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Washington State Health Care Authority

Medicaid Transformation Demonstration

**Delivery System Reform Incentive Payment (DSRIP) Program
Funds Flow 101**

April 2017

- **High-Level Waiver Funding Overview**
- **Initiative 1: Transformation through ACHs DSRIP Funding**
- **Deep Dive: Initiative 1 Funding Pools**
- **Next Steps**

High-Level Waiver Funding Overview

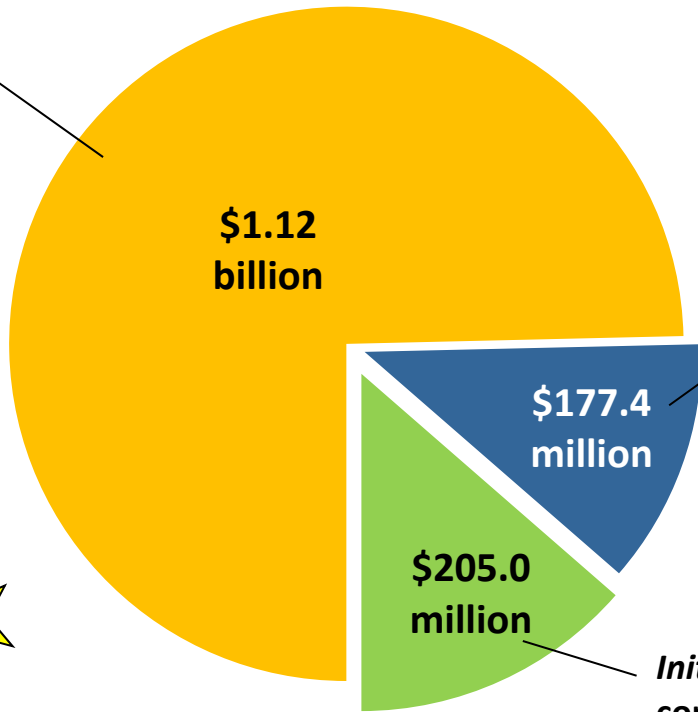
On Jan 9, 2017, CMS Approved HCA's 1115 Waiver, Authorizing \$1.5B in Federal Funding Over 5 Years

\$1.5 BILLION OVER 5 YEARS (2017 – 2021)

Note: Investments are intended to be sustainable without additional federal support by the end of the demonstration

Initiative 1: Apple Health delivery system transformation investments to enable adoption of value-based purchasing (VBP):

- **Delivery System Reform Incentive Payment (DSRIP)** program funding will provide incentives, rewarding implementation of key HCA-specified projects
- Projects to be coordinated by regional **Accountable Communities of Health (ACHs)**



Initiative 2: Authorizes **alternative options for long-term services and supports (LTSS)** benefits and eligibility

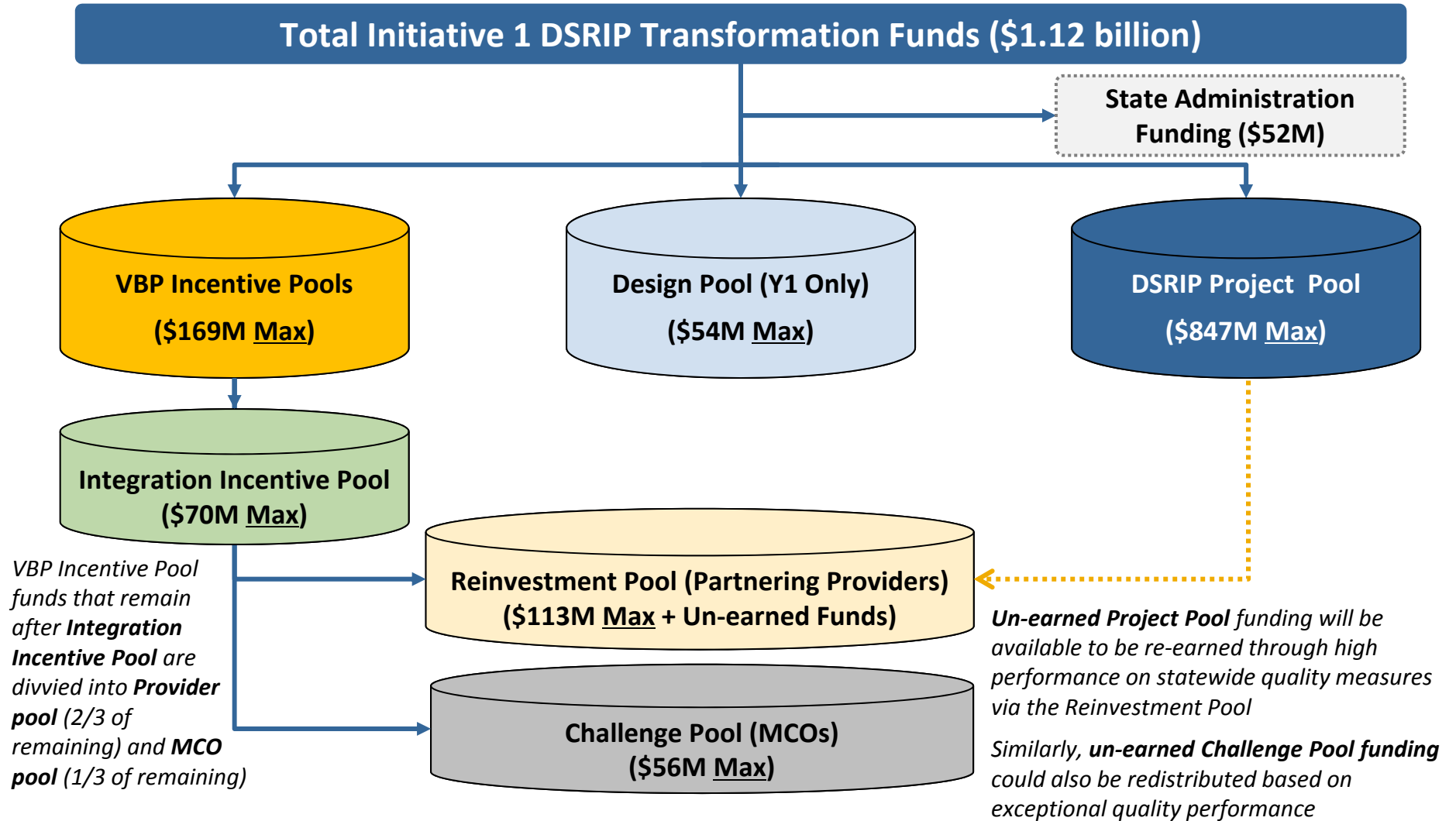
Initiative 3: Funds new **"foundational community support services,"** including housing and employment supports

