



*Department of Medical Assistance
Services*



Virginia Medicaid and Reforms

Cindi B. Jones, Director
October 6, 2014

*North Carolina Joint Legislative Oversight
Committee on Health and Human Services:
Medicaid Reform Subcommittee*

<http://www.dmas.virginia.gov>

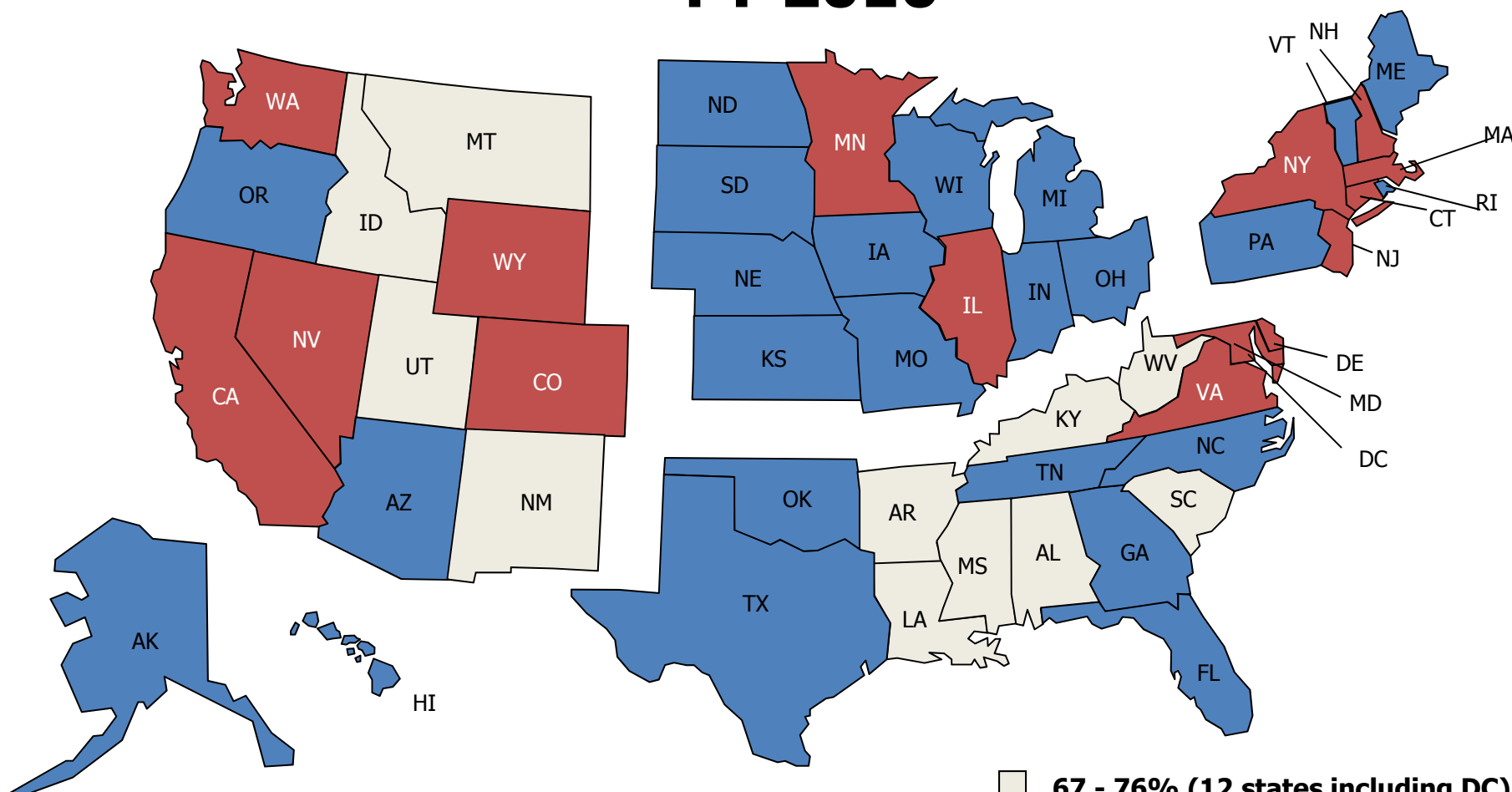
Presentation Outline

- **Overview of VA Medicaid**
- **Organizational Structure**
- **Medicaid Reforms**
- **Major Issues**

Virginia Medicaid Serves 1 million out of 8 million Citizens



Federal Medical Assistance Percentages (FMAP), FY 2010

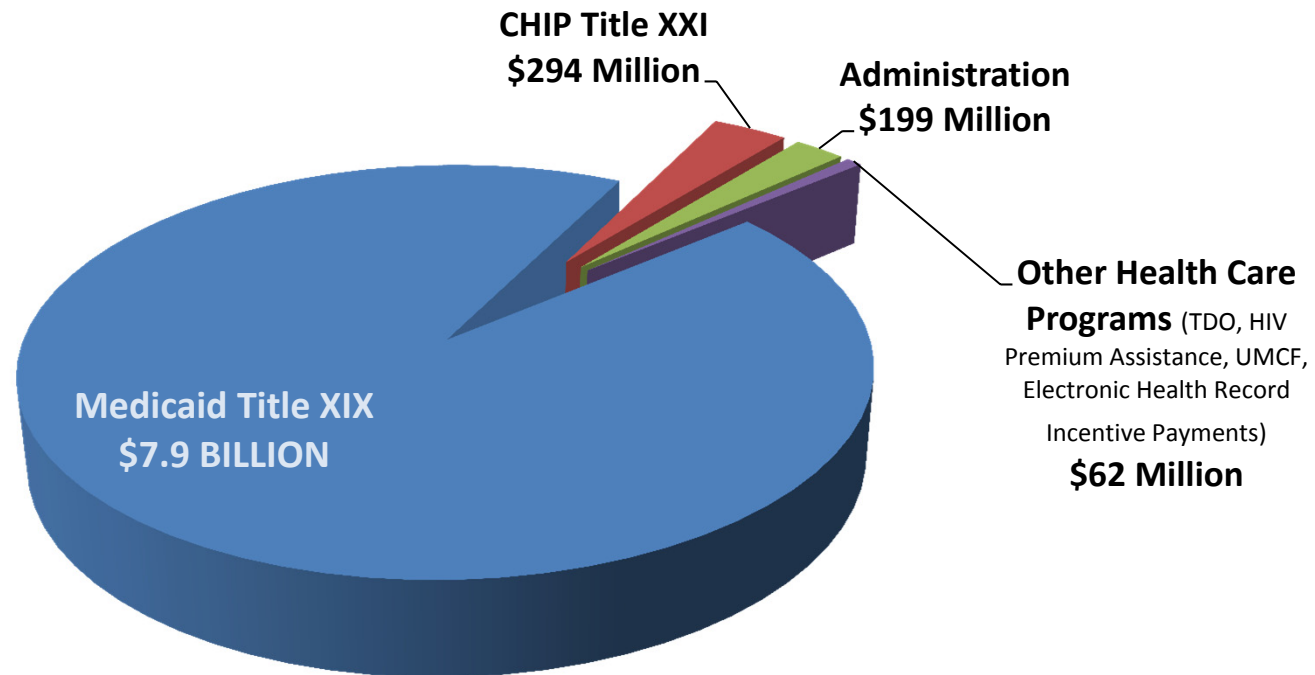


US Average = 57.1%

- 67 - 76% (12 states including DC)**
- 51 - 66% (24 states)**
- 50% (15 states)**

SOURCE: FY2010: Federal Register, February 2, 2010 (Vol. 75, No. 21), pp 5325-5328, at <http://frwebgate6.access.gpo.gov/cgi-bin/PDFgate.cgi?WAISdocID=985592272797+0+2+0&WAIAction=retrieve>.

