

# Proportion of Non-Participating Providers Serving Apple Health Enrollees

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## Annual Report: July 1, 2021–June 30, 2022

House Bill 1652; Section 1(11); Chapter 256; Laws of 2015

Engrossed Substitute Senate Bill 5927; Section 4(3); Chapter 9; Laws of 2011

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## Executive summary

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The Washington State Health Care Authority (HCA) is submitting this report to the Legislature as required by House Bill (HB) 1652 (2015):

“Pursuant to federal managed care access standards, 42 C.F.R. Sec. 438, managed care health care systems must maintain a network of appropriate providers that is supported by written agreements sufficient to provide adequate access to all services covered under the contract with the authority, including hospital-based physician services. The authority will monitor and periodically report on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each managed health care system to ensure that managed health care systems are meeting network adequacy requirements. No later than January 1st of each year, the authority will review and report its findings to the appropriate policy and fiscal committees of the legislature for the preceding state fiscal year.”

As directed by the Legislature, this report details the proportion of services provided by non-participating providers to Washington Apple Health (Medicaid) enrollees. Non-participating providers do not have written contracts to participate in an Apple Health managed care system’s (or Managed Care Organization’s [MCO]) provider network. However, these providers deliver health care services to Apple Health enrollees whose care is provided by an MCO.

All Apple Health MCOs are responsible for contracting with enough providers in all areas of health care delivery to meet the needs of their enrollees. However, some care is purchased from non-participating providers. The state Apple Health contract requires plans to reimburse non-participating providers no more than the lowest amount paid for that service under the plan’s contracts with similar providers in the state.

The data in this report relates to services provided from July 1, 2021, through June 30, 2022, and purchased from non-participating providers as reported by each MCO. This and all previous non-participating provider reports have relied exclusively on MCO-reported data. As of January 1, 2020, all of Washington State is fully integrated with two contracts: one for Integrated Foster Care (IFC) and one for non-Foster Care, Integrated Managed Care (IMC).

Total spent this period (across both Apple Health IMC and IFC contracts) for non-participating providers was \$206 million. This is a \$41 million increase from last year. Last year’s report had an error, and the total spent was \$166 million instead of \$156 million.

- The provider specialty with the largest amount of non-participating provider payments was hospital admissions at \$42 million. This accounts for 20 percent of all non-participating provider payments—a 6 percent decrease from last year.
- The most dollars paid to non-participating providers are still in the larger counties (King, Pierce, Benton, and Snohomish).

## Background

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Since July 2012, HCA has contracted with five MCOs: Amerigroup Washington, Inc. (AMG); Community Health Plan of Washington (CHPW); Coordinated Care of Washington (CCW); Molina Healthcare of Washington (MHW); and UnitedHealthcare Community Plan (UHC).

Starting April 1, 2016, two new managed care programs began: Apple Health Foster Care (AHFC now known as Integrated Foster Care (IFC)) and Fully Integrated Managed Care (FIMC – now known as Integrated Managed Care IMC).

Effective January 1, 2017, clients who had a secondary (primary) insurance were moved to managed care plans. As of January 1, 2020, HCA completed implementation of IMC coverage across the entire state.

This report shows the cost and utilization of services provided between July 1, 2021, through June 30, 2022, to Apple Health enrollees by non-participating providers. The data is reported by county, by MCO, and by contract. To meet the reporting requirements, HCA directed each contracted MCO to provide the following data for the fiscal year (FY):

- Total paid amount, per county, the MCO paid to all providers for overall services (claims paid) delivered to Apple Health enrollees.
- Percent of total cost, per county, the MCO paid to non-participating providers—including hospital-based providers—for services (claims paid) delivered to Apple Health enrollees.
- Number of total claims and distinct number of non-participating provider claims, per county, the MCO paid.
- Number of total clients with paid claims and distinct number of client claims MCO paid to non-participating providers.
- Data regarding types of providers paid in the following categories: “professional” (including MD (medical doctor), PA (physician assistant), ARNP (advanced registered nurse practitioner)) and their specialties, “durable medical equipment,” “pharmacy,” or “other.” Professional specialty categories include “allergy,” “anesthesia,” “applied behavior analysis (ABA),” behavioral health,” “chiropractor,” “dermatology,” “dietician,” “emergency room,” “general practice,” “hearing and vision,” “home health,” “hospice,” “hospital,” “infusion therapy,” “internal medicine,” “obstetrics and gynecology,” “pathology/lab,” “pediatrics,” “podiatry,” “physical medicine and rehab (PM & R),” “private duty nursing (PDN),” “radiology,” “sleep,” “surgeon,” and “therapy.”

We have provided year-to-year comparisons (FY2021 – FY2022) for the IMC and IFC contracts per plan with reports for:

- Total paid
- Total non-participating providers paid
- Total clients who received services from a non-participating provider

## Key findings

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HCA analyzes cost and utilization data to look for trends that may indicate network adequacy changes that could impact enrollee access to services. Here are some highlights of our analysis:

### Integrated Foster Care contract

- On January 1, 2019, IFC contract with CCW became fully integrated statewide.
- CCW paid approximately \$7 million in fiscal year 2022 to non-participating providers; this is no change to previous fiscal year. Fifteen percent of the claims paid were to non-participating providers for services provided to 42 percent of the clients. The most utilized non-participating provider specialty/subspecialty was "hospital (any type)."

### Integrated Managed Care contract

During this reporting period, all 39 counties are fully integrated (10 regions). The MCO's data reflects the following:

- **Amerigroup** paid \$55 million to non-participating providers in fiscal year 2022; an increase of \$2 million from previous fiscal years. Twenty-five percent of the claims paid were to non-participating providers for services provided to 20 percent of clients enrolled with AMG.
- **Coordinated Care of Washington** paid approximately \$35 million in fiscal year 2022 to non-participating providers; an increase of \$8 million from previous fiscal year. Fifteen percent of the claims paid were to non-participating providers for services provided to 40 percent of the CCW-enrolled clients.
- **Community Health Plan of Washington** paid approximately \$31 million in fiscal year 2022 to non-participating providers; an increase of \$8 million from previous fiscal year. Twenty-eight percent of the claims paid were to non-participating providers for services provided to 21 percent of the clients enrolled with CHPW.
- **Molina Healthcare of Washington** paid approximately \$70 million in fiscal year 2022 to non-participating providers; an increase of \$26 million from previous fiscal year. Fourteen percent of the claims paid were to non-participating providers for services provided to 9 percent of clients enrolled with MHW.
- **UnitedHealthcare Community Plan** paid approximately \$8 million in fiscal year 2022 to non-participating providers; a decrease of \$3 million from previous fiscal year. Eight percent of the claims paid were to non-participating providers for services provided to 8 percent of the clients enrolled with UHC.

### Overall

The amount paid to non-participating providers increased by \$40 million, number of non-participating providers paid decreased by 15 hundred, and number of clients seeking services from a non-participating provider has increased by 34 thousand.

**The highest paid non-participating provider specialties/subspecialties was "hospital admit (any type)."**

# IFC fiscal year 2022 findings

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## CCW

The Apple Health Foster Care program was implemented April 1, 2016, and CCW was the single statewide MCO. Beginning January 1, 2019, HCA implemented the IFC contract statewide and CCW remains the single statewide MCO for this program.

In 2022, CCW paid a total of \$102,075,614 for services to 41,641 providers for 24,240 foster care clients (see Chart #1 for top five county paid claims). Also in 2022, HCA paid approximately \$7 million (seven percent of the total) to 6,095 providers (15 percent of the total) for 10,194 clients (42 percent of the total) who received health care services from a non-participating provider.

There is no change in dollars spent compared to the previous year. No counties were paid 50 percent or more to a non-participating provider (no chart). Nine counties had more than 50 percent of clients seeing a non-participating provider for their health care needs (see Chart 2).

The top five counties with payment **increases** to non-participating providers were:

- Thurston County: \$326 thousand increase
- Pierce County: \$160 thousand increase
- King County: \$158 thousand increase
- Benton County: \$65 thousand increase
- Clark County: \$43 thousand increase

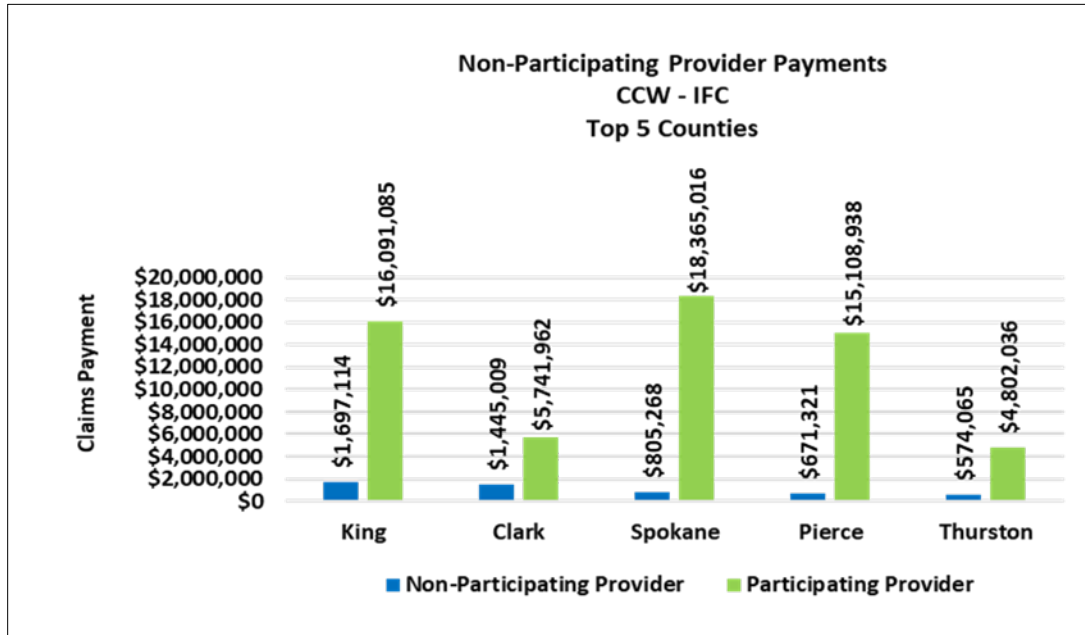
The top five counties with payment **decreases** to non-participating providers were:

- Chelan County: \$119 thousand decrease
- Grays Harbor County: \$114 thousand decrease
- Spokane County: \$61 thousand decrease
- Cowlitz County: \$53 thousand decrease
- Skagit County: \$50 thousand decrease

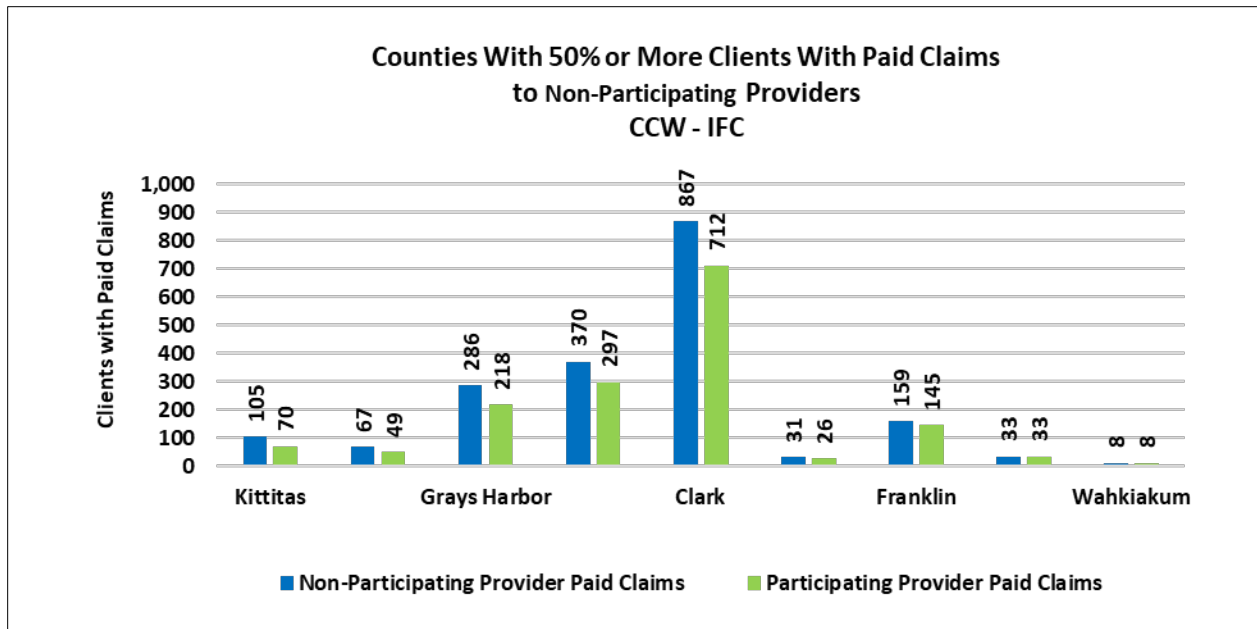
The top non-participating provider type visited was "hospital (any type)," which was eight percent of the total paid to this provider type (see Chart 3 for top five non-participating provider types visited).

