



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

February 19, 2014

Ordinance 17753

Proposed No. 2014-0075.1

Sponsors Lambert

1 AN ORDINANCE authorizing the execution of an
2 interlocal agreement between King County, the city of
3 Seattle and the state of Washington regarding participation
4 in a demonstration project of a financially and clinically
5 integrated care model.

6 STATEMENT OF FACTS:

- 7 1. On April 25, 2012, the Washington state Department of Social and
8 Health Services, Aging and Disability Services Administration, and the
9 Washington state Health Care Authority jointly submitted a proposal,
10 titled HealthPath Washington, to the Centers for Medicare and Medicaid
11 Services to create a model that improves the quality, coordination and
12 cost-effectiveness of the Medicare and Medicaid system for individuals
13 eligible for both Medicare and Medicaid.
- 14 2. The HealthPath Washington proposal includes a strategy that provides
15 a financially integrated model in which medical, mental health, substance
16 abuse and long-term care services would be purchased through a managed
17 care organization for individuals dually eligible for both Medicaid and
18 Medicare.

19 3. Approximately thirty-six thousand one hundred fifteen individuals in
20 King County are eligible for both Medicare and Medicaid.

21 4. The mental health, chemical abuse and dependency services division of
22 the department of community and human services provides mental health
23 and chemical dependency services through a contract with the state to
24 approximately five thousand persons in King County eligible for both
25 Medicare and Medicaid.

26 5. The city of Seattle Aging and Disability Services, Area Agency on
27 Aging, provides case management services through a contract with the
28 state to approximately eight thousand persons eligible for both Medicare
29 and Medicaid in King County.

30 6. The 2012 Washington state supplemental budget, Section 201(3)(b),
31 Laws of Washington 2012 2nd Sp. Sess., provides that participation in the
32 HealthPath demonstration project shall be limited to persons who are
33 eligible for both Medicare and Medicaid who voluntarily elect to enroll in
34 the demonstration project and to counties in which the county legislative
35 authority has agreed to the terms and conditions under which the project
36 will operate.

37 7. On September 4, 2012, the King County council passed Motion 13716,
38 supporting the executive's negotiation of potential participation in a
39 demonstration project of a financially integrated care model for
40 individuals eligible for both Medicare and Medicaid in which medical,

41 mental health, substance abuse and long-term care services would be
42 purchased through a managed care organization.

43 8. On February 4, 2013, the council passed Ordinance 17520 authorizing
44 the executive to sign an interlocal agreement between the state, the county
45 and the city of Seattle. The interlocal agreement: defined the role of the
46 county in the demonstration project; established a project implementation
47 team to which the county designated two members and the city designated
48 one member; described the agreed-upon financial terms that would impact
49 the county budget throughout the duration of the demonstration project;
50 but made the county's participation in the demonstration project contingent
51 upon council and executive approval of the three-way contract between
52 the Centers for Medicare and Medicaid Services, the state and the health
53 plans related to the demonstration project.

54 10. In July 2013, the state, in partnership with county and city
55 representatives, selected two health plans as potentially successful bidders
56 to implement the duals demonstration project in King County - United
57 Healthcare and Regence.

58 11. On November 27, 2013, the state signed a memorandum of
59 understanding with the Centers for Medicare and Medicaid Services that
60 details the terms and conditions under which the demonstration project
61 will operate.

62 12. The attached interlocal agreement, Attachment A to this ordinance, reflects
63 the current status of the demonstration project based on ongoing negotiations and

64 details described in the memorandum of understanding. The attached agreement
65 removes the requirement that the council and the executive approve the three-way
66 contracts among the Centers for Medicare and Medicaid Service, the state and the
67 health plans and replaces the previous agreement authorized in February 2013
68 through Ordinance 17520.

