UPDATE FOR JOINT SUBCOMMITTEE FOR HHR OVERSIGHT

NOVEMBER 26, 2018

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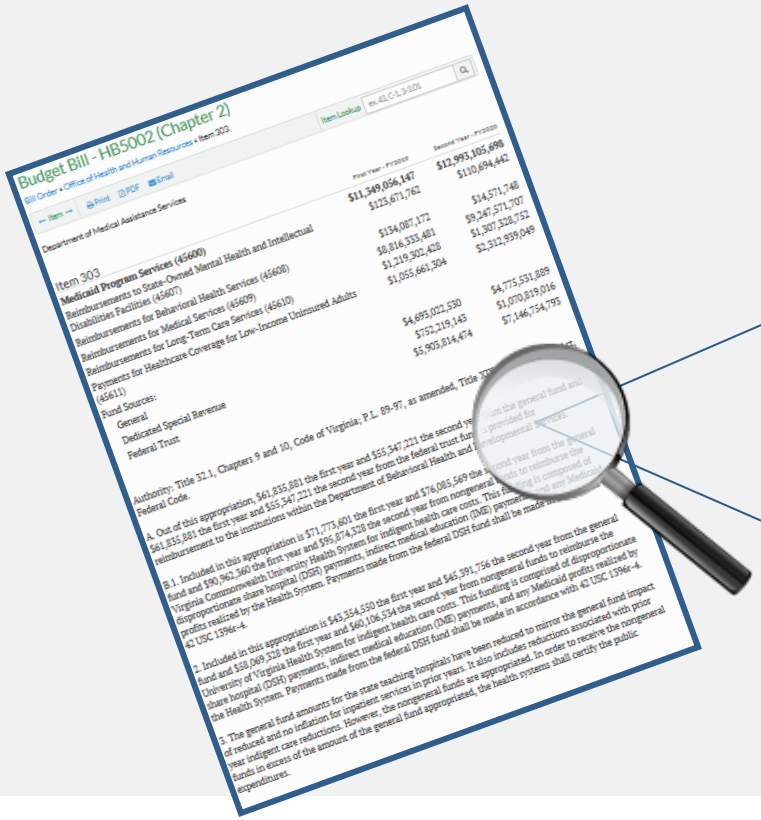
Virginia Department of Medical Assistance Services (DMAS)

Agenda

- **Update on the Section 1115 Demonstration Waiver application, known as "The Virginia COMPASS Waiver" application**
  - **Summary of Public Comments**
  - **Changes to the Virginia COMPASS Waiver application**
- Preparing for Medicaid Expansion: Ensuring Network Adequacy and Access to Care

State Law Requires Waiver Changes



- **Work and Community Engagement**
- **Premiums, Co-Payments, Health and Wellness Accounts**
- **Housing and Employment Supports Benefit**

Source: 2018 Virginia Acts of Assembly Chapter 2

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.

Source: 2018 Virginia Acts of Assembly Chapter 2

The Virginia COMPASS Waiver Application State Public Comment Period

Pursuant to federal requirements, DMAS provided notice to the public of its intent to submit the Virginia COMPASS Waiver application to CMS to seek authority from CMS for the TEEOP program and other reforms, as outlined in the 2018 Appropriations Act

- The Draft Virginia COMPASS Waiver application and all information on the federally required Public Hearings were made available on the DMAS website
- The 30-day public comment period began on September 20, 2018 and closed on October 20, 2018

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) *(Canceled due to inclement weather)*
October 15	✓ Arlington Central Library

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

The Virginia COMPASS Waiver Application Summary of Public Comments

DMAS received 1,832 comments during the 30-day state public comment period

- ✓ 1,813 comments by email and mail
- ✓ 19 comments through Public Hearings
- ✓ 1 comment in support of the Virginia COMPASS Waiver application overall
- ✓ 2 comments in support of work and community engagement requirements
- ✓ 1 comment in support of the community engagement requirements, but not the work requirement

