



COMMONWEALTH of VIRGINIA  
*Department of Medical Assistance Services*

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October 1, 2016

**MEMORANDUM**

**TO:** The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
Co-Chairman, Senate Finance Committee

The Honorable Emmett W. Hanger, Jr.  
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones  
Chairman, House Appropriations Committee

**FROM:** Cynthia B. Jones

A handwritten signature in black ink that reads "Cynthia B. Jones".

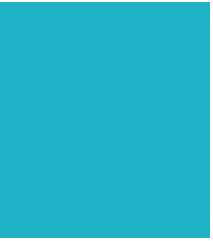
**Subject:** Biennial Report of the Board of Medical Assistance Services

Section 32.1-324 of the *Code of Virginia* establishes the Board of Medical Assistance Services and requires the Board to submit a biennial report to the Governor and the General Assembly. Attached is the Board's report for the years 2015-2016. Should you have questions regarding this report, please feel free to contact me at 786-8099.

CBJ/  
Enclosure

cc: The Honorable William A. Hazel, Jr., MD, Secretary of Health and Human Resources

# Improving Lives Transforming Health Care



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## FROM THE DIRECTOR

Dear Honorable Virginia Delegates and Senators:

On behalf of the Board of Medical Assistance Services, it is my pleasure to submit this FY2015-2016 biennial report. This report details how we help Virginians by providing access to high quality, comprehensive health care services. The report will walk you through our programs, infrastructure and innovations from the past two years.

Our dedicated staff at the Department of Medical Services (DMAS) serves more than one million people through the Medicaid and Family Access to Medical Insurance Security (FAMIS) programs.

We strive to ensure clients receive the care and services they need. A child in need of immunizations; a parent in need of inpatient hospital services and prescription medications; a pregnant woman receiving critical prenatal care; a person with physical or intellectual disabilities who receives personal care services; and a senior in need of nursing home or community-based care- these are but a few examples of the Virginians DMAS staff are proud to serve.

The Board of Medical Assistance Services and DMAS team appreciate your support and partnership in taking care of Virginians. Together, we can continue to transform the health care delivery system in Virginia and improve lives.

Sincerely,

Cynthia B. Jones  
 Director  
 Department of Medical Assistance Services



***“Together, we can continue to transform the health care delivery system in Virginia and improve lives.”***

***- Cynthia B. Jones, Director  
 Virginia Department of Medical Assistance Services***

## LETTER FROM THE BOARD



To Virginia's Honorable Delegates and Senators:

As Chair of the Board of Medical Assistance Services, it is my privilege to present to you this biennial report highlighting the work of Virginia's Department of Medical Assistance Services (DMAS) for State Fiscal Years 2015-2016. Under the determined leadership of Cynthia B. Jones, the Department has demonstrated commitment to driving innovation, pursuing continuous performance improvement, and ensuring the integrity of Medicaid services. DMAS is committed to providing access to quality health care and our staff is dedicated to achieving operational excellence. As such, I believe Virginia runs one of the strongest Medicaid programs in the country. Medicaid benefits Virginians who qualify for coverage and the Commonwealth as a whole; a healthier Virginia is a stronger Virginia.

More than a million Virginians each year benefit from the health care coverage provided through Medicaid and FAMIS. Yet, as the Medicaid patients I serve often remind me, the impact of Medicaid coverage extends far beyond traditional health care. Medicaid is the largest payer of behavioral health services in the Commonwealth; providing inpatient and outpatient services that support quality of life in the community for those in need of behavioral health support. Medicaid is also the primary funder for long-term services and supports, making it possible for thousands of Virginians to remain in their homes or to access residential care when needed. Medicaid is much more than just traditional health care; it is insurance coverage to maintain total health and independence for all eligible Virginians.

As the Director of the UVA Center for Telehealth, Board Chair of the Virginia Telehealth Network, and former president of the American Telemedicine Association, I regard innovation in health care as extremely important. This is why I am so excited to work with DMAS and support its culture of continuous improvement and innovation, and its leadership in transforming Virginia's health care delivery system.

DMAS achieved an unprecedented number of accomplishments during this biennium: attainment of the reforms set out by the General Assembly's Medicaid Innovation and Reform Commission and implementation of Governor McAuliffe's *A Healthy Virginia* initiative, to name a few. The achievement in this biennium that I am most proud of is the development of the Governor's Access Plan (GAP) program for individuals with serious mental illness. Today, GAP provides critical access to medications, primary care, specialty care, and behavioral health services for over 9,000 Virginians who would otherwise go without health care. The Board fully supported the emergency regulation that allowed this important program to be implemented in only four months' time.

Most importantly, the Board unanimously supports the expansion of Medicaid. Medicaid Expansion will provide insurance coverage for the medical, behavioral health, and addiction recovery and treatment services needed by more than 400,000 of our fellow Virginians in need of basic healthcare. I know that DMAS stands ready to meet this need.

