COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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October 30, 2015

MEMORANDUM

TO: The Honorable Charles J. Colgan
Co-Chairman, Senate Finance Committee

The Honorable Walter A. Stosch
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

Daniel Timberlake
Director, Department of Planning and Budget

FROM: Cynthia B. Jones CBJ/KM
Director, Virginia Department of Medical Assistance Services

SUBJECT: Annual Report on the Cover Virginia Call Center

Budget Item 304I, Chapter 665, states the Department of Medical Assistance Services shall report on the operations and costs of the Medicaid call center (also known as the Cover Virginia Call Center). This report shall include number of calls received on a monthly basis, the purpose of the call, the number of applications for Medicaid submitted through the call center, and the cost of the contract. The department shall submit the report for FY 2015 by August 15, 2015, and for FY 2016 by August 15, 2016. The report shall be submitted to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

CBJ/

Enclosure

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

DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

ADMINISTERING MEDICAID AND THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM IN VIRGINIA

DMAS' mission is to provide a system of high quality and cost effective health care services to qualifying Virginians and their families.

The Medicaid program, signed into law by President Lyndon B. Johnson on July 30, 1965, celebrates its 50th year in 2015.

Medicaid is a joint federal and state program authorized under Title XIX of the Social Security Act that provides health and long-term care coverage for specific groups of Virginians with low incomes. In Virginia, Medicaid is administered by the Department of Medical Assistance Services (DMAS) and is jointly funded by Virginia and the federal government. Virginia's federal matching rate, known as the Federal Medical Assistance Percentage (FMAP) is generally 50%, meaning Virginia receives $1 of federal matching funds for every $1 Virginia spends on Medicaid.

Medicaid coverage is primarily available to Virginians who are children living in families with low-income, pregnant women, elderly, individuals with disabilities and parents meeting specific income thresholds.

All states must follow general federal Medicaid guidelines regarding who is covered, but states set their own income and asset eligibility criteria. Virginia's eligibility criteria are among the strictest in the nation.

VIRGINIA'S MEDICAID PROGRAM
DMAS
INNOVATION · QUALITY · VALUE

Annual Report to the General Assembly On the Cover Virginia Call Center for SFY 2015 from the Department of Medical Assistance Services

Report Mandate: Budget Item 304I, Chapter 665, states the Department of Medical Assistance Services shall report on the operations and costs of the Medicaid call center (also known as the Cover Virginia Call Center). This report shall include number of calls received on a monthly basis, the purpose of the call, the number of applications for Medicaid submitted through the call center, and the cost of the contract. The department shall submit the report for FY 2015 by August 15, 2015, and for FY 2016 by August 15, 2016. The report shall be submitted to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees.

Background

The Virginia Department of Medical Assistance Services (DMAS) is the single State agency responsible for the oversight and administration of Medicaid and the Children's Health Insurance Program (CHIP), in accordance with state and federal regulations. The name of Virginia's CHIP program is *Family Access to Medical Insurance Security* (FAMIS).

As a result of the passage of the Patient Protection and Affordable Care Act (PPACA) of 2010, states were mandated to make changes to their Medicaid and CHIP programs, including aligning enrollment with the first federal Marketplace open enrollment starting October 1, 2013, and accepting the new single streamlined eligibility application for all insurance affordability programs determined under the new Modified Adjusted Gross Income (MAGI) rules (federal regulations §435.1205 and §457.370).

Per federal regulations (§435.907, §435.908, and §435.916), states were also required to accept telephonic applications and renewals, telephonic signatures, changes that can impact eligibility (e.g., change in family size or income), provide assistance to individuals seeking help via the telephone, and provide program information to Medicaid, CHIP applicants and enrollees affected by the new MAGI rules.

In order to comply with federal regulations and implement a new call center and public website in time for the start of open enrollment (October 1, 2013), DMAS used emergency authority provided in the 2013 Appropriations Act to leverage an existing contract with Xerox, DMAS' Medicaid Management Information System (MMIS) vendor.

Key Contractual Components

Because PPACA was a new endeavor for all states, DMAS based contract components on twelve years of experience with the FAMIS call center and review of the new federally facilitated Marketplace call center contract.

