

August 21, 2015

Dorothy Teeter, Director
Washington State Health Care Authority
626 8th Avenue SE
P.O. Box 45502
Olympia, WA 98504-5502

Subject: WSHA/AWPHD comment letter on HCA global waiver application

Dear Ms. Teeter,

The Washington State Hospital Association (WSHA) on behalf of its 99 hospitals in Washington State and the Association of Washington Public Hospital Districts (AWPHD) on behalf of the 42 of these hospitals that are part of public districts offers the following comments on the state's draft of a global waiver application to the Centers for Medicare & Medicaid Services (CMS).

We believe the global waiver will provide an opportunity for the state to enhance the transformation work it started through the \$65 million innovation grant. While the grant dollars are substantial, the waiver should be able to provide significant additional funding and flexibility that can be used to support population health and save future acute care medical expenses.

We offer the following comments for consideration as the state finalizes its application and begins discussion with CMS on the terms of this waiver. We recognize some of our comments and suggestions may be more appropriate for ongoing discussions at the state level. We know the state is moving quickly to take advantage of a time-sensitive opportunity. We know not all of the details in this application have been fully specified and plans may change in negotiations with CMS.

Our main issues of concerns center around:

- **Sustainability.** The state should be funding projects that have a high probability of being continued for the long term, if they prove effective.
- **Incentives.** We believe the proposal needs to be carefully structured to return sufficient funds to those making the investments. While we understand returns need to be performance based, public entities are not going to transfer funds unless their initial investment is recognized.
- **Focus.** We believe it is critical to focus the state, community, and provider energy on a few key areas for promoting health improvement. In addition, the state must provide strong and swift evaluations to enable a rapid spread of successful interventions. Local community engagement is important, but the state needs to recognize many providers are multi-regional systems working to achieve efficiencies by standardizing care.

Expanded comments are provided in our attached document. Nathan Johnson and Mary Anne Lindeblad have agreed to brief our policy committees in the beginning of September and we look forward to this discussion. We also hope we can continue to play an active role as you negotiate with CMS and as you implement the program over the next five years.

Questions can be directed to Claudia Sanders, Senior Vice President, at claudias@wsha.org or Chelene Whiteaker, Policy Director, chelenew@wsha.org.

Sincerely,



C. Scott Bond
CEO
Washington State Hospital Association



Ben Lindekugel
Executive Director
Association of Washington Public Hospital Districts

cc: MaryAnne Lindeblad, Medicaid Director
Nathan Johnson, Chief Policy Officer

Enclosed: WSHA and AWPHD Detailed Comments on Global Waiver Application

WSHA and AWPHD Detailed Comments on Global Waiver Application

Accompanying the August 21st letter to the Health Care Authority (HCA), the Washington State Hospital Association (WSHA) and the Association of Washington Public Hospital Districts (AWPHD) offer the following specific comments on the state's global waiver application:

Sustainability, Financing and Incentives

Approval of a global waiver will provide much needed federal investments to transform health care delivery, though these new dollars should be carefully considered to ensure they are sustainable long term. For patients, important care improvements need to be able to be continued long term. Starting major new projects that are discontinued after five years would be problematic not only for patients, but for providers who grow to rely on those programs to care for patients.

For providers and plans, there needs to be reassurance that base payments are not reduced in the short term as savings are achieved. Also important is a recognition that while the system needs to be transformed, we cannot undermine the parts of the system needed to save lives and deliver high-quality care to patients suffering and recovering from complex diseases.

In the near term we hope to get a better understanding of how the work described in the application will be financed in terms of the state's share and what entities are bearing the risk. We know the intent is to use state savings from programs currently operated only with state funds that may now be eligible for federal matching funds. We also know the state intends to leverage intergovernmental transfers, voluntary contributions from hospitals, counties, and other public entities would become eligible for federal match. It is unclear to us how the state will be able to obtain approximately \$500 million per year through these two mechanisms. We also question how funds will be available for different regions of the state, given variations in the numbers and size of public entities.

AWPHD is deeply interested in continuing to have a dialogue with our members and the HCA about the role of intergovernmental transfers in transformation work. There are many questions that remain in this area for our membership.

The state's goal is for Washington Medicaid growth to be two percent lower than the national trend. We fully support reductions achieved through a restructured system where enrollees need fewer medical interventions.

Statewide Focus and Measurement

We encourage the state to give careful consideration to how the reforms of the global waiver integrate with its other initiatives and how it can be viable for both managed-care systems and health systems that are working to standardize initiatives across regions. The work in the global waiver needs to complement the areas of work used in state contracting for managed care and behavioral health. We also think it should interlink with payment incentives built into regular Medicaid work through the hospital quality incentive program and any initiatives undertaken for providers. Driving change can only be successful if the work is emphasized with all components participating in the system.

