
Overview of DMAS Budget Provisions: *Introduced Budget*

Presentation to the
**Health and Human Resources Subcommittee
House Appropriations Committee**

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Department of Medical Assistance Services

January 15, 2007

Presentation Outline

- DMAS Budget Provisions*
- Status Report on New Dental Program**

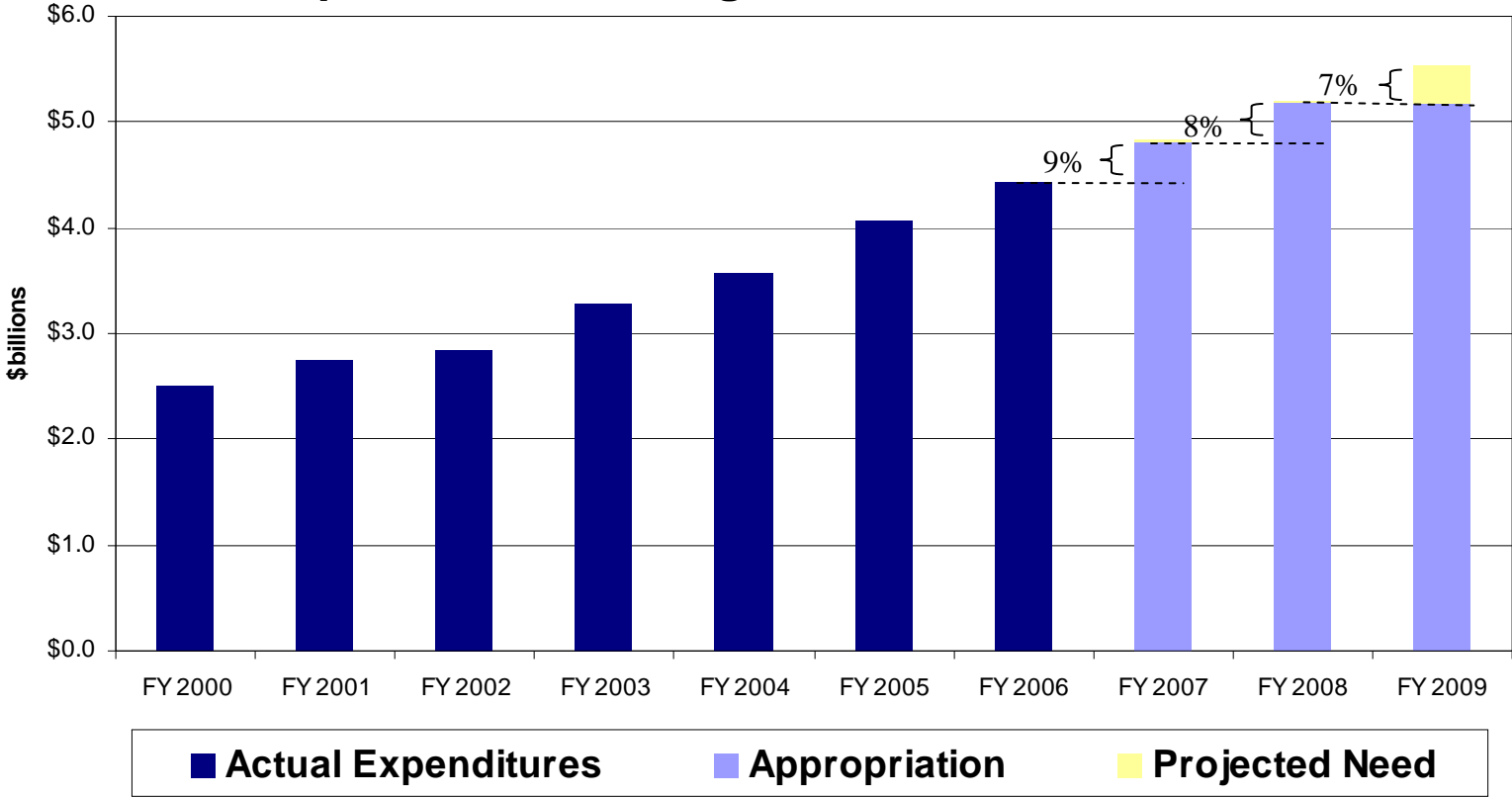
Total DMAS Funding - Introduced Budget

- The budget includes relatively modest increases in funding for the Department of Medical Assistance Services

