



Department of Medical Assistance Services



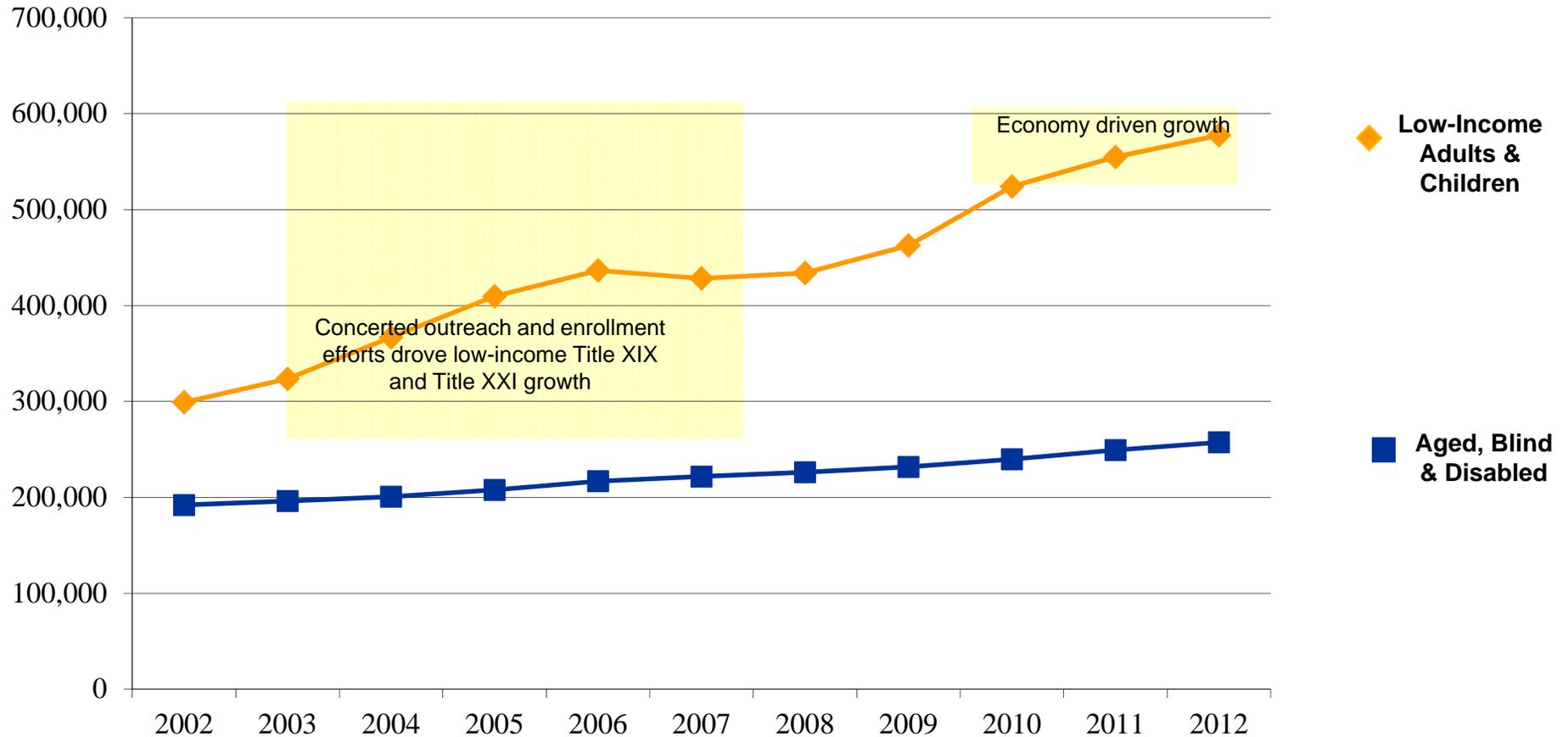
Medicaid 2012 Briefing

Presentation to Senate Finance Committee
Subcommittee on Health & Human Resources

September 20, 2012



Virginia Medicaid Enrollment Trends FY02 - FY12



Notes:

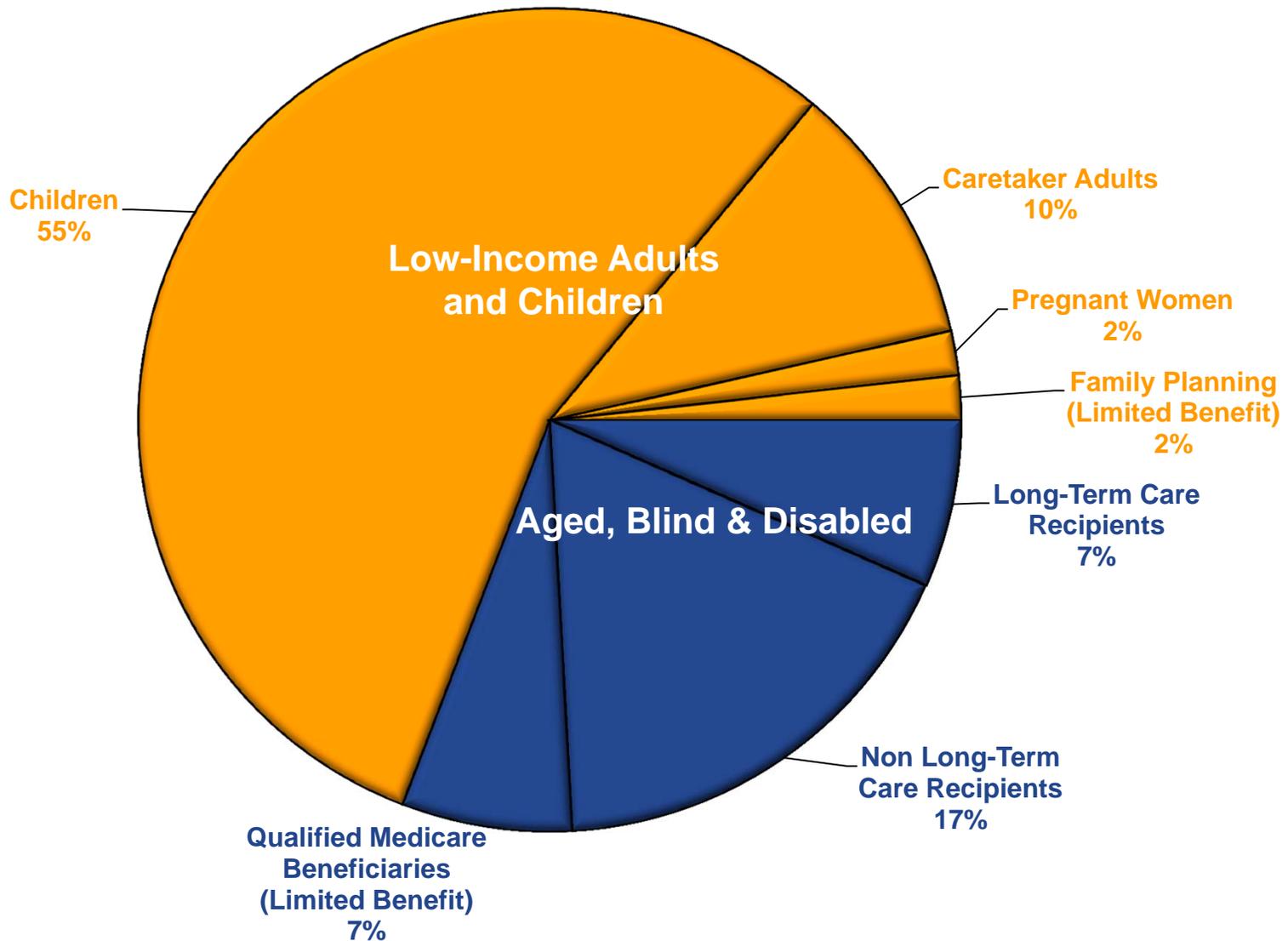
Average monthly enrollment in the Virginia Medicaid, as of the 1st of each month.

