

Health and Human Resources

Presentation to House Appropriations
Health and Human Resources Sub-Committee

Secretary of Health and Human Resources

Dr. Bill Hazel

January 14, 2013



Health and Human Resources

Jobs and
Economic
Development

Homelessness

Children's
Services

Health System
Reform

Veteran's and
Active Duty
Military
Services
Coordination

Prisoner
Reentry

eHHR

Community
Integration

DOJ

Health

Effective and
Efficient
Government

State Managed
Shelters

Mental Health

Adoption

Health System Reform (Federal)

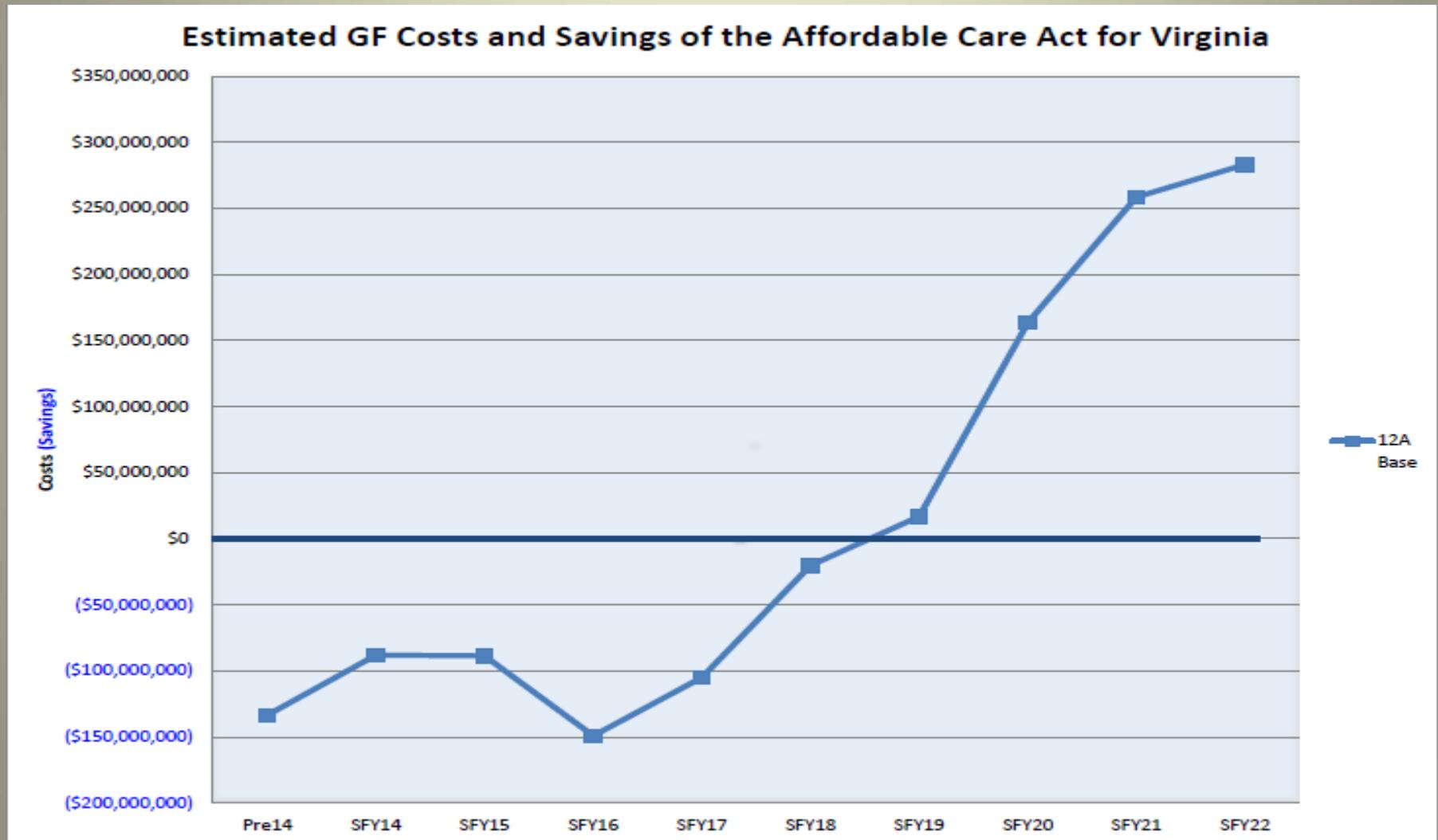
3 Major Components

1. Requires Most U.S. Citizens and Legal Residents to Have Health Insurance;
 - Expands Medicaid (at state option) for all individuals with income under 138 percent of poverty.
 - Reconfigures insurance industry
2. Creates Health Benefits Exchanges to Help Individuals and Small Businesses Purchase Health Insurance;
 - Offers subsidies to low-income individuals with income between 138 and 400 percent of poverty to purchase insurance
3. Encourages Innovation