	Total Funds in Millions	
	FY2007	FY2008
Current Appropriation	\$5,319.7	\$5,692.1
Proposed Funding Actions	\$4.4	\$55.1
Total Proposed Budget	\$5,324.0	\$5,747.3
*Totals may not sum due to rounding		

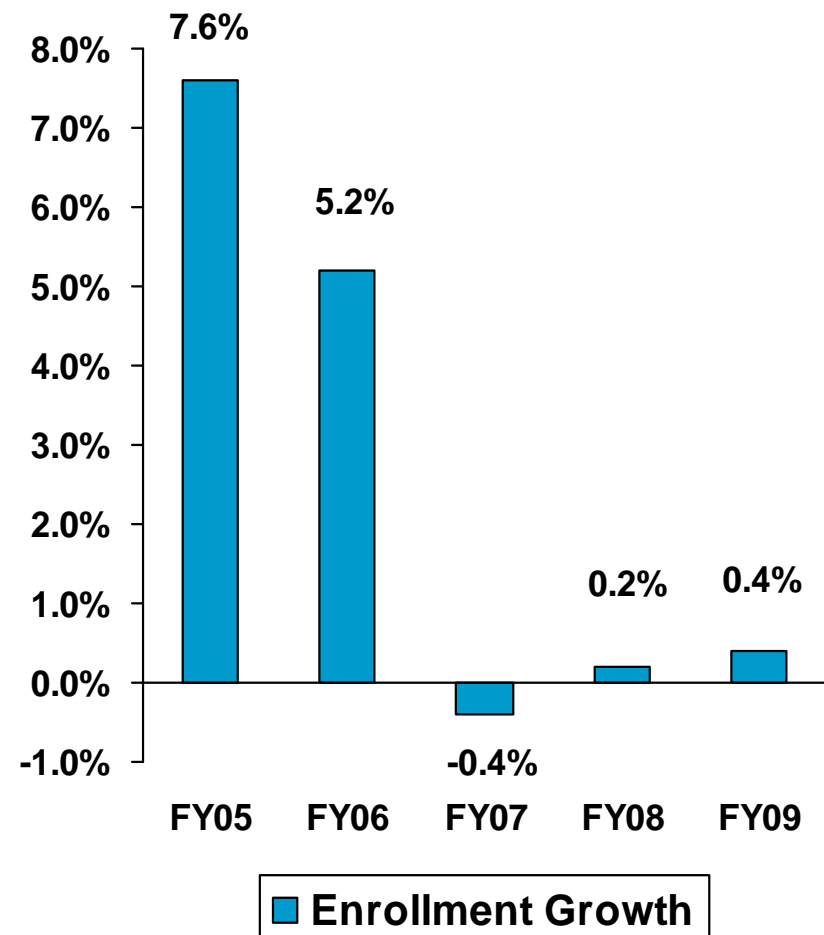
2006 Consensus Medicaid Forecast

- The Medicaid forecast projects 9% growth in FY 2007 and 8% growth in FY 2008 prior to other budget actions.



Forecast Drivers

- **Total enrollment in the Medicaid program is projected to grow at a lower rate than in recent years.**
- **The recent declines in enrollment are believed to be a direct result of implementation of the new federal citizenship and identity requirements on July 1, 2006. DMAS eligibility staff believes there is reasonable expectation that the majority of pending cases will ultimately be enrolled or re-enrolled in Medicaid**



Forecast Drivers

- **Managed Care**: The forecast is lower than last year's due to leveling of enrollment and lower than projected rate increases for 2007. The forecast is lower by \$18.3 million in 2007 and \$65.3 million in 2008 (total funds).
- **Inpatient Hospital**: The forecast is higher than last year's because VCUHS's Medicaid and indigent care costs increased in FY 2005, which increased projected costs by \$13.2 million in FY 2007 and \$13.6 million in FY 2008 (total funds).
- **Outpatient Hospital**: The forecast is lower than last year's by \$14.4 million in 2007 and \$15.0 million in 2008 (total funds) due to the shift from FFS to managed care.

