Analytical Framework for State Cost Containment Models
Washington State

Domain #1: Administrative and Clinical Data Collection, Analysis and Reporting	
What types of administrative data does the state collect?	The Washington State Office of Financial Management (OFM) collects data on key access, cost, and quality components of health care in Washington State. Some of these data sources allow comparison to other states. Sources include local and national surveys and data gathering on population characteristics, employers, health services, health expenditures, and health status. For example, Washington State collects health care provider surveys, inpatient discharge data and financial and utilization data for hospitals. The state also shares CMS generated health care expenditure data, as well as health status surveys published by the Department of Health (DoH). In addition, quality and cost data is collected through the Washington State Common Measure Set for Health Care Quality and Cost, which was created as a result of legislation passed in 2014. Data for the Common Measure set is collected by the Washington Health Alliance, a private nonprofit organization in the state dedicated to improving health care transparency, which works closely with the state. *Source:* *Click here to access the Office of Financial Management's webpage.* *For more information on the Common Measure set click here.*
What types of clinical data does the state collect?	Washington's Common Measure Set (described above) includes clinical measures, administrative measures and population-based measures, as well as a number of measures based on patient surveys including unintended pregnancies, percentage of adults who smoke cigarettes, among others. *Sources:* *For more information on the Common Measure set click here.*
Does the state have an HIT strategy to promote use of clinical and administrative data to promote cost containment initiatives?	Yes. The Washington State Health Care Authority (HCA) established the Link4Health Clinical Data Repository to connect disparate EHR platforms on its HIE (OneHealthPort) and to make aggregated clinical information easily accessible in a single location. The Repository is available to practitioners serving Medicaid enrollees via the Apple Health Managed Care program (both ACO and MCO practitioners). The repository enables practitioners to share clinical summaries that are available in certified EHRs, by aggregating clinical data from multiple sources. The HCA requires that provider organizations participating in Apple Health Managed Care and that have certified EHRs must be signed up with the HIE no later than February 2017. The repository went live in early 2016 and HCA is encouraging provider organizations to sign up and serve as early adopters of the Link4Health repository. *Click here to learn more about the Clinical Data Repository.*
Does the state have a	The Office of Financial Management (OFM) is spearheading the state's data transparency efforts, including

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centralized agency or entity responsible for collecting, analyzing and reporting health care data?	establishment of an APCD, for which the Center for Health Systems Effectiveness (CHSE) at Oregon Health and Science University (OHSU) to serve as lead organization. CHSE is subcontracting with Onpoint Health Data to serve as the data vendor for the state's APCD.
Does the state have a functioning APCD that it uses to collect data?	It is anticipated that data from the WA-APCD will be made available in late 2017. *Sources:* *Click here for an overview of the WA-APCD.*
Does the state report cost and quality to the public?	Yes, OFM make available a variety of data resources on its website. HCA also posts on its Medicaid Managed Care website, several reports, including the following. • Qualis Health, the External Quality Review Organization (EQRO) for Washington Medicaid, prepares a performance measure comparative analysis report as part of its contract with HCA. The report compares the Apple Health MCOs' performance to one another. • CAHPS data for adults and for children with chronic conditions. The Washington Health Alliance publishes data on health care cost and quality via the Community Checkup. • Quality: visitors to site can view performance scores by provider/clinic for five conditions: asthma, COPD, depression, diabetes, heart disease. • Cost: site displays health care spending growth in Washington related to the Washington State GDP; Medicaid per enrollee spending; and public employee per enrollee spending. *Sources*: *Click here to learn more and view Qualis Health's Washington Medicaid reports.* *Click here to learn more about the Washington Health Alliance's Community Checkup annual report.* *Health care data sources made publicly available by the OFM may be found here.*
Does the state identify and track key cost drivers and high cost providers through analysis of a combination of administrative and	No. The state believes that its soon to be implemented APCD will help state agencies better understand cost drivers. However, other organizations, like the Washington Health Alliance have provided some useful information about cost drivers, including that variation in billing prices for common procedures among hospitals in Washington resulted in fourfold differences in prices for certain procedures. *Source:*