Thank you for your ongoing support as DMAS continues to drive innovation in pursuit of ensuring our beneficiaries have access to high quality care and efficient use of our tax dollars. Together we will maintain Virginia's status as a national leader in the delivery of health care services to our citizens across the Commonwealth.

Sincerely,

Karen S. Rheuban, M.D.  
Chair, Board of Medical Assistance Services

***"I believe Virginia runs one of the strongest Medicaid programs in the country."***

***-Dr. Karen S. Rheuban, Chair  
Board of Medical Assistance Services***

## BOARD ACCOMPLISHMENTS FY 15-16

### *A Healthy Virginia*

Governor McAuliffe presented his ten-point *A Healthy Virginia* plan in 2014 to promote the health and well-being of Virginia's most vulnerable citizens. BMAS' team of multi-disciplinary members provided a key letter of support to the Governor expressing commitment to plan implementation and BMAS continues to support the successes of *A Healthy Virginia*, including: expanding access for uninsured individuals with serious mental illness (SMI); enrolling an additional 18,848 uninsured but otherwise Medicaid/FAMIS-eligible children; supporting low-income state employees with access to affordable coverage for their dependents; and extending dental coverage to 8,600 pregnant women.

### The Governor's Access Plan

The Governor's Access Plan (GAP) is the first of the ten steps implemented under *A Healthy Virginia* and BMAS increased the momentum for this plan by submitting a letter supporting the Governor's effort to address the severe coverage gap between the insured and uninsured. BMAS helped facilitate the GAP implementation by acting as an approving body for the Department of Medical Assistance Services to begin the program for low-income individuals coping with SMI. As a result, over 9,000 low-income Virginians with SMI now have access to critical health care services that help stabilize and manage their behavioral health conditions.

### Medicaid Expansion

In 2015, BMAS sent a letter to the Governor supporting the expansion of Medicaid in Virginia; establishing it as both a fiscal and moral imperative. The letter included an assessment of the impact expanding and not expanding Medicaid would have for Virginia; noting that 400,000 uninsured Virginians would receive coverage; \$3.9 Billion in federal funds would become available; and 30,000 jobs would be added to stimulate the state's economy. The letter highlighted the gap between expansion and non-expansion states, noting that Virginia is falling behind in the national effort of states working to curtail the soaring costs of Medicaid and uncompensated indigent care. BMAS' final statement supporting expansion of Virginia Medicaid asserted, "Health care does not work for anyone until it works for everyone."

### BOARD OF DIRECTORS

Karen Rheuban, M.D. (Chair)  
Peter R. Kongstvedt, M.D., FACP (Vice Chair)  
Mirza Z. Baig  
Cara L. Coleman, J.D., MPH  
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Rebecca E. Gwilt, Esq.  
Maureen S. Hollowell  
Maria Jankowski, Esq.  
McKinley L. Price, DDS  
Marcia Wright Yeskoo

### FY15-16 MEETING DATES

September 9, 2014  
December 9, 2014  
April 14, 2015  
July 28, 2015  
September 15, 2015  
December 8, 2015  
April 19, 2016  
June 14, 2016

Section 32.1-324 of the Code of Virginia requires the Board of Medical Assistance Services (BMAS) to submit a biennial report to the Governor and the General Assembly

## ABOUT MEDICAID

### Overview

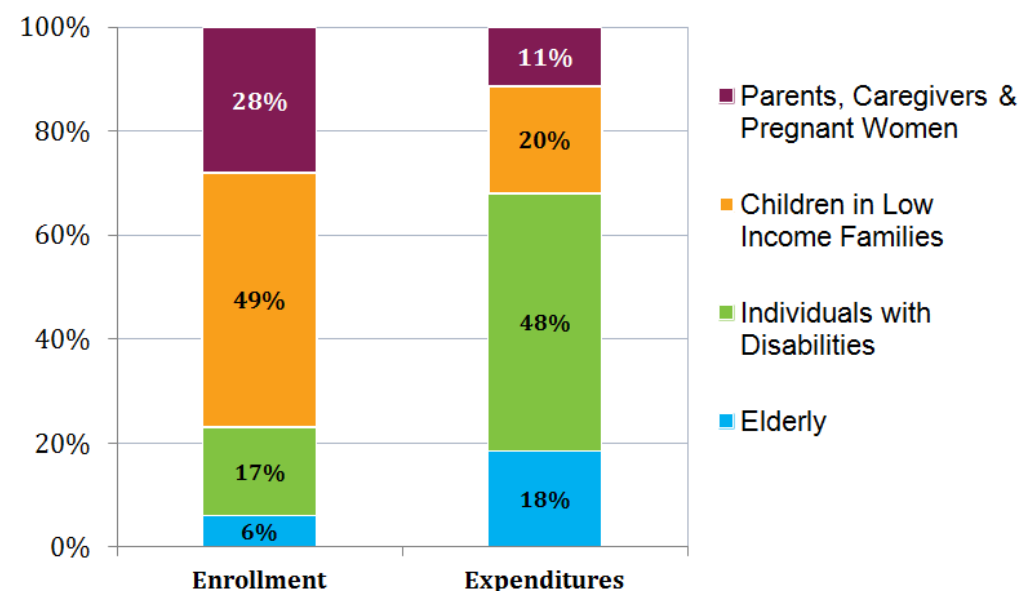
Medicaid is a joint federal and state program authorized under Title XIX of the Social Security Act that provides health insurance coverage and long-term services and supports for approximately 1.3 million Virginians.

