



*Department of Medical Assistance Services*



# Estimates of Medicaid Reform Costs and Savings

Presentation to the:  
Medicaid Innovation and Reform Commission

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Cindi B. Jones, Director  
Virginia Department of Medical Assistance Services  
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<http://dmas.virginia.gov>

# Presentation Outline

- Status of CMS Reform Discussions**
- Savings for Medicaid Reform: Phase 1-3
- Cost/Savings for Affordable Care Act

# Working with CMS to Implement Reforms in Virginia

## Key CMS Approvals/Support

- Medicare-Medicaid Enrollee (dual eligible)  
Financial Alignment
- Significant Reforms to the Managed Care  
Organization Contracts
- Fast Tracking Reviews of Eligibility and  
Enrollment Changes
- Additional Required Medicaid Reforms

# Working with CMS to Implement Reforms In Virginia

- On August 15, 2013, DMAS submitted a concept paper to CMS, entitled ***“Implementing Medicaid Reform in Virginia: A summary of planned reforms for review by the Centers for Medicare and Medicaid Services and interested stakeholders”***
  
- Contents
  - Purpose
  - Overview of the Medicaid Program
  - Existing Federal Authority for the Virginia Medicaid Program
  - Reforming Virginia’s Medicaid Program
  - Next Steps for Virginia

# Working with CMS to Implement Reforms In Virginia

Request	Background
Assurance Parameters for Rapid-Cycle Innovation Pilots	Developing a State Plan Amendment or 1115 waiver authority to implement pilots on a rapid-cycle basis outside of Managed Care
Value Driven, Commercial-Like Medicaid Program	Further strengthening DMAS' current MCO contract by establishing value-driven incentive strategies (e.g., wellness).
Comprehensive Coordination of LTSS	Using a phased in approach to move all LTSS populations and services into a coordinated delivery system.

# Presentation Outline

□ Status of CMS Reform Discussions

□ Savings for Medicaid Reform: Phase  
1-3

□ Cost/Savings for Affordable Care Act

## Savings Estimates for Medicaid Reform for Virginia: Phase 1

	SFY 14 – SFY 16 Total Funds/GF	SFY 2014 Total Funds/GF	SFY 2015 Total Funds/GF	SFY 2016 Total Funds/GF
<b>•Dual Eligible Demonstration Pilot</b>				
•50% enrollment in program	(27,597,465)/ (13,798,733)	(1,412,218)/ (706,109)	(17,166,356)/ (8,583,178)	(9,018,891)/ (4,509,446)
•80% enrollment in program	(44,028,619)/ (22,014,310)	(1,412,218)/ (706,109)	(28,186,175)/ 14,093,088)	(14,430,226)/ (7,215,113)
<b>•Enhanced Program Integrity</b>	(17,066,946)/ (8,533,473)	(5,688,982)/ (2,844,491)	(5,688,982)/ (2,844,491)	(5,688,982)/ (2,844,491)
<b>•Foster Care to Managed Care</b>	(13,940,351)/ (6,970,176)	(2,440,351)/ (1,220,176)	(5,750,000)/ (2,875,000)	(5,750,000)/ (2,875,000)
<b>•Ehhr – 75% enhanced FFP for eligibility and enrollment functions (GF savings)</b>	(22,400,000)/ (22,400,000)	(6,000,000)/ (6,000,000)	(8,200,000)/ (8,200,000)	(8,200,000)/ (8,200,000)
<b>•Behavioral Health Regulations Changes</b>	(133,960,168)/ (66,967,577)	(20,737,969)/ (10,367,532)	(54,615,905)/ (27,304,419)	(58,606,294)/ (29,295,626)
<b>Totals for Phase 1</b>				
<b>•50% Duals enrollment</b>	(214,964,930)/ (118,669,959)	(36,279,520)/ (21,138,308)	(91,421,243)/ (49,807,088)	(87,264,167)/ (47,724,563)
<b>•80% Duals enrollment</b>	(231,396,084)/ (126,885,536)	(36,279,520)/ (21,138,308)	(102,441,062)/ (55,316,998)	(92,675,502)/ (50,430,230)

# Savings Estimates for Medicaid Reform: Phase 2

- At this time, there are no additional savings estimates on this Phase for **current** populations. Savings for commercial like reforms for current population are already included in the capitated payment for the MCOs. MCOs are also at full risk.
- Phase 2 Reforms includes: commercial like benefits and service limits, cost sharing and wellness, coordination with behavioral health, limited provider networks and medical homes, quality payment incentives, administration simplification, and parameters to test pilots.
- Phase 2 Reforms and additional savings are more likely with the expansion of the private option to uninsured adults from 0 – 133% FPL.

## Savings Estimates for Medicaid Reform for Virginia: Phase 3

	SFY 14 – SFY 16 Total Funds/GF	SFY 2014 Total Funds/GF	SFY 2015 Total Funds/GF	SFY 2016 Total Funds/GF
<b>•Long Term Care Coordinated Care</b>				
All HCBS in Managed Care for Acute and Medical needs only (implemented in SFY 2015)		Not applicable	Savings TBD	Savings TBD
All Long Term Care Services in Coordinated Care (Implemented in SFY 2017)		Not applicable	Not applicable	Not applicable
Complete Duals Statewide, including children (Implemented in SFY 2019)		Not applicable	Not applicable	Not applicable

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- ❑ Status of CMS Reform Discussions
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- ❑ **Cost/Savings for Affordable Care Act**

## Estimated Cost and Savings of Medicaid Reform for Virginia

	SFY 10 - SFY 22	SFY 2014	SFY 2015	SFY 2016
Mandatory ACA Provisions: Costs – State Funds	\$1,017m	\$46.7m	\$84.3m	\$80.1m
Mandatory ACA Provisions: Savings – State Funds	(\$1,159)m	(\$82.8m)	(\$57.9m)	(\$109.8m)
<b>Total Mandatory ACA Provisions: State Funds</b>	<b>(\$142)m</b>	<b>(\$36.1m)</b>	<b>\$26.4m</b>	<b>(\$29.7m)</b>
<b>Total Mandatory ACA Provisions: Federal Funds</b>	<b>\$847m</b>	<b>\$45.5m</b>	<b>\$78.7m</b>	<b>\$101.6m</b>
Optional ACA Provisions (with Expansion): Costs – State Funds	\$1,603m	\$9.7m	\$22.4m	\$24.9m
Optional ACA Provisions (with Expansion): Savings – State Funds	(\$1,323)m	(\$61.7m)	(\$137.4m)	(\$144.3m)
<b>Total Optional ACA Provisions (with Expansion): State Funds</b>	<b>\$280m</b>	<b>(\$52.1m)</b>	<b>(\$115.0m)</b>	<b>(\$119.4m)</b>
<b>Total Optional ACA Provisions (with Expansion): Federal Funds</b>	<b>\$22,346m</b>	<b>\$771.4m</b>	<b>\$2,220m</b>	<b>\$2,417m</b>
<b>Net ACA Impact with Optional Expansion – State Funds</b>	<b>\$137m</b>	<b>(\$88.1m)</b>	<b>(\$88.6m)</b>	<b>(\$149.1m)</b>
<b>Net ACA Impact with Optional Expansion – Federal Funds</b>	<b>\$23,193m</b>	<b>\$816.9m</b>	<b>\$2,299m</b>	<b>\$2,519m</b>

Source: Virginia Department of Medical Assistance Services, December 7, 2012