UPDATE FOR HOUSE APPROPRIATIONS COMMITTEE

OCTOBER 15, 2018

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Agenda

- Virginia COMPASS 1115 Demonstration Waiver Components and Process
- Overview of Current Landscape: Workforce Programs & Work Requirements
- Overview of Changes Required for Implementation of Virginia COMPASS Waiver
- Review of Timeline for Implementation of Virginia COMPASS Waiver
The 2018 Appropriations Act directs DMAS to implement new coverage for adults and transform coverage.

- Implement new coverage for adults with incomes up to 138% FPL and implement early reforms for newly eligible individuals.

- Implement required reforms that transform the Medicaid program for certain individuals.

DMAS is working in parallel and will submit a § 1115 Waiver while awaiting CMS approval of State Plan Amendments.
State Plan Amendment (SPA)

- Amending the State Plan for Medical Assistance, which is Virginia’s agreement with the federal government for administering the Medicaid program
- 25 state plan amendments (SPAs) on average annually
- Regulations in Virginia Administrative Code (12 VAC 30 Chapters 5-110)
- 90-day approval period

Waivers

- Waive parts of the Social Security Act
- Different waiver types
  - § 1915(b) establishes a managed care service delivery system
  - § 1915(c) establishes home and community based services
  - § 1115 tests new research and demonstration projects
- Undefined timeline for approval
State Law Requires Waiver Changes

- Work and Community Engagement
- Premiums, Co-Payments, Health and Wellness Accounts
- Housing and Employment Supports Benefit
Overview of the Virginia “Creating Opportunities for Medicaid Participants to Achieve Self-Sufficiency” (COMPASS) Waiver

Section 1115 Demonstration Waiver Components

**Work/Community Engagement (TEEOP)**
- Requirement to participate in training, education, employment and other community engagement opportunities for 80 hours per month in order to maintain Medicaid coverage.
- Applies to all “able-bodied adults” in the Medicaid program who do not meet an exemption (e.g., parents of dependent children, medically-frail, disabled).

**Health & Wellness Program**
- Requirement for premiums and co-payments, health & wellness accounts and healthy behavior incentives.
- Applies to Medicaid enrollees with incomes between 100-138% FPL, who do not meet an exemption. Exemptions are the same as in the TEEOP program.

**Housing & Employment Supports for High-Risk Enrollees**
- A supportive housing and employment benefit for high-risk Medicaid enrollees, including those with severe mental illness, substance use disorder, or other complex, chronic conditions.

Source: 2018 Virginia Acts of Assembly Chapter 2
DMAS is working on the Section 1115 Demonstration Waiver to seek authority from CMS for the TEEOP program and other reforms, as outlined in the 2018 Appropriations Act.

- DMAS moving forward with timeline as outlined in Appropriations Act
  - Will submit the Section 1115 Demonstration Waiver Application to CMS for approval no later than 150 days from passage of HB 5001
- Biweekly regular calls with CMS have been ongoing for months
- 30-day public comment period opened on 9/20
  - Visit the DMAS website for event details for upcoming Public Hearings

**PUBLIC HEARINGS**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 25</td>
<td>✓ DMAS Board Meeting (Richmond)</td>
</tr>
<tr>
<td>October 3</td>
<td>✓ Roanoke Elks Lodge No. 197 (Roanoke)</td>
</tr>
<tr>
<td>October 9</td>
<td>✓ Great Falls Library (Northern Virginia)</td>
</tr>
<tr>
<td>October 11</td>
<td>✓ MEO Central Library (Virginia Beach)</td>
</tr>
<tr>
<td>October 15</td>
<td>❑ Arlington Central Library</td>
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At the conclusion of the public comment period, DMAS will begin compiling and responding to comments as part of the Section 1115 Waiver Application
DMAS released the 1115 waiver for the 30-day state public comment period on September 20, 2018.

DMAS will submit the 1115 Virginia COMPASS waiver to CMS by November 4, 2018, after responding to all public comments.

CMS will determine if application is complete within 15 days. 30-day CMS public comment period begins.

DMAS and CMS continue negotiations until waiver approval. There is no defined federal timeline for 1115 waiver approval.
### New Business Processes and Systems Changes for TEEOP

- Develop new eligibility business processes for exemptions, automated reporting, suspensions of coverage and reenrollment
- Develop member compliance and reporting processes
- Develop member assessment processes, including connecting individuals to services
- Establish systems requirements, modify existing contracts, and implement new technology services
- Implement new systems and make systems changes, including changes to eligibility system (VaCMS) to ensure interoperability across systems (including Workforce and Medicaid)

### Stand Up Health & Wellness Program

- DMAS does not currently have Health & Wellness accounts or premiums
- Develop new business processes
- Create systems to operationalize premiums, accounts and copayments with contractor/managed care organization support
- Connect new systems and processes to TEEOP processes and eligibility systems

