DMAS UPDATE

JOINT SUBCOMMITTEE FOR HHR OVERSIGHT

SEPTEMBER 17, 2019

KAREN KIMSEY
Director,
Department of Medical Assistance Services
Agenda

- Medicaid Expansion Update
- COMPASS Update
- Improvements to Forecasting Process
The 2018 Appropriations Act directed DMAS to implement new coverage for adults and transform coverage:

- **State Plan Amendments, contracts, or other policy changes**
  - Implement new coverage for adults with incomes up to 138% FPL and implement early reforms for newly eligible individuals.

- **§ 1115 Demonstration Waiver**
  - Directed DMAS to submit a waiver asking for federal approval to add new features to the Virginia Medicaid program “designed to empower individuals to improve their health and well-being and gain employer-sponsored coverage or other commercial health insurance coverage.”
More than 314,000 individuals are enrolled

More than 256,900 (82%) Medicaid expansion members have received a Medicaid service and 61% have visited a clinic or doctor’s office (e.g., primary care physician)

More than 18,000 have received treatment for a substance use disorder

Treatment for other chronic conditions include: Cancer (3,293); Diabetes (20,000); Hypertension (32,000); Serious Mental Illness (30,000); Heart Disease (11,000)

*Source: DMAS Enrollment and Claims Data as of 9/6/19. Due to natural claims lag, we expect these numbers to continue to rise as claims continue to be submitted.
Review of COMPASS Demonstration Features

Training, Education, Employment and Opportunity Program (TEEOP)
- Requires participation in training, education, employment, and other community engagement activities for 80 hours per month as a condition of Medicaid eligibility
- Applies to all “able-bodied adults” with income up to and including 138% of the federal poverty level (FPL) who do not meet an exemption (e.g., parents of dependent children, medically-frail, disabled populations)

Health and Wellness Program (HWP)
- Establishes premiums as a condition of eligibility, a co-payment for non-emergent use of the emergency department, healthy behavior accounts (HBAs), and healthy behavior incentives
- Program applies to Medicaid enrollees with income above 100% of the FPL and up to and including 138% of the FPL who do not meet an exemption

High-Needs Supports
- Offers a supportive housing and employment benefit for a targeted group of enrollees in the Medicaid managed care (MMC) delivery system, including those with a behavioral health need, need for assistance with activities of daily living, or other complex physical health needs

Extension of the ARTS Program and Coverage for Out-of-State Former Foster Youth
- Extends Virginia’s successful ARTS program to continue providing expanded substance use disorder (SUD) services to all Medicaid enrollees; extends coverage of former foster care youth who were enrolled in Medicaid when they aged out of foster care in another state
DMAS is currently negotiating the COMPASS waiver Special Terms and Conditions (STCs) with CMS.

DMAS and CMS will negotiate formal documentation outlining how the demonstration’s programs will be implemented, operationalized, monitored, and evaluated.

DMAS received the first full draft of the Special Terms and Conditions (STCs) from CMS on August 14, 2019 and provided detailed STC comments and edits back to CMS on September 13, 2019.
DMAS sought federal funding for employment supports for the TEEOP population in its COMPASS 1115 waiver application, pursuant to the 2018 Virginia Acts of Assembly Chapter 2 (2018 Appropriations Act), which states: “The TEEOP shall, to the extent allowed under federal law, utilize federal and state funding available through the Centers for Medicare and Medicaid Services, Temporary Assistance for Needy Families program, the Supplemental Nutrition Assistance Program, the Workforce Innovation and Opportunity Act, and other state and federal workforce development programs to support program enrollees.”

<table>
<thead>
<tr>
<th>Negotiation Topic</th>
<th>CMS Approval Status</th>
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<tbody>
<tr>
<td>1. Federal Funding for Employment Supports for TEEOP Population</td>
<td>Highly Unlikely to Approve</td>
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<tr>
<td>2. Federal Funding for Case Management Support Services</td>
<td>Highly Likely to Approve</td>
</tr>
<tr>
<td>3. Federal Funding at the Enhanced Rate to Build COMPASS-related IT Systems</td>
<td>Highly Likely to Approve</td>
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Virginia Proposed Implementation Timeline

2019
- Awaiting CMS approval of waiver

Demonstration Year 1
- Build systems and go-live with requirements

Demonstration Year 2
- Go-live with penalties for non-compliance

Ongoing Activities to Support Implementation Readiness
- Building a COMPASS Division within DMAS responsible for administering and overseeing the program and requirements.
- Developing operational approaches for all three waiver components. This work includes hosting intensive design sessions and weekly implementation planning meetings; drafting business requirements for all systems changes and preparing for submission of Advance Planning Document (APDs); preparing for contract changes, including MCO contract changes; and other key workstreams.
- Developing and implementing a strategy to engage key stakeholders

On a parallel track with the CMS negotiations, DMAS has been actively engaged in planning activities to ensure timely implementation of the COMPASS Demonstration.
### DMAS Has Been Closely Tracking National Landscape

Six states have federal approval to implement work requirements (AZ, IN, MI, OH, UT, WI)*; litigation in three additional states has resulted in the courts invalidating CMS waiver approvals (AR, KY, NH).

