



Overview of Select HHR Issues

The Honorable William A. Hazel, Jr., M.D.
January 16, 2017
House Appropriations Committee

“An organization is uniquely
designed to get the results that it
gets.”

Dr. Paul Batalden

Overview of Presentation

- **Highlight Budget and Policy Priorities in HHR**
- **Review Issues That Require Additional Explanation**
- **Provide an Update on Interim HHR Reports**
- **Discuss HHR Issues That Transcend Agencies and Secretariats**

Behavioral Health Services Initiative

- **Introduced budget includes \$31.7 million GF to strengthen behavioral health services.**
 - Commit resources to improve access to community-based services and reduce pressure upon state facilities;
 - Provide resources to shore up services in state mental health facilities; and
 - Expand funding for jail-based mental health screenings & assessments (DCJS).

Description	FY 2018 (GF)
STEP-VA (Same Day Access)	\$8.2 million
STEP-VA (Opioids Initiative)	\$5.3 million
STEP-VA (Implementation Plan)	\$4.5 million
Community-based efforts (Facility census management)	\$7.4 million
Facility-based efforts (Facility staffing & support)	\$2.1 million
<u>Jail-based Mental Health Screenings & Assessments</u>	<u>\$4.2 million</u>
TOTAL, General Fund Spending	\$31.7 million

Mental Health Business Plan

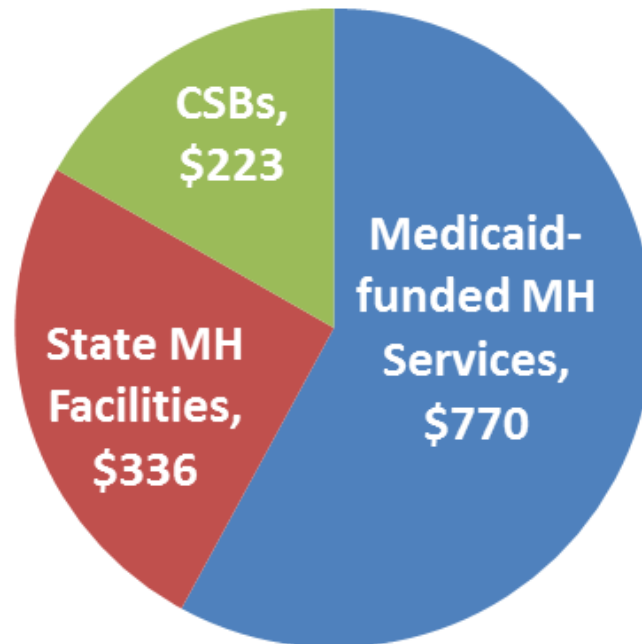
The proposed budget includes \$4.5 million to develop a business plan for STEP-VA:

- Builds on prior efforts of the Administration and Legislature and operates under the supervision of an oversight committee.
- Assesses system to develop and implement an accountable, effective plan that identifies population needs, community resources, service gaps and costs.
- Yields comprehensive planning for the following at individual CSBs:
 - The requirements of STEP-VA,
 - Population needs in each CSB's localities,
 - Costs to fully implement STEP-VA statewide,
 - Requisite workforce and training needs,
 - IT infrastructure and data needs, and
 - Each CSB's opportunities to partner with private providers and each other.
- Analyzes the DBHDS Central Office to ensure it is best positioned to support this transition of the community based system.

Current HHR Spending on Mental Health Services

- The Commonwealth spent more than \$1.3 billion on mental health spending in FY 2016.
 - Medicaid is the primary payer of mental health services.
 - Virginia spends considerable resources on facility-based mental health services.

Spending on Mental Health Services (Dollars in millions)*



* Mental health spending in HHR only.

What We Need Help With

- What should DBHDS look like going forward?
- Who is going to deliver the care?
- Should ID/DD be in the same agency as mental health and addiction?
- How quickly can we transform this system and at what cost?

Framework for Addressing Opioid Issue

- **Harm reduction** until treatment is available and accepted
- **Treatment** for those who are addicted
- **Prevention** through reducing the supply of legal opiates
- **Interdiction** through tracking and reducing the supply of illegal opiates
- **Culture change**

Commonwealth Center for Children & Adolescents (CCCA)

DBHDS is working to improve state hospitals' efficiency and to meet challenges from rising admissions, such as ensuring quality care and addressing employee turnover.