Forecast Drivers

- **Physician**: The forecast is lower than last year's by \$7.1 million in both 2007 and 2008 (total funds) due to the shift from FFS to managed care.
- **Pharmacy**: The forecast is lower than last year's by \$27.5 million in 2007 and \$28.2 million in 2008 (total funds). Pharmacy costs will be somewhat unpredictable for a time due to the recent implementation of Part D.
- **Medicare Part D Premiums**: The forecast is lower than last year's by \$23.3 million in 2007 and \$25.6 million in 2008 (total funds), primarily due to a reduction in the projected premium amount charged per beneficiary.

Forecast Drivers

- **Dental Services**: The forecast is higher than last year's by \$27.7 million in 2007 and \$28.4 million in 2008 (total funds), due to increased access and utilization resulting from a rate increase and efforts to recruit providers.
- **Nursing Facilities**: The forecast is higher than last year's by \$26.9 million in 2007 and \$55.6 million in 2008 (total funds), in part due to ceiling increases mandated in the 2006 Appropriation Act.
- **Waiver Services**: The forecast is higher than last year's by \$20.9 million in 2007 and \$27.8 million in 2008 (total funds), in part due to rate and waiver slot increases mandated in the 2006 Appropriation Act.
- **Mental Health Services**: The forecast is higher than last year's by \$34.5 million in 2007 and \$43.9 million in 2008 (total funds) due to continuing growth in utilization of these services.

Proposed Budget Amendments

- **Adjust funding Medicaid Utilization & Inflation:**

Adjustment in DMAS' appropriation for the Medicaid program to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$6.5	\$19.9	\$13.4
FY2008	\$2.1	\$22.9	\$25.0

- **Adjust funding FAMIS Utilization & Inflation:**

Adjustment in DMAS' appropriation for the Family Access to Medical Insurance Security Plan (FAMIS) to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$2.5	-\$4.6	-\$7.1
FY2008	-\$2.5	-\$4.7	-\$7.2

Proposed Budget Amendments

- **Adjust funding SCHIP**

Utilization & Inflation:

Adjustment in DMAS' appropriation for the State Child Health Insurance Program (SCHIP) to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$0.6	-\$1.1	-\$1.7
FY2008	-\$0.5	-\$0.9	-\$1.4

- **Adjust funding Involuntary Mental Commitments:**

Adjustment in DMAS' appropriation for Involuntary Mental Commitments (or Temporary Detention Orders) to reflect the current forecast for this program.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$0.7	\$0	-\$0.7
FY2008	-\$0.3	\$0	-\$0.3

Proposed Budget Amendments

- **Fund revenue shortfall in Health Care Fund:**

Adjustment in DMAS' appropriation to offset reductions in projected tobacco tax revenues.

	Funds in Millions		
	GF	NGF	Total
FY2007	\$25.1	-\$25.1	\$0
FY2008	\$33.1	-\$33.1	\$0

- **Enhanced recoveries through increased auditing:**

Adjustment in DMAS' appropriation to audit mental health services and inpatient diagnosis codes (DRGs)

	Funds in Millions		
	GF	NGF	Total
FY2008	-\$0.7	\$0.4	-\$0.3

Proposed Budget Amendments

- **Increased cost to implement NPI:**

Adjustment in DMAS' appropriation to fund \$16 million system modifications to meet the Federal mandate for implementing National Provider Identifiers (NPI).

