
Overview of DMAS Budget Provisions: *Introduced Budget*

Presentation to the
Subcommittee on Health and Human Resources
Senate Finance Committee

Total DMAS Funding - Introduced Budget

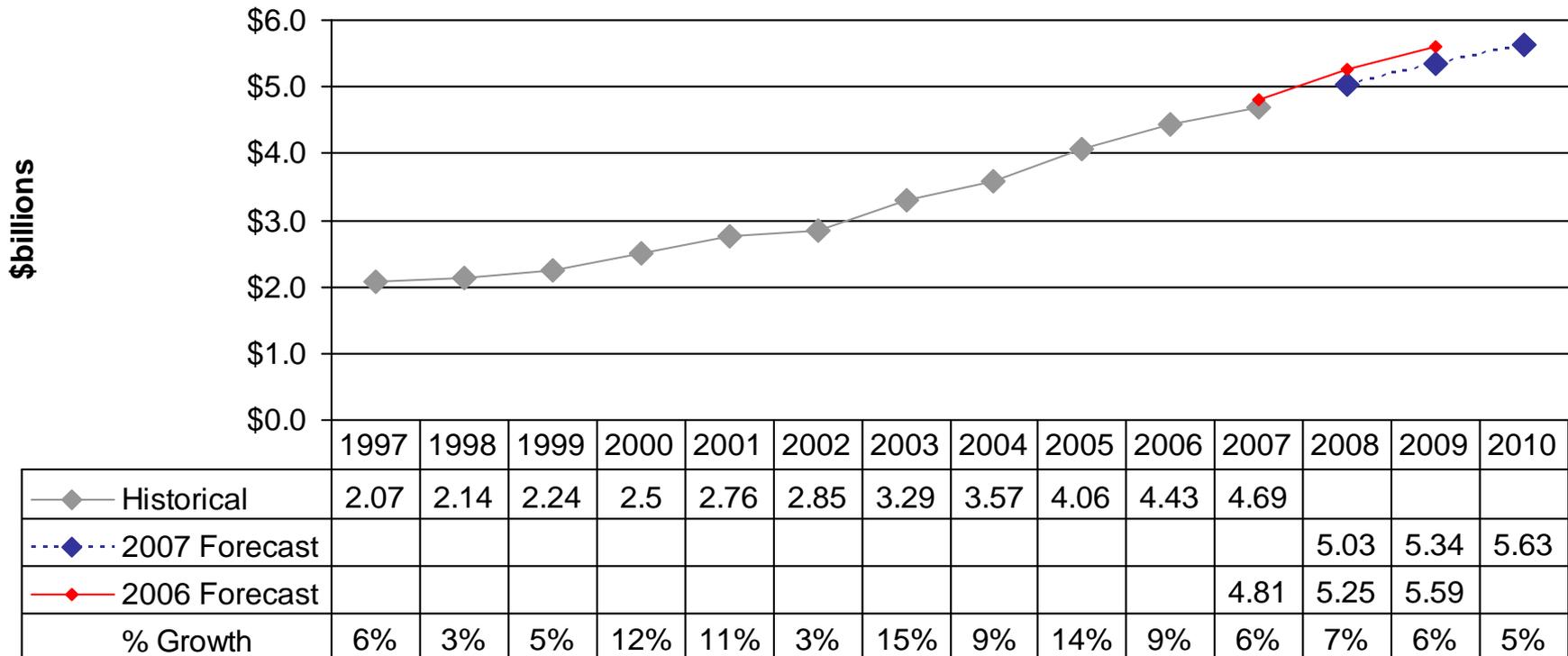
- The Department of Medical Assistance Services budget includes the Governor's Budget reduction initiatives and relatively modest increases of 2% and 7.5% for FY09 and FY10 respectively.

	Total Funds in Millions		
	FY2008	FY2009	FY2010
Base Appropriation	\$5,760.0	\$5,760.0	\$5,760.0
Proposed Funding Actions	(\$90.1)	\$115.5	\$434.6
Total Proposed Budget	\$5,668.9	\$5,875.4	\$6,194.6

*Totals may not sum due to rounding. The FY 2008 base appropriation differs from the agency's current appropriation as the FY 2008 savings in the Governor's Budget Reduction plan were implemented in October 2007.

