



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

William A. Hazel Jr., Secretary of Health and Human Resources

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Virginia Health and Human Resources

The Virginia Health and Human Resources Secretariat is focused on six strategic issues.



Virginia Health and Human Resources Secretariat

Provide Opportunities for all Virginians to be Healthy and Productive



Enable our Children and Families to Thrive



Support and Value Our Veterans and Volunteers



Eliminate Intergenerational Poverty



Serve an Aging and Diverse Population



Integrate Individuals with Disabilities into the Community



Promoting Pathways to the 21st Century Economy for All Virginians While Maximizing the Value of Commonwealth Resources

Health and Human Resources Management Tools & Practices

Data Analytics

Financial Stewardship

Motivational Interviewing

Information Technology Management

Performance Management

Foundational Principles

Customer-Centric

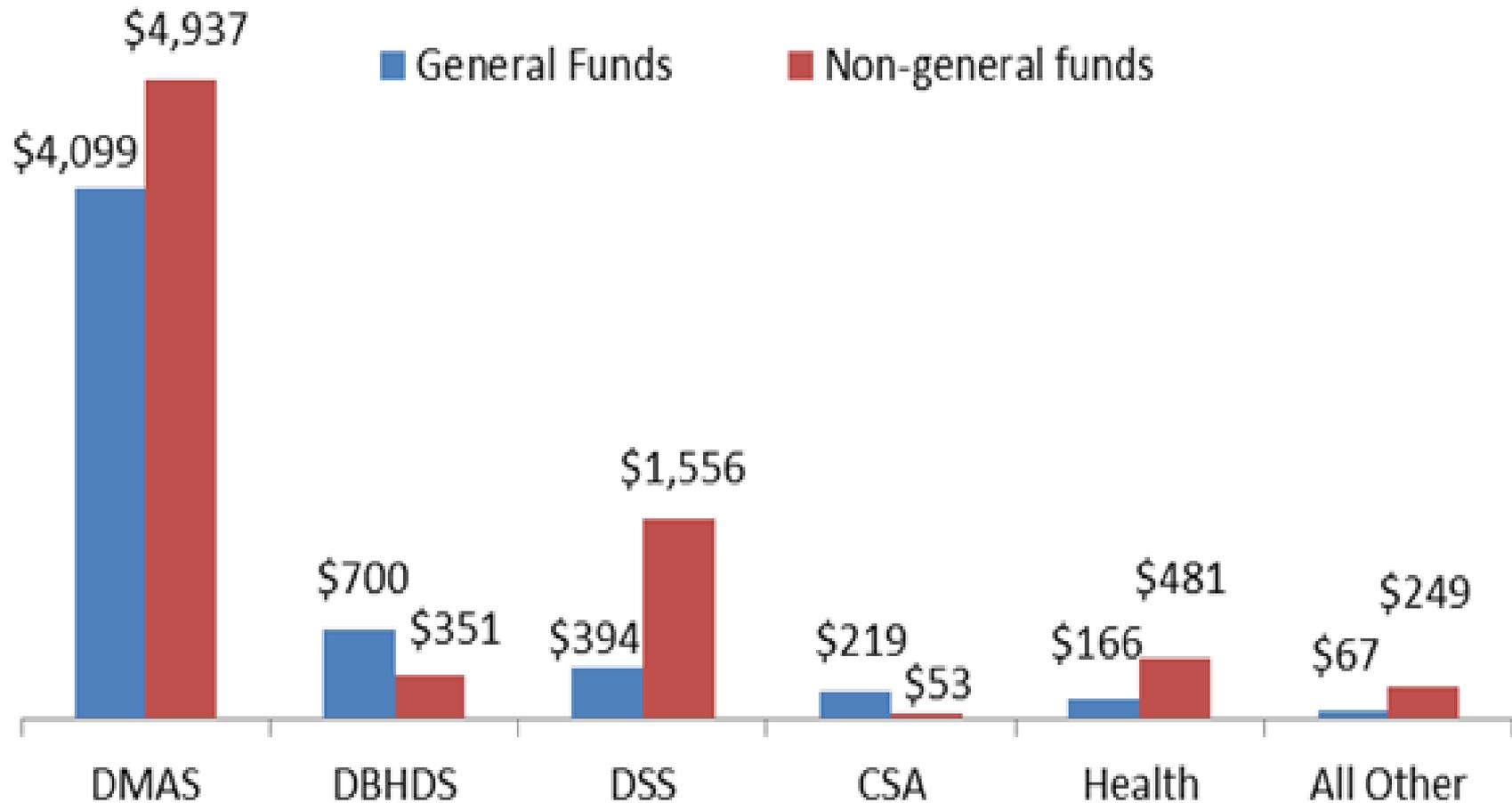
Culturally Competent

Trauma-Informed

Focused on Systems of Care

Total Budgets for HHR Agencies (FY 2016)

(Dollars in millions)



Top HHR accomplishments in the past two years

➤ **Mental Health Services and Crisis Response**

- Virginia has provided additional resources to state mental health hospitals and CSBs to ensure access to inpatient services to individuals in behavioral health crisis.

➤ **Combating Prescription Opioid/Heroin Addiction**

- The Governor's Task Force on Prescription Drug and Heroin Abuse developed 51 policy recommendations to address the opioid overdose epidemic. HHR organized an Appalachian Opioid Summit in September.

