

**Departments of Medical Assistance and Corrections**  
**Joint Report**  
**on**  
**Inmate Medicaid Program**  
**October 1, 2014**

## **Introduction**

Item 384 J.1 of the 2014 Appropriation Act directed the Departments of Medical Assistance Services (DMAS) and Corrections (DOC) to provide a joint report on the implementation of the Inmate Medicaid Program and the expected cost saving to the Commonwealth by October 1, 2014. This document is intended to satisfy this reporting requirement.

## **Background**

Under current Medicaid policy articulated by the federal Centers for Medicare and Medicaid Services (CMS), inmates of public institutions are categorically ineligible for coverage under Medicaid. However, CMS clarified this policy indicating that they are no longer “inmates of public institutions” when they are “inpatients of medical facilities”, and therefore, federal Medicaid funding is available for the covered services provided while they are an inpatient of that facility.

To the extent some inmates can access Medicaid funding to cover their inpatient hospitalization, the cost to the state would be cut approximately in half for that service to that inmate depending on the different reimbursement amounts paid by DOC and Medicaid for the same service. This new approach was implemented on July 1, 2013, as specified in the 2013 Appropriations Act.

## **Proactive Inmate Medicaid Eligibility Determination**

The current eligibility determination process begins upon completion of an inpatient hospital stay. After the hospital discharge, the DOC healthcare reimbursement staff screens the offender for potential Medicaid eligibility based on information contained in DOC records. If the individual appears to meet a Medicaid covered group, then a Medicaid application will be initiated. The application will be sent to the facility where the inmate is housed for completion. The facility counselor reviews the application with the inmate, obtains any additional required information that is needed and obtains the inmate’s signature. The completed application and any supporting documentation is then sent back to the DOC healthcare reimbursement staff for submission to the appropriate local department of social services.

The local department of social services will complete an eligibility determination to ensure that all non-financial and financial criteria are met. Entitlement for Medicaid for eligible individuals will begin on the date of admission to the hospital and end on the date of discharge. Once an offender is approved for Medicaid eligibility, additional requests for coverage of inpatient services within one year of the date of filing of the original application will not require a new Medicaid application. However, each subsequent request for Medicaid coverage of an inpatient stay requires documentation to verify the inpatient admission and a review of the individual's financial eligibility.

A proactive approach to offender Medicaid enrollment was addressed by Department of Planning and Budget analysts Michael Tweedy (DMAS) and Richard Hall-Sizemore (DOC). Working with DMAS, they identified two changes that DMAS plans to make to the Medicaid Management Information System (MMIS). The first is a new aid category for inmates. This will allow DMAS to identify incarcerated individuals within the MMIS and develop unique payment logic for inmates. The MMIS program change will restrict inmate payments only to hospital claims and practitioner claims with dates of service during an inpatient hospital admission. This will allow for prospective eligibility of inmates. The target date for this is September 2014.

It is anticipated that DMAS will begin using the new aid category in the month of September and will be able to keep these cases open without having to have eligibility updated every time a new inpatient hospitalization occurs during the year. There will need to be a "redetermination" of eligibility on an annual basis since agency staff will need to ensure continued eligibility as well as continued incarceration for these individuals.

The second change DMAS plans to the MMIS system is a monthly report to aid DOC in reconciling offender copayments they would need to pay to hospitals for inpatient admissions.

Neither of these changes has currently been implemented. DMAS, Virginia Department of Social Services, DOC and Local Departments of Social Services staff have participated in a conference call to discuss the use of the new aid category and local agency staff should begin using the new process before the end of September 2014. Once enrollments begin taking place in the new aid category and claims are paid by DMAS based on the enrollments, the monthly report will begin to be generated.

## **Ability of Medical Providers to Bill DMAS**

Medical providers continue to bill the DOC for the charges related to the offender's hospital admission. Until DMAS implements the new aid category for offenders, medical providers must file claims using the Anthem approval criteria and payment process. Upon receiving notification of the offender's approved Medicaid eligibility, the hospital will then follow applicable Medicaid criteria:

- Request KePRO service authorization
- Submit claims to Medicaid with an approved KePRO service authorization
- Appeal clinically justified service authorization request denials
- Share the approved Medicaid Offender Inpatient Referral with all physicians rendering treatment during the offender's admission

DOC healthcare reimbursement staff then notifies Anthem to terminate an offender's enrollment for the length of inpatient stay and to retract previous paid claims to the hospitals, and doctors.

This places a significant administrative burden on the medical providers to comply initially with Anthem claim processing guidelines, and upon retrospective Medicaid eligibility determination reprocess the claim utilizing Medicaid criteria.

The complete payment cycle from inpatient admission to Medicaid payment is lengthy. On average, an aged offender case is completed in 45 days. Finalizing the process for a disabled offender case is approximately 60 to more than 180 days to completion.

## Cost Savings

Relative to the language in Item 388 J, the 2013 Appropriation Act reduced expenditures for inmate medical care at the Department of Corrections by approximately \$2.75 million in General Funds for State Fiscal Year (SFY) 2014 and added administrative funding for one position to reflect this new initiative effective July 1, 2013. To fund the Medicaid impact, the 2013 Act transferred \$1.29 million GF (and appropriated a like amount of federal matching funds) for SFY 2014 to DMAS. The net savings, therefore, was calculated to be approximately \$1.3 million in General Funds for SFY 2014.

Given the lag that generally occurs in hospital billing, it is not surprising that DMAS does not have all the expected claims yet. DMAS expenditures, for the claims received were \$1,929,840. Half of this is federal funds that are available to cover this cost by virtue of the persons being enrolled in Medicaid. If 40% of the claims have not been submitted to DMAS, then the entire amount of expenditures for services in the year would be \$3.2 million rather than \$1.9 million. Again, the federal share is ½ the total expenditure.

## Challenges

### I. Co-pays

DOC currently has no offender co-pay for inpatient hospital or inpatient physician services. Approved Offender Medicaid Program members will be responsible for a \$100 co-pay per inpatient hospital admission and \$3 co-pay per day, per physician. While further analysis must be done, the DOC will either need language to address offender's requirement of \$100 co-pay per hospital admission and \$3 per day for each inpatient physician service, or request funds to pay for these co-pays associated with Medicaid services provided to Offenders.

### II. Signatory Authority (Budget Amendment)

In order for correctional jurisdictions to apply for federal or state entitlement reimbursement should the offender be unable or unwilling to give consent, the correctional jurisdiction shall have signatory authority to pursue such entitlements reimbursement for any offender's expenses. During the 2014 Fiscal year, one incapacitated offender who met the initial Medicaid criteria incurred six (6) inpatient hospital admissions resulting in Virginia Department of Corrections costs totaling \$250,000.00. Language in the Department of Corrections section of the 2014 Budget authorizes signatory authority for DOC for Medicaid applications in cases where the individual is unable or unwilling to sign the application. DMAS is currently working on a regulatory package to request approval to implement this Budget language.

## Conclusion

The Departments of Corrections, Medical Assistance Services, and Social Services continue to work together to minimize the impact of the inmate medical program on the medical services provider community as well as improve their own procedures.