

August 18, 2015

Dorothy Teeter, Director
Washington State Health Care Authority
PO Box 42710
Olympia, WA 98504

Dear Director Teeter:

Thank you for the opportunity to provide input—in accordance with the procedure for public comment—on Washington State’s application for a Section 1115 Demonstration Waiver. The Bill & Melinda Gates Foundation carefully tracked the passage and implementation of the Affordable Care Act. By embracing the expansion of Medicaid, Washington State extended coverage to more than 550,000 new adult enrollees and reduced the uninsured rate from 16.8% to 6.4%.¹ While these accomplishments merit recognition and praise, it is still important to acknowledge that access to health insurance does not guarantee health.

The World Health Organization has long defined health as “a state of complete physical, mental and social well-being and not merely the absence of infirmity.”² Health is the combined product of socioeconomic status (40%), individual behaviors (30%), clinical care (20%), and the physical environment (10%).³ The social determinants of health capture the broad forces that affect health—the “conditions in which people are born, grow, work, live, and age.”⁴ Healthier Washington involves numerous initiatives that aim to address social determinants of health, while achieving healthier communities, whole-person care, and value-based payment. The Section 1115 Demonstration Waiver would provide funds and flexibility to Medicaid and is a critical piece of this larger vision. Washington State has shown tremendous leadership in identifying the next phase of healthcare reform—social determinants and health promotion—and is poised to model innovative approaches for the rest of the country.

While the foundation works throughout the world, we have an enduring commitment to improving the lives of children and families in Washington State. By investing in education from preschool through college, and working to improve the systems that reduce homelessness and strengthen communities, the foundation and its regional partners already contribute to the health of children and families in Washington State. Because education is a key factor in overcoming poverty, the foundation’s Washington State team focuses on the social determinants of educational attainment. Through our involvement with Healthier Washington, we realized these social determinants are the same as those relevant to health. In fact, the ultimate objective in addressing social determinants in any sphere is the same: removing barriers, improving well-being, and expanding opportunities, so

¹ Witters, Dan. “In U.S., Uninsured Rates Continue to Drop in Most States.” *Gallup*. 10 August 2015.

<http://www.gallup.com/poll/184514/uninsured-rates-continue-drop-states.aspx>.

² “Constitution of the World Health Organization.” World Health Organization. 1946.

³ “Our Approach.” *County Health Rankings & Roadmaps*. Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute. 2015. <http://www.countyhealthrankings.org/our-approach>.

⁴ “Social Determinants of Health.” *World Health Organization*. 2015. http://www.who.int/social_determinants/en/.

that every person may reach his or her full potential. Housing is just one example of a social determinant that impacts both educational attainment and health. In May 2015, the foundation and co-chair Melinda Gates welcomed over 100 state and local leaders in family homelessness and healthcare to discuss the intersection of housing and health. In addition to housing, we continue to explore alignment between health and our other core priorities—and we are evaluating opportunities for more strategic activity, increased impact, and new partnerships.

A Section 1115 Demonstration Waiver is an unprecedented opportunity for Washington State. We are excited by the ambition and focus of the application. Washington State is proposing to shift Medicaid from a siloed, reactive system to one that provides integrated services, incorporates community input and needs, and focuses on health promotion. These are bold and creative solutions, designed to take advantage of a unique opportunity to improve the lives of children and families in Washington State. We are committed to participating in this process and contributing to Medicaid transformation. As partners in this pursuit, we would like to comment on two components of the application: 1) Accountable Communities of Health (ACHs) and 2) transformation projects.

The journey toward improved health for Washington State will be long and complex, requiring continuous collaboration and adjustment. We are encouraged by recent progress and hope these comments promote additional dialogue on how to realize the full potential of a Section 1115 Demonstration Waiver.

Accountable Communities of Health (ACHs)

As regional coalitions, ACHs are designed to promote community engagement, foster broad participation from relevant sectors, and assess regional health needs. As conceptualized, these functions enable ACHs to address social determinants, prioritize and develop strategies for population health, form clinical-community linkages, and promote whole-person care. Despite initial support through the State Innovation Model grant, ACHs continue to struggle with key functions. Overall, there is limited community engagement and many important sectors are underrepresented, including early learning, education, and consumers. We are especially concerned that there is inadequate representation of the interests of children. While the ACH Readiness Proposal incorporates criteria that mandate community and multi-sector involvement, the thresholds for compliance are unclear. Most ACHs are still in the process of designation and could address these shortcomings in the future. Since ACHs are instrumental to incorporating social determinants, however, it is critical to ensure they align with the ultimate goals of Healthier Washington from the outset. Improved community engagement and multi-sector participation are essential now.

Washington State's application for the Section 1115 Demonstration Waiver proposes new responsibilities for ACHs, including serving as the coordinating entities for transformation projects. To assume the role of a coordinating entity, ACHs will need to build additional capacity and infrastructure in areas like finance. The plan to allocate resources to ACHs to make these improvements is an important acknowledgment of this transition. ACHs are not required to become coordinating entities—and the application indicates there will be formal phases of certification. This process represents an opportunity to ensure ACHs achieve meaningful community engagement and multi-sector participation. The criteria for certification could be more specific than the ACH Readiness Proposal and outline more rigorous requirements. Another opportunity involves payments to ACHs for “process milestones.” Beyond transformation project selection and infrastructure investment, Washington State could consider “process milestones”—for example, mechanism for community voice—that move ACHs closer to the multi-sector, public-private ideal.