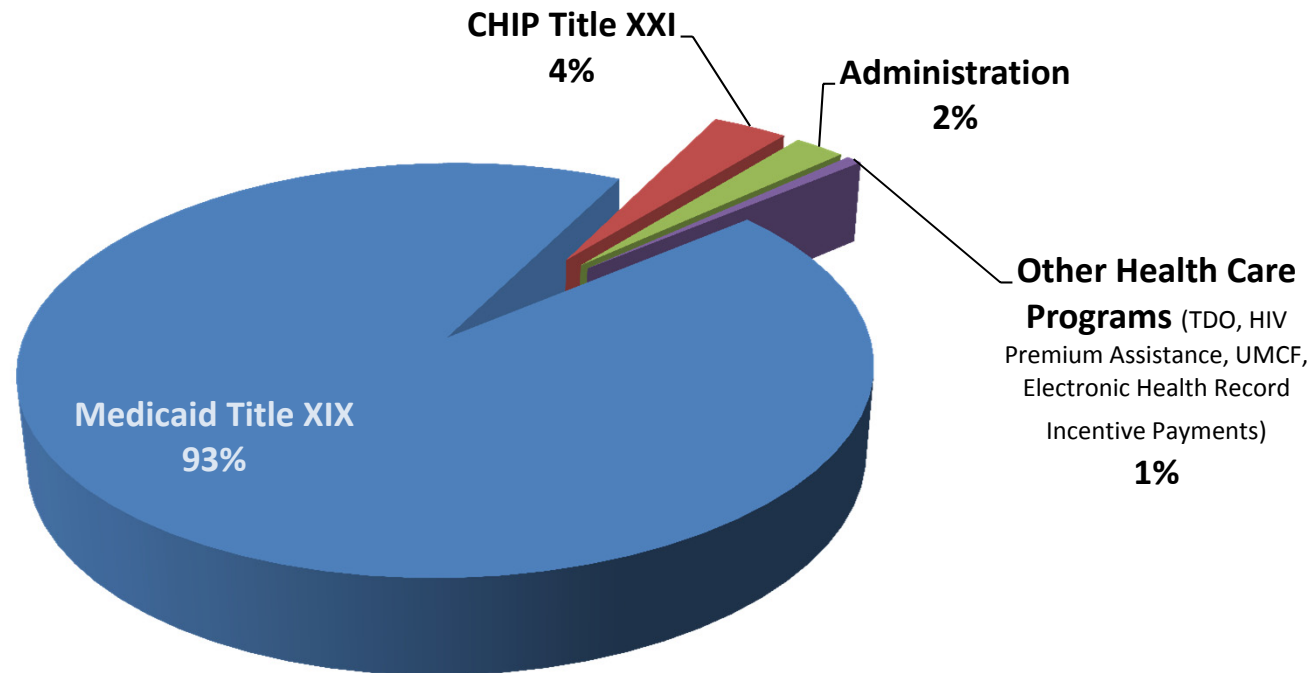
DMAS SFY 2014 Budget by Program



Notes:

Administration figures shown here reflect funding at DMAS; there is approximately an additional \$120 million (\$60m State/\$60m Federal) spent by other state agencies in support of the Medicaid and CHIP programs. So the total administrative expenditures for the Virginia Medicaid program are \$266 million (approx 3% of total program expenditures).

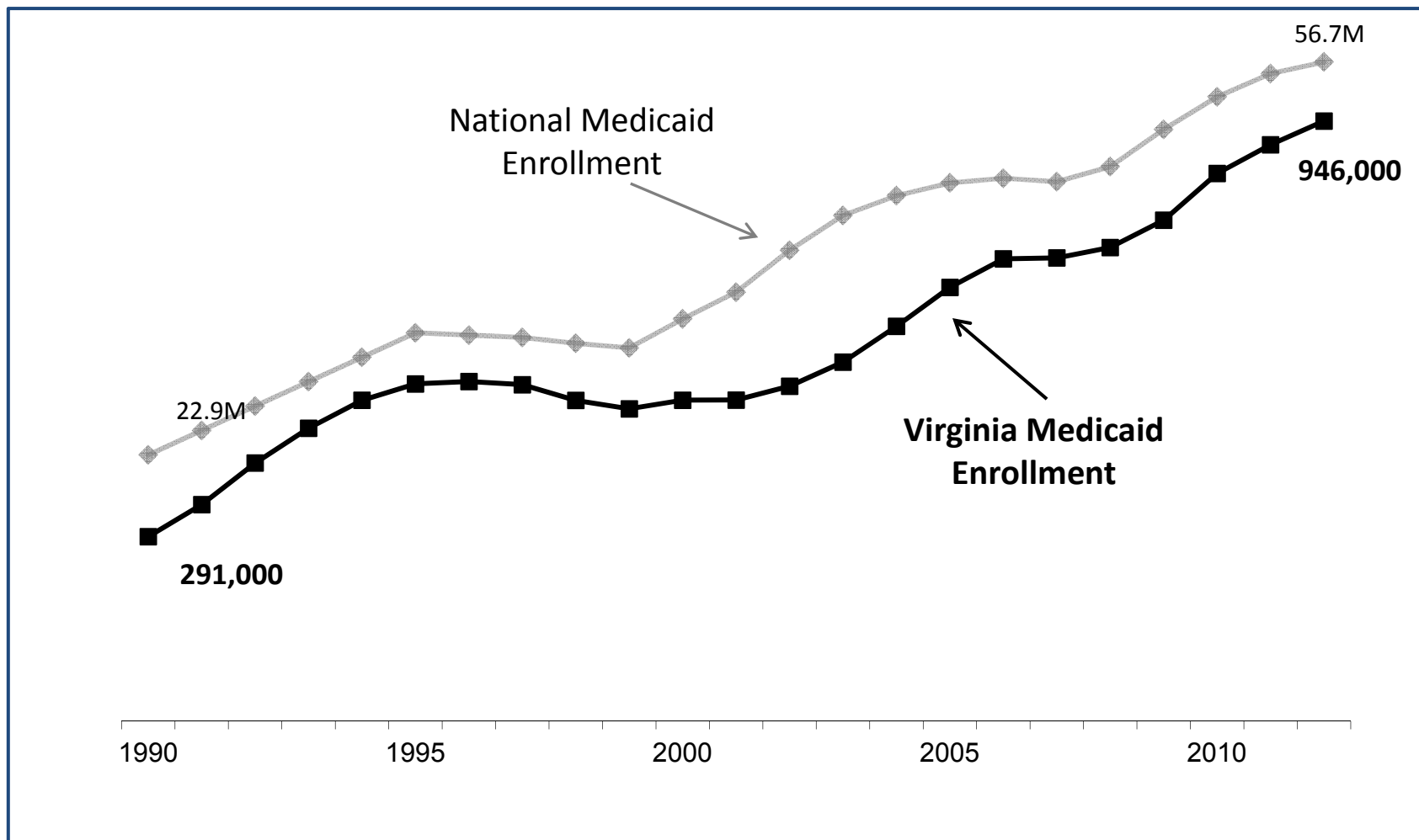
DMAS SFY 2014 Budget by Program



Notes:

Administration figures shown here reflect funding at DMAS; there is approximately an additional \$120 million (\$60m GF/\$60m NGF) spent by other state agencies in support of the Medicaid and CHIP programs. So the total administrative expenditures for the Virginia Medicaid program are \$266 million (approx 3% of total program expenditures).