➤ **Implementation of the Department of Justice (DOJ) Settlement Agreement**

- The Commonwealth continues to make progress to implement the provisions of the agreement and expand the state's community-based care services.

➤ **Federal Marketplace Enrollment**

- As of today, more than 380,000 Virginians were enrolled in the Federal Marketplace and obtained health care coverage.

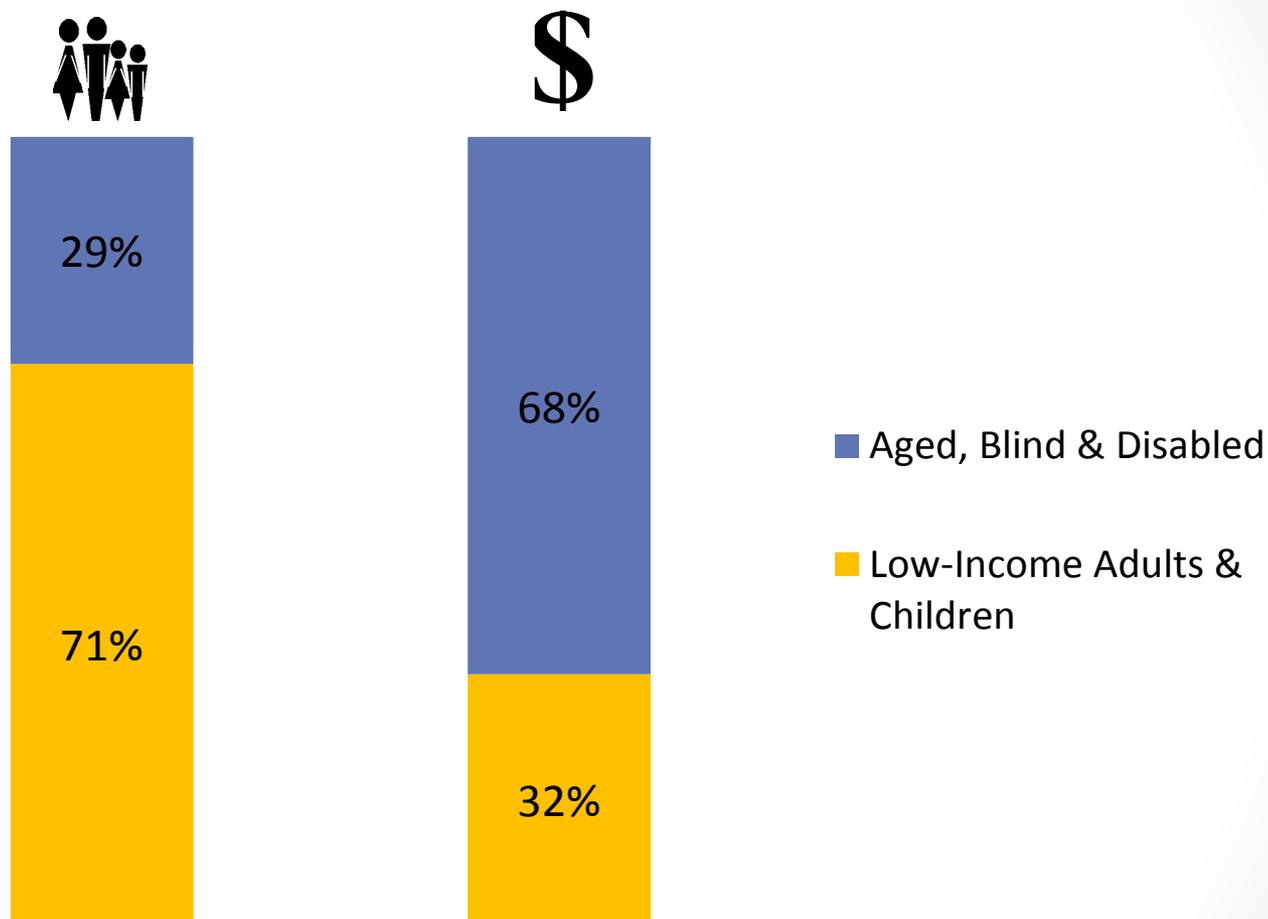
➤ **Adoption**

- Since January 2015 Virginia has completed adoptions for 647 children in foster care, with a goal of reaching 700 children adopted by the end of the year