The Department of Medical Assistance Services (DMAS) provides an invaluable source of health care coverage and access for 642,391 children in low-income families; 363,643 parents, caregivers, and pregnant women; 79,815 elderly individuals, and 227,501 individuals with disabilities in Virginia.

The average Virginia House or Virginia Senate district has 16% of its constituents enrolled in Medicaid.


Virginia's Medicaid program covers inpatient and outpatient medical services, nursing facility services, and behavioral health services. Virginia Medicaid enrollees may also receive coverage through home and community-based waivers that provide long-term services and supports to Virginians in the community as an alternative to institutionalization.

### Medicaid Enrollees and Expenditures FY 2016



## A HEALTHY VIRGINIA

In September 2014, Governor McAuliffe launched a ten-step plan to address urgent health needs of over 200,000 Virginians called *A Healthy Virginia*. The plan includes authorizations of four emergency regulations, one executive order, and innovative solutions to improve the lives of Virginia veterans, children, and families. As indicated below, DMAS plays a key role in 8 of the 10 steps of the Governor's plan:

 <b>A Healthy Virginia</b>	
Step 1	Covering people with serious mental illness.
Step 2	Improve the coordination of care for adults and children who are already covered by Medicaid and have a serious mental illness.
Step 3 & 4	Sign up more Virginians for the Federal Marketplace, Medicaid, and FAMIS.
Step 5	Open up FAMIS for eligible state workers to insure their children.
Step 6	Provide dental benefits to pregnant women in Medicaid and FAMIS.
Step 7	Launch an innovative new website to inform Virginians of their coverage options and help them enroll.
Step 8	Accelerating access to quality health care for our veterans.
Step 9	Take bold actions to reduce deaths from prescription drug and heroin abuse.
Step 10	Aggressively pursue federal grants that can bring new dollars into Virginia for health care.

*“These steps are just the beginning and we must continue to press forward together to achieve better health for all of our citizens.”*

*-Governor Terry McAuliffe*



## CHILDREN, MOMS AND FAMILIES

### Keeping Children Healthy

DMAS focuses on keeping children healthy through the Family Access to Medical Insurance Security (FAMIS) Plan. FAMIS is Virginia's Children's Health Insurance Program (CHIP) which makes health care affordable for children of eligible families. FAMIS covers all the medical care growing children need to avoid getting sick, plus the medical care that will help them if they do get sick or get hurt. Over half of Virginia's Medicaid enrollees are children and DMAS covers 1 in 3 births in Virginia. Currently, Virginia receives an enhanced federal matching rate of 88 percent for FAMIS.



### Prenatal Care

FAMIS MOMS offers coverage for qualifying eligible pregnant women. Good health care during pregnancy is important for mothers and babies. FAMIS MOMS encourages pregnant women to get early and regular prenatal care to increase the likelihood for a healthy birth outcome. Enrollees in FAMIS MOMS receive comprehensive health care benefits during their

pregnancy and for two months following their child's birth. Additionally, their children are automatically eligible for and enrolled in FAMIS after birth.

### Dental Health

Smiles For Children (SFC) is Virginia's Medicaid and FAMIS dental program. Virginia's nationally recognized Smiles For Children program has provided coverage for diagnostic, preventive, restorative/surgical procedures, and orthodontia for children enrolled in Medicaid and FAMIS since its inception in 2005. The program also provides coverage for medically necessary oral surgery services for adults.

### Managed Care for Children, Moms and Families

Many of the children, moms and family members eligible for FAMIS are enrolled in Medallion 3.0, a Medicaid managed care program. This comprehensive program provides services for approximately 750,000 children, pregnant women and family members. DMAS has operated managed care plans for this population for 20 years and currently, DMAS contracts with 6 managed care organizations. Managed care offers an increased focus on quality by requiring National Committee for Quality Assurance (NCQA) accreditation, enhanced care management and provider networks and increased access through call centers and 24/7 nurse lines.

#### QUICK FACT

DMAS covers 1 in 3 births in Virginia.



## A Healthy Virginia Initiatives

### Covering our Children (Medicaid and FAMIS)

FAMIS/ Medicaid covers more than 640,000 children each month, and thousands more are eligible for coverage but remain uninsured. Virginia launched an aggressive outreach campaign to reach the parents of these children. Overall enrollment has increased by 18,848 children since 2014.

### Dependent Coverage for Lower-Income State Employees

Virginia now has federal approval to enroll children of eligible state employees in FAMIS, improving their access to affordable, quality, comprehensive health care.

### Smiles for Children

The Smiles For Children program now provides dental services to pregnant women enrolled in Medicaid and FAMIS MOMS. DMAS implemented this coverage for pregnant women because good oral health is linked to a healthy delivery and a healthy baby.

