

UPDATE FOR HOUSE APPROPRIATIONS COMMITTEE

OCTOBER 15, 2018

Jennifer Lee, MD

**Director,
Virginia Department of
Medical Assistance
Services (DMAS)**

Megan Healy, PhD

**Chief Workforce
Development Advisor,
Office of the Governor**

Duke Storen

**Commissioner,
Virginia Department of
Social Services (VDSS)**

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**

Overview of Medicaid Expansion Requirements

The 2018 Appropriations Act directs DMAS to implement new coverage for adults and transform coverage

State Plan Amendments, contracts, or other policy changes

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

§ 1115 Demonstration Waiver

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 v. Waivers

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



Budget Bill - HB5002 (Chapter 2)
Bill Order • Office of Health and Human Resources • Item 303

	First Year - FY2019	Second Year - FY2020
Department of Medical Assistance Services	\$11,349,056,147	\$12,995,105,698
Item 303	\$123,671,762	\$110,694,442
Medical Program Services (45600)	\$134,087,172	\$14,571,748
Reimbursements to State-Owned Mental Health and Intellectual Disabilities Facilities (45607)	\$8,816,335,481	\$9,247,571,707
Reimbursements for Behavioral Health Services (45609)	\$1,219,300,420	\$1,307,338,752
Reimbursements for Long-Term Care Services (45610)	\$1,055,661,304	\$2,312,939,049
Payments for Healthcare Coverage for Low-Income Uninsured Adults (45611)		\$4,775,531,809
Fund Sources:	\$4,695,022,530	\$1,070,819,016
General	\$752,219,145	\$7,146,754,795
Dedicated Special Revenue	\$5,905,814,474	
Federal Trust		

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended; Title 32.1, Code of Virginia.

A. Out of this appropriation, \$61,835,881 the first year and \$55,547,221 the second year from the federal trust fund shall be used to reimburse the institutions within the Department of Behavioral Health and Intellectual Disability Services for the costs of providing behavioral health services to the general public.

B.1. Included in this appropriation is \$71,773,601 the first year and \$45,981,756 the second year from the general fund and \$90,962,360 the first year and \$95,874,328 the second year from nongeneral funds to reimburse the Virginia Commonwealth University Health System for indirect health care costs. This funding is comprised of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

2. Included in this appropriation is \$45,354,530 the first year and \$45,981,756 the second year from the general fund and \$58,069,230 the first year and \$40,106,534 the second year from nongeneral funds to reimburse the University of Virginia Health System for indirect health care costs. This funding is comprised of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

3. The general fund amounts for the state teaching hospitals have been reduced to mirror the general fund impact of reduced and no inflation for inpatient services in prior years. It also includes reductions associated with prior year indirect care reductions. However, the nongeneral funds are appropriated. In order to receive the nongeneral funds in excess of the amount of the general fund appropriated, the health systems shall certify the public expenditures.



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.

Section 1115 Demonstration Waiver

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	
September 25	✓ DMAS Board Meeting (Richmond)
October 3	✓ Roanoke Elks Lodge No. 197 (Roanoke)
October 9	✓ Great Falls Library (Northern Virginia)
October 11	✓ MEO Central Library (Virginia Beach)
October 15	<input type="checkbox"/> Arlington Central Library

At the conclusion of the public comment period, DMAS will begin compiling and responding to comments as part of the Section 1115 Waiver Application