Effort at CCCA

- CCCA has evolved from a longer term residential facility to an acute psychiatric hospital.
 - Business practices were not aligning with current mission.
- CCCA has faced intense census problems recently, despite contract with private hospital -- Poplar Springs in Petersburg -- to manage the increased demand.
- Operating at or above census is unsafe, inefficient and risky.
- Since July, DBHDS and CCCA have been working to improve clinical operation, strengthen discharge processes, and bolster recruitment and retention.

Staff

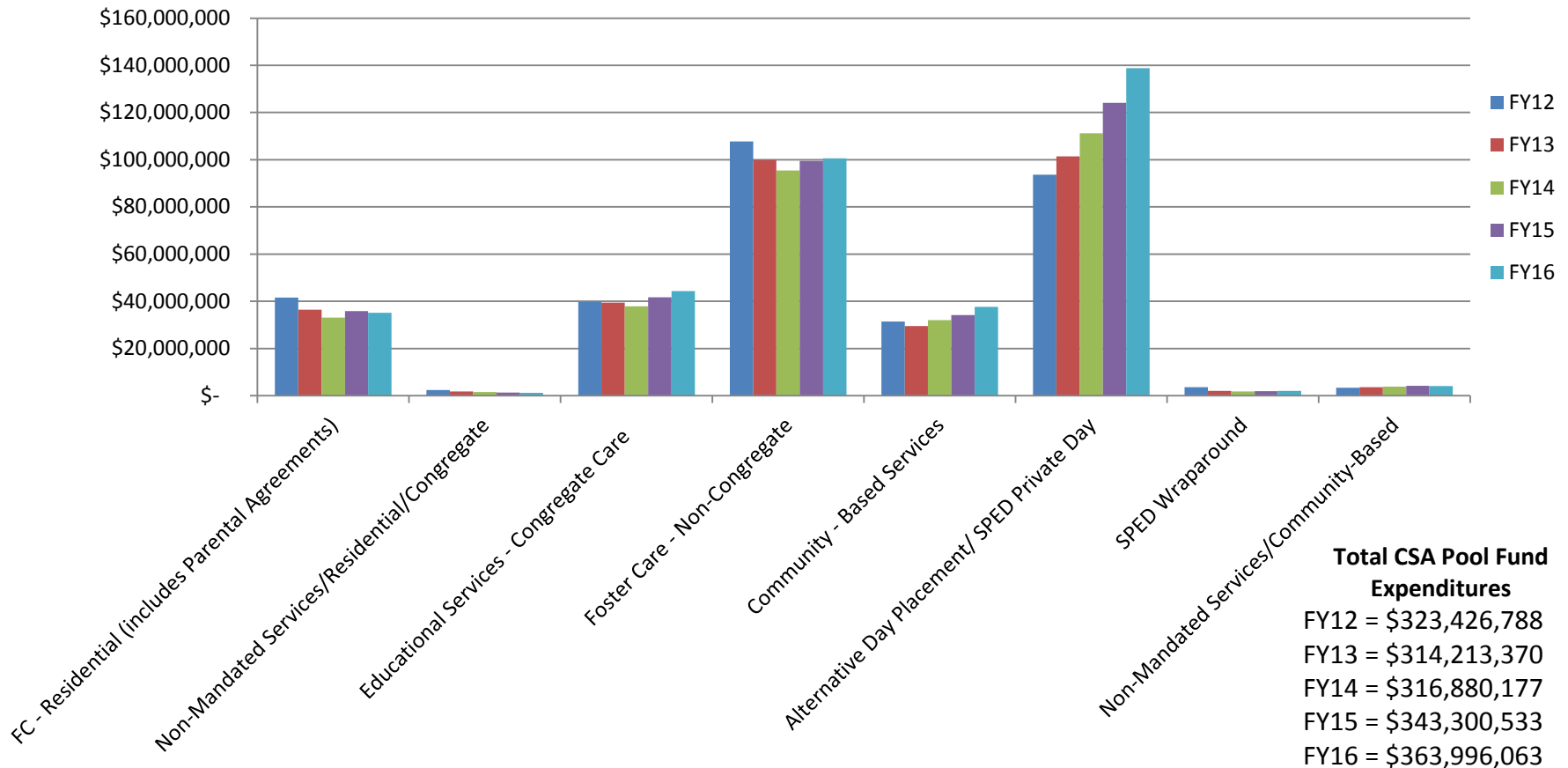
- Turnover and vacancies at CCCA (and other facilities) remain a concern.
- Systemwide, psychiatric RNs make 5% below market rate, and aides 16% below.

