



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

CYNTHIA B. JONES
DIRECTOR

October 28, 2016

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
800/343-0634 (TDD)
www.dmas.virginia.gov

MEMORANDUM

TO: 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

Daniel Timberlake
Director, Department of Planning and Budget

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

A handwritten signature in cursive script that reads 'Cynthia B. Jones'.

SUBJECT: Annual Report on the Cover Virginia Call Center for SFY 2016

The 2016 Appropriation Act, Item 310G 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 costs 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 about this report, 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, celebrated 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%, so Virginia receives \$1 of federal matching funds for every \$1 Virginia spends on Medicaid.

Medicaid is primarily available to children in families with low-income, pregnant women, elderly, individuals with disabilities, and parents below strict income limits.

DMAS also administers Virginia's Children's Health Insurance Program (CHIP) known as FAMIS. FAMIS covers children and pregnant women in families earning too much to qualify for Medicaid but too little to afford private insurance.

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



Report to the General Assembly On the Cover Virginia Call Center for SFY 2016 (July 1, 2015 – June 30, 2016) from the Department of Medical Assistance Services

Report Mandate: Budget Item 310G, Chapter 780 (2016 Appropriation Act) 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 costs 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. The contract was subsequently renegotiated based on actual call volumes and to realize General Assembly mandated cost savings for SFY 2016. The new contract modification went into effect in November 2015.

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. Key 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.

The Cover Virginia call center contract requires the contractor to:

- 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 adequate staff members to provide application and renewal assistance over the phone, answer questions regarding application status and provide general information for the expected call volume. The call center must have the capacity to handle up to 47,500 Customer Service Representative (CSR) calls a month with an average handle time of 18 minutes per call. (Note: *Contractual call volumes vary by month. The contract is designed to take into account higher call volumes during the federal Marketplace open enrollment and the annual Back-to-School enrollment campaign and lower volumes during the summer months for example.*);
- Ensure CSRs complete 160 hours of training with requirement to pass a comprehensive exam with a 95 percent proficiency on critical eligibility factors and a 90 percent score or higher on general program knowledge before being permitted to process applications on the production floor. Following the successful completion of the classroom training and exam, CSRs must complete another 80 hours of side-by-side or "nesting" training before taking calls independently;
- Answer 90 percent of CSR calls within 90 seconds on a monthly basis;
- Maintain a 5 percent 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;
- Maintain an Interactive Voice Response (IVR) system that is available 24 hours per day, 7 days a week for customer self-service;
- Capture and store telephonic electronic signatures for all applications submitted;
- Provide necessary systems and software for effective monitoring and controlling of work products;
- Maintain a quality assurance unit to ensure 10 percent of CSR calls are monitored and a quality score of 95 percent or higher is maintained on a monthly basis;
- Record and store 100 percent of calls to support quality assurance and issue resolution;
- 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;
- Assist with address and phone number changes and forward to LDSS for appropriate system updates;

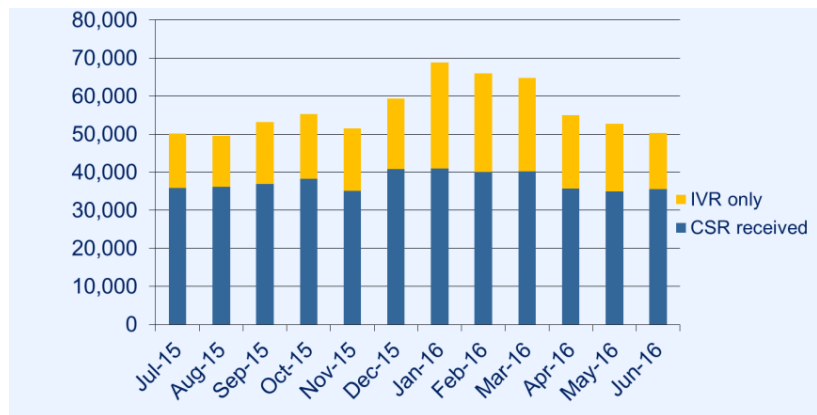
- Assist FAMIS and FAMIS MOMS members with managed care plan selection and enrollment, and plan changes;
- Cover Virginia call center also provides backup cross-trained staff to assist the GAP program with afterhours and weekend callers.
- Provide the infrastructure to handle and track calls automatically 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; and
- Develop and maintain the coverva.org website for Medicaid/FAMIS applicants and enrollees.

Failures to meet contract deliverables are swiftly addressed and may include submission of corrective action plans. In addition, failure to meet key SLAs results in automatic monetary penalties.

