

August 21, 2015

Washington Health Care Authority  
Attention: Medicaid Transformation  
PO Box 42710  
Olympia, WA 98504

Dear Health Care Authority:

The following comments are in regard to the proposed Section 1115 Transformation Waiver Application (Application) being submitted by the Health Care Authority (HCA). The Application raises several concerns that we request HCA address.

- While the Application maintains that this is "budget neutral," an additional \$3 billion in federal funding is being requested. There is a lack of specificity in the Application about how this transformation will be carried out, including how the financing will work, how it will be staffed, and what the long-term risks are to the state because of this additional federal investment.
- The creation of Accountable Communities of Health (ACH) as described in the Application creates an additional administrative layer between HCA and managed care organizations (MCOs), behavioral health organizations (BHOs), and providers. It also designates ACHs as the fiscal intermediary between HCA and the MCOs, BHOs, and providers for pass-through of the transformation dollars. This appears to create additional administrative costs and requirements. It is unclear how these efforts are not duplicative of existing efforts and how they are efficient and economic.
- There appears to be a lack of consistent measurement requirements both between the ACHs and the current forecast process. The Application allows each ACH to pick its own set of transformation activities and the Application itself uses caseload categories that differ from our current forecast process. These inconsistencies will make comparing ACHs both to each other and to current practice difficult.
- Expanded eligibility for long-term services and supports (LTSS) will require additional staff both for eligibility determination and customer service. There may be other staffing needs for these programs as well. The Application does not indicate how these programs are to be staffed in either the short- or long-term or the funding sources required for this staffing.
- There is little fiscal detail contained in the Application about how savings will be achieved, shared or reinvested. House Bill 2572, as enacted during the 2014 legislative session, had significant savings expected as a result of health care transformation. Original projected savings were dampened in the final 2014 budget. Budgeted savings were not realized in 2015 and there are indications they will not be realized in 2016. It is unclear when savings are to begin under this new model, what those savings are, and how they will be reinvested when there are no savings currently being realized.

Based on these comments, we request you provide thorough fiscal detail demonstrating the risks and rewards of this Application and how these relate to HCA's ongoing savings requirements under HB 2572.

Sincerely,



Senator Linda Parlette  
12<sup>th</sup> Legislative District



Senator Randi Becker  
2<sup>nd</sup> Legislative District



Representative Joe Schmick  
9<sup>th</sup> Legislative District

Cc: Senator Andy Hill  
Representative Bruce Chandler