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Department of Medical Assistance Services

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August 1, 2017

MEMORANDUM

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

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: Quarterly Report on Progress of the Financial Alignment Demonstration for Medicare-Medicaid Enrollees (4th Quarter – State Fiscal Year 2017)

The 2016 Appropriation Act, Item 306 AAAA and ZZ(2) requires a quarterly report on the implementation of the Commonwealth Coordinated Care program, including information on program enrollment, the ability of Medicare and Medicaid Managed Care Plans to ensure a robust provider network, resolution of provider concerns regarding the cost and technical difficulties in participating in the program, quality of care, and progress in resolving issues related to federal Medicare requirements which impede the efficient and effective delivery of care.

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

Quarterly Report on Progress of the Financial Alignment Demonstration for Medicare-Medicaid Enrollees (4th Quarter – State Fiscal Year 2017)

A Report to the Virginia General Assembly *August 1, 2017*

Report Mandate:

The 2016 Appropriation Act, Item 306 AAAA (1) requires:

"The Department of Medical Assistance Services (DMAS) shall provide quarterly reports beginning on July 1, 2015, to the Governor, Director, Department of Planning and Budget and Chairmen of the House Appropriations and Senate Finance Committees on the implementation of the Commonwealth Coordinated Care program, including information on program enrollment, the ability of Medicare and Medicaid Managed Care Plans to ensure a robust provider network, resolution of provider concerns regarding the cost and technical difficulties in participating in the program, quality of care, and progress in resolving issues related to federal Medicare requirements which impede the efficient and effective delivery of care."

Background

The Commonwealth Coordinated Care (CCC) program provides all Medicare Parts A, B, and D benefits, as well as the majority of Medicaid benefits, including medical services, behavioral health services, and both institutional and community-based long term services and supports to CCC enrollees through contracted Medicare Medicaid Plans (MMPs). CCC enrollment is offered to Virginians over age 21 who are eligible for both full Medicare and Medicaid benefits. DMAS and the Centers for Medicare & Medicaid Services (CMS) contract with three MMPs: HealthKeepers, Humana, and Virginia Premier to provide the CCC program.

CCC is a voluntary program and allows members to opt in or out at any time. The program began in March 2014 and phased in enrollment across five regions of the state: Central Virginia, Tidewater, Roanoke, Western/Charlottesville, and Northern Virginia. CCC has operated for three years in addition to the initial enrollment year. DMAS submits an annual report, as well as quarterly reports on the implementation progress of CCC. The reports can be viewed on Virginia's Legislative Information System webpage.

CCC is scheduled to sunset on December 31, 2017. DMAS is using lessons learned from this program to plan for CCC's transition to CCC Plus. CCC has provided DMAS significant experience and DMAS looks forward to building on this to ensure that CCC Plus is also a success. CCC Plus will expand upon the principles of coordinated care, operate statewide, and serve individuals with complex care needs across the full continuum of care. All individuals eligible for

About DMAS and Medicaid

DMAS's mission is to ensure Virginia's Medicaid enrollees receive high quality and cost effective health care.

Medicaid plays a critical role in the lives of over a million Virginians, providing health care for those most in need. Medicaid enrollees include children, pregnant women, parents and care takers, older adults and individuals with disabilities. Virginians must meet income thresholds and other eligibility criteria before qualifying to receive Medicaid benefits.

Medicaid covers primary health care services, inpatient and outpatient services that support individuals in need of behavioral health support including addiction and recovery treatment. Medicaid also covers long term supports and services, making it possible for thousands of Virginians to remain in their homes or to access residential and nursing home care.

Quick Medicaid facts:

- Covers 1 in 8 Virginians
- Covers 1 in 3 births and 33% of children
- Supports 2 in 3 nursing facility residents

