REPORT OF THE
VIRGINIA DEPARTMENT OF
MEDICAL ASSISTANCE SERVICES

Report on Addressing the Impact of the Aging of the Population

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

COMMONWEALTH OF VIRGINIA
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REPORT

House Bill 110 (2006) amended *Code of Virginia* §2.2-5510 to require all agencies to report "its progress for addressing the impact of the aging of the population in at least five specific actions."

The Department of Medical Assistance Services has reviewed its policies and programs with respect to their impact on the aging population. The report of that review is provided as follows:

1. *To the extent such data is available, the number of persons who received services from the agency in the past fiscal year who fell into each of the following age ranges: 65-74; 75-84; and 85 and older. If the agency can provide data that compares such numbers to numbers of senior citizens served in the past, please do so. If the agency lacks specific information about the numbers of senior citizens it serves, but has other evidence indicating that it is serving more or fewer senior citizens than it has in the past, please describe the basis for that estimation.*

Annual Unduplicated Individuals 65 and Older Eligible for Medicaid Services

Age	State Fiscal Years			
	2002	2003	2004	2005
65-74 years	41,772	37,621	42,558	42,585
75-84 years	35,706	33,309	37,030	37,136
85 and older	19,625	18,269	19,985	20,223
Total	97,103	89,199	99,573	99,944
Medicaid Expenditures for all Aged (65 and older)	$794.7 million	$828.7 million	$947.7million	$1.0 billion

2. *Identify the agency services that are utilized by senior citizens 65 and older in significant numbers. Indicate whether the agency has the capacity at present to serve all interested seniors or whether the demand for certain services exceeds the agency's capacity. If so, does the agency maintain waiting lists for services?*

   In state fiscal year 2005, the average annual Medicaid cost to serve a person 65 years or older was $10,831 (compared to $1,725 for a child). While all persons over 65 all eligible to receive all the Medicaid acute care services (such as physician, hospital, pharmacy, and labs), many also may receive long term care services. Individuals seeking Medicaid funded long term care services are screened by pre-admission screening teams to determine the medical need for long term care services and the potential for placement in an alternative community based care program. The key long term care services for the aging population are nursing facility services (27,729 recipients with expenditures of $647 million in SFY 2005) or the community alternative, known as the Elderly or Disabled with

Consumer Direction waiver program (11,904 recipients with expenditures of $137 million in SFY 2005). At this time, there are no capacity problems or waiting list for these services. The key issue that will impact the capacity for the delivery of long term care services in the future is the lack of a willing and qualified workforce to serve the clients either in the nursing facility or in their homes.

3. *Identify current agency programs, specifically designed to serve seniors 65 and older, that fall into any of the following six categories: Health Care/Wellness; Education; Public Safety; Recreation; Financial Security (including Housing); and Transportation.*

The key division within the Department of Medical Assistance Services (DMAS) that is responsible for serving the aging population is the Division of Long Term Care and Quality Assurance. In addition to the acute care and long term care services described above, these additional activities has taken place within the last year.

- Alzheimer's Assisted Living Waiver – This is a new program in 2005 designed to provide support to eligible residents of Assisted Living Facilities who have a diagnosis of Alzheimer's disease or related dementia and provide services in a cost effective environment. Virginia is only one of twelve states offering such a Medicaid program and participants are afforded a higher quality of living as their condition progresses at a lower cost than the alternative institutional placement.

- Real Choice Systems Change Grant – DMAS closed out its grant from the Centers for Medicare and Medicaid in late 2005. The grant resulted in:
    - ✓ Production of informational brochures about each of the Commonwealth's Medicaid Waivers;
    - ✓ Publication of "The Roadmap to Services;"
    - ✓ Implementation of the Enhanced Care Attendant Training by Virginia Geriatric Education Center;
    - ✓ Development and distribution of outreach and educational materials on Consumer-Directed services; and
    - ✓ Development of a satisfaction survey for participants of the Elderly and Disabled Waiver.

  This grant was designed to inform potential Medicaid recipients of the availability of less costly Medicaid waivers that encourage persons to remain in the least restrictive setting (their home and communities) while reducing costs to the Commonwealth for more costly institutional placement.