### Future Improvements: Medallion 4.0

In 2017, DMAS will undergo a competitive process to procure new Medallion 4.0 Health Plans. The Medallion re-procurement will: modify and update the program population to include FAMIS members; reflect population and services shifts of other agency initiatives; modernize and streamline program requirements; and ensure individuals enrolled in the new program, Medallion 4.0, continue to receive high quality health care that is patient-focused.

## Leonardo's Story



***"I'll never forget the day I learned about the FAMIS programs. They gave my son a chance for a new life!"***

Louisa's son Leonardo has a serious growth deficiency. At the age of 22 months, he is wearing clothes for 6- to 9-month-old babies. With his condition, it is important to start growth hormone therapy as soon as possible for it to have the best chance to work.

"I would do anything for my son, but between my part-time job at Home Depot and my studies to be a medical assistant, I only make \$600 a month. I thought I would have to scrimp and save for years to pay for his treatment. Thanks to the FAMIS program, he has a chance at a normal future."

SENIORS



Options for Seniors

Medicaid is the primary payer in Virginia for long term services and supports (LTSS). Two out of three residents living in nursing facilities are supported by Medicaid. Additionally, Medicaid supports about 20,000 Virginians living in long-stay hospitals, residing in nursing facilities with specialized care, and receiving hospice care. Medicaid encourages individual choice through home and community based waiver services (HCBS). These waiver services allow over 46,700 individuals to live at home and receive the care and support they need.

Traditionally, LTSS have operated in a fee-for-service delivery system. Over the past few years, DMAS has transitioned specific populations into managed care to improve budget predictability and quality of care.

Commonwealth Coordinated Care

In 2014, DMAS partnered with the Centers for Medicare and Medicaid Services (CMS) to implement the Commonwealth Coordinated Care (CCC) program – a managed care demonstration to better coordinate care for individuals who are currently served by both Medicare and

Medicaid. CCC is designed to coordinate delivery of primary, preventive, acute, behavioral health, and LTSS. CCC’s goal is to provide high quality, person-centered care that is focused on an individual’s care needs and preferences.

CCC introduced care coordination services to Virginians receiving Medicaid LTSS. DMAS continues to strengthen the program by improving information management systems, ensuring comprehensive provider networks, monitoring the quality of care, and continuing stakeholder engagement. There are currently 27,034 enrollees participating in robust care coordination through this voluntary program.

Commonwealth Coordinated Care Plus



Commonwealth Coordinated Care Plus (CCC+) is a new mandatory managed long term services and supports initiative. This program will expand upon the principles of CCC, operate statewide, and will serve more than 213,000 individuals with complex care needs across the full continuum of care. CCC+ will provide eligible Virginians high-touch, person-centered care, resulting in improved quality, access, and efficiency. This program will include seniors, and individuals (both adults and children) with disabilities.

CCC+ will also incorporate value-based payments and alternative payment models to transform how care is paid for and to increase both provider efficiency and patient satisfaction. CCC+ will phase-in by region beginning in July 2017.

Cynthia’s Story



Cynthia has several chronic diseases and is enrolled in both Medicare and Medicaid. She is part of Virginia’s Elderly or Disabled with Consumer Direction (EDCD) Waiver. Cynthia and Carol, her care coordinator, work together through the Commonwealth Coordinated Care program.

When Cynthia started having mobility issues, Carol ordered a personal emergency response system (PERS) pendant in case she fell and injured herself. Carol also helps with her pharmacy orders and coordinates personal care services to support Cynthia at home.

**“Carol really stays in touch with me. She definitely knows what’s going on and makes sure I have everything I need. I don’t even think of her as a coordinator, I think of her as a friend.”**

Program for All-Inclusive Care for the Elderly

DMAS is also expanding access to another managed care option for LTSS called the Program for All-Inclusive Care for the Elderly (PACE). This program allows Medicaid-eligible individuals aged 55 or older who meet nursing facility functional criteria to avoid more costly institutionalization by providing coordinated care in their homes and communities. This program is run through a local PACE center where seniors can go both to receive care and to socialize. PACE participants are able to receive adult day services, primary care, behavioral health care, outpatient physical and occupational therapy as well as recreational, social, and spiritual support through the PACE centers. The PACE program also provides transportation to and from the PACE center and other medical appointments. The interdisciplinary PACE team provides all-inclusive medical and social support to streamline services and provide intensive care coordination. The 14 PACE centers are an anchor to keep Virginia’s seniors healthy in the community, and DMAS is pleased to be adding 2 more PACE communities this year.

QUICK FACT

62% of Medicaid long-term services and supports are provided in the community.

## PEOPLE WITH DISABILITIES

### Community Living

The elderly or disabled with consumer direction (EDCD) waiver is an HCBS waiver intended to allow Medicaid enrollees who meet nursing facility care criteria to receive services in the community rather than in an institution. Covered services include adult day health care, assistive technology, environmental modifications, medication monitoring, personal care services, personal emergency response system, respite services, and supportive services to transition successfully from an institution to the community. Nationally, community-based care has yielded five decades worth of data that show increased health and quality of life outcomes for individuals with disabilities when they receive their care in a community setting.