Medicaid: average annual growth 2002-2012 – 5%;

Low-income adults/children population - average annual growth rate – 7%;

ABD population – average annual growth rate – 3%; (increases in LTC waiver slots & enrollments)

Medicaid Enrollment in Virginia – SFY 2012



Medicaid Eligibility in Virginia

CHILDREN

- Mandatory Ages 0-6: 0-133% FPL
Ages 6-19: 0-100% FPL
- Optional Ages 6-19: 100-133% FPL
Ages 0-19: 133-200% FPL

MEDICARE BENEFICIARIES

- Mandatory
- QMBs up to 100% FPL
- SLMBs above 100 -120% FPL
- QIs above 120-135% FPL

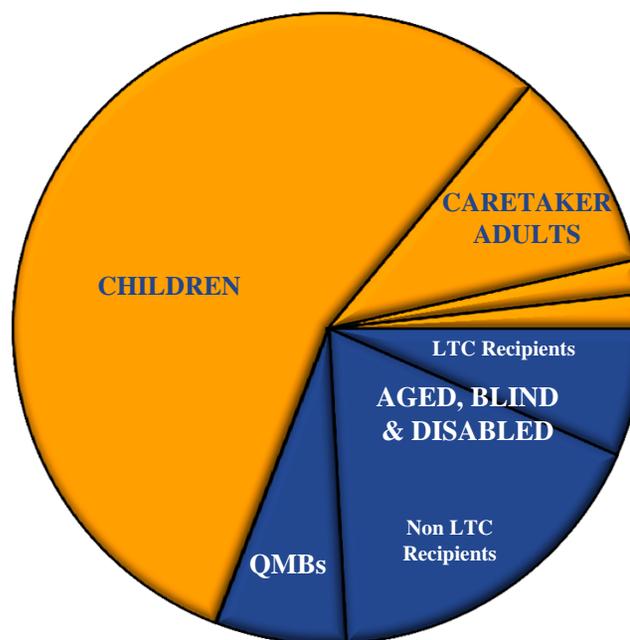
AGED, BLIND & DISABLED

- Mandatory

SSI Recipients (0 – approx 74% FPL)
LTC Recipients on Medical Spenddown

- Optional

Non SSI Recipients: 0-80% FPL
Long-Term Care 80% FPL-300% SSI



CARETAKER ADULTS

- Mandatory

0% – average 26% FPL

PREGNANT WOMEN

- Mandatory 26-133% FPL
- Optional 133 -200% FPL

FAMILY PLANNING

- Optional

Average 26% – 200% FPL

Notes:

¹Mandatory to cover caretaker adults however the income methodology used is optional. Virginia’s methodology is tied to the old AFDC payment rates with an annual CPI increase. Virginia’s eligibility level is very close to the minimum allowed.

²As a 209(b) state, without this eligibility option, another option would have to be offered to allow the ABD population to spend down to achieve eligibility. Virginia also offers a Medically Needy option for children under age 18 and pregnant women.

SFY 12 Enrollment & Expenditures Statistics

CHILDREN

461,124 Average Monthly Enrollment
\$1.4 billion Expenditures

CHIP– 110,149 Avg Monthly Enrollment
 FY12 CHIP Expenditures - \$233 million

QUALIFIED MEDICARE BENEFICIARIES

Average Monthly Enrollment - **55,949**
 FY12 Total Expenditures –**\$71 million**

AGED, BLIND & DISABLED

Non Long-Term Care Recipients
 Average Monthly Enrollment - **146,349**
 FY12 Total Expenditures –**\$2.2 billion**

Long-Term Care Recipients
 Average Monthly Enrollment - **55,067**
 FY12 Total Expenditures –**\$2.2 billion**