Medicaid Enrollment

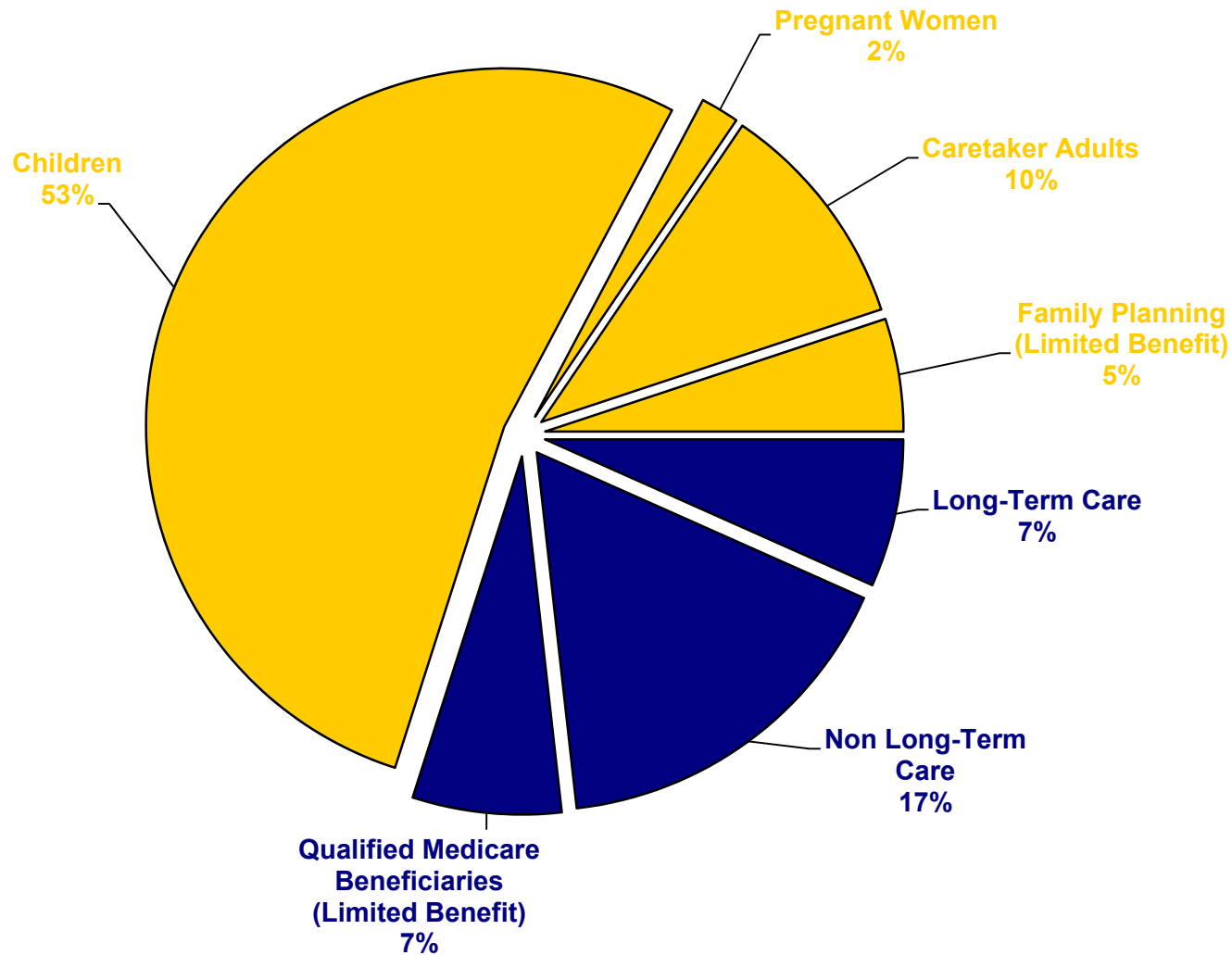


Note: For the purposes of this presentation, the term "Medicaid" is used to represent both Virginia's Title XIX Medicaid and Title XXI CHIP programs.

Source: National Medicaid Enrollment - 2010 Actuarial Report On The Financial Outlook For Medicaid . Office of the Actuary, Centers for Medicare & Medicaid Services, and the U.S. Department of Health & Human Services

10/06/2014 Virginia Medicaid Enrollment – Virginia Department of Medical Assistance Services, Average monthly enrollment in the Virginia Medicaid and CHIP programs, as of the 1st of each month.

Medicaid Enrollment Composition – SFY 2014



*Percentages may not add due to rounding

Summary of Virginia Medicaid Eligibility Levels

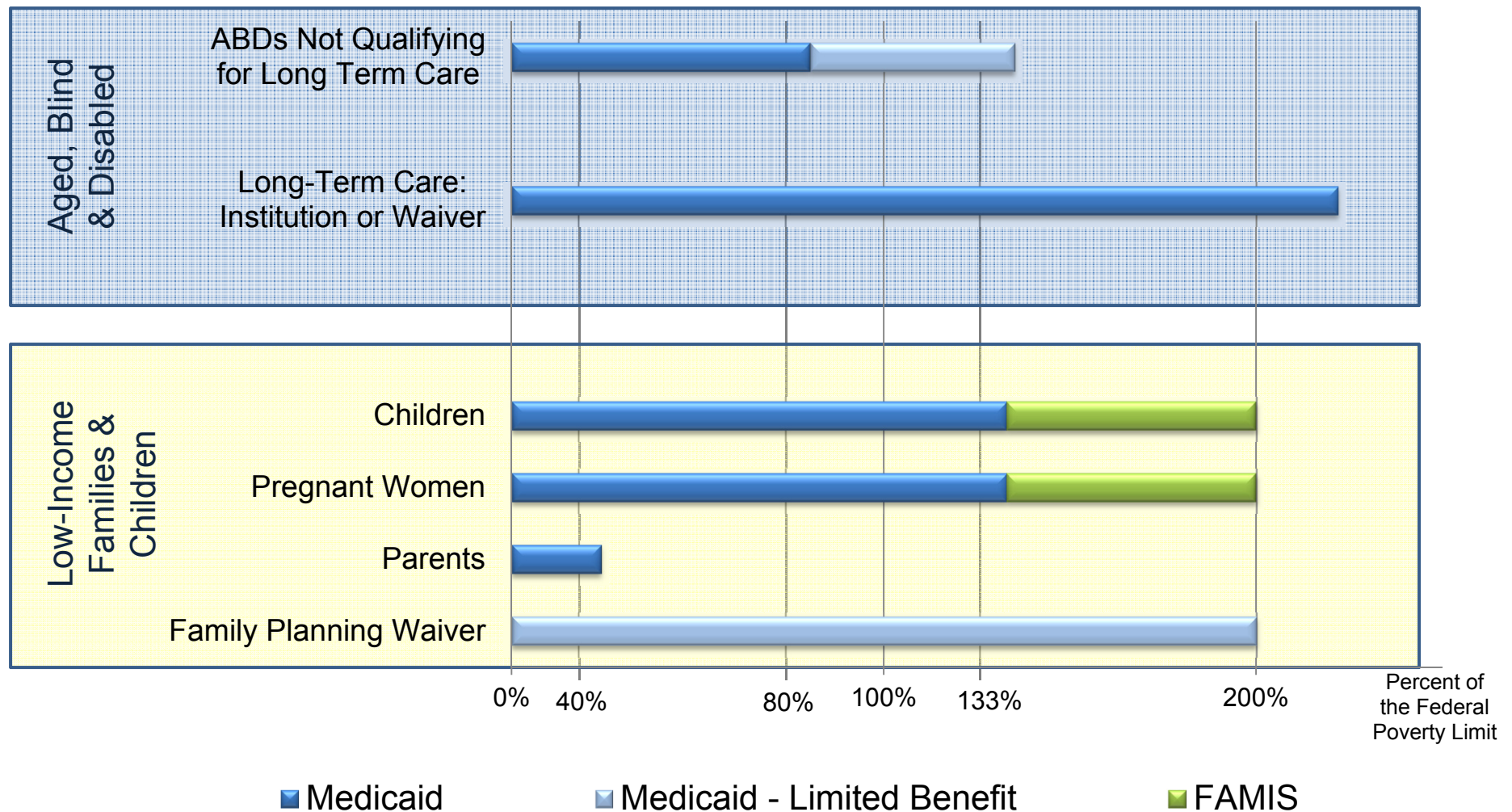
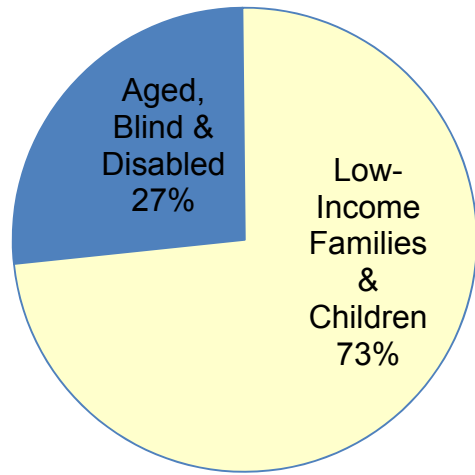
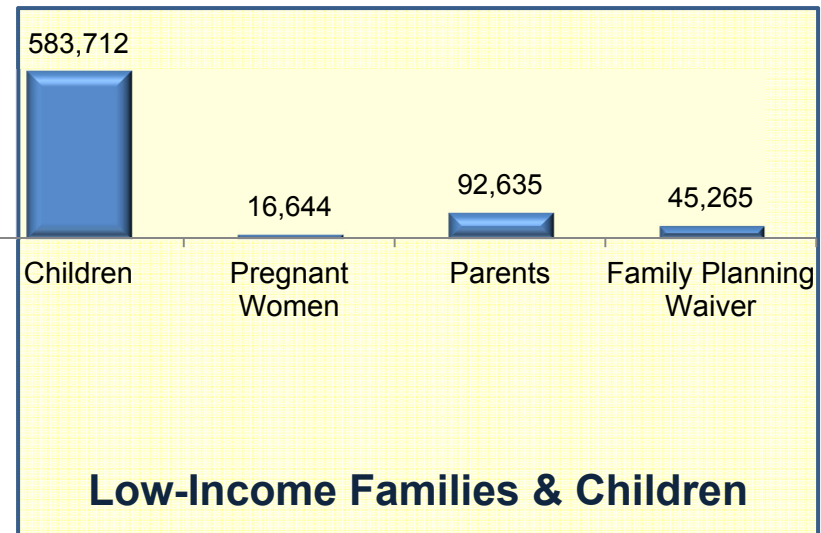
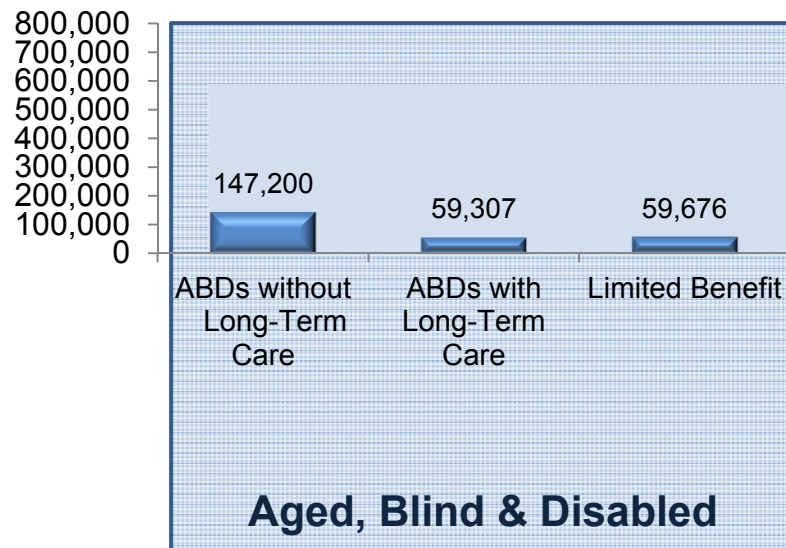


Illustration purposes only. Not all Medicaid groups represented in this chart. Nothing shown here supersedes stated Medicaid eligibility policy.