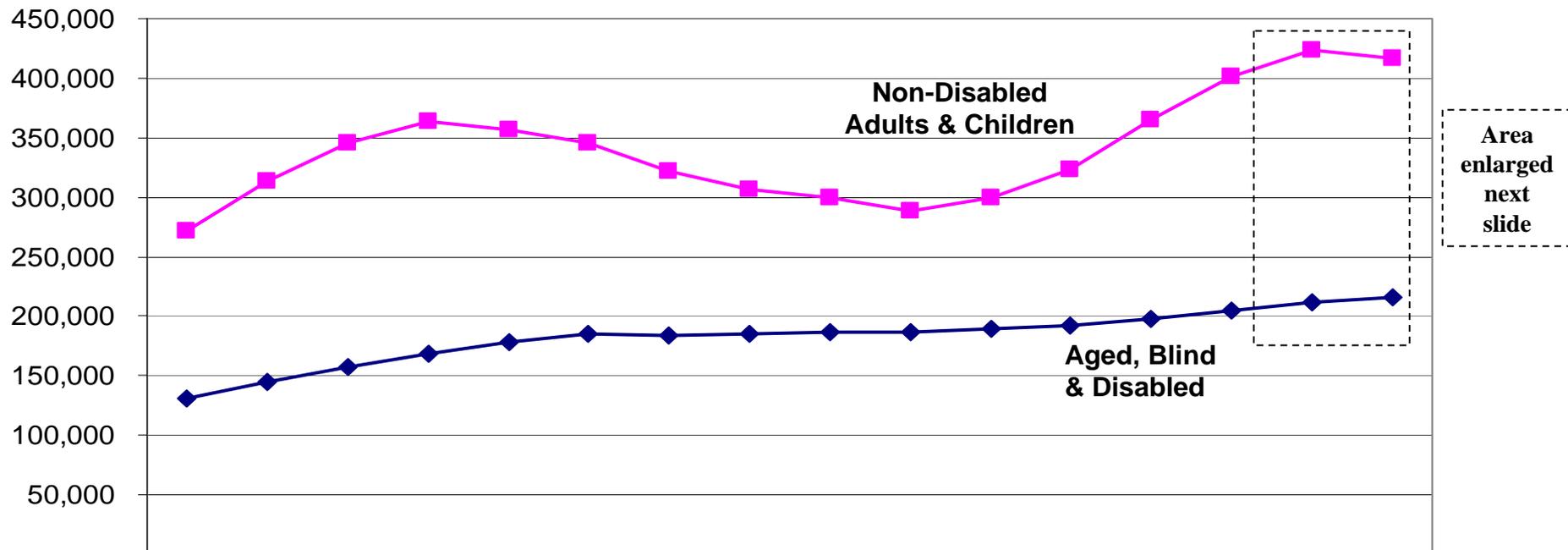
2007 Consensus Medicaid Forecast

Historical and Projected Expenditures for General Medicaid, Long-Term Care and Mental Health Services (\$billions)



