

MEDICAID TRANSFORMATION DEMONSTRATION WAIVER

ACH Agreement-in-Principle Talking Points

On September 30, 2016, the Centers for Medicare & Medicaid Services (CMS) approved Washington's request for a five-year demonstration waiver that allows up to \$1.5 billion of federal investment to help drive Medicaid transformation. This is an agreement in principle by CMS, to be followed by negotiation of special terms and conditions, the actual contract for the demonstration waiver.

ABOUT MEDICAID TRANSFORMATION

- ACHs will play a pivotal role in Medicaid transformation. With their diverse representation, ACHs are uniquely qualified to lead transformation efforts in their region—coordinating regional investments that address local health priorities and developing systems to deliver cost-effective, quality, whole-person care.
- The demonstration has four goals:
 - Reduce avoidable use of intensive, high-cost services, such as acute care hospitals, psychiatric hospitals, and nursing home facilities.
 - Improve population health, with a focus on prevention and proactive management of diabetes and cardiovascular disease, pediatric obesity, smoking, mental illness, and substance abuse for Apple Health clients.
 - Accelerate Medicaid payment reform to pay providers for better health outcomes.
 - Bend the Medicaid cost curve below national trend.
- The three key initiatives for Medicaid transformation are:
 - Initiative 1: Delivery system transformation strategies led by regional Accountable Communities of Health
 - Initiative 2: A broadened array of service options to enable older adults and individuals with disabilities to stay at home and delay or avoid need for more intensive care. This includes supports for family caregivers and individuals who are at risk for spend-down to Medicaid.
 - Initiative 3: Provision of targeted foundational community supports—supportive housing and supported employment services—for Medicaid clients with the most critical needs.

Learn more about Medicaid transformation on the [Healthier Washington website](#).

AGREEMENT-IN-PRINCIPLE

- The principled agreement is a “handshake” between the Centers for Medicare and Medicaid Services (CMS) and the state, announcing an initial agreement on the level of federal investment, the non-federal share, and budget neutrality. It signifies a commitment from both sides in anticipation of a final, formal agreement.
- The principled agreement does not authorize or release any federal investment. This agreement only identifies the level of federal investment that will be authorized once the 1115 Waiver Special Terms & Conditions (STCs) are approved.

SPECIAL TERMS AND CONDITIONS

- The STCs are the contract between the state and the federal government which specifies the programmatic approach and expectations under the 1115 waiver.
- During the coming months, HCA will work with CMS to develop the STCs. The time needed to negotiate STCs varies depending on the specifics of each state’s demonstration. The goal is to come to an agreement as quickly as possible.
- Once STCs are approved, they will be released to the public. The State will continue to develop policies and procedures necessary to implement the approved waiver and we anticipate that stakeholders, partners, and the general public will have opportunities to provide input during this time.

1115 WAIVER FUNDS

- Once STCs are approved, the demonstration period begins, and funds will be eligible to be drawn down by the state. However, there will be a ramp-up period following approval that will allow for planning and capacity building ahead of full implementation. ACHs will have access to support from the state in the form of technical assistance and planning dollars in order to help build the capacity to develop, apply for and oversee transformation projects under Initiative 1.
- Incentive payments under Initiative 1 will not be distributed until after project proposals have been submitted and approved. Payments will then be triggered by the achievement of milestones specified in each region’s project.

ACH role in Initiatives 2 and 3:

- Initiatives 2 and 3 of the demonstration consist of Medicaid services. Funds for both initiatives will not flow through ACHs, but rather through existing Medicaid service delivery systems, including MCOs, BHOs, and the Aging and Long-Term Services Administration (AL TSA) at DSHS.
- ACHs have the opportunity to support providers participating in Initiatives 2 and 3 through their ongoing efforts to address the social determinants of health within their communities. However they are not responsible for the funding or delivery of the actual services.

INITIATIVE TIMELINES

- Development plans for each initiative depend on the agreed-upon terms in the STCs so they will not be finalized until after the final agreement.
- Timelines may vary between initiatives.
 - Initiatives 2 and 3 are for new Medicaid services and benefits for targeted populations.
 - Since the waiver is not a grant, Initiative 1 funding for transformation projects will become available only after regional projects have been approved and upon the achievement of negotiated process or performance milestones. It is important to distinguish this funding from planning and capacity dollars that will be available during the ramp-up period.
- We will keep our stakeholders posted when information about STC development, timelines, or other details are available.

ACH ENGAGEMENT

- While there will not be a formal review of draft STCs during negotiations, ACH leadership, participants and other relevant stakeholders will continue to be active partners as we move forward with Medicaid transformation.
- Engagement between the state and ACHs will continue at ACH meetings, through workgroups, and other opportunities.

ALIGNMENT WITH STATE INNOVATION MODEL (SIM) ACTIVITIES

- Activities under SIM have helped build the foundation necessary for ACHs to take the lead on Medicaid transformation projects under Initiative 1 of the demonstration.
- Upcoming support from an approved 1115 waiver will build on this foundation, accelerating and enhancing each ACH's ability to achieve its goals by helping address the unique needs of each region's Medicaid population.

MORE INFORMATION

- We will post details as they are available on the [Medicaid Transformation page](#) of the Healthier Washington website. Individuals can send questions to medicaidtransformation@hca.wa.gov.
- You can refer media requests to HCA for more information.
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