The Virginia COMPASS Waiver Application Summary of Public Comments

Major Themes From Public Comments

- **Overwhelming majority opposed the work and community engagement requirements and the cost-sharing provisions (premiums, co-payments for non-emergent ED use).** Concerns included coverage loss, increased uninsured rates, and administrative burden.
- **Commenters expressed concern that the work and community engagement requirements will negatively impact access to care, particularly for those with chronic and complex health conditions,** and that loss of coverage would lead to barriers in accessing critical medications, treatments and preventive care. Concerns included significant financial burden from premiums.
- **Requested additional exemptions and asked clarifying questions about standard and hardship/good cause exemptions, qualifying activities, and operationalizing program features.** Several commenters offered recommendations for how to implement the Health and Wellness Program.
- **Support for housing and enrollment supports for high-needs members and employment supports for the new adult population.**

The Virginia COMPASS Waiver Application
Submission Timeline

DMAS met timeline and notice requirements outlined in the 2018 Appropriations Act for submission of the Section 1115 Demonstration Waiver application, to seek authority from CMS for the TEEOP program and other required reforms

- DMAS worked diligently over the past months to prepare the Section 1115 Demonstration Waiver application and gather public comment in order **to submit the proposal within the 150-day** timeline established in the 2018 Appropriations Act.
- **At least 10 days prior to submission of the 1115 Demonstration Waiver application, DMAS notified the Chairmen of the House Appropriations and Senate Finance Committees** of the pending application and provided a copy of the application.
- **Pursuant to the Appropriations Act, either Chairman had the right to raise an objection about the Waiver application** through an official letter during the 10-day period
- **DMAS received notice on November 2, 2018, asking that the Commonwealth postpone submission of its Section 1115 Demonstration Waiver application to CMS.**
- **In response to letters received from each Chairman, DMAS worked with the Chairmen in good faith to make reasonable attempts to address the objections and clarify policies.**

Changes to Virginia COMPASS Waiver Application

In response to public comments and letters from the Chairmen of the House Appropriations and Senate Finance Committees, DMAS clarified policies within the Virginia COMPASS Waiver application:

- That **self-employment will be included** as a qualifying activity;
- That **not all standard exemptions are permanent**;
- That **the length of time for standard exemptions** will be guided by previously approved 1115 waiver special terms and conditions, industry standard and state and federal law;
- That the Commonwealth will institute a **"No Wrong Door" policy for reporting compliance or an exemption**;
- That an individual's **coverage can also be reinstated "upon the end of the 12-month period of a member's coverage year"** as required under legislative language;

Changes to Virginia COMPASS Waiver Application

In response to public comments and letters from the Chairmen of the House Appropriations and Senate Finance Committees, DMAS clarified policies within the Virginia COMPASS Waiver application:

- That the Commonwealth will ensure there is **robust education and outreach** to members regarding the new program;
- Regarding the **waiting period for nonpayment of premiums**– clarified that the waiting period is the time between when an individual's coverage is suspended and when an individual pays the one premium payment to have their coverage re-instated; coverage will be effective on the first day of the month following receipt of the premium payment; and the waiting period could be one or more months;
- That the Commonwealth **will seek authority to make available employment supports to the newly-eligible population regardless of exemption**; and
- That the **new programs of the Waiver would be discontinued in the event that federal funding for the newly-eligible population is reduced** as required under legislative language.

The Virginia COMPASS Waiver
Waiver Submission Process and Next Steps

DMAS released the Virginia COMPASS Waiver application for the 30-day state public comment period on 9/20/2018.

DMAS submitted the Virginia COMPASS Waiver application to CMS on 11/20/2018

CMS has 15 days to review the Virginia COMPASS Waiver application, then the 30-day federal public comment period begins.

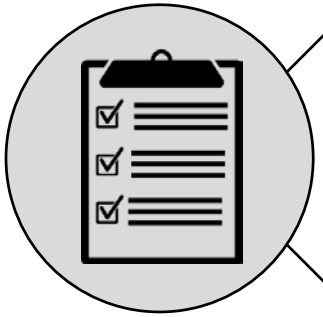
DMAS and CMS continue negotiations and development of Special Terms & Conditions (STCs) until Virginia COMPASS Waiver approval.

There is no defined federal timeline for Section 1115 Demonstration Waiver approval.

