

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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State Demonstrations Group

March 7, 2024

Sue Birch
Director
Health Care Authority
626 8th Avenue SE
P.O. Box 45502
Olympia, Washington 98504-5010

Dear Ms. Birch:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of the Demonstration Year (DY) 6 Statewide Accountability Report (SWA) for Washington's approved section 1115(a) demonstration entitled "Medicaid Transformation Project 2.0" (MTP 2.0) (Project Number 11-W-00304/0 and 21-W-00071/0). CMS is approving the DY6 (January through December 2022) SWA as submitted on January 31, 2024. This SWA demonstrates that Washington met its Delivery System Reform Incentive Payment (DSRIP) goals for quality improvement but did not meet its value-based payment (VBP) improvement goal. As described in Table 2 of the Special Terms and Conditions, the amount of at-risk DSRIP funding for DY6 is \$20,335,918. Because the state and its providers did not meet the VBP adoption target or improve over the baseline, the state may receive federal financial participation (FFP) for only a portion of the at-risk DSRIP funding for DY6. With this approval, the state may receive FFP for \$16,268,734 in at-risk DSRIP funding for DY6.

If you have any questions, please do not hesitate to contact your project officer, Ms. Diona Kristian, at 410-786-1102 or Diona.Kristian@cms.hhs.gov.

Sincerely,

Angela D. Garner
Director
Division of System Reform Demonstrations

cc: Edwin Walaszek, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Statewide Accountability Report

Washington State Medicaid Transformation Project

Demonstration year 6: January 1–December 31, 2022

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Statewide accountability performance: demonstration year 6

This report shows Washington State's performance across Delivery System Reform Incentive Payment (DSRIP) statewide accountability components for demonstration year (DY) 6. DY6 represents January 1–December 31, 2022, of the Medicaid Transformation Project (MTP). MTP is Washington's Section 1115 Medicaid demonstration waiver.

Statewide accountability components

The MTP [special terms and conditions \(STCs\)](#) outline DSRIP statewide accountability. The [DSRIP Measurement Guide](#) defines the statewide accountability measurement methodology. Starting in DY3, Washington State committed to improvement and achievement of these core components:

- Quality improvement: improvement and attainment of quality targets across a set of performance metrics.
- Value-based purchasing (VBP) adoption: improvement and attainment of defined statewide VBP adoption targets.
- Managed care integration: achievement of statewide integration of physical and behavioral health in managed care by January 2020.

Methodology Update

Washington State and CMS previously determined that using a pre-COVID baseline year would introduce unnecessary bias into the performance measurement methodology. Instead of maintaining a two-year gap between the baseline year and performance year, a year-over-year, improvement-over-self approach will be used. This change is documented in the Funding and Mechanics Protocol as approved by CMS. As a result, DY6 will utilize a baseline year of 2021 (DY5) to better account for the disruption that occurred due to COVID-19.

Quality improvement

The 10 statewide accountability quality metrics align with other Washington State measure sets and contracts. These include Apple Health managed care contracts, Washington Statewide Common Measure Set, and pay-for-performance (P4P) metrics included in the DSRIP projects. A quality improvement (QI) model determines statewide performance across the quality metric set.

Definition of achievement: As in the Apple Health Managed Care Contracts, the QI composite score of 0.2 is required to receive full credit for the quality improvement component.

QI performance: See Attachment B for a summary of findings and results from the QI mode.

VBP adoption

According to performance targets for 2022 (DY6), 85 percent of total Medicaid managed care organization (MCO) payments to providers must be made through designated VBP arrangements for the state to secure maximum available DSRIP incentives.

Definition of achievement: statewide VBP adoption targets are consistent with [Health Care Payment Learning and Action Network \(HCP-LAN\)](#) alternative payment model (APM) and defines VBP as arrangements in categories 2C and above. VBP adoption performance is measured by two factors: improvement toward and achievement of the annual target. If the VBP adoption target is achieved, then the full VBP portion of the statewide accountability withhold is earned. If the target is not achieved, a portion of the withhold can still be earned based on the state's improvement in VBP adoption from the prior year.

What this means: in DY6, the VBP adoption goal is set at 85 percent. Washington State will determine whether VBP adoption targets have been met by leveraging the data and validation process as described in the managed care contracts. These contracts are used to determine MCO performance.

VBP adoption performance

For the state to receive full VBP incentives for statewide accountability, MCOs need to collectively meet the annual target based on total statewide VBP adoption. If not, the improvement score (IS) methodology will be used to determine total incentives earned for DY6.

For **table 2 and attachment C** using 85 percent as the VBP target, the VBP adoption for DY6 was 83.06 percent. MCOs did not collectively meet the target of 85 percent. The total at-risk dollars \$4,067,184 for DY6. The state's overall VBP adoption earnings are 0 percent or \$4,067,184 and total funds lost is 100 percent or \$4,067,184 because the statewide VBP adoption metric did not improve over the baseline. See a summary of state VBP achievement and improvement in for the complete methodology and calculation.

Managed care integration

Managed care integration is a foundational goal for MTP and characterized as a "statewide accountability quality metric." All DSRIP incentives were at risk pending statewide integration of physical and behavioral health by the January 2020 deadline, which was confirmed in the DY3 statewide accountability report. On January 1, 2020, HCA completed a multi-year effort to integrate physical health, mental health, and substance use disorder treatment services into one system for nearly two million Apple Health (Medicaid) clients.

Under integrated managed care, MCOs are responsible for physical and behavioral health services for the Apple Health clients they serve. In addition, behavioral health administrative services organizations deliver crisis services that are available to all. These services also manage regional functions, such as employing ombuds and managing a community behavioral health advisory board.

