A Review of Select HHR Budget Issues

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Secretary of Health & Human Resources
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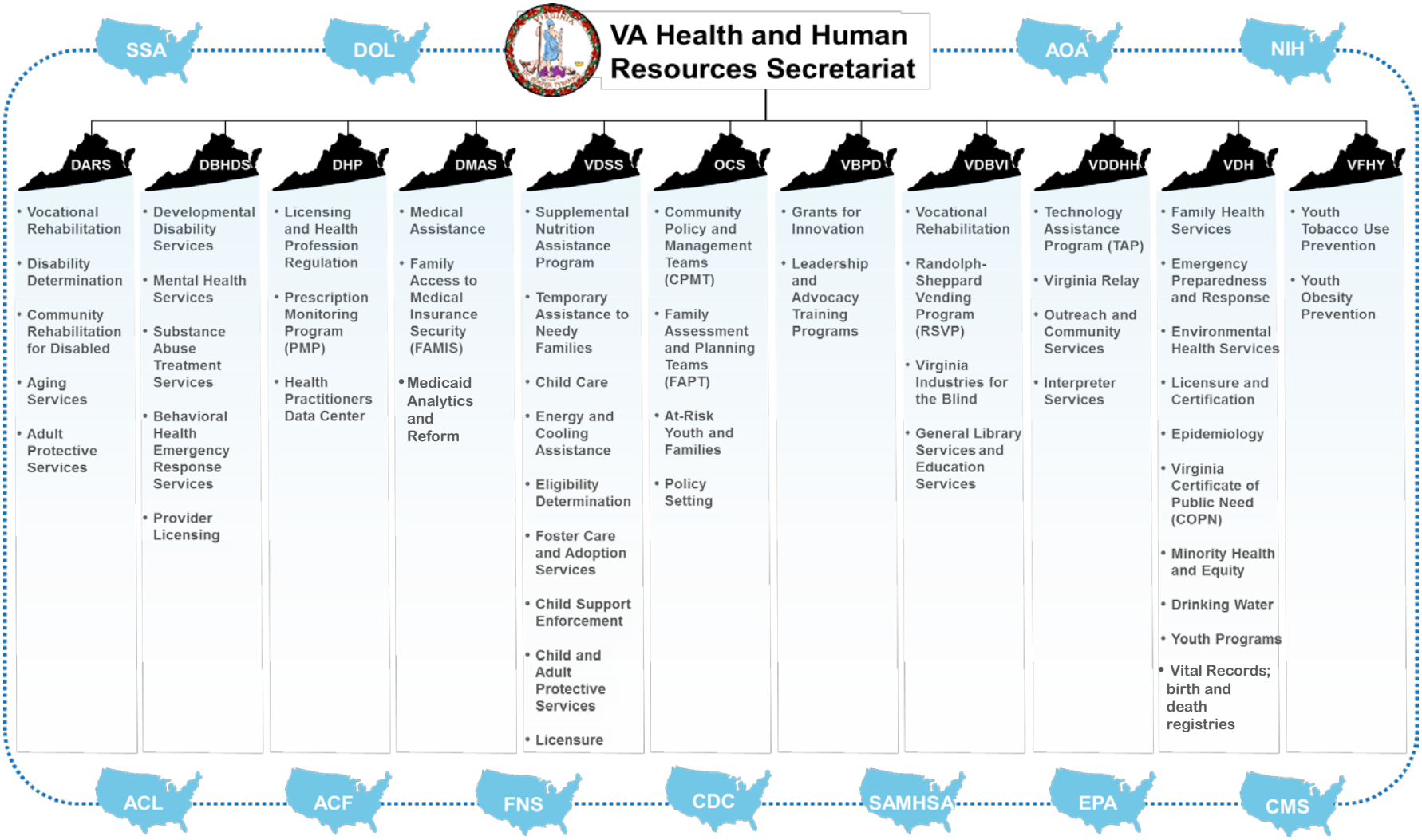
Agenda

- Background on HHR Agencies & Issues
- Update on Medicaid Reforms
- *A Healthy Virginia* Plan
- Overview of Provider Assessment
- Personal Care Attendant Hours

HHR Program Map

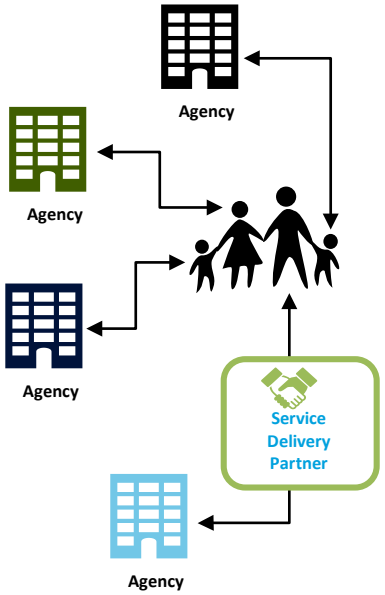


What do we do, how effectively do we do it, and how much does it cost?

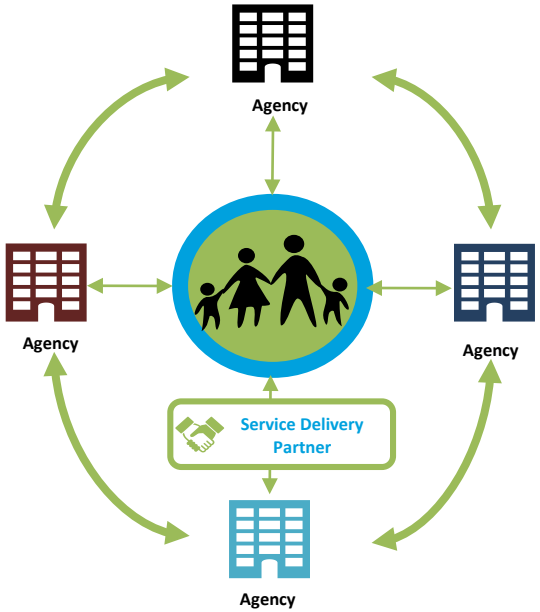
‘Customer-Centric Coordinated Care’ Model

Virginia is shifting from a ‘program-focused’ model to a more ‘Customer-Centric Coordinated Care’ model.

