



TOOLS & SUPPORT

Accountable Care Program Washington State Health Care Authority

Learn from Washington State Health Care Authority and its partners about the Accountable Care Program it implemented for its public employee and retiree population. The program's success includes improved health care quality and care coordination, financial savings, high participant satisfaction, and positive enrollment results.



With support from



Case Study

Accountable Care Program



State employee health care benefits administration has a nearly 50-year history in Washington, beginning with the creation of the State Employees Insurance Board in 1970. In 1988, the state Legislature created the Washington State Health Care Authority (HCA) and transferred to HCA the responsibility to administer the health care benefits for state employees, retired or disabled state and school employees. More generally, HCA's purpose is to “develop health care benefit programs that provide comprehensive health care funded to the fullest extent possible by the employer for eligible state employees and their dependents; study all state purchased health care, alternative health care delivery systems, and strategies for the procurement of health care services; and make recommendations aimed at minimizing the financial burden of health care, while allowing the state to provide the most comprehensive health care options possible.” (Wash. Rev. Code. Ann. § 41.05.006).

Today, HCA is the largest health care purchaser in the State of Washington, buying health care for over 2 million covered lives, including retirees who live out of state. More specifically, HCA buys health care for approximately 1.9 million state Medicaid beneficiaries, 275,000 state and higher-education employees and dependents, and 100,000 state retirees. Beginning in 2020, HCA will purchase care for approximately 300,000 school district employees, bringing its total to over 2.5 million covered lives.

Aware of its purchasing power, and as explicitly described in state law, HCA's mission is to study and implement initiatives that contain health care costs and improve the health of Washingtonians. In 2014, the Legislature also directed HCA to increase the use of value-based purchasing in its health care purchasing efforts (ESSB 2572). Due to the early success of a similar program implemented by one of Washington's largest private employers, The Boeing Company (Boeing), HCA implemented an Accountable Care Program (ACP) featuring two network partners in 2016.

To learn about the program, Catalyst for Payment Reform (CPR) interviewed Dave Iseminger, Director of Employee and Retiree Benefits Division, and Dan Lessler, Chief Medical Officer, as well as the ACP network partners— Andrew Kartunen, Program Director of Puget Sound High Value Network (PSHVN), and Cynthia Dold, Director of Strategic Planning and Clinical Integration at UW Medicine Accountable Care Network (UW Medicine ACN).

What's an Accountable Care Program (ACP)?

Also known as an Accountable Care Organization (ACO), an ACP is a high-performance network of providers that shares financial and medical responsibility for providing coordinated care to a patient population and eliminating waste in the system.

The Problem & Background

Cost and quality challenges

For years, HCA, like other public and private employers, has felt the pressure of rising health care costs. In fact, the Legislature formed the HCA to purchase health care for the state and find ways to control these costs.

The HCA team recounted that Medicaid expenditures, which are a sizable portion of HCA's health care budget, have increased over the years and currently represent over twenty percent of the state's budget. Despite the increased spending, HCA was uncertain whether the quality of care had improved.

In 2015, in response to the Legislature's directive to implement value-based payment into its purchasing strategy, and as a result of receiving a \$65 million Center for Medicare & Medicaid Innovation (CMMI) State Innovations Model (SIM) grant to move away from volume-based payment, HCA embarked on its value-based purchasing journey.

HCA's aging and growing population

While HCA purchases health care for a wide-range of age groups, retirees make up an increasingly large percentage of those for whom they buy health care. The average age of members of the Public Employee Benefits Board (PEBB) Program is 45, and some are over 100. Come January 1, 2020, an additional 200,000 to 300,000 covered lives will have their benefits managed by HCA through the School Employees Benefits Board (SEBB), which may lower the average age of covered members and subscribers.

Given the cost and quality challenges, as well as current and future demographic shifts, HCA sought a more sustainable, high-value health insurance solution for its public employee and retiree population.

