
Department of Medical Assistance Services: An Update on Recent Aging-Related Initiatives

Presentation to the

**Senate Finance
Subcommittee**

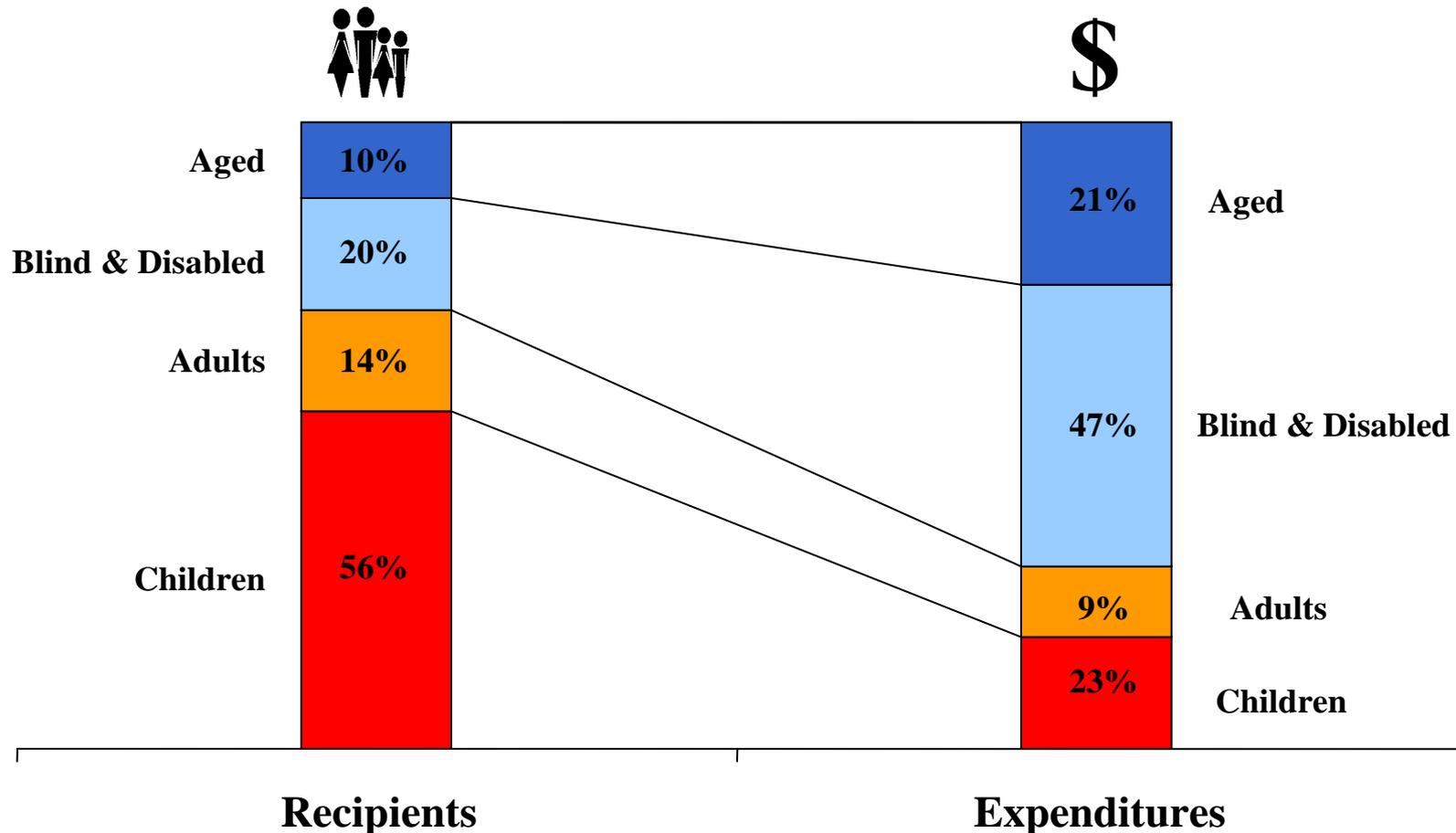
On Health and Human Resources

PRESENTATION OUTLINE

- **Overview of Medicaid Expenditures for Aging and Long Term Care Services**
- **Overview of Medicaid Long Term Care Services**
- **Long Term Care Partnerships**
- **Integration of Acute and Long Term Care**
- **Money Follows the Person**