	Direct Care DSAs (aides)		Direct Care RNs	
	Turnover Rate	Vacancy Rate	Turnover Rate	Vacancy Rate
Average July-Nov, 2016	7.11%	15.22%	5%	43.89%

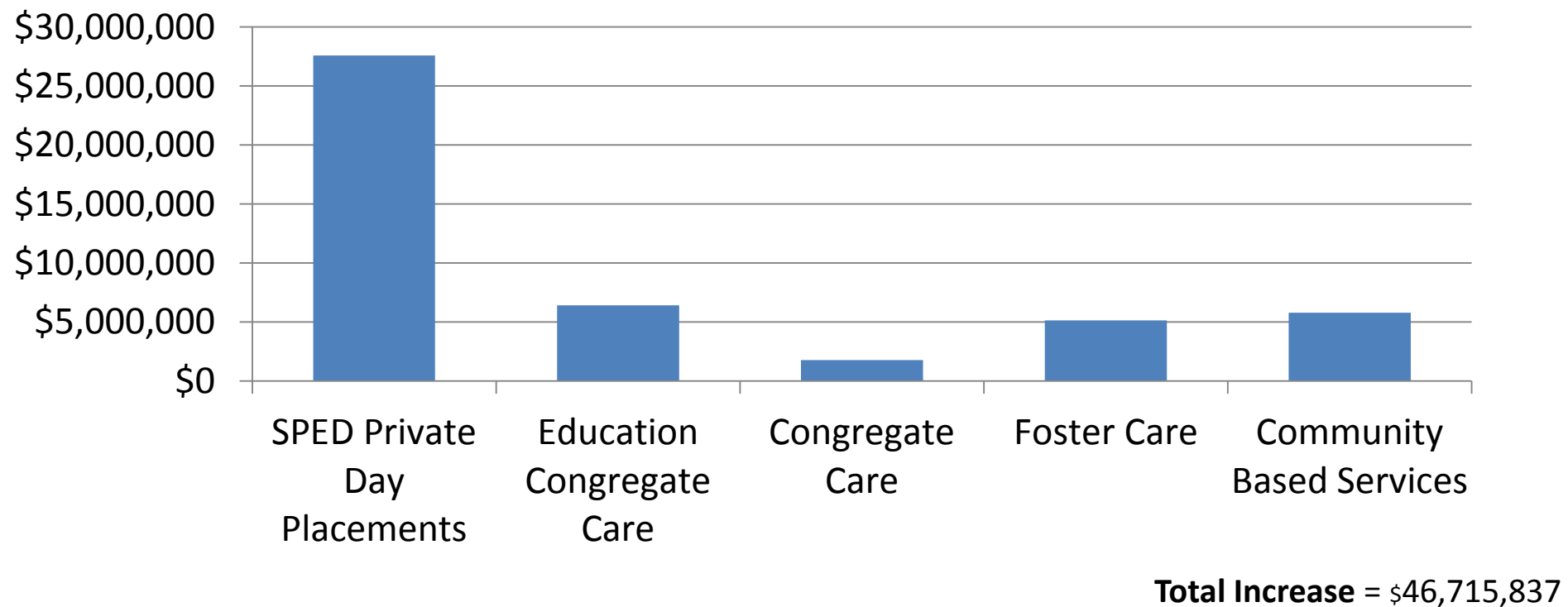
Commonwealth Coordinated Care (CCC) Plus

- New Medicaid managed care program that will serve approximately 213,000 individuals with complex needs
- Will operate through an integrated delivery model that includes medical services, behavioral health services and long-term services and supports
- Participants include individuals ages 65 and older, adults and children with disabilities; includes duals and individuals receiving long term services and supports (facility and community based)
- Will operate statewide; to be phased in across 6 regions of the Commonwealth beginning July 2017

CSA Expenditures by Category (FY 2012 – FY 2016)



Total CSA FY14 vs FY16 Expenditures: Increase By Service Category



DOJ & Waiver Reallocation

- DBHDS and DMAS as well as housing agencies continue to roll-out additional funding and services approved last session to comply with the DOJ Settlement.
- Current budget provides \$17.2 million GF for 440 new waivers in FY 2018.
- Governor's budget does not alter overall funding or number of slots but reallocates slots to align with needs of individuals on the wait list.

Waiver Type	Chapter 780	Governor's Budget
Building Independence (BI)	0	60
Community Living (CL)	325	80
Facility/Transition	90	100
<u>Family and Individual Support (FIS)</u>	<u>25</u>	<u>200</u>
Total	440	440

- Proposed budget language authorizes the Governor to increase the number of CL or FIS slots provided DMAS demonstrates the slots can be added within the approved budget.