DMAS is committed to providing person-centered care and offers the consumer-direction (CD) service delivery model of care to benefit both recipients of CD care and family caregivers. Individuals in the following three HCBS waivers have the option of CD services if criteria are met: Intellectual Disability Waiver (ID), Developmental Disabilities Waiver (DD), or the EDCD Waiver. The CD participant or designated representative is empowered to hire and fire their personal attendants, giving them greater control of their care than those in institutional settings.

Research indicates greater positive outcomes for CD consumers than those using the traditional agency/institution-based model, such as: better patient safety, greater patient/family satisfaction, and better progress towards meeting patient needs and achieving stated goals. Virginia has increased its number of enrolled consumers and active consumers significantly between 2006 and 2016, from 2,373 to 21,396 enrolled and 1,433 to 18,281 active.

### Employment Incentive

MEDICAID WORKS is a work incentive opportunity offered by the Virginia Medicaid program for individuals with disabilities who are employed or who want to go to work. MEDICAID WORKS is a Medicaid plan option that enables workers with disabilities to earn higher income and retain more savings, or resources, while ensuring continued Medicaid coverage.

### Intellectual Disability & Developmental Disability Waivers Redesign



DMAS partners with the Department of Behavioral Health & Developmental Services (DBHDS) to administer the intellectual and development disability (IDD) waivers. These waiver programs allow Medicaid enrollees to choose home and community-based care as an alternative to institutionalization in order to promote community integration and engagement. DMAS and DBHDS are implementing a redesign of the three IDD waivers, which have been renamed as follows: the Intellectual Disability Waiver is now the Community Living Waiver; the Developmental Disability Waiver is now the Family and Individual Supports Waiver, and the Day Support Waiver is now called the Building Independence Waiver.

In addition to promoting further community integration, waiver recipients have more flexible, needs-based service options and beneficiaries are able to navigate through the waiver process with greater ease.

Waiver recipients are able to transition between waiver options as the needs of the individual or their family change. Providers also benefit from the redesigned waivers through enhanced service delivery options, increased service design flexibility, reimbursement rates that support qualified, well-trained staff, and rates that incentivize smaller, community-integrated residential settings.

The waiver redesign marked an innovative opportunity to evaluate the state's current service delivery system for individuals with disabilities and moves Virginia towards a more person-focused, needs-based approach. The redesigned waivers launched on September 1, 2016 as approved by CMS.

### QUICK FACT

Medicaid's six home and community based waivers support over 46,700 Virginians to receive services in a community setting of their choosing.

## Xavier's Story

### *"It's great to be home!"*

Xavier is a direct beneficiary of the IDD waiver redesign process. Because of the flexible, needs-based community service delivery options, he was able to transition from an institutional setting to a community setting of his choice that is capable of accommodating his specialized wheelchair.

Xavier's mother visited him daily for the past three years in a nursing home, but now she is able to see him in the comfort of his own home, which they have enjoyed decorating together in a nautical theme. During the day, Xavier attends a day program that supports his care needs and by afternoon, he has enough space in his room to stretch out and unwind from the day's activities. Xavier now has more independence and choice in his routine and greater diversity of daily experiences, which he reports have both significantly improved his quality of life.





## PEOPLE WITH BEHAVIORAL HEALTH NEEDS

### Behavioral Health Support

Medicaid is the primary payer for behavioral health services in Virginia. Over the past several years, DMAS has strengthened its partnership with DBHDS to enhance the quality of behavioral health services. In addition, DMAS contracted with a Behavioral Health Services Administrator (BHSA) to improve quality, service delivery, and integrity of Medicaid-funded behavioral health services.

DMAS leverages the BHSA to centralize oversight of network management (provider enrollment, credentialing, contracting, and development), service authorizations, quality of care, and claims for fee-for-service behavioral health services.

The BHSA also performs comprehensive care coordination and promotes more efficient utilization of services which reduces unnecessary expenditures.

During this biennium, new provider trainings were offered to ensure efficient, high-quality standardization of care. Topics have included discharge planning, person-centered treatment planning, care coordination, protection of information and security, access to care, adverse outcome reporting, mandated reporting, telemedicine, residential treatment and trauma-informed care, recovery and resiliency, suicide risk assessment, and clinical practice guidelines.



## A Healthy Virginia Initiative

### Governor's Access Plan

Working seamlessly with the U.S. Centers for Medicare & Medicaid Services (CMS), DMAS successfully launched the Governor's Access Plan (GAP) in January 2015. This demonstration provides primary care and behavioral health services for over 9,000 uninsured, seriously mental ill Virginians with incomes at or below 80% of the Federal Poverty Level. GAP increases access to care, and improves physical and behavioral health outcomes. GAP has met the medical and behavioral health needs of Virginians, many of whom are veterans. DMAS is proud of its ability to engage this difficult to reach population. It is extending outreach to focus on criminal justice re-entry and has developed new community partnerships to support this program.