Overview of HHR Budget Initiatives

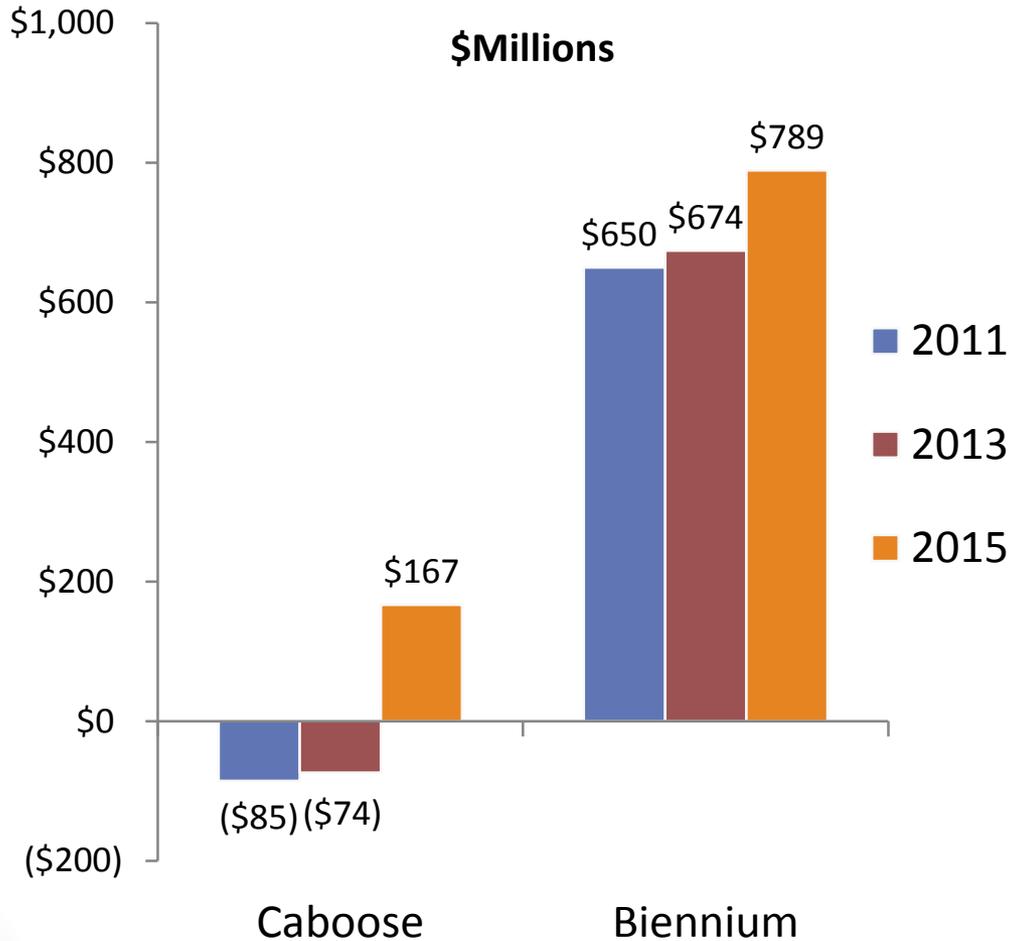
- Maintain and Expand Access to Health Care
- Respond to Changing Need for Mental Health Services and Address Individuals Involved in the Criminal Justice System
- Add Resources to Ensure Compliance with the Department of Justice (DOJ) Settlement Agreement
- Collaborate Across Secretariats to Improve Services to Children and Youth and Address Housing Issues
- Make Continuous Improvements to Agency Operations and Service Delivery

Medicaid – Current Enrollment and Cost



- 30% of Medicaid enrollment is responsible for almost 70% of the expenditures

Explanation of Medicaid Funding Need



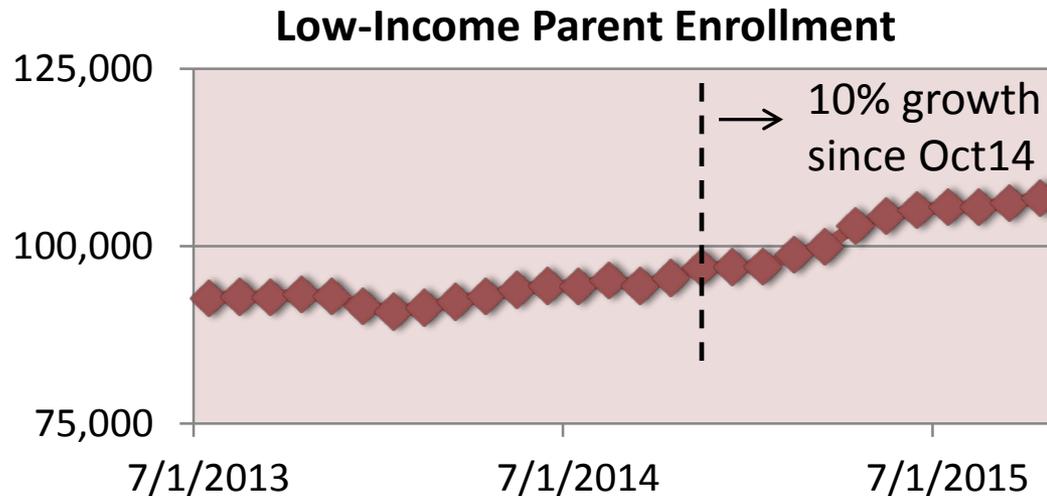
- New Biennium always presents a significant Medicaid funding need:

- Enrollment growth
- Increases in health care costs
- No change in base appropriation

Explanation of Medicaid Funding Need

- Higher than expected enrollment of low-income parents began in FY 2015

Kaiser 50 State Medicaid Budget Survey Report 2015: “... enrollment and total Medicaid spending grew an average of 5.1 percent and 6.1 percent, respectively, in non-expansion states, with the increase in enrollment **largely due to increased participation of previously eligible parents and children** [emphasis added].”