Training Center Census (January 2017)

Name	June 2011	2012	2014	2016	Current	% Decrease 2011 - Present
Southside (SVTC) Closed 2014	242	197	0	0	0	100%
Northern (NVTC) Closed 2016	157	153	107	0	0	100%
Southwestern (SWVTC) Closure date: 2018	181	173	144	98	79	56%
Central (CVTC) Closure date: 2020	381	342	288	192	170 166 – ICF 4 – NF	55%
Southeastern (SEVTC) Stays open at 75 beds	123	104	75	65	68	45%
TOTAL	1,084	969	614	355	317	71%

ACA Repeal Implications

- ❖ Repealing the PPACA could have significant fiscal implications for the Commonwealth and the Medicaid program, depending on what portions of the law are removed.

Potential Impact	FY18 Estimated GF Impact	FY19 Estimated GF Impact
Lose managed care drug rebates	\$80.7M	\$157.2M
Lose enhanced match for CHIP	\$48.8M	\$65.0M
Reverse reductions in indigent care	\$19.2M	\$29.5M
Eliminate ACA insurance tax	\$0	(\$19.9M)
Eliminate GAP program	(\$21.8M)	(\$35.4M)
Other impacts (former foster care youth, Plan First, reporting requirements)	(\$3.5M)	(\$5.2M)
Total Cost/(Reduction in Cost)	\$123.2M	\$191.2M

Implications of Block Grants

- What is the purpose of a block grant and how will those goals be achieved?
- Will state's block grant allocations be based on aggregate spending or spending by population group (i.e. pregnant women, aged or disabled)?
- Will states be rewarded (or penalized) for:
 - The populations they have chosen to cover, the services they have decided to provide and the rates they have calculated to pay?
 - Controlling the growth of spending through restrictive eligibility rules, prior authorization or delivery system?
 - Its decision to expand Medicaid coverage under the ACA?
- What flexibility, beyond current law, will states be afforded?

Health Information Exchange

- ❑ Much progress has been made in the adoption of advanced health IT in Virginia. ConnectVirginia has created a legal and trust framework.
- ❑ Virginia needs one framework to build upon.
- ❑ Providers need more data if they are to survive in a “value-based payment” environment.
- ❑ Ease of Use of the Healthcare System for Patients has been neglected in “meaningful use” incentives.
- ❑ Economic reality – Information exchange has been held hostage to the competitive needs of virtually all stakeholders except patients and no entity wants to get stuck with the bill.
- ❑ The “HITECH Opportunity” – 90-10 funding if all parties do their fair share.