Supportive regional efforts underway laid the groundwork for HCA

The State of Washington is home to innovative organizations focused on addressing the affordability of health care as well as the variation in health care quality. The Washington Health Alliance, a nonprofit founded in 2004, has led initiatives to create a high-quality, affordable system for Washingtonians. For more than ten years, the organization has been reporting clinical and plan-level HEDIS measures and uncovering quality improvement opportunities.

In 2012, state legislation formed the Dr. Robert Bree Collaborative, which brought together purchasers, plans, and other health care stakeholders to identify high degrees of variation in provider practice, including areas of high costs or compromised patient safety. Each year, the group tackles three health care challenges and develops best practices in the areas identified for providers, plans, purchasers, and patients.

Finally, Boeing, a large aerospace company that has a sizeable proportion of its covered lives in Washington, developed an ACO offering in 2015. Due to the program's early success, HCA modeled the ACP after Boeing's program, with some adjustments to account for HCA's unique population.

Together, these initiatives laid the groundwork for HCA to develop its ACP strategy and begin its search for the ideal partners.

The right partners, at the right time, in the right place

The process for selecting partners centered on HCA's goals to improve the quality and affordability of health care. The organization partnered with its benefits consultant, Mercer, to develop its ACP strategy for five counties in the Puget Sound region—where approximately 75% of its membership resides—and initiated a request for proposals (RFP) process. From the three health systems that responded to the RFP, HCA selected the PSHVN and the UW Medicine ACN as partners.

Formed in 2014, the PSHVN includes about 1,200+ primary care providers, 5,500+ specialists, about 1,200 outpatient clinics, 16 hospitals, and 45+ urgent care centers. While primarily in the Puget Sound region, PSHVN also serves parts of central (Yakima County) and eastern Washington (Spokane County).

The UW Medicine ACN has been in place since 2014, with a geographic reach across the Puget Sound region. The Network includes about 1,400+ primary care physicians, 8,000+ specialists, 1,400+ outpatient clinics, 21 hospitals, and 60+ urgent care centers. Serving Boeing's ACO members since 2015 positioned the UW Medicine ACN well for HCA's ACP.

Designing the Strategy

Quality at the center

HCA hoped that a focus on improving quality would help to manage costs and thus made quality measurement and improvement the key tenets of HCA's ACP strategy. In 2014, the state charged a clinical performance committee with developing a common measure set for Washington to assess provider performance and quality improvement. The quality measures in the [Washington State Common Measure Set](#) focus on access to primary care, prevention, acute care, and chronic care. HCA selected a subset of the measures to track performance of its ACP. These measures were relevant to its public employee and retiree population, including measures of preventive care for working-age men and women, and measures to gauge the quality of care for diabetes and high blood pressure. Aware of the burden that myriad measure sets can pose to providers, HCA chose largely to align with Boeing's ACO measures. This also helped to send a common signal to the provider community from the area's largest health care purchasers.

Aligning provider payments with quality

Payers typically agree to financial and quality performance targets with their contracted ACOs to encourage care management and coordination. In addition, payers typically pay ACOs through a shared savings or shared risk arrangement.

Shared savings vs. shared risk

Shared savings provides an upside-only financial incentive for providers to reduce unnecessary spending while still meeting quality goals. In contrast, shared risk arrangements contain both upside and downside incentives. If providers overspend, they must absorb some of those costs.

- *Financial performance target.* HCA's PEBB self-insured PPO plan serves as the cost benchmark against which the HCA and its contracted ACPs negotiated a target financial trend. The ACPs aim to manage health care cost and utilization to hit or perform better than the target.
- *Quality achievement program with shared savings and shared risk.* HCA rewards improvement and achievement on 19 quality measures with financial incentives and discourages deterioration with financial disincentives.
- *Maximum savings share or deficit share.* The contracted ACPs are eligible to share up to a certain percentage of any savings and are responsible for up to a certain percentage of any deficit and may reduce the deficit by improving quality. For example, if the contracted ACP's actual trend is above the negotiated trend, HCA recoups a percent of the overspending. However, if providers exceed the financial target but perform well in quality, HCA recoups less, a provision that reinforces the quality focus of the ACP. If providers beat the financial target, and perform well on quality, they are eligible to share in the savings.