CCW also paid \$26,447 to 74 non-participating providers for 105 clients who received services out of state or in a border city.

**Chart 1: Non-participating provider payments for CCW-foster care top 5 counties**

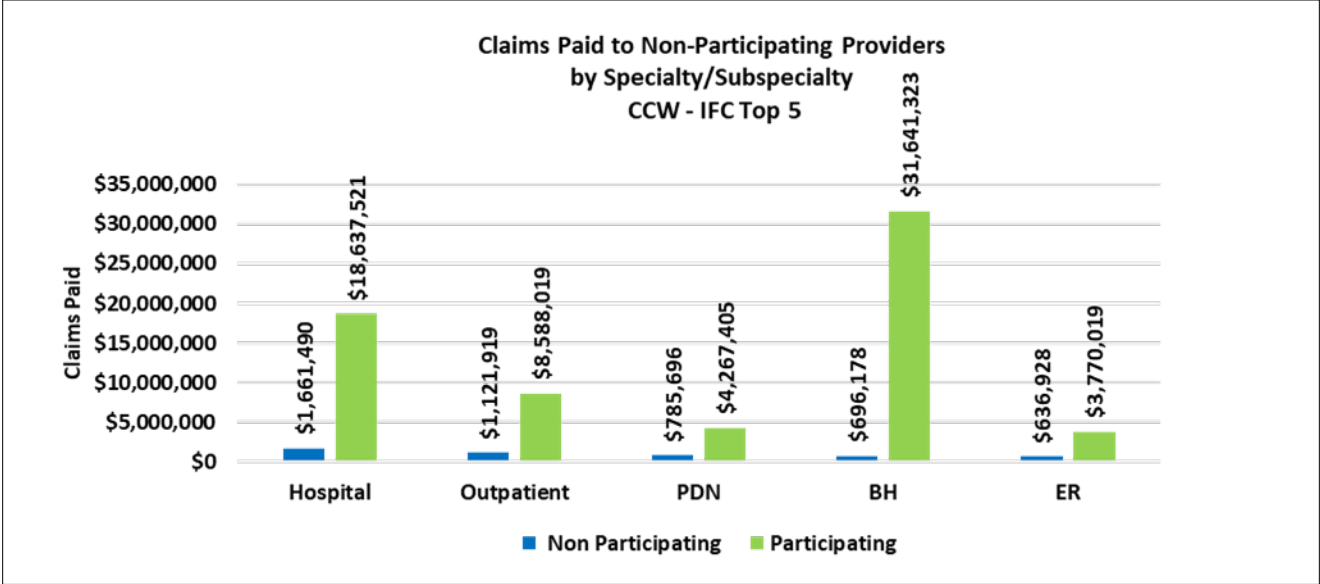


**Chart 2: Counties with more than 50 percent of clients with paid claims to non-participating providers for CCW-foster care**





**Chart 3: Claims paid by specialty/subspecialty to non-participating providers for CCW-foster care, Top 5**



# IMC fiscal year 2022 findings

Beginning April 1, 2016, HCA implemented IMC for all physical and behavioral health services through managed care. As of January 1, 2020, HCA completed implementation of IMC across the state.

## AMG

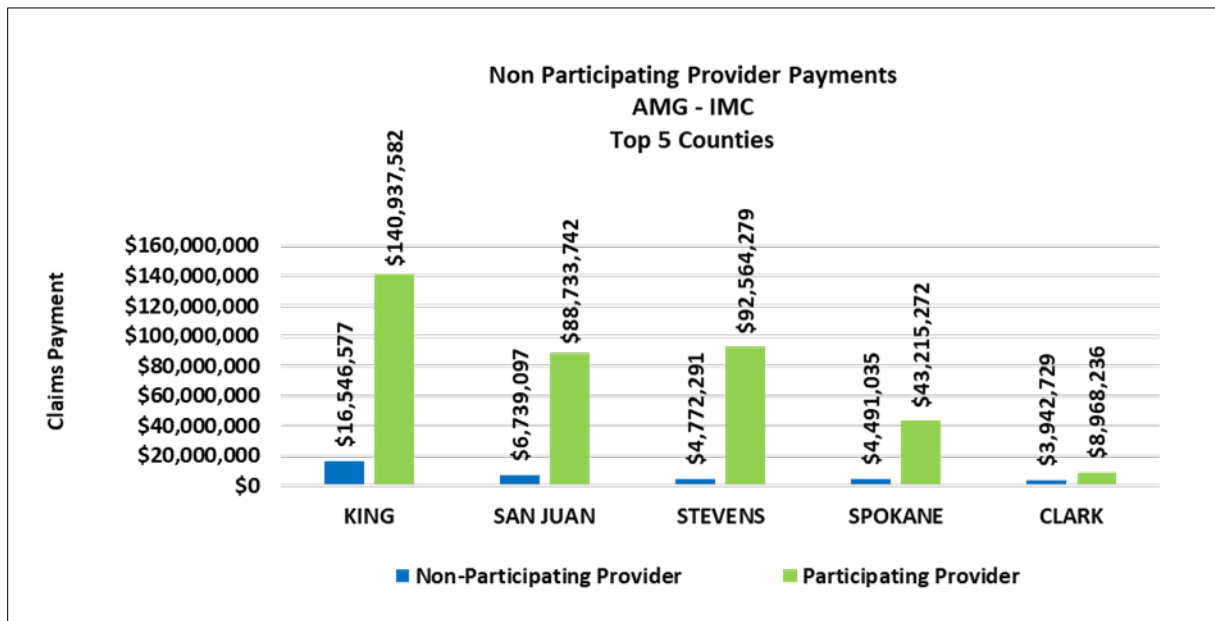
In 2022, AMG paid a total of \$747,850,993 for services to 136,361 providers for 652,794 IMC clients (see Chart 4 for top five county-paid claims). Also in 2022, AMG paid approximately \$55 million (nine percent of the total) to 33,552 providers (25 percent of the total) for 127,528 clients (20 percent of the total) who received health care services from a non-participating provider.

No counties were paid 50 percent or more to a non-participating provider (no chart). No counties had more than 50 percent of clients seeing a non-participating provider for their health care needs (no chart).

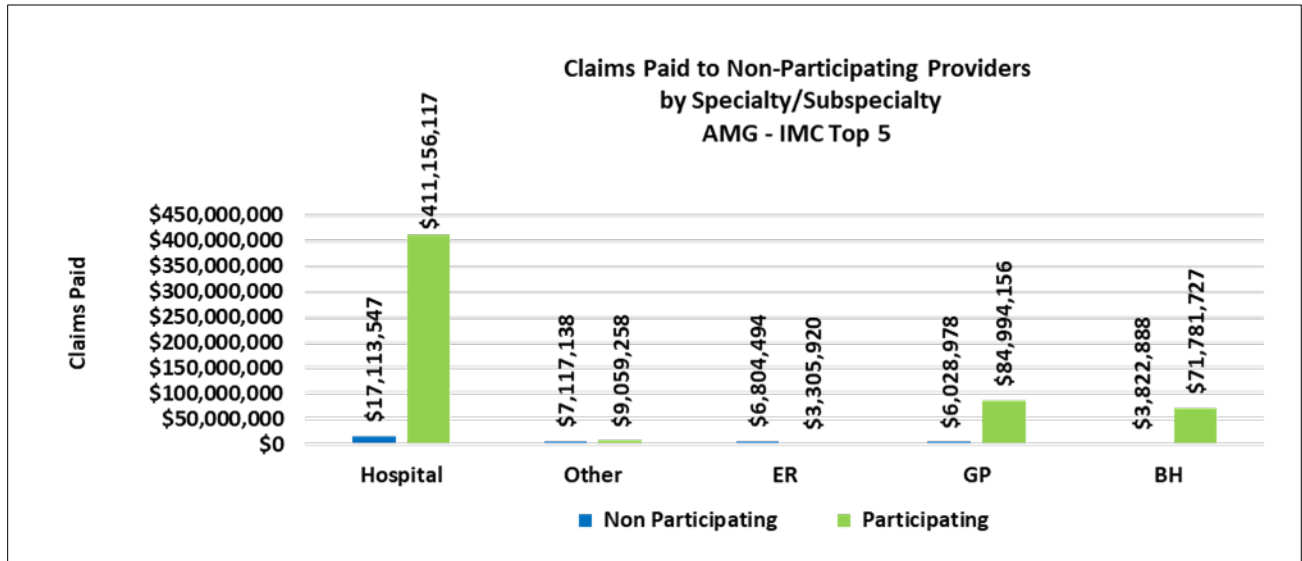
The top non-participating provider type visited was "hospital admit (any type)," which was four percent of the total paid to this provider type (see Chart 5 for top five non-participating provider types visited).

AMG also paid \$349.68 to three non-participating providers for two clients who received services out of state or in a border city.

**Chart 4: top 5 counties for non-participating provider paid amount for AMG-IMC Top 5 Counties**



**Chart 5: paid amounts by specialty/sub-specialty to non-participating providers for AMC-IMC Top 5**



## CHPW

In 2022, CHPW paid a total of \$601,129,667 for services to 36,308 providers for 412,616 IMC clients. (See Chart 6 for top five county paid claims). Also in 2022, CHPW paid approximately \$31 million (five percent of the total) to 10,137 providers (28 percent of the total) for 85,814 clients (21 percent of the total) who received health care services from a non-participating provider.

No counties had 50 percent or more non-participating providers paid in this reporting period. No counties had more than 50 percent of clients seeing a non-participating provider for their health care needs in this reporting period.

The top non-participating provider type visited was “general practice,” which was 17 percent of the total paid to this provider type (see Chart 7 for top five non-participating provider type visited).

CHPW also paid approximately \$3 million to 1,100 non-participating providers for 3,287 clients who received services out of state or in a border city.

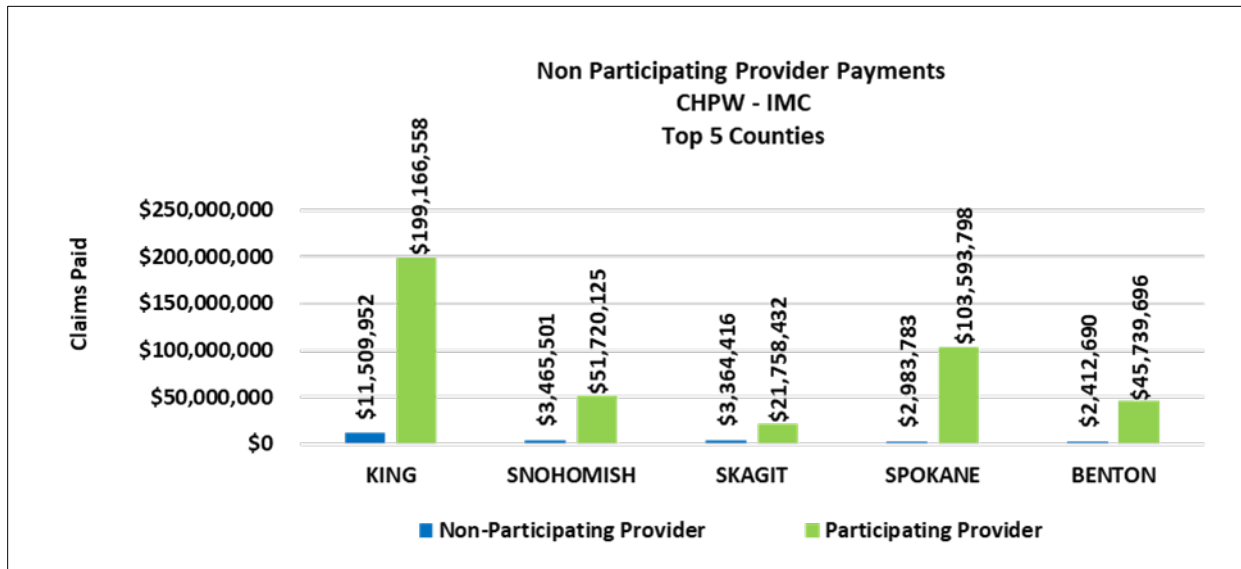
The top five counties with payment **increases** to non-participating providers were:

- King County: \$3 million increase
- Skagit County: \$2 million increase
- Snohomish County: \$1 million increase
- Benton County: \$866 thousand increase
- Spokane County: \$418 thousand increase

