

MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled for Medicare and Medicaid with a better care experience and better align the financial incentives of the Medicare and Medicaid programs. CMS is working with states to test two integrated care delivery models: a capitated model and a managed fee-for-service (MFFS) model. Washington and CMS launched the Health Home MFFS Demonstration in July 2013. The State shares in Medicare savings resulting from the demonstration.

Key Features of the Washington Demonstration

- Uses the MFFS model, which adds care coordination as a Medicaid-covered benefit.
- Targets high-cost, high-risk beneficiaries.
- Leverages health homes for care coordination.

PARTICIPANTS



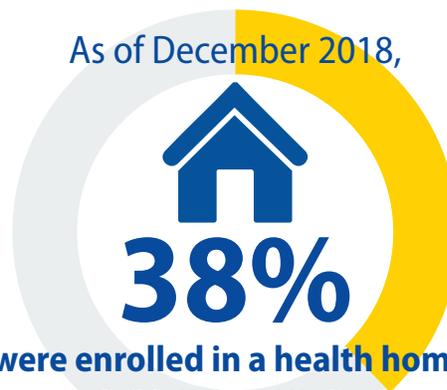
HEALTH HOMES

- Contract with the State to provide comprehensive care coordination services.
- Receive per-member per-month (PMPM) Medicaid payments for engaged enrollees.
- Collaborate with community-based organizations, Area Agencies on Aging, and managed care organizations.
- Establish a network of care coordination organizations representing providers of primary care, mental health services, long-term services and supports (LTSS), chemical dependency services, and specialty providers.



BENEFICIARIES

As of December 2018,



were enrolled in a health home.

Of the 33,500 eligible Medicare-Medicaid beneficiaries aligned with the Washington demonstration, 12,848 were enrolled in a health home.

FINDINGS



IMPLEMENTATION

- **Extended service area** to make the demonstration statewide in 2017.
- State **increased payment** (PMPM) for care coordination.
- **Enrollment in health homes dropped** due to the departure of the largest health home.
- Faced **challenges in capacity building** due to cost and increased competition.



CARE COORDINATION

- **Extensive training** on creating and implementing personalized Health Action Plans (HAPs).
- Effective strategies for **locating beneficiaries**.
- Finding and engaging beneficiaries in care coordination activities is **time-consuming and labor intensive**.

FINDINGS *(continued)*



MEDICARE EXPENDITURES

Over the first 5 years, the Washington demonstration has resulted in a \$278 million reduction in gross Medicare Parts A and B expenditures. With performance payments included, the net savings to Medicare is about \$208 million. These evaluation results are consistent with actuarial analysis results.

Demonstration Period	Gross Medicare Spending in Millions (\$)	Net Medicare Spending in Millions (\$)
DY 4 (2017)	- 68.92**	- 53.42**
DY 5 (2018)	-92.50**	- 75.10**
Total (DY 4–DY 5)	- 160.64**	- 127.74**
Total to date (DY 1–DY 5)	- 277.68**	- 208.28**

DY = demonstration year.

** p < 0.01. Under the MFFS model, the State is eligible to share in up to one-half of the total Medicare savings, minus any significant increases in Federal Medicaid spending. Pending availability of Medicaid cost results, CMS has issued approximately two-thirds of the maximum potential performance payments to Washington State through DY 5.



**SERVICE UTILIZATION AND QUALITY OF CARE:
Demonstration Years 4 and 5 (2017–2018)**

Favorable Results	Unfavorable Results
<p>↓ Decreased probability of SNF admission</p>	<p>↓ Decreased probability of 30-day follow-up after mental health discharge</p>
<p>↓ Decreased long-stay NF use</p>	<p>↓ Decreased number of physician evaluation & management visits</p>

- There was no statistically significant demonstration effect on inpatient admissions or emergency department visits.
- Most 2018 Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey respondents reported being satisfied with their care coordination services.

KEY TAKEAWAYS

The Washington Health Home MFFS Demonstration has resulted in \$278 million reduction in gross Medicare Parts A and B expenditures and \$208 million in net savings for Medicare over the first 5 years. Service utilization showed some positive findings, and demonstration cost impacts seemed to be driven by targeting high-cost enrollees with focused, intensive care coordination.