	Funds in Millions		
	GF	NGF	Total
FY2007	\$0.8	\$6.1	\$6.9
FY2008	\$0.0	-\$0.4	-\$0.4

- **Modify Specialty Drug Program:**

Adjustment in DMAS' appropriation to implement a program collecting rebates on physician-administered drugs.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$1.4	\$0.1	-\$1.3
FY2008	\$0.4	\$0.4	\$0.7

Proposed Budget Amendments

- **Adjust funding for MR**

Waiver:

Adjustment in DMAS' appropriation for the Mental Health (MR) Waiver based on fewer facility discharges than projected.

	Funds in Millions		
	GF	NGF	Total
FY2007	-\$2.6	-\$2.6	-\$5.2
FY2008	-\$2.7	-\$2.7	-\$5.4

- **Increase MR Waiver slots:**

Increase DMAS' appropriation to add 170 slots for the Mental Retardation Home and Community-based Waiver Program (MR).

	Funds in Millions		
	GF	NGF	Total
FY2008	\$5.3	\$5.3	\$10.6

Proposed Budget Amendments

- **Increase/maintain inpatient psychiatric rates:**

Increase DMAS' appropriation to raise the adjustment factor for psychiatric services in community hospitals from 78% to 84% and prevent a scheduled rate reduction for freestanding psychiatric hospitals. This change also affects payments for Involuntary Commitments.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$3.3	\$1.6	\$4.9

- **Increase children's primary & preventative physician fees:**

Increase DMAS' appropriation to fund an increase in Medicaid and FAMIS pediatric physician rates by 15% instead of 8%.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$5.2	\$5.8	\$11.0

Proposed Budget Amendments

- **Increased rates for High Risk Maternity Care Coordination:**
Increase DMAS' appropriation to fund increased rates for High Risk Maternity Care Coordination from \$1.35 to \$4.05 per day.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$0.5	\$0.5	\$1.0

- **Expand FAMIS coverage of pregnant women:**
Increase DMAS' appropriation to expand coverage from 166% to 200% of poverty to cover 900 more pregnant women each year. This is consistent with the income level for children.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$2.6	\$4.85	\$7.4

Proposed Budget Amendments

- **Establish one additional PACE site:**

Increase DMAS' appropriation to add one additional PACE site in Northern Virginia.

	GF	NGF	Total
FY2008	\$250,000	\$0	\$250,000

- **Include Chronic Obstructive Pulmonary Disease in DSM:**

Increase DMAS' appropriation to include coverage of Chronic Pulmonary Disease in the Disease State Management program (DSM).

	GF	NGF	Total
FY2008	\$57,250	\$57,250	\$114,500

Proposed Budget Amendments

- **Increase the Personal Needs Allowance for nursing home residents:**

Increase DMAS' appropriation to allow an increase in the personal needs allowance from \$30 to \$40 per month for nursing home residents.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$0.9	\$0.9	\$1.9

- **Money Follows the Person demonstration grant:**

Increase DMAS' appropriation to move institutionalized long-term care recipients to the community.

	Funds in Millions		
	GF	NGF	Total
FY2008	\$0.5	\$6.7	\$7.2

Proposed Budget Amendments

- **Development of enhanced benefit accounts for use in the Disease State Management (DSM) program, with implementation no sooner than FY2009, and funding to be requested before then.**
- **Develop a Pay for Performance program for nursing facility services, with final plan and funding request to be submitted for the next biennium.**
- **Expand the Family Planning Waiver from 133% to as high a percent of poverty as the federal government will allow while still maintaining budget neutrality, but not more than 200% of poverty.**