CARETAKER ADULTS

Average Monthly Enrollment - **87,188**
 FY12 Total Expenditures –
\$519 million

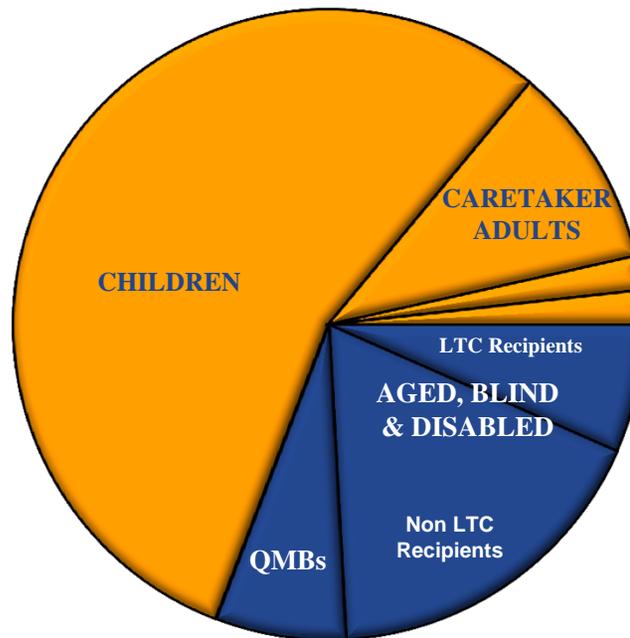
PREGNANT WOMEN

Average Monthly Enrollment - **14,565**
 FY12 Total Expenditures –
\$139 million

FAMIS MOMS–1,333 \$15m

FAMILY PLANNING

Average Monthly Enrollment - **14,634**
 FY12 Total Expenditures –
\$2.3 million

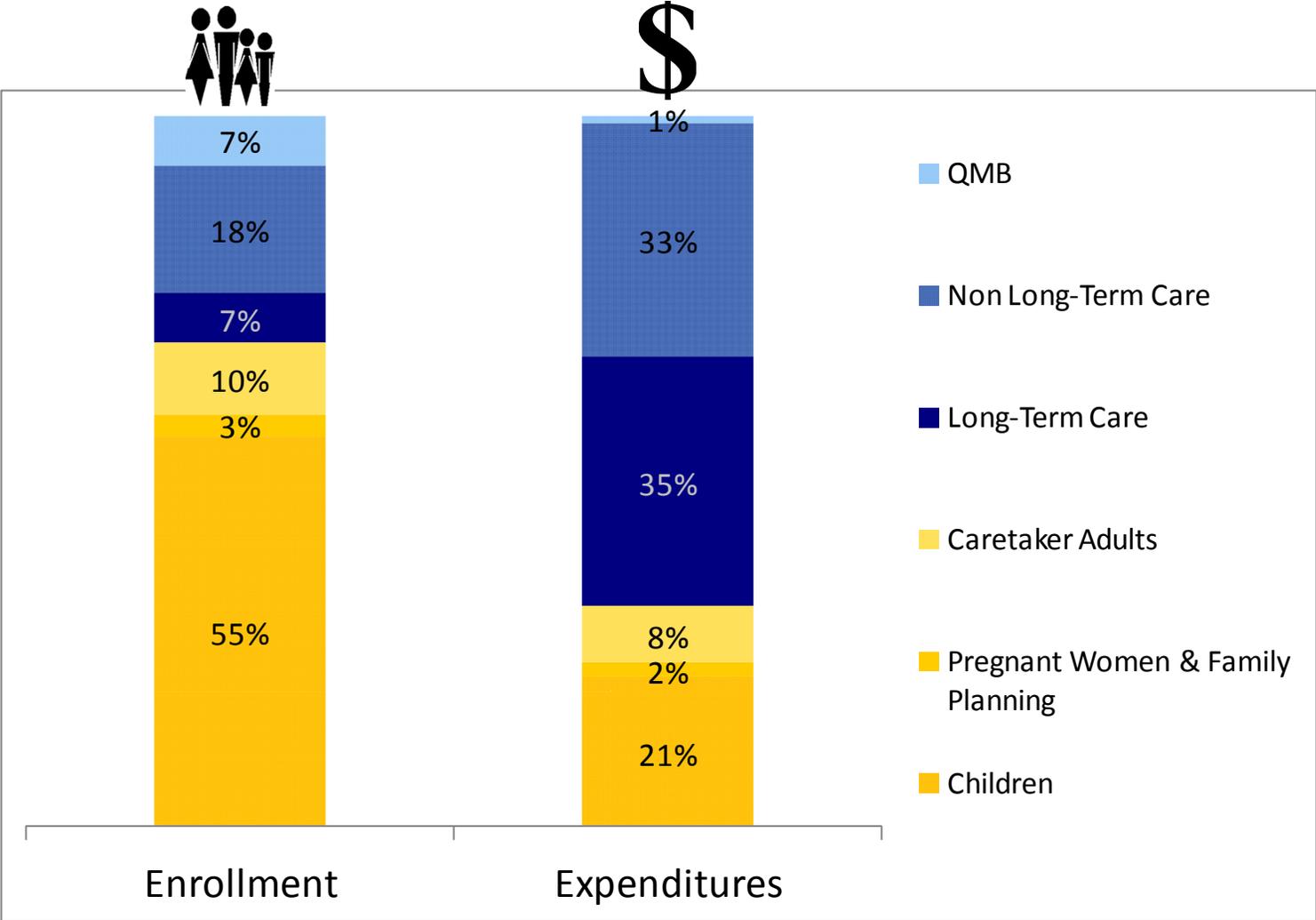


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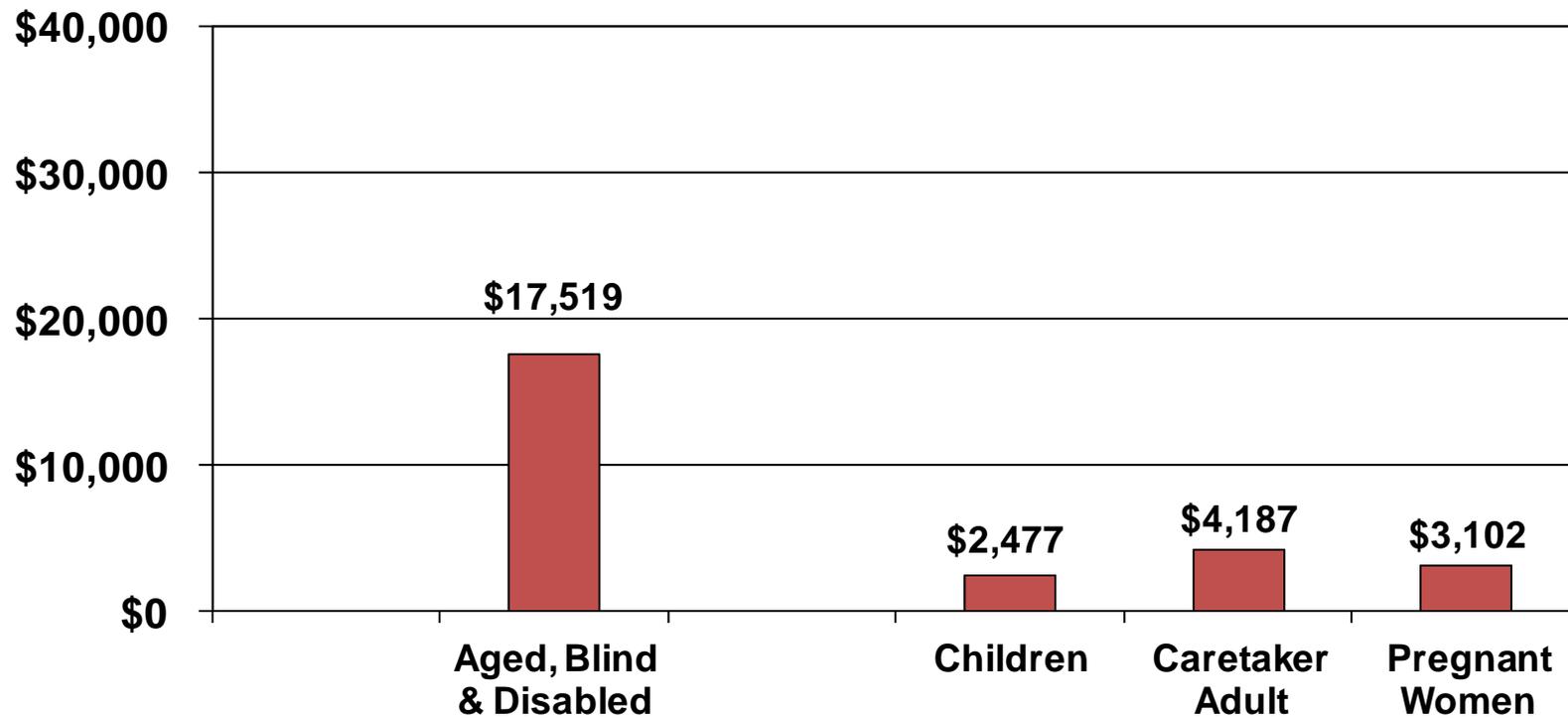
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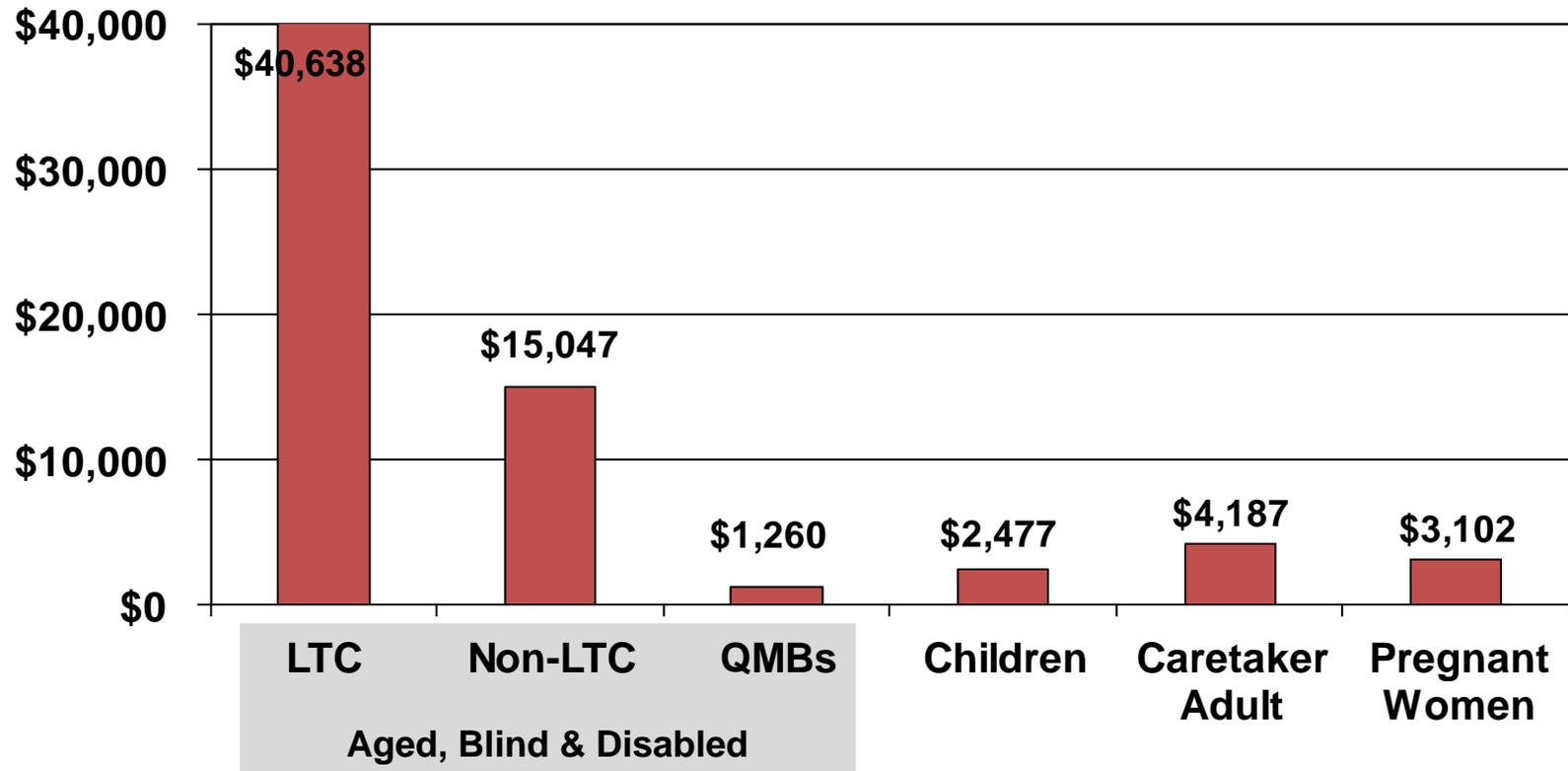
Medicaid Enrollment v. Spending