Virginia COMPASS: Waiver Submission Process

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

Overview of Changes Required for Virginia COMPASS Waiver

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

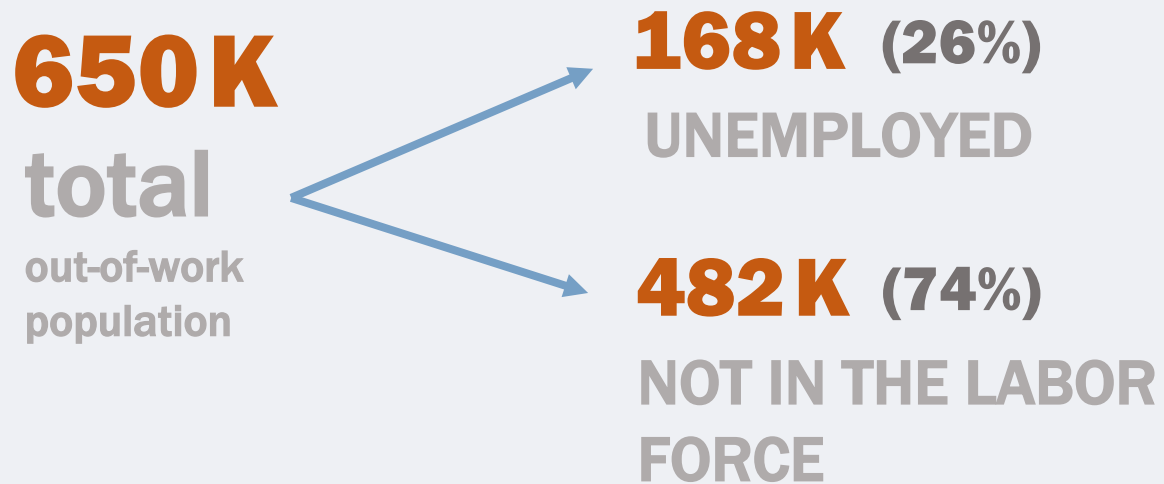
Outreach, Training & Stakeholder Engagement

- 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

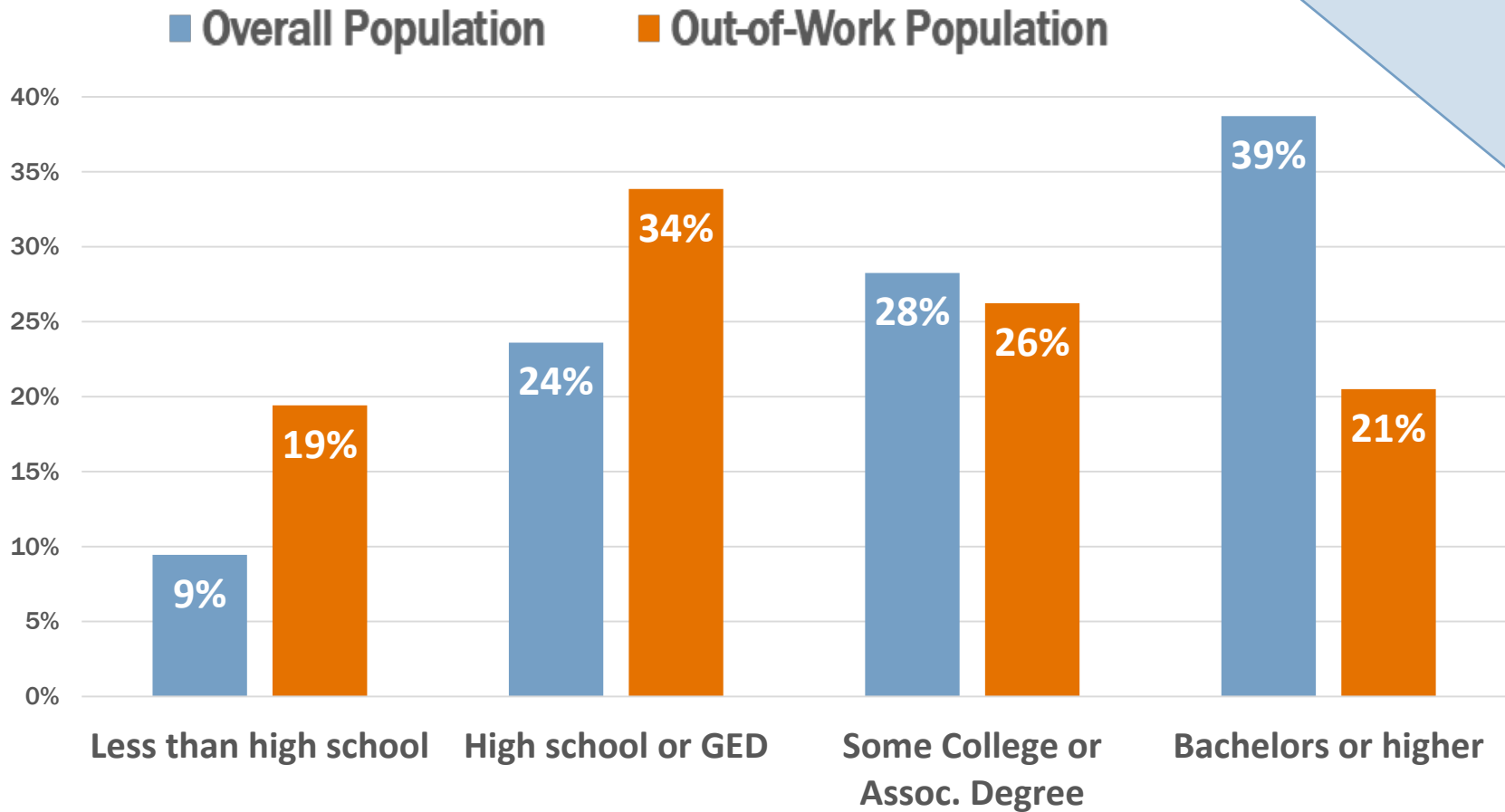
- Estimated 1.3 to 5.2 million additional hours per month in community engagement activities needed to meet the need
- Build upon existing workforce programming
- Seeking federal resources for additional supportive employment services