### Outreach, Training & Stakeholder Engagement

- Extensive training of state and contractor staff
- Outreach and education campaign to ensure enrollee, provider, advocate and other stakeholder understanding of requirements and penalties

### Bolster Workforce Programs to Meet Need

- Estimated 1.3 to 5.2 million additional hours per month in community engagement activities needed to meet the need
- Build upon existing workforce programming
- Seeking federal resources for additional supportive employment services
Out-of-Work Population

650K total out-of-work population

168K (26%) UNEMPLOYED

482K (74%) NOT IN THE LABOR FORCE
Education

- Overall Population
- Out-of-Work Population

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Overall Population</th>
<th>Out-of-Work Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>9%</td>
<td>19%</td>
</tr>
<tr>
<td>High school or GED</td>
<td>24%</td>
<td>34%</td>
</tr>
<tr>
<td>Some College or Assoc. Degree</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>Bachelors or higher</td>
<td>39%</td>
<td>21%</td>
</tr>
</tbody>
</table>

25-64
Strategically Targeting Workforce Resources Across Regions

• Each region has different needs to address the out-of-work population

• Even though there are higher high school completion rates, Virginia has slipped in the rankings with people who have completed bachelor’s degrees
Virginia’s Workforce System

Title I
Training and Education
Dislocated, Low Income, Youth

Title II
Adult Basic Education

Title III
Wagner Peyser Employment Services

Title IV
Vocational Rehabilitation
Overview of Current Landscape - VDSS

VDSS System Supports Two Core Workforce Programs

• **TANF – VIEW**
  - 35% of TANF Caseload in VIEW (15,600 individuals per year)
    - *Case management cost per case* - $1,537.07
    - *Purchase of services per case* - $750

• **Outcomes**
  - *Participants in a work activity* – 96%
  - *Job entry rate* – 67%
  - *Job retention (3 months)* – 66%
  - *Avg. wage* - $10.15 per hour
Overview of Current Landscape - VDSS

VDSS System Supports Two Core Workforce Programs

- **SNAP Employment Training Program (SNAPET)**
  (2,000 participants per year)
  - Case management cost per case - $1,144.40
  - Purchase of services per case - $209

- **Outcomes**
  - Credential Attainment – 38%
  - Job Entry – 48%
  - Median Annual Earnings - $14,500
VDSS will play a key role in the operation of TEEOP

- **Eligibility related to TEEOP- $3.5 million**
  - Tracking and taking action on employment engagement hours - Assumes local department staff time for each “touch” (Four touches annually)

- **Systems development and testing - $5 million (VACMS, CommonHelp)**

- **Assessment, Case Management, and Purchase of Workforce Services will be done through Virginia Career Works**
Lessons Learned from Other States

1. Caution against making systems changes prior to waiver approval by CMS. Negotiations with CMS can significantly impact business processes and systems requirements.
2. Encourage significant outreach/training prior to implementation to mitigate loss of coverage due to lack of knowledge and understanding of the requirements and penalties.
3. Where possible, phase in or pilot requirements and penalties so both the state and enrollee can learn and adapt prior to full implementation.

Lessons Learned for Implementation

1. Currently, four states have received federal approval to implement work/community engagement requirements (AR, KY, NH, IN). All four states have already implemented Medicaid expansion.
   - Two states (KY, AR) have pending litigation.
Indiana HIP 1115 Waiver: Gateway to Work Program Overview

- Indiana is taking a phased approach to its work/community engagement requirement implementation.
- Indiana had previously implemented Medicaid expansion and its premiums/POWER accounts in 2015.
Virginia COMPASS Implementation:

- Unlike Indiana and other states, Virginia will be implementing three large-scale waiver components simultaneously.
- Virginia will be working on the operational design and planning for implementation of the waiver during negotiations with CMS.

**Nov. 2018**
- Submit waiver to CMS

**2019**
- *ANTICIPATED CMS approval of waiver*

**Demonstration Year 1**
- Build systems and go-live with requirements

**Demonstration Year 2**
- Early in Demonstration Year 2, go-live with penalties for non-compliance
APPENDIX
Virginia will implement the Training, Education, Employment Opportunity Program (TEEOP) to promote work and community engagement.

The Commonwealth will phase in a requirement that makes participation in TEEOP a condition of eligibility for all Medicaid enrollees between the ages of 19 and 64 with incomes up to 138 percent of the FPL who are not exempt.
Work and Community Engagement: Participation Requirements

People who aren’t exempt must participate in one or more qualifying work or community engagement activities for 20 to 80 hours per month to continue to stay in Medicaid.

