



STATE OF WASHINGTON

January 21, 2010

To HCA and HRSA Staff:

SUBJECT: Governor's Proposal to Transfer Medicaid Program to HCA

Legislation was introduced Tuesday that would make significant changes in the way Washington purchases health care for its various programs. The bill, sponsored by the Governor, would allow her to transfer the state's Medicaid program to the Health Care Authority (HCA).

In her State of the State Address last week, the Governor said,

"As our nation prepares to adopt historic health care reform, let's ready ourselves to implement it the Washington Way ... we can show the rest of the nation how to provide higher quality, lower cost health care to thousands of more Washingtonians."

The logistics of this move will be worked out over the coming weeks and months. Obviously, everyone who might be touched by the change has many questions. Right now, we do not have many answers. As the process becomes clearer, we will communicate with staff from both agencies on a regular basis, and a new Health Care Subcabinet will provide oversight as this moves ahead.

This partnership is a natural next step in the two agencies' long, fruitful relationship. Since the mid 1990s, our organizations have worked together to ensure seamless transitions for those covered by our programs. Recent coordinated activities include:

- The Agency Medical Directors Group, cooperating on evidence-based outcomes and goals
- The state's Preferred Drug List
- Health Technology Assessment
- Coordination of chronic care
- Establishing person-centered health homes
- Electronic medical records and enhanced health-care information systems

While we don't know what will happen with national health care reform, the state will be ready if Congress moves forward with major changes in health care delivery and accountability. Still, Washington State needs to move ahead – this is the right move for us and the right time. The resulting improvements and efficiencies speak for themselves.

This is not a new idea. It has been a back-burner issue between DSHS and HCA dating back to 1998, and some states have already moved in this direction. In fact, the coordination of health purchasing is one of the major jobs left to the states under both the House and Senate bills before

Medicaid and HCA

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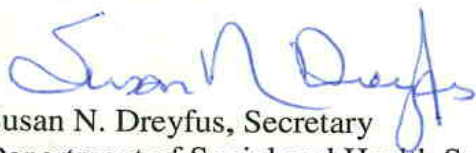
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Congress. Medicaid and the Uniform Medical Plan have both been national leaders in the areas of program integrity and purchasing controls. With cross-agency governance, HCA and Medicaid would be able to share these policy decisions with all the other state agencies involved in health care.

An overriding consideration is that this mechanism should enhance the state's ability to preserve the Basic Health coverage, General Assistance-Unemployable program and other state-only coverage currently threatened by the revenue crisis.

We are both very excited at the opportunities this venture will provide, and we are convinced that this move will benefit our clients, providers, and taxpayers. It is well aligned with the spirit of cooperation that has existed between our organizations for many years.

Sincerely,



Susan N. Dreyfus, Secretary
Department of Social and Health Services



Steve Hill, Administrator
Health Care Authority