



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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August 1, 2017

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
Fourth Quarter of SFY 2017 April 1, 2017 – June 30, 2017

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 fourth 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

Quarterly: The Cover Virginia Central Processing Unit- Q4, FY2017

A Report to the General Assembly

August 1, 2017

Report Mandate:

Chapter 836, Item 310 I. 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.

In addition to the eligibility processing center, Cover Virginia operations also include a federally mandated call center and website. In order to provide a comprehensive review, information is included on the performance of those services as well.

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 Children's Health Insurance Programs (CHIP). These changes included 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. Virginia began using a new Eligibility and Enrollment System, VaCMS on October 1, 2013, started receiving applications on-line through CommonHelp, by phone through Cover Virginia, and by paper at Local Departments of Social Services (LDSS). The media coverage and promotion of the new health insurance options through the Marketplace and surrounding states' Medicaid Expansions caused a 70 percent increase in applications received at Virginia LDSS agencies in the first six months of implementation of PPACA (October 2013 – March 2014) 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 Family Access to Medical Insurance Security (FAMIS- Virginia's CHIP program) but required the Commonwealth to complete a final determination.

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 (now Conduent), under DMAS' Medicaid Management Information System (MMIS) contract, to establish Cover Virginia. Cover Virginia is the umbrella name for several contracted functions that support Medicaid/FAMIS applicants and enrollees.

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, and 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) are administered by the Department of Medical Assistance Services (DMAS) and are 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.

Cover Virginia 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 and process the 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 (prior to the scheduled CPU launch) to process 47,000 backlogged federal Marketplace (FFM) applications.

DMAS based the original Cover Virginia CPU contract on thirteen 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 contract is adjusted annually based on available resources and anticipated volume. The current contract modification went into effect in July 2016.

Spenddown Evaluations

DMAS staff located at Cover Virginia will begin evaluating applications for individuals that are determined over-income for Medicaid but may have medical expenses which could reduce or "spenddown" their income to the "Medically Needy Spenddown" income level for eligibility. Currently, if the CPU determines an applicant is over-income for Medicaid, the application is assigned to a locality to hold until the applicant has the opportunity to provide additional information. To simplify the process, the CPU will begin keeping these applications and awaiting receipt of any additional information provided for spenddown evaluation. DMAS staff at Cover Virginia will make the final evaluation for spenddown eligibility or deny these cases if the applicant does not respond. The expected volume will vary from 500 to 600 evaluations per month.

State Fiscal Year (SFY) 2017 Operational Highlights

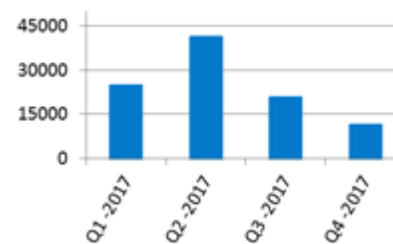
Application Volume

The Cover Virginia CPU received 11,771 new applications during the 4th quarter of SFY 2017 (See Chart 1). This represents a 44 percent decrease from the previous quarter. The 4th quarter encompassed three months of post conversion of the Supplemental

Nutritional Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) into the Virginia Case Management System (VaCMS). Medicaid applications with active SNAP and TANF cases are now routed directly to the applicable locality rather than passing through Cover Virginia. The SNAP and TANF conversion lowered the volume of applications routed to the CPU by approximately 45-47 percent.

Another significant source of applications to the CPU was online applications from CommonHelp; however, these were suspended during the third quarter. This suspension was put in place to enable the Cover Virginia CPU to focus its resources on the unexpected volume of FFM applications received during Open Enrollment.

Chart 1 – Total New Application Volume Q4 SFY 2017



Source: Cover Virginia Monthly Reports

Average Monthly Volume

The average monthly volume of new applications received during the 4th quarter was approximately 3,924.

Source of Applications

The Cover Virginia CPU received 6,620 telephonic applications (Rapid Data Entry - RDE) and 5,151 FFM applications during the 4th quarter.

