



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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DIRECTOR

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MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Walter A. Stosch
Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Daniel S. Timberlake
Director, Virginia Department of Planning and Budget

FROM: Cynthia B. Jones *Cynthia Jones*
Director, Department of Medical Assistance Services

SUBJECT: Exceptional Rate Second Report – Last 6 Months

Item 307 BBBB of the 2013 Appropriations Act directed the Department of Medical Assistance Services (DMAS), in cooperation with the Department of Behavioral Health and Developmental Services (DBHDS), to report on the last six months of FY 2014 on the number of individuals found eligible, whether they transitioned from the an institution or were already receiving community services, and the costs to the Medicaid program.

Specifically the Act stated:

Effective July 1, 2013, the Department of Medical Assistance Services shall have the authority, to establish a 25 percent higher reimbursement rate for congregate residential services for individuals with complex medical or behavioral needs currently residing in an institution and unable to transition to integrated settings in the community due to the need for services that cannot be provided within the maximum allowable rate, or individuals whose needs present imminent risk of institutionalization and enhanced waiver services are needed beyond those available within the maximum allowable rate. The department shall have authority to promulgate regulations to implement this change within 280 days or less from the enactment of this act.

2. The department, in cooperation with the Department of Behavioral Health and Developmental Services, shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget on the effectiveness of this rate increase in addressing the transition of institutionalized individuals to the community. This report shall include, but is not limited to, the number of individuals eligible for the higher reimbursement rate, whether they transitioned from an institution or were already receiving community services, and the costs to the Medicaid program. A report shall be due by February 1, 2014, that covers the first six months of FY 2014 and another report is due by August 1, 2014, that covers the last six months of FY 2014.

Please be advised that there have been no individuals determined eligible and no costs to the Medicaid program as of this reporting period. The program is scheduled to go live beginning the first quarter of FY 15.

The establishment of a 25 percent higher reimbursement rate for congregate residential services for individuals defined in the Act required collaboration between the Department of Medical Assistance Services and Behavioral Health and Developmental Services. A significant portion of the development process included extensive discussions with the Centers for Medicare and Medicaid Services (CMS) regarding the proposed higher reimbursement rate as well as for all current rates used in Virginia's home and community based services waivers. We are pleased to report that CMS officially provided DMAS with final approval to amend the Intellectual Disability (ID) Waiver to implement the higher reimbursement rate effective April 23, 2014.

To accomplish the projected implementation by the first quarter of FY 15, next steps include:

- Completion of the emergency regulatory process to provide the criteria for eligibility for a 25 percent higher reimbursement rate;
- Communication of the eligibility criteria and protocols for accessing the higher reimbursement rate to community services boards and congregate residential rate providers for the ID Waiver; and,
- Design of the infrastructure within DBHDS to administer the application and eligibility determination process for the higher reimbursement rate.

pc: The Honorable William A. Hazel, Jr., M.D.
Secretary of Health and Human Resources
Debra Ferguson, Ph.D., Commissioner
Virginia Department of Behavioral Health and Developmental Services