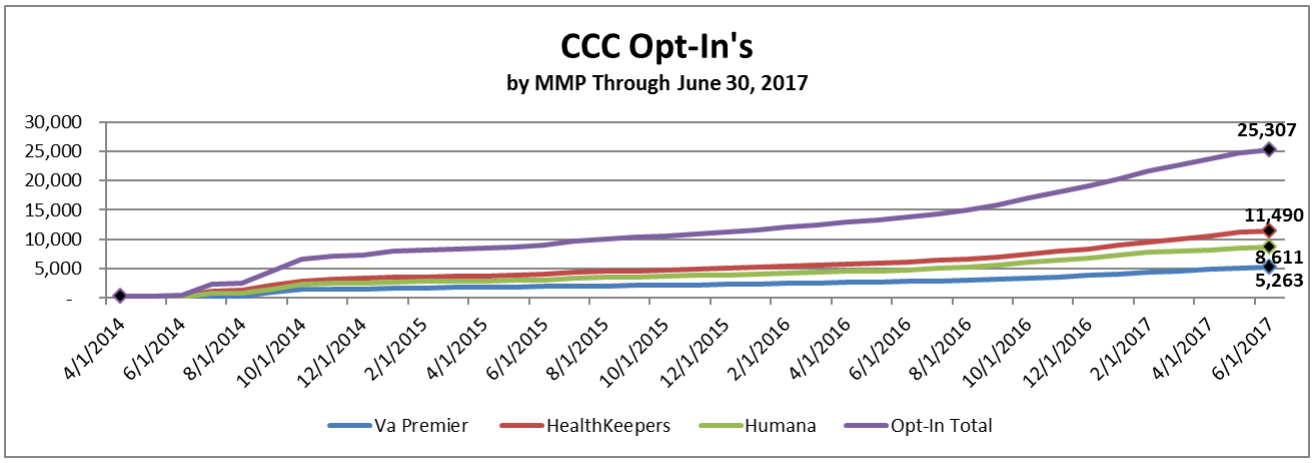
Virginia Medicaid and Children's Health Insurance Program (CHIP) is administered by the Department of Medical Assistance Services (DMAS) and is jointly funded by Virginia and the federal government under the Title XIX and Title XXI of the Social Security Act. Virginia generally receives $1 of federal matching funds for every $1 Virginia spends on Medicaid.

CCC (including those opting in or opting out) will transition to CCC Plus. CMS and DMAS continue discussions on coordinating the successful transition of CCC members into CCC Plus. Recently both parties have come to an agreement that CCC members will be enrolled with the same health plan for their CCC Plus services so long as their CCC plan is also participating in CCC Plus. This includes CMS enrolling some of the current members into the health plan's Medicare Advantage – Dual Eligible Special Needs Plans. Members will have the opportunity to change health plans during the initial transition period and then again during the CCC Plus open enrollment period.

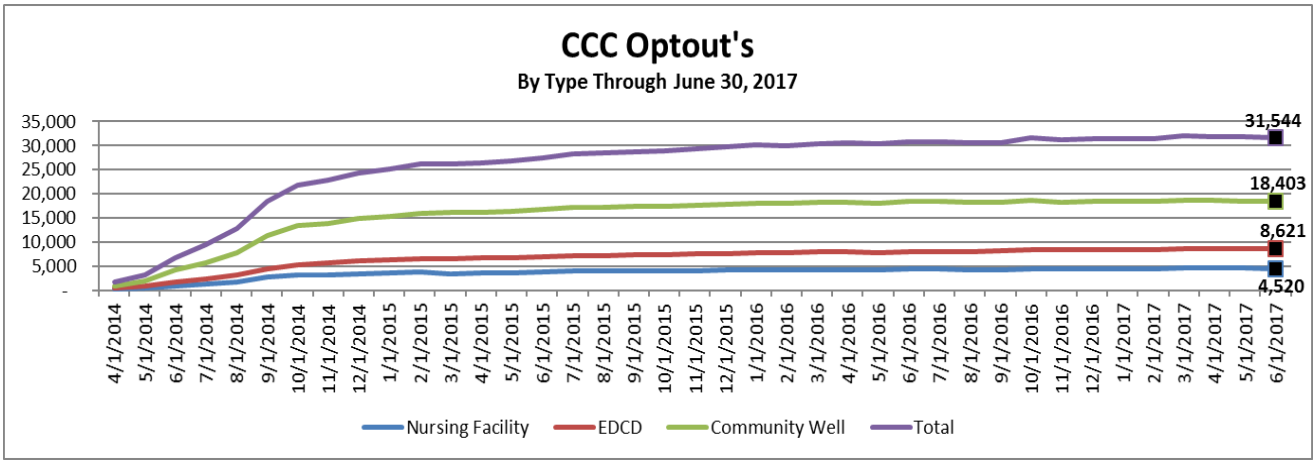
Enrollment

The number of members enrolled in CCC has decreased in the fourth quarter of FY 2017. Total enrollment was down by roughly 7,000 from the previous quarter. DMAS expected this change as the Agency is beginning to sunset CCC and is no longer able to passively enroll eligible individuals into CCC. This was a CMS requirement as enrolling someone into a health plan for only a few months would be disruptive and possibly detrimental to their health care needs. DMAS expects this trend to continue through the sunset of the program on December 31, 2017.