FOCUS OF TODAY'S DISCUSSION

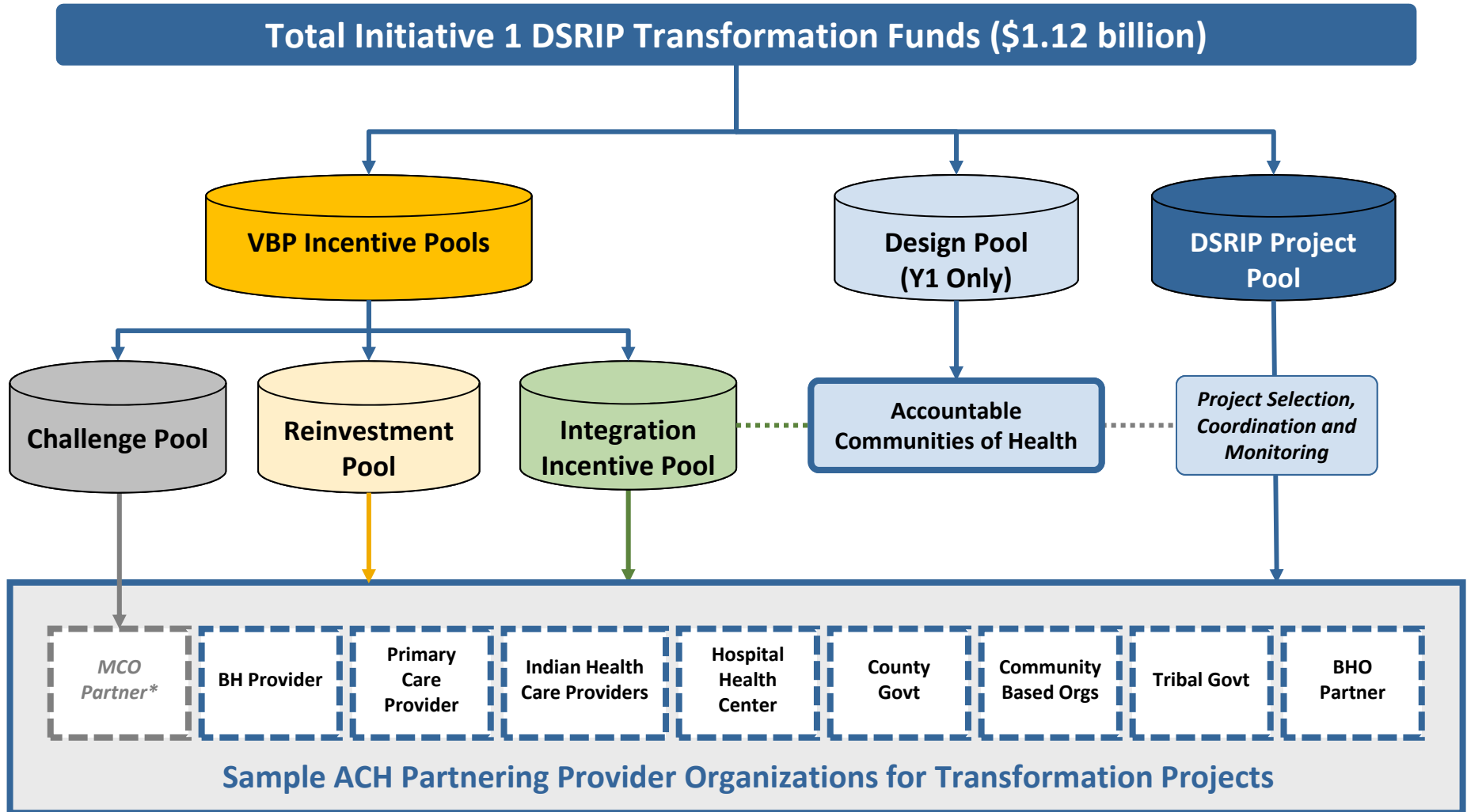


Initiative 1: Transformation through ACHs
DSRIP Funding

Initiative 1 Funds Will Flow to Participants through Several Distinct “Pools”



Funding from DSRIP Pools Flow to ACHs and ACH Partner Organizations, Who Collaborate on Transformation Projects



