



Department of Medical Assistance Services



DMAS Proposed Budget FY14 – FY16

Presentation to the:

House Appropriations Committee
Subcommittee on Health and Human Resources

January 14, 2014

<http://dmas.virginia.gov>

Total Funds (millions)			
	Current	Proposed	Difference
Medicaid	\$8,062	\$8,003	(\$59.0)
CHIP	\$333	\$297	(\$35.7)
Admin	\$123	\$138	\$15.0
Other Programs	\$63	\$62	(\$0.5)
Total DMAS	\$8,580	\$8,500	(\$80.2)

State Funds (millions)			
	Current	Proposed	Difference
Medicaid	\$4,062	\$3,988	(\$73.6)
CHIP	\$115	\$104	(\$11.5)
Admin	\$46	\$48	\$1.7
Other Programs	\$14	\$13	(\$0.5)
Total DMAS	\$4,237	\$4,153	(\$83.9)

Total Funds (millions)	
	Difference
Medicaid	(\$59.0)
CHIP	(\$35.7)
Admin	\$15.0
Other Programs	(\$0.5)
Total DMAS	(\$80.2)

State Funds (millions)	
	Difference
Medicaid	(\$73.6)
CHIP	(\$11.5)
Admin	\$1.7
Other Programs	(\$0.5)
Total DMAS	(\$83.9)

Reduced need in Medicaid program in SFY 2014 is driven by:

- Continuing slowdown in enrollment growth
- Reduction in Medicare Part D rates effective January 1, 2014 – last year’s forecast assumed a moderate increase
- Reduction in estimate of “woodwork” expenditures
- Adjustments in funding for the VA Health Care Fund to reflect \$20m of the McKesson settlement

Total Funds (millions)	
	Difference
Medicaid	(\$59.0)
CHIP	(\$35.7)
Admin	\$15.0
Other Programs	(\$0.5)
Total DMAS	(\$80.2)

State Funds (millions)	
	Difference
Medicaid	(\$73.6)
CHIP	(\$11.5)
Admin	\$1.7
Other Programs	(\$0.5)
Total DMAS	(\$83.9)

Reduced need in CHIP programs in SFY 2014 is driven by:

- Continuing slowdown in enrollment growth
- FY14 MCO rates for FAMIS program were lower
- Reduction in estimate of “woodwork” expenditures

Total Funds (millions)	
	Difference
Medicaid	(\$59.0)
CHIP	(\$35.7)
Admin	\$15.0
Other Programs	(\$0.5)
Total DMAS	(\$80.2)

Increase in the Administrative program in SFY 2014 is driven by:

- Funding for the MAGI Call Center, a federal requirement under PPACA

State Funds (millions)	
	Difference
Medicaid	(\$73.6)
CHIP	(\$11.5)
Admin	\$1.7
Other Programs	(\$0.5)
Total DMAS	(\$83.9)

Decrease in funding for other programs in SFY 2014 is driven by:

- Reductions in projected expenditures for the Temporary Detention Order (TDO) program

Total Funds (millions)				
	Current SFY2014	Proposed SFY2015	Proposed SFY2016	Biennial Difference
Medicaid	\$8,062	\$8,496	\$8,761	\$1,133.7
CHIP	\$333	\$326	\$336	(\$3.1)
Admin	\$123	\$144	\$144	\$41.7
Other Programs	\$63	\$62	\$64	\$0.7
Total DMAS	\$8,580	\$9,027	\$9,305	\$1,173.0

State Funds (millions)				
	Current SFY2014	Proposed SFY2015	Proposed SFY2016	Biennial Difference
Medicaid	\$4,062	\$4,296	\$4,472	\$645.0
CHIP	\$115	\$114	\$60	(\$57.0)
Admin	\$46	\$51	\$51	\$9.5
Other Programs	\$14	\$13	\$15	\$0.7
Total DMAS	\$4,237	\$4,474	\$4,598	\$598.2