Explanation of Medicaid Funding Need

- Higher than expected enrollment of low-income adults began in FY 2015
 - FY15 costs were higher than projected and \$73M GF in payments had to be delayed until FY16
- Higher than expected increases by federal government for Medicare buy-ins
 - 15% increase in Medicare Part B Premiums effective Jan 2016
 - 11.6% increase in Medicare Part D “Clawback” rate effective Jan 2016
- Implementation of Department of Labor CD-Attendant Overtime Rule Jan 2016
- Primarily one-time increases (“level-shifts”) as opposed to increasing growth trends; higher growth rate in FY16 returning to “normal” growth rate in FY17 and FY18

Expanded Coverage

- **Provide Health Care Coverage for the Uninsured**

FY 2017	(\$59.2m) GF	\$711.3 m NGF
FY 2018	(\$97.7m) GF	\$2.3 B NGF

*Figures reflect net savings to all agencies across the Commonwealth including DMAS, DBHDS, DOC and DSS

- Authorizes expansion of Medicaid eligibility for low-income adults to 133% FPL effective 1/1/2017
- Expected to provide access to coverage to over 400,000 uninsured Virginians with an anticipated increase in Medicaid enrollment of over 350,000
- Anticipated to reduce indigent care costs for hospitals across the Commonwealth, especially for rural hospitals
- Expanded coverage would provide substantial resources to strengthen Virginia's mental health and substance abuse disorder treatment system
- Implements a provider assessment on private hospitals but deposits funds into the Virginia Health Care Fund.
 - None of the \$195 million in revenues from the provider assessment are appropriated in the Governor's introduced budget.

Provider Assessment

- The purpose of the provider assessment is to eliminate the need for general funds to pay for the costs of expansion.
 - General fund savings in the introduced budget are used to pay for expansion costs, therefore no revenues are needed this biennium.
- Revenues from the provider assessment are set aside to pay for a) the non-federal share of expanded coverage, b) increased payments to hospitals, c) graduate medical education and d) the cost of administering the assessment.
- Hospitals exempt from the provider assessment include:
 - Public hospitals;
 - Freestanding psychiatric and rehabilitation hospitals;
 - Freestanding children's hospitals;
 - Long-term care acute care hospitals; and
 - Critical Assess Hospitals.