The application proposes the local Accountable Communities of Health (ACHs) choose from a menu of options. Over the last decade, WSHA has significant experience in driving change to improve clinical outcomes. In our efforts, we have learned that better outcomes are achieved through statewide initiatives that are limited in number. Local choice is important, but we believe the menu of options should be narrowed around a few select areas that will drive significant change in the system by emphasizing new partnerships across the care continuum.

The work will also be more successful if there is synergy among the nine ACHs with a focus on projects in a few categories and the state supports the backbone processes to gather data and measure change. Providing a focus for the work allows sharing of best practices among regions as well as a sharing of resources. It also again compliments a provider structure where providers in systems are trying to standardize care.

We strongly suggest supporting work that is already being done in the state and building from those efforts. We would like to play a role, along with others on the choices. At WSHA, we have begun work on several topics that would easily fit into this program. Some examples of efforts underway include our work with the Washington State Medical Association on Honoring Choices to help ensure end of life care follows the patient's wishes. We also have strong projects underway on safe deliveries, in partnership with the Department of Health, which is targeting a full range of services including pre-and post-partum care. Additional work has been started on diabetes and obesity, as well as on immunizations. Setting top priorities at the state level will help the ACHs focus their efforts, allow for additional state supports across communities, and may produce better outcomes in the long-run.

In order to drive change, the state needs to make sure there is a strong system in place to produce timely measurement for projects undertaken. Timely evaluation on local projects is important to participants as well as to others around the state that may be interested in adopting best practices. An evaluation mechanism driven by the state for all of the projects is an essential component.

Accountable Communities of Health (ACHs)

Our membership is not clear on the role and responsibilities of the ACHs. While ACHs are clearly important for local engagement, the expectations seem to be shifting quickly. Many new responsibilities are being given to these nascent structures. We do not think there is value to creating nine entities needing administrative, legal and financial capacity, versus using these community groups to provide valuable input and oversight while having the state retain the administrative responsibilities. We believe these organizations should have clear guidelines regarding public meetings and how they will receive input from those not participating in their governance structure. More importantly, the application lays out a role that ACHs are expected to play in helping local providers transform their practices to promote delivery of care in a value-based payment system. We would like to have dialogue about these new expectations. ACHs lack the technical expertise, experience, and funding to engage in consultations on practice transformation for purchasing, while there are other significant resources that could be tapped across the state and nation, including resources at the state's practice transformation hub as well as at WSHA and other state associations. This should be a statewide effort and not

duplicated in nine different regions. Additionally, we question whether the work will be enhanced by having these organizations actually distribute the funds and enter into contracts for local projects, instead of providing guidance and direction to the state on the projects that should be selected and how the funds should be distributed.

Mental Health

Improving mental health outcomes and the overall health of Washington State residents are two integral pieces of the global waiver work. Investments from the global waiver should be used to support the clinical integration of mental health and the early identification and treatment of mental illnesses for both adults and children. We look forward to working with you on new opportunities such as placing care coordinators in primary care practices to work with people needing mental health services or enhancing the role of pharmacists in medication management.

We also are very pleased to see the emphasis on supportive housing as a key component for people with mental illness as well as those with chronic illnesses and disabilities. Housing supports along with wrap around health management services will keep people in stable situations and help improve health outcomes. Stable housing is essential to keeping people out of the hospital.

Infrastructure Supports and Evaluation

In order to achieve lasting results, there needs to be investments in infrastructure to support patient care. We hope that significant dollars are used to help meet these infrastructure needs. Hospitals need help in building systems that share information across hospitals and with other local partners. For example, primary care practitioners should have access to basic diagnosis and medications for people being seen by the mental health professional in town. We note this work has been important in many of the other states such as Massachusetts and Vermont. The state itself has significant data on some of its patients with complex needs and finding better mechanisms to share these with local providers is important.

Another important infrastructure component is the ability to determine both quickly and accurately whether local projects are succeeding. Timely evaluation on local projects is important to participants as well as to others around the state that may be interested in adopting best practices. An evaluation mechanism driven by the state for all of the projects is an essential component.

Work force training and development is another area of importance for the success of transformation. Telemedicine is an important way to help with workforce shortages; we would like to understand more how the waiver would intersect with DOH's work on the practice transformation hub.

Access to Care for Patients Post-Discharge

WSHA supports the state's goal to reduce nursing home costs. We would like to better understand the proposed changes to reduce nursing home benefits in Medicaid and how they may or may not intersect with current managed care contracts. Adequate capacity to serve

patients in non-skilled nursing settings is critical to ensuring patients are discharged from the hospital appropriately when they no longer need this level of care.

The model of providing long-term services and supports in lieu of nursing homes may also be challenging to implement in some of the rural areas in the state. It needs to take account of areas of the state where alternative resources such as home health and other services simply do not exist. Not having access to nursing home services for patients in rural areas where there are no alternative resources may then add additional burdens to rural providers.

Next Steps

Thank you for the opportunity to comment on the state's Medicaid global waiver application to the Centers for Medicare & Medicaid Services. WSHA and AWPHD look forward to a continued dialogue and discussion about the transformation work in our state.