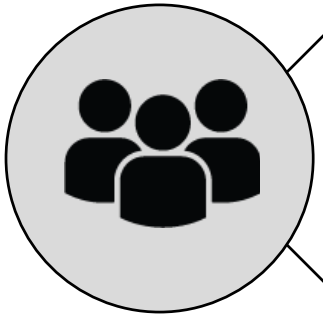
Agenda (Continued)

- ✓ Update on the Section 1115 Demonstration Waiver application, known as "The Virginia COMPASS Waiver" application
  - ✓ Summary of Public Comments
  - ✓ Changes to the Virginia COMPASS Waiver application
- ❑ **Preparing for Medicaid Expansion: Ensuring Network Adequacy and Access to Care**

DMAS Efforts to Engage Providers Across the Commonwealth



Implementation of reforms and programs to improve the provider experience, such as the Common Core Formulary and Emergency Department Care Coordination.



Medicaid Expansion: What Providers Need to Know **Town Halls conducted across the Commonwealth. DMAS asked non-Medicaid providers to sign up with Medicaid health plans, and asked current Medicaid providers if they could serve more Medicaid members.**

Engagement with providers who currently serve the uninsured:

- **Working with free clinics and Federally Qualified Health Centers (FQHCs) to build capacity for the Medicaid Expansion population**

DMAS Efforts to Engage Providers Across the Commonwealth – FQHCs & Free Clinics

Engagement with providers who currently serve the uninsured:

- **Working with free clinics and Federally Qualified Health Centers (FQHCs) to build capacity for the Medicaid Expansion population**

- **FQHCs are contracted with all health plans and are ready to take on more capacity**

- **DMAS expects that three free clinics (CrossOver, Shenandoah, and Western Tidewater) will be contracted with a plan by January 1, 2019**

- **Many other free clinics will have capacity to handle transitional services as an Ordering, Referring or Prescribing provider (ORP)**

Evaluation of Health Plan Network Adequacy by External Quality Review Organization

DMAS contracted with an external quality review organization, Health Services Advisory Group (HSAG)

- **Contracted with HSAG to validate and confirm network adequacy** for all six health plans to ensure their readiness to serve the Medicaid Expansion population.
- HSAG has determined, based on the information and data reviewed and interviews conducted, that **all six MCOs meet network adequacy requirements** according to the federal, state, and DMAS contractual requirements for purposes of serving the Medicaid expansion population.
- **The MCOs have implemented network development plans, credentialing and re-credentialing plans, and network retention strategies** that support strengthening the network status, expanding capacity, and expediting the credentialing process.

HSAG HEALTH SERVICES ADVISORY GROUP

Ensuring Adequacy Helps Access but there remain Statewide Health Professional Shortage Areas (HPSA)