Medicaid Enrollment & Expenditures: Aged and Disabled Utilize Nearly 70% of the Costs

(Fiscal Year 2007)



Total Medicaid Expenditures for the Aged

Age	State Fiscal Years (SFY)					
	2002	2003	2004	2005	2006	2007
65-74 years	41,772	37,621	42,558	42,585	43,506	43,899
75-84 years	35,706	33,309	37,030	37,136	37,498	36,751
85 and older	19,625	18,269	19,985	20,223	20,438	20,345
Total*	97,103	89,199	99,573	99,944	101,442	100,995
Medicaid Expenditures for all Aged (65 and older)**	\$926.8 million	\$996.5 million	\$1.07 billion	\$1.16 billion	\$1.14 billion	\$1.13 billion

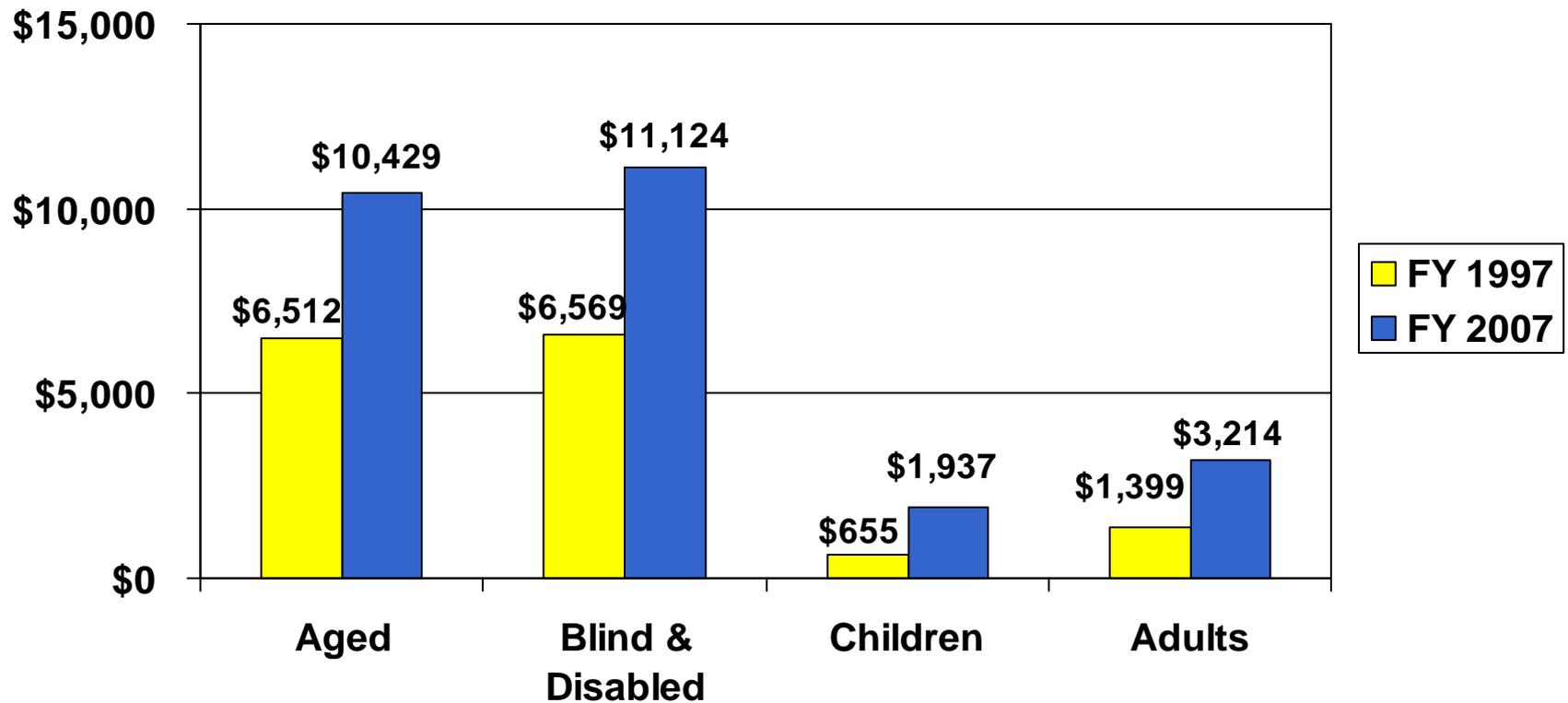
* Annual unduplicated enrollees

**Expenditures may be misleading low beginning in FY 2006 with the implementation of Medicare Part D, for which only the state share of expenditures are paid.