Health Reform Work Supported Through:

- \$1 million federal planning
- Robert Wood Johnson Foundation, State Health Reform Assistance Network

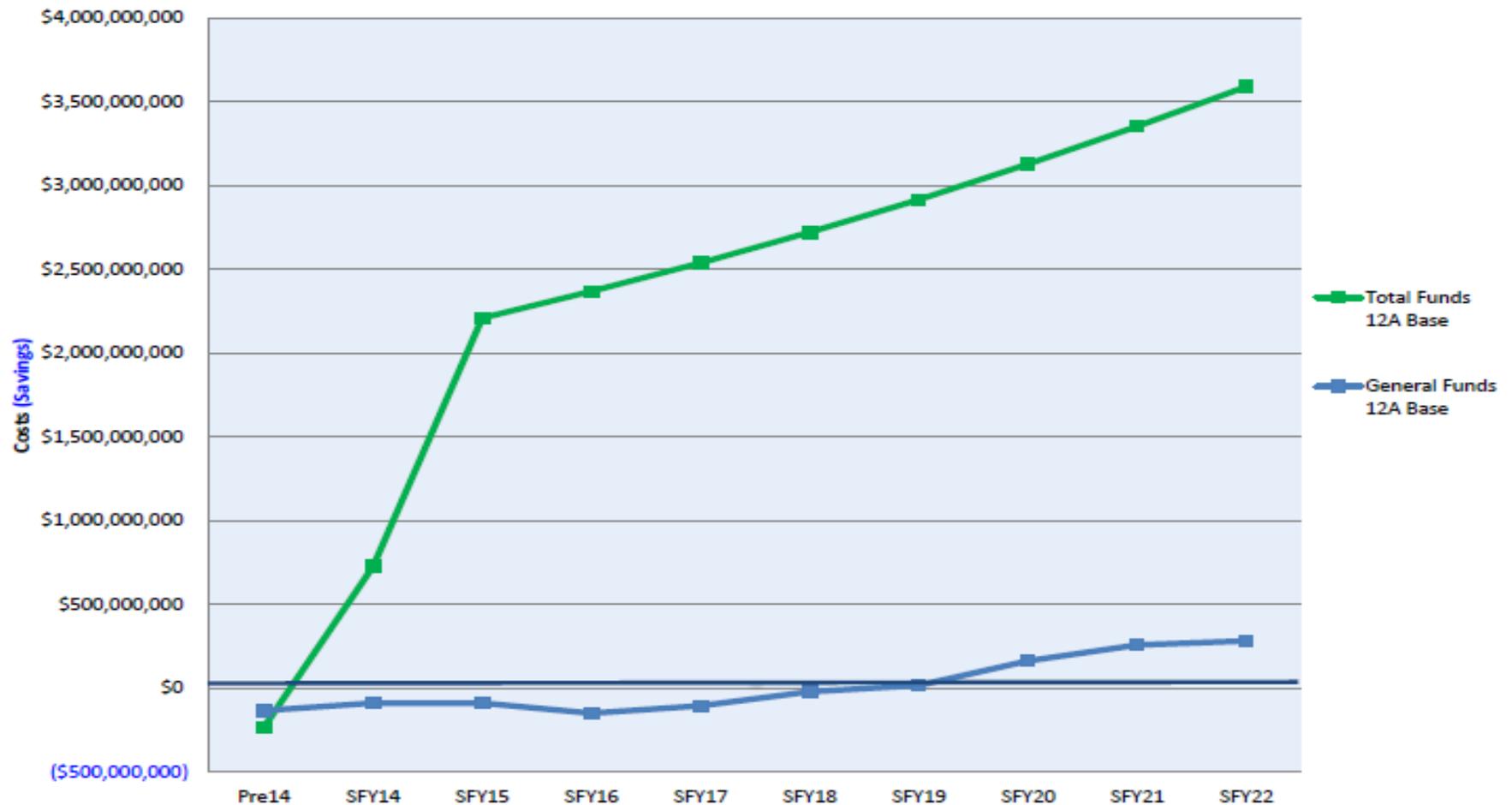
Estimated Virginia GF Costs and Savings of PPACA