It is imperative Washington State guide the maturation of ACHs and promote broad participation and substantive engagement with social determinants. While a Section 1115 Demonstration Waiver is a tremendous opportunity, if the proposed role of coordinating entity overshadows these other considerations, there is a risk that ACHs will become an extension of traditional healthcare and not the complement originally envisioned.

Transformation Projects

The surge in Medicaid enrollment since 2013—largely explained by the addition of 550,000 new adult enrollees—places substantial financial stress on the state. Medicaid now serves mostly adults (55%) and faces an “age wave,” in which there will be increased demand for long-term services and supports (LTSS). It is clear that these challenges inform Washington State’s application for a Section 1115 Demonstration Waiver—and motivate the quest for the triple aim of better health, better care, and lower cost. This quest has yielded important developments in the application. We are pleased to see the inclusion of a supportive housing benefit. There is compelling evidence that supportive housing generates savings for Medicaid, while improving health and care for people who are chronically homeless. This is a powerful example of the advantages of addressing social determinants. Similarly, other proposed initiatives, including a supported employment benefit and LTSS reform, promise to support the triple aim. Despite the importance of these examples, we are concerned that Medicaid reform will facilitate whole-person care for the most expensive adults in Washington State, while providing insufficient attention to other beneficiaries, especially children. The transformation projects represent an opportunity to create a more “balanced portfolio” and catalyze innovation for the larger population.

The requirements of Delivery System Reform Incentive Payments (DSRIP) limit the range of investments possible through a Section 1115 Demonstration Waiver. The need to implement investments, document positive outcomes, and demonstrate progress toward sustainability in less than 5 years undermine initiatives that address upstream social determinants like nutrition. Despite these constraints, Washington State can provide more detail under the investment domains for transformation projects in order to indicate greater consideration of other populations. “Population Health Improvement” is a critical investment domain, yet Washington State simply commits to “focus on prevention and health promotion for targeted populations.” Given the limited attention to children in the application, this is an area where pediatric initiatives could be highlighted. One example is pediatric asthma control. Notably, a recent study in King County demonstrated the positive impact of weatherization and community health worker in-home education on asthma control among children.⁵ Another example is unintended pregnancies, which is part of the common measure set for health quality and cost. In 2014, the majority of births to women with Medicaid in Washington State resulted from unintended pregnancies. A minority of adolescents use long-acting reversible contraception (LARC) despite its recommendation as first-line birth control.⁶ There is a clear opportunity for initiatives that reduce unintended pregnancies via LARC.

The transformation projects will constitute much of Medicaid reform and, therefore, will define the Section 1115 Demonstration Waiver. It is reasonable that Washington State proposes to create a menu of transformation projects for the ACHs. But this heightens the importance of how the menu is created and who provides input. While Washington State plans to collaborate with a range of

⁵ Breyse, Jill, Sherry Dixon, Joel Gregory, et al. “Effect of Weatherization Combined with Community Health Worker In-Home Education on Asthma Control.” *Am J Public Health* 104 (2013): e57-e64.

⁶ Cawthon, Laurie. “Use of Long-Acting Reversible Contraception by Washington Women on Medicaid.” *RDA Report* 9.108 (2015).

stakeholders, we recommend the creation of a workgroup that formalizes this process and ensures adequate representation from sectors serving both children and adults. Otherwise, Washington State risks focusing all initiatives on the most expensive adults—and falling short on the triple aim for the larger population.

Thank you for considering these comments. We have included a brief summary for ease of reference:

1) Accountable Communities of Health

Issue: There is insufficient community engagement and many important sectors are underrepresented, including early learning, education, and other representatives of children. While ACHs are meant to incorporate social determinants, these shortcomings undermine this role and, in turn, the ultimate goals of Healthier Washington.

Recommendation: We recommend including more rigorous requirements around community engagement and multi-sector participation in the certification process for coordinating entities, in addition to “process milestone” payments for related developments—like the creation of a mechanism for community voice.

2) Transformation Projects

Issue: The inclusion of a supporting housing benefit, supported employment benefit, and LTSS reform are important contributions to the triple aim. The transformation projects are an opportunity to create initiatives that provide whole-person care to a wider population, yet there is insufficient focus on other beneficiaries, especially children. A more “balanced portfolio” with investments in children and adults is needed.

Recommendation: We recommend adding more detail to the investment domain of “Population Health Improvement” by highlighting and championing pediatric initiatives—like asthma control and pregnancy prevention. We also recommend creating a workgroup to select the menu of transformation projects, with representation of children and adults.

We remain impressed by the leadership of Washington State and excited by the application for a Section 1115 Demonstration Waiver. There is tremendous potential to improve the lives of children and families in Washington State through Medicaid reform. The Bill & Melinda Gates Foundation’s Washington State team is eager to continue learning about health and healthcare—and is committed to contributing to the collective effort of Healthier Washington.

We welcome conversation and questions about these comments.

Sincerely,

David Bley, M.P.A.
Director, Pacific Northwest Initiative