Source: Department of Medical Assistance Services

Medicaid Expenditure Trends

Average Annual Cost per Enrollee



Note: The average annual cost per enrollee for the Aged and Blind & Disabled categories actually declined in FY06 and FY07 following the implementation of Medicare Part D which now covers prescription drugs for recipients dually-eligible for Medicaid and Medicare.

Medicaid Plays an Essential Role as the Primary Funding Source for Long-Term Care

- Medicaid is the single largest source of financing for long term care
- In Virginia, Medicaid accounts for 63% of financing for nursing facility care
 - Medicare and private health insurance provide limited coverage
- In FY 2007, more than 24,000 Virginians received care in a nursing facility (\$718.4 million) and 22,000 received long term care services in the community (\$600.1million) through one of our Home and Community Based waiver programs .
- Many of the elderly and persons with disabilities with long-term care needs receive help solely from family and friends who are not paid for these efforts

Virginia Provides a Variety of Medicaid Long Term Care and Supportive Services

■ Institutional Services

- Nursing Facility Services, including Specialized Care
- Intermediate Care Facilities for the Mentally Retarded (ICF/MR)
- Long Stay Hospitals

■ Community Services

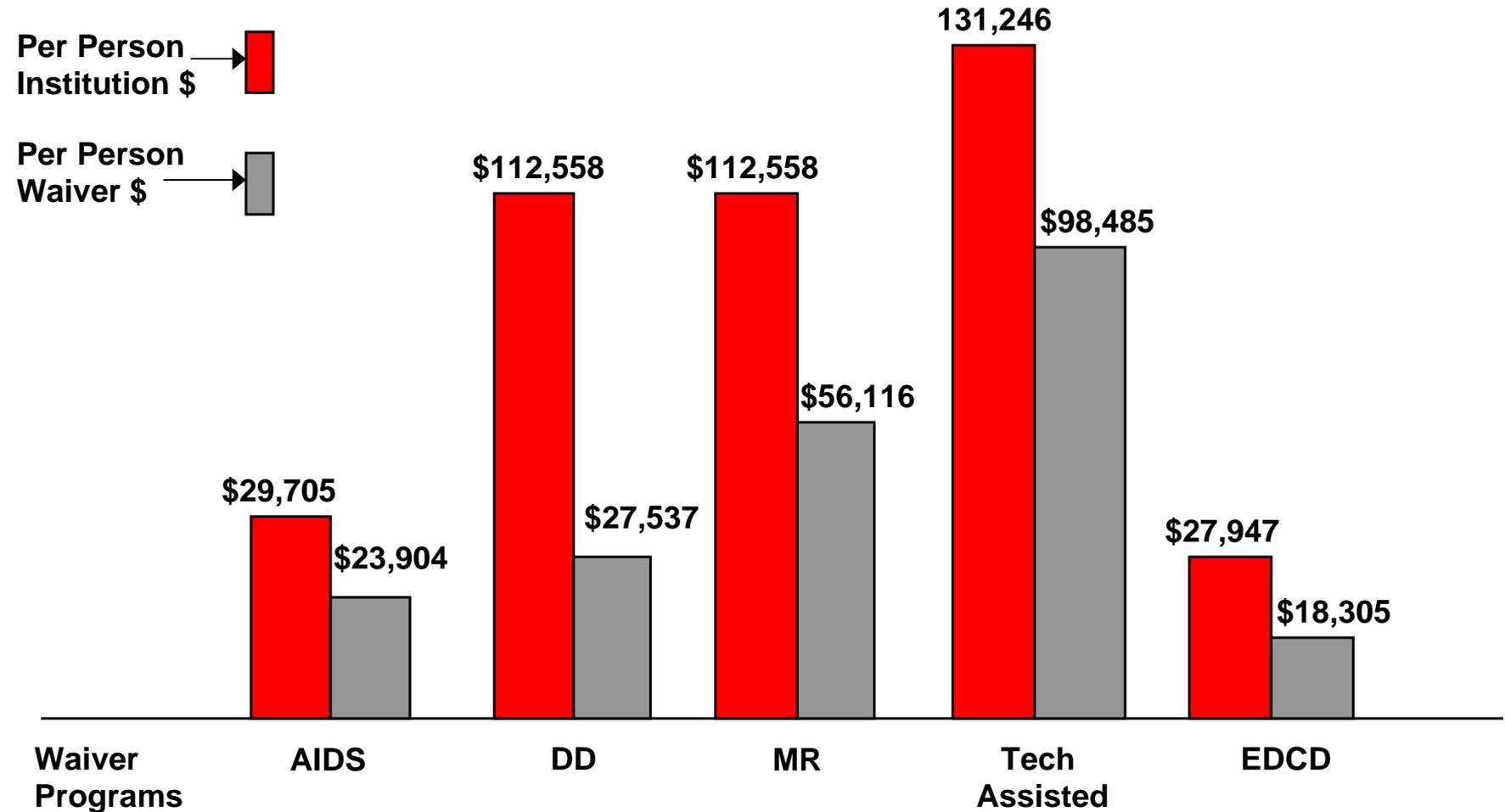
- Home and Community Based Care Waiver Programs (7)
 - Elderly or Disabled with Consumer Direction (EDCD)
 - Individual and Family Developmental Disabilities Support (DD)
 - HIV/AIDS (AIDS)
 - Technology Assisted (TECH)
 - Mental Retardation/Intellectual Disabilities (MR/ID)
 - Day Support (DS)
 - Alzheimer's Assisted Living (AAL)