Estimated Impact Total vs General Funds

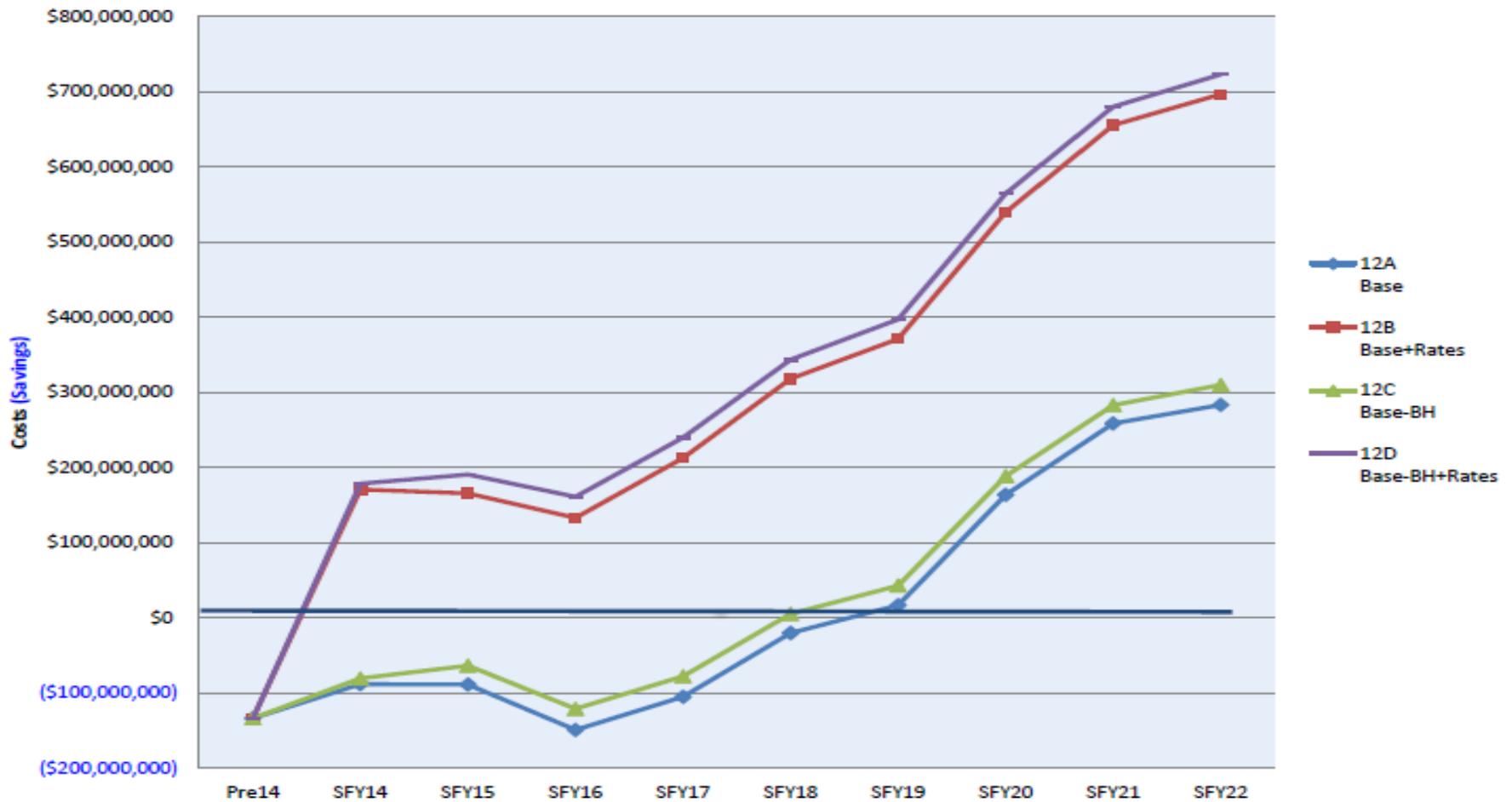
Estimated Fiscal Impact of the Affordable Care Act for Virginia