Quality Ratings

The CPU contract requires that "Penalties that are predicated upon the accuracy of volume assumptions shall not be assessed in any month where the volumes fluctuate fifteen (15) percent above or below the stated volume assumption." During the federal open enrollment period volumes far exceeded this limit and the contractor was relieved of any penalties regarding timely processing of these applications until their completion. (See explanation of volumes in following sections)

Approvals/Denials

In the 4th quarter, 18 percent of applications were approved, 41 percent were denied, and 41 percent were transferred to the appropriate locality in a pending status.

Applications Exceeded Contractual Volumes in the 4th Quarter of SFY 2017

The contractual modification effective July 1, 2016, included forecasted volumes of applications to be received by the CPU based upon prior experience and certain assumptions. The contractor is expected to maintain a staffing level to meet the contractual service level agreements (SLAs) for 115 percent of the monthly forecasted volumes.

Applications determined by the CPU included a mix of new applications and the ongoing processing of backlog FFM applications that were received during the 2016 open enrollment period. During the 2016 FFM open enrollment period, the number of applications received by Cover Virginia was 184 percent higher than the number of applications forecasted. This resulted in a significant backlog of applications requiring processing by the CPU.

The new applications received from all sources for the 4th quarter totaled 11,771, which was 19 percent less than the forecasted (contracted/staffed) volume of 13,971 new applications for the period April - June. Therefore, during this quarter while the CPU was processing a significant backlog of applications from the federal Marketplace they did experience some relief with this reduction in incoming new application volumes. The CPU returned application processing to full compliance with timeliness standards at the end of July 2017.

In an effort to minimize the impact of the processing delay on applicants, DMAS worked with VDSS and the contractor to implement new processes and utilize all possible resources to address the backlog. The following steps were implemented during the fourth quarter:

- Turning off the flow of online Medicaid-only applications to the CPU as of January 9, 2017. These cases were routed to localities for processing;
- Requiring compliance with the 45-day processing timeframe for all new applications to prevent adding to the backlog;

- Prioritizing applications from pregnant women or applicants with an urgent medical need regardless of the source of application;
- Monitoring complaints and inquiries received at the call center on a daily basis in order to elevate certain applications;
- Providing limited additional funding from DMAS to support required overtime and retention of some staff originally scheduled to be released at the end of open enrollment – the contractor also funded voluntary overtime at their expense;
- Temporarily reassigning contractor staff from quality assurance and the training units who are knowledgeable in Medicaid eligibility determinations – and a concurrent reduction in contractual performance requirements in certain areas. DMAS contract monitors assumed a greater role in performing quality reviews during this time; and
- Temporarily reassigning DMAS staff (experienced eligibility workers) from the Advanced Resolution Center to support processing of the backlog.

DMAS communicates weekly with CMS to update progress on the overdue cases. CMS has been appreciative of the efforts made given the budgetary constraints and has provided work plans from other states that also experienced a backlog.

Processing of Special Populations

Hospital Presumptive Eligibility

The Cover Virginia CPU also administers special processes that facilitate compliance with the required hospital presumptive eligibility (HPE) program. During this quarter, the CPU processed 70 HPE enrollments and determined seven more as already actively enrolled in Medicaid.

Newborn Enrollment

The CPU also provides for expedited enrollment of babies born to a woman covered by Medicaid at time of birth. During this quarter, 4,655 newborns were enrolled through the expedited process.

Incarcerated Individuals

In November 2016, DMAS launched a special pilot project to facilitate applications for incarcerated pregnant women at Riverside Regional Jail (RRJ) and provided a streamlined telephonic application process. A representative at RRJ schedules an appointment with the call center representative to have the inmate

available for a telephonic application interview. Since inception through the end of June, fifteen (15) pregnant women have been enrolled in a limited benefit Medicaid category and are maintained by a DMAS eligibility worker at Cover Virginia until the pregnancy is complete or the inmate is released from jail.