Virginia Provides a Variety of Medicaid Long Term Care and Supportive Services

- **Integrated Acute and Long Term Care Services**
 - Program of all Inclusive Care for the Elderly (PACE)

- **Supportive Services**
 - Durable Medical Equipment
 - Home Health
 - Rehabilitation Services
 - Hospice

Virginia's Waiver Programs For The Elderly And Disabled Are Very Expensive But Still Less Costly Than Comparable Institutional Care



Medicaid HCBC Waivers

March 2008

Slot/Wait List Summary	Enrollment *	Waiting List	Fiscal Year 2006-2007 enrollment***
EDCD	12,890	N/A	13,965
MR(ID)	7,240	3,959 **	6,850
DD	594	600	408
Tech	313	N/A	384
Day Support	267	4,084 **	365
HIV/AIDS	46	N/A	94
Alz	20	N/A	18

- * Enrollment is at a point in time and subject to frequent changes.
- ** This is the same waiting list for services.
- *** data taken from most recent state statistical report

Overview of Long-Term Care Partnership Programs

- Long-Term Care (LTC) partnerships are public-private ventures created to address the financing responsibility of LTC
 - LTC partnerships are designed to encourage individuals to plan for their future through the purchase of a private LTC insurance policy. This policy will help fund an individuals LTC needs, rather than relying on Medicaid to do so
 - LTC partnerships combine private LTC insurance with special asset protection if the need to apply for Medicaid arises. Typically this would occur for individuals who exhaust their LTC insurance benefits

Long-Term Care Partnership Opportunity Under the DRA

- The Deficit Reduction Act of 2005 (DRA) lifted the moratorium on estate recovery disregards thereby encouraging new development of LTC partnerships as an option for state Medicaid programs
- Virginia had been interested in a partnership program for some time, but pre-DRA rules did not allow Virginia Medicaid to implement a program
 - In 2004, Senate Bill 266 amended the *Code of Virginia* for the development of a LTC Partnership (contingent on allowance under federal law)
 - In 2006, House Bill 759 further amended § 32.1-325 of the *Code* specifically directing the Department of Medical Assistance Services to implement a LTC Partnership once federal law allowed such programs