SFY12 Average Annual Cost per Recipient



SFY12 Average Annual Cost per Recipient



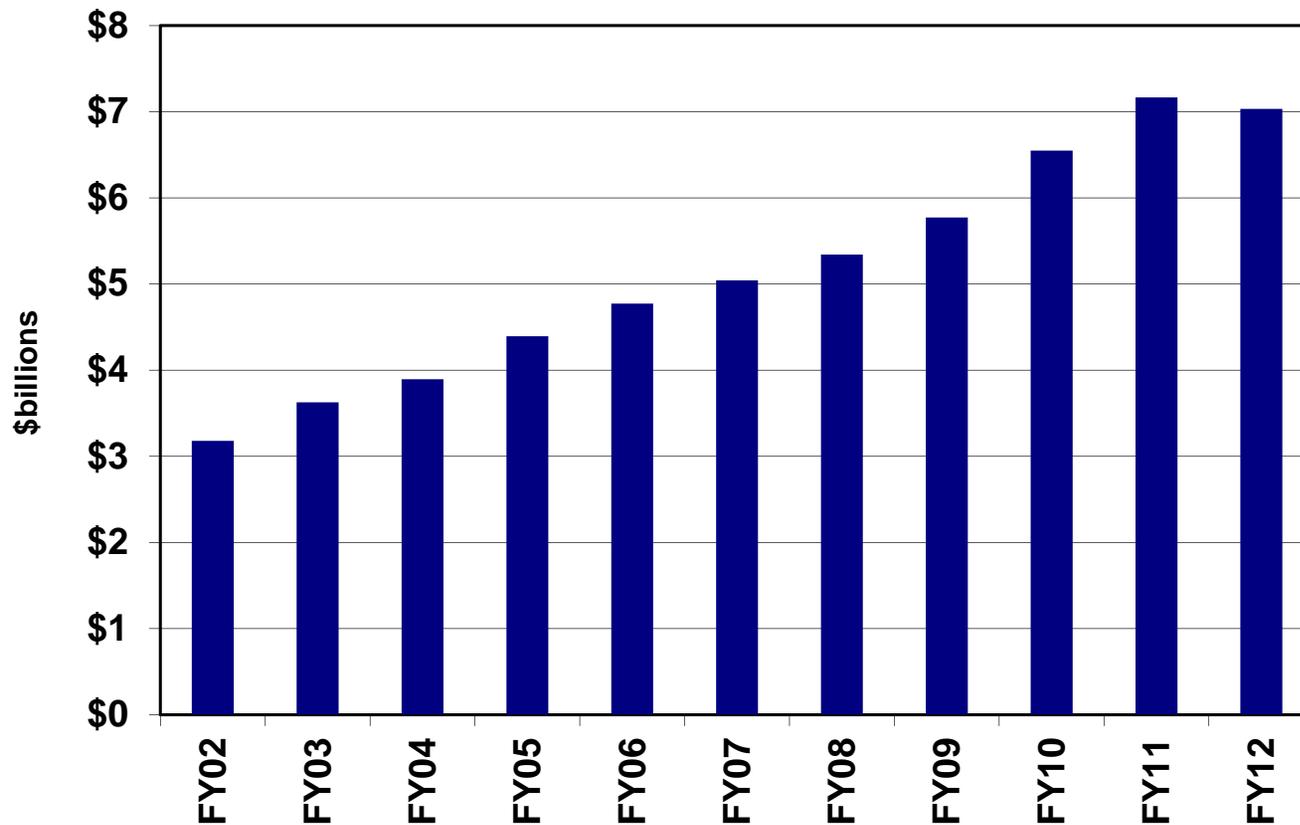
Participating States Must Provide Certain Medicaid Services

- Hospital Inpatient, Outpatient, & Emergency Services
- Nursing Facility Services
- Physician Services
- Medicare Premiums, copays and deductibles (Part A and Part B)
- Certified Pediatric Nurse & Family Nurse Practitioner Services
- Certain Home Health Services (nurse, aide, supplies and treatment services)
- Laboratory & X-ray Services
- Early & Periodic Screening, Diagnostic & Treatment (EPSDT) Services
- Nurse-Midwife Services
- Rural Health Clinics
- Federally Qualified Health Center Clinic Services
- Family Planning Services & Supplies
- Transportation

Virginia Also Covers Some Allowable But Optional Services

- Prescribed Drugs
- Mental Health & Mental Retardation Services
- Home & Community-Based Care Waiver Services
- Skilled Nursing Facility Care for Persons under age 21
- Dental Services for Persons under age 21
- Physical Therapy & Related Services
- Clinical Psychologist Services
- Podiatrist Services
- Optometrist Services
- Services provided by Certified Pediatric Nurse & Family Nurse Practitioner
- Home Health Services (PT, OT, and Speech Therapy)
- Case Management Services
- Prosthetic Devices
- Other Clinic Services
- Hospice Services
- Medicare Premiums/copays/deductibles

