



# **DMAS UPDATE**

***HOUSE APPROPRIATIONS COMMITTEE***  
**September 16, 2019**

**KAREN KIMSEY**  
***DIRECTOR,***  
***Department of Medical***  
***Assistance Services***

# Agenda

- ❑ Medicaid Expansion Update
- ❑ COMPASS Update
- ❑ Improvements to Forecasting Process

# 2018 Appropriations Act Requirements

The 2018 Appropriations Act directed 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

Directed DMAS to submit a waiver asking for federal approval to add new features to the Virginia Medicaid program “designed to empower individuals to improve their health and well-being and gain employer-sponsored coverage or other commercial health insurance coverage.”

# Medicaid Expansion: Status Update



More than 314,000 individuals are enrolled



More than 256,900 (82%) Medicaid expansion members have received a Medicaid service and 61% have visited a clinic or doctor's office (e.g., primary care physician)



More than 18,000 have received treatment for a substance use disorder



Treatment for other chronic conditions include: Cancer (3,293); Diabetes (20,000); Hypertension (32,000); Serious Mental Illness (30,000); Heart Disease (11,000)

*\*Source: DMAS Enrollment and Claims Data as of 9/6/19. Due to natural claims lag, we expect these numbers to continue to rise as claims continue to be submitted.*

# Review of COMPASS Demonstration Features

## Training, Education, Employment and Opportunity Program (TEEOP)



- Requires participation in training, education, employment, and other community engagement activities for 80 hours per month as a condition of Medicaid eligibility
- Applies to all “able-bodied adults” with income up to and including 138% of the federal poverty level (FPL) who do not meet an exemption (e.g., parents of dependent children, medically-frail, disabled populations)

## Health and Wellness Program (HWP)



- Establishes premiums as a condition of eligibility, a co-payment for non-emergent use of the emergency department, healthy behavior accounts (HBAs), and healthy behavior incentives
- Program applies to Medicaid enrollees with income above 100% of the FPL and up to and including 138% of the FPL who do not meet an exemption

## High-Needs Supports



- Offers a supportive housing and employment benefit for a targeted group of enrollees in the Medicaid managed care (MMC) delivery system, including those with a behavioral health need, need for assistance with activities of daily living, or other complex physical health needs

## Extension of the ARTS Program and Coverage for Out-of-State Former Foster Youth



- Extends Virginia’s successful ARTS program to continue providing expanded substance use disorder (SUD) services to all Medicaid enrollees; extends coverage of former foster care youth who were enrolled in Medicaid when they aged out of foster care in another state

# COMPASS Application Timeline to Date

*September 20, 2018 – November 20, 2018*



DMAS released the COMPASS waiver for public notice, receiving over 1,800 comments. DMAS submitted the COMPASS waiver to the Centers for Medicare and Medicaid Services (CMS).

*December 7, 2018 – January 6, 2019*



CMS released the COMPASS waiver for the federal public comment period.

*January 6, 2019 – Present and Ongoing*



DMAS is currently negotiating the COMPASS waiver Special Terms and Conditions (STCs) with CMS.

*Post-Approval of Special Terms and Conditions*



DMAS and CMS will negotiate formal documentation outlining how the demonstration's programs will be implemented, operationalized, monitored, and evaluated.

DMAS received the first full draft of the Special Terms and Conditions (STCs) from CMS on August 14, 2019 and provided detailed STC comments and edits back to CMS on September 13, 2019

# Current Status of Critical Funding Negotiations with CMS

DMAS sought federal funding for employment supports for the TEEOP population in its COMPASS 1115 waiver application, pursuant to the 2018 Virginia Acts of Assembly Chapter 2 (2018 Appropriations Act), which states: *“The TEEOP shall, to the extent allowed under federal law, utilize federal and state funding available through the Centers for Medicare and Medicaid Services, Temporary Assistance for Needy Families program, the Supplemental Nutrition Assistance Program, the Workforce Innovation and Opportunity Act, and other state and federal workforce development programs to support program enrollees.”*

