



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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December 1, 2016

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

SUBJECT: Report on the Cover Virginia Centralized Processing Unit
First Quarter of SFY 2017 July 1, 2016 – September 30, 2016

The 2016 Appropriation Act, Item 310I states the Department of Medical Assistance Services shall report to the Director, Department of Planning and Budget and the Chairman of the House Appropriations and Senate Finance Committees on the number of applications processed by the Cover Virginia Centralized Processing Unit (CPU) on a monthly basis and payments made to the contractor. The report shall be submitted no later than 30 days after the end of each quarter of the fiscal year. This report covers the first quarter of SFY 2017.

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, 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 Central Processing Unit First Quarter of SFY 2017

July 1, 2016 – September 30, 2016

Report Mandate: Chapter 780, Item 310I of the 2016 Appropriation Act, states the Department of Medical Assistance Services shall report to the Director, Department of Planning and Budget and the Chairman of the House Appropriations and Senate Finance Committees on the number of applications processed by the Cover Virginia Centralized Processing Unit (CPU) on a monthly basis and payments made to the contractor. The report shall be submitted no later than 30 days after the end of each quarter of the fiscal year.

Background

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. Virginia began using a new Eligibility and Enrollment System, VaCMS, October 1, 2013 and started receiving applications on-line through CommonHelp, by phone through Cover Virginia, and by paper at local Departments of Social Services (LDSS). Both the media coverage and promotion of the new health insurance options through the Marketplace and through surrounding states' Medicaid Expansions caused a 70 percent increase in applications received at Virginia LDSS agencies in the first six months as compared to the same six month period in the previous year. In addition, the new federal Marketplace began sending applications to Virginia that were screened as eligible for Medicaid or FAMIS but required a final determination be completed by the Commonwealth.

In order to address the increased volume of applications and comply with state and federal regulations on timeliness of processing, DMAS used emergency authority provided in the 2013 Appropriation Act, Chapter 806, Item 310 J to leverage the existing Cover Virginia (CV) contract with Xerox, under DMAS' Medicaid Management Information System (MMIS) contract, to establish an eligibility central processing unit (CPU).

The Cover Virginia CPU was scheduled to begin operations in November 2014 to align with the second federal Marketplace open enrollment and to alleviate some of the ongoing LDSS workload. However, to address the Commonwealth’s needs to process the aging backlog of federal Marketplace applications transferred to Virginia during the first open enrollment, a special unit was set up at Cover Virginia in August 2014 to process 47,000 backlogged federal Marketplace applications.

DMAS based the original Cover Virginia CPU contract components on twelve years of experience with the FAMIS CPU and knowledge of Medicaid eligibility processing. The contract was subsequently renegotiated based on reduced application volumes and to realize General Assembly mandated cost savings. The new contract modification went into effect in November 2015.

Along with expected seasonal variation in application submissions, changes in system access and workflow continue to produce significant fluctuation in application volume for the CPU. As of July 2016, certain online applications are now routed to Cover Virginia for processing while telephonic and marketplace applications with other active benefits (e.g., SNAP or TANF) no longer go to the CPU, but are routed to local agencies.

SFY 2017 Operational Highlights

- The Cover Virginia CPU received a total of 25,054 applications during the first quarter of SFY 2017 (See Chart 1). This represents a 32 percent increase from the previous quarter.
- A total of 10,989 telephonic applications (RDE), 8,429 CommonHelp (online), and 5,636 federal Marketplace applications were received in the first quarter SFY 2017 (see Chart 2).
- The average monthly volume of applications received during the first quarter was 8,351.
- The Contractor processed 99.52% of applications determined in the first quarter within the 45 day processing guidelines.
- The contractor met the contractual requirement of reviewing 10 percent of determined applications during the quarter. Of the 2,510 applications audited, the contractor exceeded the 95 percent quality requirement with an average 96 percent accuracy score.
- In the first quarter 45.1% of applications processed to a decision were approved and 54.9% were denied.

Chart 1
Total Application Volume Q1 SFY 2017

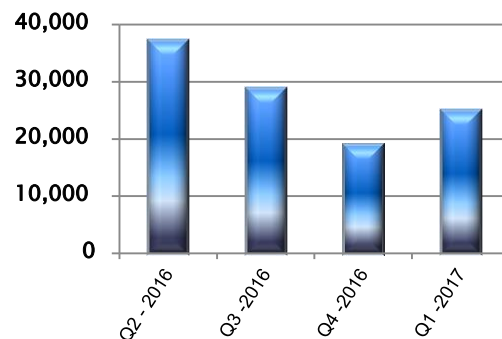
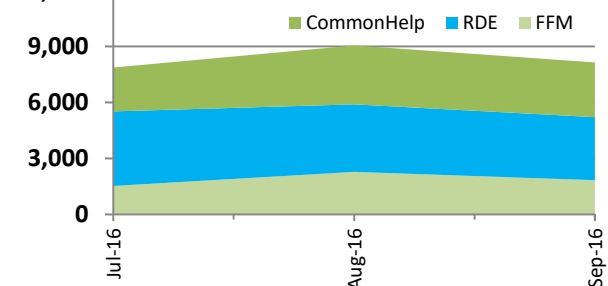


Chart 2
Source of Applications Q1 SFY 2017



Cost

For the first quarter of SFY 2017, per the contract, DMAS paid Xerox \$1,011,976 per month or \$3,035,927 for the quarter for the MAGI related application processing and eligibility services at the Cover Virginia CPU. A cost allocation method is applied to all expenditures for the purpose of claiming the federal share of the costs. Ninety 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. The enhanced 75 percent FFP is available for qualifying eligibility and enrollment operational activities such as eligibility determination and issuing notices. Ten percent of all costs are allocated to Virginia's Children's Health Insurance Program at a federal match rate of 88 percent. This equates to a total cost allocation of approximately \$719,515 (state) and \$2,316,412 (federal) for services provided this quarter. In addition, DMAS pays monthly pass-through expenses for postage costs which total approximately \$7,000 per month and monthly TALX (a private database DMAS uses where employer's report income) electronic income verification costs which total approximately \$61,120 per month.

Conclusion

In the first quarter of SFY 2017, the Cover Virginia CPU received just over 25,000 Medicaid and FAMIS applications for processing. While some of these applications were subsequently transferred to local agencies for a final determination, overall this represents approximately 25% of all Medicaid/FAMIS applications received by the Commonwealth for this quarter. In addition, Cover Virginia continued to process all applications for the GAP program for applicants with serious mental illness, expedite the enrollment of babies born to mothers covered by Medicaid, and facilitated the enrollment of individuals presumptively determined eligible by hospitals. The Cover Virginia CPU remains a valuable component of Medicaid and FAMIS enrollment operations in Virginia.