



STATE OF WASHINGTON
HEALTH CARE AUTHORITY

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

November 4, 2014

Dear Interested Partners:

SUBJECT: Joint HCA DSHS Designation of Regional Service Areas for 2016 Medicaid Purchasing

Health system transformation in Washington State depends on effectively coordinating and integrating the health care delivery system with community services, social services, and public health. During the 2014 Legislative Session, enactment of E2SSB 6312¹ established a pathway to define a regional structure to support these linkages and increase accountability for better health, better care, and reduced costs. This is a critical step to guide the transition of Medicaid programs towards a fully integrated managed care system that provides physical health and behavioral health (i.e., mental health and substance disorder) services on a statewide basis by January 1, 2020.

As directed by E2SSB 6312, the Health Care Authority (HCA) and Department of Social and Health Services (DSHS) have jointly decided on common Regional Service Areas (RSAs) for Medicaid purchasing of physical and behavioral health care, beginning in 2016. We based our determination on the Adult Behavioral Health Task Force guidance² required by E2SSB 6312, subsequent community responses, and the criteria listed in Attachment A, "Background on RSA and Purchasing under E2SSB 6312." The map and table in Attachment B, "RSA boundary designation and transition to 2020" sets out the RSAs. A description of the planned transition of regional purchasing is found in that attachment as well.

Your engagement continues to be essential to help HCA and DSHS take steps towards implementing Washington State's vision for improved delivery of health services and a healthier Washington. Thank you for your ongoing efforts on behalf of Washington's Medicaid clients.

Sincerely,

MaryAnne Lindeblad, BSN, MPH
Medicaid Director
Health Care Authority

Jane Beyer, Assistant Secretary
Behavioral Health Service Integration Administration
Department of Social and Health Services

¹ See <http://apps.leg.wa.gov/billinfor/summary.aspx?bill=6312&year=2013>.

² Proceedings available at: <http://www.leg.wa.gov/jointcommittees/ABHS/Pages/default.aspx>

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cc: Dorothy F. Teeter, Director, HCA
Kevin Quigley, Secretary, DSHS
Preston Cody, Division Director, HCS, HCA
Nathan Johnson, Division Director, PPP, HCA
Chris Imhoff, Director, Division of Behavioral Health and Recovery, DSHS
Bob Crittenden, Senior Policy Advisor, Governor's Office
Andi Smith, Executive Policy Advisor, Governor's Office

ATTACHMENT A: Background on RSA and Purchasing under E2SSB 6312

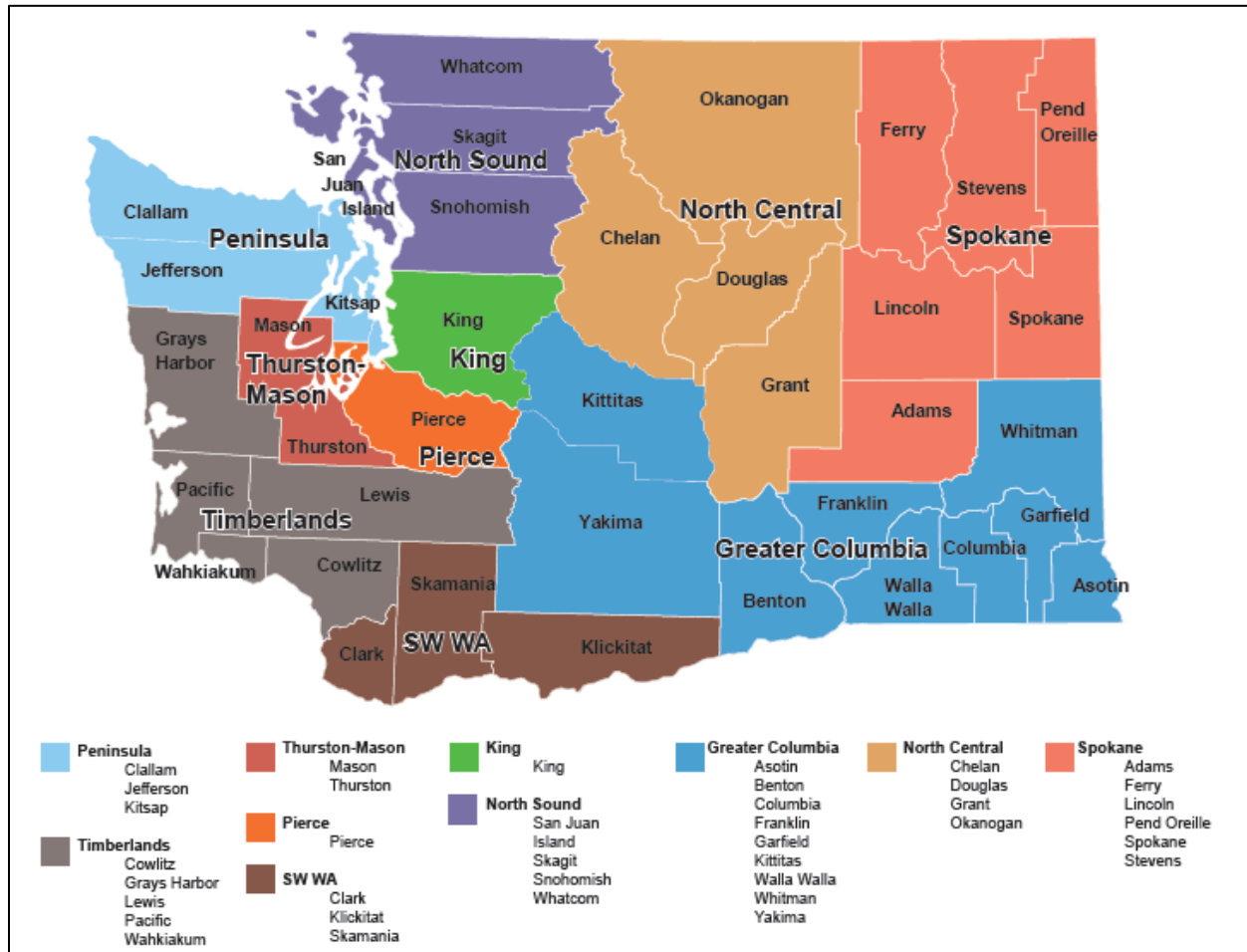
Criteria used in determining RSA boundaries included an assessment of the degree to which geographic boundaries:

- Support naturally occurring health care delivery system and community service referral patterns across contiguous counties.
- Reflect active collaboration and alignment with community planning that prioritizes the health and well-being of residents.
- Serve as a platform to expedite fully integrated Medicaid purchasing of physical and behavioral health services by 2020, as directed by statute.
- Include a critical mass of beneficiaries (60,000 covered Medicaid lives) to ensure active and sustainable participation by risk-bearing organizations that serve whole region(s) and promote integrated delivery of care.
- Ensure access to adequate provider networks, considering typical utilization and travel patterns, the availability of specialty services, and continuity of care as enrollee circumstances change.
- Minimize disruption of business relationships (i.e., provider, payer and community) that have evolved over time.

ATTACHMENT B: RSA boundary designation and transition to 2020

RSA designation:

Counties are distributed across ten regional service areas as shown on the map below.



Throughout most of the state RSA boundaries are consistent with the guidance from the Adult Behavioral Health Task Force.

In north central Washington, discussions with community representatives have framed the following alternative:

- HCA and DSHS have decided on a “transition strategy” to a two-RSA approach for the counties presently assigned to the Chelan-Douglas and Spokane Regional Support Networks.
- Beginning in 2016, for purposes of purchasing physical care/Apple Health services, one four-county RSA will include Chelan, Douglas, Grant, and Okanogan counties. The remaining six counties – Adams, Ferry, Lincoln, Pend Oreille, Spokane, and Stevens – will compose a

separate RSA. Recognizing the transitional pathway we are on, HCA and DSHS will designate a single Behavioral Health Organization (BHO) to serve both RSAs during the transition period to full integration. This is to ensure development of appropriate community and delivery system capacity to serve the four-county RSA.

- No later than January 1, 2020, when full integration of medical and behavioral health services in a Managed Care system is required under E2SSB 6312, the two RSAs will be separate and distinguishable for purposes of integrated physical and behavioral health purchasing.

Early Adopter or BHO/Apple Health Plan Decision:

As provided in E2SSB 6312, counties in each RSA must collectively adopt one of two Medicaid Managed Care delivery system pathways.

- Beginning in 2016, counties in *early adopter RSAs* will adopt a purchasing model in which care is delivered through Managed Care Organizations (MCOs) at risk for physical and behavioral health services and where financing is leveraged to support the integrated delivery of whole-person care. Counties in these RSAs will share 10 percent of resulting state savings.

For more information about the Early Adopter track:

Visit http://www.hca.wa.gov/hw/Pages/fully_integrated_Medicaid_purchasing.aspx or email questions to earlyadopterquestion@hca.wa.gov.

- In *other RSAs*, counties will initially adopt a purchasing model in which care is delivered through separate but coordinated behavioral health and physical health Managed Care contracts. Under this model, behavioral health services will be delivered through a BHO, a Managed Care entity at risk for the mental health and substance disorder services for the population it serves. Traditional Medicaid MCOs will remain at risk for delivery of physical health services. As the delivery system transformation evolves, counties will transition towards fully integrated Managed Care systems.

For more information on the BHO track:

Visit http://www.dshs.wa.gov/dbhr/bho_transition.shtml.

The deadline for the counties in a designated RSA to collectively notify HCA and DSHS of their decision between early adopter and BHO/Apple Health status has not yet been set.

Conversations are continuing with counties interested in potentially becoming early adopter regions. A formal request for the notification referenced above can be expected later this year, with decision-making timed to support development of MCO and BHO procurement documents and applicable payment rates for 2016 contracts. Meantime, counties that are potentially interested in the early adopter track should contact MaryAnne Lindeblad, Medicaid Director, by telephone at 360-725-1863 or via email at maryanne.lindeblad@hca.wa.gov if they have not already done so.

Linkage between RSAs and Accountable Communities of Health:

The joint HCA DSHS RSA designation also provides the framework for the evolution of a community role in Medicaid purchasing through Accountable Communities of Health (ACH), which were introduced in concept via Washington's State Health Care Innovation Plan (see: <http://www.hca.wa.gov/hw/Pages/default.aspx>). These are intended to be a regionally governed, public-private collaborative or structure tailored by the region to align actions and initiatives of a diverse coalition of players in order to achieve healthy communities and populations. This month the HCA will announce a grant opportunity to support the further design and proof of the ACH concept.

Information will be available at: http://www.hca.wa.gov/hw/Pages/communities_of_health.aspx.

Planning for an introductory community role in 2016 Medicaid purchasing, prior to the formal designation of ACHs, will occur later this year.