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clinical data?	*Click here to read more about the Washington Health Alliance's report on hospital price variation.*
Does the state monitor health care cost growth?	Yes. Included in Washington's Common Measure Set are the following three measures of health care costs: • Annual State-purchased health care spending relative to State's GDP • Medicaid per enrollee spending • Public employee per enrollee spending The Washington Health Alliance reports this data via its Community Checkup website, here.
Does the state define cost growth targets?	Yes. The HCA's stated goal is that by 2019, Washington's annual health care cost growth will be 2 percent less than the national health expenditure trend. *Source:* *For an overview of the HCA's goals, click here.*
Is there anything that differentiates this state's data collection, analytic and reporting strategy from those of other states?	Washington is one of just a few states with an integrated social service client database. As a result, Washington "can use claims and encounter data to identify costs, risks and outcomes for individuals receiving services across State-funded social and health programs. The database already informs internal and external decisions, and is linked to other sources of information, such as crime, incarceration, and school and employment data." "Washington's advanced analytic capabilities are now being deployed using both Medicaid and Medicare claims data to monitor, track, and analyze health service utilization, medical expenditures, morbidity/mortality outcomes, and social service impact outcomes. The data (Medicaid and Medicare) are used to support cost-benefit and cost offset analyses, program evaluations, operational program decisions, geographical analyses, and in-depth research…... Population estimates are available at many different levels of geography, including state, counties, cities, legislative districts, school districts, and census tracts. The information can be used to generate use rates by age, race, gender, and poverty levels for multiple geographic areas, enhancing the ability to make regional and local comparisons for policy purposes." *Source:* *Washington's Health Care Innovation Plan may be accessed here.*

Domain #2: Medicaid Purchasing and Coverage Strategies to Contain Costs	
Does the state coordinate Medicaid and state employee health plan performance	Somewhat. First, its Medicaid Transformation Waiver states a collective goal of moving 90% of all state financed health care to value-based payment (alternative payment models), but it testing different models with each population. Second, its Common Measure Set, which tracks the performance of the health care system on both quality and cost metrics is applied to both the Medicaid program and the Public Employee Benefits Board (PEBB) program.

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requirements and cost control strategies?	*Sources:* *Click here to access a fact sheet about Washington's Medicaid Transformation demonstration waiver program.* *Click here to access the Washington Health Alliance's press release related to release of first Common Measure Set results.* *Click here to access an overview of the 'Paying for Value' strategy.*
Is the state pursuing an all-payer or Medicare waiver with CMS in order to align cost control strategies?	No.
What other waivers, grants or federal demonstrations is Medicaid pursuing to promote cost containment?	On September 30, 2016, CMS and Washington State reached agreement in principle on the state's Medicaid Transformation Waiver, a five year demonstration that includes three initiatives aimed at improving care by addressing local health priorities, providing high-quality, cost effective whole person care, and strengthening linkages between clinical and community services. The three initiatives are as follows. 1. Transformation projects undertaken by ACHs at the local level aimed at health systems capacity building, care delivery redesign, and prevention and health promotion. 2. Expanding options for people receiving long-term services and supports so that they can stay home and either delay or avoid more intensive services. 3. Supportive housing and supported employment for vulnerable populations, as well as supports to get and stay health. Washington is implementing a comprehensive **State Health Care Innovation Plan (SHCIP) grant**. Washington's SHCIP has three core strategies – improve how the state pays for services; implement a whole person focus in the delivery of health care; and build healthier communities through a collaborative regional approach. The state lists seven 'building blocks' to achieve these three strategies: 1) regional transformation, 2) Accountable Communities of Health (ACHs), 3) regional health data mapping/hot-spotting, 4) practice transformation support, 5) workforce capacity and flexibility, 6) price transparency, and 7) person/family engagement. • **$734 million estimated savings**. In January 2014, Washington estimated that potential savings from implementation of its SHCIP are $734 million with a ROI of $683 million after investments of $51 million. In 2012, Washington became the first state to partner with CMS in its **Financial Alignment Demonstration**, which tests a managed FFS model for providing dual eligible enrollees with a more coordinated, person-centered care experience. This demonstration deploys two payment models. The first is a capitated model in which the state and CMS contract with a health plan that receives a prospective, blended payment to provide coordinated care to dual

