Health and Human Resources

Update: the Virginia Health Reform Initiative, the Department of Justice Negotiations, and the Behavioral Health and Developmental Services Trust Fund

Secretary of Health and Human Resources

Dr. Bill Hazel

October 20, 2011

Virginia
Health Reform Initiative

Virginia Health Reform Initiative – Response to HB 2434

Addressed 4 overarching questions:

1. Where to house a possible HBE;
2. The make-up of the governing board for a possible HBE;
3. A delineation of specific functions to be conducted by a HBE; and,
4. An analysis of the potential effects of the interactions between a Virginia HBE and relevant insurance markets or health programs, including Medicaid.

Outside Expertise/Consultants

Alan Newman Research (ANR): conducted eight focus groups and completed a representative survey (1,200) of small and medium Virginia based employers.

Findings:

- Most are concerned about the cost of health insurance and health care
- Less than 20% are skeptical that government can or will do much to improve the level of un-satisfaction in the insurance market
- Most were supportive of the role agents play now and hope they can continue their role in the future
- Employers expressed a desire to have choice over what products their workers could have access to
- Employers expressed interest in low cost wellness programs that are currently unaffordable

Outside Expertise/Consultants

Price-Waterhouse Coopers (PWC): drew upon their experience in Virginia and other insurance markets to help explain the importance of: stable risk pools both in and outside of a Health Benefit Exchange, facilitating competition and market performance regarding price and quality from the perspective of purchasers, employers, and citizens.

The Urban Institute: selected to do econometric modeling for at least 13 other states and used Virginia-specific survey data sets. Provided valuable information, of greatest interest is the coverage change between today (2011) and with the implementation of anticipated reforms in 2014.

	2011	2014	change
Uninsured	1,041,000	515,000	-526 ,000
Medicaid/FAMIS	1,245,000	1,665,000	+ 420,000
Private non-group	312,000	352,000	+ 40,000
Private group	4,331,000	4,397,000	+ 66,000

Where to House a Possible HBE

Options

1. **An existing state agency, such as the Department of Medical Assistance Services or the State Corporation Commission;**
2. A new state agency that could report to the Governor, Secretary of Health and Human Services, or other Cabinet level Secretary;
3. **Quasi governmental entity, similar to the Virginia Housing Development Authority (VHDA); or**
4. A not for profit private entity, similar to the Virginia Health Quality Center (VHQC).

Majority vote: 11-3 (2 abstentions) in favor of establishing a quasigovernmental agency with a governing board.

The Make-up of the Governing Board for a HBE

Recommended Governance Considerations

- The Governance structure will have the administrative flexibility in hiring, compensation, procurement, and transparency
- The Executive Director will be hired by the Governing Board/Advisory Committee
- Conflict of interest guidelines should follow existing state guidelines
- Members will be appointed to the Board/Committee by the Governor and the General Assembly
- The size of the membership be from 11 to 15, with staggered terms of two years, not to exceed four consecutive years
- The Board/Committee should include the Secretary of Health and Human Resources as an ex-officio member.

A Delineation of Specific Functions to be Conducted by the HBE

While a governance structure would have overall responsibilities for a HBE, many operational tasks could be performed by existing agencies and/or through the private sector.

The VHRI Advisory Council identified that Virginia:

- Should utilize existing Exchange entities to the extent possible to avoid duplication and costs of setting up an Exchange;
- Should conduct Medicaid eligibility determinations for the Exchange through DMAS, also acknowledging the work of Health and Human Resources and affiliated secretariats through the development of a one stop system for Medicaid enrollment; and,
- Through the Bureau of Insurance, should potentially conduct HBE functions that are within their current mission and that the HBE or other state agencies should assume roles that are not.

An Analysis of the Potential Effects of the Interactions Between a Virginia HBE and Relevant Insurance Markets or Health Programs, Including Medicaid.

Key Considerations

- Have one administrative structure for a HBE, but two separate risk pools, one for individuals and one for small groups;
- Have the same insurance market rules both inside and outside of a HBE;
- Have the same state mandates inside and outside of a HBE;

An Analysis of the Potential Effects of the Interactions Between a Virginia HBE and Relevant Insurance Markets or Health Programs, Including Medicaid.

Key Considerations (cont.)

- Allow both agents and navigators to have a role in the HBE;
- Design the HBE to be a "passive purchaser" model by allowing all qualified health plans to participate, but in the event of extreme adverse selection, allow the Board, with approval of the Governor, to make temporary adjustments to stabilize the market; and,
- Set the parameters of what decisions should be determined by the legislature, the Board, and the Executive Director.