Proposed Budget Amendments

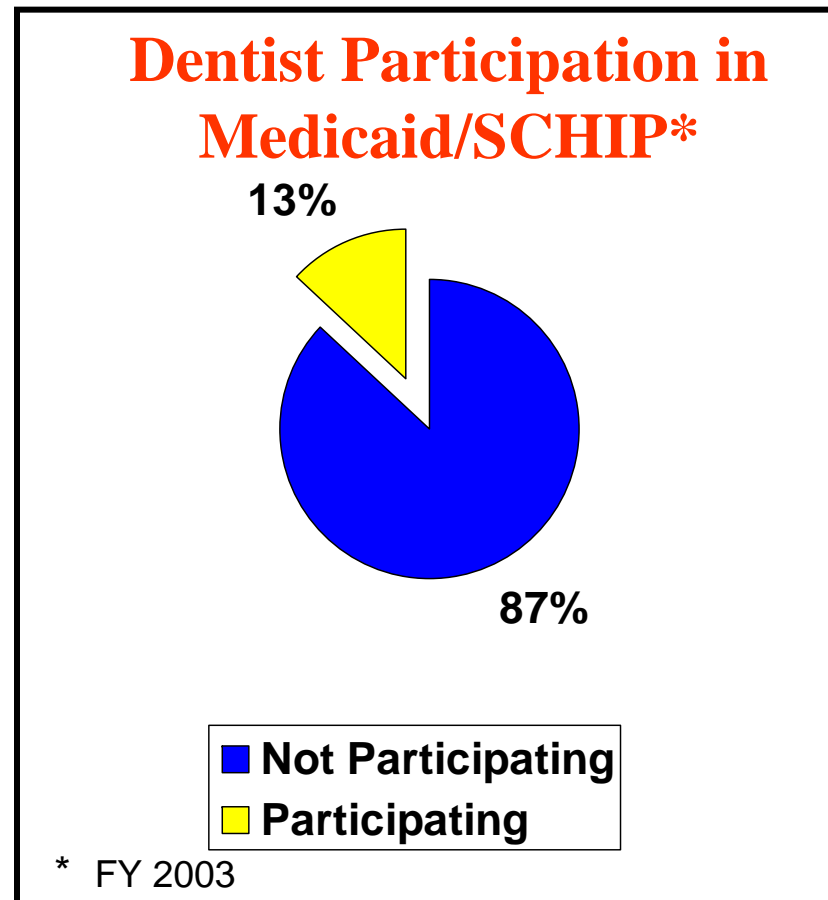
- **Increase fees for hearing aid services for children effective January 1, 2008.**
- **Allow adoption assistance recipients to be enrolled in managed care.**
- **Authorize DMAS to recognize increased square footage in the capital cost formula for children's ICFs/MR.**
- **Permit DMAS and VCUHS to seek a waiver from CMS to allow DSH funds to pay for services under partnerships with community physicians and Richmond Community Hospital.**

