

### 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



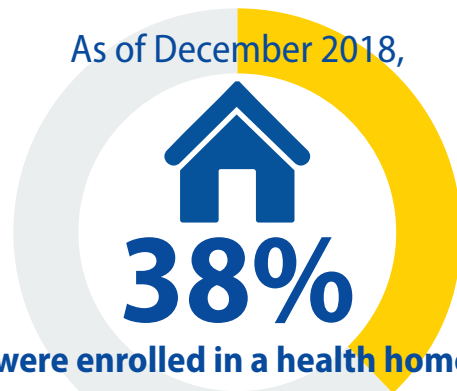
#### HEALTH HOMES

- 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 &amp; 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.