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	eligibles. The second is a managed FFS model in which Washington entered into agreement with CMS to share in savings resulting from initiatives designed to improve quality and reduce costs for both Medicare and Medicaid. In 2015, HCA requested extension of this demonstration program until December 2018. A recent evaluation found "estimates of cost impact relative to a comparison group based on actuarial analysis of claims data show substantial reductions in per member per month Medicare costs among demonstration-eligible beneficiaries that exceed even the largest monthly payments made for health home services. Further adjustments will be made to account for changes in Medicaid costs, but these initial findings suggest that the health home intervention is achieving at least one of its stated goals. Whether these savings have been achieved while improving or maintaining quality of care is not yet known." **In January 2016, an evaluation of the first demonstration period reported savings of $21.6 million -- representing over 6 percent savings.** In 2014, Washington selected 10 communities to receive a total of $485,000 in **Community of Health Planning Grants**, authorized through House Bill 2572, as part of the state's efforts to advance value-based purchasing, promote community health, and increase integration of needed social supports for individuals with chronic illness. Washington's nine **Accountable Communities of Health (ACHs) are funded partly with grants from the HCA**, using money from the state's CMS SIM grant. These funds enable each ACH to hire part-time staff for development, and to hold regional meetings. *Sources:* *Click here to access an FAQ on the Medicaid Transformation waiver. Click here to access the CMS approval letter for the waiver. Click here to access a summary of the waiver program. Click here for a description of the three initiatives under the waiver program.* *Washington's Health Care Innovation Plan may be accessed here.* *Click here to learn more about the CMS and Washington Financial Alignment Demonstration, and here for an evaluation of the demo (p.26 and 30 for savings figures).* *Click here to access an Accountable Communities of Health fact sheet.*
What APMs are being pursued by Medicaid?	Washington's Medicaid Transformation Waiver application states that "by 2019, our intent is that the advancement of purchasing towards fully integrated managed health system contracts for physical and behavioral health, complemented by SIM investments and Demonstration support, will result in 80 percent of State financed health care (Medicaid and Public Employees) being purchased through value-based payment." Each of Healthier Washington's "paying for value" strategies has an APM driving the model's implementation. Two of the strategies are specifically aimed at the state's Medicaid population as follows. • As the state moves forward with **full integration of physical and behavioral health services by 2020**, several

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	early adopting regions in the state will test the degree to which integrated financing can deliver whole-person care. **Counties within each early adopter region will receive a 10 percent share of the state's savings from the Medicaid physical and behavioral health integration model**. • In April 2016, Clark and Skamania counties became 'early adopters' of the state's integrated financing and delivery approach for physical health, mental health, and chemical dependency services. Medicaid clients in these two counties have choice of two Apple Health managed care plans that offer a whole-person approach to care, combining physical and behavioral health care services. In these two counties, the RSN and county-based FFS substance use disorder programs ceased operations. The primary difference between the BHSO program operated in these two counties, and care received through BHOs in other areas of the state is that the BHSO is operated by managed care plans, whereas the BHO is a county-based managed care entity. • Payment changes are difficult to achieve in federally qualified health centers (FQHCs), rural health clinics (RHCs) for primary care, and critical access hospitals (CAHs) (which serve most of rural Washington) due to statutory and regulatory barriers that dictate *encounter-based*, cost-based reimbursement. Washington state plans to implement a *value-based* alternative payment methodology in Medicaid for FQHCs and RHCs. In addition, the state plans to implement financial incentives for participating CAHs. The state plans to implement (and evaluate) incentives aimed at support the adoption of promising health care delivery approaches such as email, telemedicine, group visits and expanded care teams. *Sources:* *Click here for a report on the successes and challenges experienced during the first 90 days of the state's Early Adopter Program.* *Click here for more information about the state's implementation of a value-based APM in Medicaid for FQHCs and RHCs. Click here for more information about implementation of value-based APM for participating CAHs.* *Information regarding Washington's integration of physical and mental health services may be found here.* *For an interview with HCA's MaryAnne Lindeblad, click here.*
What delivery system redesign strategies are being pursued by Medicaid?	Washington's Accountable Communities of Health (ACHs) represent the state's most significant Medicaid delivery system redesign strategy. The state has nine ACHs that cover the entire state, whose overall goals are to: • Improve health equity; • Support both regional and statewide efforts at practice transformation and value-based purchasing; and • Achieve improved alignment of resources and activities for whole person health and wellness. The ACH boundaries match those of the state's Medicaid Regional Service Areas. The nine ACHs are at different stages of development, but already progress has been made in terms of the design and governance structures of the ACHs, and regional collaboration for health improvement – as reported by an initial evaluation of the ACH program. • As just one example of the ACHs' activities, the state reported in September 2016, that the Cascade Pacific Action Alliance, has established the Youth Behavioral Health Coordination Pilot Project. This pilot has four