Negotiation Topic	CMS Approval Status
1. Federal Funding for Employment Supports for TEEOP Population	Highly Unlikely to Approve
2. Federal Funding for Case Management Support Services	Highly Likely to Approve
3. Federal Funding at the Enhanced Rate to Build COMPASS-related IT Systems	Highly Likely to Approve

# Virginia Proposed Implementation Timeline

2019

- **Awaiting CMS approval of waiver**

Demonstration Year 1

- **Build systems and go-live with requirements**

Demonstration Year 2

- **Go-live with penalties for non-compliance**




## Ongoing Activities to Support Implementation Readiness

- Building a COMPASS Division within DMAS responsible for administering and overseeing the program and requirements.
- Developing operational approaches for all three waiver components. This work includes hosting intensive design sessions and weekly implementation planning meetings; drafting business requirements for all systems changes and preparing for submission of Advance Planning Document (APDs); preparing for contract changes, including MCO contract changes; and other key workstreams.
- Developing and implementing a strategy to engage key stakeholders

On a parallel track with the CMS negotiations, DMAS has been actively engaged in planning activities to ensure timely implementation of the COMPASS Demonstration.

# DMAS Has Been Closely Tracking National Landscape

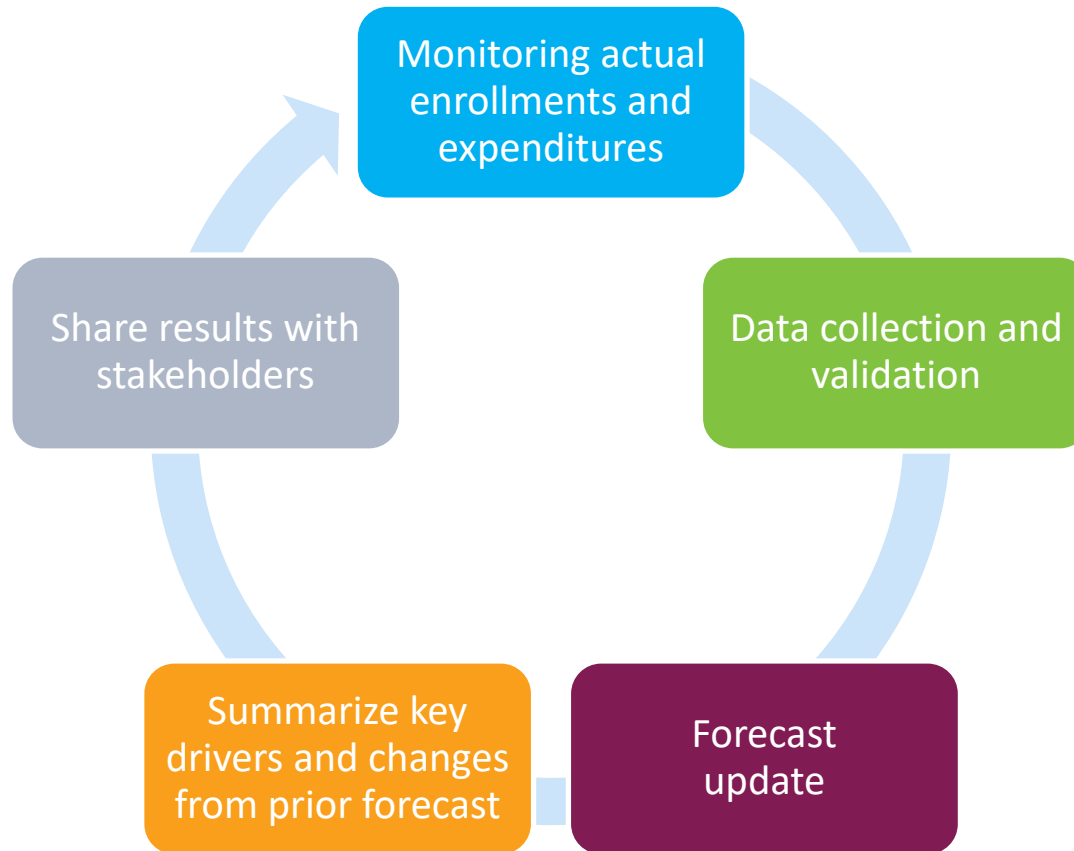
Six states have federal approval to implement work requirements (AZ, IN, MI, OH, UT, WI)\*; litigation in three additional states has resulted in the courts invalidating CMS waiver approvals (AR, KY, NH).