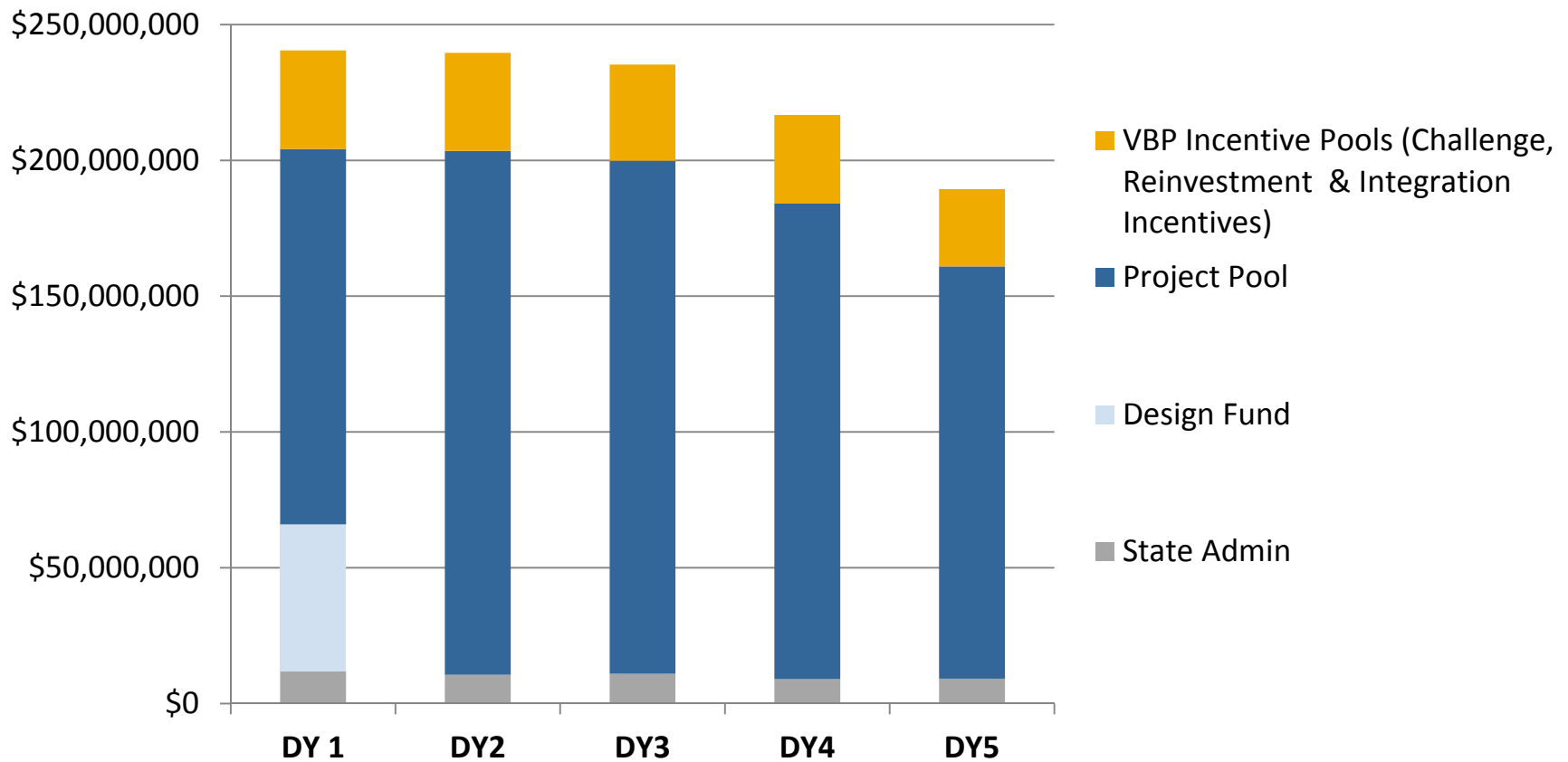
* Note that though MCOs are critical project partners, they are not eligible for DSRIP Project Pool incentive funds

Source: Working DSRIP Funding and Mechanics Protocol; Special Terms and Conditions; Working HCA and PCG Modeling

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Initiative 1 Funding Declines Over the 5-Year Waiver

\$1.12 BILLION DSRIP TRANSFORMATION FUNDING BY YEAR



Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Year 1 Payments in Each Pool are Earned Based on Completion of Key Milestones

Pool	2017							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Design Pool	★ Phase 1 Certification Due ★ HCA-ACH Contract Signed 💰 Phase 1 Payment*			★ Phase 2 Certification Due	💰 Phase 2 Payment*			
Project Pool						Project Plan Due ★	Project Plan Approval & Scores Released ★ Y1 Project Payment Earned 💰	
Integration Incentives Pool				★ Phase 1: Binding LOI				Phase 1 Payment Earned** 💰

* Pending DSHP claiming protocol process; ** Distribution subject to review and complementary to Project Plan funding distribution process

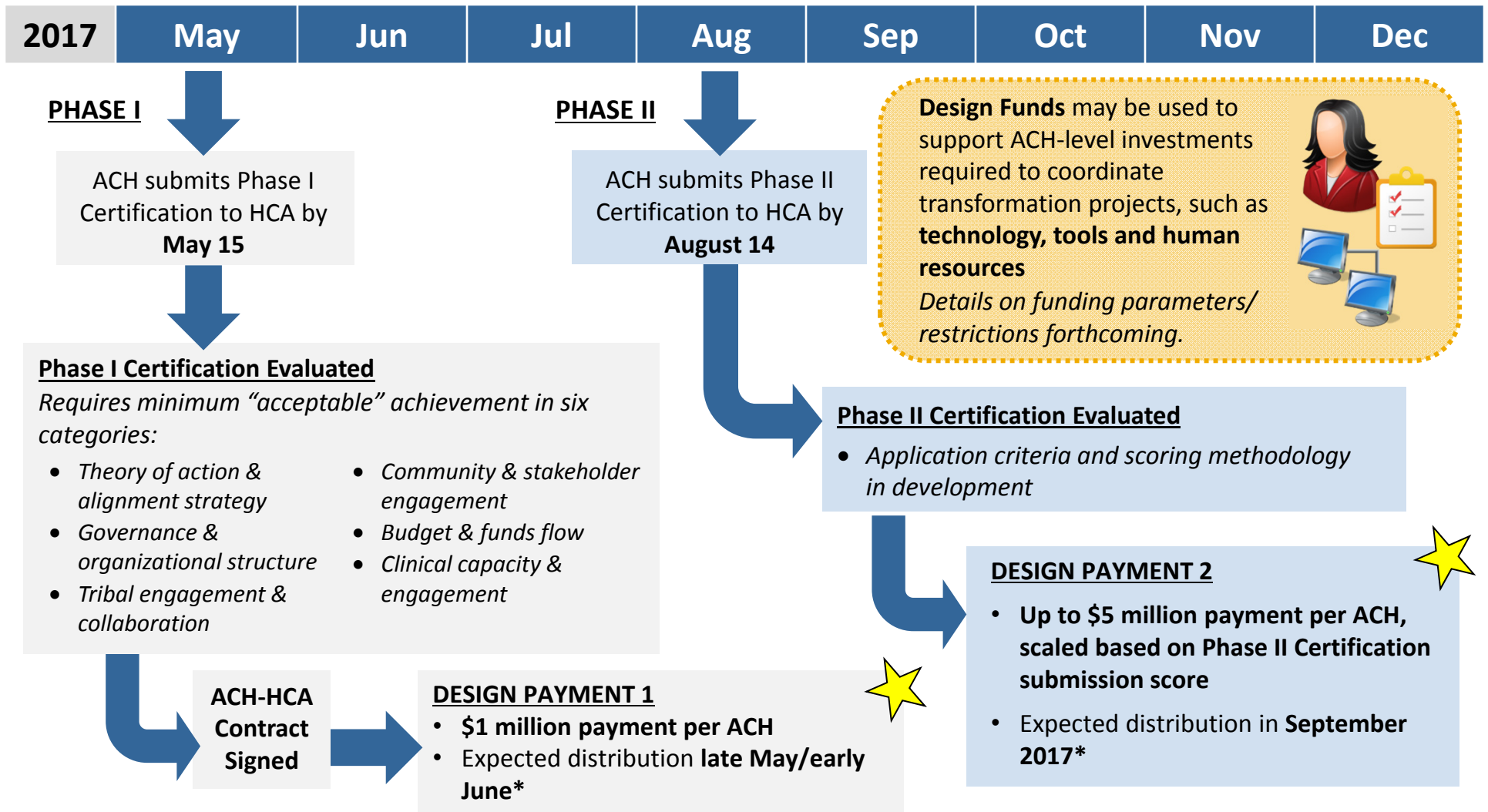
Source: Working DSRIIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Deep Dive: Initiative 1 Funding Pools