Number of All Fatal Drug* Overdoses in Virginia Cities and Counties, 2007-2014

Legend

Virginia Counties

Number of Drug Deaths

1 - 6

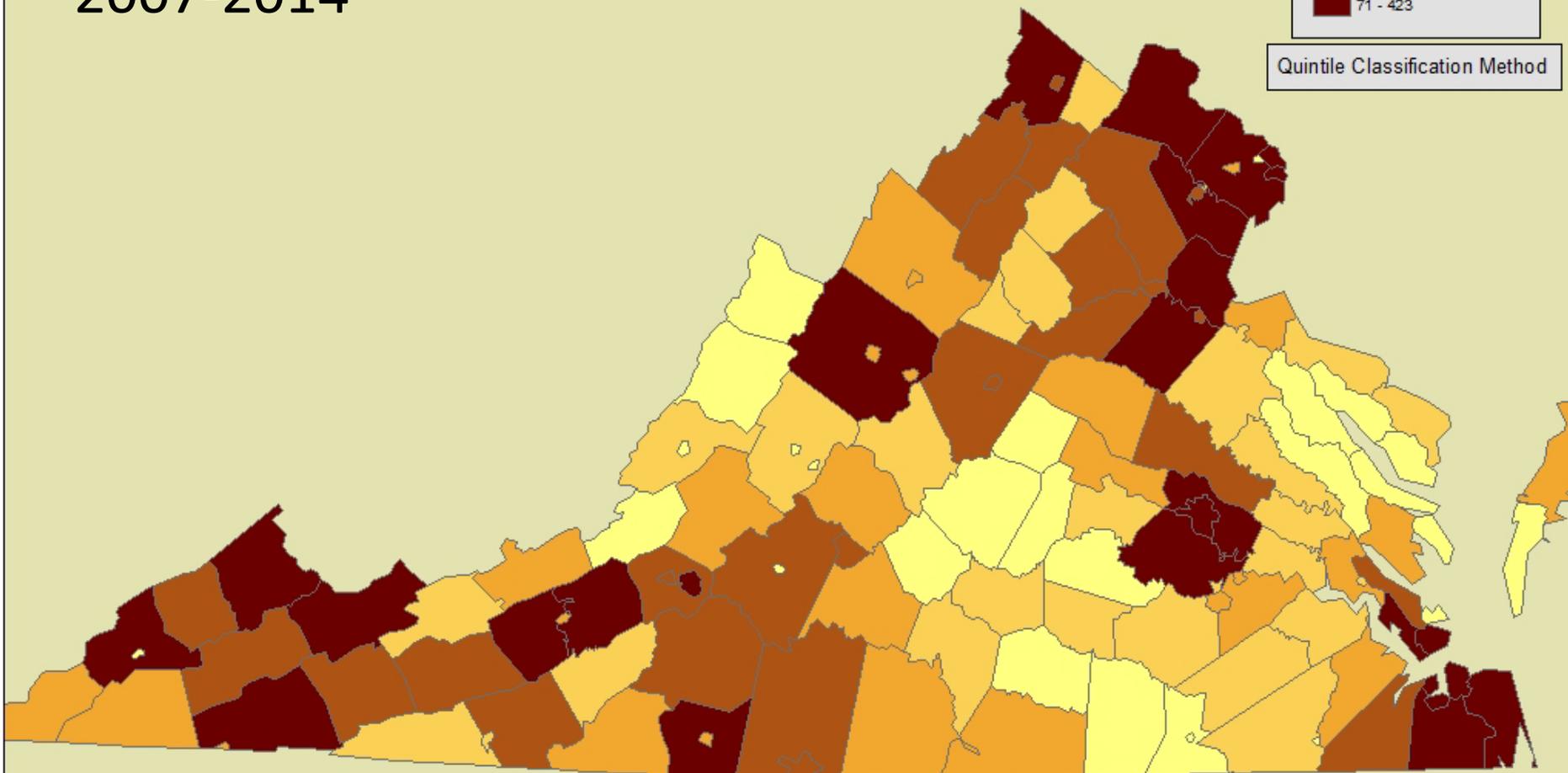
7 - 15

16 - 33

34 - 70

71 - 423

Quintile Classification Method

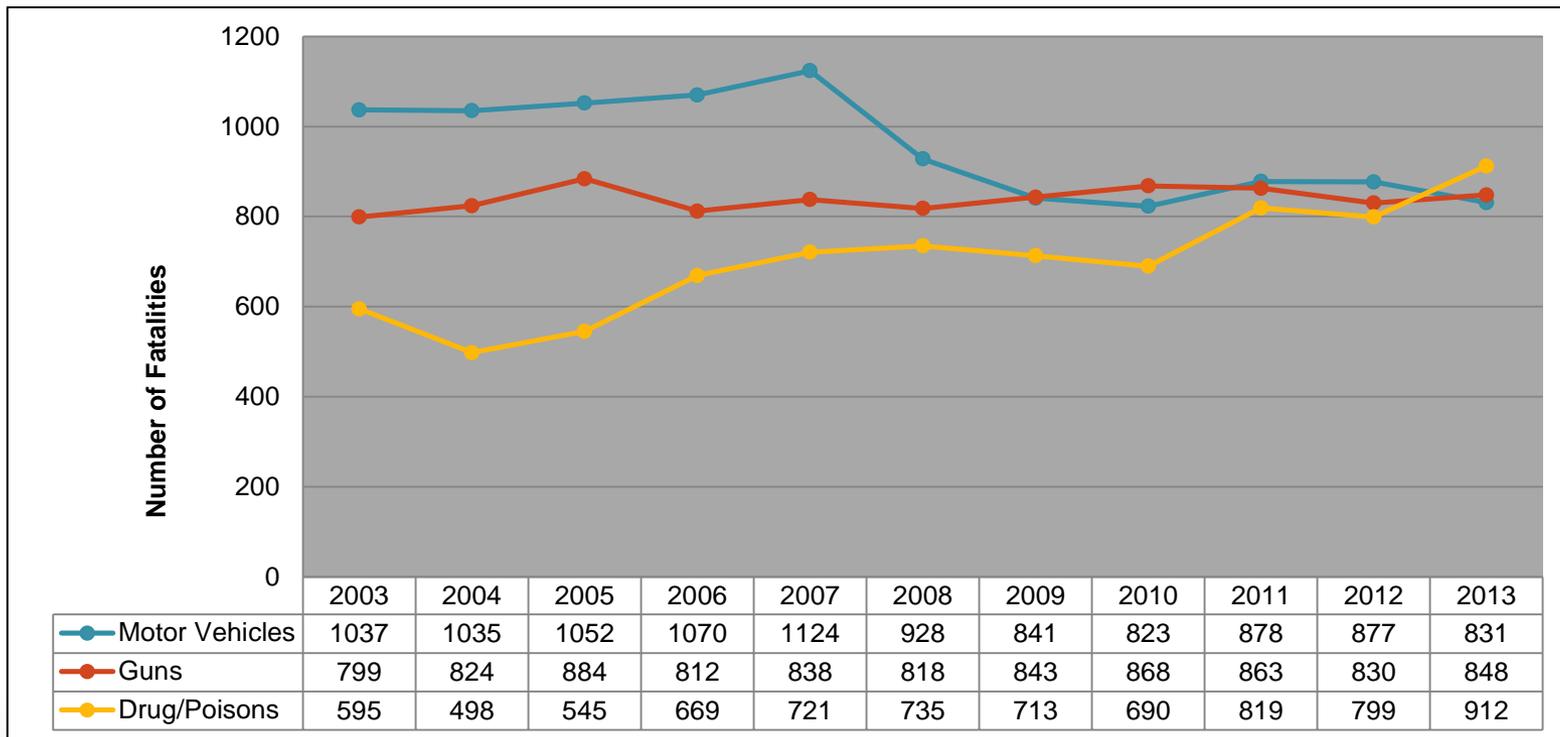


Fatal Drug Overdose Quarterly Report (Totals 2007 - 2014)
Sources: Virginia Department of Health - Office of the Chief Medical Examiner
US Census 2012 Estimates
Prepared by VCU Office of Health Innovation November 2015

*Drugs included Benzodiazepines, Cocaine, Heroin, or Prescription Opioids

Heroin and Opioid Deaths

In 2013, more Virginians died from drug overdose than **car accidents**. Almost 80% of drug overdose deaths were attributed to prescription opioid drugs and heroin.