Darker areas reflect most significant shortage areas for <u>all payers</u>

PCP HPSAs and RHC and FQHC Locations

RHCs-2018

FQHCs-2018

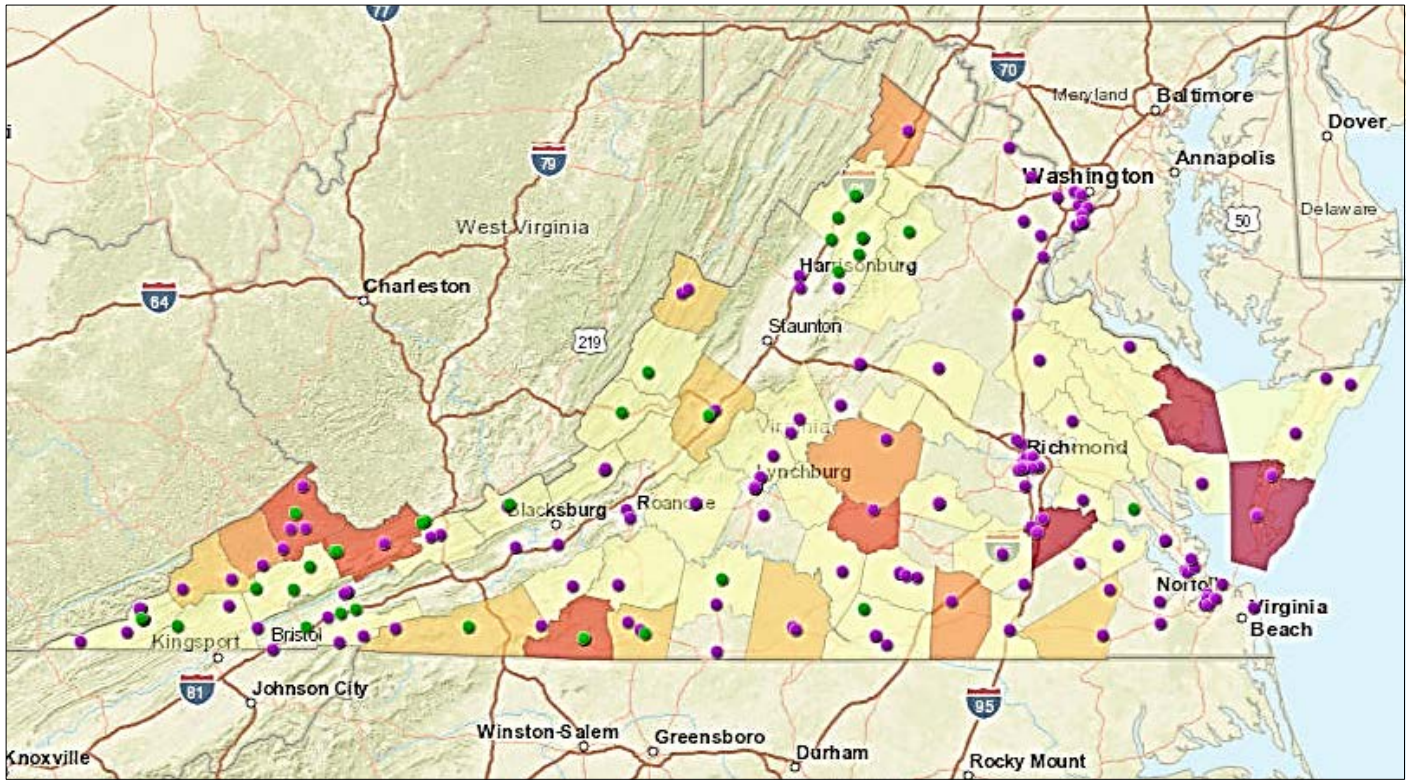
Primary Care Geographic Health Professional Shortage Areas (HPSAs): Updated 8-2018