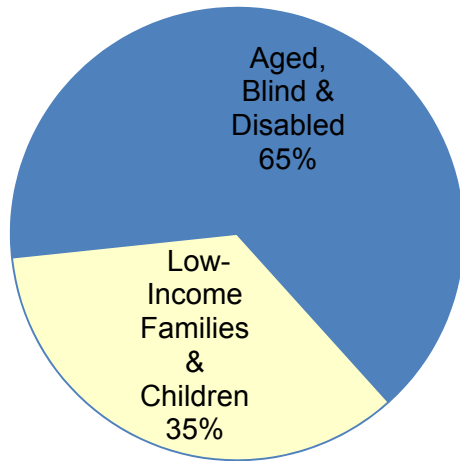
FY 2014 Enrollment



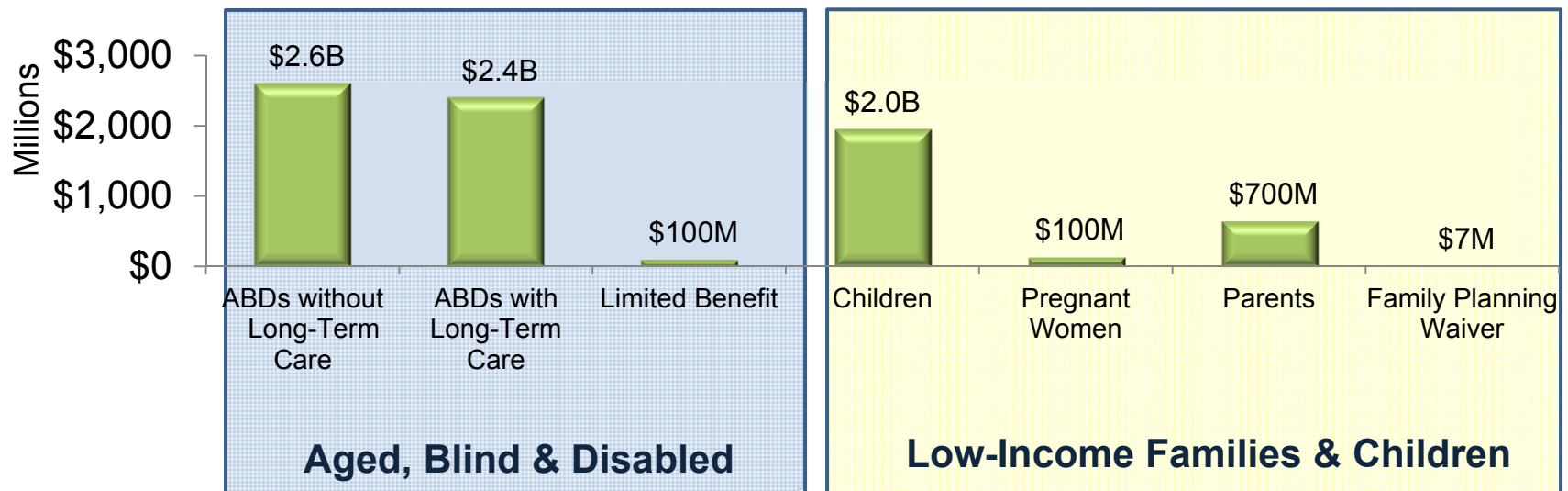
- Currently cover over 1 million people
- Of the ABDs in Long-Term Care, only 35% are in an institution, 65% receive care in the community
- 70% of individuals receive their general acute medical care through one of the 6 Medicaid MCOs



FY 2014 Expenditures

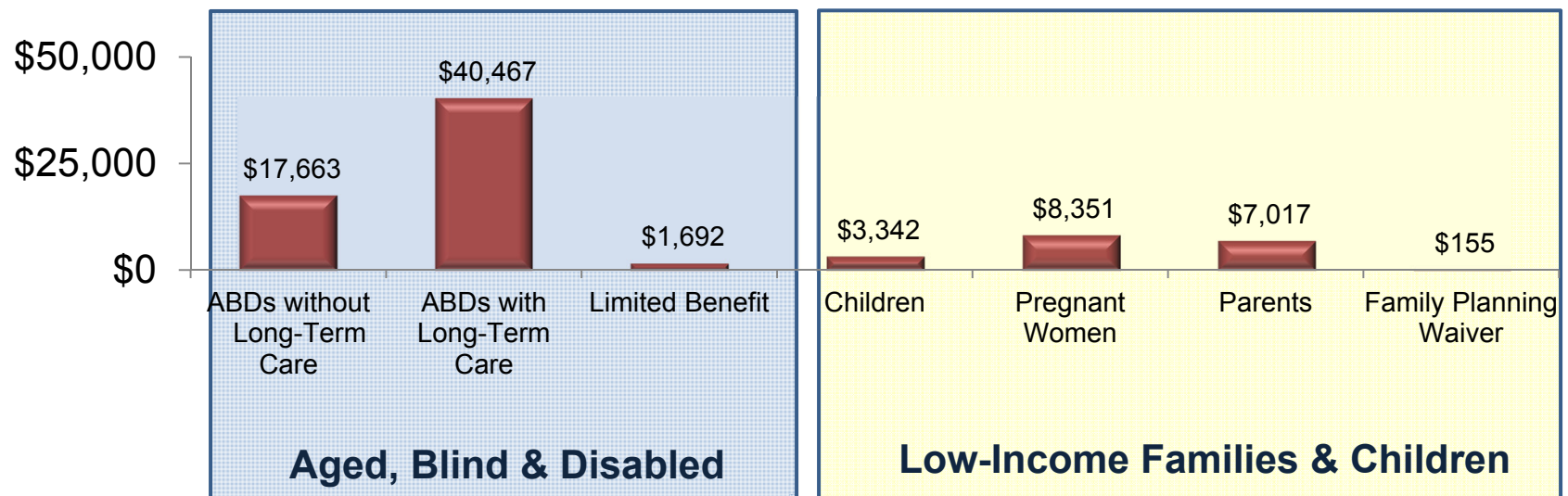


- FY14 Medicaid & CHIP expenditures were just under \$8 billion
- The 60,000 ABDs receiving Long-Term Care services are responsible for almost 30% of expenditures



FY 2014 Average Cost per Person

- Average cost per year for an ABD needing long-term care services is over twice that of an ABD not needing long-term care



DMAS Forecasting Process

- Section 32.1-323.1 of the *Code of Virginia* mandates:

“By November 15 of each year, the Department of Planning and Budget, in cooperation with the Department of Medical Assistance Services, shall prepare and submit an estimate of Medicaid expenditures for the current year and a forecast of such expenditures for the next two years to the House Committees on Appropriations and Health, Welfare and Institutions and to the Senate Committees on Finance and Education and Health, and to the Joint Legislative Audit and Review Commission.”

DMAS Forecasting Process

- Due November 15 to Governor and General Assembly
- Projects spending in current and subsequent two years
- Assumes existing program (existing law and regulations)
- Changes are due to:
 - Change in enrollment, utilization, and inflation
 - Application of existing state laws and regulations
 - Application of existing federal laws and regulations

DMAS Forecasting Process

- Each year, the two agencies prepare independent forecasts using monthly level expenditure and utilization data
- An assortment of software tools are used to develop the forecasts including SAS, ForecastPro, EViews and Excel.
- The DMAS forecast is comprised of over 100 different models that project utilization and cost per unit for each benefit category
- The two agencies meet to compare and evaluate the individual forecasts and an official “Consensus” forecast is adopted

What Services Does Medicaid Cover?

Mandatory

- Inpatient Hospitalization
- Outpatient Hospital Services
- Physicians' Services
- Lab & X-Ray Services
- Home Health
- Nursing Facility Services
- Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Services for Children
- Non-Emergency Transportation

Optional

- Prescription Drugs
- Eyeglasses & Hearing Aids (Children Only)
- Organ Transplants
- Psychologists' Services & other Behavioral Health Services
- Podiatrists' Services
- Dental Services (Children Only)
- Physical, Occupational and Speech Therapies
- Rehabilitative Services
- Intermediate Care Facilities for Individuals with Intellectual Disabilities
- Case Management (only through select HCBS waivers)
- Emergency Hospital Services
- Hospice
- Prosthetic Devices
- Home and community based care, such as Personal Care (only through HCBS waivers)

Medicaid Waivers/State Plan Authorities

Used to test new or existing ways to deliver and pay for health care services.