Traditional Program-Focused Model



‘Customer-Centric Coordinated Care’ Model

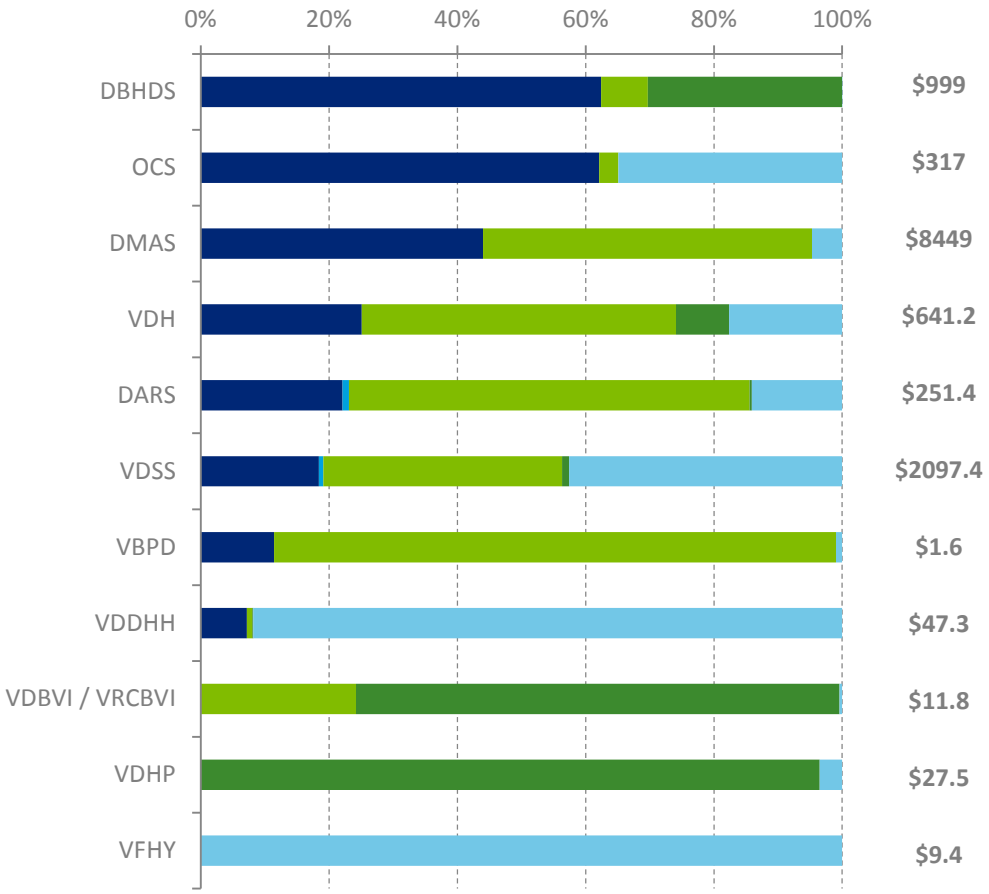


Services are offered based on what agency determines the individual, family, or community is eligible to receive	Services driven by individual, family, or community needs
Agency focus is on the services delivered by the agency or their partners	Agencies recognize and consider the full range of services provided by other agencies, partners and organizations
Services are focused on one issue or problem	Services are considered more broadly factoring in role of social determinants

Agency Funding By Source

HHR agencies have individual budgets which are all funded by a combination of federal, state, local government and other funds.

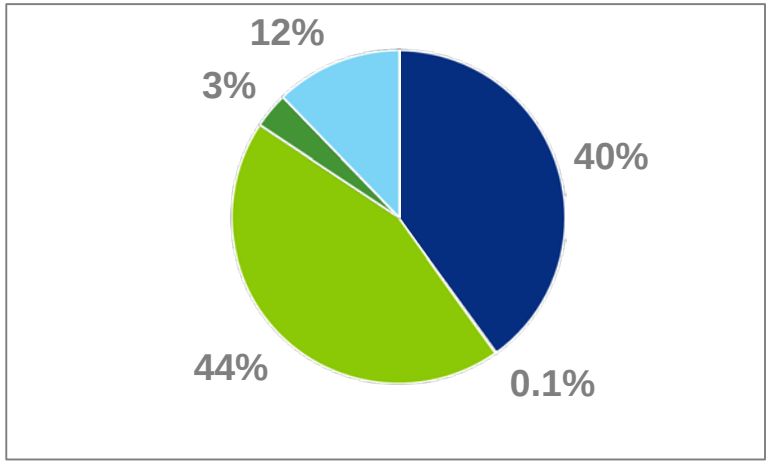
HHR Agency Budget Breakdown



Total Budget* *(in millions)*

- DBHDS: $999
- OCS: $317
- DMAS: $8449
- VDH: $641.2
- DARS: $251.4
- VDSS: $2097.4
- VBPD: $1.6
- VDDHH: $47.3
- VDBVI / VRCBVI: $11.8
- VHDP: $27.5
- VFHY: $9.4

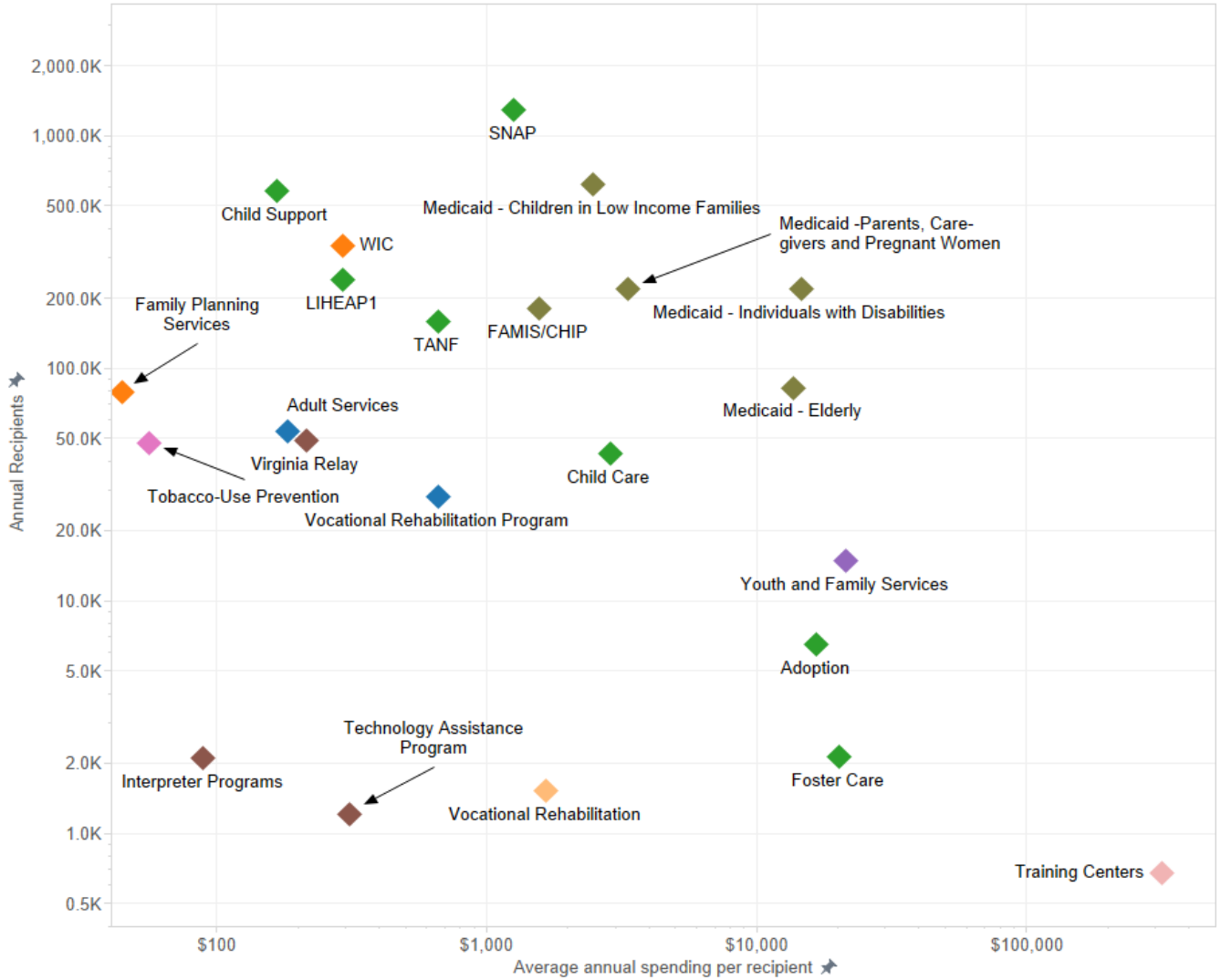
Total HHR Budget Breakdown



- **State General Fund –** funds obtained through the Commonwealth of Virginia General Fund
- **One-Time Federal Grants –** one-time/non-recurring federal grants or funds
- **Recurring Federal Program Funds –** federal funds/grants which are renewed on a regular basis
- **Agency Raised Revenue –** funds raised by agencies independently (e.g., licensing fees, fees for services provided etc.)
- **Other –** any other sources of funds

Per Capita Annual Spending on Health and Human Resources Programs

The illustration below provides annual spending per individual served by program and agency.