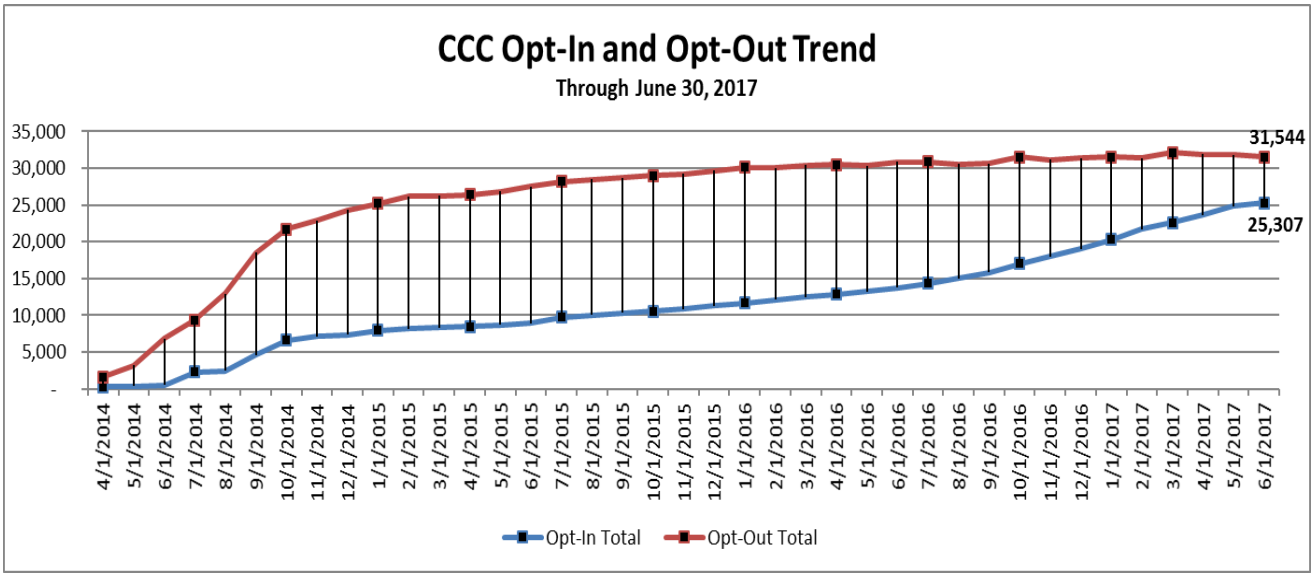
As of July 1, 2017 there are 35,307 total CCC enrollees. Of that total, 11,490 (45%) are enrolled with Anthem; 8,611 (34%) are enrolled with Humana; and 5,263 (21%) are with Virginia Premier. The distribution of members between the MMPs is largely, though not exclusively, due to the size of the MMPs' provider networks. Since Anthem and Humana meet network adequacy requirements in more localities, they receive more members through the automated intelligent assignment process, which uses an algorithm to assign members to a specific health plan based on previous Medicare managed care enrollment and historic utilization.



The number of individuals eligible who opt-out and dis-enroll from CCC also decreased in the fourth quarter. As of March 1, 2017 there were 32,109 opt-outs and dis-enrollments compared to 31,544 on June 1, 2017. This decrease can also be tied to the sunset of the program because as there are fewer people to passively assign there are fewer people to opt out. The majority (58%) of opt-outs come from the "community well" (not living in a nursing facility and not on the Elderly or Disabled with Consumer Direction (EDCD) Waiver) population. DMAS and the CCC health plans continue to work toward reducing the number of opt-outs and dis-enrollments through outreach and education efforts, as well as through efforts aimed at reducing waiting periods for the member's first contact with the MMP Care Coordination staff.



While there was a slowing of opt-out rates, it was outpaced by the decrease in the number of people opting in resulting in roughly 6,000 fewer members than opt-outs. We expect this trend to continue through the sunset of the program as well.



Operational Enhancements

There were no operational enhancements made this quarter. As we have passed the implementation phase and are now working on planning the closure of CCC no further enhancements are foreseen; however, DMAS will continue to monitor the program and will make changes as needed.

