Washington State Health Care Authority

REPORT TO THE LEGISLATURE

Integrated Managed Care: Legislative Update

Second Substitute Senate Bill 6312, Section 8; Chapter 225; Laws of 2014; RCW 71.24.850

December 1, 2018

Integrated Managed Care: Legislative Update

Washington State Health Care Authority

P.O. 45530
Olympia, WA 98504
Phone: (360) 725–2053
www.hca.wa.gov

Table of Contents

Legislative Reference

According to Second Substitute Senate Bill 6312 (2014), the Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) are required to report to the Legislature on managed care integration:

> "By December 1, 2018, the department of social and health services and the authority shall report to the governor and the legislature regarding the preparedness of each regional service area to provide mental health services, chemical dependency services, and medical care services to medicaid clients under a fully integrated managed care health system."

This report is in support of the requirement in the same bill to move to a fully integrated managed care system by 2020:

> "By January 1, 2020, the community behavioral health program must be fully integrated in a managed care health system that provides mental health services, chemical dependency services, and medical care services to medicaid clients."

In 2018, the Legislature moved the relevant sections of DSHS to HCA in Second Engrossed Substitute House Bill (2ESHB) 1388. This report then became the sole responsibility of HCA.

Why Move to Integrated Managed Care?

Washington Apple Health (Medicaid) clients have historically navigated three systems to access the physical and behavioral health services they need to stay healthy. Paying for services in separate siloes has contributed to fragmentation across delivery systems. Through an integrated managed care model, the state integrates payment and care coordination for physical and behavioral health services for Apple Health clients under a single managed care entity; clients can then access a comprehensive network of mental health, substance use disorder, and medical providers. For the first time, clients will be enrolled with a health plan that is accountable for the full spectrum of physical and behavioral health services, and that coordinates care across all provider types. In addition, providers and payers can collaborate on innovative payment methods that support and incentivize the use of integrated clinical models.

The goal of integrated managed care is to improve the health care system, so it works better for Apple Health clients and the providers who serve them. Benefits include:

- Reducing the complexity of navigating separate systems for physical and behavioral health;
- Improving provider communication, thereby reducing unnecessary duplication of services and treatment;
- Improving access to behavioral health services through expanded provider networks and earlier detection of mental illness or substance use disorder;
- Linking clients with community services such as housing and employment support;
- Improving information and administrative data sharing across systems;

- Supporting interdisciplinary care teams that are accountable for the full range of medical and behavioral health services;
- Ensuring a full network of both medical and behavioral health providers, with managed care plans able to facilitate referrals across provider types; and
- Facilitating coordination and collaboration between different provider types, thus promoting integration at the clinical level.

Status Update of Integrated Managed Care

As detailed in this report, in a series of procurements, HCA has moved two small regions into integrated managed care effective April 2016 and January 2018. By 2019, over three-quarters of the Medicaid managed care enrollees will have moved into integrated managed care, and several large Behavioral Health Organizations (BHOs) will have changed their organizational status to Behavioral Health–Administrative Service Organizations (BH–ASOs). An ASO is an administrative entity contracted to offer services outside the Managed Care Organization (MCO). 2019 will also provide a test of a "transition" approach to moving a region into an integrated managed care model, in which two regions will move the responsibility from a BHO to MCOs more gradually. HCA is actively engaged with MCOs and BH–ASOs across the state to prepare for 2019.

By 2020, integrated managed care will be statewide. HCA is confident that the transition will be managed with little disruption to care for clients and providers. This report on preparedness by region offers insight into the work needed to accomplish the goals of integration.

Adoption of Managed Care Integration: Phases

Early Adopter: Southwest Washington

Two counties in Southwest Washington, Clark and Skamania, volunteered to be the first regions to implement integrated managed care. The counties determined that they would relinquish responsibility for direct management for Medicaid and other federal and state funded programs in those counties as of April 2016. County staff dedicated more than a year to assisting the state in designing, planning, and transferring knowledge to make the program a success.