Long-Term Care Partnership Program Design Under the DRA

- Under the DRA, states are now allowed to develop LTC partnerships using what is termed the “dollar-for-dollar” model
 - Dollar-for-dollar policies protect a specific amount of personal assets. For every dollar that a LTC Partnership insurance policy pays out in benefits, a dollar of assets can be protected during the Medicaid eligibility determination
 - These assets would also be protected from estate recovery upon the recipient’s death

The Long-Term Care Partnership Program In Virginia

- After much planning and collaboration, DMAS and the Bureau of Insurance (BOI) established and delineated shared responsibilities for implementing the partnership program
- On September 1, 2007 Virginia was the third state (since the DRA) to launch its LTC Partnership and the first state to launch its Partnership with a coordinated consumer outreach campaign
 - The LTC Partnership was formally launched in conjunction with the Own Your Future campaign by a Governor's press conference on September 27, 2007
- To date, 3,000 LTC partnership policies have been sold in Virginia.
 - CMS is currently working to refine the reporting guidelines for the insurance industry. Once these protocols are in place, the data will be more accurate and comprehensive

The Long-Term Care Partnership Program In Virginia

(continued)

- The Virginia Insurance Counseling and Assistance Program (VICAP), provided through the Area Agencies on Aging, continues to be the lead resource for consumer information on the Partnership
- Virginia was one of ten states awarded the Center for Health Care Strategies LTC Partnership Expansion Grant (\$50,000)
- Virginia has used the grant funding to develop a website (www.valtccpartnership.org), brochure, and is currently working with the Robert Wood Johnson Foundation and SpitFire Strategies to develop a strategic marketing campaign

Long-Term Care Partnership

Next Steps

- DMAS staff will seek to continue working with the Department of Human Resource Management in order to evaluate the possibility of offering a LTC Partnership policy as part of the State Employee benefits package
- DMAS staff is working to arrange a stakeholder meeting (DMAS staff, BOI staff, Industry representatives, VICAP counselors, etc.) to evaluate Virginia's approach to marketing and education surrounding LTC Partnership policies. The outcome of this meeting will directly impact the marketing strategies implemented in moving forward
- DMAS staff is exploring future options in providing marketing materials to insurance agents. Currently the materials are provided through DMAS as a result of the LTC Partnership Expansion Grant. In looking at sustainability for marketing and outreach efforts, DMAS is evaluating the possibility of providing marketing materials at low-cost to insurance agents in order to supplement the marketing budget

Governor Kaine Directs DMAS to Develop A Blueprint for the Integration of Acute and Long Term Care

[2006 Virginia Acts of the General Assembly \(Item 302, ZZ\)](#)

- The degree of chronic illness and disability among seniors and persons with disabilities is a key policy and budget issue for the Commonwealth.
- Our current long term care system is a patchwork of care without the benefit of care coordination.
- Integration of all the services into a single program offers a strategy that promises to control Medicaid expenditures without curbing access to services needed by our most vulnerable citizens.



Blueprint for the Integration of Acute and Long-Term Care Services

Virginia Department of Medical Assistance Services
December 15, 2006

Found at: <http://www.dmas.virginia.gov/altc-home.htm>

DMAS Implementation of the Blueprint to Integrate Acute and Long-Term Care

- DMAS is actively engaged in two approaches to better integrate and coordinate the acute and long-term care of the vulnerable Medicaid population in need of both types of services

Model 1 - Community: Adult day health care – the Program for All-inclusive Care for the Elderly (PACE)

Model 2- Regional: Regional managed care – the Virginia Acute and Long-Term Care (VALTC) program

Model 1 - Community: The Program for All-Inclusive Care for the Elderly

- The PACE model is centered on the belief that it is better for the well-being of the elderly, with chronic care needs, and their families to be served in the community whenever possible
 - created in 1973 in an effort to help the Asian-American community in San Francisco care for its elders in their own homes
- The goal of PACE is to keep participants healthy and safe in their own homes and communities
- PACE uses an interdisciplinary team to determine, along with the recipient/caregiver, what services will best benefit their condition to achieve their goals

PACE Benefits

- Expected benefits of the PACE model include:
 - Allowing elderly the choice to remain in their community
 - Meeting Olmstead requirements
 - Improving quality clinical outcomes and participant satisfaction
 - Predicting cost and avoiding unnecessary expense
 - Better integrating and managing care for dual eligibles