12A Model: 69% Take-up Rate Assumed; Includes Behavioral Health Services in Benefit Package;
No Rate Increase for Physicians or Hospitals



Estimated Impact with Various Assumptions

Estimated GF Fiscal Impact of the Affordable Care Act for Virginia with Optional Medicaid Eligibility Expansion



Medicaid

3 Variables

Populations Covered	Optional Benefits	Provider Rates
PPACA Restricts	PPACA Restricts	Cutting rates – less providers

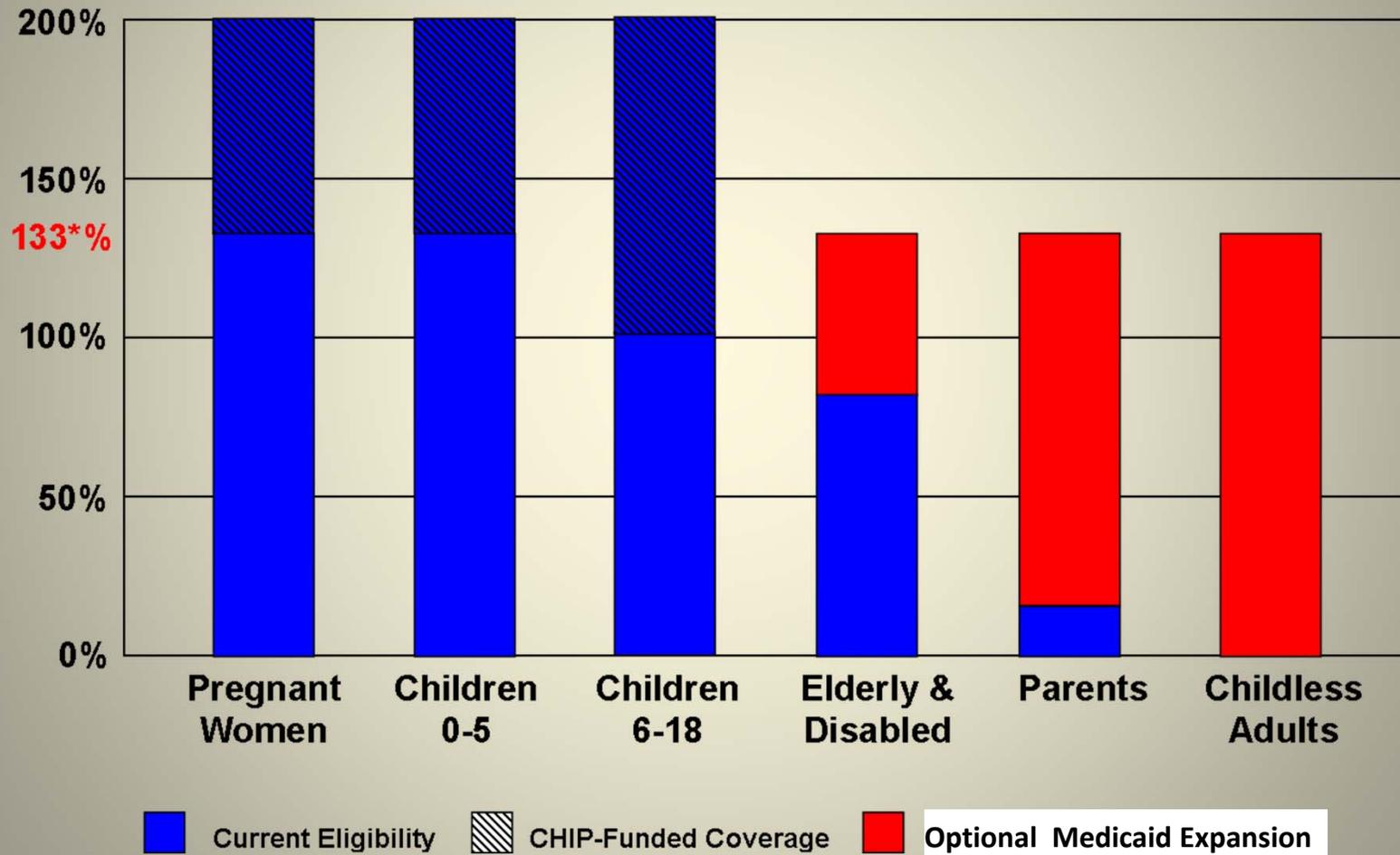
- No consideration of expansion without substantial reforms
- Continued concern about federal fiscal ability to support Medicaid promises
- Any expansion would include agreement on behalf of federal government that if any change made to Medicaid formularies, the expansion collapses without penalty