<p><b>Approved and Implementing</b></p> 	<ul style="list-style-type: none"> <li>▪ Indiana</li> </ul>	<ul style="list-style-type: none"> <li>▪ Following waiver approval in February 2018, Indiana began implementing in January 2019, but enrollees were not required to meet a minimum number of work/community engagement hours per month until July 2019</li> <li>▪ The State plans to check compliance on an annual basis, penalties for non-compliance will not go into effect until January 2020</li> </ul>
<p><b>U.S. District Court Blocked Implementation</b></p> 	<ul style="list-style-type: none"> <li>▪ Arkansas</li> <li>▪ Kentucky</li> <li>▪ New Hampshire</li> </ul>	<ul style="list-style-type: none"> <li>▪ A U.S. District Court vacated CMS's approval of work/community engagement requirements in three states</li> <li>▪ Court ruled that CMS failed to adequately explain why the waivers were justified, in light of the coverage losses expected under each waiver</li> </ul>
<p><b>Approved and Not Yet Implementing</b></p> 	<ul style="list-style-type: none"> <li>▪ Arizona</li> <li>▪ Michigan</li> <li>▪ Ohio</li> <li>▪ Utah</li> <li>▪ Wisconsin</li> </ul>	<ul style="list-style-type: none"> <li>▪ Five states have CMS approval to implement work/community engagement requirements but have not yet implemented their programs</li> </ul>

9 \*Maine received approval from CMS but the Governor has declined to implement the work/community engagement requirements.