Presentation Outline

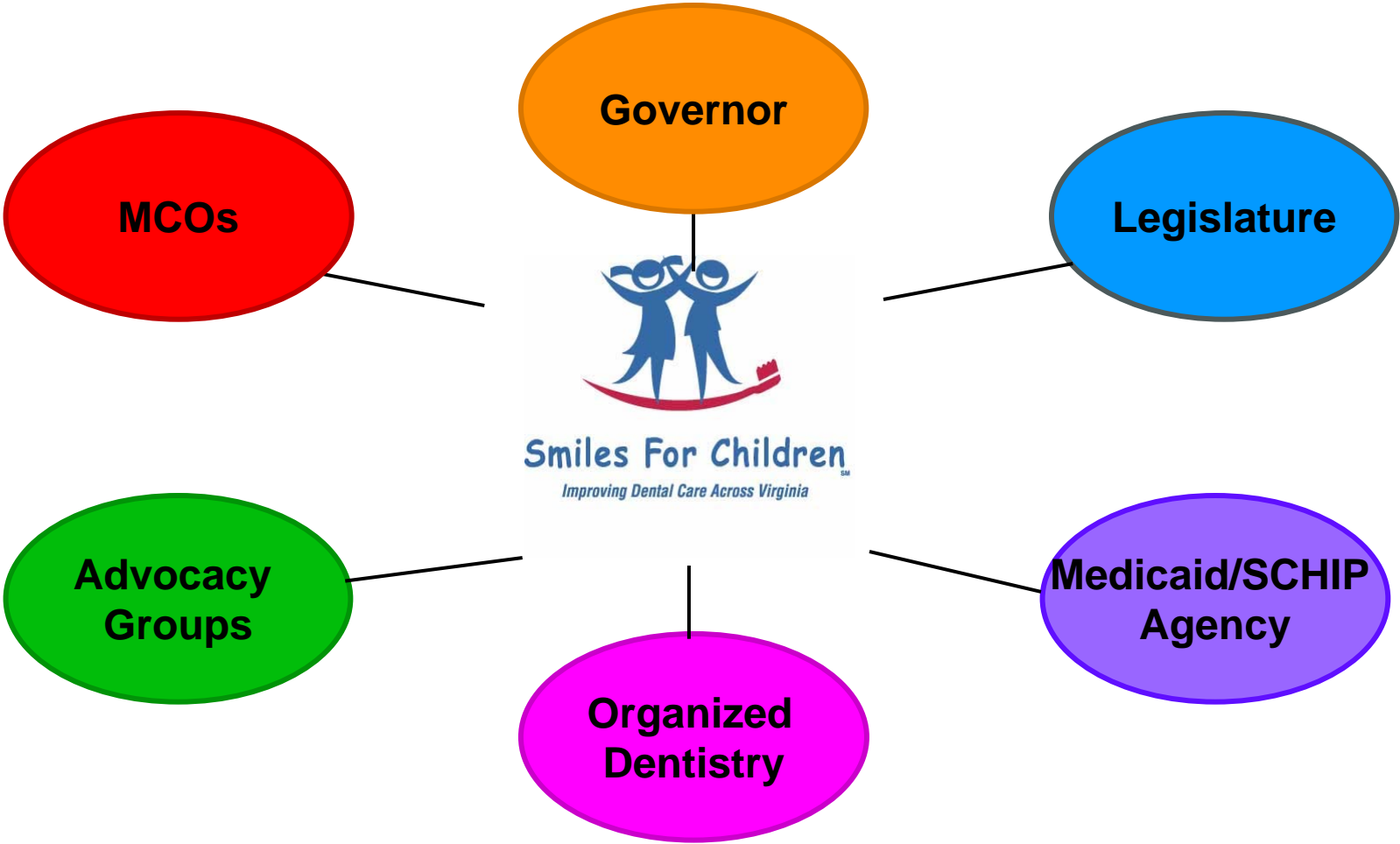
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Access to/Utilization of Dental Services Needed to Improve

- In FY 2003, only 23.4% of all eligible children actually received any dental services
- Low participation of dentists (620 of 4,786) in the Medicaid/FAMIS program was a major problem
 - Low reimbursement
 - Administrative “hassles”
 - Patient no-shows
 - MCO concerns



Key Stakeholders Worked Together for Change



New Program Structure and a 30% Increase In Fees

- **General Assembly/Governor authorized DMAS to develop an entirely new program structure**

- **Also approved a 30% increase in dental fees**
 - **28% on July 1, 2005; additional 2% in May, 2006**

A New Day!

Smiles for Children



- **Effective date: July 1, 2005**
- **All children (Medicaid & FAMIS) are enrolled in a single program administered by Doral Dental USA**
- **Limited medically necessary diagnostic/oral surgery services for adults**
- **DMAS retains policymaking authority and closely monitors contractor activities along with Dental Advisory Committee**

Smiles For Children
Improving Dental Care Across Virginia

Key Program Enhancements

Old Program

- Multiple Vendors
- Different credentialing processes
- Complicated Administration
- Limited local representation on program decisions
- Enrollee transfer between plans can disrupt care

Smiles for Children

- Single Vendor (Doral)
- Streamlined Credentialing
- Easy, Industry-Standard Administration
- Va. Based Peer Review Committee & Dental Advisory Committee
- All enrollees in *Smiles for Children* program