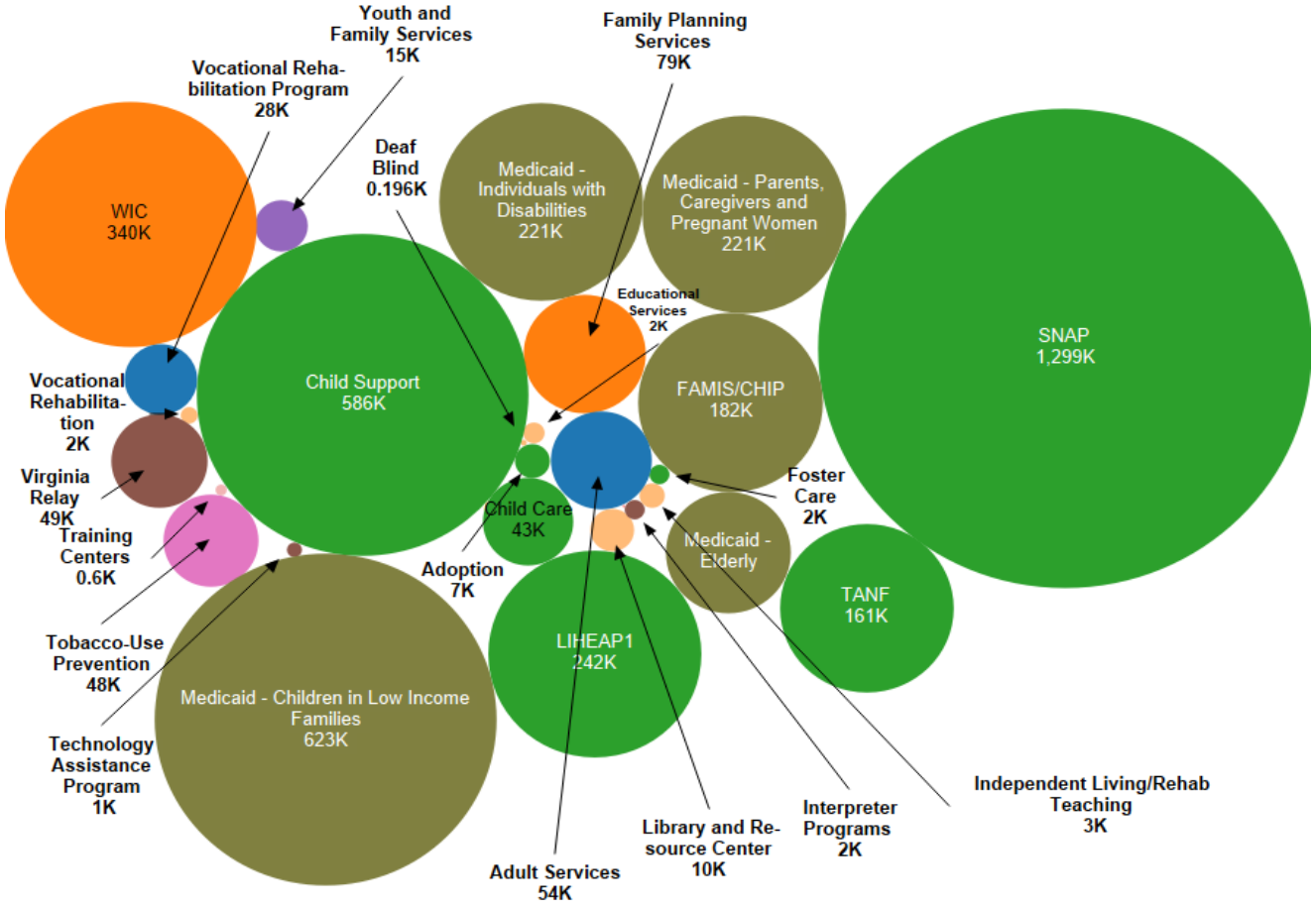
NOTE: *Per recipient spending has been calculated by dividing the total annual expenditures by the annual recipients served for each program.*

[1]LIHEAP numbers represent households and not recipients.

SOURCES: *All SFY 2013 unless noted:* Locality Profile, LASER Report, ADAPT (unique client counts), APECS (number of families served), Virginia Medicaid at a Glance, VDSS Annual Statistical Report, DARS APS division Report, DARS Virginia State Rehabilitation Council Annual Report, VDSS Measures *(Cost Effective Rate),* OCS Strategic Plan *(2012-14), DBDHS 2014 Annual Report, CARS, DSA Expenditure Reports*

Virginians Served Across Health and Human Resources Programs

The illustration below provides counts of individuals served by program and agency annually.



Agency
- DARS
- DBDHS
- DBVI
- DMAS
- OCS
- VBPD
- VDDHH
- VDH
- VDSS
- VFHY

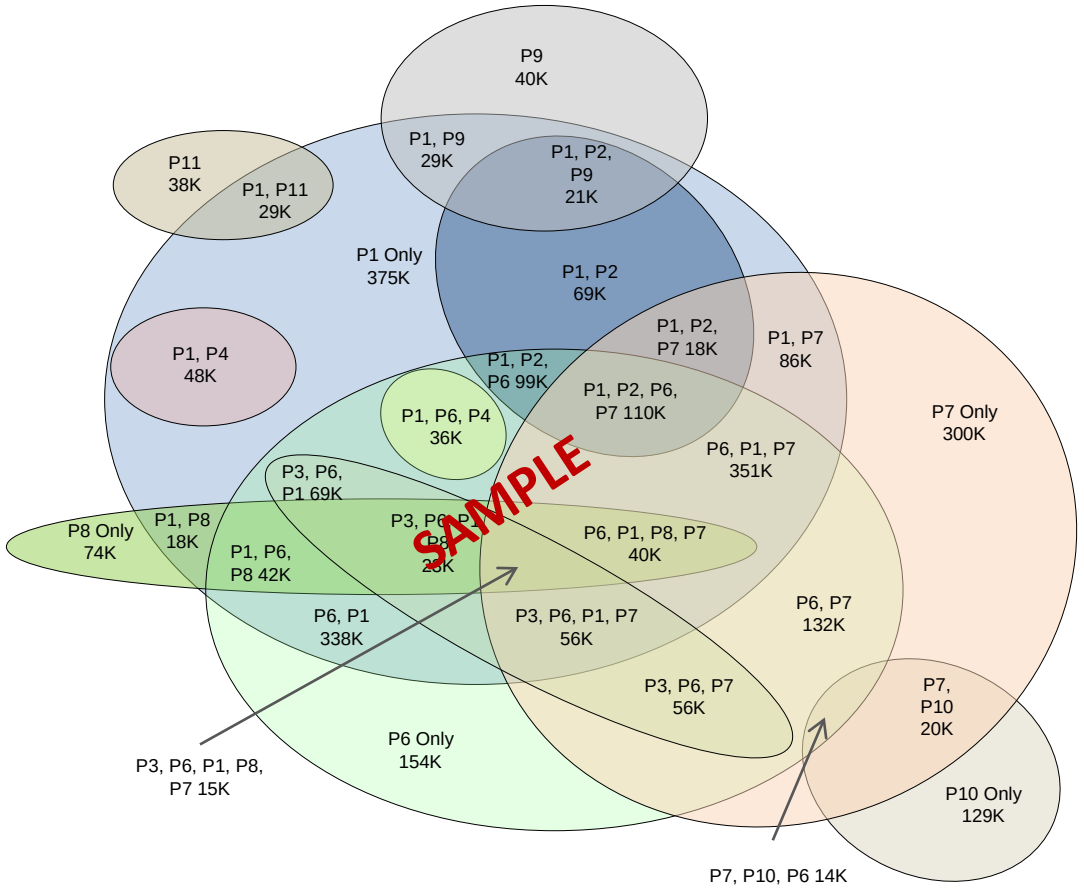
NOTE: Population counts between different programs may overlap and are not mutually exclusive.