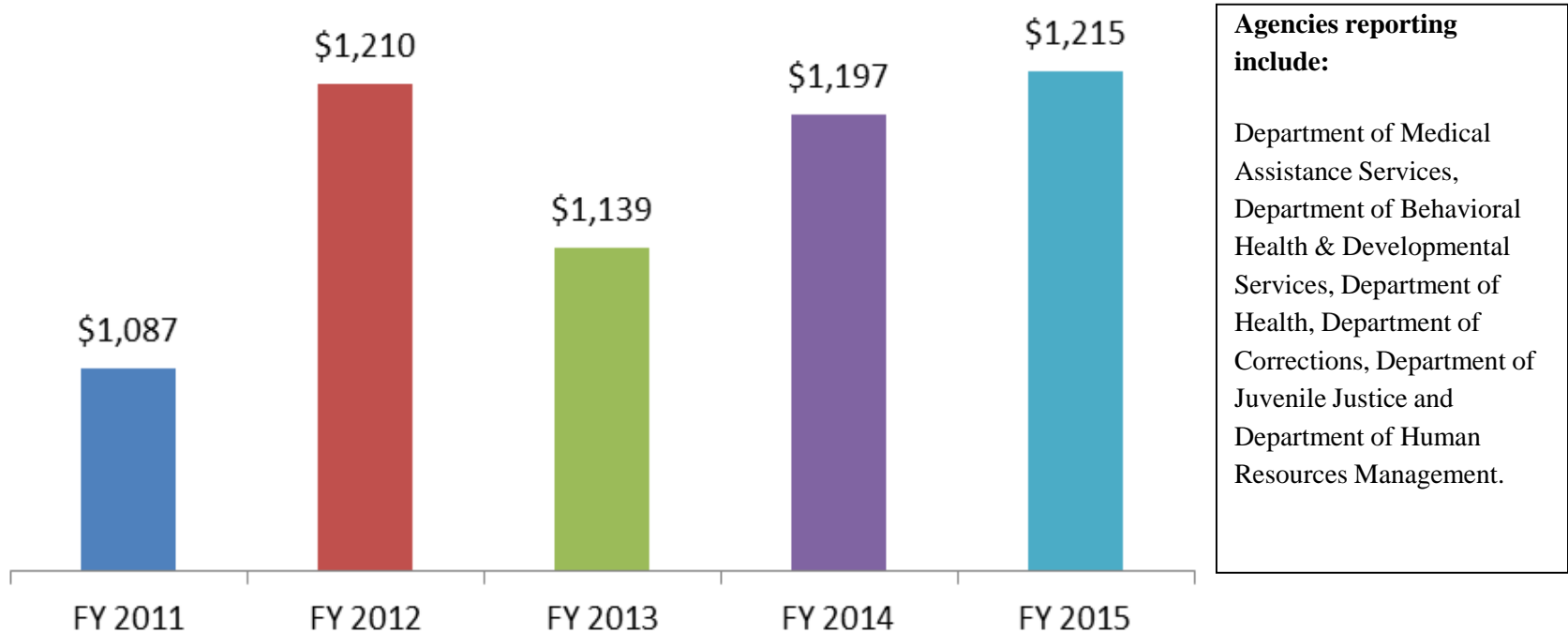
Data Governance

The needs of HHR agencies require a streamlined ability to protect and secure data and share it when necessary. The General Assembly should consider:

- Defining HHR as a single program for the purpose of governing and managing its data.
- Encouraging development of model memoranda of understanding to facilitate exchange of information with localities and between localities. The enhanced memorandum of agreement (eMOU), should become the basis for multi-party data sharing between HHR and non-HHR state agencies.
- Leveraging investments in technology.
- Encouraging the establishment of a cross-agency data governance structure and process for the Secretariat. The General Assembly should consider funding on-boarding and maintenance of the Virginia Longitudinal Data System (VLDS) to enhance broad-based program evaluation of program effectiveness.
- Establishing a Public-Private Data Collaborative composed of representatives from HHR agencies, local agencies, research universities, and private entities to identify data needs related to HHR and best practices for data governance within the Commonwealth.

High Cost Medications Report

Total Spending on Prescription Drugs Among Select Agencies
(Dollars in millions)



High-Cost Medications Report

Prescription drug pricing is complex. Some solutions would require federal action.

- ❖ State and local government purchasers must work to find ways to lower costs through discount programs or negotiations.
- ❖ The General Assembly should fund the development of a business plan to establish, at a minimum, a common formulary based on the Medicaid program's formulary that would be used for all state-funded pharmaceutical purchases. Other tax-payer funded entities should be permitted to use this formulary.
- ❖ All tax-payer funded entities should purchase through a single compact if 340B or other federal purchasing programs are not available to them.
- ❖ Increasing the transparency of pricing is a priority. The prevalence of rebates and marketing drive the use of more and more expensive medications. The General Assembly should consider mechanisms to encourage clarity of pricing and overall cost of medications.

Cross-Agency Budget and Policy Issues

It is increasingly rare that the issues we face fit neatly within an agency or secretariat. Recent examples include:

- Prescription Drug and Opioid Abuse
- ARTS Waiver
- Children's Cabinet and Challenged School Initiative
- Center for Behavioral Health & Justice
- Housing for special populations (i.e. homeless, veterans, SMI and ID/DD)

Transition Planning Report

- Ensure that for each program, we can state:
 - What it does;
 - What success looks like;
 - How success is measured; and
 - What the value (numerator and denominator) is to the Commonwealth.

Affirm that the proper use of administrative data for program purposes includes that permissible under HIPAA when there is an appropriate public purpose, privacy requirements are met, and the data is secured.

- Support executive branch functions that are needed to accomplish cross-Secretariat and cross-agency collaboration and the coordination that is required for better outcomes. With a one-term Governor, the knowledge and capacity for this activity is minimized.
- Establish a health economics center of excellence in government or as a public-private partnership to analyze the impacts of policy and budget decisions on the private as well as the public system.
- Organize oversight, especially in the appropriations and finance areas, by issue areas as well by agencies and;
 - Establish budgets around the issue area.
 - Establish the costs to the Commonwealth that are not recognized in the usual budgeting process, (i.e. the unfunded mandates on our families and localities.)
 - Maximize efforts to align economic incentives between agencies as well as state and local partners. Cost shifting and cost savings are not the same.

Questions?

