

Memorandum of Understanding (MOU)

Under Executive Order 10-01, Governor Gregoire created the Health Care Cabinet to provide leadership for the implementation of national health reform by delivering to the Governor a work plan to communicate recommended actions for Washington State including specific measures of success. In implementing recommendations around health reform, the Executive Order emphasizes collaboration, shared responsibility and partnerships with key stakeholders such as the Legislature, the Office of the Insurance Commissioner and the private health care sector.

The Governor intends to consolidate under common direction the state health care purchasing for Medical Assistance, Basic Health and public employees by appointing Doug Porter as the Administrator of the Health Care Authority while he retains his responsibilities as the Medicaid Director within Department of Social and Health Services (DSHS). Medical Assistance health care purchasing, for purposes of this MOU, includes policy settings contracting and payment processes across all medical assistance programs and the staff and resources that support these programs currently under budget code 080. While changes associated with medical assistance occur now, additional time will be taken to work with stakeholders and to make a final determination regarding other state health care purchasing responsibilities to be transferred to the Health Care Authority related to additional populations (such as, but not limited to, services related to long-term care, behavioral health and healthcare for the injured workers and those within the prison system).

Therefore, in recognition and furtherance of the Governor's goals, the following MOU is entered into between the Secretary of the DSHS, Susan Dreyfus and the Medicaid Director, Doug Porter.

1. Restructuring. Effective May 1, 2010, the DSHS Health and Recovery Services Administration will be restructured as indicated below.
 - a. The Division of Disability Determinations will be moved organizationally to the DSHS Economic Services Administration
 - b. The Division of Behavioral Health and Recovery (DBHR) will be moved organizationally to the DSHS Aging and Disability Services Administration. Management of the Regional Support Network contracts will be moved to DBHR from the Division of Healthcare Services.
 - c. The Mental Health Systems organization will be moved organizationally to the DSHS Secretary's Office.
 - d. The remaining programs all under Medical Assistance budget code 080 and related to Medicaid medical purchasing will remain reporting to Doug Porter who will continue to administer the Medicaid program. This more focused organization within DSHS will be renamed the "Medicaid Purchasing Administration" (MPA) with a name change effective July 1, 2010, to coincide with the end of a fiscal year.
2. Continued Services and Responsibilities. Certain services and responsibilities as identified below will continue to be provided between DSHS and the MPA.

- a. MPA will continue to steward the ProviderOne payment system and, in partnership with DSHS, implement Phase 2 of the project to consolidate all provider payments and client services data and information into a single management system.
 - b. DSHS Economic Services Administration will continue to steward the Automated Client Eligibility System (ACES) as the single eligibility information system capturing medical Medicaid, cash assistance and supplemental nutrition programs. MPA will participate in the Customer Governance Board to address future changes and support needed from the ACES system.
 - c. DSHS Economic Services Administration Community Service Organization and central staff will continue to process medical eligibility applications and enrollment.
 - d. DSHS Administrative Services Division will continue to provide background checks for MPA staff that process claims, ensure payment integrity and write administrative rules, etc...
 - e. DSHS Administrative Services Division/Board of Appeals will continue to hear cases associated with appeals from decisions made by the Office of Administrative Hearings - a separate state agency.
 - f. MPA will continue to purchase analytical and reporting services from DSHS/Administrative Services Division/Research and Data Analysis organization related, but not limited, to the First Steps program, PRISM, Medical Assistance forecasting, through the transition.
 - g. MPA will continue to administer the Medicaid State Plan, State Plan Amendments and application process for demonstration waivers sought from the federal Centers for Medicare and Medicaid Services (CMS).
 - h. MPA and DSHS will work collaboratively to address Medicaid Payment Integrity issues co-chairing a cross-agency Steering Committee for this purpose.
 - i. Use of DSHS/ISSD services for email, telecommunications, and wide area network until such time as these services are transferred to the Department of Information Services.
 - j. The Fostering Well Being program (staff from budget program 060), which was transferred to stewardship by the MPA Division of Healthcare Services will continue as restructured until such time as DSHS and MPA decide differently.
 - k. Current practices related to the execution of formal documents on the part of the Single State Agency will occur until the re-designation of the Single State Agency from DSHS to the Health Care Authority. MPA will provide guidance and technical advice to the DSHS Secretary as necessary. Further, Doug Porter is to keep Susan Dreyfus apprised of pertinent changes in policy via regular communications with the Health Care Cabinet.
 1. MPA will continue to provide technical assistance in ongoing efforts related to tribal mental health and the EPSDT lawsuit.
3. Planning. Recognizing legislative and federal approval will be needed to designate the Health Care Authority as the Single State Agency for Washington, planning for the transfer must begin now and be concluded no later than July 31, 2010. A planning team will be formed with Tracy Guerin and Gary Robinson as leads for DSHS and Heidi

Robbins Brown and Myla Hite as leads for MPA. The following services will require transition plans:

- a. Key budget and fiscal authority including responsibility for the CMS 64 and CMS 37 fiscal reporting; fiscal year close; fiscal note and bill analyses; budget preparation/submission; maintenance of cost allocation plans and system; audits, performance measure and GMAP reporting; and ARR.A reporting will require a choreographed transition. Transition strategies for this transfer must result in no “gaps” in: reporting, state and federal compliance, systems access or data quality.
- b. Planning for transferring back-up support currently provided to MPA for risk management, public records management, competitive procurements, and litigation discovery.
- c. Relationships between DSHS, MPA and tribal governments must be carefully planned and executed. The transition strategy should favor the HCA model of interaction with the tribes through the Indian Health Commission including coordination with DSHS (also note deletion of section regarding shared services for 030 and 070).
- d. MPA, in coordination with the DSHS Secretary’s Office and OFM, will engage in transitioning activities for the following functions to ensure a seamless transition upon final transfer to the HCA: human resources (including hiring and travel freeze determinations), labor relations, facility management, budget/finance/accounting, legislative, and communications functions. Consideration should be given to the necessity of MPA to continue to use the underlying information technology systems in order to administer these functions during the transition or in perpetuity as agreed to by both parties.
- e. DSHS and MPA will collaborate on the development of a stakeholder plan to be submitted to the Health Care Cabinet in mid-May.

Both parties agree to work in the spirit of collaboration and cooperation towards achievement of the Governor’s goal of consolidated health care purchasing across Washington State.

/s/

Date: 4/30/2010

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

/s/

Date: 4/30/2010

J. Douglas Porter, Medicaid Director
Department of Social and Health Services