HCA staff issued two separate Requests for Proposal which described the requirements and gathered information on the capacity of MCOs to assume responsibility for behavioral health services. In 2016, these services were managed by the Regional Support Network (mental health) and the counties (substance use disorder) in this region. HCA chose two MCOs to provide Medicaid-funded behavioral health services: Molina Healthcare and Community Health Plan of Washington. The contract also included a small amount of state-only funds for the MCOs to deliver closely related services, such as room and board for Medicaid-funded residential care. In addition, HCA contracted with a BH–ASO, Beacon Health Options, to manage a region-wide crisis system, several state-funded services, and all of the federal block grant-funded programs.

Active monitoring of the implementation has been ongoing, with local involvement through regular meetings with county staff and a quarterly oversight body made up of local elected officials and subject matter experts. HCA, Beacon, and the MCOs provide regular reports to this body, including updates on new services provided in the region, provider capacity to serve the needs of the population, and data reports such as the one described below.

Preliminary Findings of the First Year Evaluation

DSHS' Research and Data Analysis (RDA) Division monitors over 30 key indicators for managed care integration. RDA uses a "pre-post" method to compare the relative difference of results over time in the study population against the change in a comparison population. For integrated managed care, the study used a baseline period from April 1, 2015 to March 31, 2016, compared to the first fiscal year under integration which ended on June 30, 2017. Key findings among the 31 outcome measures are listed below. More detailed information can be found at this link: https://www.hca.wa.gov/assets/program/FIMC-preliminary-first-year-findings.pdf

- 7 measures showed statistically significant relative improvement for Medicaid beneficiaries residing in the region.
- 23 measures showed no significant difference between the Southwest Washington region and the rest of the state.
- 1 measure — emergency department [ED] utilization per 1,000 coverage months — showed a statistically significant relative decline in the Southwest Washington region. Note that while the *relative change* in ED utilization was better in the rest of the state, the Southwest Washington region continues to have a lower ED utilization rate than the rest of the state.
- Subgroup analyses focused on Medicaid beneficiaries with serious mental illness or co-occurring mental illness and substance use disorder showed a similar pattern of relative improvement in the region.

2018 Mid-Adopter: North Central Washington

In North Central Washington, Chelan, Douglas, and Grant counties volunteered to launch integrated managed care in 2018. Following the model established in Southwest Washington, two separate procurements were conducted to establish the MCOs responsible for Medicaid behavioral health (Molina Healthcare, Coordinated Care of Washington, and Amerigroup). Beacon Health Options was chosen to manage the crisis system and non-Medicaid services.

By the time this region began working with HCA on program development and readiness, the Accountable Communities of Health (ACHs) had been formed. In North Central, the ACH has taken a central role in developing provider relationships, planning, designing, training, and being the community liaison to work with state staff on integration. The North Central ACH staff were instrumental in organizing local meetings, including workgroups, on these topics:

- The "early warning system," which selects measures and monitors implementation in the first months after enrollment begins;
- Provider readiness, which helps to identify and resolve potential barriers for providers converting from working under a single BHO to working with multiple MCOs;

- A clinical integration workgroup, which focused on developing an integration model that would be effective in the largely rural region;
- A finance workgroup, which reviewed MCO rates and provided information about new services and providers added to the behavioral health network;
- Knowledge transfer sessions that offered technical assistance for the MCOs on how local contracts and grants are managed; and
- A communications workgroup, which reviewed and commented on the content and processes for communicating with clients and providers about the transition to integrated managed care.

In 2017, HCA and the Centers for Medicare and Medicaid Services finalized an agreement for a five-year Medicaid transformation project to improve the state's health care system, provide better health care, and control costs. HCA used funds available under this agreement to provide incentive funds through the ACH. These funds are mainly used to support providers' readiness; for example, by contracting with a consultant on record keeping and how to adapt billing systems so that they will be able to submit claims information.

The Healthier Washington Practice Transformation Hub, managed by Qualis Health, distributes a survey tool to the Behavioral Health Agency providers in regions preparing for integrated managed care. The survey collects background information about each of the behavioral health agencies' information technology and billing practices to assess their level of readiness for the transition to an integrated payment model. The readiness survey provides information to discern which behavioral health agencies need more help and which are well on their way to a successful transition. Appropriate technical support can then be arranged through funding that ACHs receive. As in Southwest Washington, HCA held daily calls in the first several weeks of implementation with MCOs, Beacon, and medical and behavioral health providers. Using these check-in calls, staff were able to identify and resolve immediate start-up issues. The early warning system also uncovered some start-up issues, such as provider billing errors, which would prevent claims from being processed in a timely manner. These issues have been handled quickly by MCO staff; in some cases, advanced payments have been required to ensure stability of the provider network.