Each ACH is Eligible for Up to \$6 million of Design Pool Funding

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* Pending DSHP claiming protocol process

Source: Working DSRIIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Design Pool Funding: *Non-Allowable Expenses*

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Design Pool funding is intended to support ACH-specific priority investments. However, there are some items that may not be funded using Design Pool resources, for example:

- Alcoholic beverages
- Debt restructuring and bad debt
- Defense and prosecution of criminal and civil proceedings, and claims
- Donations and contributions
- Entertainment
- Capital expenditures for general purpose equipment, building and land, with the exception of:
 - Costs for ordinary and normal rearrangement or alteration of facilities
- Fines and penalties
- Fund raising and investment management costs
- Goods or services for personal use
- Idle facilities and idle capacity
- Interest expense
- Lobbying
- Memberships and subscription costs
- Patent costs

ACHs are not permitted to duplicate or supplant other federal or state funds with Project Design Grant funds (including SIM and/or Medicaid covered services)

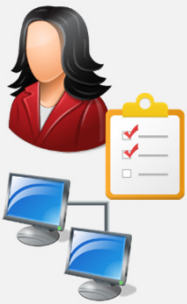
** Note that ACHs will be required to submit a budget for Phase 1 and Phase 2 Design Funds. As part of the Phase 2 certification application, ACHs may be required to track spending against their Phase 1 budget.*

Design Pool Funds Are Intended to Support ACH Capacity

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Design Pool Funds are to be used to support ACH-level investments on tools, technology and human resources for coordination of Medicaid transformation projects.

Examples of potential Design Pool focus areas:



- **Development of an ACH Project Plan:** Convening meetings of partner organizations; reviewing data, clinical evidence, and research; drafting, reviewing, and revising a Project Plan
- **Support for community engagement efforts:** Holding community engagement meetings; facilitating participation of community stakeholders on ACH boards and committees
- **Support for tribal consultation:** Engaging and collaborating with tribes, including training of board members
- **Support for ACH administrative/project management infrastructure:** Supporting key ACH leadership roles (e.g., ACH Executive Director) and other support staff; hosting/maintaining ACH website
- **Support for ACH data capacity:** Supporting data-driven decision-making, including regional data collection, asset mapping, and analyzing State data
- **Health IT/Population health management:** Investments in EMR/electronic health record systems, registry capacity, and linkages to community-based care models
- **Capacity building for direct care or services provision workforce:** Recruiting/hiring, retention, and training of staff

* Pending DSHP claiming protocol process

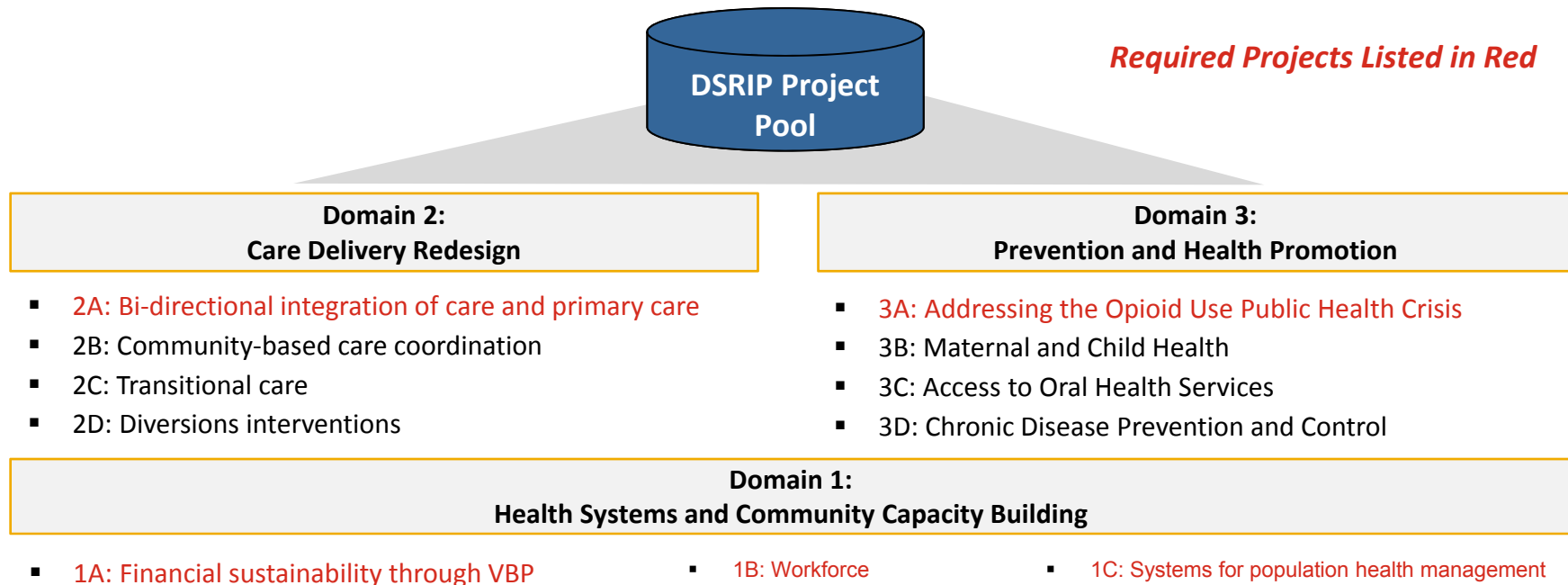
Source: Working DSRIIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Project Pool Funding Will Incentivize Critical Regional Initiatives ¹⁴