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	sites across four counties, with the ACH coordinating across school districts, clinicians and behavioral health care providers to identify and connect students with behavioral challenges to community-based services. At the same time, the ACH model is new and evolving; challenges associated with implementation of the ACHs include funding levels and long term sustainability given ambitious expectations, and balancing requirements vs. guidance from the HCA. *Sources:* *Click here to learn more about the ACHs.* *For a January 2016 evaluation of the ACHs, click here.* *For a September 2016 report on activities of the ACHs, click here.*
What benefit designs are being pursued by Medicaid to incentivize good health behaviors and patient responsibility?	Individual Medicaid managed care organizations offer wellness incentives, e.g. gift cards for completing wellness visits and immunizations, or a 'tasty crate' program providing fresh produce at community health centers, etc. *Sources:* *Click here to learn more about Molina Healthcare of Washington rewards program.* *Community Health Plan of Washington State offers a Tasty Crate program – more information may be accessed here (see page 9).*
Does Medicaid use MMCOs to manage care?	Yes. Nearly 9 out of 10 (88%) Medicaid enrollees in Washington were enrolled in a managed care arrangements in 2012 and beginning in January 2017, HCA will enroll most FFS Medicaid clients who have other primary private health insurance into an agency-contracted MCO. Currently the state is in the process of transitioning mental health and substance use services to managed care via behavioral health managed care organizations, and integrating services with those offered by MCOs. *Source:* *For an overview of the Apple Health managed care offering, click here.*
What reimbursement policies has Medicaid implemented to promote cost containment?	Washington State has legislated a process for determining payment of medical and dental services within its fee-for-service Medicaid program. For services for which the state elects to require prior authorization, an "evidence-grade" is applied and a process has been established for approving services based on the grade. The hierarchy is broken down into four categories (A, B, C, and D). "A" services have strong scientific evidence and well-designed clinical trials to prove the service is of benefit to the member. "B" services have less evidence than "A" and "C" and "D" services have weak or no evidence. (To determine whether the evidence is strong, a hierarchy of evidence has also been defined, e.g., meta-analyses with multiple clinical trials trump comparative case studies.) Prior authorizations are

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	granted for "A" and "B" services. "C" and "D" services are approved only on a limited basis in limited circumstances and must be well supported by provider documentation. A 2003 legislative mandate created the Washington State Pharmacy and Therapeutics Committee (P&T) to "evaluate available evidence regarding the relative safety, efficacy and effectiveness of prescription drugs in a class and to make recommendations to state agencies regarding the development of a preferred drug list." The agency also serves as the federally mandated Drug Utilization Review Committee for its Medicaid program. In order to conduct reviews of prescription drugs, the state of Washington contracts with Oregon's Center for Evidence-Based Policy, which compares the safety, efficacy and effectiveness of different drug classes by evaluating available research. This research informs the P&T Committee which then sets the state's preferred drug list. In order to avoid pre-authorization requirements, a Medicaid provider can endorse the preferred drug list. Then, state pharmacists are required to substitute a non-preferred drug with a preferred drug from the approved list, with a few exceptions. If a Medicaid provider chooses to not endorse the preferred drug list and prescribes a drug that is non-preferred, the provider must contact the Medicaid Pharmacy Authorization Line for approval. For more information on Washington's P&T Committee see: www.rx.wa.gov/pt.html. The WA Health Technology Assessment (HTA) program is an innovative program that determines if health services used by state government are safe and effective. The primary purpose of HTA is to ensure medical treatments and services paid for with state health care dollars are safe and proven to work. HTA serves as a resource for state agencies purchasing health care. HTA contracts for scientific, evidence-based reports about whether certain medical devices, procedures, and tests are safe and work as promoted. An independent clinical committee of health care practitioners then uses the reports to determine conditions for coverage of specific medical devices, procedures, and test. For example, the HTA is currently reviewing the evidence base and conditions for potential coverage of treatment of chronic migraine and chronic tension-type headache, for varicose veins, and for extracorporeal shock wave treatment. State agencies involved with purchasing health care services then use these decisions to define covered services in their programs. Participating state agencies include the Health Care Authority; Department of Social and Health Services (Medicaid); Labor and Industries; Department of Corrections; and Department of Veterans Affairs. State agencies using the same, evidence-based reports make more informed and consistent coverage decisions. *Sources:* *For more information regarding Washington's process for determining medical necessity, click here to access authorizing legislation.*