Virginia Medicaid Expenditures

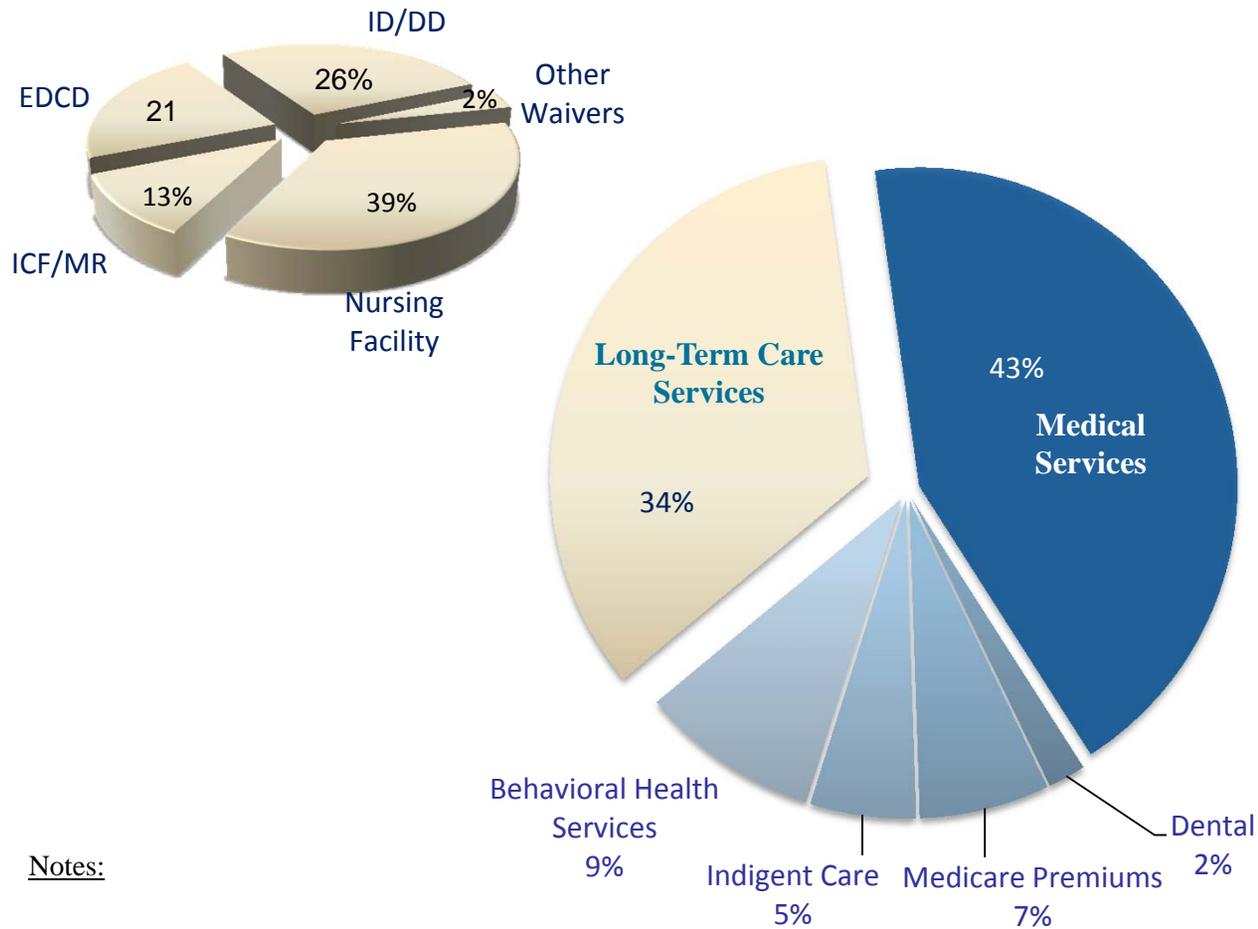


Top Expenditure Drivers

- **Enrollment Growth:** *Now provide coverage to over 400,000 more members than 10 years ago (80% increase)*
- **Growth in the cost of health care**
- **Specific Services:** *Significant growth in expenditures for Home & Community Based Long-Term Care services and Community Behavioral Health services*

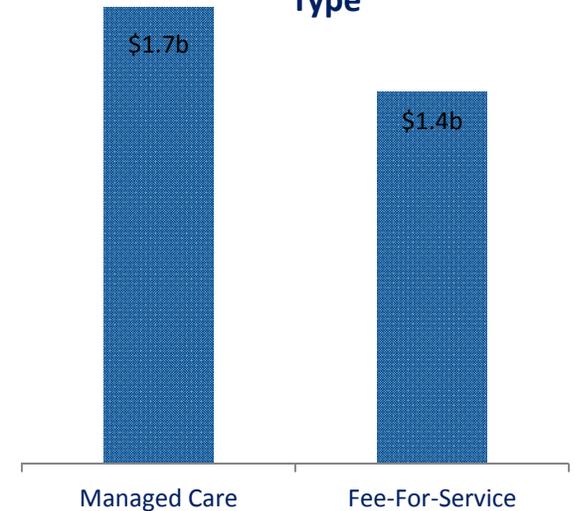
Composition of Virginia Medicaid Expenditures – SFY 2012

Long-Term Care Expenditures

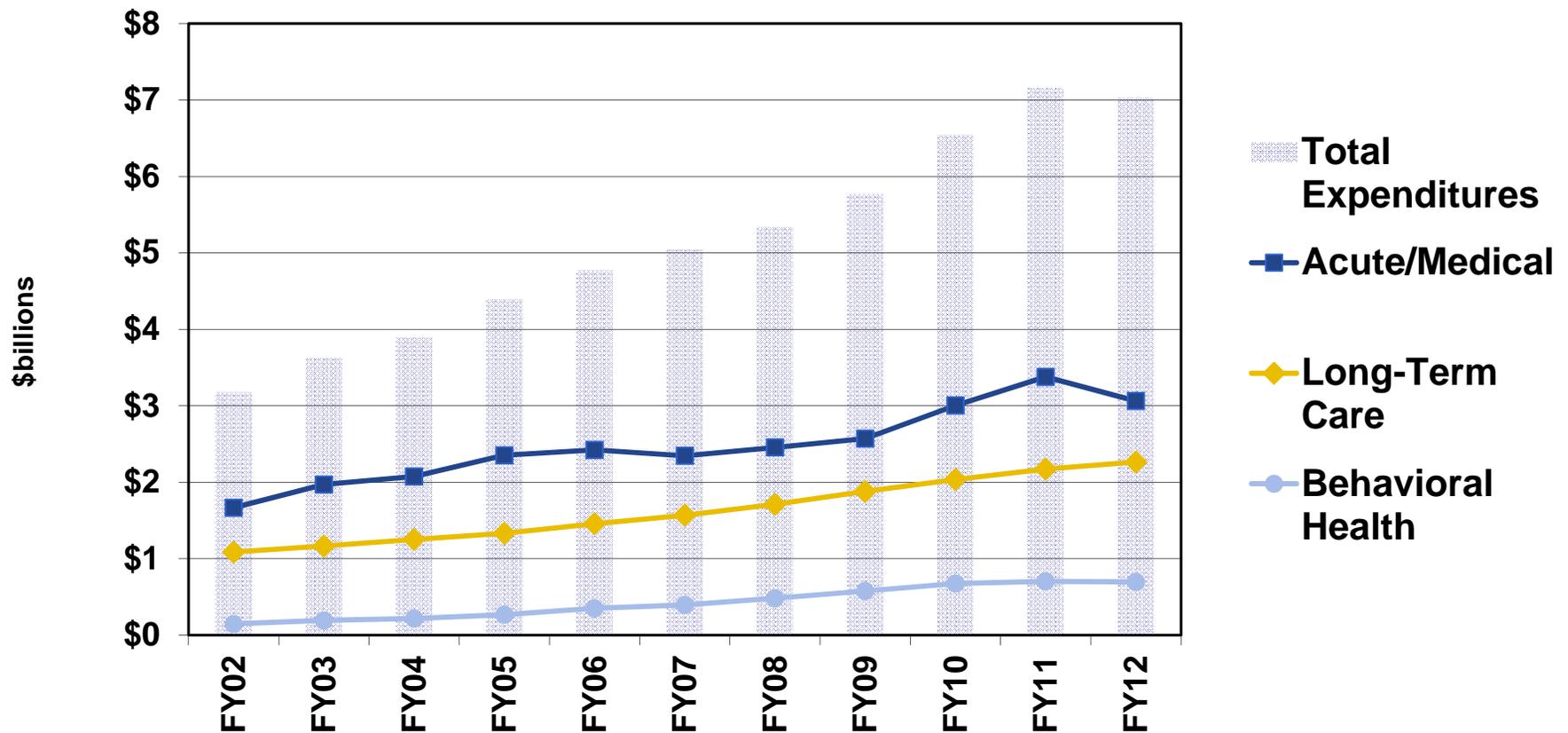


Notes:

Medical Services by Delivery Type



Virginia Medicaid Expenditures



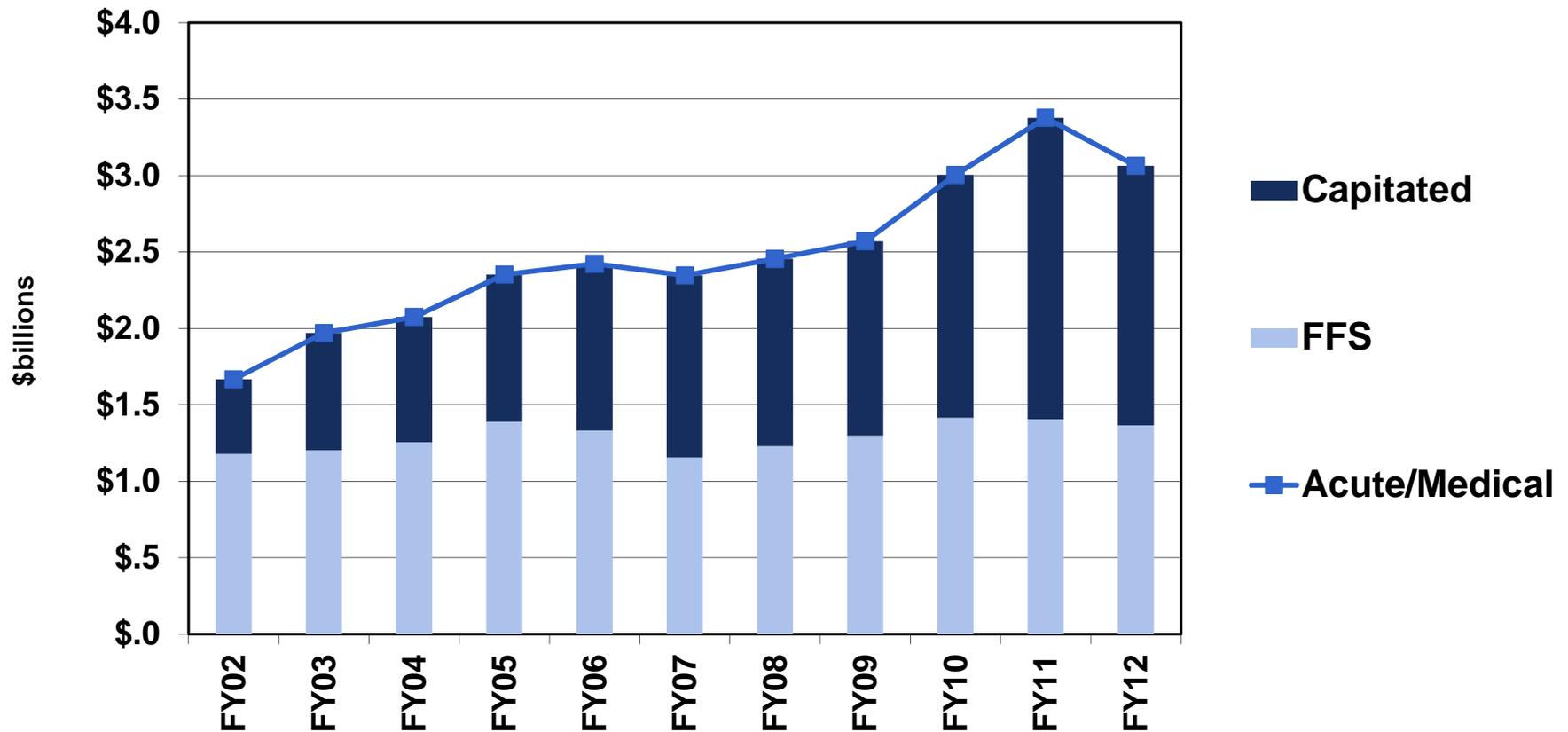
Notes:

Average annual growth Acute/Medical– 7%

Average annual growth LTC – 8%

Average annual growth Behavioral Health– 17%

Virginia Medicaid Expenditures – Acute/Medical Services



Notes:

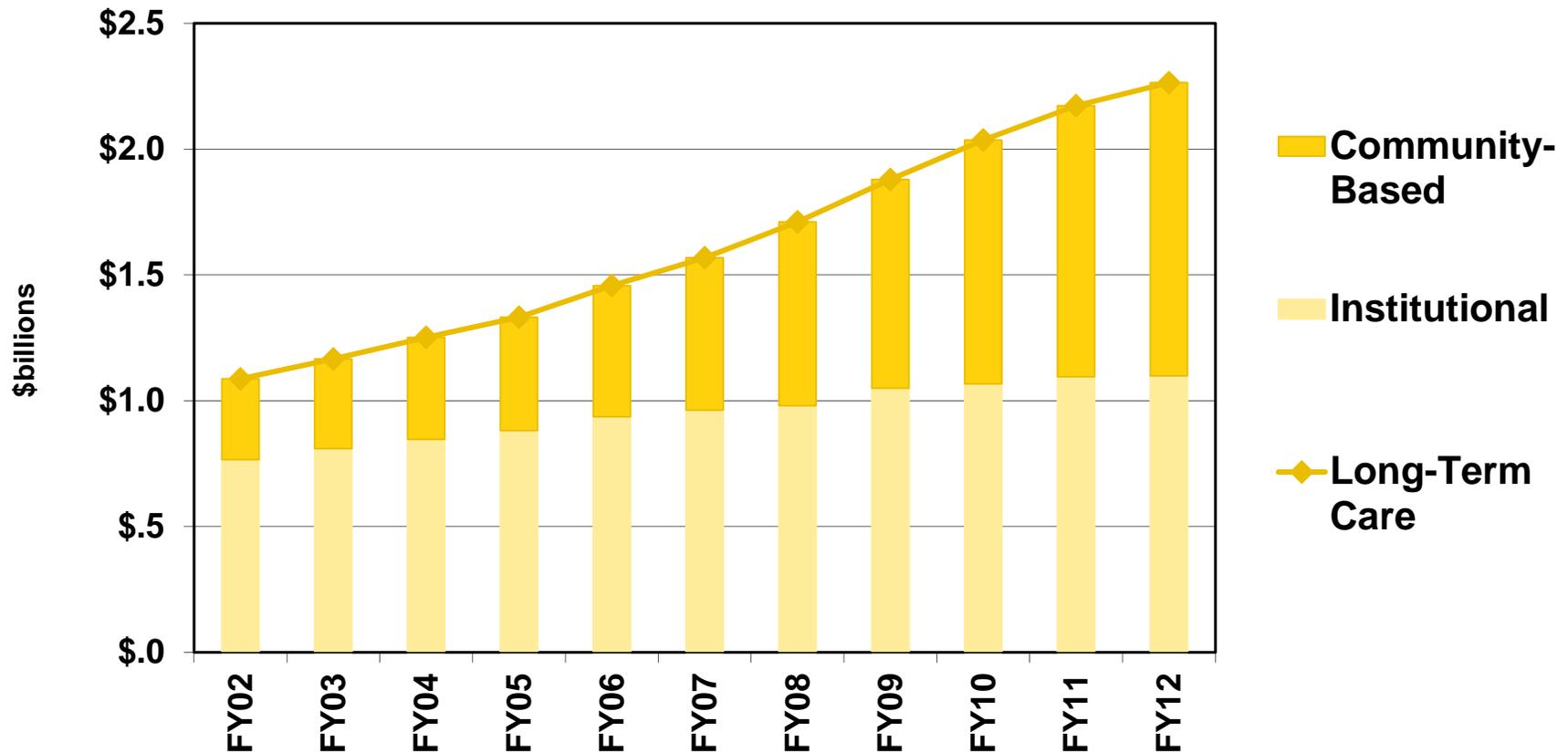
Average annual growth total Acute/Medical – 7%

Average annual growth FFS – 2%

Average annual growth Capitated Care – 15%

Proportion of Acute/Medical services paid through Capitated Care has increase from 29% in FY02 to 55% in FY12

Virginia Medicaid Expenditures – Long Term Care Services



Notes:

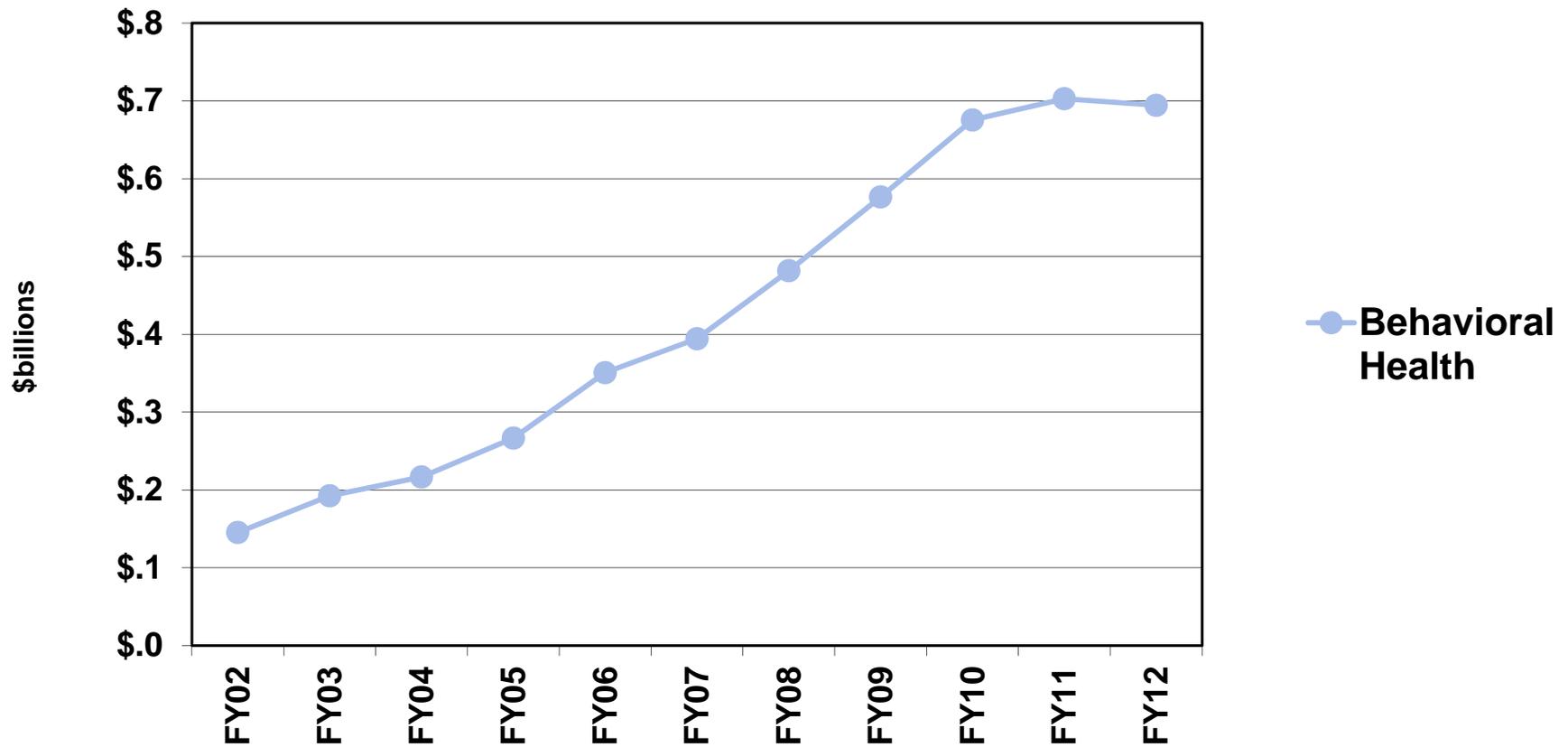
Average annual growth total Long Term Care services – 8%

Average annual growth Institutional services– 4%

Average annual growth Community-Based services– 14%

Proportion of Long Term Care services paid through Community-Based care has increase from 30% in FY02 to 51% in FY12

Virginia Medicaid Expenditures – Behavioral Health Services



Notes:

Average annual growth Behavioral Health Services – 17%

FY2002 – FY2010 growth rate – 21%

FY2010 – FY2012 growth rate – 1%

Medicaid Reforms/Savings

| Estimated Total Funds Savings (\$millions) | | | |
|---|----------|----------|----------|
| | FY 2012 | FY 2013 | FY 2014 |
| Managed Care Expansion – Roanoke Region & Southwest Virginia | (\$1.6) | (\$11.0) | (\$12.4) |
| Managed Care Expansion – Foster Care Children | | (\$5.6) | (\$5.4) |
| Behavioral Health – CSB Independent Assessments | (\$5.7) | (\$15) | (\$16) |
| Duals | | | (\$11.3) |
| Home & Community Based LTC Service Cost Containment Initiatives (Respite Hour Reduction & Weekly Personal Care Cap) | (\$17.0) | (\$18.5) | (\$20.1) |
| Enrolling Veterans in Federal Health Care Programs | | (\$2.0) | (\$9.9) |
| Increased Recoveries from Additional Audits | (\$3.0) | (\$5.1) | (\$5.2) |
| Other Savings Initiatives | | | |
| Provider Rate Cuts | | | |
| Withholding (Reducing) Inflation from Facilities | | | |
| | | | |

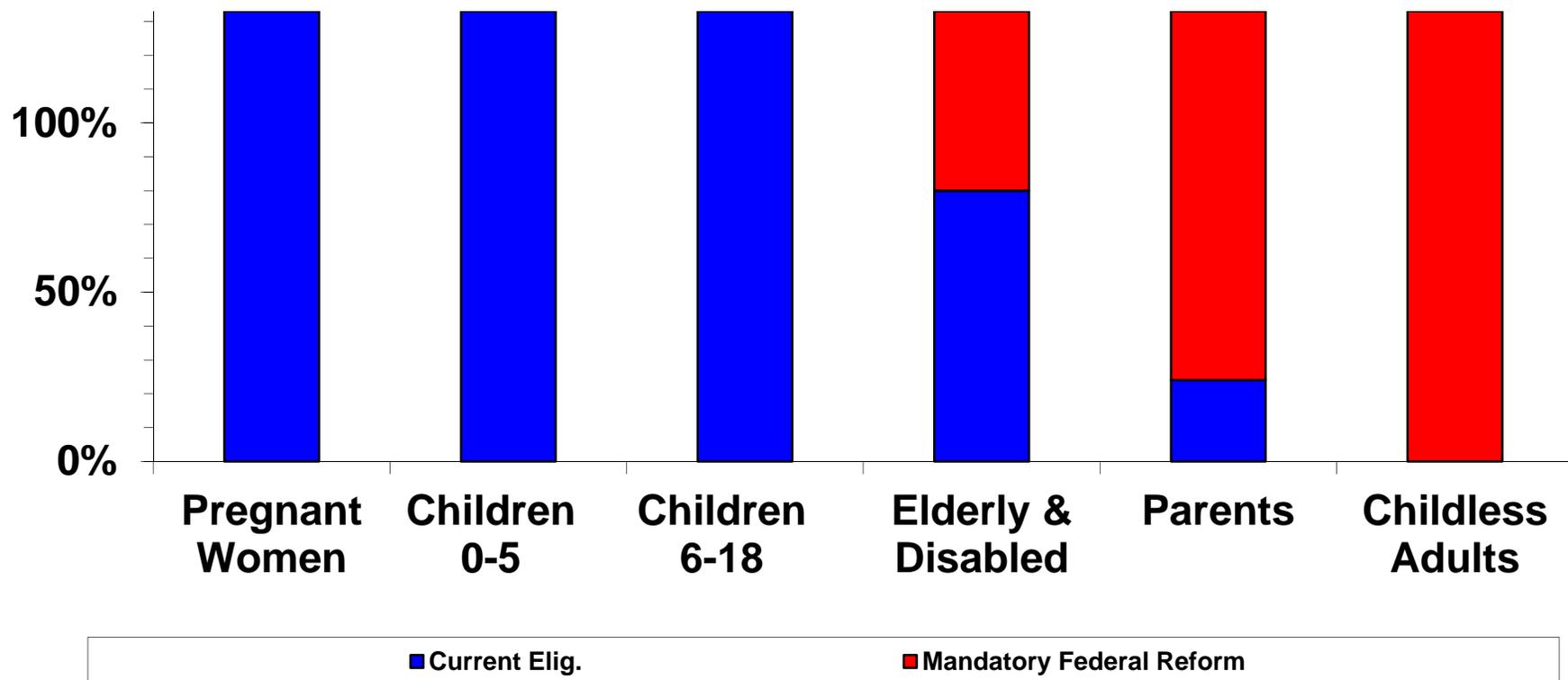
Funding in DMAS Budget Related to ACA Initiatives