- Each ACH will coordinate and submit a Project Plan application by **October 23, 2017**
- **ACHs must select at least 4 projects** from Domains 2 and 3, including both 2A and 3A and one additional project from each of those domains
- **In Year 1, Project Pool funding will be adjusted based on project plan evaluation scores** which will include, in addition to other criteria under development, **the number of projects above the minimum of 4** that are selected by the ACH
- In addition, all ACH project plans under Domains 2 and 3 must integrate the cross-cutting Domain 1 initiatives



Statewide Potential Project Funding Based on Project Weights

- Projects associated with Domain 1 (“Health Systems and Community Capacity Building”) are not tied to specific incentive funding under the Project Pool, but are foundational to receipt of other incentives
- Each project within Domains 2 and 3 of the Project Toolkit is associated with a **project weight**, based on factors including alignment with statewide measures, potential to address population health needs, potential to generate cost savings, and evidence base

Project Weighting		Example Statewide Project Funding (millions)*					
Project Name	Weight *	TOTAL	Y1	Y2	Y3	Y4	Y5
2A: Bi-Directional Integration of Care and Primary Care Transformation	32%	\$271	\$44	\$62	\$60	\$56	\$49
2B: Community-Based Care Coordination	22%	\$186	\$30	\$42	\$42	\$39	\$33
2C: Transitional Care	13%	\$110	\$18	\$25	\$25	\$23	\$20
2D: Diversions Interventions	13%	\$110	\$18	\$25	\$25	\$23	\$20
3A: Addressing the Opioid Use Crisis	4%	\$34	\$6	\$8	\$8	\$7	\$6
3B: Maternal and Child Health	5%	\$42	\$7	\$10	\$9	\$9	\$8
3C: Access to Oral Health Services	3%	\$25	\$4	\$6	\$6	\$5	\$5
3D: Chronic Disease Prevention / Control	8%	\$68	\$11	\$15	\$15	\$14	\$12
STATEWIDE PROJECT POOL FUNDS	100%	\$847	\$138	\$193	\$189	\$175	\$152

* Project weights and estimated statewide funding in this table **only apply if all ACHs select all 8 projects**. When ACHs select fewer than 8 projects, project weights will be re-based, as described in later slides. Estimates also subject to approval of DSHP protocol and other factors.

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Relative Medicaid Attribution Influences ACH-Level Distribution

- Statewide total Project Pool funds is set by year, and will be distributed amongst ACHs primarily based on **share of Medicaid attribution**
- Receipt of total available Project Pool funding will adjusted based on performance

ACH		Estimated Potential Project Pool Funding (millions)**					
ACH Name	Est. % Medicaid Attribution*	TOTAL	Y1	Y2	Y3	Y4	Y5
Olympic Community of Health	4.5%	\$38	\$6	\$9	\$9	\$8	\$7
North Central	5%	\$42	\$7	\$10	\$9	\$9	\$8
Southwest Washington	6.5%	\$55	\$9	\$13	\$12	\$11	\$10
Cascade Pacific Action Alliance	10%	\$85	\$14	\$19	\$19	\$18	\$15
Better Health Together	10.5%	\$89	\$15	\$20	\$20	\$18	\$16
Pierce County	12%	\$102	\$17	\$23	\$23	\$21	\$18
Greater Columbia	14%	\$119	\$19	\$27	\$26	\$25	\$21
North Sound	15%	\$127	\$21	\$29	\$28	\$26	\$23
King County	22.5%	\$191	\$31	\$43	\$43	\$39	\$34
STATEWIDE PROJECT POOL FUNDS	100%	\$847	\$138	\$193	\$189	\$175	\$152

* Estimated Medicaid attribution estimate based on 2016 Medicaid eligibility report. Final attribution will be based on HCA's client-by-month file, as of November 2017. ** Estimate, subject to change and intended only to provide general scale; does not reflect adjustments based on Project Plan score or project selection (Y1 only), tribal projects, project performance, nor enhancements for fully integrated care, among other factors.

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Project Pool Funding Adjustments Informed by Project Weights

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- Year 2-5 Project Pool funds will be adjusted based on performance on project-specific metrics, which will be applied to a project-specific valuation based on project weights
- If an ACH selects fewer than the maximum number of projects, the **weighted value of the ACH's specific projects' maximum incentives are "re-based"**

EXAMPLE



- ACH "A" attributed members represent 15% of total Medicaid attribution
- Estimated Year 2 maximum statewide Project funds are \$193 million
- ACH "A"'s potential Y2 Project incentives is \$29 million (15% * \$193 m), **regardless of projects selected** (Note: number and weight of projects selected will affect Year 1 Project Pool funding)

Example: ACH "A" Year 2 Potential Project-Specific Incentives (millions)

Project	Project Selected?	Original Weight	8-Project Value	Rebalancing Adjustment*	Rebalanced Weight	Project Value**
2A: Bi-Directional Integration of Care	Required	32%	\$9.3	111%	36%	\$10.4
2B: Community-Based Care Coordination	Y	22%	\$6.4	111%	25%	\$7.3
2C: Transitional Care	Y	13%	\$3.8	111%	14.5%	\$4.2
2D: Diversions Interventions	Y	13%	\$3.8	111%	14.5%	\$4.2
3A: Addressing the Opioid Use	Required	4%	\$1.2	111%	4.5%	\$1.3
3B: Maternal and Child Health	Y	5%	\$1.5	111%	5.5%	\$1.6
3C: Access to Oral Health Services	N	3%	\$0.9	N/A	0%	\$0
3D: Chronic Disease Prevention / Control	N	8%	\$2.3	N/A	0%	\$0
POTENTIAL ACH "A" PROJECT INCENTIVES		100%	\$29		100%	\$29

* Rebalancing Adjustment value = $1 + (1 - (\text{Sum of original weights of selected measures}))$; ** Project value to be adjusted based on performance; Project selection and rebasing will occur in Year 1, effective for remainder of the demonstration, with limited exceptions at HCA discretion