**Activities**

- Employment
- Job skills training or job search activities/readiness
- Participation in a workforce program
- Education
- Training and apprenticeships
- Community or public services
- Caregiving services
- Other activities

People who do not meet the work/community engagement requirement for any three months within a 12-month period will have their Medicaid coverage suspended until: 1) the end of the year or 2) demonstrating compliance with the work and community engagement requirements for one month, or 3) qualifying for another Medicaid eligibility category not subject to work and community engagement requirements, or 4) qualifying for an exemption.
Some people in Medicaid will be exempt from – meaning they don’t have to meet – work and community engagement requirements.

**Standard Exemption Examples:**
- Pregnant and 6-months postpartum women
- Children who are age 19 and younger
- Students in post-secondary education
- Medically frail individuals
- Individuals meeting SNAP and/or TANF requirements
- Individuals age 65 and older
- Individuals who have blindness or a disability
- Victims of domestic violence

**Hardship/Good Cause Exemption Examples:**
- Individuals who experience a hospitalization or serious illness or who live with an immediate family member who experiences a hospitalization or serious illness
- Birth or death of a household member
- Family emergency
- Change in family living circumstances (e.g., separation, divorce)
- Individuals living in geographic areas with high unemployment rates

*The length of the hardship/good cause exemption will be dependent on the individual’s circumstance.*
To help people meet TEEOP requirements and get jobs, Virginia will offer employment support services.

<table>
<thead>
<tr>
<th>Employment Support Services</th>
<th>Pre- Employment Services</th>
<th>Employment Sustaining Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Services</td>
<td>✓ Subsidies for industry certification</td>
<td>✓ Career advancement services</td>
</tr>
<tr>
<td></td>
<td>✓ Job-related assessments</td>
<td>✓ Negotiation</td>
</tr>
<tr>
<td></td>
<td>✓ Person-centered employment planning</td>
<td>✓ Job analysis</td>
</tr>
<tr>
<td></td>
<td>✓ Job development and placement</td>
<td>✓ Job coaching</td>
</tr>
<tr>
<td></td>
<td>✓ Job carving</td>
<td>✓ Benefits education and planning</td>
</tr>
<tr>
<td></td>
<td>✓ Benefits and education planning</td>
<td>✓ Asset development</td>
</tr>
<tr>
<td></td>
<td>✓ Transportation to pre-employment services</td>
<td>✓ Follow-along supports</td>
</tr>
<tr>
<td></td>
<td>✓ Transportation to employment support services</td>
<td>✓ Transportation to employment support services</td>
</tr>
</tbody>
</table>
Virginia will implement premiums co-payments and Health and Wellness Accounts to empower people to take greater responsibility for their health and well-being.

- **Premiums**
- **Healthy Behavior Incentives**
- **Co-Payments for Non-Emergent Use of the Emergency Department**
- **Health and Wellness Accounts & Health Rewards**
**Premiums and Health and Wellness Accounts**

Medicaid enrollees with incomes from 100-138% of the FPL will be required to pay monthly premiums for Medicaid. Premium amounts are:

<table>
<thead>
<tr>
<th>Income</th>
<th>Annual Income Range for a Household of 1*</th>
<th>Monthly Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>100-125% FPL</td>
<td>$12,140 - $15,175</td>
<td>$5 per month</td>
</tr>
<tr>
<td>126-138% FPL</td>
<td>$15,296 - $16,753</td>
<td>$10 per month</td>
</tr>
</tbody>
</table>

Premium payments will go into Health and Wellness Accounts (HWAs). The State may also add money to these accounts if the State Legislature approves funding.

People who make the required number of premium payments and do at least one healthy behavior will be able to receive a Health Rewards gift card to pay for health-related services (e.g., eyeglasses or vitamins).

People who make the required number of premium payments but do not do a healthy behavior will not be able to get a Health Reward. But, their HWA money will roll over to the next year, and they will have another chance to earn a Health Reward.

People who do not pay their premiums for three months will have their Medicaid coverage suspended until making premium payment, meeting an exemption or reporting a change in circumstances that reduces family income to less than 100% of FPL.
Virginia will provide housing and employment supports for people in Medicaid with high health needs who are ages 18 and older if the State finds they have a need for these services.

### Housing Supports
- **Housing Transition Services**, such as:
  - Help with budgeting for housing and living costs
  - Making the living space safe for move-in
  - A security deposit to get a lease on an apartment/home
- **Housing and Tenancy Sustaining Services**, such as:
  - Entitlement assistance
  - Education and training on the role, rights, and responsibilities of the tenant/landlord
  - Advocacy and linking to community resources to prevent eviction

### Employment Supports
- **Case Management**
- **Educational Services**, including:
  - Subsidies for industry certification
- **Pre-Employment Services**, such as:
  - Job carving
  - Benefits and education planning
  - Transportation to pre-employment services
- **Employment Sustaining Services**, such as:
  - Negotiation with employers
  - Job analysis and coaching