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Lesson's Learned from Washington State's Medicare-Medicaid Financial Alignment Initiative

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About Washington State's Duals Demonstration and Health Home Program

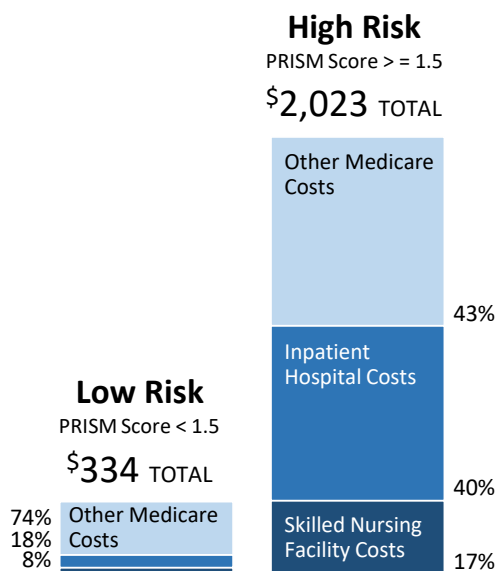
Washington State's managed fee-for-service demonstration, tested under the authority of CMS' Center for Medicare and Medicaid Innovation, is designed to provide enrollees dually eligible for Medicare and Medicaid with a better care experience and to better align the financial incentives of the Medicare and Medicaid programs to reduce expenditures and enhance quality of care. Under the model, CMS and Washington State have entered into an agreement through which the State is eligible to earn Medicare shared savings if health care quality and savings targets are achieved. Washington State's managed fee-for-service demonstration uses its Medicaid Health Home program to improve health outcomes while reducing healthcare costs for high-risk dually eligible beneficiaries.

Lessons Learned from Washington State's Health Home Program

INTERVENTION TARGETING

- Effective risk-based targeting is essential for return on investment (ROI).
- Risk scoring tools are most effective when they are calibrated to your population.
- Targeting based on expected future costs or inpatient admission (IP) risk is more likely to produce high ROI than targeting based on Emergency Department (ED) use or "care gaps."

Medicare Costs for Dual Elders
State Fiscal Year 2010, Per Member Per Month, Excludes Medicaid Expenditures



INTERVENTION DESIGN

- The analysis displayed here informed the design of the Health Home program to serve high-risk beneficiaries.
- Interventions need to address complexity. High-risk duals are highly varied as a group. No combination of health conditions accounts for more than a small proportion of the high-risk population.
- Most high-risk duals use Medicaid-paid long-term services and supports.
- Behavioral health issues are pervasive in high-risk populations. Almost all non-elder ED/IP "superutilizers" have mental health needs and/or substance use disorders.
- Many high-risk duals visit multiple health care providers with limited coordination.
- Many high-risk duals have social support needs, such as the need for housing, transportation, or employment supports.
- Beneficiary "finding" and engagement strategies are critical components of the intervention design.

KEY FEATURES OF THE WASHINGTON STATE HEALTH HOME MODEL

- Uses evidence-based tools designed to tailor interventions to individual needs and increase self-management skills:
 - Standardized screenings
 - Patient Activation Measurement
 - Person Centered Health Goals
- Statewide training for care coordinators to ensure fidelity to the Health Home model
- Monthly meetings with Health Home Lead Organizations to ensure an integrated approach to service delivery

LEVERAGING INTEGRATED DATA SYSTEMS

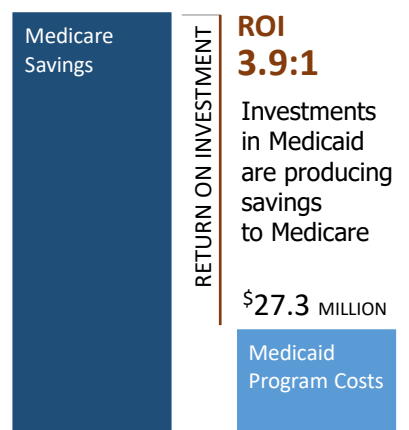
- Data in state agency IT systems are not real time, but are timely enough to support effective intervention targeting and care planning for high-risk beneficiaries.
- Analytic mastery of health care claims and associated administrative data is essential to support the design, calibration, and operation of predictive risk models.
- Integrating Medicare claims and encounter data into the State's Medicaid analytic and clinical-decision-support environments has been essential to success.

Return on Investment from Washington State's Health Home Program

Medicare Savings Relative to Medicaid Program Costs

July 2013 to Dec 2016

\$107.1 MILLION



IMPACTS ON HEALTH OUTCOMES AND MEDICARE SAVINGS

- Well-designed care management interventions targeted to high-risk beneficiaries can pay for themselves over a relatively short time horizon.
- Through the first 42 months, the demonstration has produced \$107 in Medicare savings from a \$27 million investment in Medicaid program costs.
- In focus groups, most participants reported a significant improvement in their quality of life.
- Participants indicated they wanted to get more engaged in their care, and many achieved their health goals by changing their own behavior rather than accessing additional services.
- Medicaid program costs reported here include direct Health Home service payments, incentive payments to Health Home providers, and costs associated with program operations.

EVALUATION DESIGN

- For interventions targeting high-risk beneficiaries, evaluate using randomization or rigorous quasi-experimental methods to mitigate the risk that estimated cost savings will be exaggerated due to "regression-to-the-mean".
- Washington State's program is being evaluated by RTI. Excluded from the calculations reported here are potential impacts on other Medicaid program expenditures (e.g., potential for increased Medicaid LTSS expenditures) which have yet to be evaluated.
- For more information about the Medicare savings generated by Washington State's Health Home program, see: <https://innovation.cms.gov/Files/reports/fai-wa-finalyr2preyr3.pdf>