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

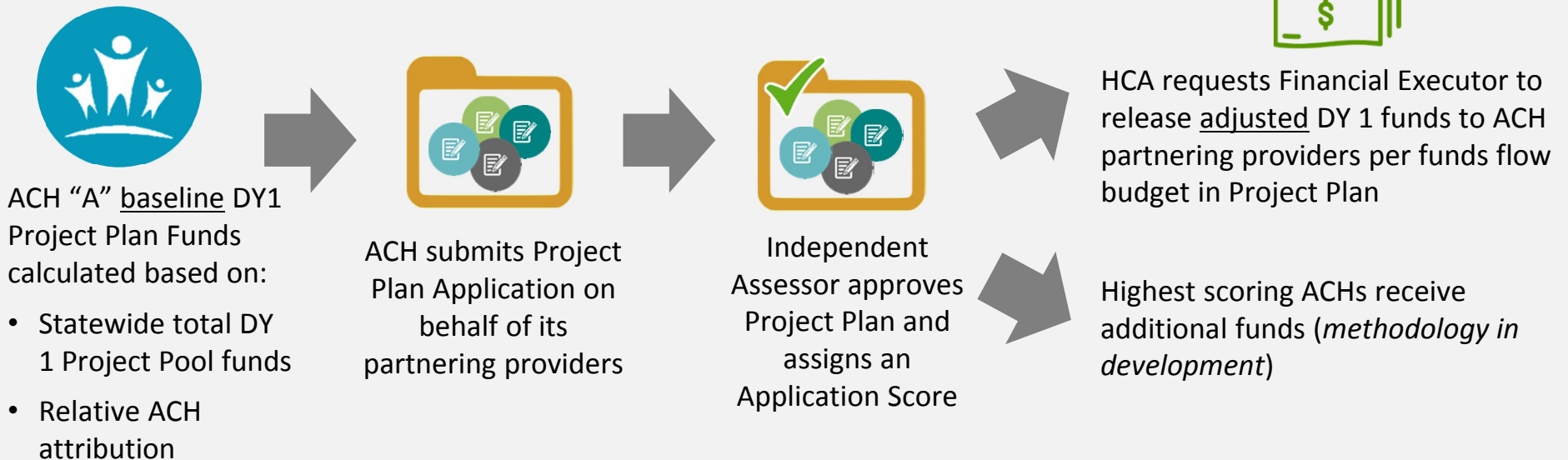
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Y1 Project Pool Funds Adjusted by Project Plan Application Score 18

- Each ACH will coordinate and submit a Project Plan application by **October 23, 2017**
- The Independent Assessor will review Project Plan applications and provide an Application Score for each, based on factors including: Quality, completeness, and selected projects' number and weight
- **The ACH's Application Score, including number of projects selected, will directly impact the amount of their Y1 Project Pool funds**, with highest scoring ACHs securing additional funds (*methodology in development*)
- Y1 Project Pool funds will be distributed on a cadence determined by the ACH, according to the Project Plan budget submitted by the ACH

EXAMPLE



Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

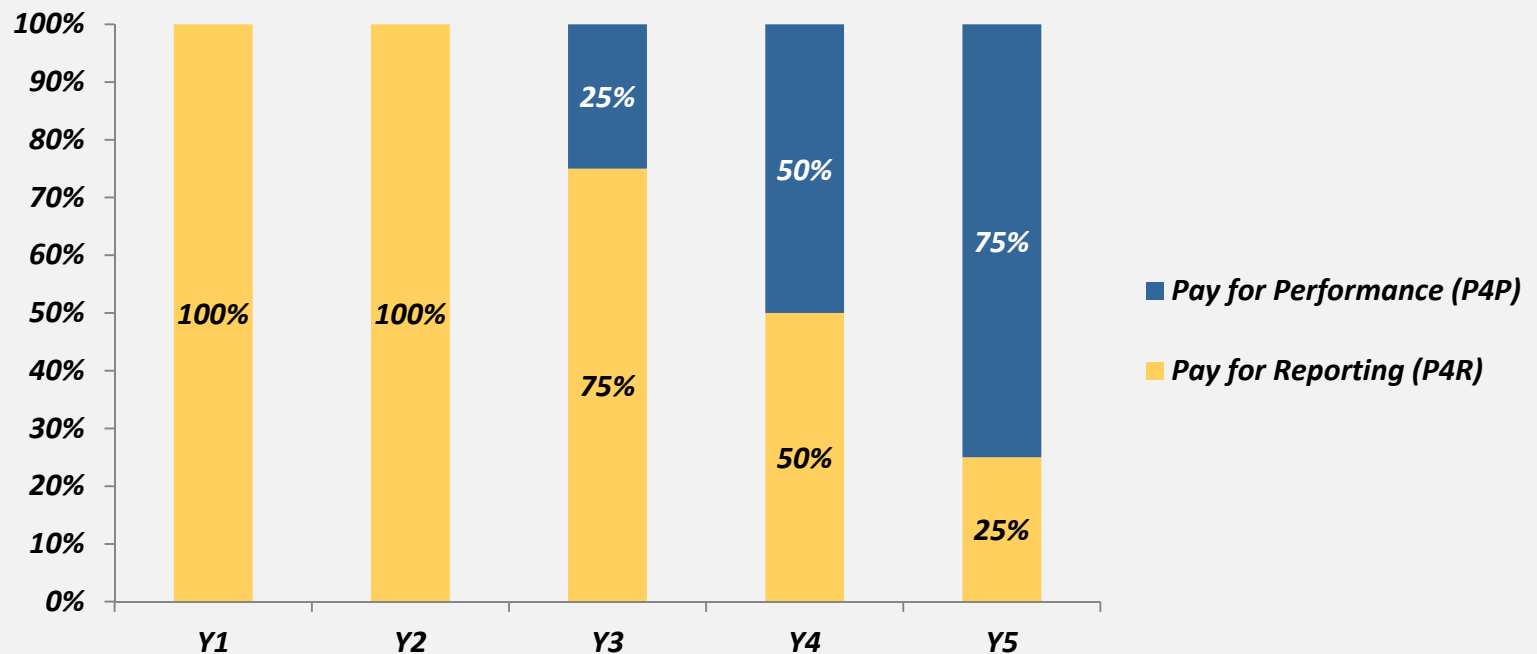
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ACH Project Pool Payments Adjusted based on Performance