- Quality Management Strategy – In response to new requirements from the Centers for Medicare and Medicaid, the Division of Long Term Care has begun the development and implementation of a comprehensive quality management strategy for the Medicaid Waiver programs. DMAS partnered with Thomson/Medstat for technical assistance to develop this strategy that will ultimately enhance the quality of service delivery for all Medicaid Waiver recipients in the Commonwealth and permit the implementation of these strategies in the integration of managed and long-term care thus assuring quality while reducing overall Medicaid costs.

- Program of All-Inclusive Care for the Elderly - The Department of Medical Assistance Service has partnered with Sentara Health Care Systems to move forward with the implementation of the first

full PACE program in the Commonwealth. This program designed around a day health model allows for a full spectrum of home-and-community based care at a "one-stop" shop under a capitated system to reduce the cost of care while ensuring the highest quality outcomes for seniors. Open to persons over the age of 55 who qualify for nursing facility care in the catchment area, DMAS is hopeful that this program may be replicated throughout the Commonwealth as another way in which to coordinate acute and long term care services.

- Aging Well – Through a National Governor's Association Grant, DMAS led an interagency team effort to develop guidelines for aging well in Virginia. These guidelines have become part of the SeniorNavigator web site, which is now supported with private donations.

4. *Identify the extent to which your agency provides "consumer-oriented" publications and websites online that are designed to be "senior-friendly." If the information you currently provide is not readily accessible to seniors, identify any steps your agency is taking to improve accessibility.*

   See answer in previous question.

5. *Describe any other services or programs that the agency has implemented or plans to implement in the future to address the impact of the aging of Virginia's population.*

   The Department of Medical Assistance Services has a variety of policy changes, services, and programs that are in process for addressing the impact of the aging of Virginia's population.

   - Implementation of Medicaid Long Term Care Services Reform in the federal Deficit Reduction Act of 2005. This act makes several changes to Medicaid long term care services policies, which are designed to delay/avoid the need for Medicaid funded long term care services, especially nursing home care.
     - ***Asset Transfers***. Requires states to reduce or eliminate the strategies that have been used in the past to shelter assets and qualify for Medicaid nursing facility care.
     - ***Long Term Care Partnerships***. Increases the role of private long-term care insurance in financing long-term care services.
     - ***Money Follows the Person Demonstration***. Provides enhanced federal medical assistance match for 12 months for each person transitioned from an institution to the community during the demonstration period.

   - Governor Timothy Kaine and the 2006 General Assembly directed DMAS to develop a blueprint for the integration of acute and long term care services, which is based on a community model and a regional model.
     - The community model is PACE. Start-up funding for six new PACE sites ($250,000 each for a total of $1.5 million) across the Commonwealth was recently awarded. PACE sites are being developed in the Richmond, Lynchburg, Hampton Roads, and Southwest areas.

    - The regional model could range from a capitated payment system for Medicaid and/or Medicare for acute care costs only and care coordination for long term care services to a fully capitated systems for all acute and long term care services

- Virginia was notified in September 2006 that is was one of eight states to be awarded a federal Systems Transformation Grant. The five year grant period will begin on October 1, 2006 and the award amount is $2.2 million. The grant has three goals: (1) Improved access to long term support services; (2) Increased choice and control—development/enhancement of self-directed service delivery system; and (3) Transformation of information technology to support systems change.

APPENDIX A

CHAPTER 54

An Act to amend and reenact § 2.2-5510 of the Code of Virginia, relating to the effect of the aging population on state agencies.

[H 110]
Approved March 7, 2006

Be it enacted by the General Assembly of Virginia:

1. That § 2.2-5510 of the Code of Virginia is amended and reenacted as follows:

§ 2.2-5510. (Expires July 1, 2008) Strategic plan.

A. Each agency shall develop and maintain a strategic plan for its operations. The plan shall include:

1. A statement of the mission, goals, strategies, and performance measures of the agency that are linked into the performance management system directed by long-term objectives;

2. Identification of priority and other service populations under current law and how those populations are expected to change within the time period of the plan; ~~and~~

3. An analysis of any likely or expected changes in the services provided by the agency~~;~~ *and*

4. An analysis of the impact that the aging of the population will have on its ability to deliver services and a description of how the agency is responding to these changes. Based on guidance from the Secretary of Health and Human Resources, each agency shall report by October 1 of each year to the Governor and to the General Assembly its progress for addressing the impact of the aging of the population in at least five specific actions.