69 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

70 SECTION 1. The executive is hereby authorized to execute an interlocal
71 agreement with Washington state and the city of Seattle for continued participation in a

72 demonstration project of a financially and clinically integrated care model in substantially
73 the form of Attachment A to this ordinance.
74

Ordinance 17753 was introduced on 2/10/2014 and passed by the Metropolitan King County Council on 2/18/2014, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Ms. Hague, Ms. Lambert,
Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 1 - Mr. Gossett

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 26 day of FEBRUARY, 2014.



Dow Constantine, County Executive

Attachments: A. Interlocal Agreement

RECEIVED
2014 FEB 27 AM 10:38
CLERK
KING COUNTY COUNCIL

**INTERLOCAL AGREEMENT
BETWEEN
THE STATE OF WASHINGTON
(HEALTH CARE AUTHORITY AND
DEPARTMENT OF SOCIAL HEALTH SERVICES)
AND
KING COUNTY
AND
CITY OF SEATTLE**

This agreement is made and entered into by and between the Washington State Health Care Authority and Department of Social and Health Services, hereinafter referred to as "State," King County, hereinafter referred to as "County," and the City of Seattle, hereinafter referred to as "City," pursuant to the authority granted by Chapter 39.34 RCW and 3ESHB2127 Section 201 for the purpose of testing a model of integrated delivery of medical, behavioral health and long-term services and supports in the County through the purchase of services through health plans, as outlined in the HealthPath Washington proposal dated April 25, 2012, capitated financial alignment model (strategy 2). Hereafter, referred to as the "demonstration project". This agreement replaces the previous agreement made among the State, the County and the City regarding the demonstration project which had a period of performance of March 1, 2013 through December 31, 2016.

1. PURPOSE

In April 2011, Washington State was one of 15 states that received a grant from the federal government to plan innovative ways to integrate care for individuals who receive services from both Medicare and Medicaid. Integrating services means coordinating the delivery of health care, financing, technology and interventions provided to beneficiaries. Alignment of payment, outcome expectations and services will diminish the confusion and fragmentation experienced by these beneficiaries, and should improve their experiences with service delivery, improve their health outcomes and better control future costs. An extensive stakeholder process ensued and the demonstration project was developed.

Under the demonstration project, integrated services for individuals dually eligible for both Medicare and Medicaid will be purchased through health plans that serve geographic regions located in counties that have agreed to the terms and conditions for the demonstration project, as required by 3ESHB2127, Section 201(3)(b). The integrated services will be purchased through three-way contract(s) among the Centers for Medicare and Medicaid Services (CMS), the State and Health Plans, hereinafter referred to as "three-way contract".

King County, the City of Seattle and the State agree to work together in partnership to promote the success of the demonstration project through collaborative design and decision-making around key components of the project including, but not limited to, setting Medicaid contract standards and Request for Application (RFA) selection criteria, procurement review and health plan selection, monitoring and performance of health plans and service delivery during the course of the demonstration project, and application

of the terms of the three-way contract as appropriate. The terms and conditions of this agreement are designed to protect the best interest of beneficiaries and to provide for the delivery of timely and quality care to those beneficiaries who participate in the demonstration project.

2. PROJECT TASK AND RESPONSIBILITIES

A. Implementation Team

The State agrees to form an Implementation Team to accomplish elements of this agreement, and to serve as the primary avenue for State, County, and City communication, coordination, and decision making throughout the course of the demonstration project. Organizationally, the Implementation Team will be under the DSHS & HCA Project Management Team within the HealthPath Washington Governance Structure. The purpose of the Implementation Team is to oversee the implementation of the demonstration project. Roles and responsibilities of the Implementation Team include, but are not limited to assisting with the:

- Development of Medicaid contract standards and RFA selection criteria.
- Procurement review and health plan selection.
- Review of quality and performance metrics for the plan(s) throughout the course of the demonstration project.
- Review of enrollee complaints and other quality care issues and recommend strategies for quality improvements.
- Review of health plan compliance with the terms of the Medicaid contract.
- Make recommendations to the project management team for quality withholds and/or sanctions when plan(s) are not performing adequately and/or are out of compliance with the terms of the Medicaid contract.
- Forum for addressing county and city concerns with the demonstration project.