PACE Participant Eligibility

- A nursing facility pre-admission screening team must preauthorize all admissions to PACE using the Virginia Uniform Assessment Instrument (UAI)
- Recipients must:
 - be age 55 or older and prescreened to meet nursing facility criteria
 - reside in the PACE service area
 - agree to all the conditions in terms of participation
 - have an income equal to or less than 300% of the current Social Security Income
- A PACE participant is free to disenroll from PACE and resume their benefits in the traditional Medicare and Medicaid programs at any time

PACE Participant Characteristics

- Nationally, PACE participants
 - are 80 years old (on average)
 - are female (75%)
 - are diagnosed with 7 chronic conditions
 - reside in their homes and communities even though the PACE participants must meet nursing facility criteria to be eligible for enrollment (93%)

PACE Services

- PACE recipients receive:
 - Adult day care offering:
 - nursing
 - physical therapy
 - occupational therapy
 - recreational therapy
 - Meals
 - Nutritional counseling
 - Social services
 - Personal care
 - Medical care
 - Home health care
 - Prescription drugs
 - Medical specialists Services (such as dentistry, optometry and podiatry)
 - Respite care
 - Hospital and nursing facility care when necessary
 - Transportation
 - Assisted living facilities for housing when the need arises

In other words, there are no excluded services

PACE Sites in Virginia – Providers

- Three Health Systems:
 - PACE of Sentara (Virginia Beach) – Began November 2007, 119 participants
 - PACE of Riverside (Peninsula) – Began February 2008, 64 participants
 - PACE of Riverside (Richmond) – Target date: December 2008
 - PACE of Centra (Lynchburg) – Target date: January 2009
- Two Area Agencies on Aging:
 - PACE of AllCARE for Seniors AAA (Appalachian AAA - Cedar Bluff) – Began May 2008, 12 participants
 - PACE of Mountain Empire AAA (Big Stone Gap) – Began March 2008, 22 participants

Future PACE Sites

- DMAS has published two Request for Applications (RFA) for the development of a PACE site in other areas in Virginia:
 - RFA for the development of PACE in Northern Virginia will be republished in October 2008. The following areas have been identified as potential PACE site locations - Falls Church, Arlington, Fairfax, Vienna, Manassas, Alexandria (One PACE site will be designated to serve all areas – with the potential for satellite centers)
 - On June 24, 2008, in response to a RFA, Sentara Life Care Corporation received approval from the Department of Medical Assistance Services to develop a PACE site for the cities of Chesapeake, Norfolk, Portsmouth and Suffolk. The PACE site will be located in the city of Suffolk, and is targeted to open in 2009

Model 2- Regional Model: The Virginia Acute and Long-Term Care Program - VALTC

- Over 60% of Virginia Medicaid participants are enrolled in a Managed Care Organization (MCO). The majority of MCO participants are children and pregnant women
- Several populations are currently excluded from participation in Managed Care
- Populations currently excluded include individuals enrolled in:
 - Both Medicare and Medicaid (dually eligible); and
 - DMAS' seven home and community-based long-term care waiver programs*

*An exception: There are, however, a small number (500 as of 8/08) of ALTC Phase I participants. These individuals remain in their MCO for primary and acute care services and receive waiver services through fee-for-service

VALTC: An Overview

- Virginia Acute and Long-Term Care Integration (VALTC) creates a new managed care program designed for individuals who are dually eligible and individuals who participate in one of DMAS' long-term care waiver programs
- DMAS is developing VALTC as a pilot program
- It is scheduled to launch in the Tidewater area in 2009 and in Richmond at a later date
- Participation will be mandatory for individuals who qualify for VALTC

VALTC: An Opportunity

- VALTC is a first step toward bridging Medicare and Medicaid and integrating medical and long-term care services across the spectrum of care
- Nationally, interest in integrated care is gaining momentum
- 7 other state Medicaid programs currently offer some form of integrated care:
 - Arizona, Florida, Massachusetts, Minnesota, New York, Texas, and Wisconsin
- Hawaii just received approval to implement its program

VALTC: Mission

- To improve the quality of life of Virginia's Medicaid-enrolled seniors and adults with disabilities
- To empower participants to remain independent and reside in the setting of their choice for as long as possible
- To provide a streamlined primary, acute, and long-term care service delivery system that offers ongoing access to:
 - Quality health and long-term care services,
 - care coordination, and
 - referrals to appropriate community resources

VALTC: What is it

- Main concept: Offer primary, acute, and long-term care services through a managed care program
- To accomplish this, DMAS is integrating populations and services previously excluded from managed care into managed care.