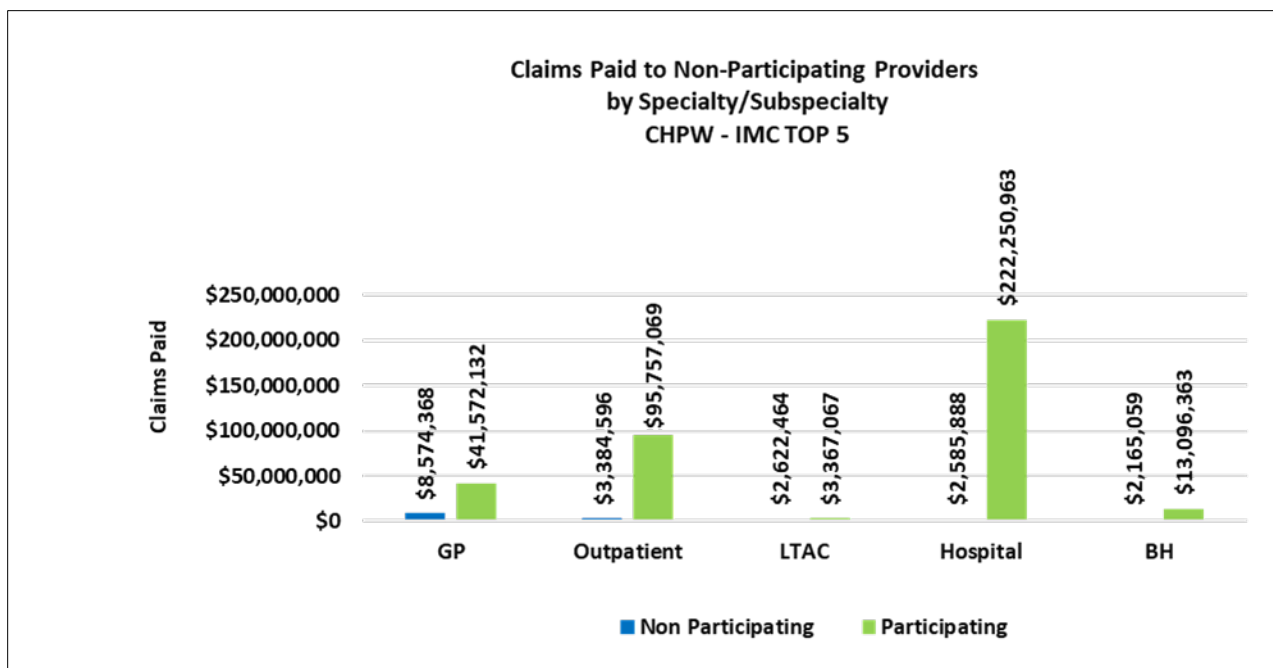
The top five counties with payment **decreases** to non-participating providers were:

- Pierce County: \$183 thousand decrease
- Whatcom County: \$69 thousand decrease
- Whitman County: \$28 thousand decrease
- Cowlitz County: \$21 thousand decrease
- Kittitas County: \$16 thousand decrease

**Chart 6: non-participating paid amounts for CHPW-IMC, Top 5 Counties**



**Chart 7: amounts by specialty/sub-specialty to non-participating providers for CHPW-IMC, top 5**



## CCW

In 2022, CCW paid a total of \$619,717,540 for services to 98,541 providers for 166,459 IMC clients. (See Chart 8 for top five county paid claims). Also in 2022, CCW paid approximately \$35 million (five percent of the total) to 14,815 providers (15 percent of the total) for 66,017 clients (40 percent of the total) who received health care services from a non-participating provider.

No counties were paid 50 percent or more to a non-participating provider (no chart). One county had more than 50 percent of clients seeing a non-participating provider for their health care needs—Kittitas at 53 percent.

The top non-participating provider type visited was “hospital admit (any type),” which was four percent of the total paid to this provider type (see Chart 9 for top five non-participating provider type visited).

CCW also paid a total of \$567,355 to 314 non-participating providers for 1,891 clients who received services out of state or in a border city.

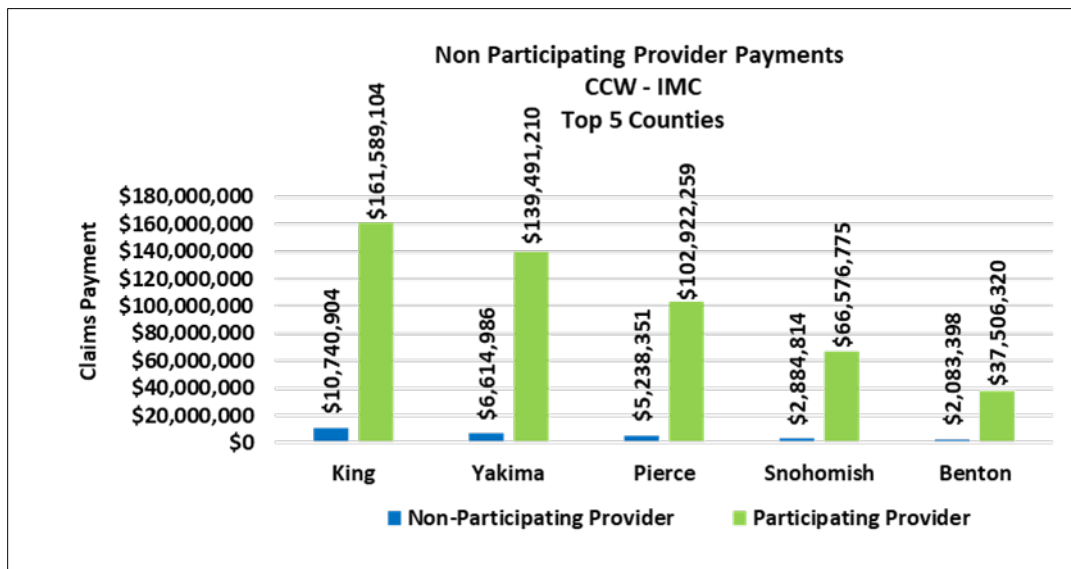
The top five counties with payment **increases** to non-participating providers were:

- Yakima County: \$1.7 million increase
- Pierce County: \$1.4 million increase
- Clark County: \$1.4 million increase
- King County: \$1.4 million increase
- Spokane County: \$595 thousand increase

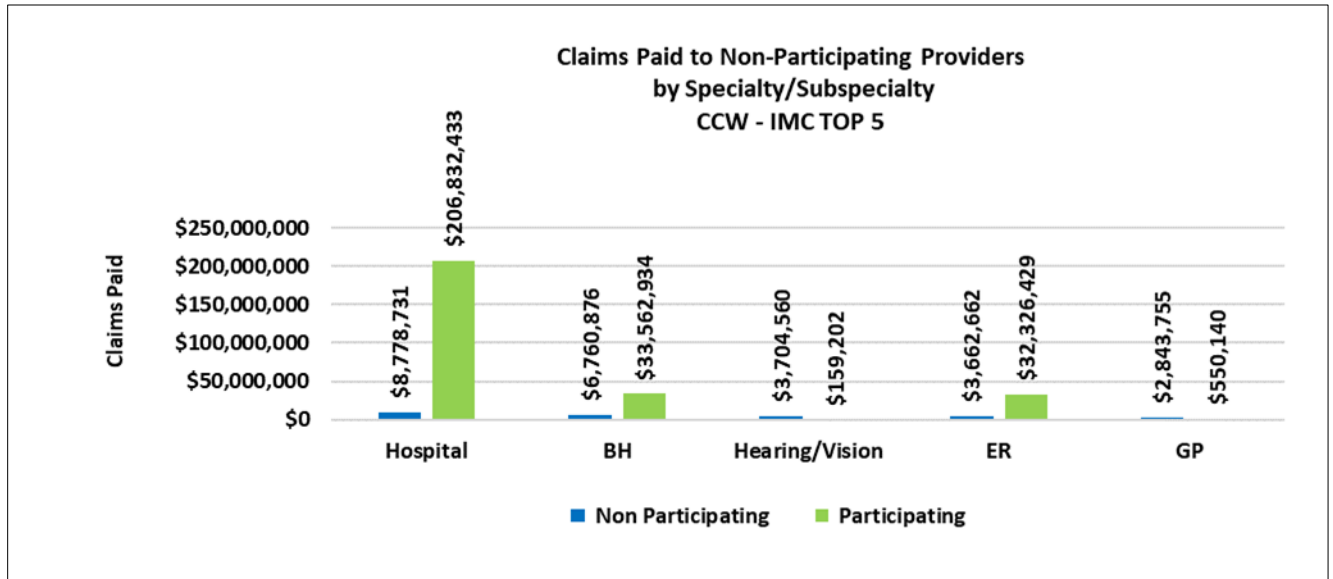
The top five counties with payment **decreases** to non-participating providers were:

- Chelan County: \$256 thousand decrease
- Kittitas County: \$94 thousand decrease
- Kitsap County: \$53 thousand decrease
- Lewis County: \$46 thousand decrease
- Asotin County: \$22 thousand decrease

**Chart 8: non-participating paid amounts for CCW-IMC Top 5 Counties**



**Chart 9: paid amounts by specialty/sub-specialty to non-participating providers for CCW-IMC, top 5**



## MHW

In 2022, MHW paid a total of \$2,194,062,555 for services to 43,657 providers for 1,626,129 IMC clients. (See Chart 10 for top five county paid claims). Also in 2022, MHW paid approximately \$70 million (three percent of the total) was paid to 5,917 providers (14 percent of the total) for 139,447 clients (nine percent of the total) who received health care services from a non-participating provider.

No counties had 50 percent or more non-participating providers paid in this reporting period (no chart). No counties had more than 50 percent of clients seeing a non-participating provider for their health care needs (no chart).

The top non-participating provider type visited was “behavioral health,” which was 15 percent of the total paid to this provider type (see Chart #11 for top five non-participating provider type visited).

MHW also paid approximately \$27 million to 12,102 non-participating providers for 67,158 clients who received services out of state or in a border city.

The top five counties with payment **increases** to non-participating providers were:

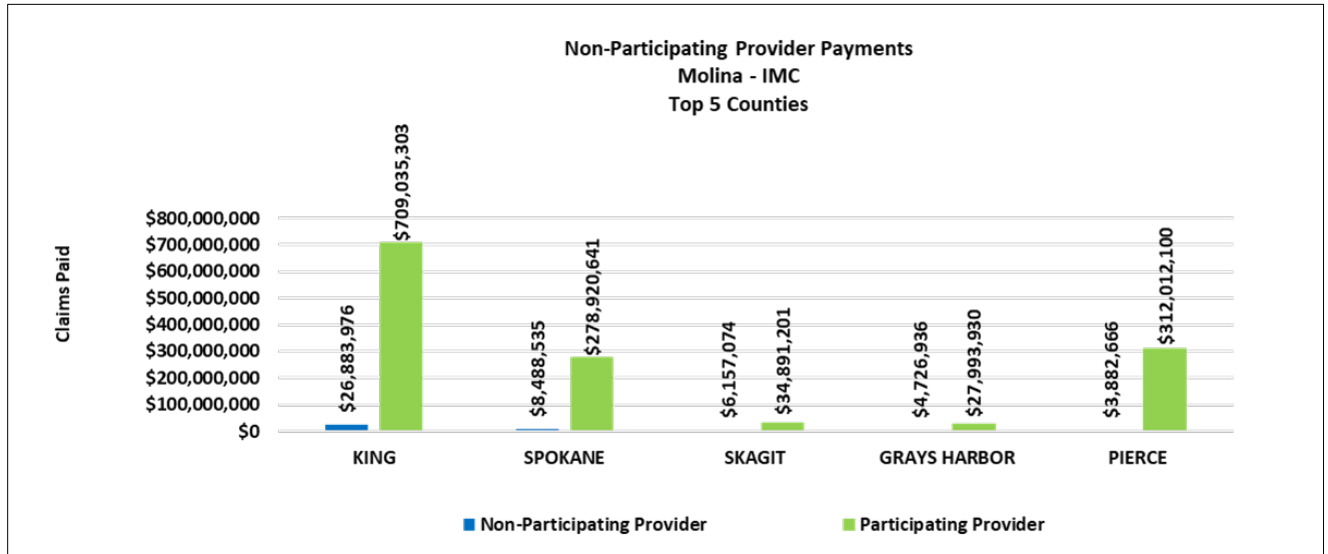
- King County: \$18 million increase
- Skagit County: \$5 million thousand increase
- Grays Harbor County: \$3 million increase
- Snohomish County: \$911 thousand increase
- Clark County: \$653 thousand increase

The top five counties with payment **decreases** to non-participating providers were:

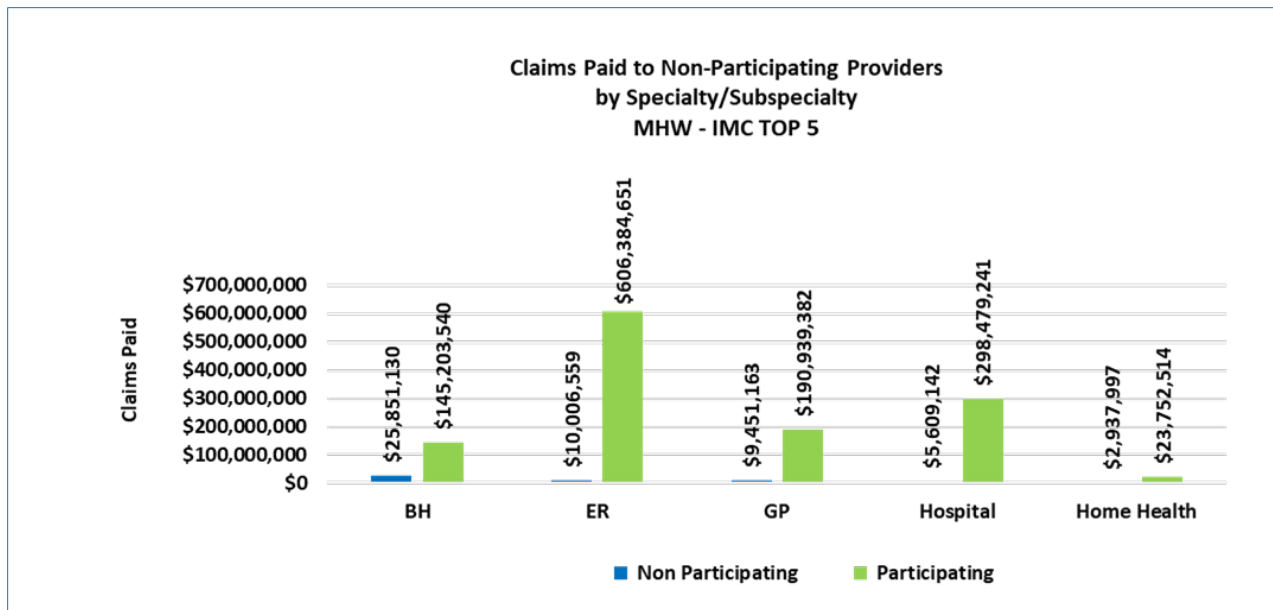
- Pierce County: \$2 million decrease
- Yakima Harbor County: \$878 thousand decrease
- Thurston County—\$530 thousand decrease
- Pacific County: \$421 thousand decrease

- Grant County: \$222 thousand decrease

**Chart 10: non-participating paid amounts for MHW-IMC, Top 5 Counties**



**Chart 11: paid amounts by specialty/sub-specialty to non-participating providers for MHW-IMC, top 5**



## UHC

In 2022, UHC paid a total of \$570,049,252 for services to 37,544 providers for 748,591 IMC clients. (See Chart #12 for top five county paid claims). Also in 2022, UHC paid approximately \$8 million (one percent of the total) to 3,006 providers (eight percent of the total) for 49,635 clients (seven percent of the total) who received health care services from a non-participating provider.

No counties had 50 percent or more non-participating providers paid in this reporting period (no chart). One county had more than 50 percent of clients seeing a non-participating provider for their health care needs; Benton at 77 percent (no chart).

The top non-participating provider type visited was "hospital (any type)," which was two percent of the total paid to this provider type (see Chart 13 for top five non-participating provider type visited).

UHC also paid approximately \$7 million to 7,662 providers for 20,024 clients who received services out of state or in a border city.

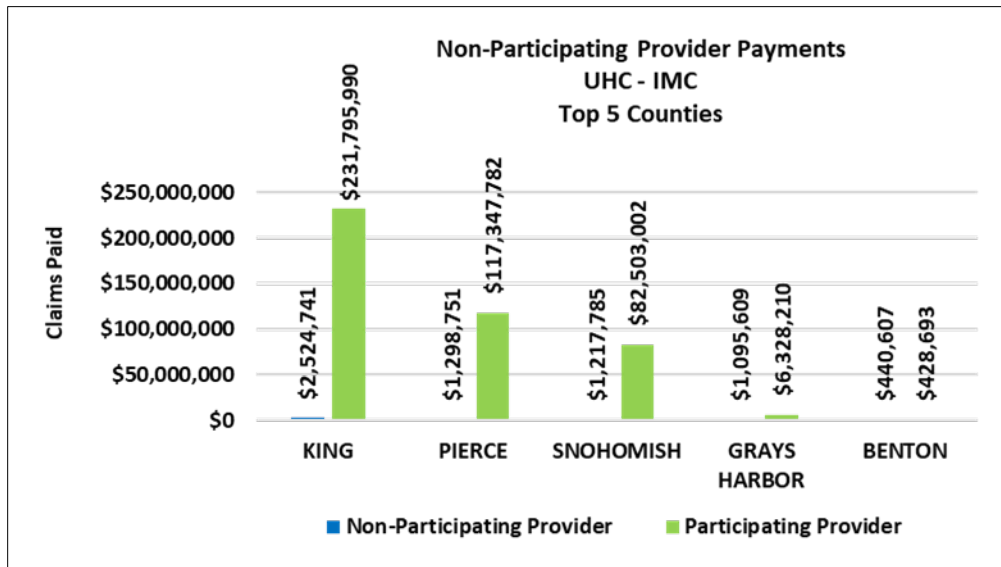
The top five counties with payment **increases** to non-participating providers were:

- Grays Harbor County: \$283 thousand increase
- Skagit County: \$68 thousand increase
- Lewis County: \$43 thousand increase
- Benton County: \$17 thousand increase
- Pend Oreille County: \$2 thousand increase

The top five counties with payment **decreases** to non-participating providers were:

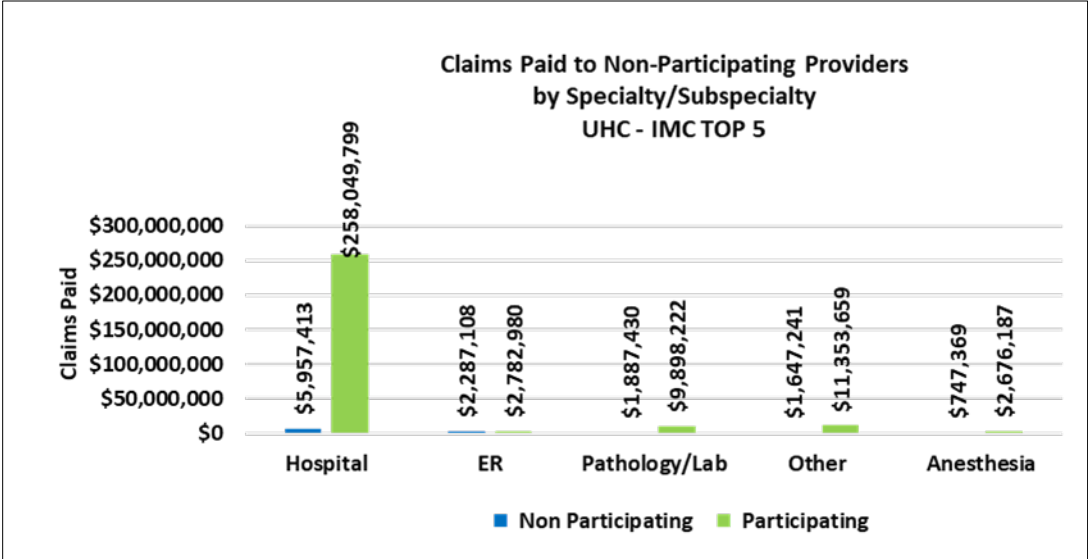
- King County: \$1 million decrease
- Snohomish County: \$641 thousand decrease
- Clark County: \$375 thousand decrease
- Mason County: \$349 thousand decrease
- Thurston County: \$329 thousand decrease

**Chart 12: non-participating paid amounts for UHC-IMC, top 5 counties**





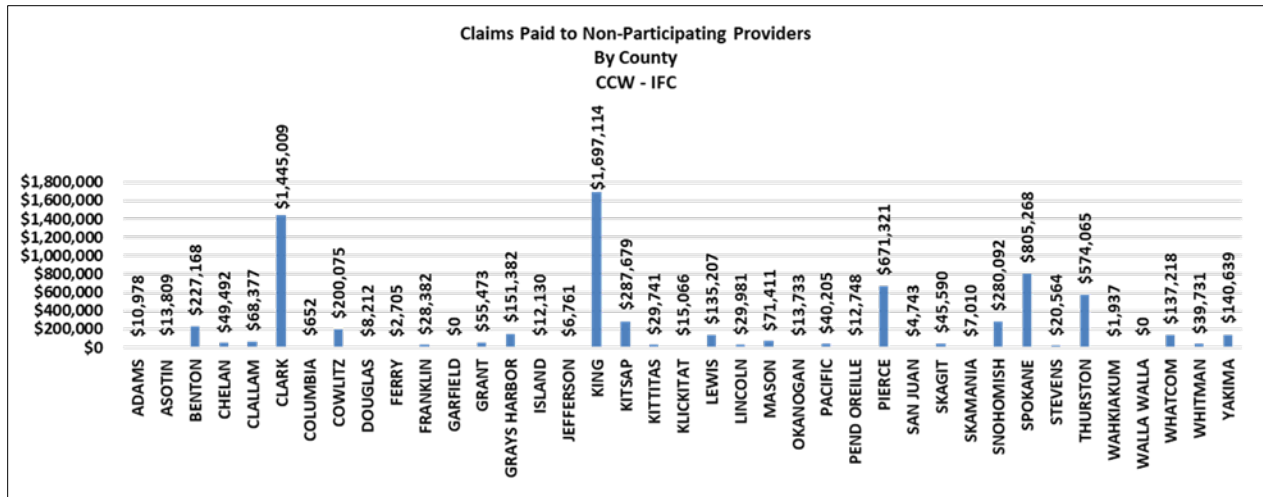
**Chart 13: paid amounts by specialty/sub-specialty to non-participating providers for UHC-IMC, top 5**



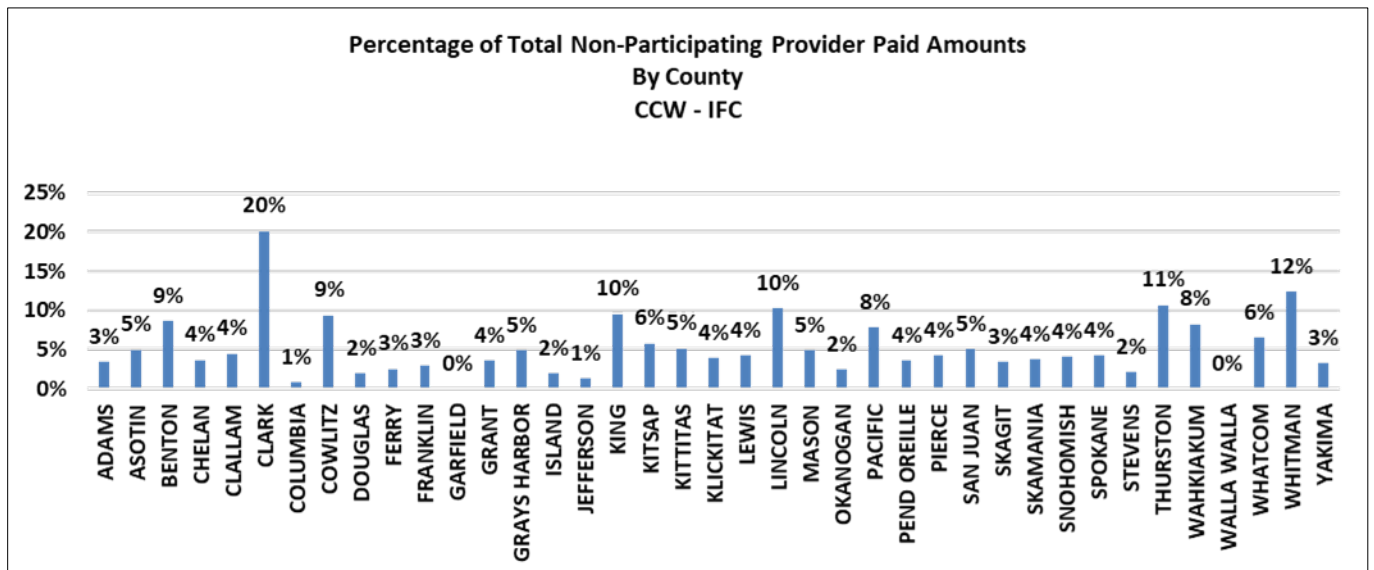
# Overall non-participating provider payment analysis for IFC

Charts 14, 15, and 16 reflect the non-participating provider use, by county, for all MCOs by dollars spent, utilization percentage, and provider specialty for the IFC contract.