- **Three types of waivers:**
 - Section 1115 Research and Demonstration Waiver (FAMIS Moms and Family Planning);
 - Section 1915(b) Managed Care Waiver (Medallion 3.0);
 - Section 1915(c) Home and Community Based Services Waiver (Virginia has six);
- **State Plan Authority**
 - 1932a for the new Commonwealth Coordinated Care, i.e. Duals;
 - Program of All Inclusive Care for the Elderly (PACE programs)

Managed Care Waiver

- 1915(b) waiver authority – Virginia received in 1994 - waives statewideness, freedom of choice, comparability of services
- Covers 706,00 enrollees: children, caretaker adults, aged, blind and disabled, children with special health care needs (including foster care) and acute care services for home and community-based waivers
- Covers all Medicaid services with the exception of dental, community mental health, early intervention, nursing homes, ICF/DD, RTC and HBC services



Department of Medical Assistance Services

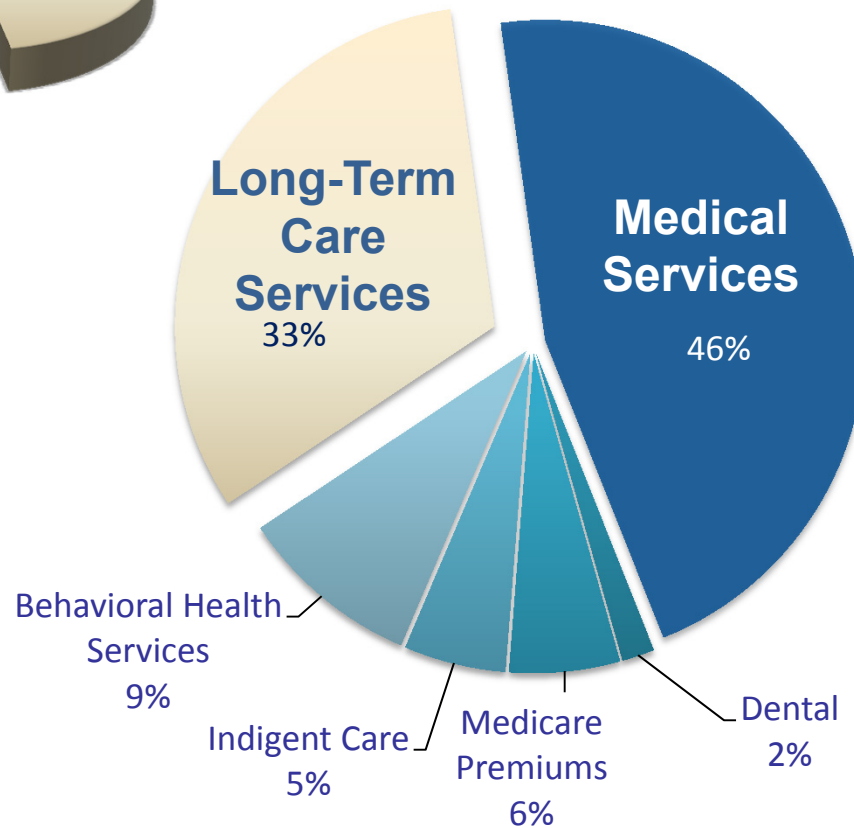
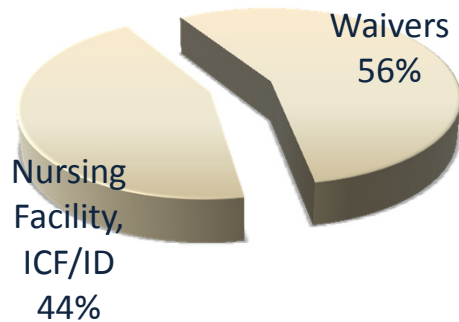


Virginia's Six 1915 (c) Home and Community Based Waivers

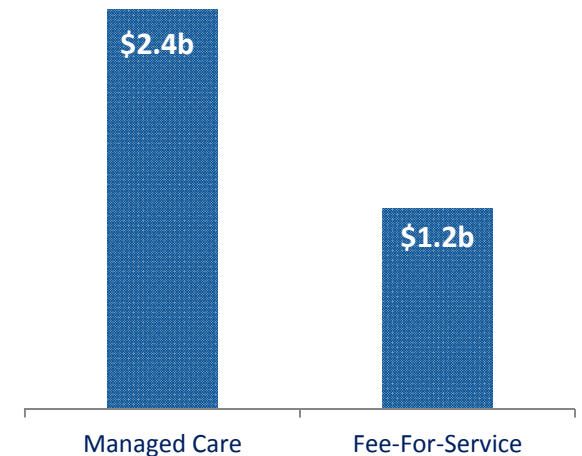
Waivers (Start Date)	Number of Enrollees as of August 31, 2014
Day Support (2005)	259
Developmental Disability (2001)	894
Intellectual Disability (1991)	9,913
Alzheimer's (2006)	50
Technology Assisted (1988)	296
Elderly or Disabled with Consumer Direction (1982)	28,953
Total Waiver Enrollment	40,365

Composition of Virginia Medicaid Expenditures FY 2014

Long-Term Care Expenditures



Medical Services by Delivery Type



Medicaid Service Delivery Structure Fee For service

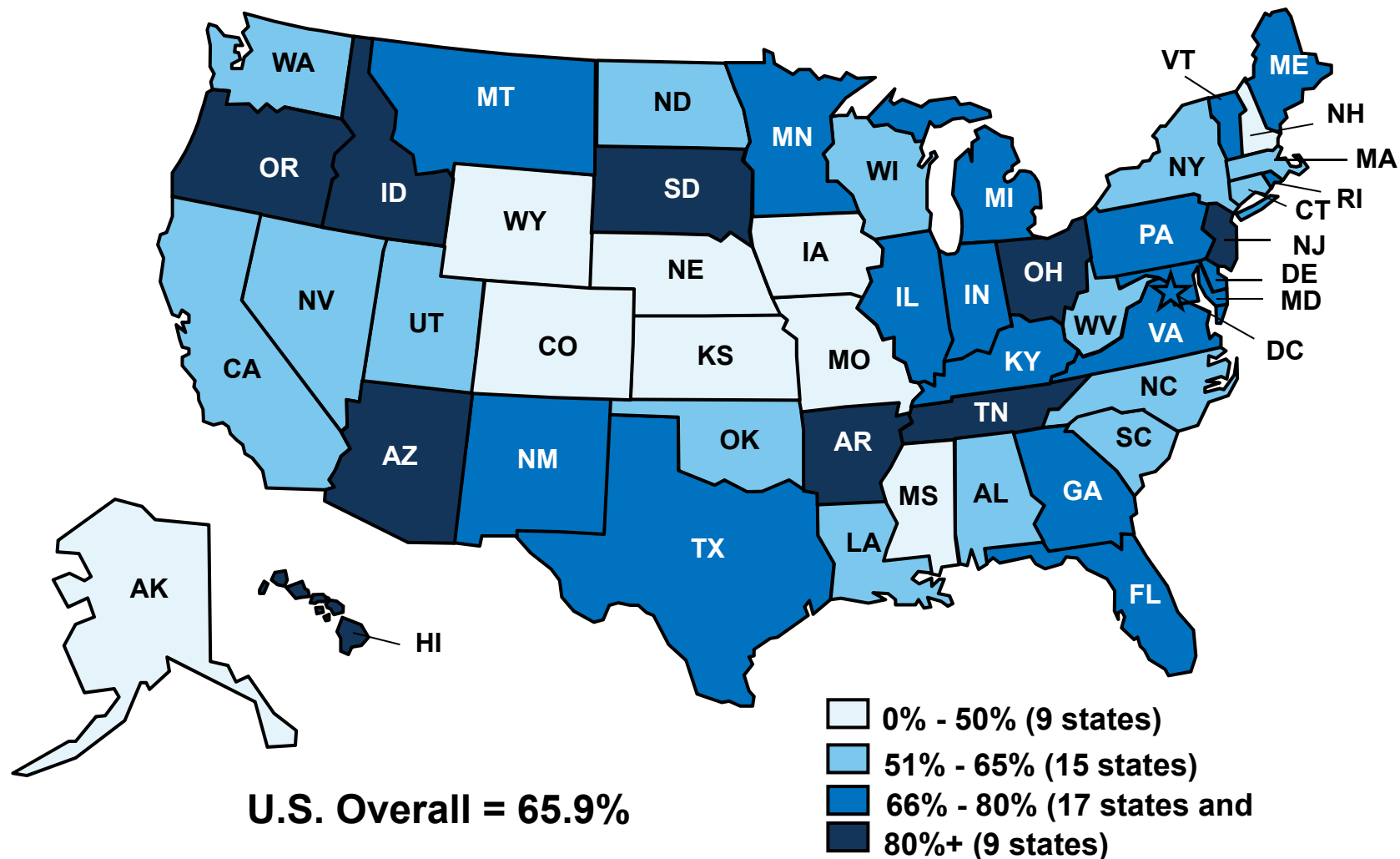
Fee-for-Service

- Directly administered by the state.
- Department handles
 - a) Program design
 - b) Enrollee Services
 - c) Management of Provider networks and service
 - d) Provider fees
 - e) Claims
 - f) Program administration
- Participants typically fall into these groups:
 - New enrollees waiting for program
 - Most individuals receiving Home- and Community-Based services
 - Individuals in LTC settings
 - Individuals with other insurance
 - Some Dual eligible (Medicaid and Medicare enrollees who are not in new Demonstration)