Encouraging care transformation

Another goal of the ACP is to encourage providers to transform how they deliver care. In its contracts with PSHVN and UW Medicine ACN, HCA included a requirement that they achieve certain structural and process changes in care delivery consistent with Bree Collaborative recommendations over the four-year contractual period. Structural enhancements include requirements for expanded, after-hours service availability and for each network to enhance their support to members in making appointments and communicating with providers. Care delivery enhancements focus on prevalent conditions, such as managing back pain, depression and substance use disorders, as well as lowering cesarean section delivery rates and improving other aspects of obstetrics and gynecology care.

A benefit design to encourage enrollment

There are two ways any purchaser can expose the members of its population to an ACO. The first is an attribution model ACO, in which the payer assigns members, likely unbeknownst to them, to an ACO provider based on their prior utilization of that provider. Second, they can offer an ACO product, a health insurance offering that enrollees actively select at annual enrollment that commits them to using the ACO for their care, typically in exchange for lower premiums and/or cost sharing. HCA opted for a hybrid model, as members that don't select the ACP

benefit design may still be attributed to either ACP network. And the ACP networks can share in any savings on those members that are attributed.

When selecting a plan at annual enrollment, enrollees typically compare plan premiums and out-of-pocket costs across the different benefit offerings. HCA knew that it needed to design the ACP benefit to attract enrollees in comparison to the other traditional benefit designs they offered. To entice enrollees to select the ACP over the PPO - the most comparable plan - HCA offered the ACP at a lower premium. In addition, the ACP benefit design provides full coverage of primary care visits with no member out-of-pocket cost. Finally, to encourage enrollees to use either PSHVN or UW Medicine ACN providers, HCA set member co-insurance for seeking in-network coverage at 15 percent and out-of-network coverage at 50 percent, also allowing out-of-network providers to bill consumers the balance of the remaining charges after the third-party administrator (TPA) processes the claim.

Rolling out the ACP

After selecting its ACP partners and executing the contracts in June 2015, HCA and its new partners had their hands full with only five months to implement the ACP prior to annual enrollment in November.

Enhancing the infrastructure

Each partner needed to enhance its infrastructure to meet HCA's requirements. PSHVN needed to design and develop its consumer-facing website, build out its network of providers for specific medical disciplines, work with the TPA to ensure the provider search tool was accurate, establish reporting and analytics capabilities, and develop the ability to transmit patient and facility rosters securely to promote care coordination.

While the UW Medicine ACN already had most of its infrastructure in place because of its arrangement with Boeing, the new HCA contract required it to implement the Bree Collaborative recommendations and establish capabilities to capture and report back on the selected Washington State Common Measure Set quality metrics.

Marketing – a significant implementation task

Both PSHVN and the UW Medicine ACN helped HCA develop marketing and branding materials. Because the ACP product was offered to state employees across numerous departments and universities, it had to work through many different organizations to communicate about the new insurance products. HCA and its partners put together direct mailings and newsletters, which they sent to members as annual enrollment neared. In addition, HCA and its partners attended approximately 25 benefits fairs and hosted webinars to inform members about the new offering and answer questions. HCA shared additional communications information with payroll benefits teams at the various state agencies and used its strong relationships with unions to communicate to the union population.

PSHVN and the UW Medicine ACN made promotional videos they shared on Facebook and other online platforms. The partners also reached out to current enrollees whose providers were in the new networks to let them know that their providers would be in-network, aiming to eliminate that as a barrier to enrolling in the new plans.

Results

Enrollment, retention, and growth

For January 2016, over 5,000 employees enrolled in the ACP, representing more than 10,500 covered lives. In January 2017, HCA expanded the ACP to four additional counties and approximately 8,000 employees, representing 16,000 covered lives enrolled. As of January 2018, the ACP had over 25,000 enrollees, having doubled enrollment in the expansion counties. Almost nine out of ten enrollees remained with the ACP after 2016 annual enrollment, and 93% stayed after 2017 annual enrollment.