Substance Use Disorders

- **Comprehensive Medicaid benefit package for substance use disorders**
 - Adds new services and increases rates for existing services in order to improve access to SUD treatment options in support of recommendations from the Governor’s Taskforce on Prescription Drug and Heroin Abuse
 - Limited access to SUD treatment elevates costs in the criminal justice system. Increasing access to treatment is associated with a decreased likelihood of incarceration for people with SUD
 - Studies have demonstrated that expanding outpatient SUD treatment resulted in a decrease in inpatient hospital and ER costs

FY 2017	\$2.6m GF	\$2.6m NGF
FY 2018	\$8.4m GF	\$8.4m NGF

- **Proposed Legislation**

- Require prescribers to query the Prescription Monitoring Program upon writing opioid and benzodiazepine prescriptions,
- Enhance the utility of the PMP by allowing unsolicited reports on potential over-prescribing behavior, and
- Mandatory continuing education for providers on proper prescribing of scheduled substances.

Managed Long-term Services and Supports (MLTSS)

- **Provide funding for implementation of MLTSS**

- DMAS is scheduled to transition over 100,000 recipients into capitated managed care to coordinate their acute, behavioral health and long-term services and supports in Spring 2017
- The introduced budget provides funding for anticipated administrative costs and reflects projected administrative reductions associated with shifts from FFS into managed care

FY 2017	\$0.6m GF	\$2.2m NGF
FY 2018	(\$7.8m) GF	(\$6.9m) NGF

Medicaid Management Information Systems (MMIS)

- **Fund replacement of the MMIS System**
 - State Medicaid programs are required to have a federally-certified system to enroll recipients/providers; process/pay claims; and a decision support system.
 - The contract to operate the current VA MMIS expires June 30, 2018 when the current system will be 15 years old
 - Virginia is one of 30 states currently in the process of reprocurring their MMIS
 - As the primary financier of the costs (90% match rate), CMS is very involved in coordinating states' efforts and assuring cost effective solutions
 - Virginia is aggressively working to take advantage of commercial off-the-shelf solutions and decentralizing its systems to obtain the most cost effective solution

FY 2017	\$4.6m GF	\$41.7m NGF
FY 2018	\$5.8m GF	\$52.5m NGF

The Behavioral Healthcare (BH) Landscape



- Comprehensive BH is essential to population health and cost containment
- BH issues drive up to 35% of medical care costs and individuals with BH disorders cost up to 2-3 times as much as those without
- Integration of BH and primary care, as well as housing, employment, schools, social services
- Decreased reliance on institutions and increased focus on community services
- State hospital capacity average: 15 beds per 100,000 people
- National average of state spending on hospitals = 29% of overall BH budget
- National average of state spending on community = 68% of overall BH budget

- How does VA measure up nationally? 31st in BH funding in 2013 GFs, non-Medicaid:
\$92.58 per person. Median (Ohio) is \$100.29 per person.
- Not maximizing our investment
- Roughly 50% of GF funding supports 3% of persons served
- State Hospital Capacity: 17.3 beds per 100,000 people
- Virginia spending on hospitals = 46% of overall BH budget
- Virginia spending on community = 51% of overall BH budget
- Average 200+ individuals ready for discharge in VA's mental health hospitals

Future System: Where we are going?

- Consistent Core Services Accessible in Each Locality (from DBHDS Transformation Teams and Certified Community Behavioral Health Clinic (CCBHC) model requirements):
 - Crisis services, outpatient mental health and substance use disorder services, psychosocial rehabilitation, primary care integration, peer support and family, same day access.
 - Care coordination – Include linkages between services/entities such as primary care, housing, employment, schools and social services.
- Quality State Hospital Services that are safe, recovery oriented, and aimed at discharge with an opportunity to succeed in the community.
- Outcomes, including:

Decreased medical and psychiatric hospitalizations	Decreased medical and psychiatric emergency department visits	Increased penetration rate to 70% for SMI* (VA now has estimated 22% rate)	Decreased emergency evaluations by 50% & temporary detention orders by 50%	Meeting the safe standard of 85% occupancy in state hospitals
Decreased number of people with SMI in jail on misdemeanors by 50%	Stable housing metric	90% of SMI age 40+ have seen primary care physician in the past year	200 fewer state hospital beds	No waiting over 7 days for jail referrals

*SMI = Serious Mental Illness

Summary of Mental Health Spending

- The Governor's introduced budget includes \$43.9 million in new general fund spending for mental health services for the 2016-18 biennium.
 - An additional \$5.4 million GF is included in the Caboose Bill (FY 2016).