Medicaid Service Delivery Structure Managed Care

- The Department contracts with health plans and pay them a set monthly fee to administer a program that provides Health coverage and services to Medicaid recipients. This provides the Department with
 - a) administrative services
 - b) provider network and clinical service
 - c) technology and innovation
 - d) Budget predictability
 - e) measurable outcomes
- Participants typically fall into these groups:
 - Children, including Foster Care
 - Care taker adults
 - Pregnant women
 - Aged, blind disabled
 - Dual eligible
 - Acute care for home and community based waiver population

Comprehensive Medicaid Managed Care Penetration by State, October 2010



NOTE: Includes enrollment in MCOs and PCCMs. Most data as of October 2010.
SOURCE: KCMU/HMA Survey of Medicaid Managed Care, September 2011.

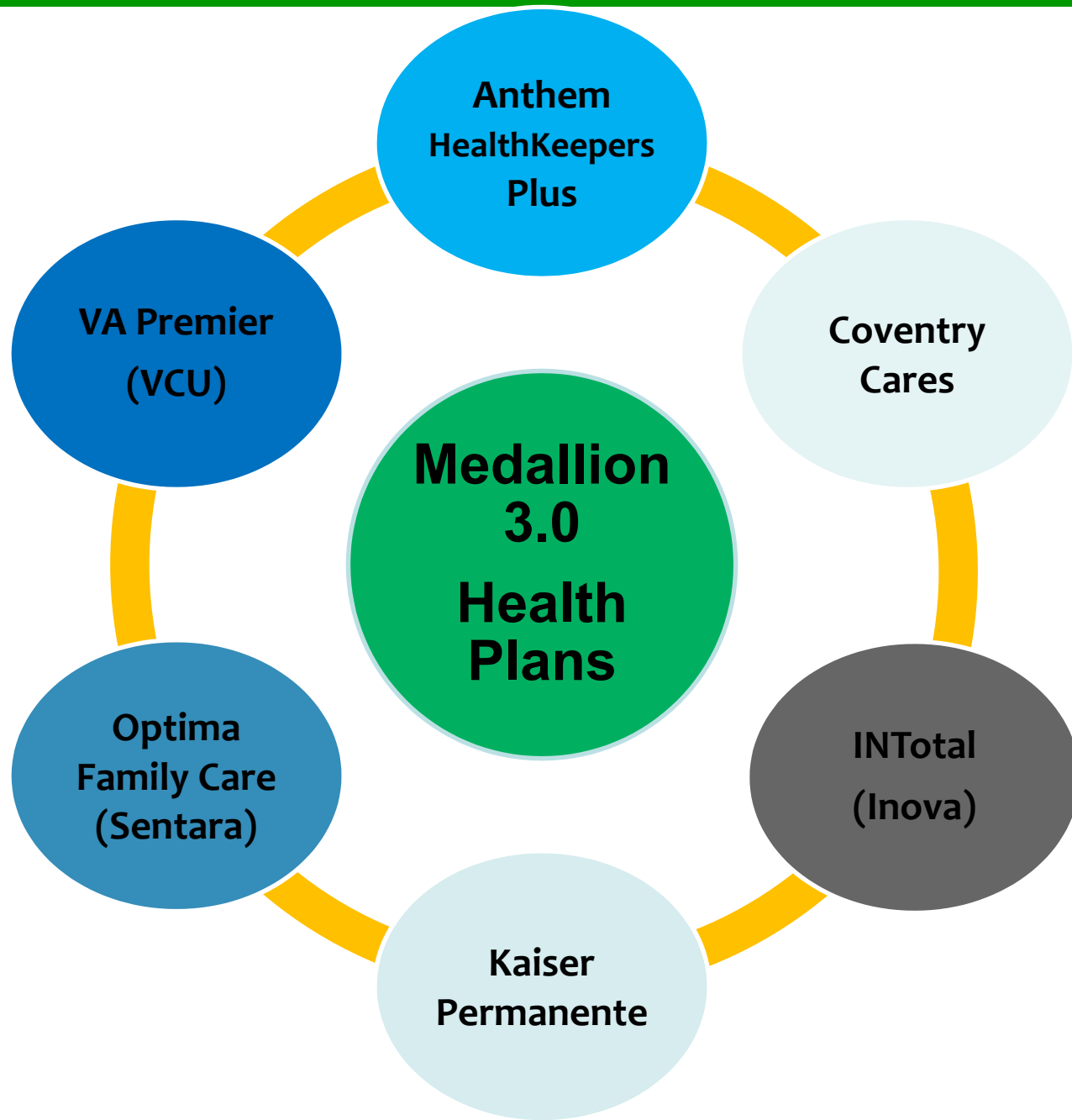
Virginia Medicaid Managed Care Programs Medallion 3.0 and Commonwealth Coordinated Care Programs (Duals)





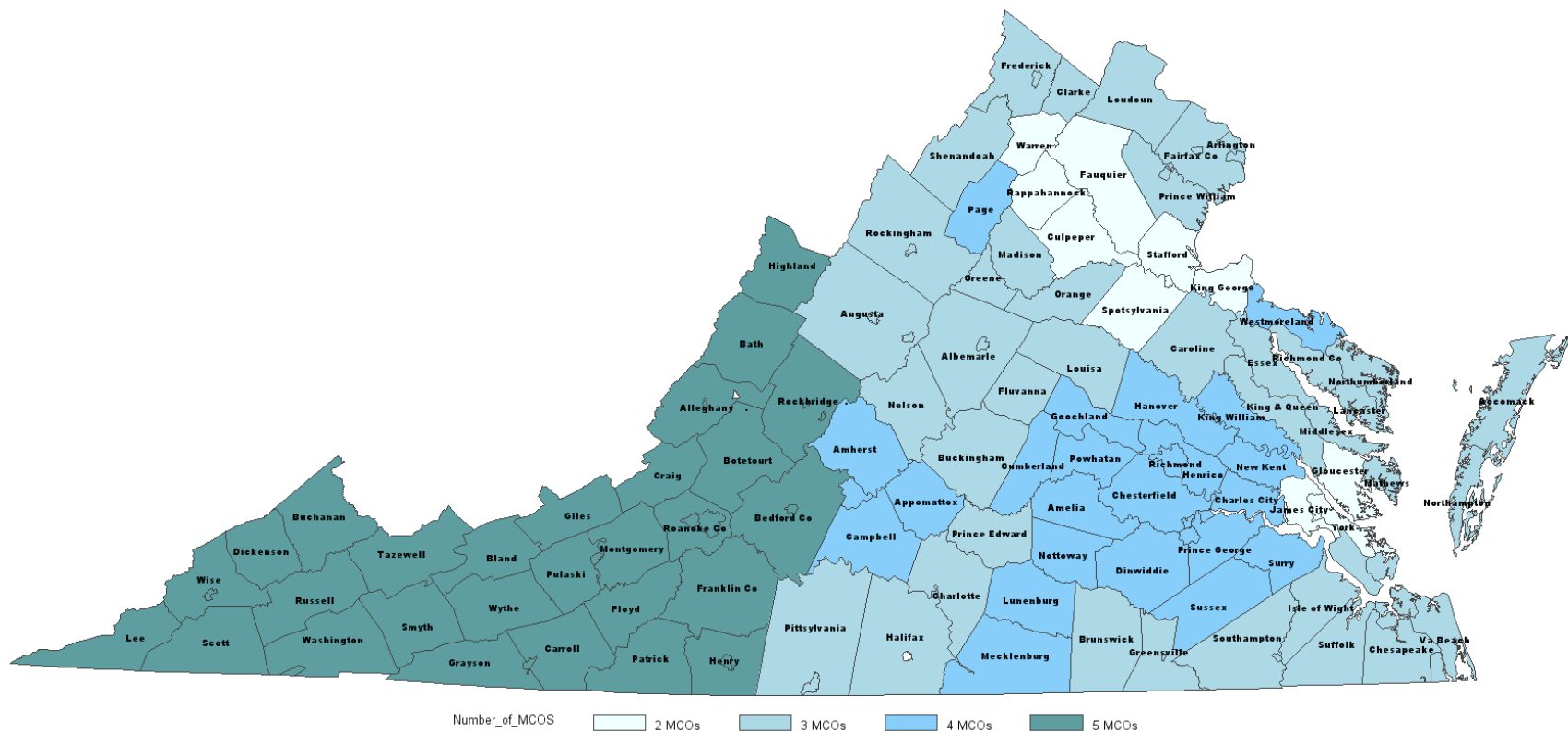
**706,000 Enrollees in
Managed Care
Medallion 3.0 and FAMIS**