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	To learn more about the Washington Health Technology Assessment program, click here.
What initiatives has Medicaid pursued to manage cost of special populations of beneficiaries?	See the physical and behavioral health integration approach, described earlier in Domain #2, as part of Healthier Washington's 'paying for value' strategy. This model will test integrated financing in the Apple Health program for enrollees with complex, high risk, co-occurring disorders. Children and youth in foster care and adoption support. As of April 1, 2016, children in foster care and in adoption support are shifting to managed care plans. Implemented as a result of legislation, HCA will be auto-enrolling children and youth in foster care into a managed health care plan. The new plan will be administered under contract with Coordinated Care of Washington. The following individuals will be automatically enrolled in managed care: • Children and youth in foster care. • Children and youth in adoption support. • Young adults in extended foster care (18- to 21-year-olds). • Young adults ages 18 to 26 who aged out of foster care on or after their 18th birthday. Individuals with chronic conditions. Washington's Department of Social and Health Services Aging and Disability Services Administration provides high-risk clients with enhanced nurse care management services. The Chronic Care Management program resulted in significant decreases in inpatient hospital costs of $318 PMPM for patients using the production. *Health Affairs* reported that the reduction in "overall medical costs of $248 PMP exceeded the cost of the intervention but did not reach statistical significance." In addition, under the CMS Financial Alignment Initiative, Washington has implemented a health home program for Medicaid beneficiaries with chronic conditions, including dual eligible beneficiaries. The Kaiser Family Foundation provided the following assessment of the program: "In July 2013, Washington began the phasing in its health home initiative across six coverage areas for beneficiaries who have one chronic condition and are at risk for developing another. Washington selected Health Home Lead entities to implement the health home initiative and contract with Care Coordination Organizations to provide health home services, such as care coordination and case management. ... Fee-for-service health homes have a three-tiered payment methodology and are reimbursed based on their levels of outreach and consumer engagement activities, the ratio of providers to beneficiaries, and the ratio of telephone to face-to-face beneficiary encounters. All of these costs are built into the overall capitation rate for managed care health homes. …As of October 2013, health homes were operating in all areas of the state, except King and Snohomish counties, which are two of the three most populous counties in the state and where nearly 30% of the state's high-risk Medicaid beneficiaries reside."

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	Sources: *For more information about Washington health care landscape, including managed care enrollment and an assessment of the Financial Alignment Initiative, click here.* *For an overview of changes to the Apple Health program as of April 2016, click here.* *To access a Health Affairs article about the Washington Chronic Care Management program, click here.*

Domain #3: State Employee Health Plan Coverage and Payment Strategies to Contain Costs	
What APMs is the state employee health plan using to control health care costs?	Healthier Washington is pursuing APMs for each of the four new 'Paying for Value' models within the Healthier Washington initiative. One of the four 'Paying for Value' models specifically targets state employees as follows. • UMP Plus is a new health benefit option comprised of two Accountable Care Programs (ACPs). Starting in January 2016, ACPs will provide 'best in class' patient service and experience at lower cost, deliver integrated physical, mental health and substance abuse services – by assuming both financial and clinical accountability for a defined subpopulation of PEBB members. The two ACPs are risk-based contracts with each network agreeing to annual targets for financial trend guarantees. If an ACP does not achieve its trend guarantee target, the ACP must pay a share of deficit to HCA. If the ACP does better than its target, the HCA pays the ACP a portion of the savings. The share of savings/deficits is based on a reconciliation of the trend guarantee, performance on 19 quality measures from the Common Measure Set, and the ACP's performance on member experience. *Sources:* *For information regarding HCA's ACPs, including contracts, click here.*
What benefit designs is the state employee health plan using to control health care costs?	The PEBB uses a 'financial wellness incentive' to motivate healthy behaviors among its employees. Subscribers and their spouses or registered domestic partners enrolled in PEBB medical coverage can participate in SmartHealth through the SmartHealth website; however, only the subscriber can qualify for the $125 financial wellness incentive. To qualify for the financial wellness incentive, the subscriber must complete a SmartHealth Well-being Assessment, earn 2,000 total points within the PEBB Program's timelines, and be eligible in the year the incentive applies. *Source:* *To learn more about the SmartHealth Wellness program, click here.*

