

Implementation Sites: Key Facts

Washington State Health Care Authority

PURCHASER: Washington State Health Care Authority (WSHCA)

PRODUCT: Public Employees Benefits Board Program (PEBB).

DATE: 1998.

PREVIOUS METHOD OF PAYMENT: Capitation with demographic risk adjustment

SIMULATION: A simulation was conducted to demonstrate MCO relative risk scores, MCO payment change, and phase-in approaches. Blinded results were released to the plans (with each plan seeing their own).

	Year One	Current Year	Projected for Next Year
Groups Covered: SSI, Disabled TANF Dually Eligible, 65 and older Employees, dependents Retirees Other (describe)	✓	✓	✓
Number of participating plans	20	11	11
Number of covered lives	~ 250,000	~ 250,000	Don't know
Phase-in of Payment Adjustment			
a. Percent of payment based on health-based risk adjustment	+/- 2% from Demographic Baseline	100%	100%
b. Transitional risk corridors	No	No	No
c. Reporting adjuster for encounter data completeness	No	No	No
Risk assessment method:			
a. Diagnosis Grouper (name)	EDCG Based	EDCG Based	EDCG Based
b. Type of prediction model			
Basis of future payment to the plans: plan level risk score or based on the specific individuals who are enrolled at the time of payment	Plan	Plan	Plan
Relative value weights			
a. Source of weights (local or imported)	Local Blend	Local Blend	Local Blend
b. Type of data used for weights	c. 1994	c. 1994	c. 1994
c. Time frame of the data used for weights	~200,000	~200,000	~200,000
d. Size of population used to establish weights			
e. Truncating outlier costs	Yes	Yes	Yes

Risk adjustment time frames:			
a. minimum enrollment before being included in the risk adjustment calculation	1 month	1 month	1 month
b. minimum lag between the date the diagnosis was assigned and the date payment was adjusted based on that diagnosis	13 months	13 months	13 months
c. Frequency for updating risk scores	Annually	Annually	Annually
Risk sharing after any phase-in period			
a. Risk corridors	No	No	No
b. Stop loss	No	No	No
Carve-outs from risk adjustment model:			
a. Service categories, e.g., mental health, prenatal care			
b. Populations with defined conditions, e.g., beneficiaries with HIV/AIDS			
Encounter data collected from the MCOs for health-based risk adjustment			
a. Diagnosis codes	Yes	Yes	Yes
b. Procedure codes	No	No	No
c. Charges	Yes	Yes	Yes
d. Identification of the treating provider	No	No	No
Number of plan's risk scores that were affected by missing data from their providers	~ 2-3	~ 1-2	1
Number of plan's risk scores that were affected by the plan's data system limiting the number of diagnoses per encounter	Don't know	Don't know	Don't know
Data audits:			
a. Audits using encounter data	No	No	No
b. Audits using medical records	No	No	No

ADDITIONAL INFORMATION:

Wilson, V.M., et al. "Case Study: The Washington State Health Care Authority." Inquiry 35 (1998): 178-192.

The RFP is available at www.wa.gov/hca/procurement01. Additional information on development of Washington's methodology is available at the University of Washington's Risk Adjustment for Capitation Research web site, <http://froya.boat.washington.edu/risk-adjust/>