Number of MCOs by County Statewide July 2012





Does It Work? Yes

Commonwealth gets a large ROI for the dollar:

- Links to health systems
- Care management
- NCQA accreditation
- New innovations and technology
- Technological advances
- Staffing – numbers and expertise
- Ability to create an expansive credentialed network
- Local presence
- Budget predictability
- Focus on quality outcomes



90%

Of Children in the Medicaid Managed Care Program saw their PCP in 2013

MCOs Met or Quality and Service Exceeded Benchmarks in:

- **Antidepressant Medication Management**
- **Breast Cancer Screening**
- **Cholesterol Management for Patients With Cardiovascular Conditions**
- **Comprehensive Diabetes Care - HbA1c Testing**
- **Comprehensive Diabetes Care - HbA1c Control (<8.0%)**
- **Use of Appropriate Medications-Asthma (Ages 5-11, Ages12-18, and Total)**
- **Prenatal and Postpartum Care- Timeliness of Prenatal Care**
- **Well-Child Visits in the First 15 Months of Life (Six or more visits)**
- **Well-Child Visits in the Third, Fourth, Fifth, and Sixth Year of Life**

H I G H L I G H T S

MEDALLION 3.0

- New Medallion 3.0 Contract & Technical Manual Reformed and Improved Member Access, Data Accountability and Oversight

PHARMACY

- MCO Pharmacy Rebates Yielded \$570 Million since 2010

Program Integrity

- For FY 2012, VA Medicaid Managed Care Payment Error Rate was less than 1%

FOSTER CARE

- 10,000 Children in Foster Care and Adoption Assistance Programs Have Improved Healthcare Access, Preventative Services & Care Coordination via Medicaid Managed Care Program

MEDICAL HOME

- Medallion Care System Partnership (MCSP) – Member Access to Improved and Increased Integrated Service Programs of Care

QUALITY INCENTIVES

- Performance Measure Incentive Program - Financial Incentives for Exceptional Provider Service Quality and Performance Outcomes

PATIENT FOCUSED

- 90% of Children in the Medicaid Managed Care Program Saw Their Primary Care Physician in 2013



Department of Medical Assistance Services



Commonwealth Coordinated Care
Medicare & Medicaid working together for you

Commonwealth Coordinated Care (Duals)

- CCC is a new integrated care initiative for individuals who are currently served by both Medicare and Medicaid & meet certain eligibility requirements.
- Is designed to coordinate the delivery of primary, preventive, behavioral, and long-term services & supports.
- CCC goals include:
 - improved quality and health outcomes,
 - streamlined Medicare and Medicaid requirements,
 - increased accountability,
 - reduced burden for enrollees and providers,
 - providing care in each individual's setting of choice, and
 - reduced avoidable services.
- Supplementary benefits will include care coordination, interdisciplinary care teams, and person-centered care plans.

CCC Highlights

Three-way contract between CMS, DMAS, and health plans referred to as MMPs (Medicaid-Medicare Plans).

1

Reimbursement – Blended, risk adjusted rate based on Medicaid, Medicare, and Medicare Advantage data

2

High-quality, person-centered care for the Dual Eligible that is focused on their needs and preferences

3

Behavioral Health Homes created in partnership with CSBs for individuals with Serious Mental Illness (SMI)

4

HealthKeepers
Humana
Virginia Premier

The three MMPs for CCC

5



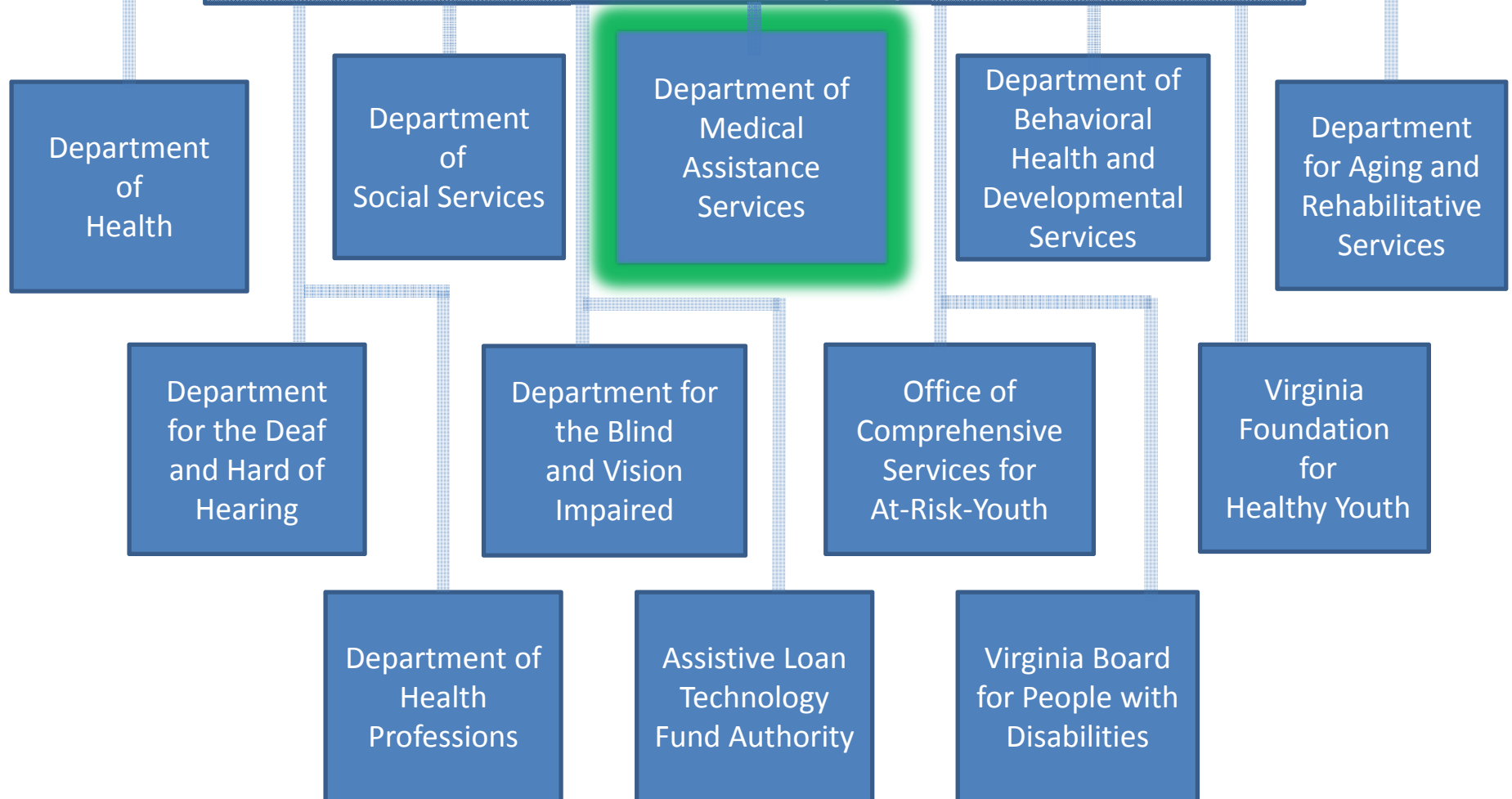
Commonwealth Coordinated Care
Medicare & Medicaid working together for you

Presentation Outline

- Overview of VA Medicaid
- **Organizational Structure**
- Medicaid Reforms
- Major Issues