Domain #4: State Actions to Enhance Competition in the Marketplace	
Does the state certify or regulate Accountable Care	No.

Domain #4: State Actions to Enhance Competition in the Marketplace	
Organizations?	
Does the state collect data regarding the structure of the health care market, such as ACO information on participating physicians?	No.
Does the state use the collected data to produce reports to encourage marketplace competition, such as hospital quality and cost report cards, cost impact reports?	The Washington Health Alliance provides hospital quality and patient experience reports at its Community Check Up page. The HCA is a member organization of the Alliance. The Department of Health provides an adverse events and incident reporting system, which provides a quarterly report of adverse events. *Sources:* *Washington Health Alliance's Community Check Up report may be accessed here.* *To read more about the state's adverse events and incident reporting system, click here.*
Does the state promote or set limits on consolidation of health care providers of similar services?	No.
Does the state promote or set limits on vertical integration of health care providers of different services?	No.
Does the state	No.

Domain #4: State Actions to Enhance Competition in the Marketplace	
promote or limit other types of affiliations among health care providers that impact referral and utilization practices?	
What strategies, if any, has the state's insurance department taken to ease insurer entry into the marketplace to enhance insurer competition?	None.
Does the state have consumer protection regulations that promote cost containment?	No.

Domain #5: State Regulatory Actions to Contain Health Care Costs	
Does the state directly (vs indirectly through setting or approving insurer rates) limit price increases by providers?	No.
Has the state mandated payment and delivery system reform	No.
Does the state have a Determination or Certificate of Need program or other programs	Yes. To read more about Washington's Certificate of Need program, click here. The program assigns a numeric value that defines need according to factors based on the proposed services. More information about this methodology may be found here.

Domain #5: State Regulatory Actions to Contain Health Care Costs	
to limit introduction of high cost services?	
Are there any requirements of commercial payers to provide comparative cost and quality data regarding contracted providers?	No.
Is the state insurance department implementing any strategies to limit provider cost increases?	No.
What other strategies, if any, has the state's Insurance department taken to control health care costs?	The Insurance Commissioner is currently monitoring a proposed sale of two health plans and proposed market consolidations. The Insurance Commissioner is monitoring these consolidations "to ensure that the financial condition of the companies is sound and consumers are protected." To read more about the Insurance Commissioner's review of pending mergers and consolidations, click here. In 2016, the Insurance Commissioner Mike Kreidler proposed legislation (HB 2447) that would end "surprise billing" for emergency room services. The bill did not pass the 2016 legislative session, but remains a high priority for Commissioner Kreidler. He has pledged to continue working on a solution to surprise billing, and is currently working on draft legislation on this topic for the 2017 session. *Source:* *To learn more about the Washington Insurance Commissioner's legislative effort to end surprise billing for emergency room services, click here. To learn more about the Commissioner's plans to reintroduce a bill aimed at ending surprise billing for emergency services, click here.*

Domain # 6: Payment Reform and Delivery System Reform	
What entities are driving payment and delivery system reform in the state?	The HCA, which oversees the state's top two health care purchasers – Washington Apple Health (Medicaid) and the Public Employee Benefits Board Program – is the primary driver of payment and delivery system reform in the state. In addition, the Washington Health Alliance, which is a nonprofit, nonpartisan organization and which has a membership of more than 175 state, county and private employers, union trusts, health plans, hospitals and physicians groups, government agencies, community based organizations, educational