VALTC: EDCD Participants

- The only long-term care waiver program included in VALTC is the Elderly or Disabled with Consumer Direction (EDCD) waiver
- In addition to the existing Medicaid services for primary and acute care, all of the long-term care services currently provided in the EDCD waiver will be included for participants in VALTC
- These services include :
 - Adult Day Services
 - Personal Care
 - Respite Care
 - Service Facilitation for Consumer Directed Personal and Respite Care
 - Transition Services & Coordination (offered as a carve out)
 - Personal Emergency Response System
 - Assistive Technology
 - Environmental Modifications

VALTC: Dual Eligible Participants

- The other population included in VALTC are “full benefit” dual eligibles. These are individuals enrolled in both Medicare and Medicaid
- Full benefit dual eligibles receive the broadest scope of Medicaid coverage offered to dual eligibles. For full benefit dual eligibles, DMAS covers:
 - Premiums for Medicare Part A and/or Part B;
 - Services covered by Medicaid that are not paid for by Medicare; and
 - Medicare co-payments and coinsurance

VALTC: Enrollment

- To participate in VALTC, MCOs must have accreditation as either:
 - Medicare Special Needs Plans (SNP); or
 - Medicare Advantage- Prescription Drug Plans (MA-PD)
- Enrollment in VALTC is mandatory for qualifying individuals, however, participants may choose to enroll in the Medicare side of the same MCO. This will allow participants to receive coverage for both Medicare and Medicaid through the same organization

VALTC: Population Summary

- Projected Number of VALTC participants in Tidewater:

as of 2/1/08*	Full Benefit Duals	Duals With EDCD	EDCD Only	Total
Tidewater	12,003	1,732	371	14,106

*Actuarial estimates based on estimated member continuous months

- Participants will fall into one of three groups: dual eligible, dual eligible enrolled in the EDCCD waiver, and EDCCD participant who is not a dual eligible

VALTC: Program Highlights

- DMAS will contract with at least two MCOs for each region to administer the program
- VALTC will offer care coordination to participants. This will provide assistance with setting up appointments, arranging transportation, and conducting assessments to ensure that the proper level of services is being provided
- VALTC participants who become enrolled in a nursing facility will remain in VALTC for the first 60 days of their stay
- Participants who require personal care (assistance with activities of daily living) will be able to “consumer direct” this service – just like they are able to with the current EDCCD waiver program

VALTC: A Work in Progress

- DMAS is working with the Centers for Medicare and Medicaid Services (CMS) to obtain approval of both §1915(b) and §1915(c) waiver applications
- DMAS is working with PricewaterhouseCoopers to revise the capitation rates that will be paid to participating VALTC MCOs
- DMAS currently has several MCOs interested in participating in the Tidewater pilot and hope to sign contracts with the MCOs this fall

Money Follows the Person (MFP)

- MFP is the single largest federal investment in Medicaid long-term care programs
 - 31 States have been awarded \$1.4 billion
 - Projected number of over 37,000 individuals to be transitioned
- Opportunity to further develop community integration strategies, systems, and infrastructure for individuals with long-term care needs
- Emphasizes less restrictive and less costly community living vs. institutional placement to help “rebalance” the system
- Enables a system of flexible financing for long-term care services and supports
 - Changes Medicaid funding streams to better enable individuals with long-term care needs to live in a setting of their choice

Virginia's MFP Objectives

- Operational Protocol which serves as the contract between DMAS and CMS address the following four key objectives:
 - 1) Increase the use of community-based rather than institutional care
 - 2) Eliminate issues that prevent barriers to choice
 - 3) Increase Medicaid program's ability to assure continued provision on HCBS to persons who choose to transition from institutions
 - 4) Ensure strategies and procedures are in place for quality assurance