Governor of Virginia, Terry McAuliffe

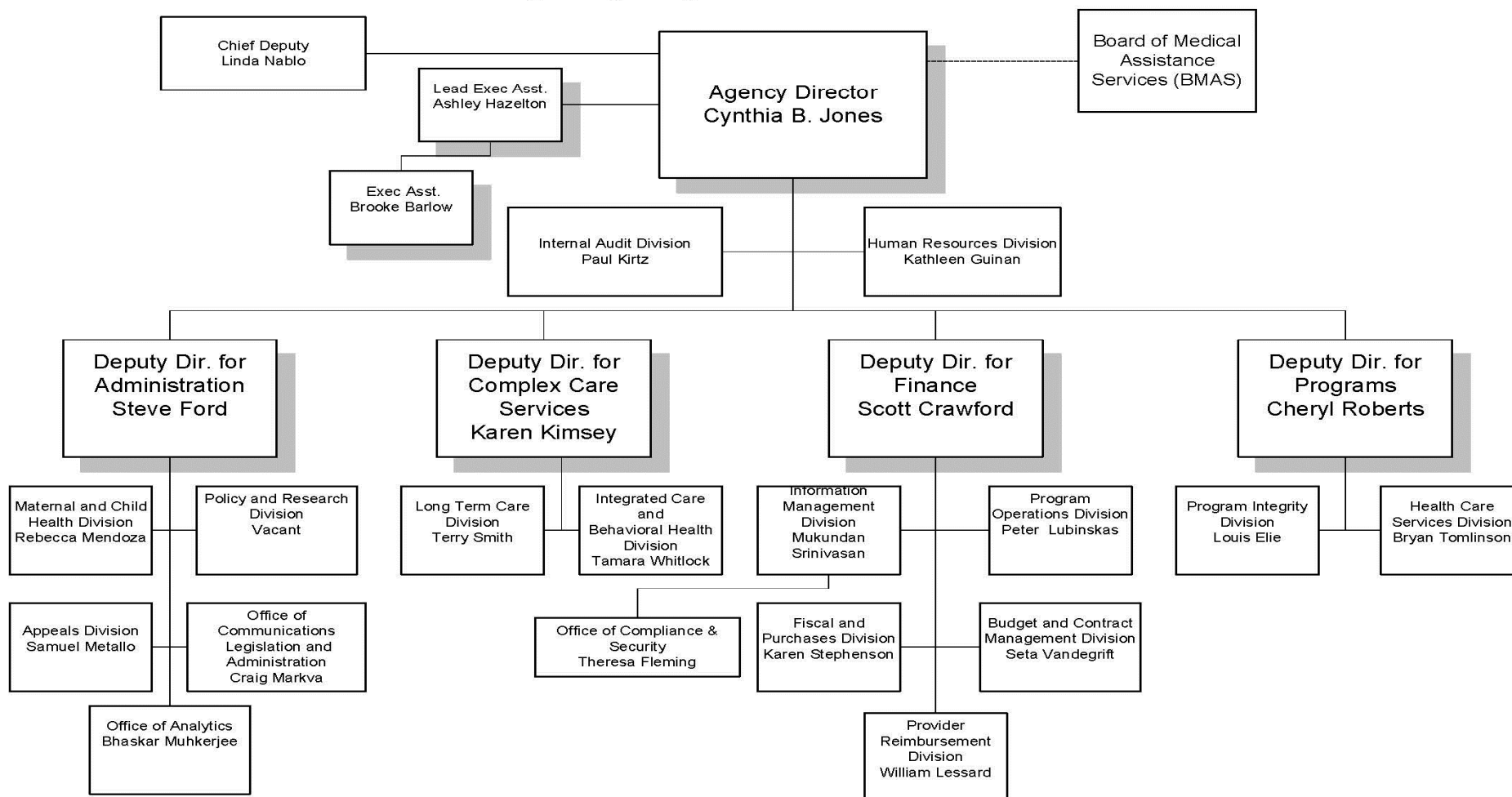
Secretary of Health and Human Resources William A Hazel, Jr., M.D.





5/13/14

Department of Medical Assistance Services Agency Organization Structure





Medicaid and Legislative Authority

- The Department of Medical Assistance Services (DMAS) is Virginia's single state agency for the administration of the Virginia Medicaid and CHIP programs.
- DMAS is a stand-alone executive agency reporting directly to the state Secretary of Health and Human Resources.
- The Agency's enabling statute (Virginia Code § 32.1-325) empowers DMAS to prepare and amend the state plan for medical assistance and to promulgate state regulations to implement the Medicaid program in Virginia.
- The Agency is also authorized to receive and expend federal funds in accordance with federal law. DMAS must account for numerous aspects of its programs through annual and quarterly reports to the legislature.
- The Virginia Code established a Board of Medical Assistance; however, the Agency Director is authorized to administer the state Medicaid program in the absence of the Board, therefore the Director is the primary authority for Agency actions.

Medicaid and Legislative Authority

- By both statute and authorizing language in the legislature's annual Appropriations Act, the Agency is given broad executive power to administer the Medicaid program.
- DMAS' discretionary authority is directly limited by the Virginia General Assembly, primarily through legislative control of the Agency's budget.
- DMAS implements the Medicaid plan through state regulations, and relies upon specific legislative mandates for the majority of the regulations the Agency promulgates through the state rulemaking process.
- DMAS works in close partnership with the Virginia General Assembly to develop state regulatory mandates in the annual Appropriations Act and in developing the Agency's budget requirements and necessary expenditures.



Medicaid and Legislative Authority

- Each year DMAS suggests program changes to the Governor and the Virginia General Assembly via Agency proposed budget amendments. These amendments authorize the DMAS to quickly change state regulations either through an emergency rulemaking process or through specific legislative authority to immediately implement changes prior to the completion of the public rulemaking process.

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Payment Reforms/Methodologies

- Phasing out Cost-Based Reimbursement in favor of Prospective Payment methodologies
- Revising or implementing per-day and per-case reimbursement adjusted for case-mix, intensity, or risk for inpatient and outpatient hospital and nursing facility reimbursement to encourage the most incentive for cost effective care
 - Outpatient Hospital Reimbursement-Eff. January 1, 2014, using Enhanced Ambulatory Patient Groups EAPGs
 - Nursing Facility Reimbursement-Eff. July 1, 2014, using Resource Utilization Groups (RUGs)

Updated Payment Methodologies

Inpatient Hospital Reimbursement uses Diagnosis Related Groups (DRGs)

- Currently using DRGs (AP-DRGs) designed for all payers rather than a Medicare based DRG
- Eff. October 1, 2014, converting to a severity adjusted grouper (APR-DRG) to better tailor payments to hospitals

New HCBS Rate Justifications

Developing new payment methodologies for home and community based services (HCBS).

- The Department of Behavioral Health and Developmental Services hired a contractor to do a comprehensive rate study for HCBS furnished in waivers for the intellectually and developmentally disabled
- Will allow DMAS to submit rate justifications now required by CMS for HCBS waivers
- Lay the groundwork for state funding of improved rates to support deinstitutionalization and member self-determination

Medicaid Capitation Payments

- Capitation rates are based on MCO expenditures
 - Capitation rates are adjusted for increases or decreases in rates or utilization changes as a result of policy changes
 - This year made capitation rate adjustment for new, high cost drugs to treat hepatitis C but MCO plans are still at risk to authorize only necessary treatment
- FFS rate setting still important because MCOs often “benchmark” provider reimbursement to Medicaid FFS (100% to 110% of FFS rates)
- Managed care plans are paid risk-adjusted rates
- Recently implemented a “reinsurance” program for members with high drug expenditures

2013 Legislative Pathway to Medicaid Expansion in Virginia: Reforms First

Phase 1

- Dual Eligible Demonstration for up to 70,000
- 10,000 Foster Care children to Managed Care
- Behavioral Health Administrator, new regulations
- Program Integrity

Phase 2

- Value Based Innovations in Health plans
- Revamped contract and reporting
- Medical homes, special payment projects, and quality incentive program

Phase 3

- Move remaining long term care populations and services into coordinated/managed care

Governor's September 1 Report

Healthy Virginia Plan: Ten Steps

Step 1	The Governor's Access Plan for Medical and Behavioral Health Services - Reaching Virginia's Uninsured with Serious Mental Illness
Step 2	Covering our Children - Reaching More Children through Medicaid and FAMIS
Step 3	Supporting Enrollment in the Federal Marketplace - Reaching More Virginians during Open Enrollment
Step 4	Informing Virginians of their Health Care Options - Reaching more Virginians through Cover Virginia
Step 5	Making Dependent Coverage Affordable for Lower-Income State Employees - Reaching More Children through FAMIS
Step 6	Providing Comprehensive Dental Coverage to Pregnant Women in Medicaid and FAMIS - Improving Access to Oral Health Care
Step 7	Prioritizing the Health of Virginia's Veterans - Accelerating Veterans' Access to Care
Step 8	Winning a State Innovation Model Grant - Seizing Opportunity to Transform Health Care Delivery
Step 9	Creating Behavioral Health Homes - Strengthening Virginia's Behavioral Health System through Innovation
Step 10	Reducing Prescription Drug and Heroin Abuse - Stemming a Devastating Proliferation of Substance Abuse



Virginia Medicaid Moving Forward

Top Medicaid Managed Care Program

Top Oral Health Medicaid Program

Third to Implement a Duals Program

Fastest Growing PACE Programs

Strong Program Integrity

Multiple Financial/ Program Audits

Quality Care

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Major Issues

- **One term Governor for only four years**
- **Perception that Medicaid is a broken program**
- **Reforms before expansion**
- **Multiple reforms at one time**



Questions – Comments?