Domain # 6: Payment Reform and Delivery System Reform	
	institutions, pharmaceutical companies and individuals shares data on health care quality and value in the state with the goal of helping providers, patients, employers and union trusts make better decisions about health care.
What support has the state received to promote payment and delivery system reform?	1) Washington state has two approved Section 2703 Health Home State Plan Amendments to assist individuals with chronic conditions. 2) Washington received a $1 million Model Pre-Test Grant and a $64.9 million Round Two State Innovation Model (SIM) Design Award Grant from the Center for Medicare and Medicaid Innovation (CMMI) to support the payment and delivery system reforms summarized in this analytic framework. 3) Washington has recently reached an agreement in principle on the state's Medicaid Transformation 1115 waiver, which includes $1.125 billion in Delivery System Reform Incentive Payment funds and $375 million in additional service funds over five years. 4) The Washington State Office of Financial Management received from CMS a $3.4 million grant in 2013 and a $1.4 million grant in 2014 to support development and implementation of the WA-APCD. The WA-APCD will produce health care cost and quality information using claims data for free, public dissemination on a WA-APCD website. *Source:* *To read more about the 1115 waiver, click here.* *To read more about CMS' grants for WA-APCD development and implementation, click here.*

Domain #7: Environmental Context for the Cost Containment Strategies	
Does the state's culture promote cost reform?	Yes. The state is highly collaborative. For example, in interviews conducted as part of this research, HCA staff described an informal, collegial management style that cuts across agency silos and is led by the Governor. HCA staff also report having close working relationships with legislative committees. In addition, the state has a unique collaboration with a nonprofit organization, the Washington Heath Alliance (Alliance), which is an independent, trusted, nonprofit multi-stakeholder collaborative with over 150 employer members. HCA serves on the Board of the organization and participates in all four major Alliance stakeholder work groups. The Alliance also maintains a voluntary APCD with claims level

Domain #7: Environmental Context for the Cost Containment Strategies	
	insurance data on 4 million Washingtonians. Reflective of the state's culture of promoting cost reform, the Washington State legislature established, the Robert Bree Collaborative (Bree) in 2011. The Bree Collaborative is a consortium of public and private agencies-- including employers and union trusts, health plans, providers, hospitals -- charged with identifying low -value, high-cost services to develop evidence-based best practice recommendations. Appointed by the Governor, Bree stakeholders are tasked with identifying specific ways to improve health care quality, outcomes and affordability in the state. The Washington Health Alliance produced a report on 2011 on the use of resources in high volume hospitalizations. *Sources:* *To read more about the Bree Collective, click here.* *The Washington Health Alliance's 2011 report "Use of Resources in High-Volume Hospitals" may be accessed here.*
What are/were the governmental facilitators?	The legislature and the Governor are the main facilitators of reforms in the state, supported by HCA.
Are there any key insurers that are driving cost containment strategies?	No evidence of such insurers.
Do health plans promote use of high-quality, low cost providers in their plan designs?	No evidence of such approaches.
Have health plans implemented alternative payment models with providers?	During the State's 2013 State Health Care Innovation planning, the blueprint for Healthier Washington, MMCOs were asked about their payment arrangements with providers serving physical health care needs of Medicaid clients. Barely 24% of care was provided within a specific "budget" in which payment was not directly triggered by service delivery, but rather by responsibility for the care of a beneficiary (regardless of the volume of services). However, under the 1115 Waiver, Medicaid managed care plans are required to have an increasing percentage of payments be value-based payments from 30% in 2017 to 90% in 2021.
How have health plans promoted delivery system transformation?	No evidence of such approaches.
Are there any multi-stakeholder	Yes. The Washington Health Alliance (the Alliance) is a nonprofit, nonpartisan organization that shares