The Implementation Team will meet, at a minimum, monthly during the first year of the demonstration project. Meetings may be reduced to no less than once per quarter in subsequent years at the discretion of the Implementation Team. Agendas for the Implementation Team meetings will be set jointly between participating counties, the city and the state.

The members of the implementation team will include five State staff, and no more than three individuals from each participating county. The County's members will consist of two County employees and one City of Seattle employee, hereinafter referred to as "County members." State staff will have primary management responsibility for the demonstration project. Team members must certify that they are not aware of any issue which would reduce their ability to participate on the implementation team in an unbiased and objective matter, or which would place them in a position of real or apparent conflict of interest between their responsibilities as a member of the implementation team and other interests. Team members must not have material, personal, or financial relationship with any potential health plan seeking to provide demonstration project services. The implementation team may establish other ad-hoc groups as necessary to implement the demonstration project.

B. Project Design and Health Plan Selection

To the extent allowed by the federal government, the State agrees to issue a formal RFA for health plan services. This RFA will include, at a minimum, the performance, qualifications, and accountability standards accepted by the County members.

The Implementation Team (or their designees) will be active participants in the development of the RFA processes and the three-way contract as follows:

1. Participate in the development of the RFA through participation in ad hoc work groups and/or review of draft documents.
2. Participate in discussions between the State and CMS on key issues related to the demonstration project.
3. Participate in the procurement review and selection process for the county they represent.
4. Recommend the appropriate number of three-way contracts to be awarded to serve the dual eligible population residing in the county subject to procurement laws and rules, and other considerations, such as consumer choice, efficiency, administrative expense, and financial viability of the project over the full 3-year term.
5. Participate in the development of Medicaid contract standards through participation in ad hoc work groups and/or review of draft contracts.
6. Review data and information gathered through the health plan readiness assessment process including a review of network adequacy of participating plans.
7. Prior to the start of the project, the Implementation Team will develop clear protocols outlining the responsibilities and processes for beneficiaries who opt out of the demonstration project.

C. Quality and Performance Monitoring

The Implementation Team (or their designees) will be active participants in the State's monitoring and evaluation of the performance of the health plans serving their county. The Implementation Team will contribute to and engage in the development of health plan performance standards and participate in the performance monitoring process as follows:

1. Make recommendations to the project management team on the performance measures that will be used to monitor health plan performance, in addition to those required by CMS. These performance measures will measure factors that include but are not limited to access, utilization, outcomes including costs/savings, and cost increases to other services including any to the criminal justice system or the mental health or substance abuse crisis continuum.
2. The County will receive the same aggregate, de-identified performance data on outcomes and process used by the state to monitor performance during the course of the three-year demonstration project. Such data will be provided in a timely manner and include measurement of access, utilization and outcomes, including costs/savings.
3. The Implementation Team will form an ad-hoc workgroup to develop any necessary data sharing agreements to allow the State and County to share project-related information with each other to measure access, utilization, outcomes, and to establish baselines for measuring cost increases, including costs to other services including the criminal justice system or the mental health or substance abuse crisis continuum. Data sharing agreements will describe the State or County's ability to access personal health information and will comply with relevant privacy, security, and confidentiality requirements.
4. Develop a recommended remediation plan for the project management team if cost increases are observed, which may include, but is not limited to, applying quality withholds and/or sanctions on the health plan(s) if the cost increases are a result of being out of compliance with the terms of the Medicaid contract.

5. Make recommendations to the project management team on the definition of “quality withholds” and related enforcement mechanisms included in the three-way contract.
6. Make recommendations to the project management team on performance-related sanctions in the event a health plan is underperforming. These sanctions may include, but are not limited to, enrollment criteria that favor higher performing plans and enrollment limitations for lower performing plans.
7. Make recommendations to the project management team for sanctions when plan(s) are out of compliance with the terms of the Medicaid contract.
8. The State will provide the County with a single point of contact through DSHS or the HCA to trouble shoot complaints that emerge at the local level.
9. The State will share the preliminary evaluation data with the County.