(Dollars in millions)	FY 2017	FY 2018	Biennium
State mental health facilities	\$10.5	\$9.5	\$20.0
Community services	\$2.4	\$3.7	\$6.1
Forensic populations	\$7.0	\$8.8	\$15.8
Other: VCBR	\$1.0	\$1.0	\$2.0
TOTAL, General Fund spending on Mental Health Services	\$20.9	\$23.0	\$43.9

State Mental Health Facilities

Budget Item	Description	FY 2016 GF	FY 2017 GF	FY 2018 GF
Address revenue shortfall at HGTC	Backfills loss of federal revenues as a result of Medicaid decertification. Assumes facility continues to operate 80 beds.	\$4.4	\$8.3	\$8.3
Address compensation issues at MH Facilities	Provides support to increase shift differentials at state facilities by up to 30%.	\$0	\$1.2	\$1.2
Plan to Close Catawba Hospital	Develop plan to close Catawba, address staff retention issues and support private hospitals through LIPOS	\$0	\$1.0	\$0
Increase pediatrician services at Commonwealth Center	Provides funds to increase the number of hours that on-site pediatric medical services are available to children and youth admitted to the facility.	\$0	\$0.1	\$0.1
TOTAL, State Mental Health Facilities (GF dollars in millions)		\$4.4	\$10.5	\$9.5

Plan to Close Catawba Hospital

- Building on language in the 2015 Appropriations Act that required a review of Piedmont Geriatric and Catawba Hospitals, the introduced budget includes language to develop a plan to close Catawba Hospital.
- That plan, to be presented to the 2017 General Assembly, will be informed by stakeholders to determine what services and funding are needed to safely and appropriately serve individuals with mental illness in the community.
- Funding will help pay for diversion of admissions through the purchase of private inpatient beds, staff associated with the planning of the closure of the facility, and staff retention.

Address Revenue Shortfall at Hancock Geriatric Treatment Center (HGTC)

- As a result of HGTC's Medicaid decertification, Eastern State Hospital (ESH) will have a resource gap in FY 2016 and in future years.
- These 80 beds would become classified as Acute Psychiatric beds for admitting last resort and forensic geriatric patients.
- DBHDS will need \$4.4M GF in FY 2016 and \$8.3M GF each year in addition to funds no longer needed at DMAS for the state share of Hancock's Medicaid costs.
- During the 2016-2018 biennium the proposal includes:
 - \$5.7 million to continue to operate the 80 beds at HGTC, and
 - \$2.5 million in LIPOS /DAP funding, to address increase in admissions to HGTC.

Community Based Services

Budget Action	Description	FY 2016 GF	FY 2017 GF	FY 2018 GF
DBHDS: Address increasing caseload in the Part C - Early Intervention program	Based on the average annual growth rate of 4.9% over the last 4 years.	\$1.0	\$1.7	\$2.5
DARS: Expand public guardianship services	Adds funding to expand services for individuals with a mental illness and vulnerable adults	\$0.0	\$0.4	\$1.0
VDH: Support Youth Suicide Prevention	Continue contracting with the Campus Suicide Prevention Center of Virginia to provide training, consultation and prevention resources.	\$0.0	\$0.2	\$0.2
TOTAL, Community-based spending (GF dollars in millions)		\$1.0	\$2.4	\$3.7

Forensic Populations

Summary	Description	FY 2017 GF	FY 2018 GF
DCJS: Mental health services to local jail inmates	FY17 & FY18 for six pilot programs to local and regional jails to provide additional mental and behavioral health services, case managers, re-entry services and transportation services to mentally ill inmates.	\$2.5	\$2.5
Support transitional housing continuum for forensic patients	1 therapeutic group home and 1 intensive community residential treatment program in the ESH catchment area. Also supports discharge assistance planning.	\$1.5	\$3.0
DMAS: Fund medical services for involuntary commitments	Adjusts funding to reimburse hospitals for medical services provided to individuals subject to involuntary mental health commitments	\$1.8	\$1.8
Increase diversion options for persons with mental illness involved in the criminal justice system	Up to 3 additional post-booking diversion programs to enhance identification, diversion, and connection of persons with mental illness or co-occurring substance abuse disorders involved in the criminal justice system by providing pre-trial mental health and substance abuse services.	\$0.6	\$0.6

Forensic Populations

Summary	Description	FY 2017 GF	FY 2018 GF
Add direct care staffing to address increased high acuity admissions	Adds 6 positions at WSH to address the increase in admissions, discharges and high acuity clients due to higher TDO and forensic admissions.	\$0.3	\$0.5
Support oversight system for court ordered evaluations	2 FTE and associated costs of implementing proposed legislation to require the creation and implementation of an oversight system for competency and sanity evaluations. All evaluations would be subject to peer review.	\$0.2	\$0.2
Expand outpatient competency restoration system	Services for up to 85 individuals, including assessment services to determine cause of the incompetency, one-to-one educational sessions on the legal system, case management services, psychiatry services as needed, and medications.	\$0.1	\$0.1
Expand availability of resources to conditionally released individuals adjudicated not guilty by reason of insanity (NGRI)	Resources for the conditional release of those found NGRI to support up to 24 additional individuals who were found NGRI, but who can be transitioned into community settings.	\$0.1	\$0.1

Summary of Mental Health Savings

- The introduced budget reduces \$41.3 million GF for behavioral health services provided through community services boards (CSBs) as a result of expanding Medicaid coverage.
- Expanded coverage is expected to generate more than \$200 million annually to improve the care and treatment of individuals living with mental illness and substance use disorders including:
 - Traditional psychiatric services including inpatient hospital services, mental health counseling and medication management; and
 - Community-based mental health services for intensive community treatments and support.