The DMAS contract specifies very detailed requirements, called *service level agreements* (SLAs), which must be met. SLAs include call answer rate, call abandonment rate, and quality assurance scores. In addition, a co-located unit of DMAS staff was incorporated into the contract to provide oversight and monitoring of daily operations. Key components of the Cover Virginia call center contract include:

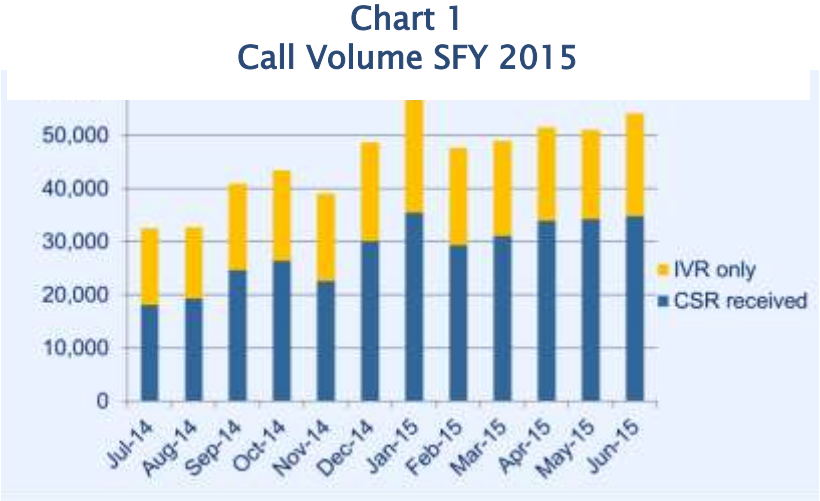
- Establish and maintain a statewide call center and mailroom located within a 15 mile radius from DMAS' primary office and a secondary overflow call center to ensure calls are answered timely;
- Hire and train over 200 staff members to provide application assistance over the phone, answer questions regarding application status and provide general information. The call center must have the capacity to handle up to 100,000 Customer Service Representative (CSR) calls a month with an average time of 8.24 minutes per call;
- Answer 90% of CSR calls within 90 seconds on a monthly basis;
- Maintain a 5% or less CSR call abandonment rate on a monthly basis;
- Provide extended hours of operation for callers to speak with a CSR from Monday – Friday, 8 am to 7 pm and Saturdays, 9 am – noon;
- Design and implement an Interactive Voice Response (IVR) system that is available 24 hours per day, 7 days a week for customer self-service;
- Provide all necessary systems and software for the effective monitoring and controlling of work products;
- Establish and maintain a quality assurance unit to ensure that 10% of CSR calls are monitored and a quality score of 95% or higher is maintained on a monthly basis;
- Provide adequate office space and equipment for DMAS co-located staff;
- Establish and maintain recovery protocols and secondary site readiness in the event of a disaster;
- Develop and mail confirmation letters to applicants who apply by telephone that include a summary of the application details;
- Capture and store telephonic electronic signatures for all applications submitted;
- Assist with address and phone number changes and update all necessary systems;
- Record and store 100% of calls to enable quality assurance monitoring and issue resolution;
- Assist FAMIS and FAMIS MOMS members with managed care plan selection and enrollment, and plan changes;
- Provide the infrastructure to handle and track calls automatically routed from CMS' Insure Kids Now (IKN) national toll-free number;
- Work cooperatively with local Department of Social Services (DSS) eligibility workers to address and resolve customer complaints or application issues;

- Produce monthly files of all FAMIS and FAMIS MOMS cases until all cases have been converted into the new VaCMS eligibility and enrollment system; and
- Develop and maintain the CoverVA.org public website for Medicaid and FAMIS applicants and enrollees.

Failure to meet contract deliverables are swiftly addressed using corrective action plans. In addition, failure to meet key SLAs may result in monetary penalties if performance deficits are not corrected within satisfactory timeframes.

During the initial months of operation, the new call center faced significant challenges. Challenges included consumer confusion over the many changes, the faulty launch of the federal website and call center during the first open enrollment period, and the implementation of Virginia's new and developing eligibility system, VaCMS. However, by SFY 2015, improvements at the federal level, VaCMS enhancements, and months of experience resulted in more stabilized operations.