Domain #7: Environmental Context for the Cost Containment Strategies	
coalitions facilitating cost containment strategies?	data on health care quality and value in the state with the goal of helping providers, patients, employers and union trusts make better decisions about health care. As noted above, the Alliance publishes a Community Check Up report including statewide indicators of cost trends. The Washington State Health Authority is on the Alliance's Board. *Source:* *To learn more about the Washington Health Alliance, click here.*
Is there a strong employer purchaser coalition in the market facilitating cost containment strategies?	Yes, the Washington Health Alliance includes a broad array of employers among its member organizations, including the HCA. The Health Alliance's transparency efforts are well documented above, most especially the reports available via their Community Check Up web site.
Are there any individual employers that are driving cost control discussions and actions within the state?	In an effort to achieve savings, Boeing implemented several years ago direct contracts with ACOs for provision of health care services to its employees. 27,000 Boeing employees in the Puget Sound area were given the option of joining health plans under ACO contracts, with financial incentives for doing so. Major health systems in Washington state have announced direct contracts with Boeing that include financial incentives for faster, cheaper and higher-quality medical care. *Source:* *To read more about Boeing's direct contracts with ACOs, click here.*
Does the state have a centralized agency responsible for overseeing/driving health care cost strategies?	Yes, the HCA oversees health care purchasing for the state's Medicaid and public employees. The HCA's purchasing goal is to move 90 percent of state-purchased health care from FFS to value-based purchasing by 2021.
Has the state or any of its executive branch agencies adopted a formal cost control strategy or roadmap?	Yes. In June 2016, the HCA published a "Value-based Road Map," which describes how the HCA plans to change the delivery system by implementing new models of care. The Road Map describes how the various strategies undertaken by the HCA fit together, including the Medicaid transformation waiver, Healthier Washington (Payment Redesign Model Tests, Statewide Common Measure Set and ACHs) and the Bree Collaborative recommendations (see further below in Domain #7 for more information on the Bree Collaborative). *Source:* *To access the HCA's Value-based Road Map, click here.*
Does the state have any funding mechanism to support cost containment initiatives by	No known programs.

Domain #7: Environmental Context for the Cost Containment Strategies	
unaffiliated providers such as independent primary care practices, small community hospitals or safety-net hospitals?	
Does the state have any resources and program initiatives to assist health care providers to increase quality and efficiency?	Yes, through the newly awarded DSRIP program.

What has been the effectiveness of state strategies on cost control according to formal evaluation activity, including independent party evaluations and self-reported studies?	
Key Findings	**Summary and Citation**
The Washington Health Home MFFS demonstration leverages Medicaid health homes to integrate care for high-cost, high-risk, Medicare-Medicaid beneficiaries. Jointly administered at the State level by the HCA and the Department of Social and Health Services (DSHS). The Washington Health Homes MFFS demonstration targets high-cost, high-risk Medicare-Medicaid enrollees with intensive care coordination. The demonstration also focuses on patient activation and engagement, and support for enrollees to take steps to improve their own health.	In January 2016, an evaluation of the Washington Health Home MFFS demonstration reported savings of $21.6 million for the first demonstration period-- representing over 6 percent savings. *Source:* *To access preliminary findings from the Washington MFFS Demonstration, click here.*
The "ER is for Emergencies" program experienced a reduction in Medicaid ED costs (though a reduction in ED visits) of nearly $34 million in its first year. According to a May 2015 Brookings brief, "ED visits by Medicaid patients declined by nearly 10%, with rates of visits by high utilizers (5+ visits/year) declining by approximately 11%. For less serious conditions, the visit rate decreased by more than 14% over the year. Visits resulting in the prescription of controlled substances fell by 25% for the Medicaid population."	'ER is for Emergencies' program resulted in significant reduction in ED visits among Medicaid recipients, with $34 million in savings in its first year. *Source:* *To access a Brookings Institution brief on Washington's "ER is for Emergencies" program, click here.*
Washington's Chronic Care Management program, a care	Washington's Medicaid Care Coordination Program experienced

What has been the effectiveness of state strategies on cost control according to formal evaluation activity, including independent party evaluations and self-reported studies?	
coordination intervention for clinically complex Medicaid beneficiaries resulted in significant decreases in inpatient hospital costs of $318 PMPM for patients using the production. An April 2015 Health Affairs article by Jingping Xing and colleagues reported that "the estimated reduction in overall medical costs of $248 PMP exceeded the cost of the intervention but did not reach statistical significance."	significantly reduced inpatient hospital costs based on the results of a 2009 study. *Sources:* *A 2009 report on early findings from the program may be accessed here.* *To access the Health Affairs article, click here.*