# Improvements to the Forecast

## Best Practice Forecast Process

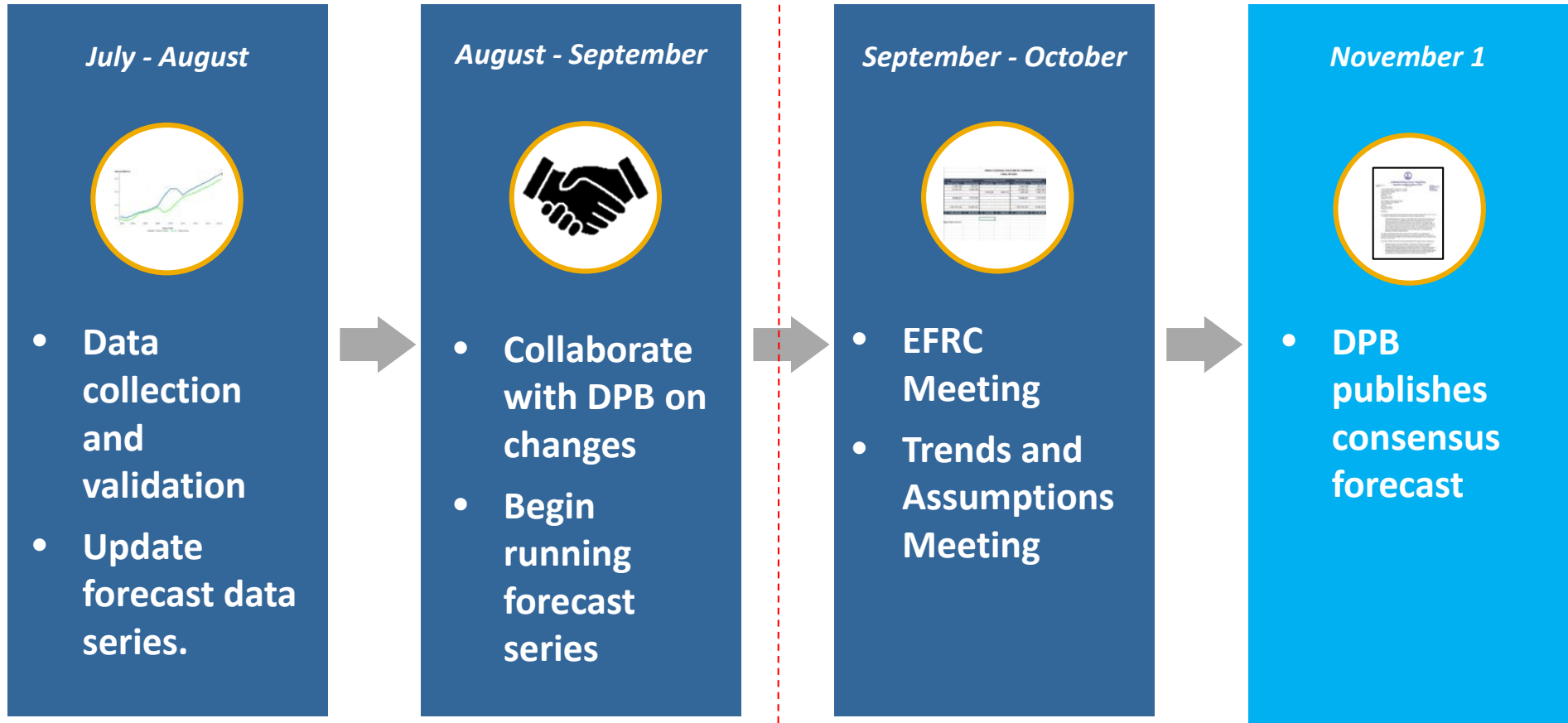


# Improvements in Finance



# Forecast Timeline: Earlier Collaboration

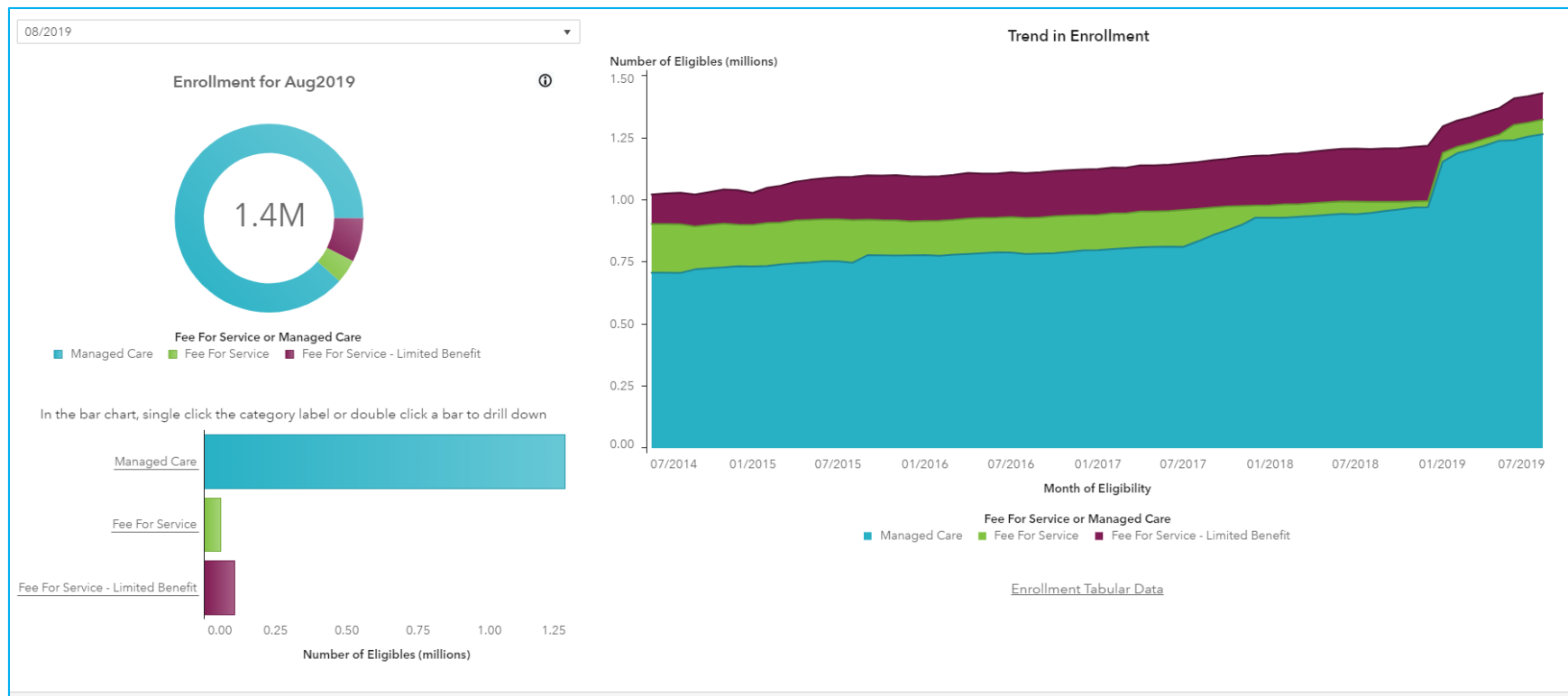
Today



Today

# Improvements in Forecast Transparency

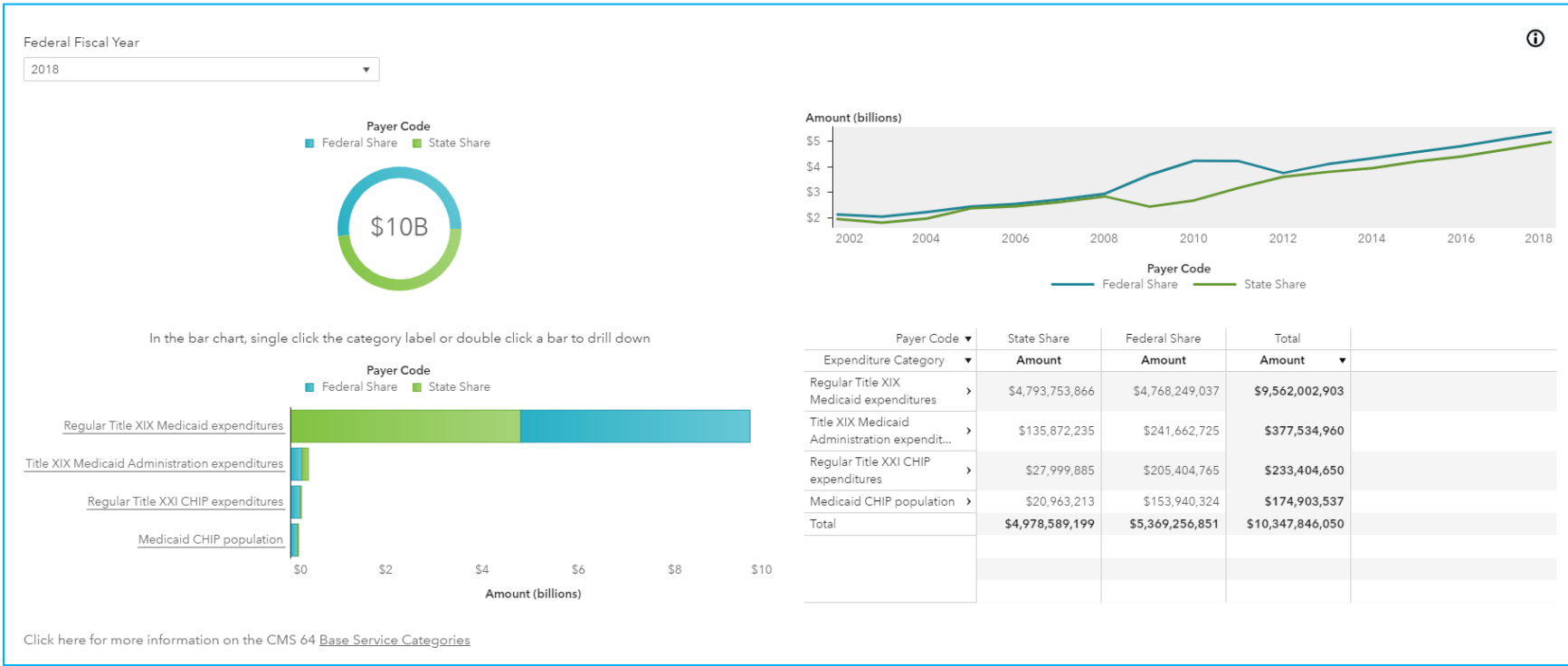