### Behavioral Health Homes

DMAS partnered with five health plans to establish a behavioral health homes pilot program that coordinates care for adults and children enrolled in Medicaid with a diagnosis of serious mental illness or emotional disturbance. The regional pilots are now serving 250 members in Medallion 3.0, and the Commonwealth Coordinated Care health homes are serving 229 members. This effort addresses members' physical needs and life circumstance to promote compliance with treatment, and prevent hospitalization.

## Mark's Story

Mark, a 30 year-old Virginia man started working with a GAP Recovery Navigator in February 2016 because of increased depression and isolation. Because of a limited social support system, he preferred to stay at home using social media and on-line gaming to cope with his depression; however, since accessing GAP services, he has started exercising, joined community support groups, and found interest in several activities in the community.



***"Before I had GAP, it was hard to get the help I needed with my depression but now I'm able to get the medications I need, see a therapist and my doctor. The program is a success in my eyes...and I am thankful for it."***

### Changes and Initiatives

Virginia has implemented important changes for behavioral health services during this biennium. Some of these changes include: modifications to behavioral health definitions, updated provider requirements, and the establishment of care coordination expectations. DMAS implemented process changes related to new regulations for community mental health rehabilitative services that now include mental health skill-building services service limits and require service registration for crisis providers. The Department also addressed needed residential service reform to improve service access, quality of services, discharge planning and coordination of integrated medical and behavioral health care. Most recently, DMAS began an extensive quality review of therapeutic day treatment services and is developing a new benefit program to enhance Addiction and Recovery Treatment Services (ARTS) that will take effect in 2017.

### QUICK FACT

**Medicaid is the primary payer for behavioral health services in Virginia.**

## STREAMLING ACCESS TO HEALTH CARE

DMAS partners with the Department of Social Services (DSS) for eligibility and determination of Medicaid coverage decisions for the 1 in 8 Virginians covered by Medicaid. DSS has been working with the Health and Human Resources Secretariat to develop the Virginia Case Management system (VaCMS) to modernize the eligibility determination and enrollment system. This system automates part of the eligibility process and enables Medicaid applicants to get their eligibility determinations more quickly. DMAS has also changed its process for calculating Medicaid eligibility and now uses a simplified method based on modified adjusted gross income.

The single application now makes it easier for Virginians to apply for health coverage and enroll in the appropriate coverage program. The Affordable Care Act mandated that states align Medicaid/FAMIS enrollment with the first open enrollment session of the Federal Marketplace and adopt a new streamlined eligibility application for all insurance affordability programs. DMAS created the Cover Virginia call center and online interface to provide applicants with a centralized option to seek information and apply for Medicaid and FAMIS. Cover Virginia offers a supportive and user-friendly method to initiate the Medicaid and FAMIS application process.

## Nathan's Story



Nathan, a 5 year old without health insurance, showed sudden symptoms of diabetes and was rushed to the emergency room. On the cusp of entering a diabetic coma, the staff transferred him to a nearby hospital. His mother was distraught, not only by her son's condition, but also by the daunting prospect of affording his hospitalization and the future costs of managing his diabetes. She was connected to a Virginia Health Care Foundation outreach worker, a partner of DMAS, who quickly assessed that Nathan would be eligible for FAMIS. The outreach worker personally engaged the local department of social services to expedite his application for FAMIS and ensure receipt of life-saving care without delay. Like so many others, Nathan's mother was amazed to find out that FAMIS is designed to meet the needs of working families.



## A Healthy Virginia Initiatives

### Informing Virginians of their Health Care Options

Relaunching Cover Virginia (Coverva.org) has helped uninsured Virginians learn what health insurance programs fit their needs. This site has information about Medicaid, FAMIS and connects to the Federal Health Insurance Marketplace.



### Supporting Enrollment in the Federal Marketplace

In 2014, 216,000 Virginians purchased health coverage plans via the Federal Marketplace. In 2016, 421,897 Virginians initiated health coverage through the Federal Marketplace. This marks Virginia's highest enrollment ever and the seventh highest enrollment in the country. In 2014, Virginia applied for and was awarded federal grants to support partnerships with the Virginia Poverty Law Center and the Federally Qualified Health Centers to make this possible.

## HIGH QUALITY HEALTH CARE DELIVERY



### Shifting Gears

For the past two decades, DMAS has been shifting from a fee for service delivery system to managed care. Managed care allows for an increased focus on quality, through provider credentialing and adherence to national standards. Per-member-per-month payment provides more budget predictability. A shift to managed care places a greater need for data sharing and data management. DMAS is developing a data warehouse to optimize use and analysis of data.