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- Performance metrics will be used to monitor progress toward achieving the overall waiver vision. Project Pool incentive payments in Years 2 -5 will be **adjusted based on level of performance** against these metrics
- **ACHs will report semi-annually** on progress and, starting in Y3, on their outcomes to date for selected projects
- Accountability emphasis shifts from process metrics to outcome metrics and from reporting to performance thresholds over the course of the 5-year program

Project Payment Accountability by Year



Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Both P4R and P4P Measures Will Influence Incentive Payments

Pay-For-Reporting (P4R)

- For each project, an ACH must report on Progress Measures, or milestones, set by the state, beginning in Year 1
- Progress Measures adjust over the course of the project to track project planning, implementation, scaling and sustaining activities
- In addition, ACHs must report on several outcome measures on a P4R basis starting in Year 3

Pay-For-Performance (P4P)

- P4P standards will be phased in starting in Year 3 and ramp up in Year 4 and 5
- Each project has select outcome measures that will be assessed on a “gap-to-goal” methodology (8 in DY3, 19 in DY 4, and 21 in DY 5)
- ACH performance goals will be set by the state during Year 1
- Each year, ACHs will be expected to reduce their baseline gap-to-goal by 10%

<i>Demonstration Year</i>		DY 1	DY 2	DY 3	DY 4	DY 5
P4R	Progress Metrics / Milestones	Stage 1: Planning		Stage 2: Impl.	Stage 3: Scale & Sustain	
	Outcome Metrics	N/A	N/A	System Wide & Project-Level Measures		
P4P	Outcome Metrics	N/A	N/A	System Wide & Project-Level Measures		

Example Project Metrics: Project 2A (Bi-Directional Integration)

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PROGRESS METRICS / MILESTONES (P4R)	OUTCOME METRICS	
	P4R	P4P
<p><u>Stage 1: Planning Progress Measures</u></p> <ul style="list-style-type: none"> Assessment for current state List of target providers / orgs with commitment to participate Plan to pursue fully integrated managed care by Jan 2020 Complete Project Implementation Plan Complete Domain 1 strategies related to Project 2A <p><u>Stage 2: Implementation Progress Measures</u></p> <ul style="list-style-type: none"> # of practices / providers implementing integrated approaches # of practices / providers trained on evidence-based practices Begin reporting P4R outcome metrics (<i>at right</i>) PCP PCMH recognition & other special certifications / licensures <p><u>Stage 3: Scale & Sustain Progress Measures</u></p> <ul style="list-style-type: none"> # of practices trained on evidence-based practices # of practices implementing evidence-based practices Begin P4P on select outcome measures (<i>at right</i>) Complete implementation of fully integrated managed care 	<p><u>System-wide Metrics:</u></p> <ul style="list-style-type: none"> Comprehensive Diabetes Care: Controlling High Blood Pressure Adult Mental Health Status <p><u>Project-Level Metrics:</u></p> <ul style="list-style-type: none"> Weight Assessment and Counseling Adult Body Mass Index Assessment Depression Screening and Follow-up for Adolescents and Adults Depression Remission or Response for Adolescents and Adults Utilization of the PHQ-9 to Monitor Depression Symptoms 	<p><u>System-wide Metrics:</u></p> <ul style="list-style-type: none"> Outpatient Emergency Department Visits Inpatient Utilization per 1,000 Member Months Plan All-Cause Readmission Rate (30 Days) Psychiatric Hospital Readmission Rate * <p><u>Project-level Metrics:</u></p> <ul style="list-style-type: none"> Antidepressant Medication Management * Child and Adolescents' Access to Primary Care Practitioners Comprehensive Diabetes Care: Eye Exam (Retinal) Performed Comprehensive Diabetes Care: Medical Attention / Nephropathy * Medication Management for People with Asthma (5 to 64 Years) * Follow-up Post-Discharge from ED for MH, Alc. or Other Drug Dep. Follow-up After Hospitalization for Mental Illness Mental Health Treatment Penetration (Broad Version) * Substance Use Disorder Treatment Penetration *

* P4P Measures become performance-based in Year 4 unless noted with an * - in which case they are performance-based in Year 3.

Year 1: Design Pool	Project Pool		Integration Incentive Pool	VBP Incentive: Reinvestment Pool
	Year 1	Years 2-5		

“Achievement Value” on Each Metric Applied to Adjust Payment 22

- Performance on progress and outcome metrics will be assessed primarily based on ACHs’ semi-annual reports
- “Achievement Values” (AVs) are a number from 0 – 1 assigned to each progress and outcome (P4R and P4P) associated with a selected project, based on the ACH’s semi-annual report
 - P4R Progress Measures receive a full score (1) for successful completion and timely reporting
 - P4R Outcome Measures receive a full score (1) for timely reporting
 - P4P Outcome Measure AVs are scaled based on level of “gap-to-goal” performance (*below*)
- The weighted average of a project’s AVs (the Percentage Achievement Value (PAV)) is then applied to the maximum Project incentive amount, before being distributed according to the Project Plan’s funds flow budget

Gap-to-Goal Achievement	Measure AV
Hit Target Performance	1
Over 75% of Gap to Goal , but not Full Target	0.75
50% - 75% of Gap to Goal	0.50
25% - 50% of Gap to Goal	0.25
< 25% of Gap to Goal Achieved	0

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Example Achievement Adjustment to Project Incentives

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EXAMPLE

An ACH has selected a Project that has 1 Progress Measure, 2 P4R Outcome Measures, and 1 P4P Progress Measure in Year 3.