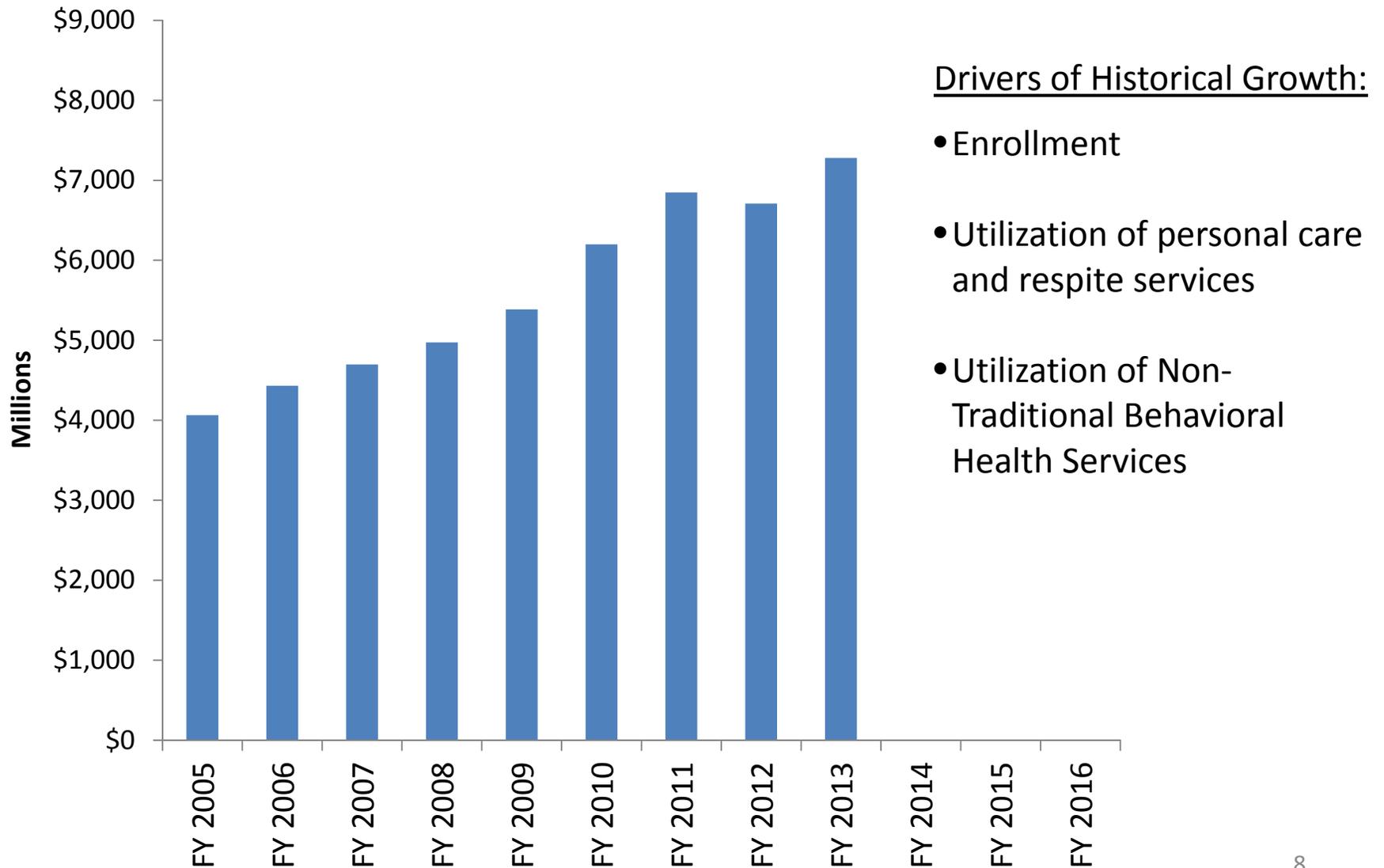
Total Funds (millions)	
	Biennial Difference
Medicaid	\$1,133.7
CHIP	(\$3.1)
Admin	\$41.7
Other Programs	\$0.7
Total DMAS	\$1,173.0