Statwide accountability composite score

Seven of the nine quality measures contribute equal weight to the QI composite score, with two measures splitting weight evenly (collectively representing 80 percent weight). VBP adoption is weighted at 20 percent in recognition of its importance in the overall MTP effort and statewide value-based goals.

Composite score performance

The state's performance toward the QIS measures validates that the state met and exceeded the QIS threshold expectation of 20 percent. The state improved over five baselines that exceeding the quality or improvement score, providing a measure composite score of .52 to be weighted for the total QIS. However, five measures did not improve from their previous baseline. Those measures received a zero (0) in the measure composite score, contributing only as a weight percentage against the total QIS.

Statewide accountability outline

Table 1: statewide accountability at-risk parameters

DY6 DSRIP total earnable	DY6 DSRIP percentage at-risk	DY6 DSRIP total dollars at-risk
\$101,679,588	20%	\$20,335,918

Table 2: statewide accountability, using 85% VBP adoption target scores

DY6 statewide accountability	Weight	Dollars at risk	Score	Full credit threshold	Percent earned	Dollars earned	Dollars Unearned
Quality improvement (QI)	80%	\$16,268,734	0.52	0.20	100%	\$16,268,734	\$0
VBP adoption	20%	\$4,067,184	0.83	0.85	0%	\$0	\$4,067,184
Total	100%	\$20,335,918				\$12,149,954	\$4,067,184

Attachment A: state contact

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Deputy Policy Director

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Attachment B: quality improvement model, DY6

Table 4: state performance – quality improvement component

	1A. Antidepressant Medication Management - (Acute Phase)	1B. Antidepressant Medication Management - (Continuation Phase)	2. Asthma Medication Ratio	3. Mental Health Treatment Penetration (Broad version) (6 - 64)	4. All-cause Emergency Department Visits per 1,000 MM (All)	5. Plan All-Cause Readmission Rate (30 Days)	6. Substance Use Disorder Treatment Penetration (12-64 Years)	7. Child and Adolescents Well-Care Visits (Narrow version)	8. Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) poor control	9. Comprehensive Diabetes Care - Blood Pressure Control
Bechmarks & Performance	1A	1B	2	3	4	5	6	7	8	9
Mean (QS Baseline)	61.6%	44.7%	69.5%	54.5%	40.0%	14.6%	38.5%	53.4%	36.7%	71.1%
Improvement Baseline Year Measure Score (IS Baseline)	61.6%	44.7%	69.5%	54.5%	40.0%	14.6%	38.5%	53.4%	36.7%	71.1%
Target (QS & IS)	62.6%	45.7%	70.5%	55.5%	39.0%	13.6%	39.5%	54.4%	35.7%	72.1%
Source	NCQA	NCQA	NCQA	State	State	NCQA	State	NCQA	NCQA	NCQA
	Higher is better ↑	Higher is better ↑	Higher is better ↑	Higher is better ↑	Lower is better ↓	Lower is better ↓	Higher is better ↑	Higher is better ↑	Lower is better ↓	Higher is better ↑
2022 Performance Year Measure Score	63.6%	46.2%	78.3%	53.6%	44.0%	14.7%	37.2%	53.6%	36.5%	69.6%
Q-I Weighting Factor	1A	1B	2	3	4	5	6	7	8	9
	1.00	1.00	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Quality Score (QS)	1A	1B	2	3	4	5	6	7	8	9
Measure QS Attainment	0.02	0.02	0.09	-0.01	-0.04	0.00	-0.01	0.00	0.00	-0.02
Measure QS Span	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Measure QS Ratio	2.00	1.50	8.80	-0.90	-4.00	-0.10	-1.30	0.20	0.20	-1.50
Measure QS	1.93	1.81	2.00	0.00	0.00	0.00	0.00	0.10	0.10	0.00
Improvement Score (IS)	1A	1A	1A	1A	1A	1A	1A	1A	1A	1A
Measure IS Attainment	0.02	0.02	0.09	-0.01	-0.04	0.00	-0.01	0.00	0.00	-0.02
Measure IS Span	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Measure IS Ratio	2.00	1.50	8.80	-0.90	-4.00	-0.10	-1.30	0.20	0.20	-1.50
Measure IS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30	0.00
Measure Composite Score	1A	1B	2	3	4	5	6	7	8	9
	1.93	1.81	2.00	-	-	0.00	-	0.39	0.39	0.00
Measure Weight	1A	1B	2	3	4	5	6	7	8	9
	6%	6%	11%	11%	11%	11%	11%	11%	11%	11%

Quality Improvement Score (QIS): 0.52

QIS threshold for full credit: 0.20

Percent of at-risk funds associated with quality component earned: 100%

Attachment C: VBP adoption model 85% adoption target

Table 5: Washington State VBP adoption performance

Parameters	DY1	DY2	DY3	DY4	DY5	DY6
VBP adoption target (HCP LAN 2C–4B)	N/A	N/A	75%	85%	85%	85%
VBP achievement - weight	N/A	N/A	50%	55%	25%	25%
VBP improvement - weight	N/A	N/A	50%	45%	75%	75%
Achievement						
Achievement weight	N/A	N/A	50%	55%	25%	25%
HCP LAN 2C–4B adoption target	30%	50%	75%	85%	85%	85%
HCP LAN 2C–4B adoption (actual)	49.7%	65.68%	76.87%	81.82%	84.69%	83.06%
Achievement score	100%	0%	100%	0%	0%	0%
Improvement						
Improvement weight	N/A	N/A	50%	45%	75%	75%
Improvement percent	N/A	100%	18%	61%	90%	-525%
Improvement score	N/A	0%	100%	61%	90%	0%
Result						
Earned VBP adoption score	N/A	N/A	100%	27%	68%	0%