[1]LIHEAP numbers represent households and not recipients.

SOURCES: *All SFY 2013 unless noted:* Locality Profile, LASER Report, ADAPT (unique client counts), APECS (number of families served), Virginia Medicaid at a Glance, VDSS Annual Statistical Report, DARS APS division Report, DARS Virginia State Rehabilitation Council Annual Report, VDSS Measures *(Cost Effective Rate),* OCS Strategic Plan *(2012-14), DBDHS 2014 Annual Report, CARS, DSA Expenditure Reports*

Program Overlaps – Sample From Other State

The illustration below provides overlap populations between different programs in a state with a matured integrated eligibility system

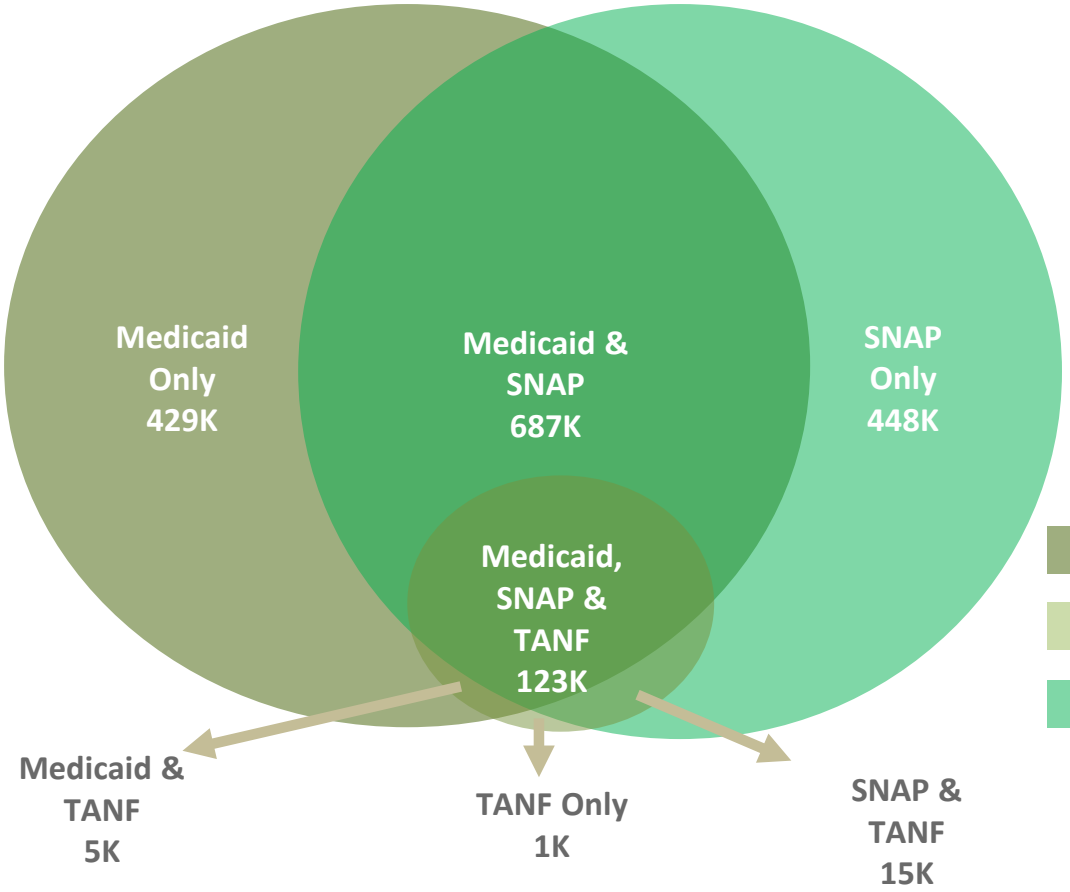


* Venn diagram sizes may be exaggerated at certain places to show overlap

Program	# People
P1	1,397,702
P2	365,976
P3	198,468
P4	59,462
P5	51,570
P6	1,664,482
P7	1,278,006
P8	289,830
P9	197,695
P10	190,324
P11	160,626

Program Overlaps – Virginians Served

The illustration below provides population overlaps of individuals served by Medicaid, SNAP, and TANF in Virginia.



- Most TANF recipients also receive Medicaid and SNAP benefits
- Half of Medicaid recipients also receive SNAP benefits
- Half of SNAP recipients also receive Medicaid benefits

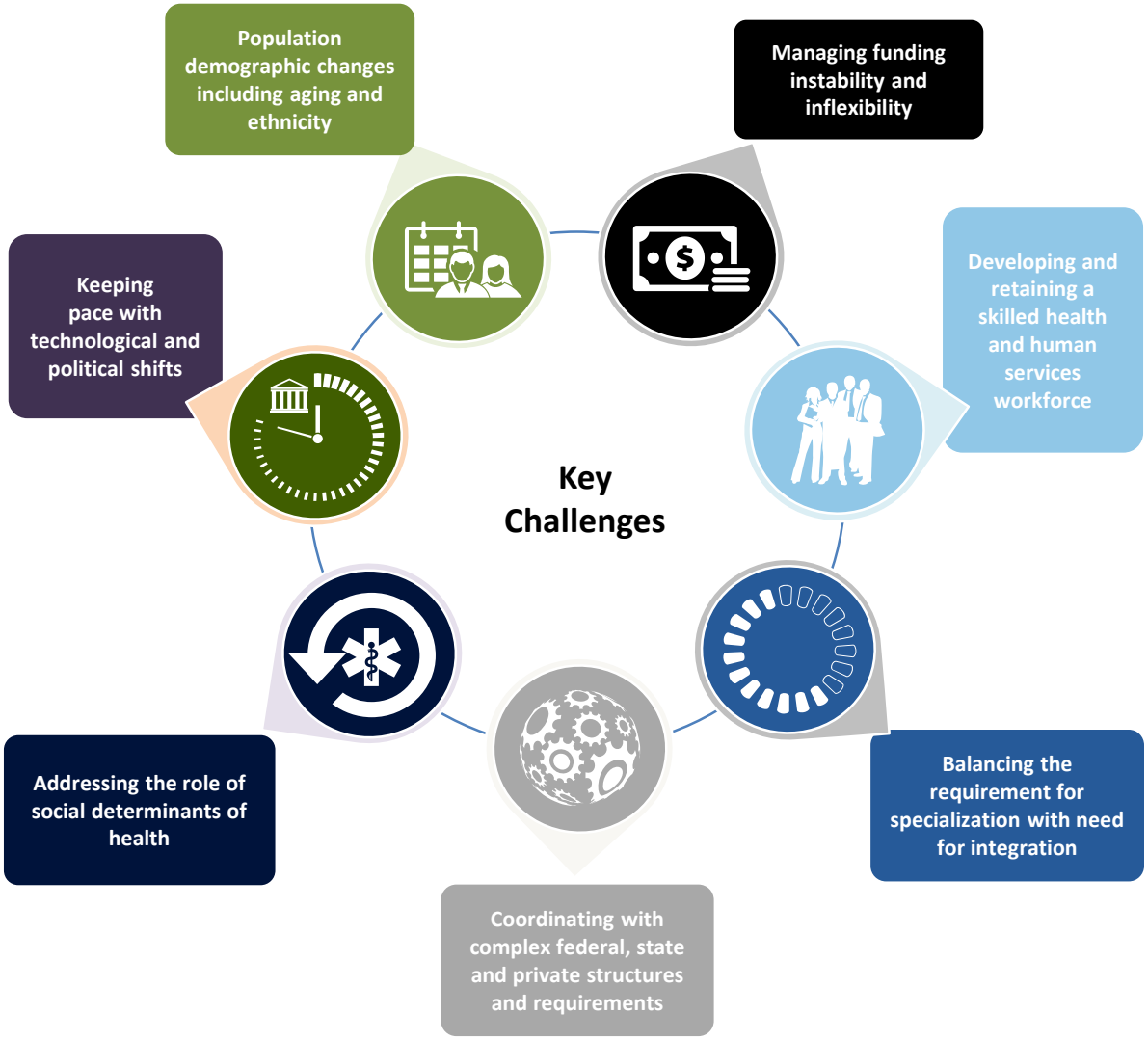
Program	People Served Annually
Medicaid	1,243,684
SNAP	1,298,999
TANF	160,579