D. Project Governance Team

The State agrees to co-convene, with the King County Executive’s Office, a King County Project Governance Team as described in the Healthpath Washington Strategy 2 Financial Alignment Demonstration Request for Applications, Section 2.3. Membership of the Governance Team will be determined jointly and the state will ensure that the selected health plans participate on the Project Governance Team. A charter for the Governance Team will be developed jointly by the state and the county.

E. Crisis and Involuntary Treatment Services

Responsibility and funding for crisis services, diversion services and services related to the Involuntary Treatment Act (ITA) RCW 71.05 for mental health and RCW 70.96A.140 for chemical dependency will be split between the Regional Support Networks(RSN)/counties and the Health Plan. Services will be provided to the extent that funding is available and in accordance with the following chart.

<u>RSN Responsibilities</u>	<u>Dual Eligible Strategy 2 Health Plan's Responsibilities</u>
Crisis Services	
King County 24 hour crisis line (206) 461-3222	Crisis services for people with open episodes of care 24/7
Crisis Outreach Services (<i>Except for people with an open episode of care</i>)	Voluntary Community Psychiatric Hospitalizations
Crisis Triage/Crisis Centers	Urgent Appointments 24 hrs/7days wk
Children’s Crisis and Diversion Services	Emergency Medications
	Emergency Transportation: i.e. secure medical transport used during psychiatric emergencies
	Voluntary Evaluation & Treatment Services
Involuntary Treatment Act Services	
Involuntary Investigations	Involuntary Community Psychiatric Hospital Costs
Court Costs	Involuntary Evaluation & Treatment Services
Court Liaison/Testimony Services	Ambulance transport to involuntary evaluation and treatment services until the point of admission to a state hospital
<u>Counties Responsibilities</u>	<u>Dual Eligibles Strategy 2 Health Plan's Responsibilities</u>

Substance Abuse Commitment Services	
Involuntary Treatment Commitment Services	
Acute Detoxification	
Sub-Acute Detoxification	
Sobering Center	
Emergency Services Patrol	

Three-way contracts will require the health plans to have an operational agreement with the local RSN, crisis lines, emergency departments, and counties that addresses coordination of diversion services, crisis services and ITA services between the parties, including real time data, data sharing agreements, and care transitions. These operational agreements should recognize that the best care transitions and referrals often occur via “warm-hand offs” in which face-to-face or telephonic personal contact is used to establish connection with other service providers and build trust between all parties.

Health plans will be financially responsible for state hospital placements of their health plan enrollees and will be required to contract with the RSN to use part of the RSNs state hospital bed allocation and hospital liaison services. The health plan state hospital placements will be counted against the RSN’s state hospital bed allocation. Unless an alternative, mutually acceptable payment agreement is negotiated between the health plan and RSN, the health plan will pay the amount called for in the RSN contract for each bed day used.

F. Adjustments to County and City Funding

Except for the mental health and substance abuse services described in Section D and as described below in E.1 payments for long-term services and supports and mental health and substance abuse services for beneficiaries enrolled in the demonstration project will be made to the health plan(s) operating in the County, at a rate established by an actuary and approved by CMS and the state. Counties will not receive payment for services that are the responsibility of the contracted health plans. The County and the City will still be contracted to perform duties during the demonstration project, as detailed below. To accommodate the costs the County and the City will be required to incur related to the performance of these duties, the parties agree to the following:

1. For payments to Area Agencies on Aging (AAA): Section E.1.a, b and c apply to the Seattle/King County AAA doing business as City of Seattle Aging and Disability Services Division:
 - a. The amount of funding to perform core service contract management functions under the contract between the State and the AAA will not be affected by the demonstration project.
 - b. After any voluntary enrollment period plus the first four months of passive enrollment for the demonstration project, the monthly rate for case management will be adjusted, as identified in the AAAs contract with the State, to reflect phased-in health plan enrollment and adjust for the changes in work performed by the AAA for the clients that enroll with health plans. Required caseload ratios will be adjusted accordingly. Thereafter, adjustments based on actual health plan enrollment will occur quarterly.