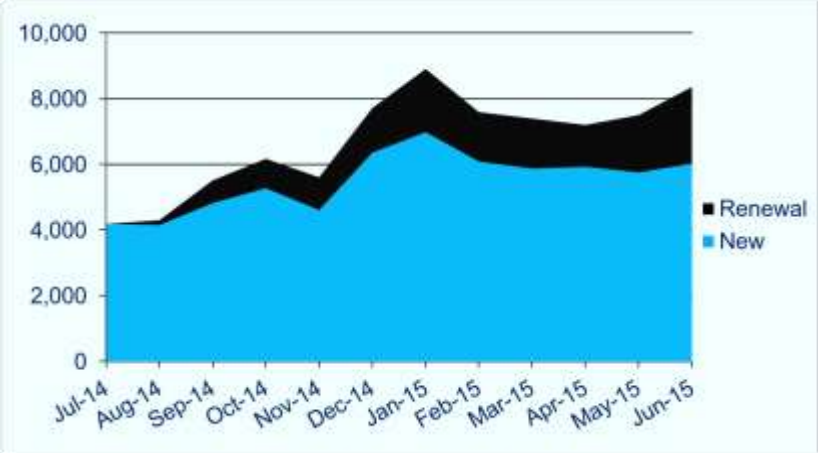
FY 2015 Operational Highlights



- Cover Virginia received 547,074 calls during SFY 2015 with just over 1/3 of the callers served by the IVR without speaking to a representative (See Chart1);
- CSRs provided direct assistance to 339,768 callers (See Chart 1) with an average handle time of 18.15 minutes, far longer than the estimated time.
- During SFY 2015, the average monthly CSR call volume was 28,314 calls, with the average monthly call volume trending upward over the period. During the last half of the year, call volume increased to an average of 33,103 CSR calls per month;
- Cover Virginia utilizes telephonic interpreter services to provide customer service in over 200 languages.
- During SFY 2015, Cover Virginia provided interpretation services to over 39,000 callers. On average approximately 15% of callers spoke Spanish per month.
- For SFY 2015, Cover Virginia staff answered 96% of calls within 90 seconds, exceeding the SLA of 90%. Overall for the year, calls were answered in an average of 18 seconds.
- The contractor also exceeded the abandonment rate SLA of no more than 5%. For SFY 2015, the abandonment rate was 1%.
- Utilizing technology to capture telephonic signatures, Cover Virginia CSRs received and submitted 66,037 telephonic applications and 14,388 telephonic renewals for Medicaid and FAMIS enrollees in SFY 2015 (See Chart 2). Use of telephonic renewal has grown since implementation on August 25, 2014, with over 2,300 renewal applications submitted telephonically in June of 2015.

- Quality Assurance monitoring was performed on 10% of all CSR calls, and the contractor met or exceeded the 95% quality SLA each month during SFY 2015.

Chart 2
Telephonic Application Volume SFY 2015



The top reasons for calls, in order of frequency, were: 1) apply for new coverage; 2) ask a general question about the Medicaid or FAMIS programs; 3) ask about health care coverage and benefits; 4) inquire about the status of their application or renewal; and 5) complete a telephonic renewal.

Cost

Contract experience has differed from initially estimated metrics. Call center volume has not been as high as expected. This is likely in part due to limited promotion of the call center. The call handle time, however, has been much longer than expected. DMAS believes this is largely due to the length of the single streamlined application and the VaCMS system navigation design. The greater time needed for each call resulted in fewer calls that CSR could respond to in a day. This longer handle time increased staffing needs in the call center.

For SFY 2015, DMAS paid Xerox approximately $983,295 per month or $11,799,546.61 for the year for the MAGI related call center services at Cover Virginia. A cost allocation method was applied to all expenditures for the purpose of claiming the federal share of the costs. Ninety-five percent of all costs were allocated to Medicaid. Medicaid costs are reimbursed at either the 75% enhanced Federal Financial Participation (FFP) match rate, or at the 50% regular FFP match rate. Five percent of all costs were allocated to CHIP at a federal match rate of 65%. (Note: *In Federal Fiscal Year 2016, the CHIP federal match rate will increase to 88%*). This equated to a total cost allocation of $3,130,883.95 (state) and $8,668,662.66 (federal) for SFY2015. In addition, DMAS pays monthly postage costs as a pass-through expense which totals approximately $5,000 - $7,000 per month. DMAS has negotiated with Xerox to reduce the cost of the contract for SFY 2016 based on actual call volume and a reduction in the agency's administrative budget.