



## REFORMING THE DELIVERY OF STATE HEALTH CARE SERVICES

In her State of the State address, Governor Chris Gregoire explained that Washington needs to ready itself to implement national health care reform “the Washington Way.” Accordingly, she proposes to take a critical look at the state’s largest health purchasing programs, including how to streamline and coordinate policies and practices to make them consistent across state agencies.



The medical assistance programs at the Department of Social and Health Services and the employee benefits program and Basic Health Plan at the Health Care Authority represent the largest of the state’s health care operations. Health-related spending by state government agencies exceeds \$9 billion (General Fund-State) for the 2009–11 biennium, or nearly one-third of the entire state budget of \$31.4 billion.

The Governor has requested legislation that would allow her to transfer the state’s Medicaid program now managed by the Department of Social and Health Services to the Health Care Authority. The Health Care Authority would then be required to coordinate all health care purchasing, including purchases for the departments of Corrections and Labor and Industries. In this new partnership, the two would provide a new measure of leadership, focus, efficiency and consistency to drive higher quality and lower costs.

This proposal aligns with the Governor’s strategy to revamp how state government provides citizens with programs and services through:

- » Thoughtfully crafted efficiencies that lead to better outcomes;
- » Tighter cost controls that save taxpayer money; and
- » Consistent, evidence-based decision-making.

To strengthen the state’s health care safety net — especially during the recession — it is imperative that we gain firmer control of health care purchasing. Thus rethinking state purchasing policy will boost the state’s ability to preserve Basic Health Plan coverage, the General Assistance-Unemployable program and other state-only coverage threatened by the revenue crisis.

Additionally, these steps will strengthen Washington's ability to adapt and improve state programs as we transition to national health care reforms. While program improvements provide one phase of efficiency, structural improvements in state government will also make us better equipped to handle changes on the national level. Under legislation now before Congress, health care purchasing policy is an area left to the states. Several states have moved to combine purchasing for their Medicaid and public employee health programs. Washington will pursue this opportunity to further coordinate health purchasing across state agencies.

Finally, this partnership is a logical next step in the evolution of cooperation and collegiality demonstrated by the Medicaid program and the Health Care Authority. Their fruitful relationship since the 1990s has included a number of coordinated activities, including the state's Preferred Drug List and Center for Health Technology Assessment; coordination of chronic care, electronic records and enhanced health-care information systems; and the development of person-centered health homes.