State Funds (millions)	
	Biennial Difference
Medicaid	\$645.0
CHIP	(\$57.0)
Admin	\$9.5
Other Programs	\$0.7
Total DMAS	\$598.2

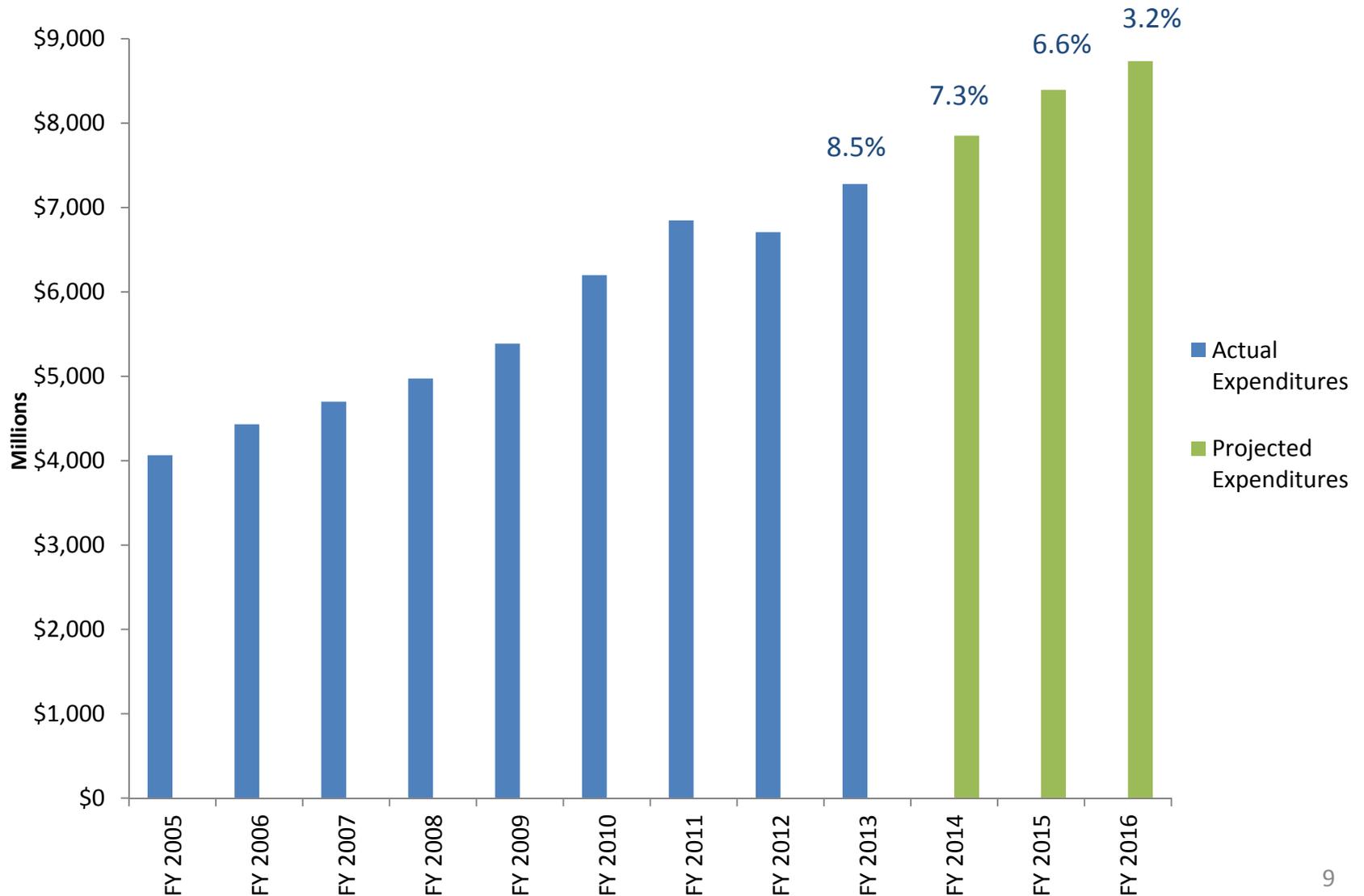
Increase in the Medicaid program in the FY14-FY16 Biennium is driven by:

- Funding of the Consensus Forecast - \$675m GF
- Other Budget Amendments - \$38m GF
- Cost Savings Initiatives - \$66.6m GF

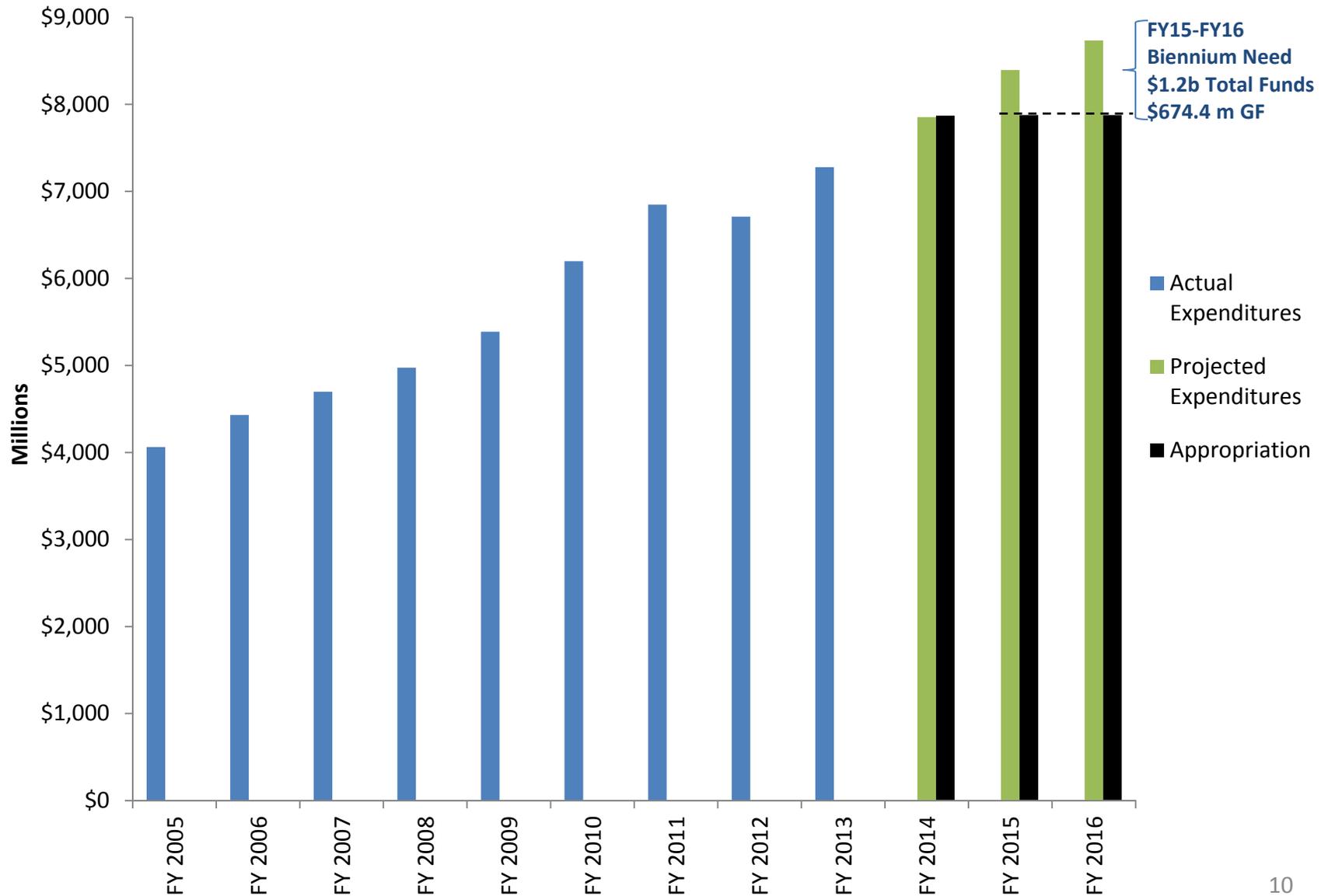
Medicaid Expenditure Trends



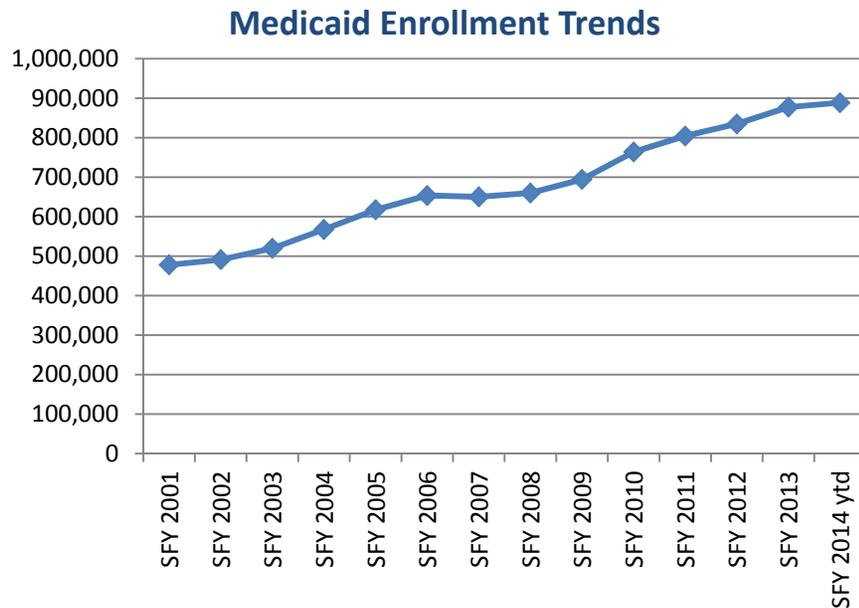
Medicaid Expenditure Projections



Medicaid Expenditure Projections



Assumptions & Expenditure Drivers



	Annual Enrollment Growth					
	Medicaid ABDs		Medicaid Adults & Children		MEDICAID TOTAL	
SFY 2001	189,090	1%	288,732	-4%	477,822	-2%
SFY 2002	192,010	2%	299,206	4%	491,216	3%
SFY 2003	196,141	2%	323,594	8%	519,735	6%
SFY 2004	200,671	2%	366,834	13%	567,506	9%
SFY 2005	207,776	4%	409,596	12%	617,372	9%
SFY 2006	216,805	4%	436,572	7%	653,377	6%
SFY 2007	221,673	2%	428,230	-2%	649,903	-1%
SFY 2008	226,083	2%	433,886	1%	659,969	2%
SFY 2009	231,696	2%	462,580	7%	694,276	5%
SFY 2010	239,697	3%	524,048	13%	763,745	10%
SFY 2011	249,294	4%	554,892	6%	804,186	5%
SFY 2012	257,364	3%	577,512	4%	834,876	4%
SFY 2013	262,863	2%	614,532	6%	877,395	5%
SFY 2014 ytd	266,652	1%	622,601	1%	889,253	1%

- Enrollment is still growing but has slowed from the growth rates observed from 2009-2011.
- Enrollment has grown 86% FY2001 – FY2014 (November)

Assumptions & Expenditure Drivers

- MCO Capitation Rates
 - FY2014 rate increase of 6% was consistent with prior year projection
 - FY2015 and FY2016 rate increases are projected to be 4 percent each year
- Inpatient Hospital Inflation
 - 2.5 percent inflation is assumed each year in FY 2015 and FY 2016 at an estimated cost of \$23 million (\$12m GF) in FY15 and \$50 million (\$27m GF) in FY 16
- Nursing Facility Inflation and Rebasing
 - Inflation, rebasing and restoration of the capital rental rate is included at a projected cost of \$50 million (\$25m GF) in FY15 and \$73 million (\$37m GF) in FY16