Additional Consideration

<u>Sustainability of a possible Health Benefits Exchange</u>

Options include but are not limited to:

- Insurance industry user fees;
- State Funding; and
- Exchange entity funding operations.

Federal Timeline for a Health Benefits Exchange

- **January 2013**
  - HHS approves that states are willing and able to implement a HBE by January 2014 (fallback is federal exchange or a federal/state partnership)
- **January 1, 2014**
  - Exchange must be operational
- **2015**
  - Exchange must be self-funded
- **2017**
  - State Option: Exchange can choose to add large employers

Next Steps

- Governor will consider the recommendations put forth by the Virginia Health Reform Initiative Advisory Council
- Policies will be considered and options identified as to how best prepare the Commonwealth to meet federal expectations regarding a Health Benefits Exchange

Department of Justice

DOJ Findings

Department of Justice – Civil Rights Division

Investigation of the Central Virginia Training Center and the Commonwealth of Virginia's compliance with Title II of the Americans with Disabilities Act as interpreted by Olmstead v. L.C.

- Failure in providing services in the most integrated and appropriate setting
- Failure to develop a sufficient quantity of community-based alternatives, particularly for individuals with complex needs
- Flawed discharge planning process at training centers
- Places individuals in the community at-risk of unnecessary institutionalization

DOJ Negotiation Process

Virginia Team

Lead Counsel-Office of the Attorney General

Deputy Secretaries-OSHHR

Deputy Commissioner/Director-DMAS, DBHDS

Deputy Director-Department of Planning and Budget

Technical Support

Counselor and Senior Advisor to the Governor

Staff/Leadership – OSHHR, DPB, DMAS, DBHDS,

Consult

Governor McDonnell

Chief of Staff

Secretary of Health and Human Resources

Secretary of Finance

Counselor and Senior Advisor to the Governor

DOJ Negotiation Process

- **Divided settlement negotiation into topics**
- **Meeting frequently**
  - Phone or Face to Face
- **Lead Attorneys in frequent communication**
  - Sharing draft negotiation documents
  - Providing data/feedback
  - Working to provide follow-up information requested via meetings

Behavioral Health and Developmental Services Trust Fund

Behavioral Health and Developmental Services Trust Fund (§37.2-319)

- Funds to be used to provide services for: individuals with mental illness, substance use, intellectual disabilities and to facilitate transition of individuals with intellectual disabilities from state training centers to community-based services
- Secretary of Health and Human Resources must develop a plan to transition individuals from training centers to community-based settings:
  - Offer a broad array of community-based services
  - Address the availability of appropriate community housing
  - Include facility specific objectives and timeframes to implement changes
  - Include input from individuals receiving training center services, their families, CSBs, private providers, and DMAS
  - Plan submitted to the Governor and General Assembly before November 1, 2011

Behavioral Health and Developmental Services Trust Fund (§37.2-319)

- Virginia expects DOJ resolution prior to the expenditure of most funds
- Public Hearings in each Training Center Region (Summer 2011)
  - CVTC (Region 1) – one hearing
  - NVTC (Region 2) – one hearing
  - SWVTC (Region 3) – one hearings
  - SVTC (Region 4) – one hearing
  - SEVTC (Region 5) – one hearing
- Solicit input regarding training centers and community-based services from:
  - Individuals living at training centers
  - Family members
  - CSBs
  - Private providers
  - Other interested parties

Trust Fund Expenditures – to date

Position	# of New Positions	Estimated Cost per Position*	State General Funds	Federal Medicaid Matching Funds	Total Funds	Funding Source
Community Resource Consultant	5	$100,000	$250,000	$250,000	$500,000	$250,000 from the FY12 Appropriation
Community Integration Manager	5	$100,000	$250,000	$250,000	$500,000	$150,000 from FY12 Appropriation/ $100,000 from Trust Fund
START Coordinator	1	$100,000	$100,000	Not eligible	$100,000	Trust Fund
Facility Operations Manager	1	$100,000	$50,000	$50,000	$100,000	Trust Fund
Trust Fund Coordinator	1	$80,000	$80,000	Not eligible	$80,000	Trust Fund
TOTAL—all new positions	13	N/A	$730,000	$550,000	$1.28M	$330,000 from Trust Fund/ $400,000 from FY 12 Appropriation

*Estimated Cost per Position includes salary, benefits, and estimated travel costs.