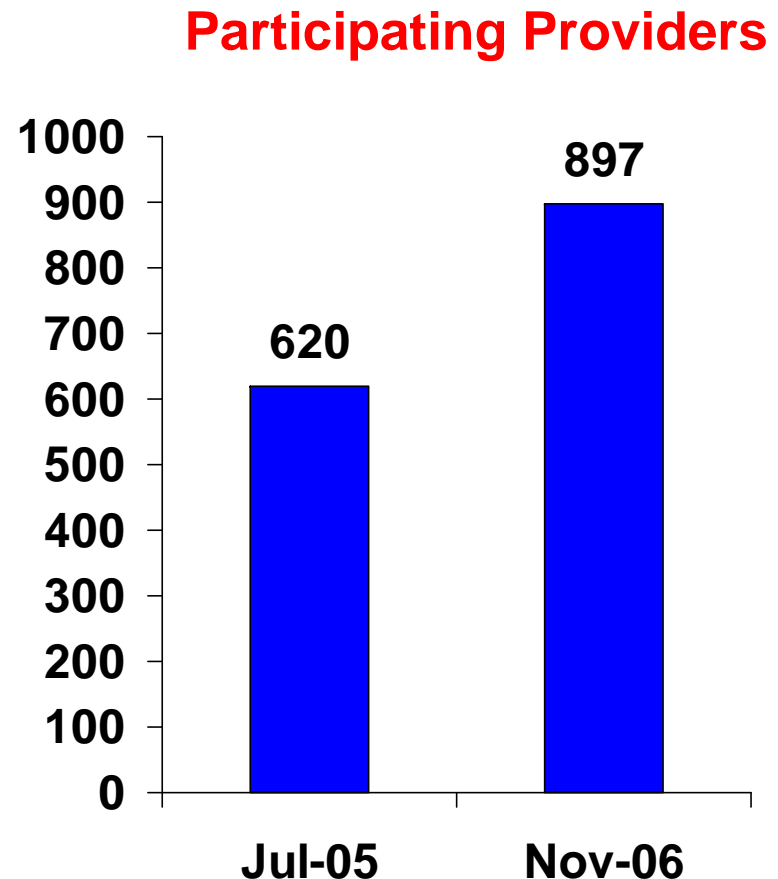
Value-Added Benefits for Providers

- Toll-free phone number for providers
- Call center specialists
 - Member Placement
 - Eligibility, benefits, authorizations
 - Claims issues
 - Addressing patient “no-shows”
- Multiple claim submission options.....free, electronic filing
- Timely and accurate payments
- Automated, web-integrated or live eligibility verification (24/7)