NOTE: Venn diagram sizes have been exaggerated at certain places to show overlap

SOURCE: SFY 2014 VDSS Clients Served Annually

Key Challenges in Health and Human Services Delivery

The systems of care are constantly evolving due to some key challenges in Virginia.



Update on Medicaid Reforms

DMAS Continues to Improve Oversight and Coordination of Care for Enrollees

Dual Eligible Demonstration:

- The Commonwealth Coordinated Care (CCC) program is providing integrated health care services for almost 27,000 Medicare and Medicaid enrollees who have the most complex health care needs of current recipients.

Enhanced Program Integrity

- DMAS continues to enhance program and fraud prevention by a) reviewing processed claims for overpayments, b) preventing improper payments through enhanced prior authorization, c) expanding efforts to identify and prosecute fraud, d) collaborating with managed care organizations to enhance program integrity efforts, and e) auditing recipient and provider payments.

Foster Care

- Virginia has successfully transitioned 12,000 children in Virginia's foster care and adoption assistance programs into managed care to ensure timely access to behavioral health and medical services.

eHHR

- Met the MAGI requirement, resulting in DMAS receiving an enhanced federal match rate, and eHHR also managed a 62% in applications.

DMAS Continues to Improve Oversight and Coordination of Care for Enrollees

Behavioral Health

- DMAS contracted with Magellan of Virginia to act as Virginia's Behavioral Health Services Administrator to improve oversight of these services and ensure that scarce resources are coordinated with primary and acute care services.

Commercial-Like Benefit Package

- DMAS revised its contract with managed care organizations in July 2013 and July 2014 to place greater emphasis on chronic care management, including assessments, wellness programs, maternity program improvements, and electronic reporting.

Cost sharing and wellness

- As part of Medallion 3.0 changes, greater emphasis is placed on wellness. Additional cost sharing measures could apply to an Expansion population.

Limited Provider Networks & Medical Homes

- DMAS contracted with Kaiser Health Plan to develop a medical home and offer a limited, high-quality network of providers.

DMAS Continues to Improve Oversight and Coordination of Care for Enrollees

Quality Incentive Payments

- In July 2014, DMAS designed the process for the withholding of a portion of managed care organization's capitation payments and will tie payments to quality metrics and operational performance.

Data Improvements

- The Department implemented data requirements with Medallion 3.0 contract to improve monitoring, enhance data collection and institute the All Payer's Claims Database (APCD), which is now loaded. Protocols have been developed.

Standard Administrative Processes for Providers

- DMAS formed the Physician's Managed Care Liaison committee. This committee formed three workgroups and meets with DMAS semi-annually.

DMAS Continues to Improve Oversight and Coordination of Care for Enrollees

Long-term Care Coordinated Care:

- On December 1, 2014, DMAS launched the HAP program to manage acute medical services for selected EDCD waiver recipients. In 2015, the Department will release an RFP to select health plans to coordinate benefits for EDCD, Tech, and Alzheimer's Home and Community Based Waivers to begin in July 2016.

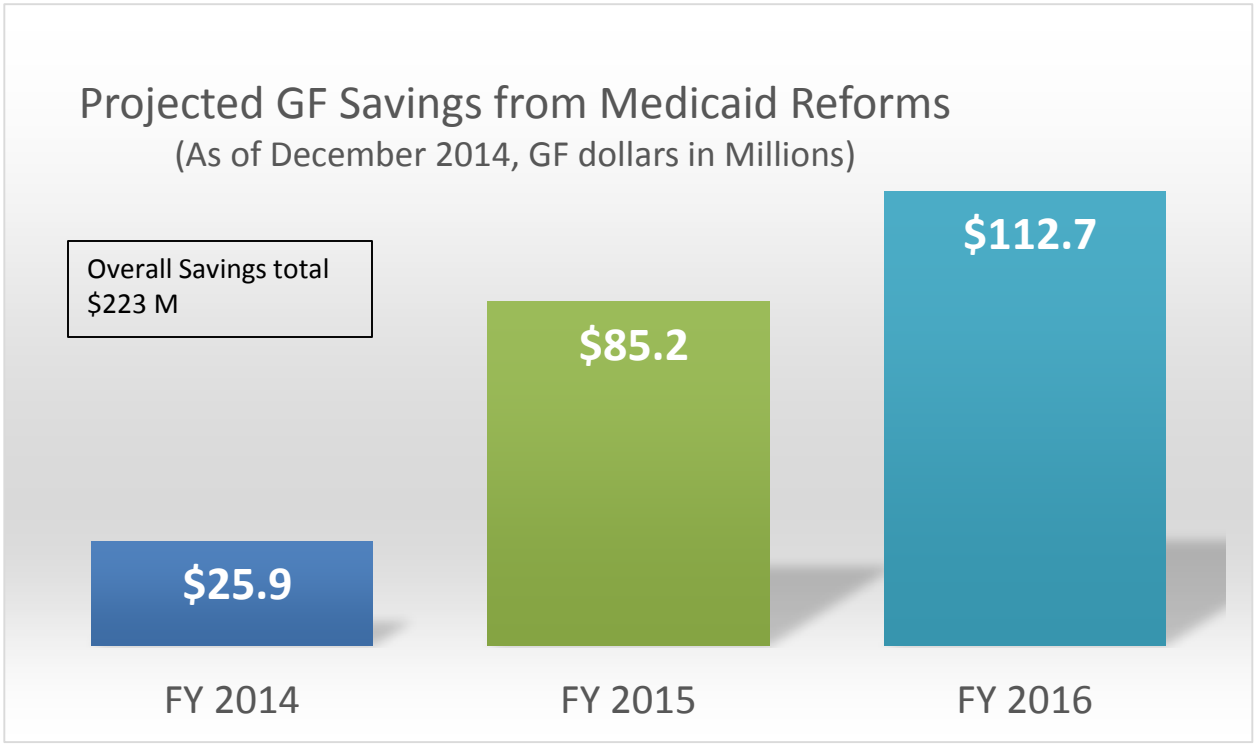
Analytics Division

- DMAS has developed an analytics division, hiring staff to thoroughly examine and evaluate Medicaid efficiency.