Medicaid Reform Proposal

- **Comprehensive Market-Based Reform of the Virginia Medicaid Program**
 - leveraging value-based purchasing
 - shared responsibility
- **Commercial-like Benefit Package for Expansion Population**

Medicare-Medicaid Financial Alignment Demonstration:
\$650,784 GF \$1,850,891 NGF Uses a fully integrated managed care model for participating dual eligibles to receive all Medicare and Medicaid benefits from one managed care plan

Impact of Medicaid Expansion in Virginia



Health Benefits Exchange

2 Key Components

1. Technical Build
2. Insurance Market Management

State Based Exchange – too late to develop unless pursue generic HBE in a box

Federally Facilitated – awaiting technical build and systems connector details

Hybrid – not in PPACA, essentially FFE with state running either Outreach and/or Plan Management

Innovation

Cost and Value problems in the healthcare arena can't be solved without significant innovation

- Innovation opportunities within PPACA are lost in the messiness of Exchange and Medicaid messaging.
- Unfortunately, innovation funding also politically packaged as a result of forcing innovation funding opportunities through Governor's offices.
- Federal awards remain in limbo while Virginia is already making progress
- Virginia has created the Virginia Center for Health Innovation (501 (c)3) housed out of the Chamber of Commerce

Virginia Health Innovation Priorities

Each priority will have a dedicated workgroup assigned to explore pilot programs and to reach consensus on a recommended three-year implementation plan.

Workgroups will include members of the VHRI Advisory Board, the VCHI Board of Directors, as well as any key thought leaders in each particular priority area.



eHHR - progress to date

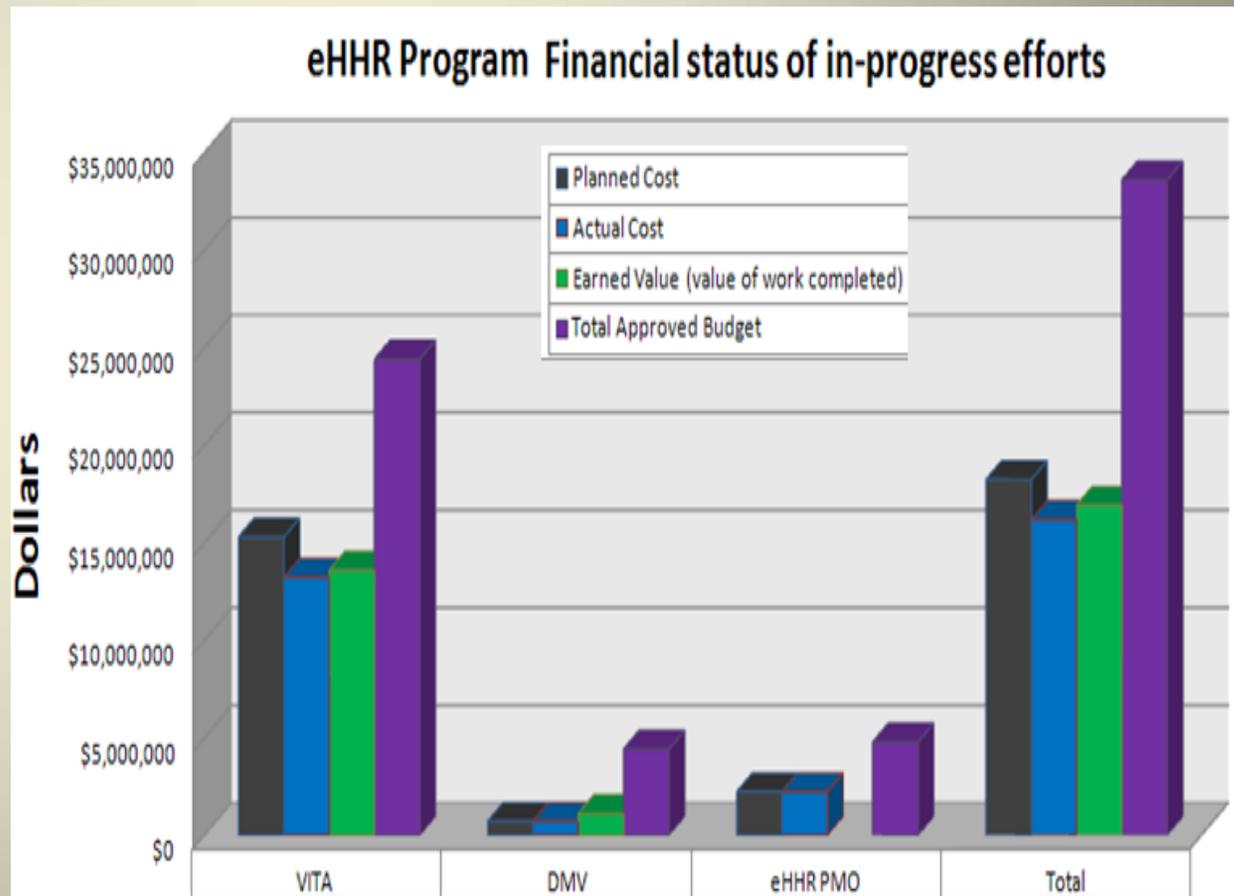
- 11 projects on schedule (Initiation or Execution phase)
- 1 project on hold – HBE
- Launched the statewide CommonHelp Eligibility Services portal.
- Reached agreement with the OAG on Citizen Consent language needed to empower the modernized eligibility system
- IT system infrastructure to support Development and Testing secured and deployed on-schedule by VITA; includes new Service Oriented Architecture/Enterprise Service Bus (SOA/ESB) modularized architecture
- DSS Enterprise Delivery System Program Contract solicited and awarded, signed with Deloitte Consulting on 12/19/12