HPSA Score

> 18

16

< 14

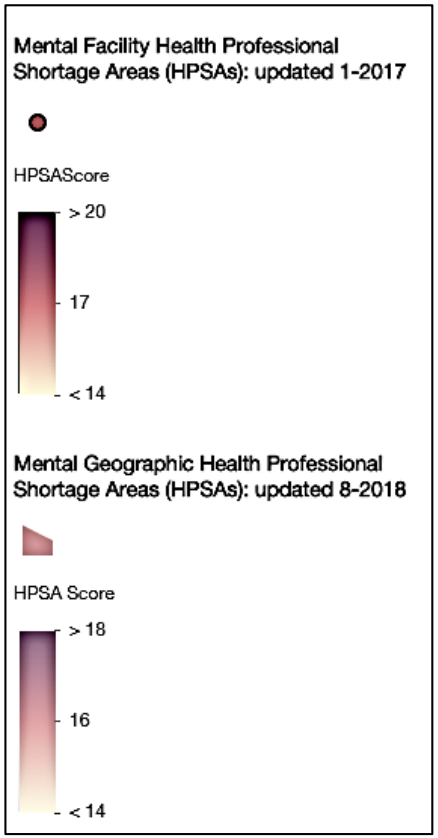


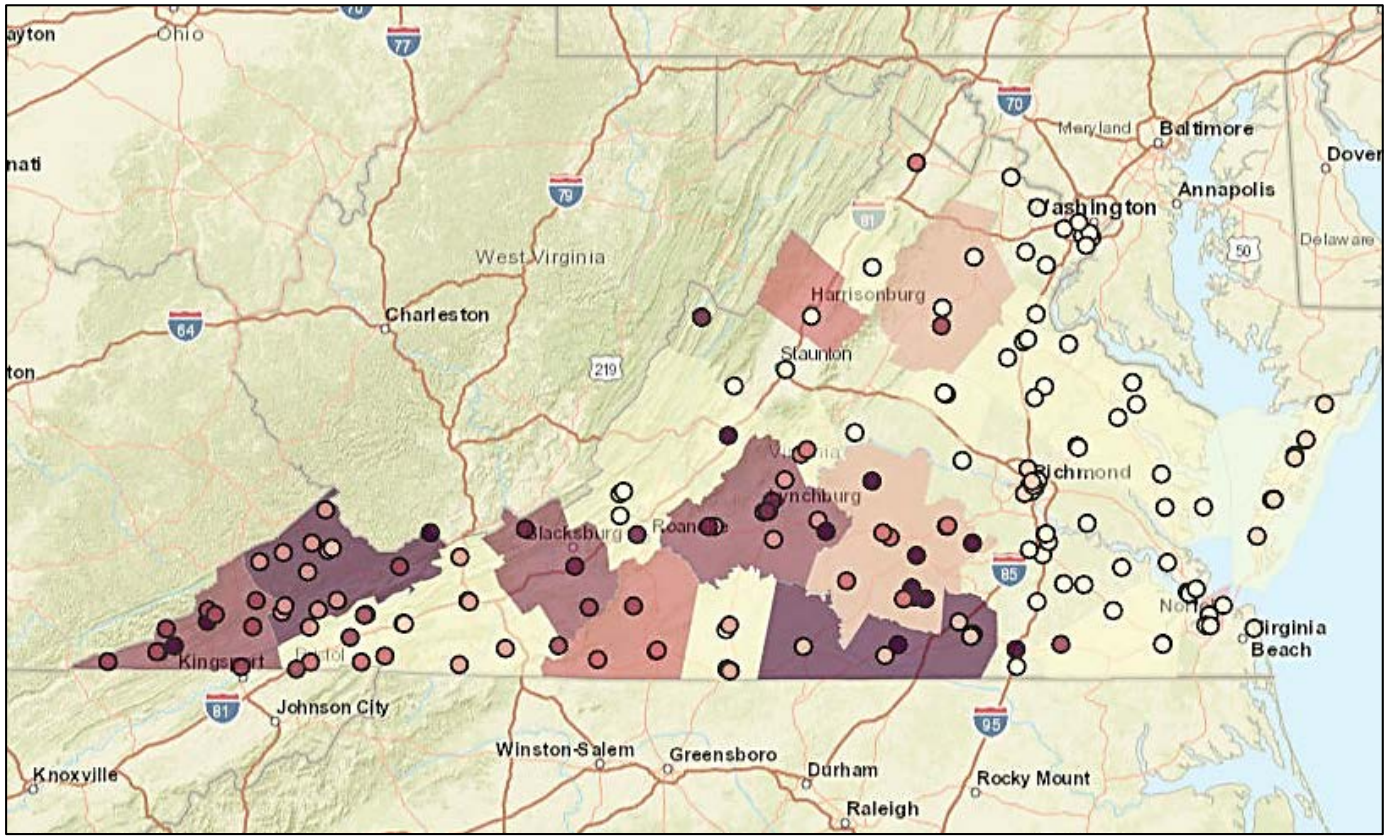
http://www.vdh.virginia.gov/health-equity/designation-of-health-professional-shortage-areas-hpsa/

Ensuring Adequacy Helps Access but there remain Statewide Health Professional Shortage Areas (HPSA)

Darker areas reflect most significant shortage areas for <u>all payers</u>

Mental Health Professional Shortage Areas





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Ensuring Adequacy Leads to Access

Access is inconsistent throughout the State with 110 areas designated as primary care health professional shortage areas, where available providers meet only 63% of primary care service needs

- Virginia Medicaid currently pays for primary care services at a rate below the market based on the Medicare rate level

Provider Type	FY 2011*	FY 2019*	% Change
Adult Preventive and Primary Care Services	73%	66%	- 7%
Pediatric Services	83%	75%	- 8%
Preventive Pediatric Services	94%	71%	- 23%

***Medicaid fee-for-service provider rates as a percentage of Medicare rates**

- Health plans can have a variety of reimbursement levels and contractual agreements to recruit more providers and meet network adequacy requirements

Parity between Medicare and Medicaid rates has declined over time, raising concerns over whether rate levels and limited availability of primary care providers in certain areas result in difficulty accessing primary care services

Ensuring Adequacy Leads to Access

Medicaid Provider Participation:

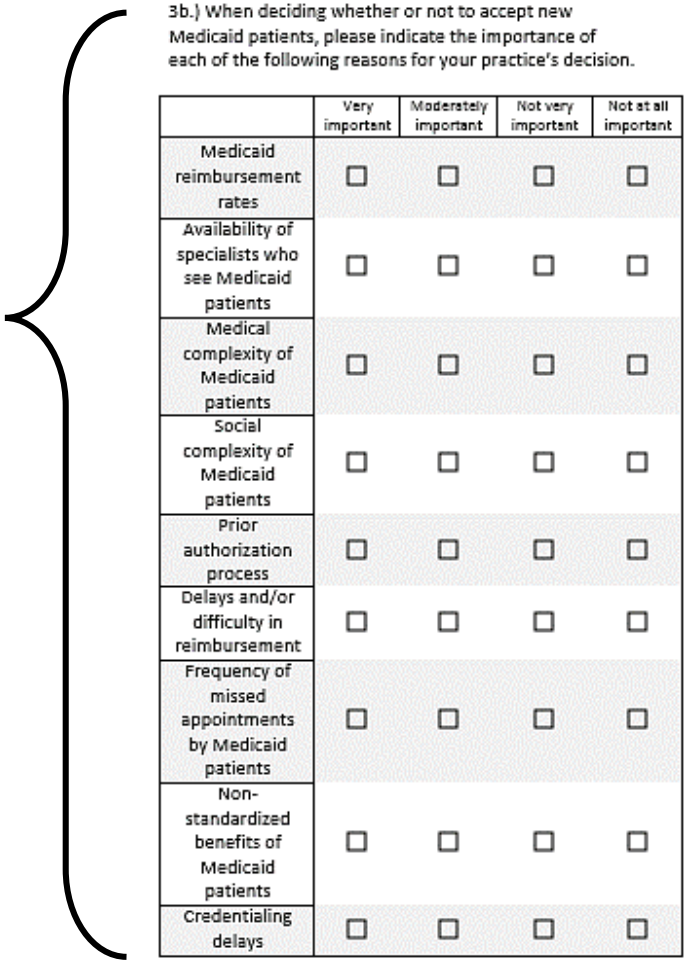
- In 2011 and 2012, approximately **75%** of primary care physicians in Virginia actively participated in Medicaid, with only **59%** of primary care physicians accepting new Medicaid patients.
- Recent estimates indicate that **63%** of physicians participate in Medicaid and **71%** are accepting new Medicaid patients.
- In 2013, the Joint Legislative Audit and Review Commission (JLARC) noted that **Medicaid members may have more difficulty accessing care (outpatient mental health)** because a low percentage of providers treat Medicaid patients

Limitations in primary care access throughout the state, declining rates relative to other payers, and increased demand for services following Medicaid expansion create a potential need to bring Medicaid rates closer to parity with the market

DMAS Plans Robust Evaluation of Medicaid Expansion

DMAS, in partnership with Virginia Commonwealth University, will be evaluating provider capacity and access to care across the Commonwealth:

- Empirical analysis of provider capacity, with focus on primary care and behavioral health
- Provider survey sent to all primary care providers in Virginia to assess capacity and willingness to care for Medicaid expansion population, including assessing policy changes that would increase likelihood to accept Medicaid patients
  - Will also include provider interviews
- Evaluation of actual utilization of services by Medicaid expansion population