Assumptions & Expenditure Drivers

- Medicare Part A/B and Part D Rates
 - Part B rates for CY 2014 were released reflecting no change over the CY 2013 rates
 - Part D rates reflected a reduced rate (-6.1%) for Virginia in CY 2014 which reduces projected expenditures by approximately (\$26 million GF) over the FY15-FY16 Biennium
- Behavioral Health Services
 - Savings of (\$134 million) associated with regulatory changes to eligibility requirements for Mental Health Skill-Building Services are reflected in projected expenditures effective 12/1/2013

- Intellectual Disability/Development Disability (ID/DD) Waiver Programs (\$20m GF FY15, \$14m GF FY16)
 - Increases base appropriation to fund previously authorized DOJ waiver slots
 - Funds new ID and DD waiver slots set out in DOJ agreement
 - Reflects DBHDS facility closure costs and associated savings
 - Reflects fewer geriatric patients at Hancock
 - Permanently funds administrative costs at DMAS associated with the DOJ settlement agreement
 - Funding and MEL reductions associated with the transfer of administration of the DD waiver to DBHDS
- Program Changes
 - Eliminate ER pend process for physicians (\$430,000 GF each year)
 - Increase supplemental payment limit for CHKD (\$1.8m GF each yr)
 - Authorize implementation of change in MHSS billing unit (\$0)

- Cost Savings Measures
 - Withhold hospital inflation in FY 2015 (\$17m GF FY15, \$18m GF FY16)
 - Continue reductions for teaching hospitals in FY 2015 (\$24m GF FY15)
 - Match Medicare competitive bid DME rates (\$2.4m GF each year)
 - Reduce clinical laboratory fees to match managed care rates (\$1.1m GF each year)

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Medicaid	\$1,133.7
CHIP	(\$3.1)
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Other Programs	\$0.7
Total DMAS	\$1,173.0

State Funds (millions)	
	Biennial Difference
Medicaid	\$645.0
CHIP	(\$57.0)
Admin	\$9.5
Other Programs	\$0.7
Total DMAS	\$598.2

Reduced need in the CHIP programs in the FY14-FY16 Biennium is driven by:

- Lower base from FY 2014
- Increase in the Federal matching rate from 65% to 88% beginning in October 2015 (FFY 2016)
 - Effective for 3 years under PPACA

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	Biennial Difference
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Increases in the Administrative program in the FY14-FY16 Biennium is driven by funding increases in several contracts or activities:

- EQRO – required to review two new health plans and address new quality initiatives \$1.6m total funds / \$415,000 GF each year
- Additional community mental health audits/reviews and investigations and eligibility investigations (PARIS) – anticipated net savings of (\$1.7m)/(\$850,000 GF) each year

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Medicaid	\$645.0
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Total DMAS	\$598.2

Increases in the Administrative program in the FY14-FY16 Biennium is driven by funding increases in several contracts or activities:

- CCC (“Duals”) Program – new estimates revise funding provided last year on exact changes needed \$1.2m/\$600,000 GF each year
- Appeals Staff (8 MEL) – expanding program and increasing audits
- MAGI Call Center – federally required mandate \$5.5m /\$400,000 GF each year

Total Funds (millions)	
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Other Programs	\$0.7
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State Funds (millions)	
	Biennial Difference
Medicaid	\$645.0
CHIP	(\$57.0)
Admin	\$9.5
Other Programs	\$0.7
Total DMAS	\$598.2

Increases in funding for other programs are driven by:

- Reductions in projected expenditures for the Temporary Detention Order (TDO) program
- Funding for an extension in the maximum length of Temporary Detention Orders from 48 to 72 hours and adds a mandatory 24 hour minimum stay requirement (\$1.4m GF FY15, \$1.7m GF FY16)



Department of Medical Assistance Services



Questions?