<table>
<thead>
<tr>
<th>Approved and Implementing</th>
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| ▪ Indiana                 | ▪ Following waiver approval in February 2018, Indiana began implementing in January 2019, but enrollees were not required to meet a minimum number of work/community engagement hours per month until July 2019  
 ▪ The State plans to check compliance on an annual basis, penalties for non-compliance will not go into effect until January 2020 |

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<tr>
<th>U.S. District Court Blocked Implementation</th>
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| ▪ Arkansas  
 ▪ Kentucky  
 ▪ New Hampshire | ▪ A U.S. District Court vacated CMS’s approval of work/community engagement requirements in three states  
 ▪ Court ruled that CMS failed to adequately explain why the waivers were justified, in light of the coverage losses expected under each waiver |

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<thead>
<tr>
<th>Approved and Not Yet Implementing</th>
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</table>
| ▪ Arizona  
 ▪ Michigan  
 ▪ Ohio  
 ▪ Utah  
 ▪ Wisconsin | ▪ Five states have CMS approval to implement work/community engagement requirements but have not yet implemented their programs |

*Maine received approval from CMS but the Governor has declined to implement the work/community engagement requirements.
Improvements to the Forecast

Best Practice Forecast Process

- Monitoring actual enrollments and expenditures
- Share results with stakeholders
- Data collection and validation
- Summarize key drivers and changes from prior forecast
- Forecast update

Share results with stakeholders
Improvements in Finance

• External Financial Review Council
• Internal Financial Review Council
• Rate Setting Cross-Functional Team
• Forecast Cross-Functional Team
Forecast Timeline: Earlier Collaboration

July - August
- Data collection and validation
- Update forecast data series.

August - September
- Collaborate with DPB on changes
- Begin running forecast series

September - October
- EFRC Meeting
- Trends and Assumptions Meeting

November 1
- DPB publishes consensus forecast
Improvements in Forecast Transparency

Enrollment Dashboard

## Improvements in Forecast Transparency

### Expenditure Dashboard

**Source:** DMAS CFO Public Dashboard: [http://dmas.virginia.gov/#/financereports](http://dmas.virginia.gov/#/financereports)

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<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>State Share</th>
<th>Federal Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Title XIX Medicaid expenditures</td>
<td>$4,793,753,866</td>
<td>$4,768,249,037</td>
<td>$9,562,002,903</td>
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<tr>
<td>Title XIX Medicaid Administration expenditures</td>
<td>$135,872,235</td>
<td>$241,662,725</td>
<td>$377,534,960</td>
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<tr>
<td>Regular Title XXI CHIP expenditures</td>
<td>$27,999,885</td>
<td>$205,404,745</td>
<td>$233,404,630</td>
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<tr>
<td>Medicaid CHIP population</td>
<td>$20,963,213</td>
<td>$153,940,324</td>
<td>$174,903,537</td>
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<tr>
<td>Total</td>
<td>$4,978,580,199</td>
<td>$5,369,256,851</td>
<td>$10,347,846,050</td>
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SFY 2019 Assessments Update

Remaining balances used to offset SFY 2020 assessments

<table>
<thead>
<tr>
<th></th>
<th>Coverage Assessment</th>
<th>Rate Assessment</th>
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<tbody>
<tr>
<td>Balance</td>
<td>$14,427,309</td>
<td>$8,958,622</td>
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<tr>
<td>Expenditures</td>
<td>$73,356,179</td>
<td>$143,739,332</td>
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<tr>
<td></td>
<td>FY 2019 Appropriations</td>
<td>Expenditures through June FY2019</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>6,216,116,332</td>
<td>5,734,331,634</td>
</tr>
<tr>
<td>Rate Assessment</td>
<td>194,503,188</td>
<td>143,739,332</td>
</tr>
<tr>
<td>Coverage Assessment</td>
<td>70,467,221</td>
<td>60,246,217</td>
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<tr>
<td>Virginia Health Care Fund</td>
<td>410,279,068</td>
<td>373,000,000</td>
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<tr>
<td>State Funds</td>
<td>4,800,968,286</td>
<td>4,783,169,295</td>
</tr>
<tr>
<td><strong>Total Forecasted Medicaid Expenditures</strong></td>
<td><strong>11,692,334,095</strong></td>
<td><strong>11,094,486,477</strong></td>
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FY19 Assessment Forecast vs. End-of-Year

### Admin Spending

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tbody>
<tr>
<td>Appropriation</td>
<td>$59,256,301</td>
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<tr>
<td>Expenditures</td>
<td>$49,744,262</td>
</tr>
<tr>
<td>Delta</td>
<td>-$9,512,039</td>
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<tr>
<td>Special Funds Balance</td>
<td>$4,206,317</td>
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Remaining balances used to offset SFY 2020 coverage assessment
Federal Oversight

Pressure on CMS

Increasing scrutiny of CMS regional offices causing stricter oversight of states
**Federal Oversight**

## Deferrals and Disallowances

<table>
<thead>
<tr>
<th></th>
<th>Resolved in 2019</th>
<th>Existing Deferrals</th>
<th>Appealed Disallowances</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td>9</td>
<td>8</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td><strong>Dollars</strong></td>
<td>$54.5</td>
<td>$98.9*</td>
<td>$112.5</td>
<td>$266.1</td>
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*$54.5 million in deferrals resolved in Virginia’s favor

* $25.7 million paid 8/18
Federal Oversight

New Federal Reporting Division

Consolidating Federal Reporting and Planning within new Finance Division