ID/D Waiver Redesign

- DMAS and DBHDS are working closely to redesign the ID/DD waiver program to serve Virginians with disabilities and their families with the most appropriate services in the right environments.

Medicaid Reform Savings

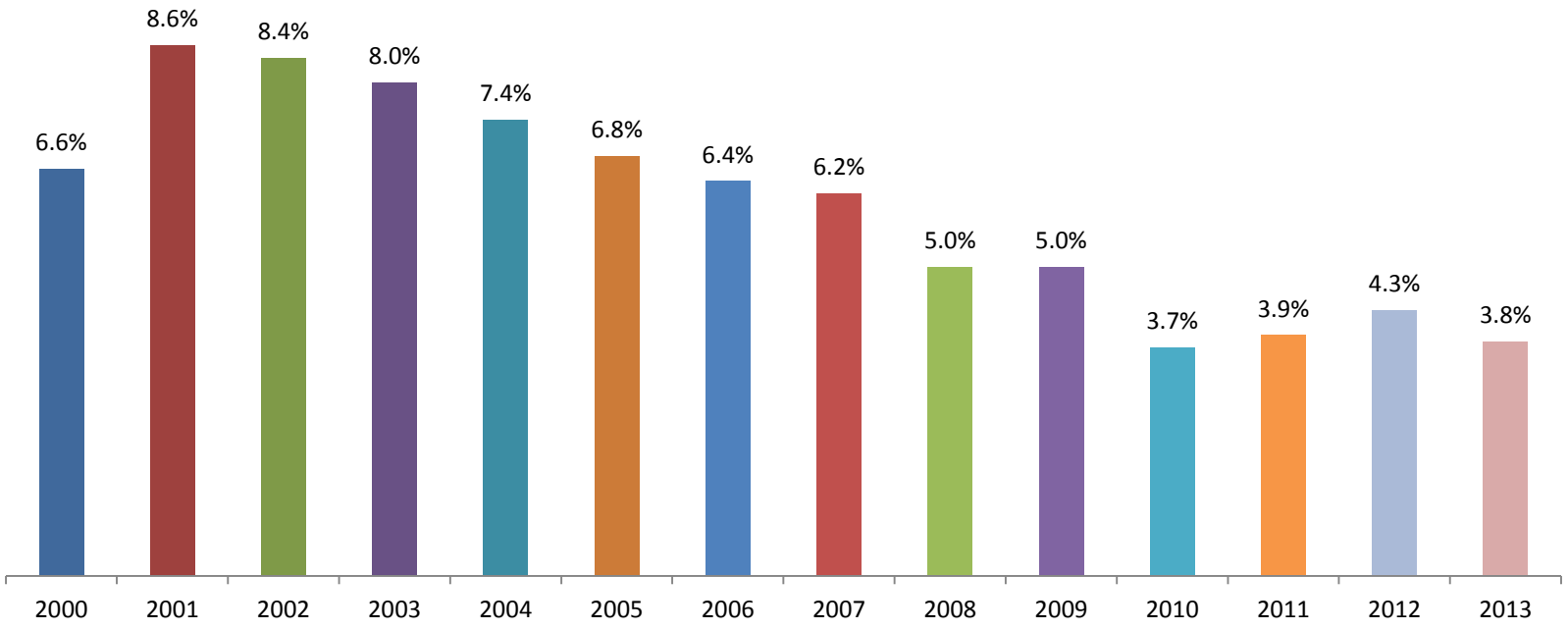


	Biennial Savings
Behavioral health	$155.6
eHHR initiative	$16.4
CCC Program	$12.1
All other	$13.8
Total General Fund	$197.9

Overall savings are approaching **$200 million GF** for the 2014-16 biennium, and the introduced budget includes **over $100 million** in new GF savings.

Personal Health Expenditure Changes

Average Annual Percent Change (Personal Health Expenditures in U.S.)



Source: National Health Expenditure Data, CMS, 2013.

A Healthy Virginia Plan

Key Elements of Governor McAuliffe's *A Healthy Virginia* Plan

Outreach

- **Step 1** Insuring people with serious mental illness through the Governor's Access Plan (GAP).
- **Step 2** Signing up more eligible children for Medicaid and FAMIS.
- **Step 3** Signing up more Virginians on the Federal Marketplace.
- **Step 4** Informing Virginians of their health options with an improved website.
- **Step 5** Allowing eligible state workers to insure their children through FAMIS.

Access

- **Step 6** Providing dental benefits to pregnant women in Medicaid and FAMIS.
- **Step 7** Accelerating veterans' access to care.

Innovation

- **Step 8** Transforming health care delivery through an innovation grant.
- **Step 9** Improving coordination of care for people with serious mental illnesses.
- **Step 10** Reducing prescription drug and heroin abuse.

Governor's Access Plan (GAP) for Medical and Behavioral Health Services

GAP Why

- Without access to treatment, uninsured Virginians with SMI are often unable to find or sustain employment , struggle with housing, experience isolation, are unnecessarily hospitalized and often seek care in emergency rooms, increasing health care costs for everyone.

GAP How

- Improve access to medical and behavioral health services for uninsured Virginians with serious mental illness (SMI).

GAP Goal

- To cover up to 20,000 uninsured adults who have income under 100 percent of the federal poverty level ($11,670 for an individual).

GAP Funding

- $90.4 M in GF, $13.1 FY15 and $77.3 FY16, and $90.4 M from federal Medicaid matching funds

GAP Status

- Received federal waiver approval on Friday, January 9, 2015
- Began enrollment on Monday, January 12, 2015

Covering our Children through Medicaid and FAMIS

Children's Outreach Why

- In Virginia, 87.5% of eligible children are enrolled in Medicaid and FAMIS, below the national average of 88.1%, indicating that Virginia is falling behind in providing insurance coverage for our youth.

Children's Outreach How

- Through media and outreach efforts, DMAS will encourage families with children who are eligible but not enrolled in Medicaid and FAMIS to apply.

Children's Outreach Goal

- To have more than 90% of eligible children enrolled by the end of 2016

Children's Outreach Funding

- $18.6 M in GF and $23.9 M from federal matching funds to account for anticipated enrollment growth in the Medicaid and FAMIS programs.

Children's Outreach Status

- Began September 2014
- Net increase of 2,588 by January 1, 2015

Supporting Enrollment in the Federal Marketplace

FFM Enrollment Why

- An estimated 300,000 Virginians have no health insurance but may qualify for tax credits to purchase insurance through the Federal Marketplace.

FFM Enrollment How

- Launched a marketing campaign to promote the affordability of plans and the availability of consumer assistance and contracted to hire outreach specialists and in person application assisters

FFM Enrollment Goal

- To help up to 160,000 Marketplace-eligible, uninsured Virginians to purchase health insurance.

FFM Enrollment Funding

- $4.3 M federal grant for marketing and hiring of 21 outreach specialists (Virginia Poverty Law Center)
- $9.3 M federal grant to hire 118 FTE in person assisters, (Virginia Community Healthcare Association)

FFM Enrollment Status

- Since open enrollment began on November 15, 2014, 298,981 Virginians have selected a new plan or been automatically re-enrolled in coverage on the Federal Marketplace.

Informing Virginians of their Health Care Options

CoverVa Why

- Virginians who are looking for insurance coverage and financial help to pay for it must be able to access thorough, Virginia-specific information about potential health care coverage.