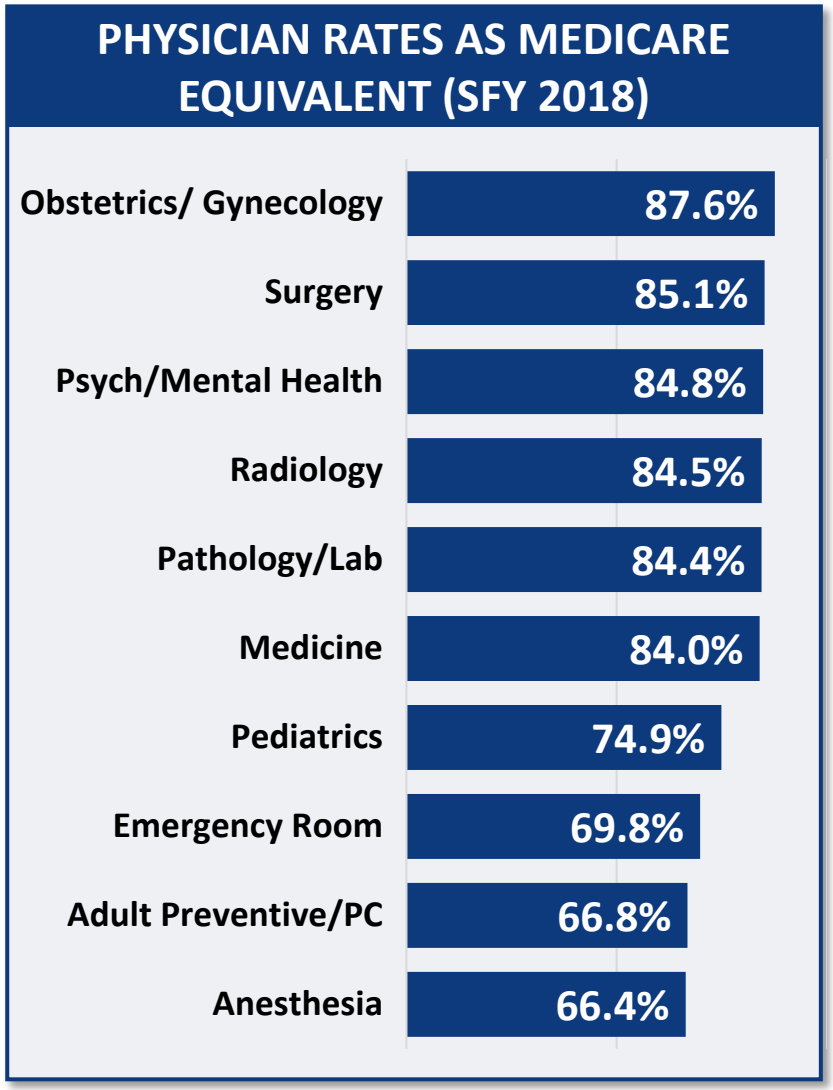


3b.) When deciding whether or not to accept new Medicaid patients, please indicate the importance of each of the following reasons for your practice's decision.

	Very important	Moderately important	Not very important	Not at all important
Medicaid reimbursement rates	☐	☐	☐	☐
Availability of specialists who see Medicaid patients	☐	☐	☐	☐
Medical complexity of Medicaid patients	☐	☐	☐	☐
Social complexity of Medicaid patients	☐	☐	☐	☐
Prior authorization process	☐	☐	☐	☐
Delays and/or difficulty in reimbursement	☐	☐	☐	☐
Frequency of missed appointments by Medicaid patients	☐	☐	☐	☐
Non-standardized benefits of Medicaid patients	☐	☐	☐	☐
Credentialing delays	☐	☐	☐	☐

