

### MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled in 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. The Health Home MFFS Demonstration has been extended through December 2022.

#### 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 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, chemical dependency services, and specialty providers.



#### BENEFICIARIES

As of December 2020,



**37%**

**were enrolled in a health home.**

**Of the 29,812 eligible Medicare-Medicaid beneficiaries aligned with the Washington demonstration, 11,083 were enrolled in a health home.**

### FINDINGS



#### IMPLEMENTATION

- Health homes were able to **expand their care coordination network to better serve tribal areas of the State.**
- Most respondents to the 2019 Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey reported **high levels of satisfaction with care coordination services.**
- **Growing competition for market share from Medicare Advantage (MA) plans** began to negatively impact demonstration enrollment.



#### CARE COORDINATION

- The State increased its capacity to reach more beneficiaries by adding **four additional health homes in 2019.**
- Health homes **successfully pivoted to virtual care coordination services** at the start of the COVID-19 public health emergency.
- Delivering health home services virtually offered some benefits, including **increased engagement among rural beneficiaries.**
- After several months of virtual care coordination services, **beneficiaries and care coordinators began to feel disconnected** and wished to return to in-person meetings.

**FINDINGS** *(continued)*



**MEDICARE EXPENDITURES**

Over the first 6 years, the Washington demonstration has resulted in a \$385 million reduction in gross Medicare Parts A and B expenditures. With performance payments included, the net savings to Medicare is about \$297 million. These evaluation results are consistent with separate actuarial analysis results.

Demonstration Period	Total Gross Savings in Millions (\$)	Total Net Savings in Millions (\$)
DY 4 (2017)	- 68.88	- 53.38
DY 5 (2018)	-93.22	- 75.82
DY 6 (2019)	- 107.70	- 89.80
<b>Total (DY 4–DY 6)</b>	<b>- 267.65</b>	<b>- 216.85</b>
<b>Total to date (DY 1–DY 6)</b>	<b>- 384.68</b>	<b>- 297.38</b>

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 performance payments to Washington through DY 6. Thus, final net Medicare savings are anticipated to be less than \$88 million.



**SERVICE UTILIZATION AND QUALITY OF CARE:  
Demonstration Years 4 through 6 (2017–2019)**

Favorable Results	Unfavorable Results
<p>↓ Decreased probability of skilled nursing facility admission</p>	<p>↓ Decreased probability of 30-day follow-up after mental health discharge<sup>a</sup></p>
<p>↓ Decreased long-stay nursing facility use</p>	<p>↓ Decreased number of physician evaluation &amp; management visits<sup>b</sup></p>

<sup>a</sup>Behavioral health services may be provided by Medicaid and therefore are not observable in Medicare claims.

<sup>b</sup>Decreased number of physician evaluation and management visits is considered a potentially unfavorable result. While there is some anecdotal evidence that this result may also reflect the support that those engaged in the demonstration may receive when working with a health home care coordinator, there is no quantitative evidence to confirm this is the case.

- There was no statistically significant demonstration effect on inpatient admissions or emergency department visits.

**KEY TAKEAWAYS**

Washington State officials, health home providers and beneficiaries have reported that the Washington Home Health MFFS Demonstration has made a positive impact. An additional increase in payments has enabled health homes to increase their capacity. Simultaneously, external factors such as enrollment in Medicare Advantage have contributed to a reduction in the number of beneficiaries eligible for enrollment in the demonstration.