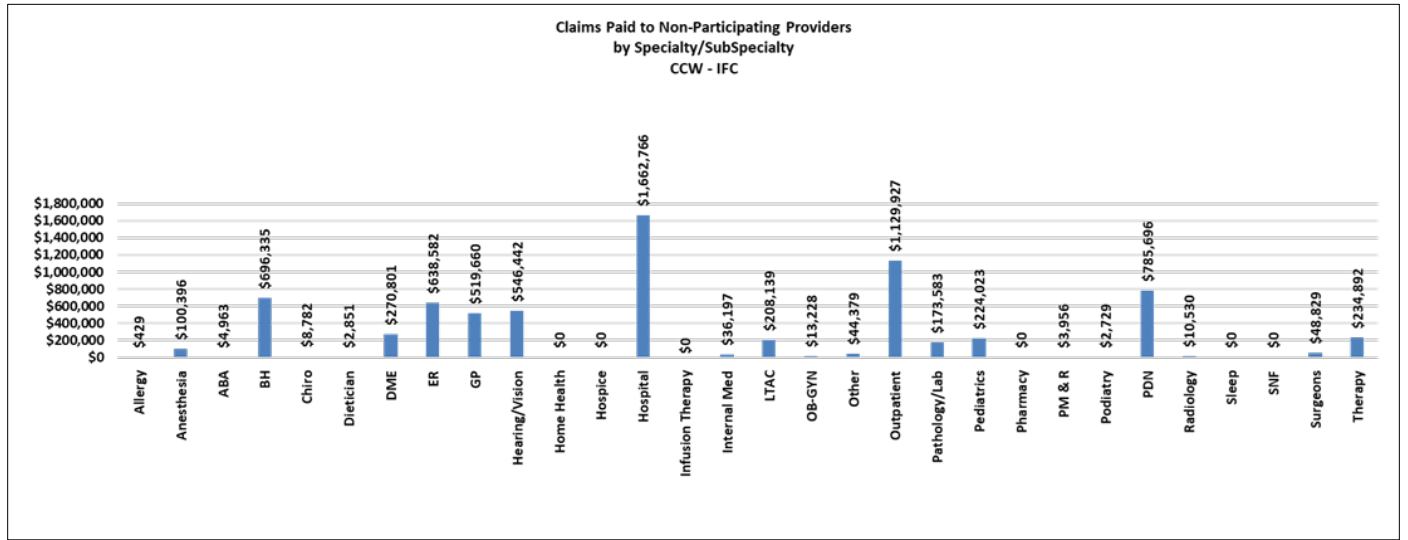
**Chart 14: total non-participating paid, per county**



**Chart 15: percentage of total non-participating provider paid amounts, per county**



**Chart 16: non-participating provider paid amounts, by specialty**



# Overall non-participating provider payment analysis for IMC

Charts 17, 18, and 19 reflect the non-participating provider use, by county, for all MCOs by dollars spent, utilization percentage, and provider specialty for the IMC contract.

Chart 17: total non-participating paid amounts, all plans-per county

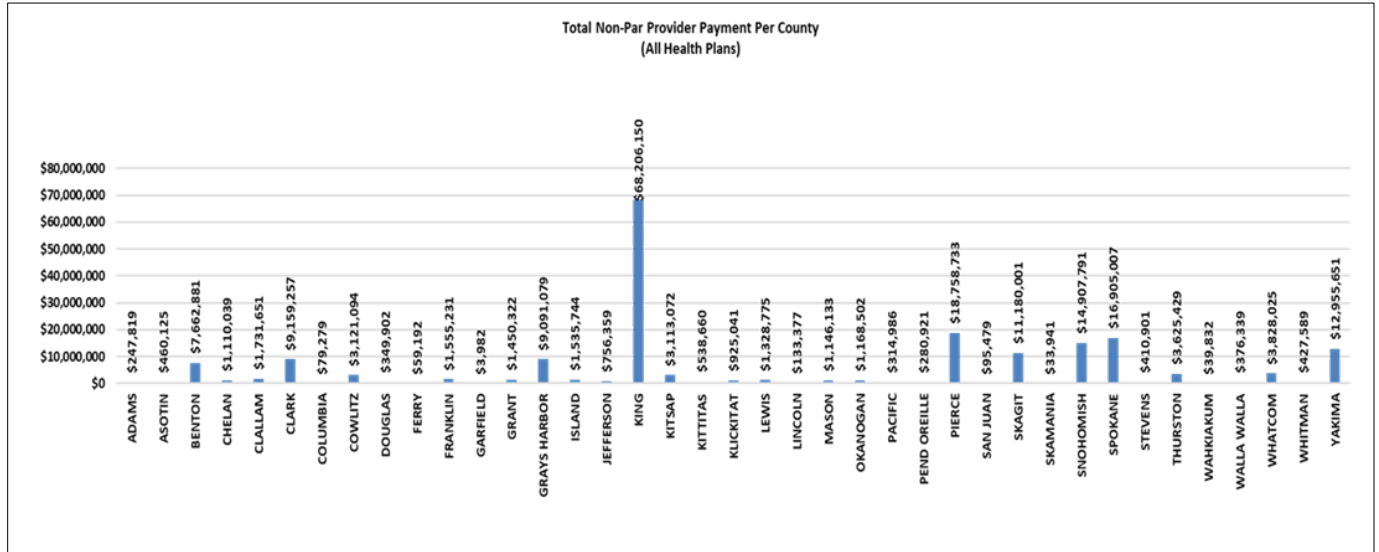
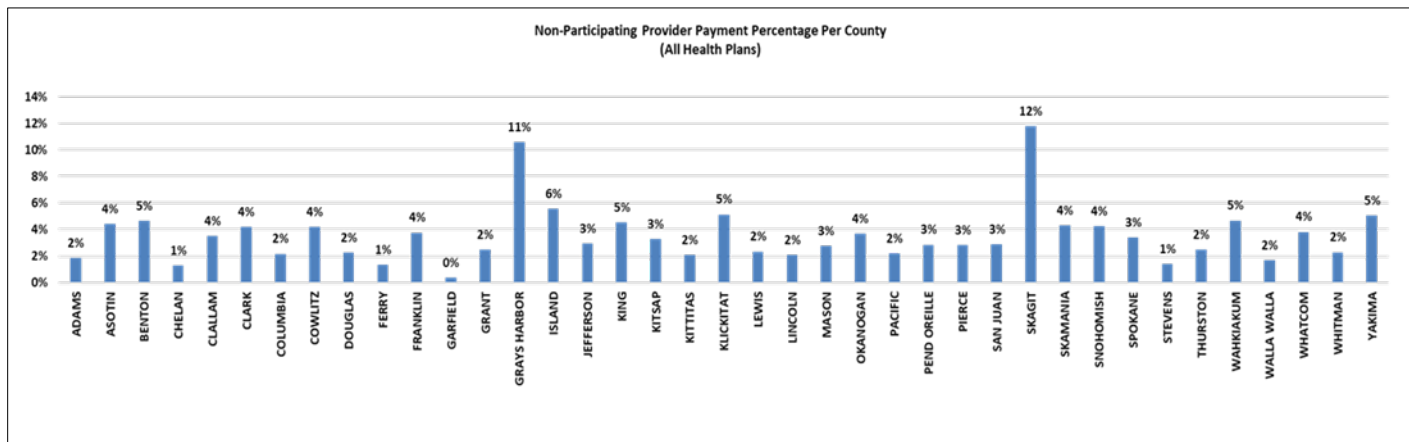
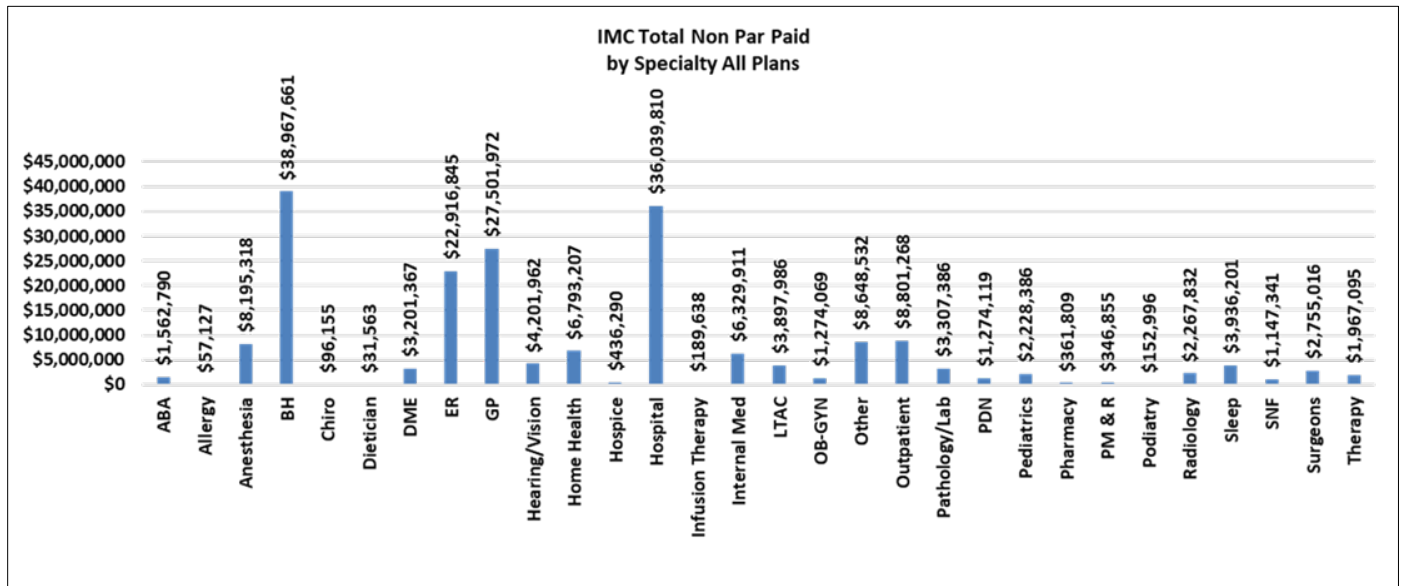


Chart 18: percentage of total non-participating provider paid amounts, per county-all plans



**Chart 19: non-participating provider paid amounts, by specialty-all plans**



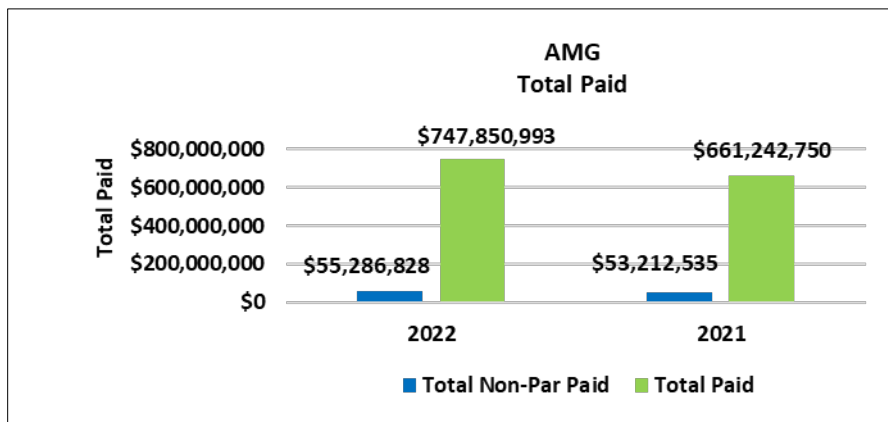
# Year-to-year comparison for non-participating provider payment analysis by plan

The following charts shows a year-to-year comparison by plan of IMC contract for total paid and payments to non-participating providers in 2021 and 2022:

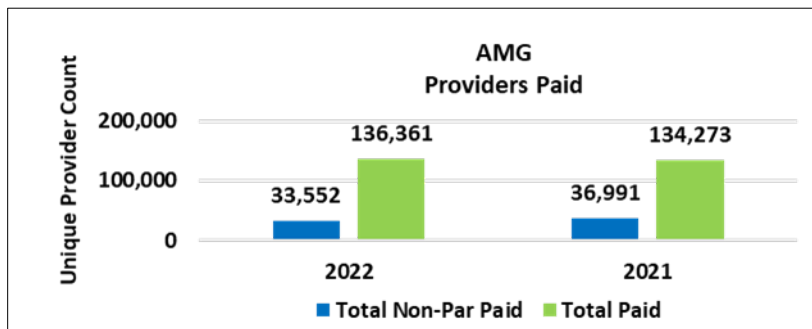
## AMG

- Total payments in FY 2022 increased by 12 percent and the percentage of payments to non-participating providers did not change compared to FY 2021.
- Total providers paid in FY 2022 increased by two percent and the number of non-participating providers paid decreased by 10 percent compared to FY 2021.
- Total clients receiving services in FY 2022 increased by two percent and the number of clients receiving services from a non-participating provider decreased by 10 percent compared to FY 2021.