- The ACH successfully completed the Progress Measures, and reported on time for 1 of the 2 P4R Outcome Measures, earning a full 1 AV on both
- The ACH did not report on one of the P4R Outcome Measures on time, earning a 0 AV for that measure
- The ACH closed 60% of the gap-to-goal on the P4P Outcome Measure in the last 6 months, earning a 0.5 on that measure

EXAMPLE: ACH "A" PAV for Project "X"

Measures	AV	Weight
Progress Measure 1	1	25%
P4R Outcome Measure 1	0	25%
P4R Outcome Measure 2	1	25%
P4P Outcome Measure 3	0.5	25%
Total Achievement Value (TAV)	2.5	
Percentage Achievement Value (PAV)	62.5%	

- The ACH's potential incentive payment for the Project, based on rebased project weights, for the semi-annual period is \$4 million
- That maximum incentive is multiplied by the 62.5% PAV, adjusting the incentive payment to \$2.5 million
- Based on ACH input, the Independent Evaluator will make a recommendation to HCA on payment of the \$2.5 million adjusted Project incentive amount
- HCA will instruct the Financial Executor to make payments to project partnering providers, as outlined by the ACH in the Project Plan funds flow budget
- The remaining \$1.5 million would be re-allocated through the Reinvestment Pool and could be earned through exceptional performance on statewide demonstration accountability measures

* NOTE: A Demonstration Mid-Point Assessment in Year 3 will determine if projects merit continued funding in Years 4-5; funding from any discontinued projects will be redistributed to successful Project Plans in Years 4-5

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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\$70M Available to Reward Timely Managed Care Integration

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- CMS payment of Year 4 and 5 DSRIP funds is **subject to Washington achieving statewide integrated physical and behavioral health managed care by January 2020**
- **\$69.6 million** in DSRIP incentives are available to ACH participants in regions with:
 - **Phase 1:** A binding letter of intent (LOI) to integrate physical and behavioral health managed care submitted to the state Medicaid director by **September 1, 2017**
 - **Phase 2:** Implementation of new, integrated MCOs is underway by **January 2019**
- Similar to Project Pool allocation, each region's ACH would identify recipient partnering providers and distribution cadence (*specific parameters in development*)*

Integration Incentive Calculation

- Integration Incentive payments have a base rate of \$2 million adjusted by:
 - ACH's share of Medicaid attribution
 - Whether the incentive is for Phase 1 (60% "Phase Weight") or Phase 2 (40% "Phase Weight")
- Specifically, funding for each Phase is calculated as follows:

$$\text{\$2 million base rate} + ((\text{\$36} \times \text{Attributed Medicaid beneficiaries}) \times (\text{Phase Weight}))$$
- HCA anticipates total Integration Incentives for an ACH achieving both Phases to **range from \$5.5 m to \$16.7 m**

* Distribution subject to review and complementary to Project Pool distribution process

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

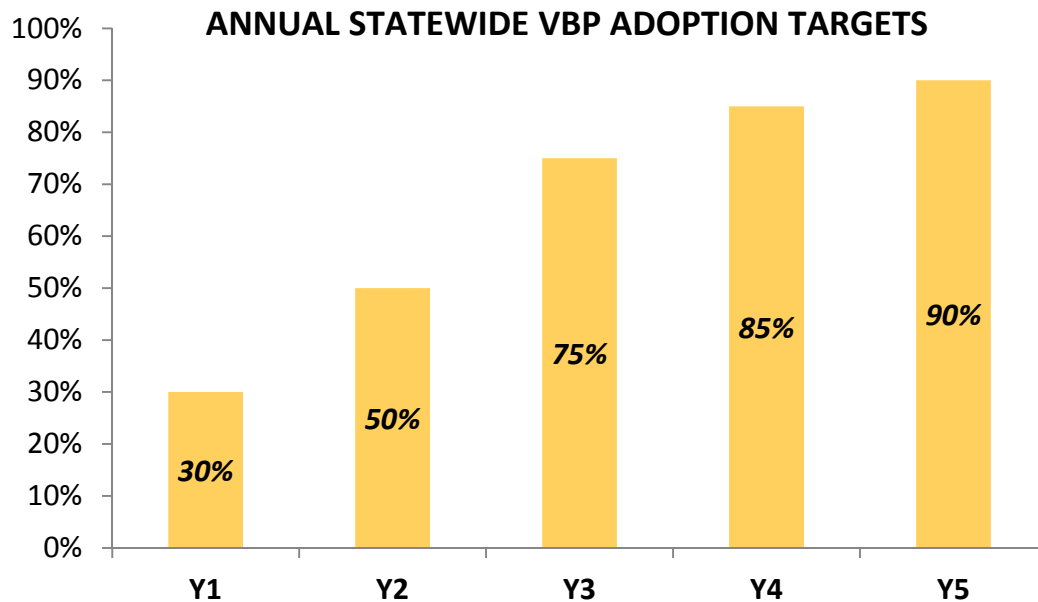
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ACH Partnering Providers May Earn Funds for VBP Adoption

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- State DSRIP funding depends in part on achievement of **statewide VBP adoption targets**
- Eligible ACH partnering providers may receive incentives based on **provider-level progress and attainment in meeting VBP targets** (*methodology in development*)
- Funds must be spent on demonstration objectives (*parameters in development*)
- In addition to VBP-based funding incentives, the Reinvestment Pool will also be used to re-distribute un-earned funds from other pools based on quality performance (*methodology in development*)



Washington State defines VBP as including:

- Rewards and/or penalties for performance (*only permitted to count as a subset of the state's VBP adoption*)
- Alternative payment models (APMs) with upside gain-sharing and/or downside risk
- Condition-specific population-based payment
- Comprehensive population-based payment

Source: Working DSRIP Funding and Mechanics Protocol; Working Internal HCA / PCG Modeling

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Questions?

Next Steps

More to Come...

Several funds flow program design areas are still in development, including:

- **Design Pool:**
 - ACH Phase 2 Certification criteria
 - Phase 2 scoring methodology and application to Design Pool funding calculation
 - Design Pool budgeting and expenditure reporting requirements
- **Year 1 Project Pool:**
 - Project Plan review criteria
 - Project Plan scoring methodology and application to Y1 Project Pool funding calculation
- **Year 2 – 5 Project Pool:**
 - Timing of progress metric stages
 - Measure weighting methodology
- **Integration Incentive Pool:**
 - Funding distribution parameters
- **Reinvestment Pool:** Distribution methodology and spending parameters
- **Challenge Pool:** Distribution methodology and spending parameters

More to Come...

Additional resources are in development, including:

- Phased development of a **DSRIP funds flow “calculator” tool** to support ACH planning, including:
 - DSRIP revenue estimation based on project selection
 - Performance adjustment modeling
 - Budget development



Please contact your Regional Coordinators with questions,
or submit to HCA at:
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