DSHS–RDA continues to monitor this region for changes relative to the rest of the state, but it is too early in the implementation of North Central Washington to report any findings.

2019–2020: Planning for Statewide Implementation

Local Involvement in Planning and Decisions

In early 2017 HCA issued an invitation to county officials in the remaining non-integrated regions to choose an implementation date for integrated managed care. For mid-adopters going live in 2019, HCA also gave two options for integration: (1) a "non-transition" process, in which the MCOs would begin managing all Medicaid services on Day One of implementation, or (2) a "transition" process, in which the transition would be more gradual. King County and the North Sound region chose the transition process, while the Greater Columbia, Pierce County, and Spokane regions chose

the non-transition approach. The remaining regions will implement integrated managed care in 2020.

Again, the ACHs and BHOs in these regions have been heavily involved in local design and decision-making from the beginning. In 2018, they received an additional opportunity with the passage of 2ESHB 1388. In this bill, the Legislature directed HCA to support the development of a formal Interlocal Leadership Council, which most regions have established. In other regions, an existing body serves the same role. These Councils are primarily county-driven, although they collaborate with the ACHs. Section 4062 of the bill states:

> "(1) The authority shall, upon the request of a county authority or authorities within a regional service area, collaborate with counties to create an interlocal leadership structure ... The interlocal leadership structure must include representation from physical and behavioral health care providers, tribes, and other entities serving the regional service area as necessary.
>
> (2) The interlocal leadership structure ... must be chaired by the counties and jointly administered by the authority, managed health care systems, and counties. It must design and implement the fully integrated managed care model for that regional service area to assure clients are at the center of care delivery and support integrated delivery of physical and behavioral health care at the provider level."

Most regions are using funds earned through the Medicaid Transformation initiative to support providers' readiness. For example, ACHs have contracted with consultants to help providers configure their electronic health records systems' managed care billing. They have contracted with a consultant who can teach behavioral health providers how to negotiate contracts with insurance plans. And, they have helped some providers buy new electronic health records systems or add new capabilities to existing systems so they will be able to submit claims information.

Several ACHs have established and begun regular meetings with the three key workgroups and have found instrumental to success in earlier regions: provider readiness, communications, and early warning system. Additionally, small groups in each region contributed to the procurement of the MCOs in their region.

Managed Care Organization Procurement

In 2017, HCA began preparing for the last phases of integrated managed care implementation by convening meetings of local implementation teams in the 2019 regions. These groups identified subject matter experts in each region to review the draft managed care procurement documents and develop sets of questions that would be used to select regional MCOs. Behavioral health providers in the new regions expressed a preference for fewer than five MCOs in regions with smaller populations; this is similar to input HCA received in 2016. This allows providers to gain experience with contracting and billing with more than one MCO for services, while avoiding the complexity of contracting with all five MCOs. Regions with more than 250,000 Apple Health enrollees could have all five MCOs operating, but only if all five MCOs show adequate provider networks and pass readiness review. Local subject matter experts were also able to participate in

scoring the responses to the procurement, if they were able to demonstrate that they did not have a conflict of interest.

The procurement took place between April and June 2018. The apparently successful bidders named for the 2019 regions are:

Table 1: Managed Care by Region

Managed Care Region	Amerigroup	Community Health Plan	Coordinated Care	Molina Healthcare	United Healthcare
Greater Columbia	X	X	X	X	
King	X	X	X	X	X
North Sound	X	X	X	X	X
Pierce	X		X	X	X
Spokane	X	X		X	

Readiness reviews for MCOs took place over the summer, with careful review of each new behavioral health subcontract. Final approval for enrollment is awarded once the readiness review is passed by the MCO.

In 2020, integrated managed care will go live in Great Rivers, Thurston–Mason, and Salish regions with Molina, Amerigroup, and United as MCOs.[1] This implementation assumes that these three plans are able to produce adequate provider networks under integrated managed care contracts.