eHHR - coming activities

- Ramp-up Phase I execution of the EDSP contract w/ Deloitte (support MAGI requirements); Requirements and Design sessions are going on currently
- Sign Enterprise Memorandum of Understanding (E-MOU) across eHHR agencies (March)
- Begin collecting citizen consent for Enterprise Data Management Services (March)
- Begin migrating VA Medicaid/CHIP policy rules into new Rules Engine architecture; merge with MAGI guidelines (March/April)
- Deploy Commonwealth Authentication and Enterprise Data Management Services (May)
- Build out additional Testing, Training and Production IT system infrastructure with VITA (Summer)
- Begin enrollment of new Medicaid/CHIP applications based on MAGI requirements (Oct 1, 2013)
- Begin conversion of existing Medicaid/CHIP cases (rolling 12 month process following 10/1)

eHHR – financial status

- All projects are on-target (planned budget vs. actual cost)
- We have unconditional CMS approval on 90/10 funding; received 11/16/12



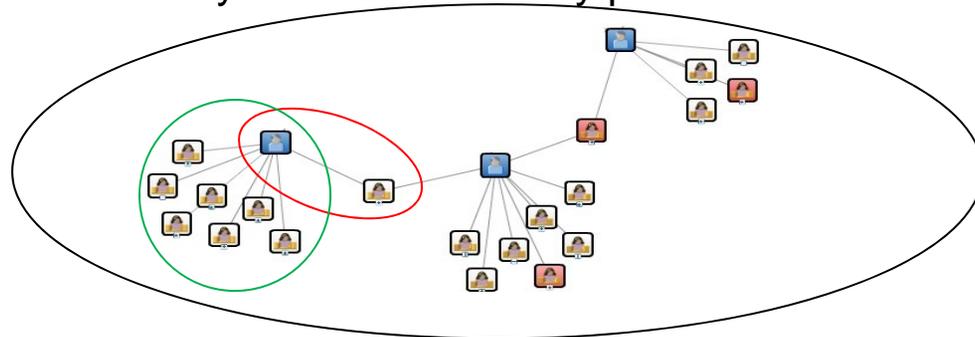
Children's Services

- **SAVINGS FROM DATA ANALYTICS (\$9,872,842 GF):** Because the General Assembly authorized the use of \$500,000 to purchase data analytics software, the Office of Comprehensive Services estimates \$9.8 Million in savings from improper billing to CSA.