### Value-Based Payment and the Delivery System Reform Incentive Payment (DSRIP) Program

DSRIP is part of the national movement towards value-based payment, which shifts from paying providers based on volume to paying based on value and efficiency. DSRIP is a five-year, performance-based federal/state initiative with financial incentives to significantly transform the Medicaid delivery system with lasting results. It promotes innovation through infrastructure development, system redesign, and population-focused improvements. DSRIP focuses on the entire continuum of care and on beneficiaries with complex needs. It will make community resources more readily available and improve health outcomes through reduced emergency department visits, inpatient admissions, and institutionalizations. It will also improve beneficiary experience and satisfaction.

## QUICK FACT

Virginia now has the 7th highest Federal Marketplace enrollment in the nation.

## OPERATIONAL EXCELLENCE

### National Recognition for Agency Director



The National Association of Medicaid Directors (NAMD) was started

in 2011 to help states learn from innovation efforts nationwide. The NAMD board oversees NAMD administration, represents NAMD at CMS meetings, and serves as a liaison to other federal agencies and workgroups to provide key policy guidance on Medicaid. NAMD also produces annual reports that provide key insights and learning gleaned through national Medicaid innovation and problem solving.

Virginia's Medicaid Director, Cynthia B. Jones, was one of the founding members of NAMD and served as one of the 12 elected board members until this year. Recently, the NAMD Executive Director, Matt Salo, presented a Recognition Award to Cynthia Jones for her dedication and leadership to NAMD through her board service.



### Modernizing Technology Platform

DMAS will replace the current Medicaid Management Information System computerized claims processing structure with a modular Medicaid Enterprise System (MES) by 2020. The system will be more user-friendly for Virginians accessing services and provide more accurate data, quicker processing of claims and increased protection against fraud and abuse.

DMAS will issue five requests for proposals to procure modular solutions that make up the Virginia MES:

- Modular Core Services Solutions
- Enterprise Data Warehouse Solution
- Financial Management Solution
- Integration Services Solution
- Pharmacy Benefit Management Solution

DMAS developed the Office of Data Analytics to develop and implement a data management plan. This office will enhance the ability for DMAS staff to make data-driven policy decisions.

### Reducing Medicaid Fraud

DMAS program integrity efforts prevent and identify waste, abuse, and errors that may otherwise result in unnecessary expenditure of Virginians' hard-earned tax dollars. Program integrity efforts also encompass recipient eligibility and provider payments. DMAS collaborates with managed care organizations and the Medicaid Fraud Control Unit in the Office of the Attorney General. All of DMAS' combined program integrity efforts identified and/or prevented \$133 million in improper expenditures in the Virginia Medicaid and FAMIS program in state fiscal year 2014.

### Appeals

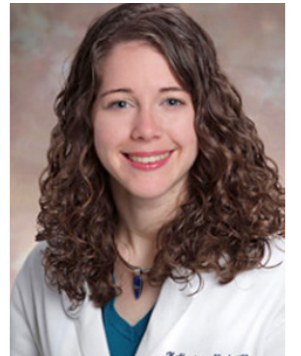
The Appeals Division provides a process by which both clients and providers can appeal adverse decisions either made or proposed by DMAS, its contractors, or the local department of social services. The Appeals Division provides a valuable service to current and potential enrollees and providers, as the primary function of the appeals process is to give them an opportunity to be heard and receive a formal written decision.

## Pharmacy

DMAS provides several key pharmacy services for the Medicaid program, including: maintenance of the preferred drug list (PDL), drug utilization review, and drug rebate collection. The Pharmacy and Therapeutics (P&T) Committee is comprised of physicians and pharmacists responsible for the development and ongoing administration of the PDL and other pharmacy program activities. The P&T Committee selects a "preferred" drug first based on safety and clinical efficacy, then on cost effectiveness. DMAS is also responsible for collecting federal and supplemental rebates on fee-for-service drugs. To date, DMAS has collected \$1,855,228,407 in pharmacy rebates.

## New Key Position: Chief Medical Officer

In February 2016, DMAS welcomed Dr. Kate Neuhausen as its new Chief Medical Officer. Dr. Neuhausen is a practicing family doctor in Richmond.



The Chief Medical Officer plays a key role in developing and implementing clinical guidelines, procedures, and standards for Medicaid and FAMIS in Virginia. The Chief Medical officer also advises the Executive Management Team on strategic policy initiatives, which will improve patient outcomes and reduce the cost of care.

How Federal Changes Affect Virginians		
Federal Change	Purpose	Outcome
Managed Care Final Rule	Overhauls managed care to modernize the health care system and deliver better care, smarter spending and healthier people	To strengthen the consumer experience for Virginians and improve accountability and transparency
Home and Community Based Services Final Regulation	DMAS is required to review and evaluate all home and community-based services	These requirement improve the quality of care, facilitate individual choice in selecting services/providers, and optimize autonomy
Provider Access Regulations	Ensure adequate provider access for fee-for-service state plan services	DMAS will now monitor the adequacy of access to care, availability of Medicaid providers, utilization of Medicaid services, and the extent to which Virginians' health care needs are being met
Federal Native American Tribe Recognition	Allows Tribe members to be eligible for enhanced housing, education, and health care funding	The Virginia Pamunkey Tribe received federal recognition

**QUICK FACT**

During SFY 2015-2016, DMAS' Program Integrity Unit conducted 1299 audits.