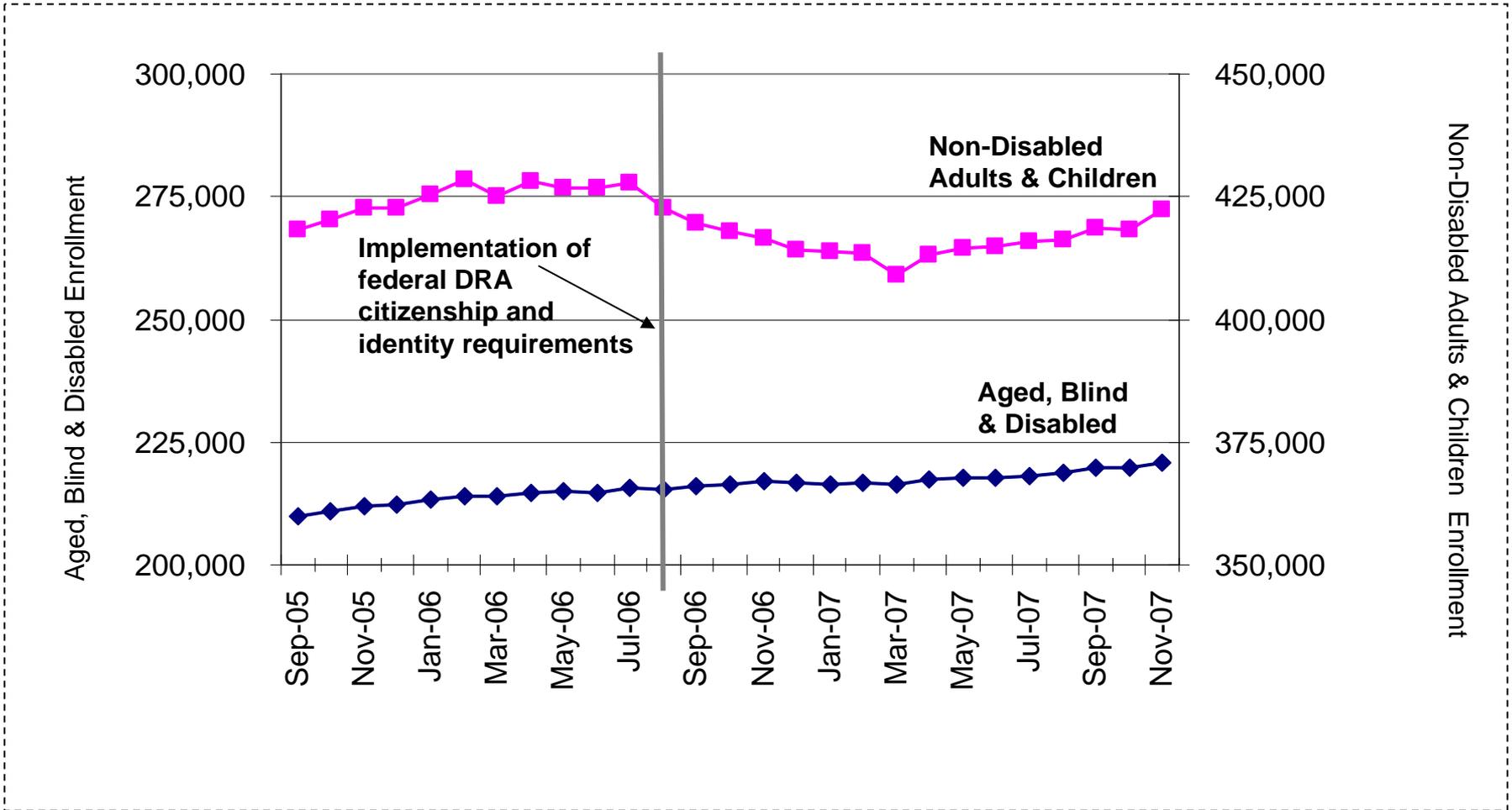
% Growth reflects annual growth of historical expenditures and the 2007 forecast.