Out-of-Work Population



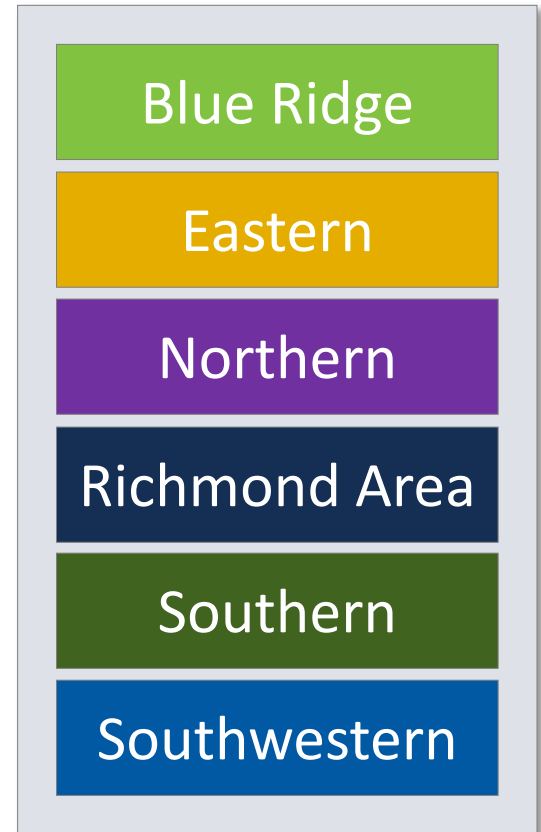
Education

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



**VIRGINIA
CAREER WORKS**

Title I

Training and Education
Dislocated, Low
Income, Youth

Title II

Adult Basic
Education

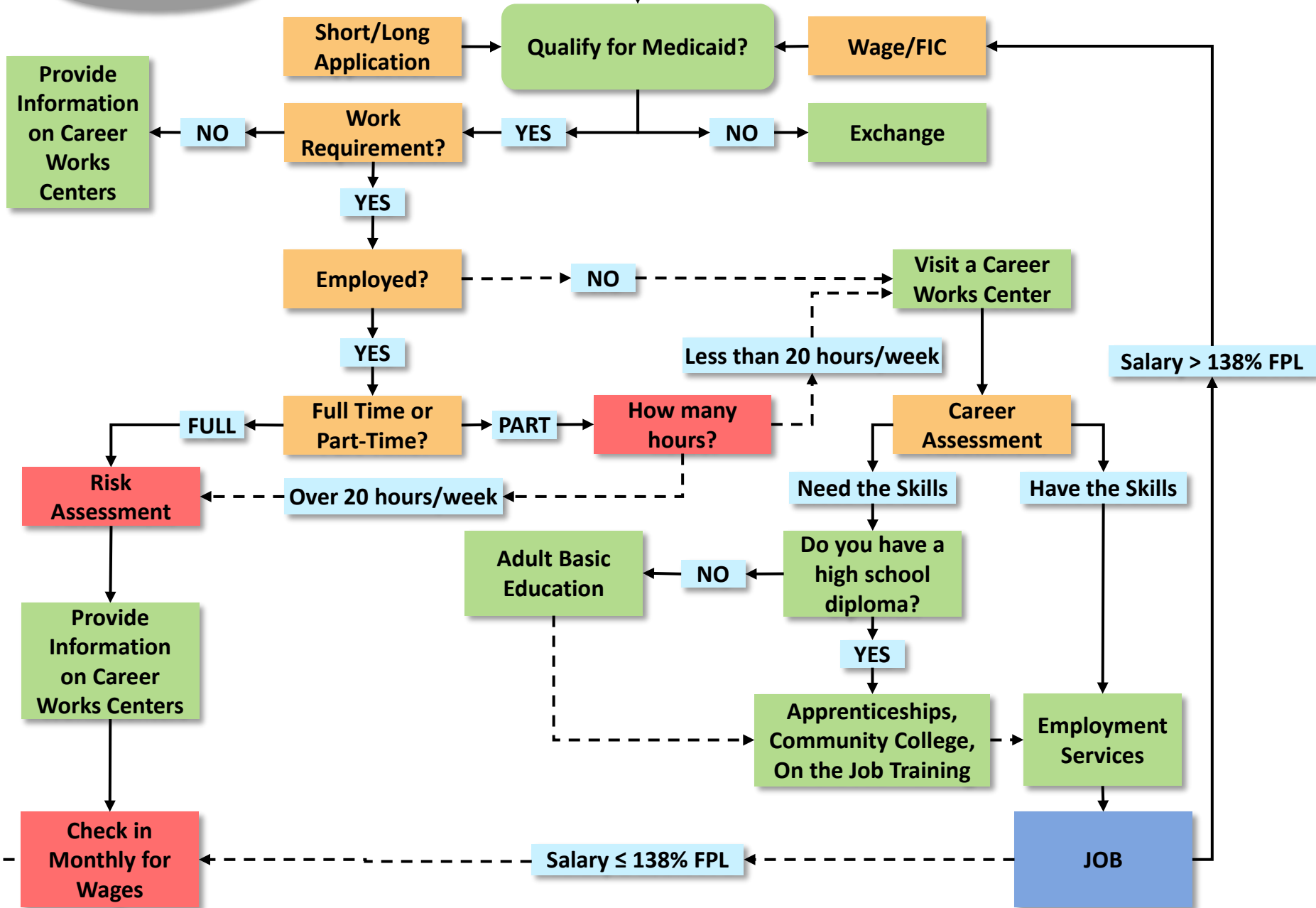
Title III

Wagner Peyser
Employment Services

Title IV

Vocational
Rehabilitation

VDSS



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 – Estimated Cost of TEEOP

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

- **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.**

Lessons Learned for Implementation



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

Discussion of Implementation Timeline: Indiana

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.

June 2017

- **Submit waiver to CMS**

Feb. 2018

- **CMS approval of waiver**

Jan. 2019

- **Go-live (phased approach: 0-hour requirement)**

July 2019

- **Phased-in hours requirements begin**

Jan. 2020

- **Reporting and penalties for non-compliance begin**

Virginia Proposed Implementation Timeline

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**



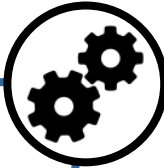
Demonstration Year 2

- **Early in Demonstration Year 2, go-live with penalties for non-compliance**

APPENDIX

Work and Community Engagement: Overview

Summary of State Law



- 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.



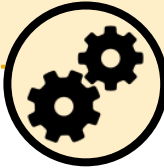
Activities

- 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.

Work and Community Engagement: Exemptions

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.

TEEOP Employment Supports

To help people meet TEEOP requirements and get jobs, Virginia will offer employment support services.



Employment Support Services	
 Educational Services	<ul style="list-style-type: none">✓ Subsidies for industry certification
 Pre-Employment Services	<ul style="list-style-type: none">✓ Job-related assessments✓ Person-centered employment planning✓ Job development and placement✓ Job carving✓ Benefits and education planning✓ Transportation to pre-employment services
 Employment Sustaining Services	<ul style="list-style-type: none">✓ Career advancement services✓ Negotiation✓ Job analysis✓ Job coaching✓ Benefits education and planning✓ Asset development✓ Follow-along supports✓ Transportation to employment support services

The State will provide assessments and referrals for employment.

Premiums, Co-Payments, Health and Wellness Accounts

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:

Income	Annual Income Range for a Household of 1*	Monthly Premium
100-125% FPL	\$12,140 - \$15,175	\$5 per month
126-138% FPL	\$15,296 - \$16,753	\$10 per month

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

Housing and Employment Supports for High-Need Population

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