 - November 10: WA College of Emergency Physicians FCS Presentation
 - November 17: Money Follows the Person Tribal Initiative FCS Presentation
 - December 13: Thurston-Mason Behavioral Health Provider FCS Presentation
- State rules to be revised based to reflect language of approved protocol
- Service delivery to begin following FCS Protocol approval

Quarterly Expenditures

During the period of July 1, 2017 through September 30, 2017, each of the nine Accountable Communities of Health (ACHs) earned \$5 million in Design Funds for successful completion of Phase II Certification.

DSRIP Funding					
	Q1	Q2	Q3	Q4	DY1 DSRIP Total
Accountable Community of Health (ACH)	January 9, 2017 – March 31, 2017	April 1, 2017 – June 30, 2017	July 1, 2017 – September 30, 2017	October 1, 2017 – December 31, 2017	January 1, 2017 – December 30, 2017
King County		\$1,000,000	\$5,000,000		\$6,000,000
Southwest WA		\$1,000,000	\$5,000,000		\$6,000,000
Better Health Together		\$1,000,000	\$5,000,000		\$6,000,000
Olympic Community of Health		\$1,000,000	\$5,000,000		\$6,000,000
Pierce County		\$1,000,000	\$5,000,000		\$6,000,000
Cascade Pacific Action Alliance		\$1,000,000	\$5,000,000		\$6,000,000
North Central		\$1,000,000	\$5,000,000		\$6,000,000
North Sound		\$1,000,000	\$5,000,000		\$6,000,000
Greater Columbia		\$1,000,000	\$5,000,000		\$6,000,000

Service Expenditures					
	Q1	Q2	Q3	Q4	DY1 Total
	January 9, 2017 – March 31, 2017	April 1, 2017 – June 30, 2017	July 1, 2017 – September 30, 2017	October 1, 2017 – December 31, 2017	January 1, 2017 – December 30, 2017
Tailored Supported for Older Adults	–	–	–	–	–
Medicaid Alternative Care	–	–	–	–	–
Foundational Community Supports	–	–	–	–	–

Overall Demonstration Development/Issues

Operational/Policy Issues

The most significant operational issue for the demonstration is the delay in implementation for Foundational Community Supports. Implementation is delayed pending CMS approval of the state's FCS protocol.

Implementation activities for DSRIP and LTSS are underway. For DSRIP, there are continued challenges with educating stakeholders and partners, especially as the program is refined. DSRIP is very complex and stakeholders often report that is difficult to understand.

Financial/Budget Neutrality Development/Issues

Financial

As questions arise, the state and CMS have leveraged monthly CMS monitoring calls to address technical and operational finance related questions.

Budget Neutrality

According to STC 105, a draft working version of the budget neutrality monitoring tool was to be available for inclusion in the state's first quarterly report. Per recent CMS guidance, the state is awaiting further direction from CMS with respect to the status of this tool. It is critical that guidance is provided soon to ensure we are able to monitor and analyze actual expenditures subject to budget neutrality. HCA will continue to raise this issue during monthly monitoring calls.

Designated State Health Programs (DSHP)

HCA is projecting actual realized expenditures authorized under the demonstration for the Designated State Health Programs (DSHP) to be lower than originally anticipated. DSHP presents a challenge in that HCA has to rely on estimated figures provided by Responsible Entities for budget planning purposes. It can be difficult to predict as actuals are reported on a monthly cadence and in many cases fluctuate from month to month. In addition, there are a number of different factors that can impact the amount total DSHP expenditures being reported. Based on the most recent projections, it is becoming clear that there will need to be a reduction in funding for Initiative 1 to account for the DSHP shortage. This will affect how much money ACHs will receive to carry out their planned transformation projects under Initiative 1.

The lower-than-projected DSHP funding can be attributed to the following two causes:

1. Actual DSHP expenditures realized are lower than initially expected.
2. Program changes - Since initial planning commenced, a number of programs have had changes that have reduced or eliminated their total eligible DSHP expenditures. This is due to programs being terminated, reductions in budgets, and/or program expenditures already being leveraged for a federal match.

Consumer Issues

The state has not experienced any major consumer issues during this reporting quarter, other than general inquiry about benefits available through the Demonstration.

Quality Assurance/Monitoring Activity

Not applicable for this reporting quarter.

Demonstration Evaluation

HCA submitted an initial draft of its Evaluation design on May 9, 2017. That document was still under development for this reporting period.

Health IT

HCA continues to develop and refine its Health IT Strategic Roadmap with CMS and other partners. The Health IT Strategic Roadmap identifies activities necessary to advance the use of interoperable Health IT and HIE across the care continuum in support of the programmatic objectives of the Demonstration. In conversations with CMS and ONC, it was agreed on that the state would resubmit its draft Health IT Strategic Roadmap and Operational Plan by December 1, 2017.

Summary of Additional Resources, Enclosures and Attachments

Additional Resources

More information about Washington’s demonstration is available at:

<https://www.hca.wa.gov/about-hca/healthier-washington/medicaid-transformation>.

Interested parties can sign up to be notified of demonstration developments, release of new materials, and opportunities for public comment through the Healthier Washington listserv.

Summary of Enclosures and Attachments

Attachment Reference	Document Title/Description
A	State Contacts

Attachment A: State Contacts

Identify the individual(s) that CMS may contact should any questions arise:

Area	Name	Title	Phone
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DSRIP Program	Kali Klein	Manager, Medicaid Transformation	(360) 725-1240
LTSS Program	Kelli Emans	Managed Care Program Manager, DSHS	(360) 725-3213
FCS Program	Jon Brumbach	Senior Health Policy Analyst, Medicaid Transformation	(360) 725-1535

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