Network Adequacy

Federal managed care regulations require health plans to demonstrate sufficient provider networks in localities. The MMPs are thus required to annually demonstrate that they have an adequate provider network as approved by CMS and DMAS to ensure members have access to medical, behavioral health, pharmacy, and long-term services and supports. This includes ensuring that providers are appropriate for addressing the needs of the enrolled population. As required in the three-way contract, MMPs must maintain a provider network sufficient to provide all members with access to the full range of covered services, including behavioral health services, specialty services, and all other services required by federal and state regulations. Additionally, MMPs must immediately notify both CMS and DMAS of any significant provider network changes.

Network adequacy is determined at the local level. As part of the Medicare network review, plans are required to meet the current Medicare Advantage standards, which require MMP networks to be sufficient to serve the total Medicare eligible

population within a locality. For Medicaid specific services, the plans were required to demonstrate that at least two providers for each service are available to enrollees. Joint CMS and DMAS Contract Monitoring Teams review each MMP's network submission. Additionally, CMS employed a contractor to audit each MMP's network to ensure all requirements are met.

There were no significant changes (addition or loss of a locality due to network adequacy standards) by any of the MMPs for FY 2017.

Resolution of Provider Concerns

CCC and MMP staff offer several avenues for providers to submit feedback, have their concerns addressed, and ask questions. These opportunities include the dedicated CCC email, the Quarterly CCC Advisory Committee meetings, targeted stakeholder meetings, individual MMP conference calls with providers, and the Ombudsman's outreach efforts. DMAS CCC staff is available to receive feedback, answer questions, and assist with issue resolution.

In the previous year DMAS and the MMPs ended the joint provider conference calls due to significantly decreased demand. There were no requests to hold joint DMAS/MMP/provider calls in the past quarter. DMAS and the MMPs consider this to be an indicator of ongoing operational success. DMAS also believes the joint provider conference call model to be a best practice from the CCC program and will be requiring a similar coordinated call monitoring structure for all contracted Commonwealth Coordinated Care Plus (CCC Plus) plans.

However, to ensure against regression and to improve the effectiveness of care coordination activities, CCC staff will resume hosting conference calls with MMP care coordinators. These calls were suspended due to scheduling conflicts. During these calls, CCC staff can address non-urgent issues or concerns raised by providers or other stakeholders, provide ongoing program education, and answer care coordinator questions. This forum has also served as a platform for the MMPs to share information with each other. Information regarding CCC member transition to CCC Plus will be addressed on future calls.

No new issues have been brought to the attention of DMAS or the MMPs that indicate any widespread problems with provider reimbursement or cost to participate. DMAS and MMP staff worked with the Virginia Association of Health Plans (VAHP) and the Virginia Health Care Association (VHCA) to resolve issues discussed in a previous report (Report Document No. 200; July, 2015). MMPs successfully implemented the mutually agreed upon modifications and, due to decreased demand, these meetings were suspended. If needed, these meetings can be re-established in the future. There have been no further significant issues identified by VHCA. DMAS will also continue addressing the concerns and questions raised by individual providers as they come to the Agency's attention.

Quality

DMAS has been working with our External Quality Review Organization contractor, Health Systems Advisory Group (HSAG), on the MMP CY 2017 Performance Measure Validation. This process will ensure all data reported by the MMP's is reliable and valid. Offsite reviews of MMP quality management policies, procedures and source code review were conducted in April and May. Onsite visits were completed in June, 2017. The performance measure validation reports from HSAG are due to DMAS in late fall. DMAS will make final reports available online once they are finalized.

Additionally, CCC staff continues to monitor the annual MMP quality improvement projects to ensure effectiveness and to proactively identify issues that may require special attention. Staff are utilizing data from our regular monthly, quarterly and annual reporting requirements along with the monthly health plan dashboard. This information is being used to inform current and future evaluation and oversight activities.

Summary

Virginia's Medicare-Medicaid beneficiaries face a unique set of challenges and barriers to well-being including multiple chronic health conditions, co-occurring behavioral health needs, physical disabilities, and socioeconomic disparities.

DMAS, CMS and the three MMPs strive to address these challenges and improve the quality of life for the members enrolled in the CCC program and their families. DMAS continues to strengthen the program by improving information management systems, ensuring robust provider networks, monitoring the quality of care, and continuing stakeholder engagement.

CCC's scheduled sunset on December 31, 2017 is aligned with the phase in of CCC Plus. CCC has provided DMAS significant experience and DMAS looks forward to building on this to ensure that CCC Plus is also a success.