CoverVa How

- Enhance the coverva.org website to educate Virginians about their health care options, including Marketplace, Medicaid/FAMIS, GAP, and Veteran's care, and link them to appropriate application sites.

CoverVa Goal

- To educate Virginians looking for information and application assistance, and to facilitate applying for the right programs through the right doors.

CoverVa Funding

- Utilized a portion of funds from $4.3 M federal grant

CoverVa Status

- Re-launched November 15, 2014, and daily unique site visits are averaging 3,000 – 4,000 hits daily

Making Dependent Coverage Affordable for Lower-Income State Employees

State Workers — Why

- Previously, state employees who were otherwise eligible to enroll their children in FAMIS were prevented from doing so under federal law.

State Workers — How

- Recent changes to federal law now allows dependents of public employees to enroll in the state's child health insurance program.

State Workers — Goal

- Provide access to affordable, high quality health insurance coverage through the FAMIS program for to up to 5,000 children of state employees who have income under $31,460 (family of 2).

State Workers — Funding

- $2.4 M in GF and $10.8 M from federal matching funds.

State Workers — Status

- Children of new state employees without dependent coverage can now enroll in FAMIS (January 2015).
- Current state employees with dependent coverage can begin enrolling in July 2015 (open enrollment).

Providing Comprehensive Dental Coverage to Pregnant Women

Preg Women Why

- Oral health of pregnant women is linked to full-term, healthy babies, who are enrolled in Medicaid or FAMIS at birth.

Preg Women How

- Add a comprehensive dental benefit to the low-income pregnant women covered group.

Preg Women Goal

- To provide comprehensive dental services to 45,000 low-income pregnant women currently enrolled in Medicaid and FAMIS MOMS.

Preg Women Funding

- $1.9 M in GF and $1.9 M from federal Medicaid matching funds

Preg Women Status

- Begins March 2015

Prioritizing the Health of Virginia's Veterans

Veterans Why

- Virginia has experienced the largest increase in its veterans population of any state since 2000. That growth is putting a strain on access to care at VA facilities. Hampton VA Medical Center currently has the longest wait times in the nation for primary care.

Veterans How

- Work with federal and health care partners to provide timely access to quality care for veterans living in Virginia

Veterans Goal

- Almost 800,000 Virginians are veterans, representing one in ten Virginians.

Veterans Funding

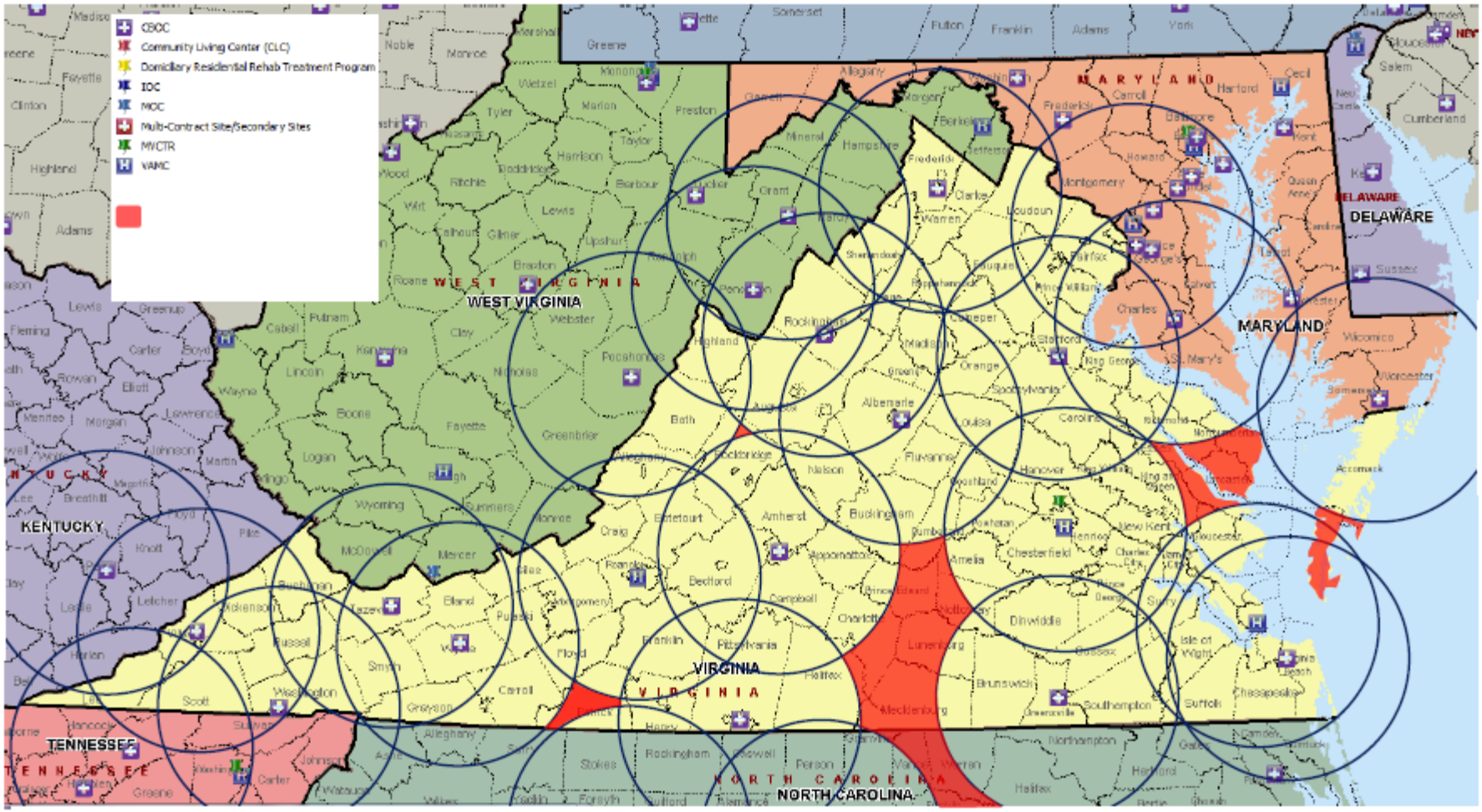
- $16.4 B in new funding for VA system approved by Congress (2014), including $10 B over the next 3 years for private providers to see veterans who live >40 miles from a VA medical site or are experiencing long wait times

Veterans Status

- Virginia convened a leadership summit including leaders from the VA and from hospitals and health systems to improve access to care.
- Early success: four Virginia Federally Qualified Health Centers (22 sites of care) have signed on through the Veterans Choice Program

VA Accessibility

Virginia 40-Mile Radius from VA site of care



Winning a State Innovation Model (SIM) Grant

SIM Grant Why

- We should seek to transform the entire health care delivery system to provide better care at lower costs. To do so, we need to align incentives to promote quality and strengthen public-private collaborations.

SIM Grant How

- To develop a statewide health care transformation plan to improve public health, integrate health care, and re-align payments to coincide with outcomes.

SIM Grant Goal

- To develop a statewide health care transformation plan and obtain additional funding of up to $100 million through the CMS State Innovation Model Testing Grant.

SIM Grant Funding

- $2.6 M in federal funding awarded December 16, 2014

SIM Grant Status

- The grant cycle begins Feb 1st. Planning has already begun.

Medicaid Behavioral Health Homes

BHH Why

- Half of all individuals who are intensive users of the health care system have a behavioral health diagnosis.
- Many medical providers lack specialized experience to treat mental health conditions.

BHH How

- Establish care coordination for individuals with serious mental illness through an enhanced care and case management approach using an integrated primary, behavioral, substance abuse and long-term services

BHH Goal

- To provide services to up to 13,000 adults and children with behavioral health diagnoses currently receiving Medicaid services in one of the six contracted managed care organizations.