| Proposal | FY 2013 | | | FY 2014 | | |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| | GF | NGF | Total Funds | GF | NGF | Total Funds |
| Fund Implementation of Federal Provider Screening Regulations | \$2,308,220 | \$3,460,999 | \$5,769,219 | \$745,567 | \$978,262 | \$1,723,829 |
| Implement physician primary care rate increase | \$0 | \$35,265,514 | \$35,265,514 | \$0 | \$73,275,375 | \$73,275,375 |
| Fund HIT | \$2,643,269 | \$18,321,188 | \$20,964,457 | \$919,552 | \$4,490,029 | \$5,409,581 |
| Fund DMAS' HIE Participation Cost | \$125,000 | \$125,000 | \$250,000 | \$125,000 | \$125,000 | \$250,000 |
| Fund cost of implementing and administering the Medicaid Electronic Health Records (EHR) Incentive Program | \$821,343 | \$7,392,091 | \$8,213,434 | \$821,343 | \$7,392,091 | \$8,213,434 |
| Appropriate Federal Funds for Medicaid EHR Program | \$0 | \$20,000,000 | \$20,000,000 | \$0 | \$20,000,000 | \$20,000,000 |
| Fund administrative costs associated with mandated Recovery Audit Contractor (RAC) program | \$124,302 | \$124,302 | \$248,604 | \$124,302 | \$124,302 | \$248,604 |
| MCO Rx Rebates | (\$45,500,000) | (\$45,500,000) | (\$91,000,000) | (\$45,500,000) | (\$45,500,000) | (\$91,000,000) |
| Jan 2014 Federal Health Reform - Woodwork | | | | \$44,344,235 | \$44,344,235 | \$88,688,470 |
| Jan 2014 Health Reform - Expansion (100% NGF) | | | | \$0 | \$1,099,698,317 | \$1,099,698,317 |

Mandatory Medicaid Reforms
Post SCOTUS

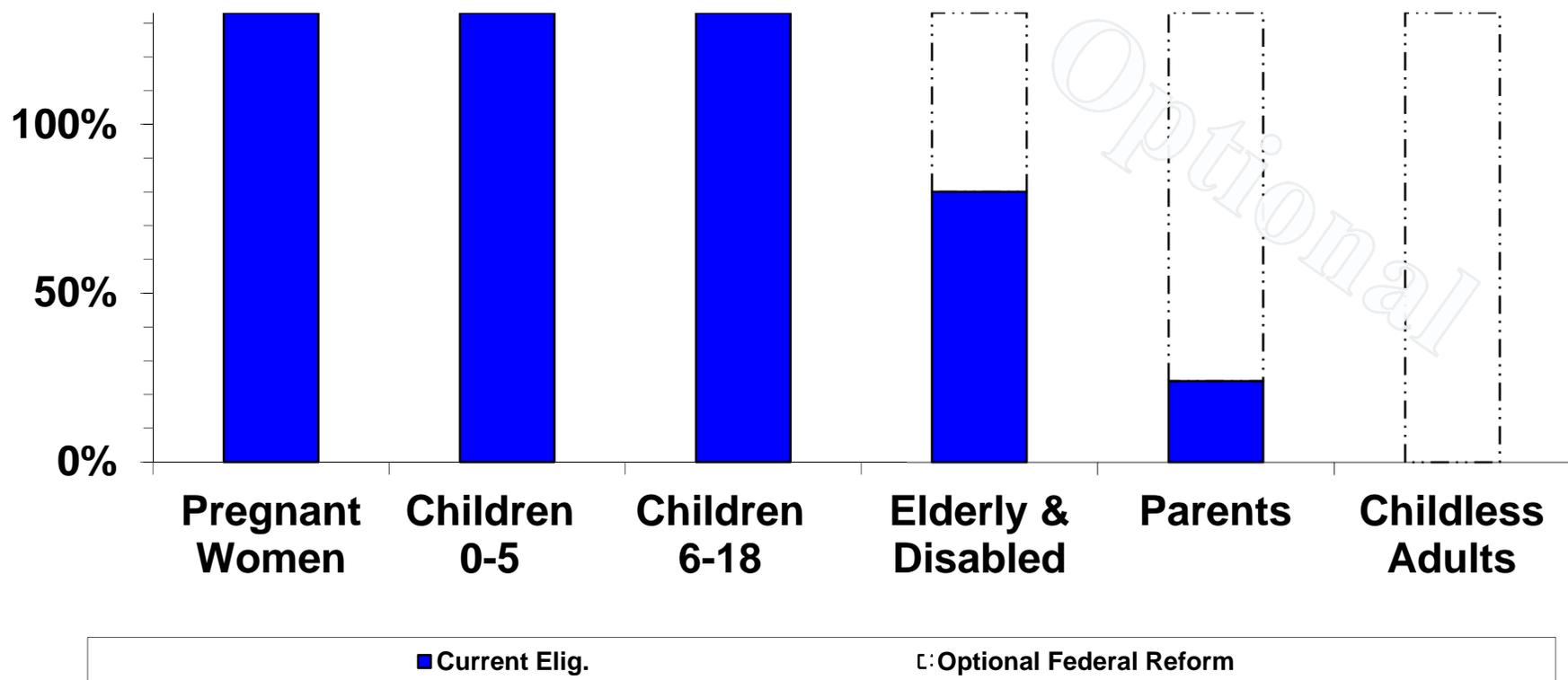
Eligibility Expansion: What We Thought Before June 28th

- Effective January 1, 2014: Mandatory Expansion of Medicaid Coverage of Adults to 133% of the Federal Poverty Level (FPL), plus a 5% income disregard



Eligibility Expansion: What We Know Now

- The Supreme Court effectively ruled that the Medicaid Expansion was optional for states
- This ruling causes the expansion to be a policy choice for Virginia, as opposed to a federal mandate



Eligibility Expansion: Potential Impacts

- When implemented, the mandatory expansion was estimated to:
 - add upwards of 425K* “new” + “woodwork” recipients to Virginia’s Medicaid roles
 - “new” population subject to an enhanced federal match rate
 - “woodwork” population under the existing match
 - require an additional State Medicaid expenditure of upwards of \$2.15* billion through 2022

- But...
 - DMAS now has no authority to implement the expansion without explicit policy direction and appropriation from the Governor and the General Assembly
 - It is unclear if states will have any options for expanding in ways other than what was heretofore required under PPACA, while still securing the enhanced federal match

* Estimates from the 8-21-10 DMAS presentation to the Virginia Health Reform Initiative Advisory Committee; DMAS is currently re-estimating the impact of the now-optional expansion, but those estimates are not yet available

Beyond the Expansion, Eligibility Reforms Remain Mandatory

- Regardless of Virginia's decisions surrounding any potential Medicaid expansion, many eligibility "reforms" remain mandatory for Virginia
 - Modified Adjusted Gross Income (MAGI): As of January 1, 2014, PPACA modified the way states will calculate income for many existing coverage groups, primarily children, pregnant women, and low-income adults with children
- A new Eligibility and Enrollment (E&E) system and administrative structural changes are required to comply with MAGI and other provisions of PPACA for the existing population, regardless of the State's decision to expand coverage
- The Supreme Court decision did not remove the Maintenance of Eligibility (MOE) requirement under the PPACA

Payment/Provider “Reforms” with a Substantial Impact on Virginia

- The PPACA contains substantial payment/provider reforms that remain a significant concern to DMAS, including (among others):
 - Mandated reductions in federal Disproportionate Share Hospital (DSH) payment under Medicaid
 - Mandated increase (to Medicare levels) for Primary Care Physician Services in Medicaid
 - Significant federal changes and state administrative complexity in Medicaid provider screening, enrollment and termination requirements