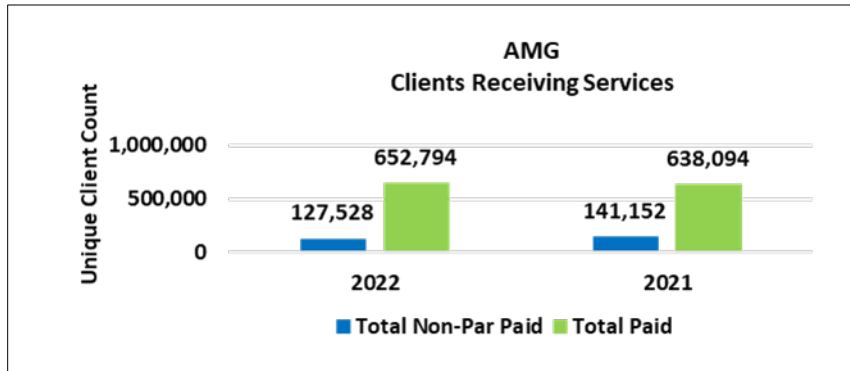
**Chart 20: AMG – total payments compared to non-participating provider payments**



**Chart 21: AMG – total providers paid compared to non-participating providers paid**



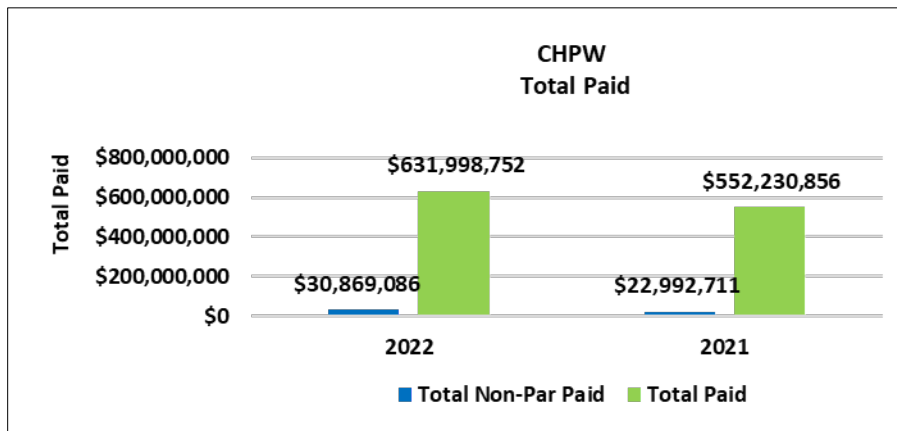
**Chart 22: AMG – total clients receiving services compared to clients receiving services from a non-participating provider**



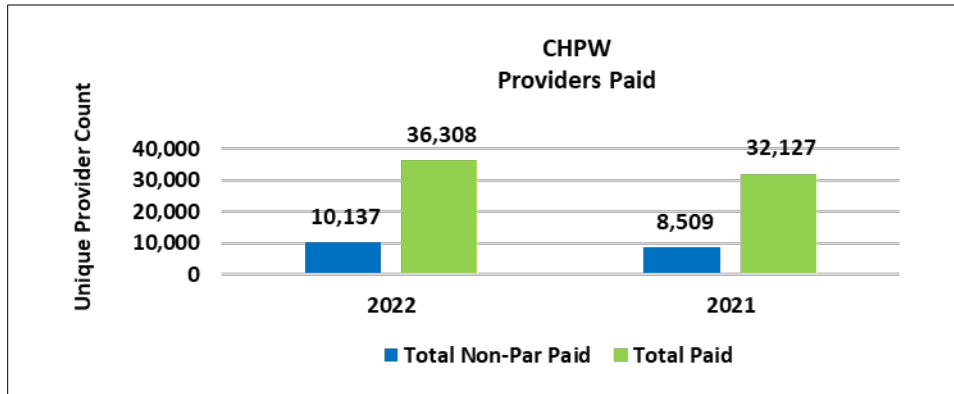
## CHPW

- Total payments in FY 2022 increased by 14 percent and the payments to non-participating providers increased by 34 percent compared to FY 2021.
- Total providers paid in FY 2022 increased by 13 percent and the number of non-participating providers paid increased by 20 percent compared to FY 2021.
- Total clients receiving services in FY 2022 decreased by 30 percent and the number of clients receiving services from a non-participating provider increased by 49 percent compared to FY 2021.

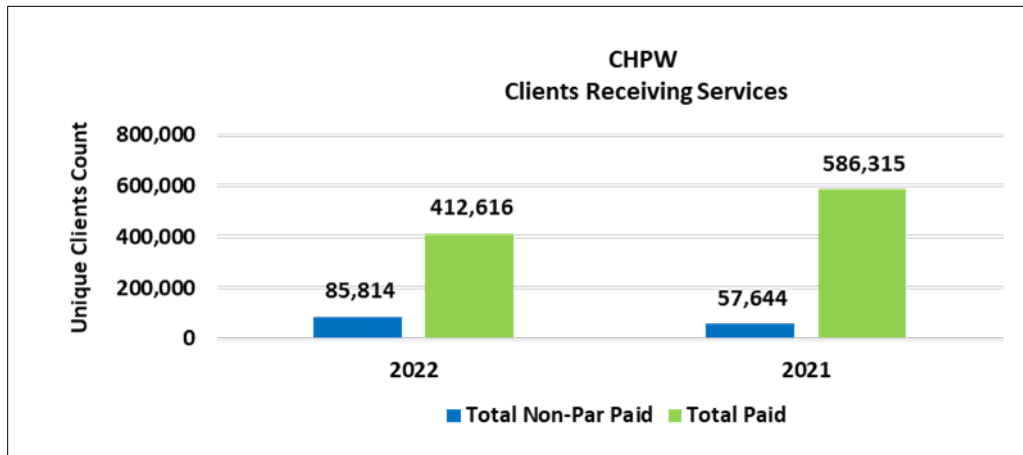
**Chart 23: CHPW – total payments compared to non-participating provider payments**



**Chart 24: CHPW – total providers paid compared to non-participating providers paid**



**Chart 25: CHPQ – total clients receiving services compared to clients receiving services from a non-participating provider**

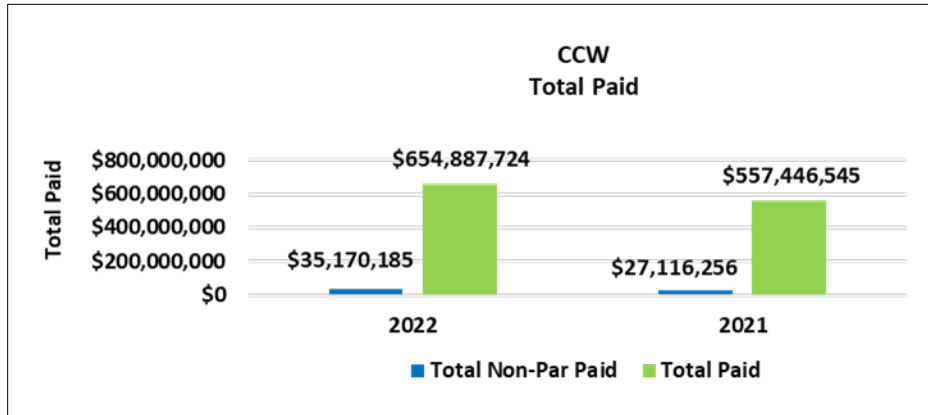


## CCW

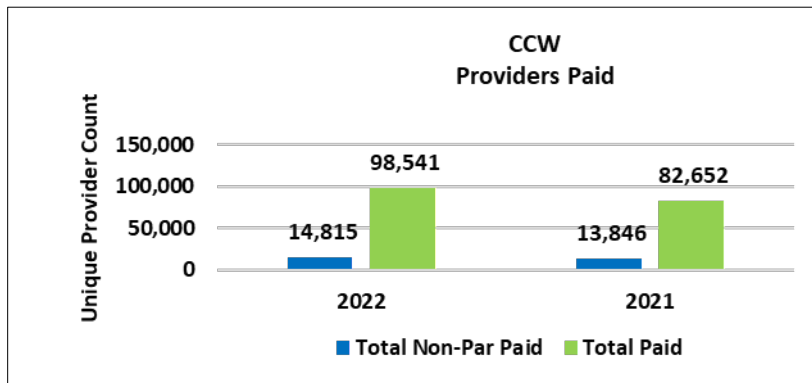
- Total payments in FY 2022 increased by 13 percent and the payments to non-participating providers increased by 30 percent compared to FY 2021.
- Total providers paid in FY 2022 increased by 19 percent and the number of non-participating providers paid increased by seven percent compared to FY 2021.
- Total clients receiving services in FY 2022 increased by 12 percent and the number of clients receiving services from a non-participating provider increased by 19 percent compared to FY 2021.



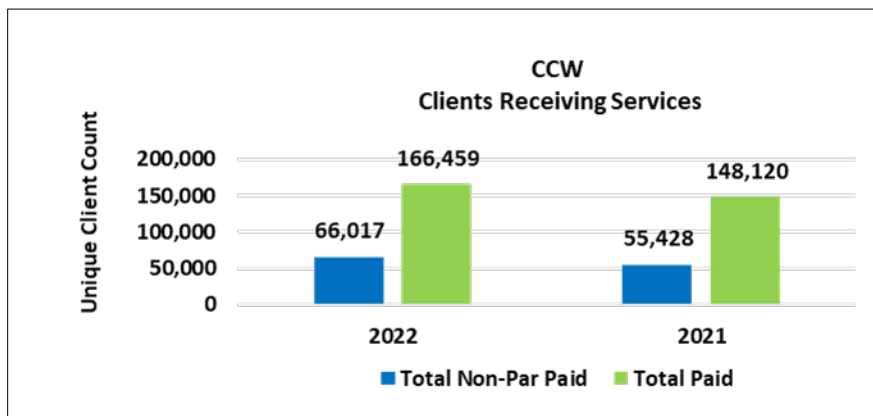
**Chart 26: CCW – total payments compared to non-participating provider payments**



**Chart 27: CCW - total providers paid compared to non-participating providers paid**



**Chart 28: CCW – total clients receiving services compared to clients receiving services from a non-participating provider**

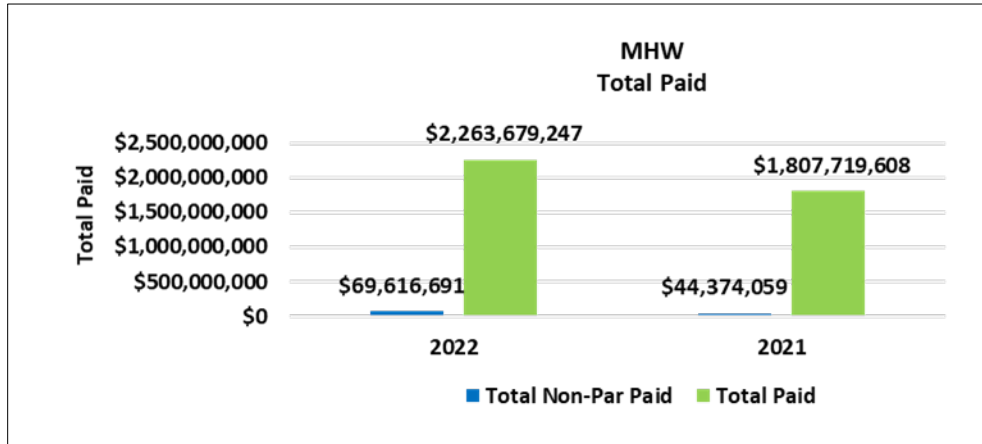


## MHW

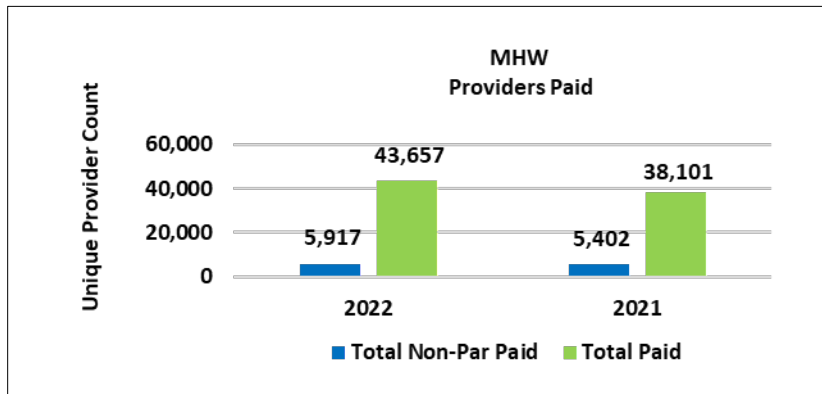
- Total payments in FY 2022 increased by 25 percent and the payments to non-participating providers increased by 15 percent compared to FY 2021.
- Total providers paid in FY 2022 increased by 15 percent and the number of non-participating providers paid increased by 10 percent compared to FY 2021.