BHH Funding

- $8.6 M in GF and $8.6 M from federal Medicaid matching funds

BHH Status

- Begins July 2015

Reducing Prescription Drug and Heroin Abuse

Opioid Abuse Why

- In 2013, more than 900 Virginians died from an overdose. The number of deaths from prescription drug overdose has doubled in the past decade, and heroin deaths have doubled in just two years.
- The rates of ER visits and treatment admissions related to prescription drugs have risen dramatically, driving healthcare costs up

Opioid Abuse How

- Reduce availability of prescription opioids
- Increase access to naloxone
- Educate the public, providers, and users

Opioid Abuse Goal

- Reduce the number of deaths from abuse and misuse of prescription drugs and heroin and decrease the rate of ER visits and treatment admissions attributable to drug overdoses.

Opioid Abuse Status

- Governor McAuliffe signed Executive Order 29, creating the Task Force on Prescription Drug and Heroin Abuse to coordinate statewide efforts to combat prescription drug and heroin abuse and addiction.

Opioid Task Force Legislative Proposals

- **HB1458** (O'Bannon) – Expansion of naloxone pilot, including immunity for those administering the rescue drug and ability for pharmacists to dispense via standing protocol
- **HB1810 & HB1841** (Herring) – Changes to protect and encourage use of PMP data
- **HB1732** (Hodges) – Prevent filling of Rx for controlled substances for patients who are deceased
- **SB1035** (Wexton) – Enhanced punishment for predatory drug dealers who cause fatal overdoses
- **HJ622** (Herring) – Study of diversion drug programs

A Healthy Virginia: Legal Authority

- The Board of Medical Assistance Services (the Board), subject to the approval of the Governor, is authorized to prepare, amend from time to time, and submit to the U.S. Secretary of Health and Human Services a State Plan for Medical Assistance Service pursuant to Title XIX of the United States Social Security Act. Va. Code §32.1-324(A). The Director is vested with the authority of the Board when it is not in session subject to such rules and regulations as may be prescribed by the Board. Va. Code §32.1-324(C).

A Healthy Virginia: Legal Authority

Per the Administrative Process Act - The Code of Virginia §2.2-4011(A) – A. Regulations that an agency finds are necessitated by an emergency situation may be adopted by an agency upon consultation with the Attorney General, which approval shall be granted only after the agency has submitted a request stating in writing the nature of the emergency, and the necessity for such action shall be at the sole discretion of the Governor.

September 5, 2014: Cindi B. Jones, Director of the Virginia Department of Medical Assistance Services requested the Governor's approval to promulgate emergency regulations because the lack of health insurance coverage for 995,000 Virginians has created an urgent situation that necessitates the implementation of regulations to address the significant medical needs of Virginia's uninsured and ongoing costs to health care systems.

September 9, 2014: the Board of Medical Assistance Services unanimously endorsed the DMAS promulgation of four emergency regulations to implement the components of *A Healthy Virginia*.

A Healthy Virginia: Budget

- Funding for *A Healthy Virginia* was started using balances from the Virginia Health Care Fund.

- With Medicaid spending projected to be less than anticipated, additional state resources were made available for the Governor's plan.

	Biennial GF Savings
Higher than projected savings from behavioral health services reforms	$98.5 million
Projected savings from acute care services from LTC recipients	$2.4 million
Lower than expected FY 2015 MCO rate increases	$71.0 million
Lower than expected woodwork effect from the FFM	$88.0 million
Lower than projected hospital supplemental payments	$117 million

A Healthy Virginia: GF Cost of DMAS Initiatives

Funding for Healthy Virginia initiatives to be implemented by DMAS $118M GF

	SFY15		SFY16	
	Total Funds	GF	Total Funds	GF
GAP Program	$27,000,000	$13,100,000	$ 157,000,000	$77,300,000
Medicaid Impact of CHIP Outreach	$2,900,000	$1,500,000	$31,200,000	$15,700,000
Dental Coverage for Pregnant Women	$550,000	$275,000	$3,200,000	$1,600,000
Behavioral Health Homes	$0	$0	$17,100,000	$8,550,000

Totals may not add due to rounding

Overview of Provider Assessment

Provider Assessment

Language allows the Department to develop a pilot program, in consultation with stakeholders, to generate additional federal revenues for hospitals through the imposition of a provider assessment.

The General Assembly approved a provider assessment for ICF/MRs during the 2010 Session.

Additional revenues will be deposited into the Virginia Health Care Fund (35%) and the balance may be used to address issues *to supplement hospital reimbursements, graduate medical education, or indigent care based on a methodology to be developed.*

Provider Assessment: Proposed Budget Language

NNNN.1. After consultation with affected stakeholders and upon receipt of any necessary approval by the Centers for Medicare and Medicaid Services, the Department of Medical Assistance Services may develop a pilot program to implement an assessment of up to 6.0 percent of revenue on hospitals. The department shall determine procedures for collecting the assessment, including penalties for non-compliance. The department shall also have the authority to adjust interim rates to cover new Medicaid costs as a result of this assessment. Provided however that the department shall report to the Chairmen of the House Appropriations and Senate Finance Committees specific details on the pilot program prior to implementation of the pilot.

2. No less than 35 percent of the nongeneral fund proceeds from the assessment shall be transferred to the Virginia Health Care Fund. The remaining nongeneral funds may be used to supplement hospital reimbursements, graduate medical education, and indigent care after completion of a methodology for allocating the proceeds developed by the Secretary of Health and Human Resources.

Limit Overtime Hours for Consumer-directed Personal Care Attendants

INTRODUCED BUDGET

- The introduced budget includes $14.4 million GF and $14.4 million from federal Medicaid matching funds to pay overtime for home care workers and personal care attendants.

MEDICAID FORECAST

- The Medicaid forecast recognized these costs based on Department of Labor's final rule issued in October 2014.

PROPOSED BUDGET

- The proposed budget includes language to limit overtime hours to 56, generating savings of $325,702 GF and $325,702 NGF.

UNCERTAINTY

- Last week, a U.S. District Judge for the District of Columbia vacated the DOL's final rule, adding considerable uncertainty about how the Commonwealth should proceed. It is likely to be appealed.

Fair Labor Standards Act (FLSA)

The Department of Labor (DOL) released Final Rule (29 CFR, Part 552) that:

1. Expands FLSA minimum wage and overtime protections to uncovered home care workers/attendants.
2. Redefines companion services, which is exempt from FLSA.
3. Requires states that administer consumer directed services to determine if they are “third party or joint ” employers.

- Effective date is January 1, 2015; however DOL issued a non-enforcement policy ending June 30, 2015 in order to give states additional time to comply.
- The US District Court in the District of Columbia issued a temporary restraining order staying the revised rule until January 15, 2015.

Overtime Budget Items

Budget Item	What it does	Without it
1)Authorizes overtime to 56 hours for a single attendant working more than 40 hours/week	Contains financial impact of overtime to 16 hours	Overtime paid without limitation
2) Limits an Employer of Record (EOR) to one individual unless more than one in same household/location	Contains financial impact of travel time between two locations	EOR allowed to represent multiple consumers regardless of location. Payment of travel time between two different locations required.
3) Limits attendants to be employed by only one EOR	Prohibits attendants from working for more than 1 EOR. If VA considered a joint employer, contains financial impact	Travel is eliminated with Item 2. **Given recent DOL info on "joint employer" and Virginia's interpretation, administration currently reassessing this item.**

Questions