FY 2016 Operational Highlights

- Cover Virginia received 701,655 calls during SFY 2016 with just over 1/3 of the callers served by the IVR without speaking to a representative (See Chart1).
- CSRs provided direct assistance to 450,275 callers (See Chart 1) with an average handle time of 18.26 minutes, far longer than the original estimated time of approximately 8 minutes.

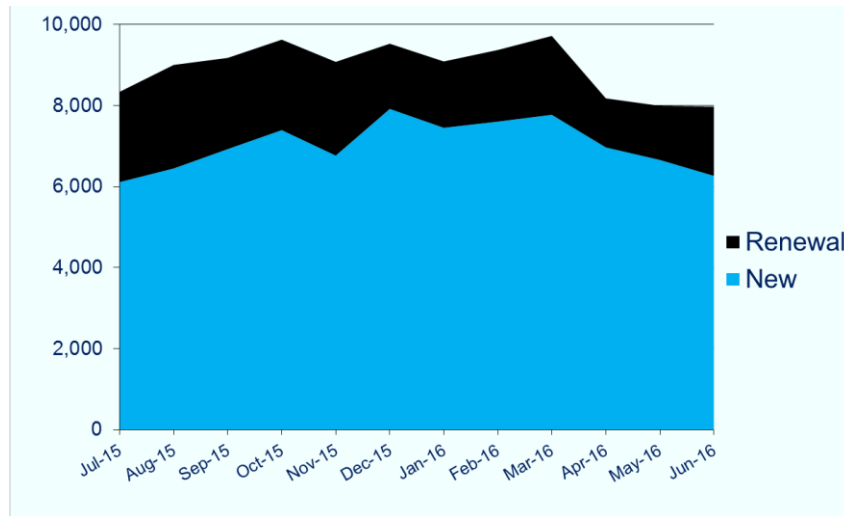
Chart 1
Call Volume SFY 2016



- During SFY 2016, the average monthly CSR call volume was just over 37,500 calls. This represents an increase in monthly CSR call volume of about 9,000 calls over SFY 2015 average monthly call volume.
- Cover Virginia utilizes telephonic interpreter services to provide customer service in over 200 languages.
- During SFY 2016, Cover Virginia provided interpretation services to over 50,000 callers. Approximately 15 percent of all callers speak Spanish.
- For SFY 2016, Cover Virginia staff answered 91 percent of calls within 90 seconds, exceeding the SLA of 90 percent. Overall for the year, calls were answered in an average of 35 seconds.
- The contractor also exceeded the abandonment rate SLA of no more than 5 percent. For SFY 2016, the abandonment rate was 1.9 percent.
- Utilizing technology to capture telephonic signatures, Cover Virginia CSRs received and submitted 84,302 telephonic applications and 22,800 telephonic renewals for Medicaid and FAMIS enrollees in SFY 2016 (See Chart 2). Use of telephonic renewal has grown since implementation on August 25, 2014, with 37,000 renewal applications submitted telephonically since inception. These renewal applications are forwarded to LDSS for processing.

- Quality Assurance monitoring was performed on 10 percent of all CSR calls, and the contractor met or exceeded the 95 percent quality SLA each month during SFY 2016.

Chart 2
Telephonic Application Volume SFY 2016



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

In the first year of operations, the actual call volume and handle time differed substantially from initial contractual estimates. While call volume was lower than expected, the call handle time was much longer. Based on this data, DMAS renegotiated the contract resulting in a decrease in cost. This new contract modification was effective November 2015.

For SFY 2016, DMAS paid Xerox \$962,055 per month from April –June 2016 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 percent enhanced Federal Financial Participation (FFP) match rate, or at the 50 percent regular FFP match rate. Five percent of all costs were allocated to CHIP at a federal match rate of 65 percent through September 2015 and 88 percent effective October 2015. This equates to a total cost allocation of approximately \$699,420 (state) and \$2,166,390 (federal) for services provided this quarter. In addition, DMAS pays monthly pass-through expenses for postage costs which total approximately \$3,500 per month.

Conclusion

The Cover Virginia call center remains a vital part of the Medicaid and FAMIS application and enrollment infrastructure. In SFY 2016, Cover Virginia received over 700,000 calls and assisted callers

in submitting over 84,000 Medicaid and FAMIS telephonic applications and over 22,500 renewal applications. The Department and its contractor continue to adjust Cover Virginia operations in response to evolving VaCMS system capabilities, to meet the Commonwealth's needs, and to provide excellent customer service to Virginia families seeking coverage under Medicaid or FAMIS.