Medicaid Enrollment Trends

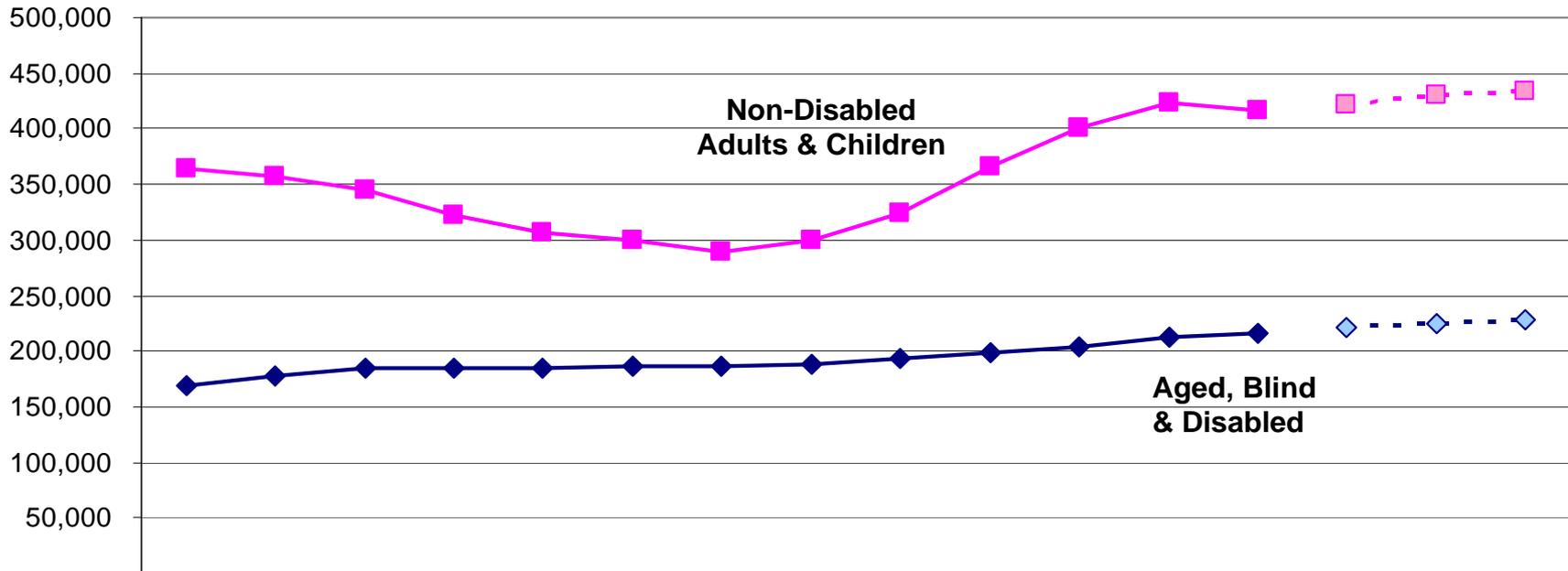


	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
■ Adults & Children		16%	10%	5%	-2%	-3%	-7%	-5%	-3%	-4%	4%	8%	13%	10%	5%	-2%
◆ Aged, Blind & Disabled		11%	9%	7%	6%	4%	-1%	0.4%	1%	-0.1%	1%	2%	3%	3%	6%	4%

Medicaid Enrollment Trends



Medicaid Enrollment Projections



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
■ Adults & Children	5%	-2%	-3%	-7%	-5%	-3%	-4%	4%	8%	13%	10%	5%	-2%	1.3%	1.8%	1.1%
◆ Aged, Blind & Disabled	7%	6%	4%	-1%	0.4%	1%	-0.1%	1%	2%	3%	3%	6%	4%	2.1%	1.9%	1.4%

Forecast Drivers

- **The current forecast for FY 2008 through FY 2010 reflects:**
 - **Enrollment growth off the lower base**
 - **Relatively modest growth in utilization and unit cost for most services**
 - **Addition of substance abuse services July 1, 2007**
 - **Continued significant growth in mental health service expenditures**

Proposed Budget Amendments

■ Medicaid Utilization & Inflation:

Adjustment in DMAS' appropriation for the Medicaid program to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2008	(\$49.7)	(\$46.3)	(\$96.0)
FY2009	\$98.7	\$110.1	\$208.8
FY2010	\$245.3	\$253.8	\$499.1

■ FAMIS/SCHIP Utilization & Inflation:

Adjustment in DMAS' appropriation for the Family Access to Medical Insurance Security Plan (FAMIS) to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$2.3	\$4.1	\$6.4
FY2009	\$10.3	\$19.0	\$29.3
FY2010	\$17.0	\$31.3	\$48.3

Proposed Budget Amendments

■ Governor's Budget Reduction Initiatives:

- Medicaid MCO rates below projections
- Deinstitutionalization of Medicaid recipients (language included to add 220 MR waiver slots and 30 DD slots)
- Expand the Medicaid Preferred Drug List (language exempting anti-depressants and anti-anxiety medications removed)
- Implement pharmacy program savings (dose optimization and quantity limit initiatives)
- Improve the management of Mental Health rehabilitation services (language included to allow for prior authorization and utilization review of community-based mental health services)

	Funds in Millions		
	GF	NGF	Total
FY2008	(\$60.6)	(\$0)	(\$60.6)
FY2009	(\$71.4)	(\$65.8)	(\$137.1)
FY2010	(\$69.1)	(\$60.5)	(\$129.6)

Proposed Budget Amendments

- **Adjust appropriation in Virginia Health Care Fund:**

Adjustment in DMAS' appropriation to offset increased projected Medicaid and tobacco tax revenues.