DOJ Settlement Agreement

- The introduced budget includes almost \$103 million in net new general fund spending plus more than \$67 million in federal funds for a total of \$171 million to address the settlement agreement.
- New spending totaling \$123.7 million GF includes:
 - \$49.7 million GF and \$49.7 million from federal Medicaid matching funds for 855 additional ID and DD waiver slots plus 100 reserve slots.
 - \$36.2 million GF and \$36.2 million from federal Medicaid matching funds to increase rates and expand services for the waiver redesign;
 - \$9.7 million GF to expand crisis stabilization programs;
 - \$8.7 million GF to address costs associated with the closure of training centers;
 - \$6.4 million GF for rental assistance; and
 - \$12.9 million GF to enhance health support networks, an event tracking/quality management system and administrative oversight.
- New spending is offset by \$20.7 million in general fund savings from the closure of units at state training centers.

ID/DD Waiver Redesign

- Streamlines waivers with ease of access. Modernized and managed care with more focus on outcomes.
- Moves from a **post-review monitoring process** that adjusts rates, services based on utilization data to one that is based on more **predictive needs and use trends**, with claims data used to validate and then, as needed, make much more targeted adjustments, routinely and proactively.
- Creates a **needs-based level framework which** is necessary to fairly allocate resources to balance needs with resources; and to ensure that an individual's mix of services are comparable for groups of individuals with similar levels of need.
- Establishes a sound **rate setting methodology** which is required by the Centers for Medicare and Medicaid Services (CMS). Service definitions and the rate paid to the providers enables allows more integrated community services; increases the skill sets/evidence informed practices for more specialized providers; and reduce need for more long term care settings with use of community housing/resources.

Fiscal Year	Waiver Services Rate Increases	New Services and Individuals with more intense needs	DD Case Management Services	Offset (Exceptional Rates)	Total Costs (General Fund)
2017	\$10.8 million	\$3.0 million	\$425,391	(\$3.7 million)	\$10.4 million
2018	\$18.6 million	\$5.0 million	\$425,391	(\$3.7 million)	\$20.3 million
2019	\$18.7 million	\$5.1 million	\$425,391	(\$3.7 million)	\$20.6 million

Eligibility System Modernization

- Large year one (FFY14) workload increase
 - 52% increase in applications from previous year
- Local Department staff performance
 - Local staff processed 107,000 more Medicaid applications than the previous year
 - Continued processing other applications for public assistance in the legacy system - ADAPT
- Year two (FFY15) application volume remained high
 - Major focus on additional local staff training
- As of December 2015, 673,248 Medicaid applications submitted through VaCMS
 - 97% fully processed
 - Average application age was 28 days
 - 3,042 applications are over 45 days

Eligibility System Modernization

- Medicaid categories (ABD/LTC) and Document Management and Imaging were implemented in September 2015
- Automated asset verification implemented December 2015
- During calendar 2016 remaining public assistance programs will be added to VaCMS
 - SNAP
 - TANF
 - Energy Assistance
 - VIEW
- The Food and Nutrition Service requires a minimum 90 pilot for SNAP
- Target is to be off the UNISYS mainframe by the end of the calendar year

Eligibility System Modernization

- System Development Contract
 - Total Budget: \$110.5 million
 - Total Expended (Nov 30, 2015) \$ 75.8 million
 - GF Budget: \$ 17.3 million
 - GF Expended (Nov 30, 2015) \$ 11.4 million
- System is on track and on budget to be completely implemented by Dec 31, 2016
- Projected decrease of \$4 million GF annually in computer operating expenses

Certificate of Public Need

Background

- At the General Assembly's request, a COPN Task Force met last year to review the current program and explore options to improve it.

Workgroup options

- Leave COPN program as-is
- Eliminate COPN entirely
- Find middle ground reforms, removing some items from COPN oversight

<http://www.vdh.state.va.us/Administration/COPN.htm>

Children's Services

- **Children's Cabinet**
 - Continue to focus on the five priority areas that cut across secretariats and result in more efficient and effective services
- **Intersection of Education and Health and Human Resources**
 - Support of Education's Efforts around Challenged Schools/Petersburg
- **Fostering Futures**
 - Provides supportive services while requiring the young adults to further their education, pursue job training or secure a job
 - Governor's Introduced budget includes approximately \$2M for implementing Fostering Futures in a phased-in approach
- **CSA/DJJ**
 - Working together to improve outcomes for children involved in or imminent risk of involvement in the juvenile justice system and/or children receiving, or at imminent risk of, long-term school suspension or expulsion (Budget Language to form a work group which would make recommendations to increase the use by local CSA programs of funding allocated to non-mandated populations)

Housing & Homelessness

Virginia continues to get national attention for effectively addressing homelessness

- **Veteran Homelessness**

- First state to functionally end veteran homelessness
- Continue to support local communities to keep the system in place that quickly houses veterans as they enter homelessness

- **Governor's Coordinating Council**

- In addition to veterans, focus is being placed on youth and families, those experiencing chronic homelessness and those involved in criminal justice system
- The introduced budget adds \$6 M each year to the Housing Trust Fund; a portion of these funds will be used to support efforts to address homelessness

Questions?