- c. Services to be provided by the AAA for clients who enroll with health plans will be more specifically agreed upon between the City and the State prior to the finalization of the three-way contract.
2. The actuarially determined level of administrative payments of the overall rate to Regional Support Networks will not be affected by the demonstration project. Payments for the services portion of the actuarially determined rate to beneficiaries enrolled in the demonstration project will be made to the RSN or health plan, depending upon whether or not an individual is enrolled in the demonstration project. Adjustments based on actual health plan enrollment will occur monthly.
3. The administrative payment level for County Chemical Dependency Treatment will not be affected by the demonstration project. Payments for services to beneficiaries enrolled in the demonstration project will be made to the County or health plan, depending upon which entity provided the service.

3. PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on 03/01/2013 and will expire upon completion of the demonstration project or 12/31/2018, whichever comes first, unless terminated sooner or extended, as provided herein.

4. AGREEMENT CHANGES, MODIFICATIONS AND AMENDMENTS

This Agreement may be changed, modified or amended by written agreement executed by both parties.

5. ASSIGNMENT

The work to be provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

6. CONTRACT MANAGEMENT

The program manager for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Agreement.

The Program Manager for HCA is:
Becky McAninch-Dake
PO Box 45530
Olympia, WA 98504
(360)725-1642

The Program Manager for DSHS is:
Karen Fitzharris
Blake Office Park West
4450 10th Avenue SE
Lacey, WA 98503
(360)725-2254

Program Manager for County is:
Susan McLaughlin
Department of Community and Human Services
King County Chinook
401 Fifth Ave., Suite 500
Seattle, WA 98104

Program Manager for City is:
Heidi Albritton
Seattle Human Services Department
700 5th Ave., 58th Floor
Seattle, WA 98124-4215

7. DISPUTES

The parties agree to work in good-faith to resolve any disputes that arise under this agreement.

8. GOVERNANCE

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. Applicable federal statutes and rules
- b. Applicable state laws and rule
- c. The terms of this Agreement, including materials incorporated by reference.

9. RECORDS MAINTENANCE

The parties to this Agreement shall each maintain books, records, documents and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the services described herein. These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this agreement to the other party, will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it a reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

10. TERMINATION

At any time, any party may terminate this Agreement upon 6 month prior written notification to the other parties.

Any one party may terminate this agreement by thirty (30) calendar notice upon the occurrence of one of the following causes:

- a. CMS does not execute the three-way contract with the State and with the health plans that is necessary to implement the demonstration project
- b. A material breach of the Agreement
- c. Termination of the three-way contract among the State, the health plans and CMS that implements the demonstration project
- d. The federal or state government withdraws funding for the demonstration project or for the services provided under the project
- e. CMS withdraws its approval of the demonstration project.

If this Agreement is terminated under this section, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Legal Relations

Each party shall be responsible for any and all claims, suits and/or actions arising from any negligent act or omission of that party's employees, agent, and/or authorized subcontractor(s) while performing this Agreement.

WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties regarding the demonstration project, subject to the future three-way contract and the AAA contract between the City and the State. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

NO THIRD PARTY BENEFICIARIES

There are no third party beneficiaries to this Agreement. No person or entity other than a party to this agreement shall have any rights hereunder or any authority to enforce its provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement.

COUNTY

Dow Constantine

(Date)

King County Executive

CITY OF SEATTLE

Ed Murray

(Date)

Mayor

STATE OF WASHINGTON:

Kevin W. Quigley

(Date)

Secretary, Social and Health Services

Dorothy F. Teeter, MHA

(Date)

Director, Health Care Authority