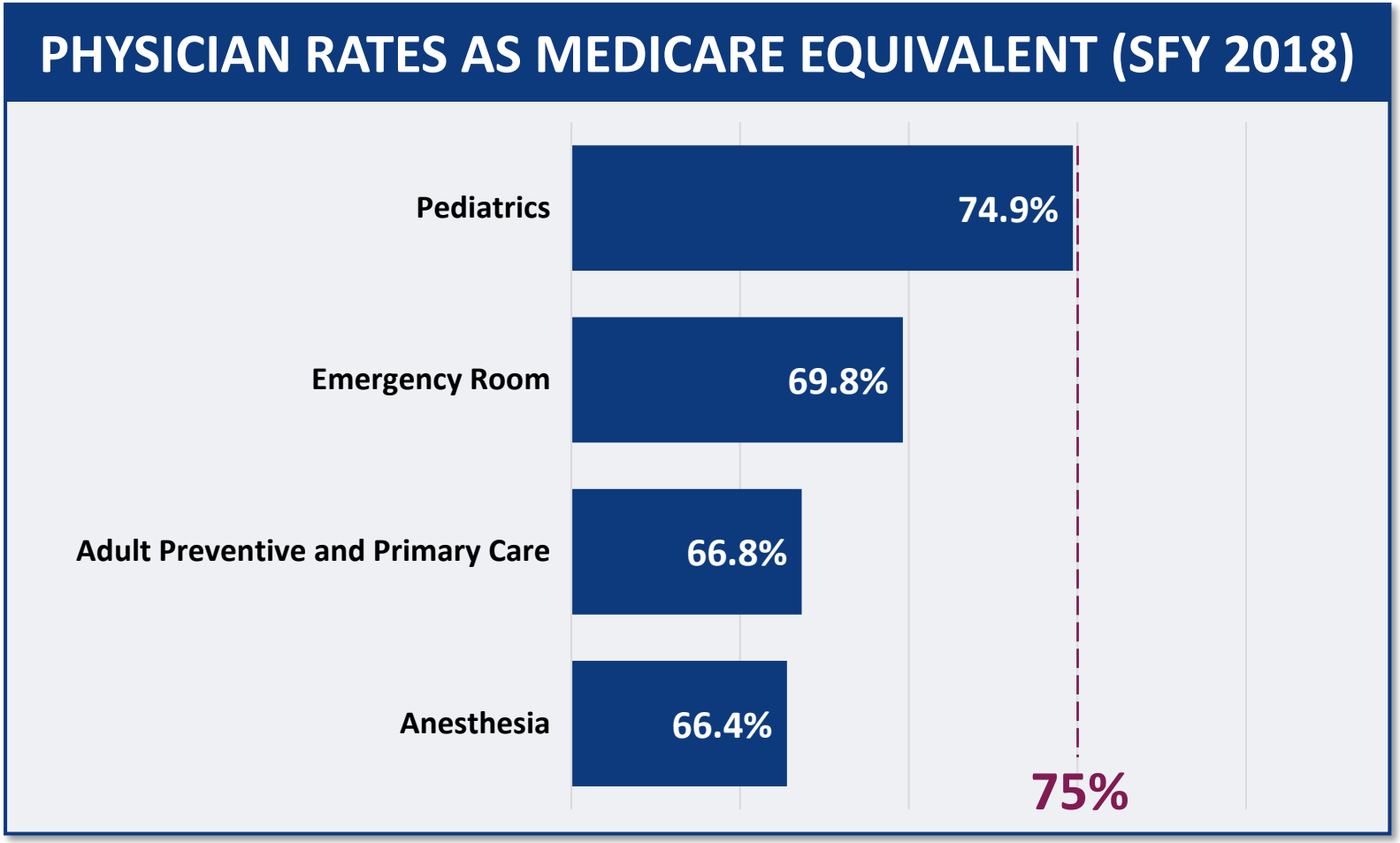
Medicaid Practitioner Expenditures

SERVICE CATEGORY	SFY 18 TOTAL
Emergency Room	49,422,482
Obstetrics/ Gynecology	70,572,876
Adult Preventive & Primary Care	117,372,006
Pediatrics	194,397,254
All Other:	190,909,598
Medicine	83,353,963
Psych/Mental Health	10,750,766
Pathology & Laboratory	13,626,922
Radiology	24,895,422
Surgery	58,282,525
Anesthesia	15,235,638
TOTAL	637,909,855



Total includes SFY 2017 FFS utilization with 2018 rates and actual MCO expenditures in SFY 2018 (as of Oct. 2018). FFS estimates are not based on the Agency's most recent forecast. MCO expenditures do not include FAMIS or Medicaid Expansion. Includes payments to physicians and non-physicians.

Medicaid Practitioner Expenditures



DMAS is working to estimate the fiscal impact of increasing reimbursement rates to 75% of Medicare. These complex calculations take time and require coordination across multiple divisions.

APPENDIX

DMAS Efforts to Engage Providers Across the Commonwealth Community Services Boards (CSBs)

Providing targeted support, training, and assistance to Community Services Boards (CSBs)

- **Targeted training on Common Help for application submission**
- **Data share business associate agreement for targeted assistance**
  - **38 out of 40 CSBs have expressed interest**
  - **First data drop from the CSBs is expected on 11/27, and DMAS expects to deliver the matched data on 12/10**
- **Held a webinar on 11/16 with strong CSB attendance**
- **All MCOs have agreed to remove the connection between registration and payment from January 2019 to June 2019**
- **Designated DMAS Contact for CSB questions: Donna Boyce, donna.boyce@dmas.virginia.gov**