## Enrollment Dashboard



Source: DMAS CFO Public Dashboard: <http://dmas.virginia.gov/#/financereports>

# Improvements in Forecast Transparency

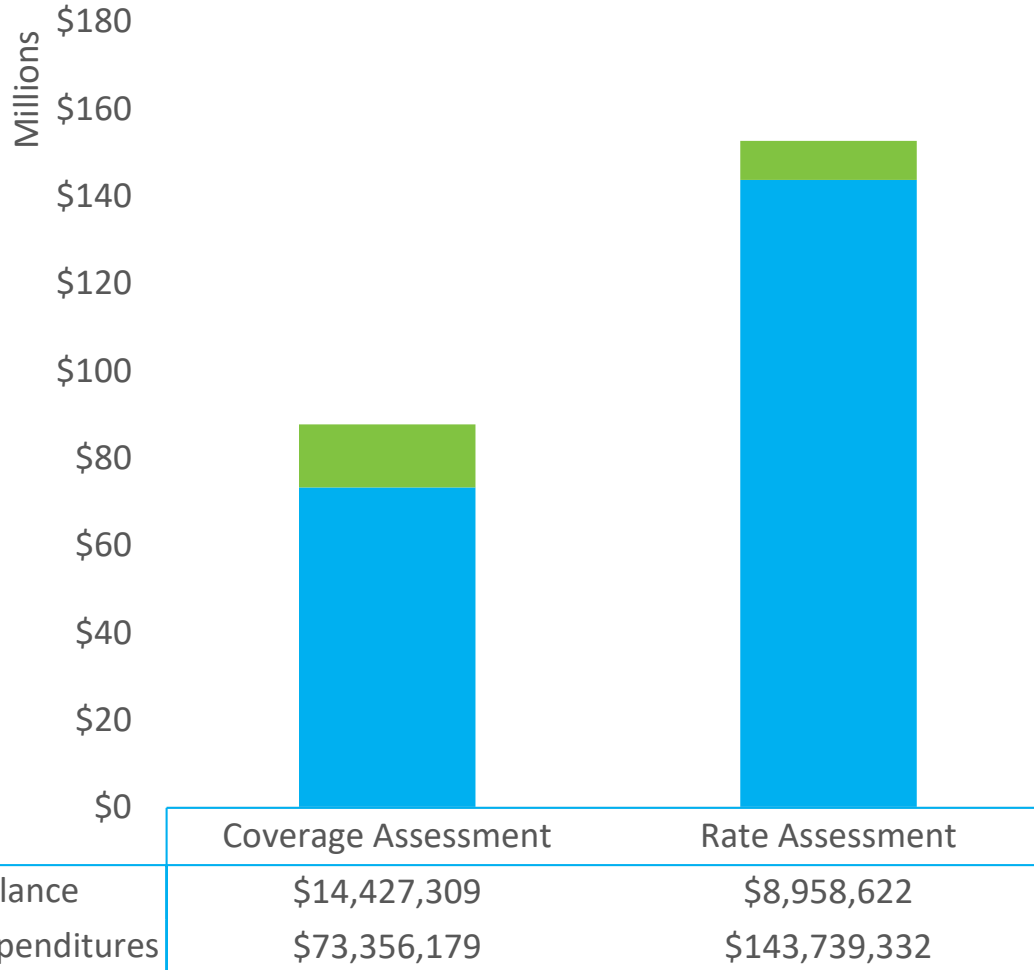
## Expenditure Dashboard



Source: DMAS CFO Public Dashboard: <http://dmas.virginia.gov/#/financereports>

# SFY 2019 Assessments Update

2019 Assessments



Remaining  
balances used  
to offset SFY  
2020  
assessments

# FY19 Forecast vs End-of-Year: Medical

	<b>FY 2019 Appropriations</b>	<b>Expenditures through June FY2019</b>
Federal Funds	6,216,116,332	5,734,331,634
Rate Assessment	194,503,188	143,739,332
Coverage Assessment	70,467,221	60,246,217
Virginia Health Care Fund	410,279,068	373,000,000
State Funds	4,800,968,286	4,783,169,295
<b>Total Forecasted Medicaid Expenditures</b>	<b>11,692,334,095</b>	<b>11,094,486,477</b>

# FY19 Assessment Forecast vs. End-of-Year

## Admin Spending

	Amount
Appropriation	\$59,256,301
Expenditures	\$49,744,262
Delta	-\$9,512,039
Special Funds Balance	\$4,206,317