Starts with 1 child and 1 service provider

Grows to 1 child and multiple service providers

Grows to many children and many providers



What is being done to coordinate services?

What accounts for differences in costs for providers serving children with similar needs?

Children's Services

- **CHILDREN'S MENTAL HEALTH CRISIS SERVICES \$1,000,000 GF:** Additional funding to provide statewide regional coverage for children's mental health crisis teams and child psychiatrists. This is in addition to the 3 regions funded with \$1.5 in last year's budget.
- **EARLY INTERVENTION SERVICES \$6,000,000 GF:** Provides additional funding for the early intervention program to cover program growth.

Children's Services

- **KINDERGARTEN READINESS \$750,000 GF:**

Provides funding to the Virginia Early Childhood Foundation. This includes funds for a pilot assessment to measure kindergarten readiness.

- **FUNDING FOR VISUALLY IMPAIRED STUDENTS**

\$4,908,789 GF: Lifts an unfunded mandate and provides support to localities in the costs of teachers, teacher's aides and staff for blind or visually impaired students

Adoption

- **INCREASE THE NUMBER OF FOSTER CARE CHILDREN ADOPTED \$2,350,000:** One million dollars to providing parents who adopt foster care children with an initial payment of up to \$1,000 per child to offset expenses associated with welcoming a child into their home. Remaining funds to recruit and support adoptive parents

Budget Amendment:

2013:

2014: \$2,000,000 GF

\$350,000 NGF

Homelessness Prevention

- Increase the number of permanent supportive housing units in the Commonwealth
- Increase flexibility of funding to prevent homelessness and support Rapid Re-housing for individuals and families
- Increase statewide data collection and system coordination
- Increase access to substance abuse and mental health treatment
- Improve discharge policies and procedures for foster care

Homelessness Prevention

Achievements

- Between 2010 & 2012 the overall number of people experiencing homelessness has decreased by 7.22%
- In FY 2012, 298 families were rapidly re-housed
- In FY 2013 additional resources have been committed for the creation of Permanent Supportive Housing units
- Since 2010 the Department of Corrections has reduced the number of prisoners being released without a plan by 85%

Next Steps

- Create a coordinated, statewide data collection system to include Veterans services
- Continue to build capacity of service providers and communities to transition to best practice models such as Rapid Re-Housing
- Explore possible funding strategies to support peer recovery models addressing substance abuse
- Continue to focus on increasing the number of Permanent Supportive Housing Units

Mental Health

- Executive Order 56 establishes a multidisciplinary task force to review school and campus safety . The EO further establishes a separate mental health workgroup chaired by Attorney General Ken Cuccinelli and Secretary of Health and Human Resources Dr. Bill Hazel.
- The task force shall commence its work promptly and send initial recommendations no later than January 31, 2013 so the General Assembly and the Governor can consider them this session. The task force shall make additional recommendations on an ongoing basis and shall provide a final report on all aspects of the executive order to the governor no later than June 30, 2013, so that recommended actions can be implemented before the new school year begins.

Community Integration/DOJ

DOJ Settlement Agreement Timeframe

- February 2011 – Findings
- Jan. 26, 2012 - Negotiation completed and settlement agreement signed
- Aug. 23. 2012 - Judge signs agreement as consent decree

Community Integration/DOJ

Virginia will create 4,170 waiver slots by June 30, 2021:

State Fiscal Year	Individuals in Training Centers to Transition to the Community	ID Waiver Slots for Individuals on Urgent Wait List	DD Waiver Slots for Individuals on Wait List
2012 ¹	60	275	150
2013	160	225*	25**
2014	160	225*	25**
2015	90	250*	25**
2016	85	275	25
2017	90	300	25
2018	90	325	25
2019	35	325	25
2020	35	355	50
2021	0	360	75
Total	805	2915	450

These FY2012 slots have already been funded and assigned to individuals.

*25 slots each year are prioritized for individuals less than 22 years who reside in nursing homes or large ICFs.

**15 slots each year are prioritized for individuals less than 22 years who reside in homes or large ICFs.

DOJ

Summary of Total Cost of the Settlement Agreement

Total 10-Year Cost	\$2.4 Billion
Total GF cost of services	\$1.2 Billion
Total GF savings and offsets	\$ 826.9 Million
Total estimated <u>new</u> GF required	\$ 387.7 Million