- Total clients receiving services in FY 2022 have increased by 19 percent and the number of clients receiving services from a non-participating provider increased by 15 percent compared to FY 2021.

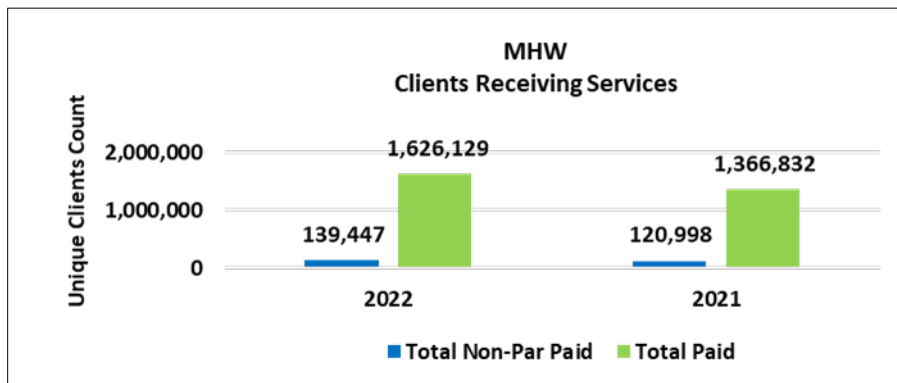
**Chart 29: MHW – total payments compared to non-participating provider payments**



**Chart 30: MHW – total providers paid compared to non-participating providers paid**



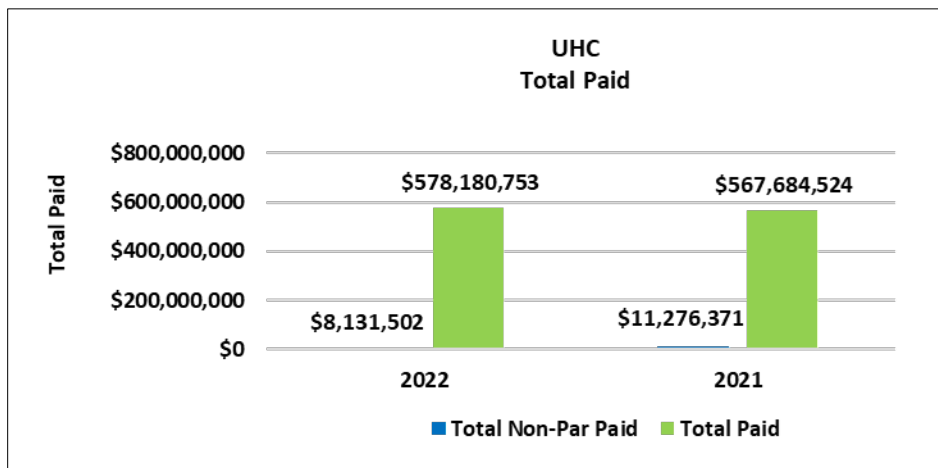
**Chart 31: MHW – total clients receiving services compared to clients receiving services from a non-participating provider**



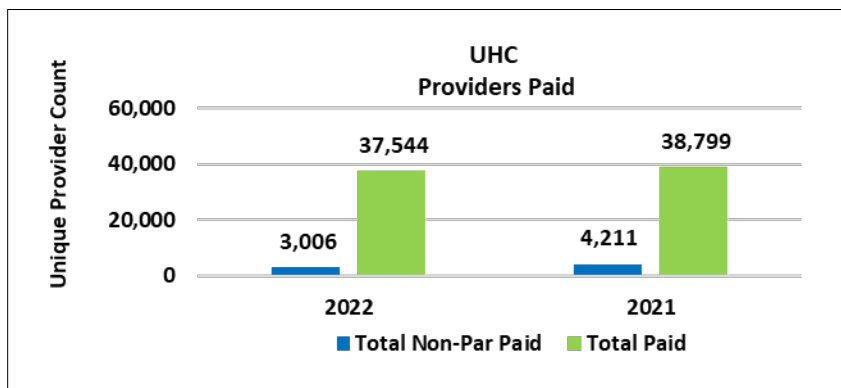
## UHC

- Total payments in FY 2022 increased by two percent and the payments to non-participating providers decreased by 30 percent compared to FY 2021.
- Total providers paid in FY 2022 decreased by three percent and the number of non-participating providers paid decreased by 29 percent compared to FY 2021.
- Total clients receiving services in FY 2022 increased by eight percent and the number of clients receiving services from a non-participating provider decreased by 16 percent compared to FY 2021.

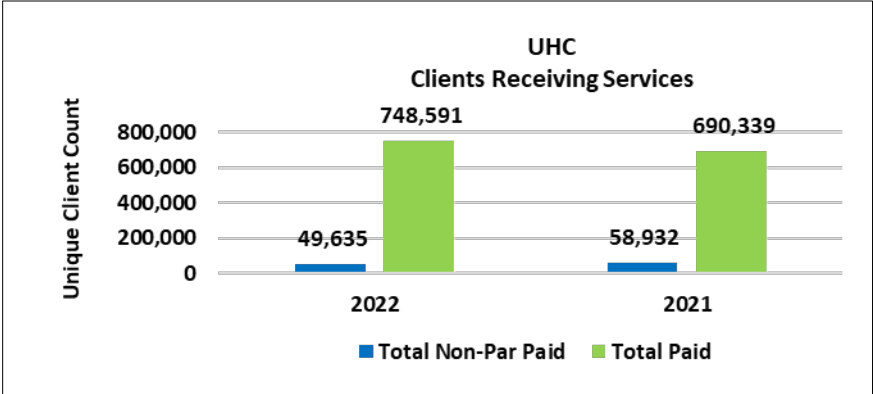
**Chart 32: UHC – total payments compared to non-participating provider payments**



**Chart 33: UHC – total providers paid compared to non-participating providers paid**



**Chart 34: UHC – total clients receiving services compared to clients receiving services from a non-participating provider**

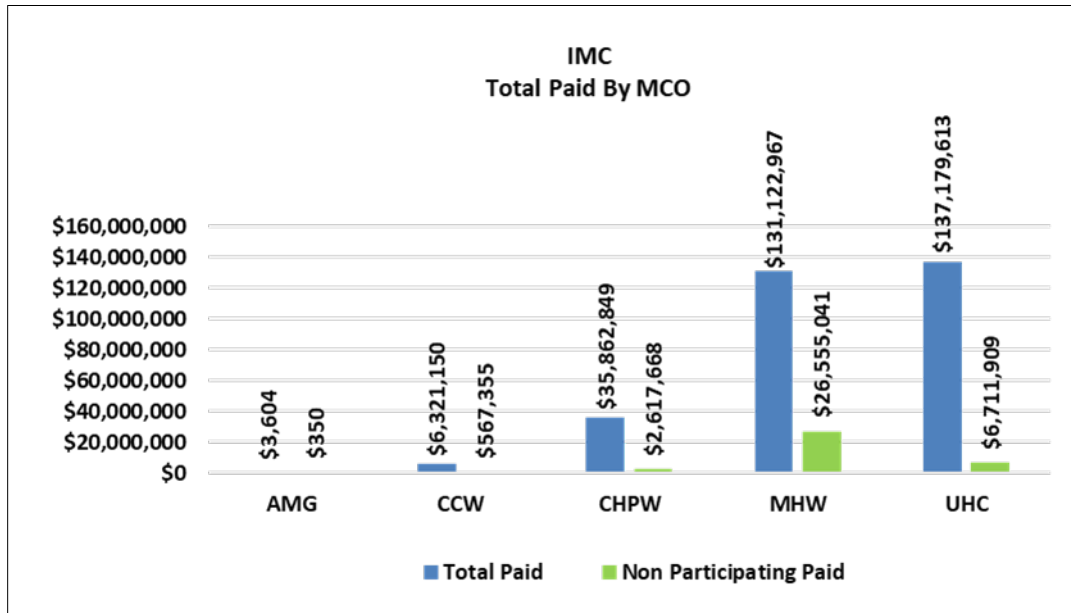


# Out of state/border city payment non-participating data

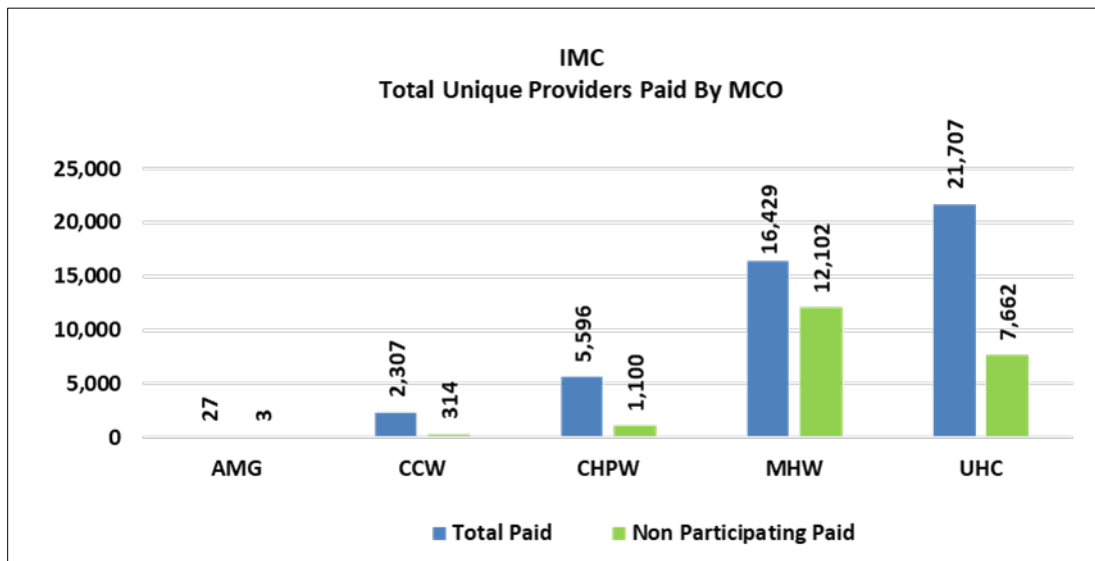
The following charts show information regarding services rendered out of state or in a border city for the IMC and IFC contracts and by specialty.

## IMC

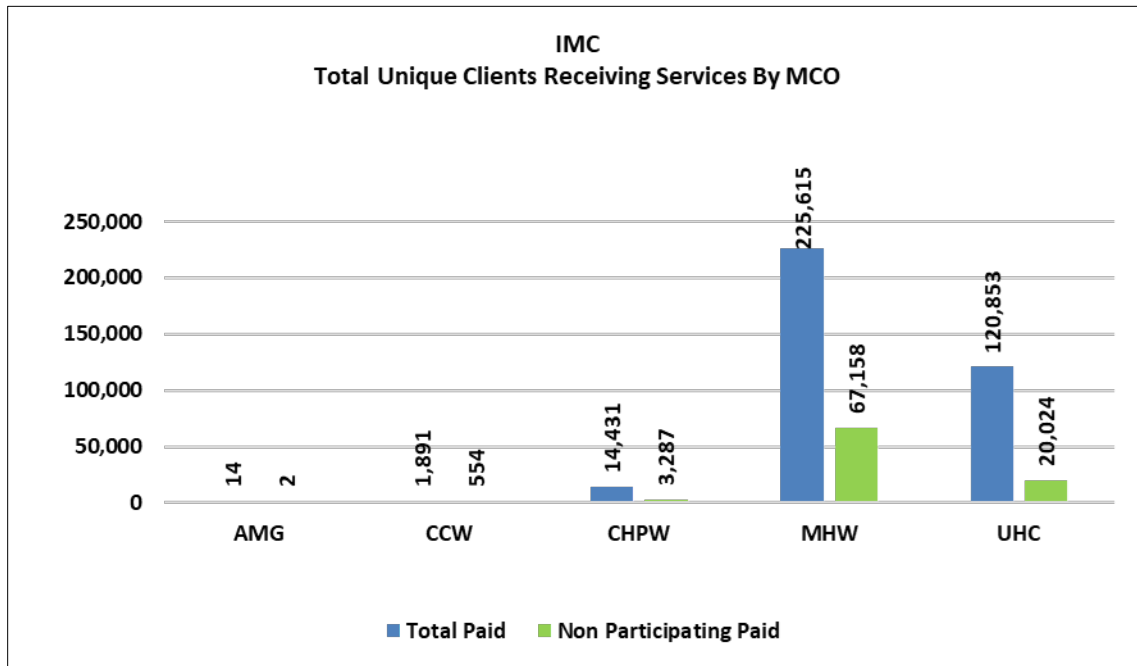
**Chart 35: IMC – total payments by MCO**