Behavioral Health: Administrative Service Organization Development

Each region was given the option to transition its existing BHO to serve as the BH–ASO for crisis and non-Medicaid service delivery. For Pierce County, in which the BHO was not managed by county government, HCA conducted an open procurement for BH–ASO services; Beacon Health Options was selected as the apparently successful bidder. Of the remaining 2019–2020 regions, all BHOs are converting to BH–ASOs.

Currently, HCA is actively involved in every 2019 region in preparation for implementation of a new BH–ASO structure. Critical issues in establishing readiness for "go live" include these HCA staff activities that must be completed before clients are assigned to new arrangements in December:

- Establishing the proportion of state funds to be allocated to BH–ASOs versus MCOs. The BHOs have demonstrated a need to increase the proportion of state-only funds from 50 percent to 70 percent.
- Reviewing and making appropriate changes based on input from BHOs on the BH–ASO contract.

[1] Thurston–Mason and Great Rivers are separate purchasing regions; so in each region, HCA will have separate contracts with the BH–ASOs although they are served by one Accountable Community of Health, Cascade Pacific Action Alliance.

- Determining whether the BH–ASOs have the option of continuing to rely on the HCA claims system to pay hospital inpatient claims for psychiatric admissions.
- Reviewing BH–ASO policies and procedures for integrated managed care program operations.
- Reviewing BH–ASOs provider contracts for crisis and non-Medicaid services.
- Participating in regional workgroups, including in-person meetings with providers.
- Convening knowledge transfer sessions in every 2019 region.
- Participating in development of agreements to spend down BHO reserves.
- Conducting site visits to conduct final readiness reviews of the BH–ASOs in fall 2018.

In addition, the MCOs are conducting their own readiness review activities, in order to ensure the BH–ASOs are able to be delegated for crisis and, in transition regions, providing many BH services on behalf of the MCO. Activities include reviewing the BH–ASOs for readiness for delegated roles. For example, they may delegate utilization management, credentialing, and claims payment if the BH–ASO is able to meet delegation requirements. BH–ASO provider contracts are also being adapted for compliance with the Office of the Insurance Commissioner rules, which has created some new slowing of the implementation timeline. That said, most regions are well on the way to meeting MCO timelines for readiness.

Finally, Knowledge Transfers are a mechanism for MCOs and BH–ASOs to learn detailed information about the behavioral health system, historically managed by the BHOs. Meetings will cover a variety of topics to prepare regions for a smooth transition, such as residential care for people with mental illness and substance use disorder, intensive outpatient services for adults and children, state hospital admission and discharge processes, withdrawal management, and local grant-funded projects that serve the population.

HCA staff are beginning to meet with BHO staff, BHO boards, and ACHs in the 2020 implementation regions to exchange information about what to expect and how to start working on readiness for integrated managed care.

The challenges that have faced BHOs since their creation will continue to be challenges for the MCOs, especially under the current legal and federal oversight environment. The new goal to rapidly shift state hospital care to local communities adds pressure for managing high risk clients' transitions of care in and out of institutions. MCOs have not historically been responsible for the creation of local services, let alone new facilities, so development efforts will be challenging. Low Medicaid provider reimbursement rates result in workforce shortages that also call for creative new solutions. Legislative action in a number of these areas will be requested in the upcoming session.

Conclusion: Readiness for 2020

Figure 1 shows the huge footprint for integrated managed care in 2019, while Table 2 provides an integration timeline through 2020.

With five regions becoming mid-adopters in 2019, three regions will be left to implement integrated managed care in 2020. Also, when Apple Health foster care enrollees move to integrated care statewide in 2019, behavioral health providers statewide will begin to have some experience with MCO delivery systems. Meanwhile, HCA and the MCOs are using experience from the earlier adopters to build the needed resources for provider training and technical assistance. HCA is confident that the integration of behavioral and physical services will deliver on the promise of improved outcomes and avoidance of unnecessary utilization and cost.

Figure 1: Regions by County

Table 2: Integration Timeline Through 2020

Previously Integrated	2019	2019 Transition	2020
SW WA (April 2016)	Pierce	King (January 1)	Salish
North Central (2018)	Spokane	North Sound (July 1)	Thurston/Mason
	Greater Columbia		Great Rivers
	Okanogan (moves to North Central)		
	Klickitat (moves to SW Washington)		