B. Strategic plans shall also include the following information:

1. Input, output, and outcome measures for the agency;

2. A description of the use of current agency resources in meeting current needs and expected future needs, and additional resources that may be necessary to meet future needs; and

3. A description of the activities of the agency that have received either a lesser priority or have been eliminated from the agency's mission or work plan over the previous year because of changing needs, conditions, focus, or mission.

C. The strategic plan shall cover a period of at least two years forward from the fiscal year in which it is submitted and shall be reviewed by the agency annually.

D. Each agency shall post its strategic plan on the Internet.

THE VIRGINIA MEDICAID PROGRAM AT A GLANCE*

January 2006

Introduction

Authorized under Title XIX of the *Social Security Act*, Medicaid is an entitlement program that provides coverage of medical services for individuals with low incomes. Medicaid is financed by the state and federal governments and administered by the states. The Department of Medical Assistance Services (DMAS) administers the Virginia Medicaid program.

Federal financial assistance is provided to states and the federal match rate is based on the State's per capita income. The federal match rate for Virginia is 50 percent for the 2006 federal fiscal year (FY).

Who Is Covered by Medicaid?

While Medicaid was created to assist individuals with low incomes, coverage is dependent upon other criteria as well. Eligibility is primarily for people who fall into particular groups such as low-income children, pregnant women, the elderly, individuals with disabilities, and parents or caretaker relatives of dependent children. Within federal guidelines, states set their own income and asset eligibility criteria for Medicaid. This results in a great variation of eligibility criteria among the states.

The Virginia Medicaid total population in FY 2005 was comprised of:

- 473,178 children,
- 109,736 caretaker adults,
- 86,824 elderly persons, and
- 163,197 persons who are blind or have a disability.

Adults who are caretakers and children make up about 70 percent of the Medicaid beneficiaries, but they account for only 29 percent of Medicaid spending. The elderly and persons with disabilities account for the majority (71 percent) of Medicaid spending because of their intensive use of acute and long-term care services.

This does not include individuals enrolled in the Family Access to Medical Insurance Security (FAMIS) or Medicaid Expansion programs.

What Services Are Covered Under Medicaid?

The Virginia Medicaid program covers a broad range of services with nominal cost sharing for some of the beneficiaries as permitted under federal law. The Virginia Medicaid program covers all federally mandated services:

- Inpatient and outpatient hospital care,
- Physician, nurse midwife, and pediatric and family nurse practitioner services,
- Federally qualified health centers and rural health clinic services,
- Laboratories and x-ray services,
- Prenatal care,
- Family planning services,
- Transportation services,
- Skilled nursing facility and home health care services for persons over age 21, and
- Early screening, diagnosis, and treatment program for children ("EPSDT").

Virginia Medicaid also covers some optional services, including but not limited to:

- Dental services for persons under 21,
- Prescribed drugs,
- Rehabilitation services such as occupational, physical, and speech therapy,
- Intermediate care facilities for persons with mental retardation (MR) and related conditions, and
- Mental health services.

Medicaid beneficiaries also participate in special "waiver" programs. Waiver programs allow Virginia to set aside certain federal Medicaid requirements and provide targeted services to better meet the needs of special populations, especially those at risk of nursing home placement. The following waiver programs are available to Medicaid beneficiaries who meet admission criteria:

- AIDS Waiver,
- Alzheimer's Waiver,
- MR Waiver,
- Elderly or Disabled with Consumer Direction Waiver,
- Day Support for persons with MR Waiver,
- Technology Assisted Waiver, and
- Individual and Family Developmental Disabilities Support Waiver.

How Is Care Delivered Under Virginia Medicaid?