Remaining balances used to offset SFY 2020 coverage assessment



# DMAS UPDATE

*JOINT SUBCOMMITTEE FOR HHR OVERSIGHT*

**SEPTEMBER 17, 2019**

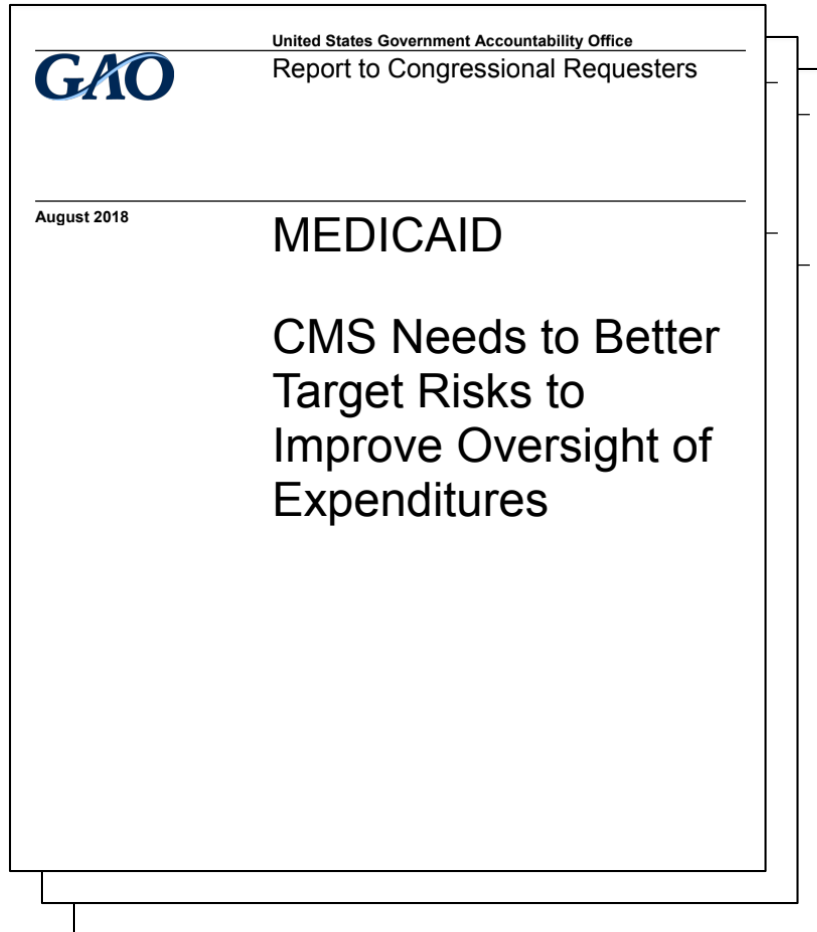
**KAREN KIMSEY**

*Director,*

*Department of Medical*

*Assistance Services*

## Pressure on CMS



Increasing  
scrutiny of  
CMS regional  
offices causing  
stricter  
oversight of  
states

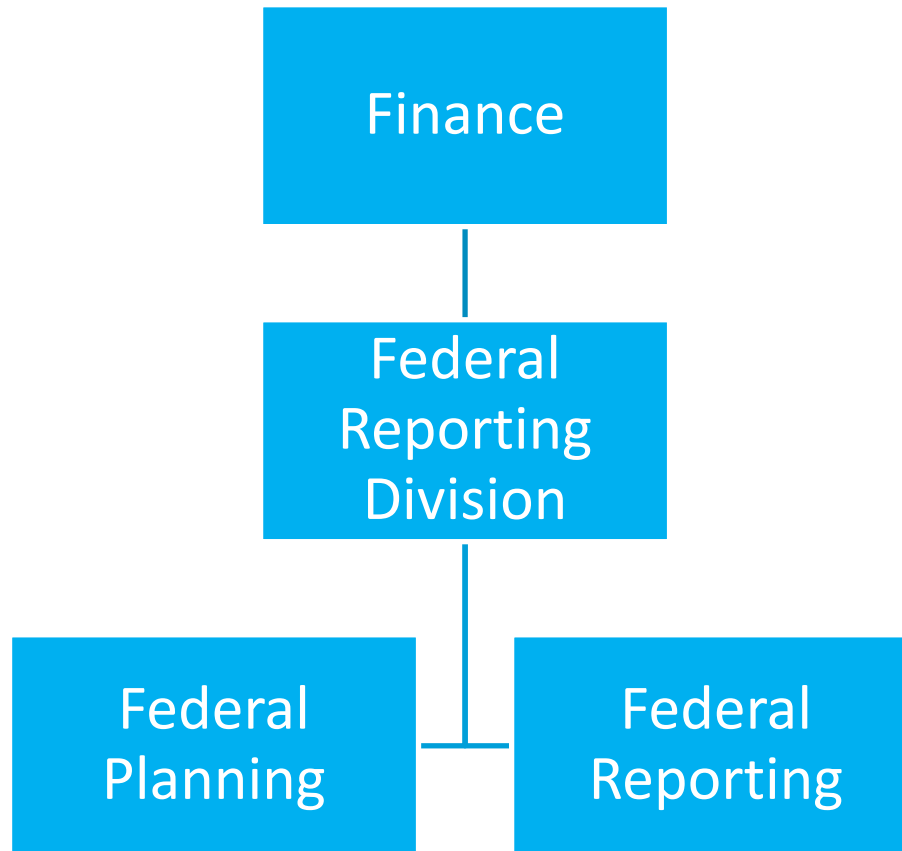
## Deferrals and Disallowances

	Resolved in 2019	Existing Deferrals	Appealed Disallowances	Total
<b>Count</b>	9	8	3	20
<b>Dollars</b> (in millions)	\$54.5	\$98.9*	\$112.5	\$266.1

\$54.5 million in deferrals resolved in Virginia's favor

\* \$25.7 million paid 8/18

## New Federal Reporting Division



Consolidating  
Federal  
Reporting and  
Planning  
within new  
Finance  
Division