	Funds in Millions		
	GF	VHCF	Total
FY2008	(\$13.3)	\$13.3	\$0
FY2009	(\$7.2)	\$7.2	\$0
FY2010	(\$11.2)	\$11.2	\$0

- **VirginiaShare Health Insurance:**

Increase DMAS' appropriation to fund the VirginiaShare Health Insurance program, a first tier recommendation of the Governor's Health Care Reform Commission, to provide health insurance coverage for the uninsured that work in small businesses.

	Funds in Millions		
	GF	NGF	Total
FY2009	\$2.6	\$0	\$2.6
FY2010	\$5.1	\$0	\$5.1

Proposed Budget Amendments

- **Implement a Chronic Care Management program:**

Funds implementation of a chronic care management program to provide a cost-effective way to manage the conditions of clients while improving their quality of life.

	Funds in Millions		
	GF	NGF	Total
FY2009	(\$.8)	(\$.8)	(\$1.6)
FY2010	(\$.8)	(\$.8)	(\$1.6)

- **Recalibrate Physician Rates:**

Provides DMAS the authority to implement a budget neutral site-of-service differential to recalibrate rates for physician/practitioner services as defined by Medicare. Application of differential rate factors will bring the state's reimbursement practices in line with Medicare.

	Funds in Millions		
	GF	NGF	Total
FY2009	\$0	\$0	\$0
FY2010	\$0	\$0	\$0

Proposed Budget Amendments

■ Expand FAMIS MOMS coverage for women:

Increase DMAS' appropriation to expand eligibility for prenatal coverage of women from 185 to 200 percent of poverty. This expansion will cover an additional 400 pregnant women each year.

	Funds in Millions		
	GF	NGF	Total
FY2009	\$1.0	\$1.8	\$2.8
FY2010	\$1.6	\$2.9	\$4.5

■ PERM - Payment Error Rate Measurement Program:

Funds DMAS' participation in the PERM program. CMS requires a review of Medicaid and SCHIP eligibility to identify improper payments. The program will incur \$800k in administrative costs with projected savings of \$1.0 million in FY09.

	Funds in Millions		
	GF	NGF	Total
FY2009	(\$0.09)	(\$0.1)	(\$0.2)

Proposed Budget Amendments

- **Reduce funding for the Alzheimer's Waiver:**

A decrease in the appropriation to recognize low participation at the present time.

	Funds in Millions		
	GF	NGF	Total
FY2009	(\$0.2)	(\$0.2)	(\$0.4)
FY2010	(\$0.2)	(\$0.2)	(\$0.4)

- **Reduce Primary Care Case Management (PCCM):**

Limits the PCCM program under Medicaid to localities in the state with only one participating managed care organization. The program will be maintained in the Roanoke region.

	Funds in Millions		
	GF	NGF	Total
FY2009	(\$0.5)	(\$0.5)	(\$1.0)
FY2010	(\$0.5)	(\$0.5)	(\$1.0)

Proposed Budget Amendments

- **Integration of Acute & Long-Term Care (ALTC):**

Funds the implementation costs to implement a regional model for the integration of ALTC.

Administrative funding is necessary to cover the increased costs of agency contractors that support managed care enrollment, the actuarial analysis for new rates, and external quality reviews.

	Funds in Millions		
	GF	NGF	Total
FY2009	\$0.2	\$0.2	\$0.4
FY2010	\$0.4	\$0.4	\$0.8

Proposed Budget Amendments

- **Increase MR Waiver slots:**

Increase DMAS' appropriation to add 75 slots each year for the Mental Retardation Home and Community-Based Waiver Program (MR).

	Funds in Millions		
	GF	NGF	Total
FY2009	\$2.3	\$2.3	\$4.6
FY2010	\$4.9	\$4.9	\$9.8

- **Fund the Uninsured Medical Catastrophe Fund (UMCF):**

Increase DMAS' appropriation for the UMCF program in FY09. This funding will increase the resources available in the fund to help uninsured individuals.

	GF	NGF	Total
FY2009	\$150,000	\$10,000	\$160,000