MFP Funding for Virginia

- Rebalancing Amount - \$38 million
- Virginia will receive an enhanced federal medical assistance percentage (75/25 match) for 12 months for each Medicaid-eligible individual who transitions from an institutional setting into the community during the demonstration period
- This amount includes Federal (enhanced) and State funding
 - Federal (\$28 million)
 - State (\$10 million)
- The \$10 million **does not require** new general funding (GF) to cover the costs of this Demonstration - this amount of GF was already forecasted for long-term care services
- Four-year enhancement period from July, 1, 2008 through September 30, 2011

MFP Funding for Virginia

(continued)

- The MFP Demonstration program expects that all cost savings realized through the enhanced match, as well as the anticipated savings resulting from institutionalized individuals transitioning into the community will be placed back into the Medicaid long-term support system to continue rebalancing efforts
 - Cost savings will be used to cover expenses of providing new services to individuals using home and community-based services who are not MFP Demonstration participants
 - For example, Environmental Modifications and Assistive Technology services are now included in the Elderly or Disabled with Consumer-Direction Waiver and the Aids Waiver
 - DMAS will use benchmarking measures to measure rebalancing effort success

MFP Eligibility Requirements

- Have lived for at least six (6) consecutive months in a nursing facility, an intermediate care facility for individuals with mental retardation/intellectual disabilities, or a long-stay hospital licensed in Virginia, which can include periods of hospitalization;
- Be a resident of the Commonwealth of Virginia;
- Be Medicaid eligible for at least one month at the time of discharge;
- Qualify for one of the five following waiver programs:
 - Elderly or Disabled with Consumer-Direction Waiver (EDCD)
 - Individual and Family Developmental Disabilities Support Waiver (DD)
 - HIV/Aids Waiver (AIDS)
 - Mental Retardation / Intellectual Disabilities Waiver (MR)
 - Technology Assisted Wavier (TECH); **and**

MFP Eligibility Requirements

(continued)

- Move to a “qualified residence”
 - A home that the individual or their family member owns or leases;
 - An apartment with an individual lease, with lockable access and egress, that includes living, sleeping, bathing and cooking areas over which you or your family has domain and control; or
 - A residence in a community-based residential setting in which no more than four (4) unrelated individuals reside.

Virginia's Anticipated MFP Population

- It is anticipated that 1,041 individuals will transition out of institutions during the four-year demonstration period

Anticipated number of transitions by waiver by year

Waiver	Year 1	Year 2	Year 3	Year 4	Total
AIDS	3	5	5	5	18
DD	10	25	25	25	85
EDCD	47	170	170	170	557
MR	18	110	110	110	348
TECH	3	10	10	10	33
Total	81	320	320	320	1041

MFP Service Enhancements

- MFP creates permanent changes to our home and community-based waivers by:
 - Adding existing services to select home and community-based waivers
 - Creating new waiver services
 - **Transitional Services** – a one-time, life-time \$5,000 benefit for those individuals leaving from institutional settings
 - **Transition Coordination** - responsible for supporting the individual with the activities associated with transitioning

Virginia's MFP Demonstration

- Virginia's First MFP Participant
 - Mrs. W, a 97 year old widow, lived in her home until a fall caused a week long hospitalization in January 2008
 - She was transferred to a nursing facility where she continued rehabilitation for the next 6 months
 - In July 2008, Mrs. W working with the facility discharge planner, a transition coordinator, and Mrs. W's Power of Attorney, Mrs. W elected to participate in the MFP Project
 - Mrs. W developed her person-centered service plan with assistance from a transition coordinator and was able to purchase needed appliances and household items to re-establish her home prior to her discharge through Transition Services/funding
 - Arrangements were also made to have needed environmental modifications made to her home

Virginia's MFP Demonstration

- On July 31, 2008, Mrs. W returned to her home and with tears of joy in her eyes, repeated several times, "I'm home. I'm finally home"
- Now, she is receiving services through the Elderly or Disabled with Consumer Direction Waiver program
- Without the MFP Project, Mrs. W would not have had access to a Transition Coordination, Transition Services/funding or Environmental Modification services
 - These services were vital to the success of Mrs. W's transition back to her home and prevented her from having to sell her home and essentially, be forced to remain in the nursing facility