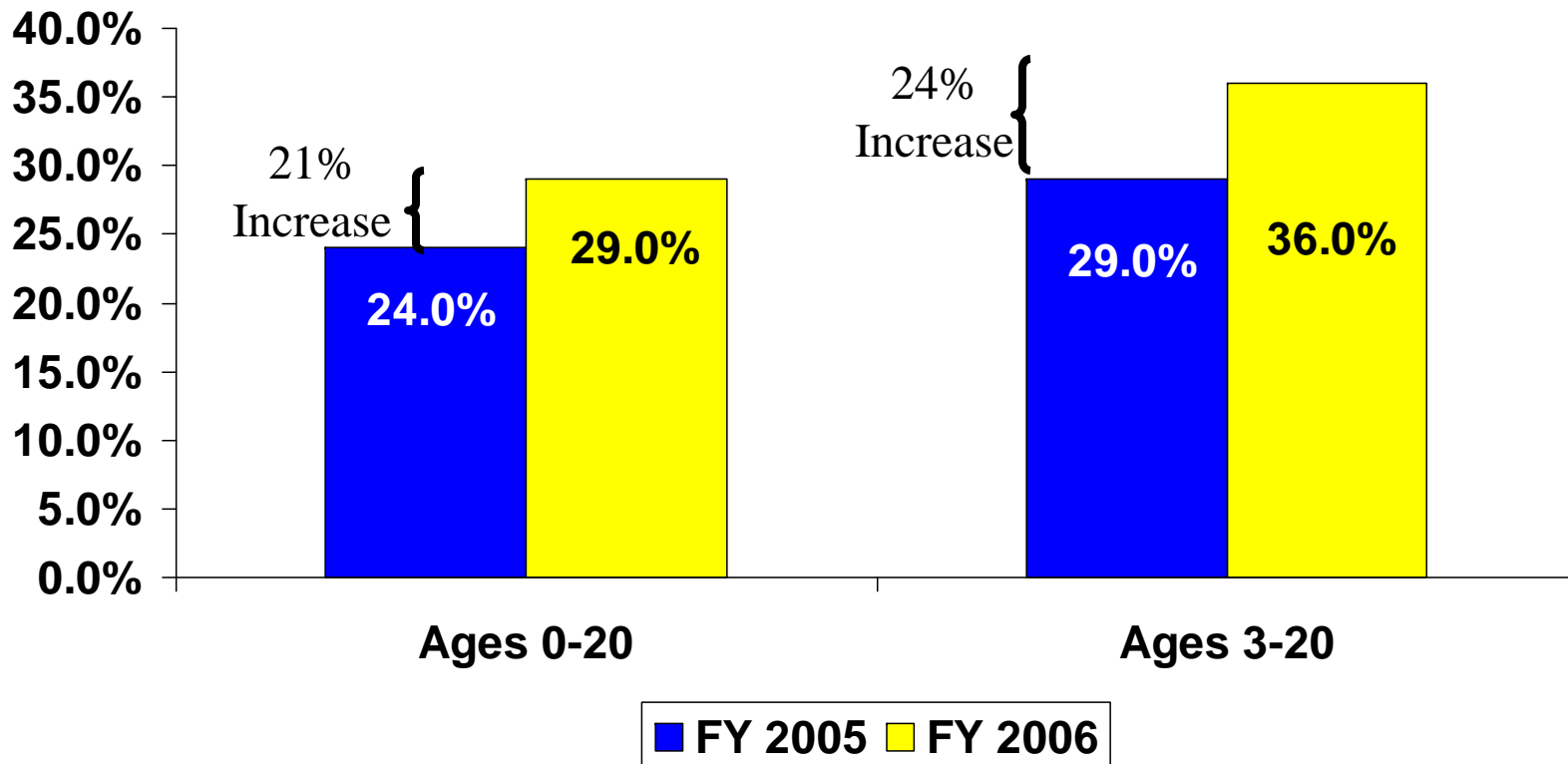
Program Changes = Increased Provider Network

- More than 277 new dentists are participating (45% increase)
 - Network continues to expand
 - 8 localities that previously had no participating dentists now have access
 - Percentage of contracted providers who are billing for services has increased from 50% to 78%
- Very high level of provider satisfaction



.....And Increased Access to Care

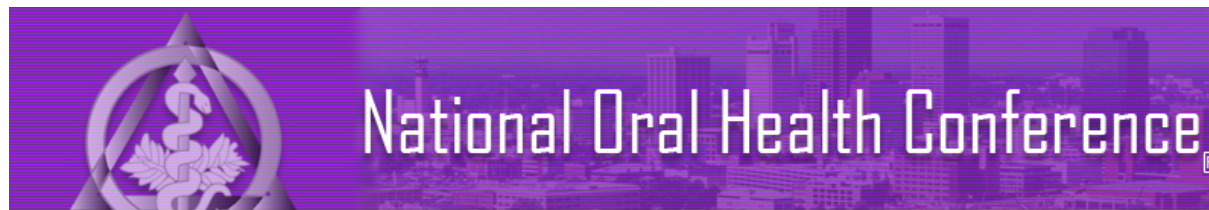
Percentage of Children Receiving Necessary Dental Care



Smiles for Children Has Received National Attention



**14th Annual Medicaid
Managed Care Congress**



THANK YOU!!