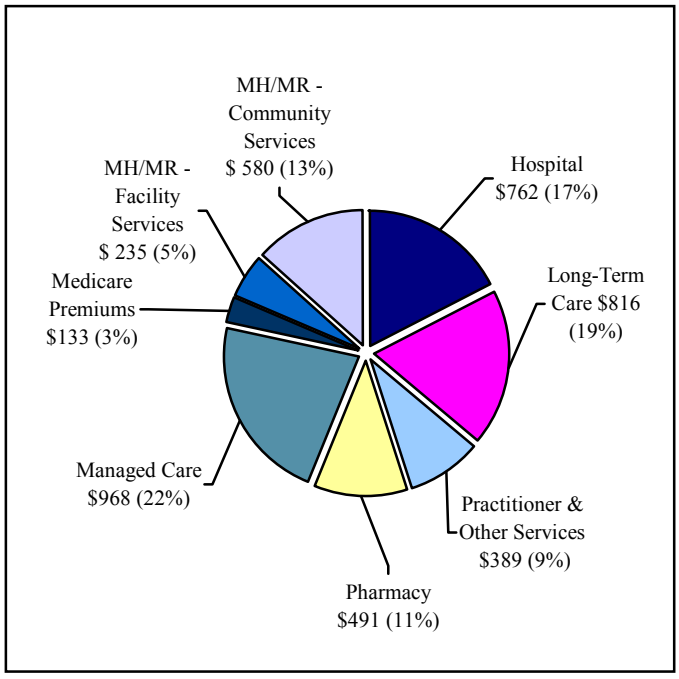
DMAS provides Medicaid to individuals through two programs: a program utilizing contracted managed care organizations (MCO); and Fee-for-Service (FFS), the standard Medicaid program. Individuals who receive home and community-based services waivers are in the FFS program.

The MCO program is available in certain regions of the state. Virginia pays private MCOs a "per member per month" fee through a full risk contract to manage all of the recipients' care.

The DMAS MCO program primarily serves four groups: FAMIS Plus (children's Medicaid), FAMIS (Virginia's State Child Health Insurance Program), pregnant women, and individuals who receive Supplemental Security Insurance. DMAS contracts with seven MCOs and approximately 103 Virginia localities have MCO coverage.

As of December 2005, 411,000 Medicaid beneficiaries were enrolled in MCOs, which is more than triple the number of enrollees in MCOs in 1994 (127,361). Approximately 63% of all Medicaid beneficiaries were enrolled in MCOs as of December 2005. There were 258,953 beneficiaries who were enrolled in the FFS program in December 2005.

DMAS Medical Services Expenditures
FY 2005 - Amounts in Millions



****Note –Managed care expenditures represent DMAS payments to the MCOs, which cover the major Medicaid service categories (with the exception of long-term care services)***

Managed care expansion will continue in FY 2006 with the development of an integrated care program for beneficiaries who are currently excluded from the managed care program.

Medicaid Enrollees and Expenditure Trends

The number of persons enrolled with the Virginia Medicaid program has increased over the past ten fiscal years.

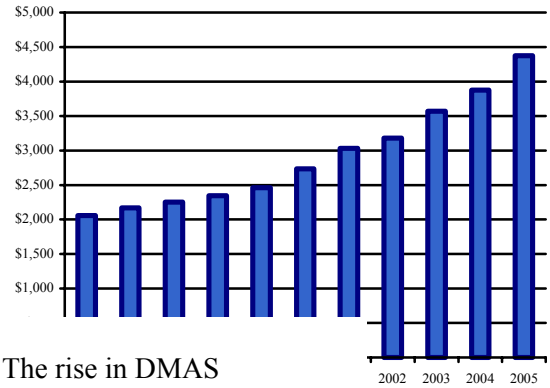
Group	1995	2005	Percentage Change
Aged	90,535	86,824	-4%
Blind and Disabled	109,687	163,197	+49%
Children	393,517	473,148	+20%
Adults	130,191	109,736	-16%
Total	723,930	832,905	+15%

Over this period of time the number of beneficiaries increased by nearly 15 percent. The proportion of persons who are blind or persons with disabilities increased by 50 percent, with the proportion of children also increasing. The proportion of adults declined by 16 percent.

DMAS expenditures for medical services have increased significantly over the years. In FY 2005, DMAS expenditures of $4.4 billion represent a 112% increase from FY 1995 expenditures.

Medicaid Expenditures FY'95-'05

In the Millions



The rise in DMAS expenditures is due to health care inflation including payment increases to certain types of providers and new initiatives. Expenditures also increased due to expansion and growth in the eligible population.