## FINANCIALS

### Financial Summary

DMAS' base budget is currently funded with approximately 45% state general funds and 55% non-general funds. The non-general funds are comprised of Federal Funds (largest source), the Virginia Health Care Fund, the FAMIS Trust Fund and other special funds. The Federal Medical Assistance Percentage (FMAP) rate for the Virginia Medicaid program is currently 50%. DMAS uses general funds to provide matching state funds required by the federal government for federal funding.

### Expenditures

Children and parents or caretakers of children comprise almost 70% of Medicaid beneficiaries, but they account for less than a third of Medicaid total spending. Persons who are elderly or who have disabilities account for the majority of Medicaid spending because of their intensive use of acute, behavioral health, and long-term services and supports.

Virginia's Medicaid spending per capita is consistently lower than the majority of other states. While enrollment has increased, spending growth has changed at a rate similar to other states. Although increases in enrollment have

been the primary driver of spending increases, other factors affecting expenditures include, health care cost inflation, advances in health care technology and program changes directed by federal and state law. Enrollment in Virginia's Medicaid program continues to increase in all eligibility categories except for the elderly. Children's enrollment is growing the fastest. Medicaid in Virginia is administered efficiently. The majority of the DMAS budget pays for services for enrollees. Only 2.5% of total FY 2015 DMAS expenditures were allocated toward administrative expenses. Approximately, 67 percent of these expenditures are for private contractors. In 2016, the Joint Legislative Audit and Review Commission (JLARC) recognized DMAS for strong procurement and contract management practices that ensure delivery of high performance services.

Approximately 85% of the DMAS customer base is served through the Medicaid program. Factors that could affect the number of Medicaid customers would include changes in the Virginia economy, private insurance market forces that result in an increase in rates of un-insurance, or policy changes affecting program eligibility.

Fund Code	Fund Name	FY 2015
0100	General Fund	\$3,846,847,641
0903	Non General Fund: VA Children's Medical Security Insurance Plan	\$14,065,627
1000	Non General Fund: Federal Trust	\$4,341,032,367

## QUICK FACT

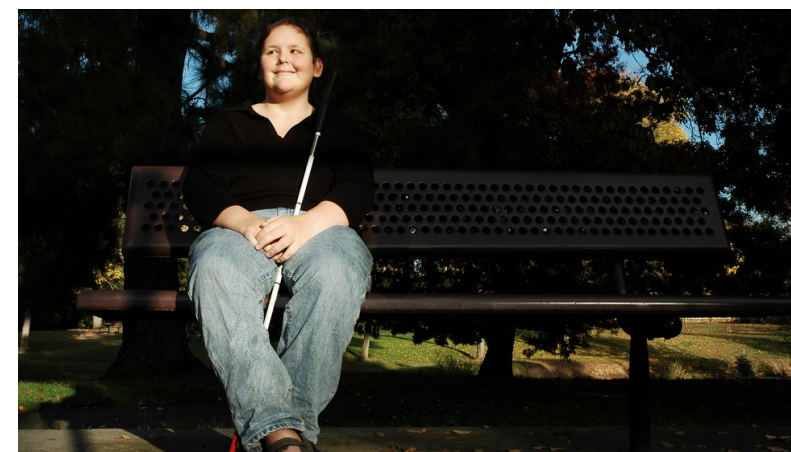
Virginia Medicaid administration is efficient. Only 2.5% of total FY2015 DMAS expenditures were allocated toward administrative expenses.

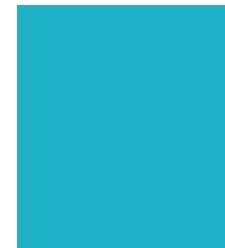
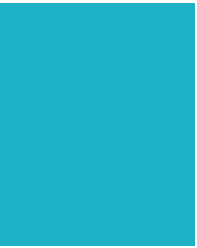
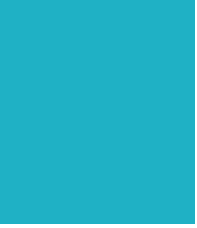
### Vision for Success

DMAS has established a national reputation for driving innovation and operational excellence. Through a culture of continuous improvement, the agency is demonstrating an increasingly efficient use of existing resources while maintaining administrative costs at an impressive 2.5 percent of the state Medicaid budget. DMAS remains committed to transforming health care delivery in a resource-constrained environment.

DMAS will continue improving health care quality by breaking down traditional silos to promote integrated, whole-person care delivery through managed care and provider practice transformation. Existing services will be continually strengthened by the agency's rigorous evaluation, quality controls, and commitment to continuous improvement. The Department is also actively driving innovation through delivery system reform efforts and movement toward value-based payment.

Through these ongoing efforts and initiatives, over 1 million Virginians will continue to benefit each year from coverage provided under Virginia's Medicaid program that values high-quality, person-centered, and community-based care.





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