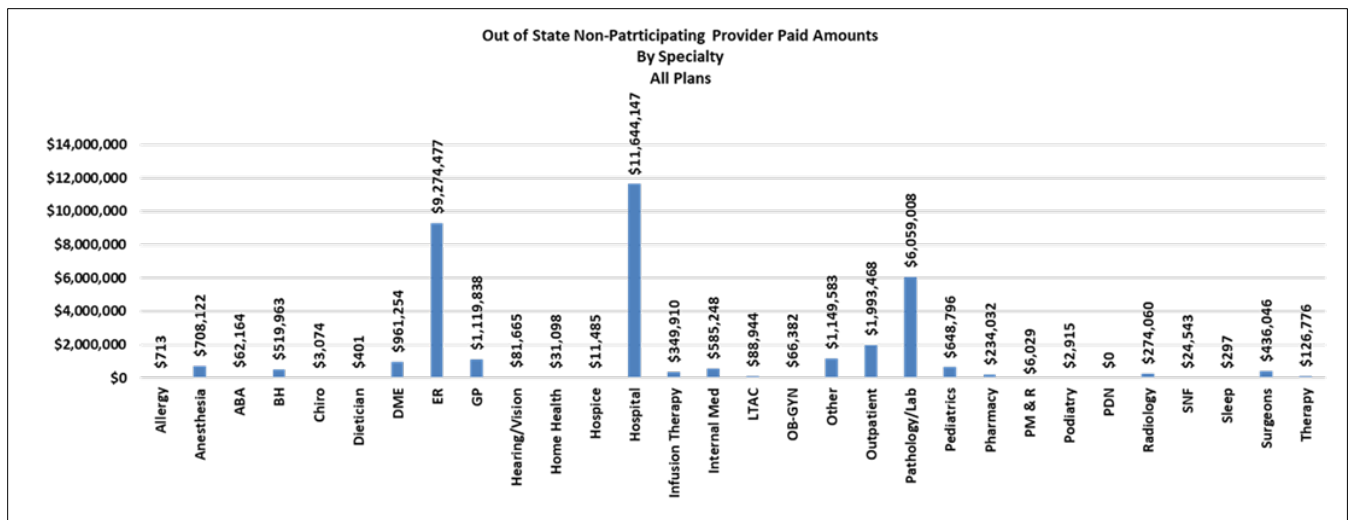
**Chart 36: IMC – total unique providers paid by MCO**



**Chart 37: IMC – total unique clients receiving services by MCO**

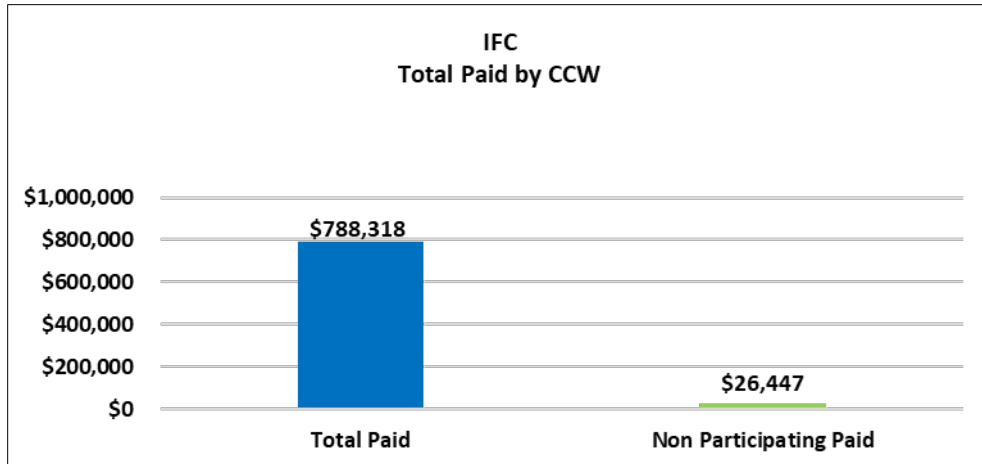


**Chart 38: IMC – non-participating provider paid amounts, by specialty-all plans**

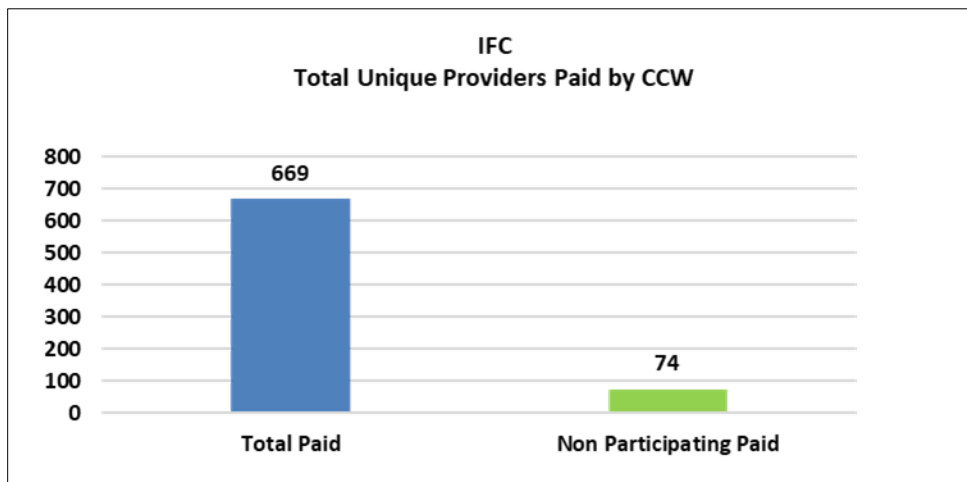


# IFC

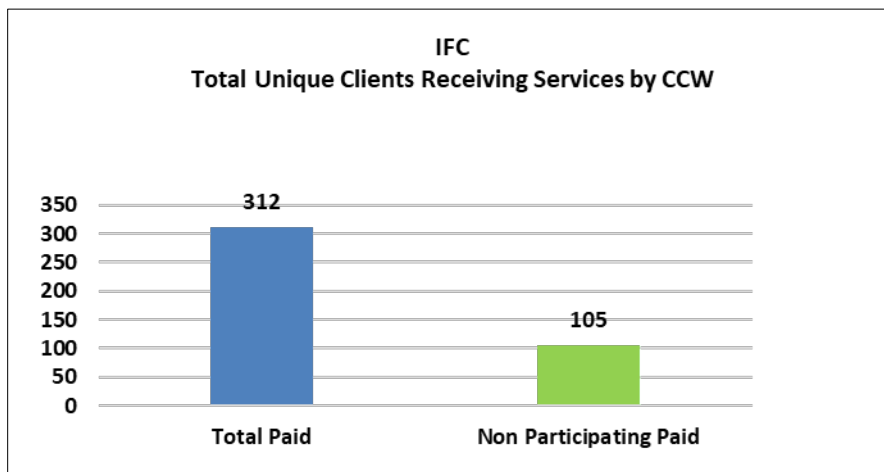
## Chart 39: IFC – total payments by MCO



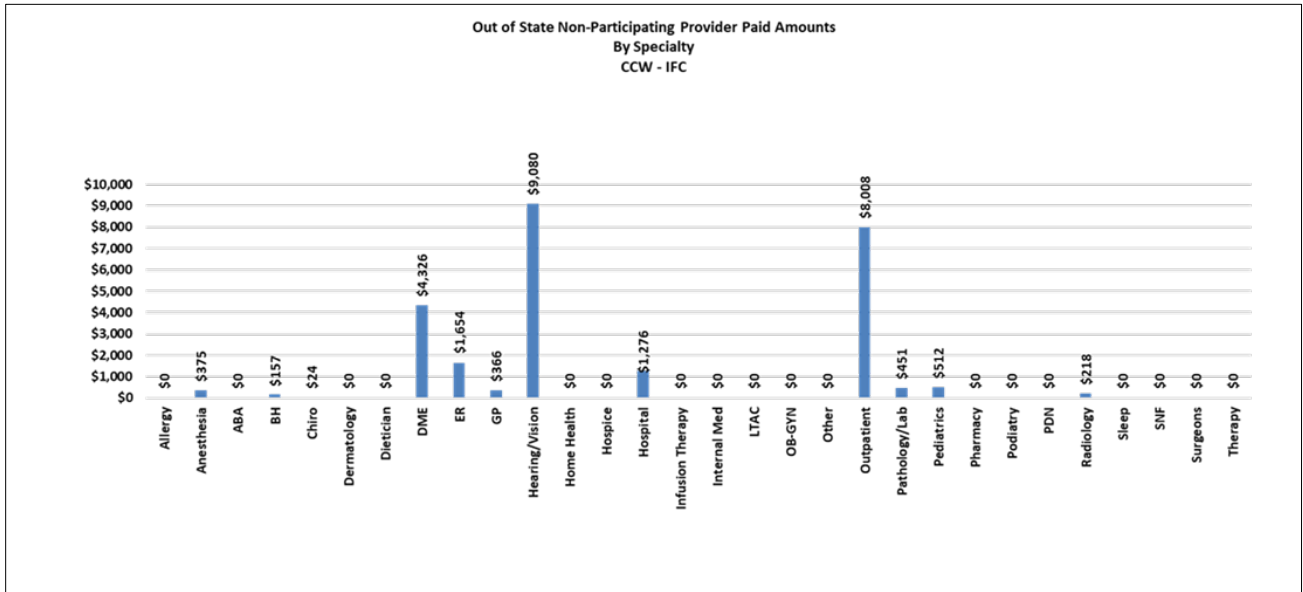
## Chart 40: IFC – total unique providers paid by MCO



## Chart 41: IFC – total unique clients receiving services by MCO



**Chart 42: IFC – non-participating provider paid amounts, by specialty**





## Conclusion

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Ensuring Apple Health clients have access to an extensive network of providers is crucial to quality health care outcomes. This analysis shows:

- The amount of payments to non-participating providers increased by \$41 million as compared to previous reporting period.
- The most dollars paid to non-participating providers are still in the larger counties (King, Pierce, Benton, and Snohomish).
- The reasons for the increase in the amount paid to non-participating providers for 2022 are:
  - Payment to Tribal providers who are not required to contract with MCOs.
  - Expansion into new regions for both CCW and CHPW.
  - Growth in enrollment due to public health emergency (PHE) policies.
  - Alternative treatment benefits allowed without a referral; enrollees are allowed to seek services from any licensed provider.

MCOs paid a total of \$199 million to non-participating providers—four percent of all expenditures—which is no change over previous year.

Nineteen percent of all claims paid were to non-participating providers for 13 percent of all MCO-enrolled clients receiving health care services. This represents a one percent increase from last year in non-participating providers paid (no change to the percentage of clients receiving services from a non-participating provider). Last year, it was 18 percent of all claims paid to non-participating providers and 13 percent of all clients from a non-participating provider.

There is no national standard or published best practice by which to benchmark these results. Non-participating providers do not have a contractual fee schedule. Instead, plans reimburse non-participating providers at the lowest contracted rate of a comparable participating provider. Regardless, the goal should always be to keep the rate as low as possible to encourage the providers to contract with more plans, which creates a more robust provider network that can meet their enrollees' health care needs.

When a provider does not contract with the plan and there is no "participating" relationship, care may be adversely impacted and the benefits of receiving care in managed care can be compromised. For example, the provider may deliver services outside of the plan's treatment guidelines, choose not to engage with a case manager, choose not to participate in any care improvement initiatives sponsored by the plan, or support value-based purchasing initiatives.

The provider specialty with the largest amount of non-participating provider payments was hospital admissions—\$42 million, 20 percent of all non-participating provider payments—which is a six percent decrease over the last reporting period. The fact that hospital stays are the highest medical expense is one of the biggest contributing factors.

HCA will continue to work closely with MCOs to gather more detailed information about services provided in non-participating hospitals, such as type and reason for admission. This information can help the state assess ways to reduce the use of these non-participating providers.

HCA will continue monitoring the trends in all non-participating provider expenditures. HCA intends to continue to work with the managed care plans to develop and implement strategies to reduce the number of payments made to non-participating providers. This work could include:

- Reporting of additional data elements.
- Working sessions with MCOs to review data, verify validity, and look for options to improve.
- Analysis of COVID-19 impact on provider availability.
- Additional MCO staff training on how to report the data.
- Continuing a more aggressive approach to contracting to ensure there is an adequate provider network, thus reducing non-participating provider utilization.