HCA and its partners see retention as a strong indicator of positive member experience and satisfaction with the ACP. In fact, overall provider rating, satisfaction with provider communication, and provider office staff rating for year 1 and year 2 were similar to the levels of member satisfaction with HCA's popular PPO plan.

HCA also conducted focus groups with enrolled members. They learned that members were skeptical when the ACP launched. However, many members now think they are getting high-quality care and saving money each month. Additionally, employees that live in counties outside of where the ACP is available have asked when they will get access to it.

Cost and quality improvements

Cost and quality reconciliation occurs between May and October of each year for the prior year. In 2016, HCA spent \$2.7 million less for its ACP members compared to the benchmark (PEBB's PPO plan), representing a 1% savings. HCA has been able to share some of its savings back with its members by further reducing ACP premiums compared to the PPO premiums, helping with retention and encouraging additional members to enroll.

In the first year, both partners received full credit for their quality scores after reconciliation. At least one ACP, and in many cases both ACPs, had 5% or greater improvement on the following quality metrics:

Member Feedback

Members shared 43 success stories. Common themes were improved provider coordination, enhanced services, and cost savings.

Great providers and lower costs were sources of satisfaction.

63.7% were likely or very likely to recommend UMP Plus to friends, family or colleagues.

Preventive Quality Metrics with 5% or greater improvement

- Children Receiving Immunizations
- Patients Receiving BMI Measurement
- Patients Receiving Chlamydia Screening
- Patients Receiving Colon Cancer Screening

Chronic Condition Management Quality Metrics with 5% or greater improvement

- Diabetic Patients Receiving Eye Exams
- Diabetic Patients with a Healthy Blood Pressure
- Diabetic Patients with a Healthy Blood Sugar
- Hypertension Patients with a Healthy Blood Pressure
- Patients Adhering to Statin Therapy for Heart Disease
- Patients Receiving Statin Therapy for Heart Disease
- Staying on Antidepressant Medication (12 weeks)
- Staying on Antidepressant Medication (6 months)

Lessons Learned

Minimize out-of-pocket costs and provider disruption

Perhaps to be expected, employees are more likely to enroll in a new benefit offering if they can easily see that it will save them money while continuing to be able to see their same providers. HCA made its ACP design more financially attractive and put in significant effort, along with the partners, to encourage employees who were already seeing ACP providers to enroll in the new insurance product.

Build in plenty of implementation time

The rapid timelines presented one of the biggest challenges to rolling out the ACP. As described above, HCA and its partners had just five months to make enhancements to infrastructure and communicate the changes through roughly 500 organizations prior to annual enrollment. HCA recommends purchasers build in adequate time for providers to prepare and to educate potential enrollees.

Simplify member communications

With many members unfamiliar with the terms ACO or ACP, HCA sought to keep communications simple. HCA avoided jargon, such as “triple aim” and “value,” instead focusing on educating members about what’s in it for them.

Delay in use of quality metrics

HCA excluded a few metrics from the first-year quality measurement and reporting due to the need to populate a comparison year for some metrics or because the look-back period for collecting data was quite long for others.

What's Next?

Expanding its offering

HCA intends to expand the model in coming years, specifically to educators in the K-12 school system when HCA begins administering their benefits. HCA is supplementing its ACP with other payment initiatives, such as a Center of Excellence (COE) [program](#) for bundled payments. Under the COE, HCA implemented a total joint replacement bundle in 2017, [contracting](#) with Virginia Mason Medical Center (Virginia Mason), and will implement a lumbar fusion bundle in 2019 with Virginia Mason and Capital Medical Center, a community hospital in Olympia.

Driving change more broadly

With early positive results, HCA believes that the ACP model can improve care across the nation. HCA is requiring its new TPA, Regence BlueShield, to offer ACP-comparable plans through their commercial business beginning in 2020. Outside of Washington, HCA is sharing its story, results, and learnings with others through presentations (HCA presented its ACP case study during CPR's March 2018 Innovative Employer series—the [recording](#) is free to purchasers) and case studies (such as this), as well as by providing access to its partner contracts [online](#). HCA continues to seek other opportunities to share for the benefit of other purchasers and the populations for whom they buy health care services.