Behavioral and Physical Health Integration

Integration Savings

Engrossed Substitute Senate Bill 6032; Section 213(1)(g); Chapter 299; Laws of 2018 PV

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Washington State Health Care Authority

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Legislative Reference

The Health Care Authority (HCA) is submitting this report in response to Engrossed Substitute Senate Bill 6032 (2018):

> "No later than November 1, 2018, and each year thereafter, the authority shall report to the governor and appropriate committees of the legislature: (i) Savings attributed to behavioral and physical integration in areas that are scheduled to integrate in the following calendar year, and (ii) savings attributed to behavioral and physical health integration and the level of savings achieved in areas that have integrated behavioral and physical health."

Projected Integration Savings

As of the date of this report, behavioral and physical health services have been integrated in two Regional Service Areas (RSA). Southwest Washington (SWWA) integrated effective April 1, 2016, and North Central (NC) integrated effective January 1, 2108.

The actual integration savings reported here is limited to the SWWA-RSA. A credible post-implementation dataset is not yet available for the NC-RSA. However, the program-level integration savings factors we applied in calendar year 2018 rate development for the NC-RSA are shown below.

Table 1: North Central Physical Health Integration Savings Factors, Calendar Year 2018

	Family			Apple Health Blind/Disabled		
SCHIP	Child	Adult	AHAC*	Non-waiver	COPES	DDA
(0.4%)	(0.5%)	(0.5%)	(0.6%)	(0.9%)	(1.0%)	(0.5%)

*Apple Health adult coverage

Table 2: North Central Behavioral Health Integration Savings Factors, Calendar Year 2018

Substance Use Disorder				Mental Health			
AHAC	Family	AHBD**	SCHIP	AHAC	Family	AHBD**	SCHIP
(0.6%)	(0.5%)	(0.9%)	(0.4%)	(0.6%)	(0.5%)	(0.9%)	(0.4%)

**AHBD includes COPES and DDA as well as non-waiver AHBD members

An additional five RSAs will be integrated in January 2019: North Sound, Pierce County, Greater Columbia, King County, and Spokane. As of the date of this report, we have not yet developed the integration savings factors for those regions. HCA will provide the Medicaid Forecast Work Group[1] with detailed integration savings factor information when we complete the calendar year 2019 rate development for the newly integrating regions.

[1] The Work Group consists Office of Financial Management, HCA, and legislative fiscal staff.

Analysis: Actual Integration Savings Achieved for SWWA

HCA contracted with Milliman, an actuarial firm, for the analysis of integration savings detailed in this report. The analysis is intended to support the assumption that the base physical health data for SWWA reflects integration savings and is consistent with the assumption in the calendar year 2018 rate development.

The analysis contains a high-level summary of the per-member per-month (PMPM) relativities between the Fully Integrated Managed Care (FIMC) population in the SWWA RSA and the Apple Health Managed Care (AHMC) population in the rest of the state. These PMPMs have been adjusted for differences in age-sex distributions and morbidity (using risk scores).

The Integration Savings Factor applied during the rate development was applied to the physical and behavioral health services. This analysis only includes the savings achieved for physical health services.[2]

Additional Considerations

- SSWA is a small region; some volatility in the results by aid categories is expected.
- This analysis compares one year of experience. Multiple years of experience are necessary to validate the results.
- There are additional contracting pressures in SWWA that differ from the rest of the state. If adjustments were made for these contracting pressures, we expect there would be additional savings in SWWA compared to the rest of the state.
- This analysis only compares physical health costs — not behavioral health services. It is possible that savings in physical health might be offset by increases in behavioral health, leading to a lower aggregate savings figure.
- While controls were applied for differences in age-sex distribution and risk profile, there are likely other differences between the two client populations in the experience years compared that are not reflected in this analysis.
- An adjustment was included for claims incurred but not paid.
- This rate comparison is intended to compare base medical cost; it does not include administrative costs, pass-through payments, risk margin, or taxes.
- The Aged, Blind, or Disabled non-waiver population is presented separately for children and adults; however, risk scores are developed in aggregate. Therefore, the risk-adjusted PMPM cost may not be comparable at the age group level.

[2] Behavioral health data was not yet available when Milliman completed its March 2018 analysis.

Savings

The results of the analysis show an overall savings of approximately 1.4 percent reflected in the SWWA FIMC experience. These savings exceeded the 1.2 percent global savings assumptions used in the rate setting for this period.

Table 3: Overall Savings

Risk Normalized PMPM*

Category of Aid	AHMC	SWWA	Percentage Savings	Global Savings
SCHIP	$ 95.73	$ 109.41	-14.3%	0.7%
Family Composite	$ 136.73	$ 130.75	4.4%	0.9%
AHAC	$ 229.95	$ 219.68	4.5%	1.4%
ABD Composite	$ 520.21	$ 589.58	-13.3%	1.8%
Overall Composite	$ 192.34	$ 189.59	**1.4%**	**1.2%**

*Per-member, per-month

Supporting Data:

- Historical medical cost comparison: AHMC (all other regions) vs. SWWA (FIMC)
- Base data source: ProviderOne encounters incurred
- Apr 2016 to Mar 2017; submitted through June 23, 2017
- Physical health data only