Governor's Access Plan (GAP) Program

The Department contracts for the Governor's Access Plan (GAP) call center and eligibility determination unit with Conduent. This unit is located in the same operational space with Cover Virginia but staffing is separate. The GAP unit went live in January 2015 and accepts telephonic applications from the general public and community service boards (CSBs) for individuals with a serious mental illness (SMI). The contractor developed an online application portal for CSBs to streamline the application process. In the 4th quarter of SFY 2017:

- The Cover Virginia GAP unit received 6,993 calls.
- The call center achieved the contractual standards and answered 90 percent of calls within 90 seconds and did not exceed a call-abandoned rate of 5 percent.
- The GAP eligibility-processing unit received 2,650 applications (55 percent telephonic and 45 percent online directly from CSBs).
- The GAP unit approved 1,377 new enrollments and issued 711 denials (final determination is not necessarily completed in the month received). The primary reason for denials remains failure to provide information necessary to determine eligibility.
- In the 4th quarter, 2,128 GAP members were renewed with 94 percent of renewals approved through the automated process. Cancellations for the quarter included 105 members who lost coverage.
- The GAP eligibility unit is required to process an application within 8 business days. In this quarter, Conduent achieved all SLAs for the 4th quarter.
- During this quarter, the total GAP enrollment exceeded 11,800 individuals.

Cover Virginia Call Center and Website

Call Center

Prior to the creation of the CPU, DMAS contracted with Xerox (now Conduent) to establish a customer call center and website as required by federal regulations. The call center takes applications and renewals by phone and accepts telephonic signatures. Individuals may also request the status of their application/renewal,

report changes, and ask general questions about the Medicaid and FAMIS programs. During tax filing season, the call center also responds to inquiries from enrollees who have received a 1095b tax form regarding their Medicaid/FAMIS coverage. Data for call center activity for the 4th quarter of SFY 2017 is reported below:

- Total call volume for the 4th quarter of SFY 2017 was 152,720, which was a 25 percent decrease over the 3rd quarter of SFY 2017.
- The monthly average number of calls for the 4th quarter was 50,907. Customer service representatives spoke directly with approximately 67 percent of callers to provide assistance and 33 percent of the callers were self-served in the interactive voice response system (IVR).
- The call center took 15,441 new telephonic applications and 4,681 telephonic renewals.
- The call center is required to answer 90 percent of calls within 90 seconds and not exceed a call-abandoned rate of 5 percent. In the 4th quarter, Conduent met all SLAs, including an average quality score of 96%.

Coverva.org

The Coverva.org website went live on October 1, 2013 to coincide with the first Open Enrollment period of the Federal Health Insurance Marketplace. In October 2014, just prior to the second Open Enrollment period, coverva.org went through a major redesign to include expanded information and links related to the Health Insurance Marketplace. The redesign also incorporated a direct link to the CommonHelp online application website and provided additional program information, links, resources and services offered by DMAS. This included information on programs such as GAP, Hospital Presumptive Eligibility, and a new interactive Eligibility Screening Tool, which, to date, has assisted more than 265,200 individuals to estimate their eligibility. In the 4th quarter of SFY 2017:

- www.coverva.org received 106,806 unique visits (unduplicated). (April = 30,782; May = 38,824; June = 37,200);
- This represents a 24 percent decrease over the 3rd quarter of SFY 17. The Spring media campaign, which included TV, Cable, Radio and Digital advertising and ran from mid-May through mid-June did not have the same impact as previous campaigns; the timing of this Spring campaign was later than last year (April/May 2016) - families may have been distracted by end of year school activities.

- During this quarter, the pages visited most on coverva.org were as follows:
 - o FAMIS page = 39,301
 - o Eligibility Tool = 22,635
 - o Plan First page = 8,000
 - o GAP = 5,187
 - o Marketplace page = 3,483

There were no significant changes made to the website during this quarter.

- The most significant change made to the website during this quarter was to update the Health Insurance Marketplace page to reflect the end of the 2017 Open Enrollment Period and the beginning of the Special Enrollment Period.

Cover Virginia Costs

Cover Virginia operates under three separate contract modifications and what follows are the costs allocations for each of these areas of operations.

CPU

For the 4th quarter of SFY 2017, DMAS paid Conduent \$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. MAGI related applications include children under 19, pregnant and low income families and children, Plan First and former foster care individuals under the age of 26. 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 CHIP at a federal match rate of 88 percent. This equates to a total cost allocation of approximately \$239,838 (state) and \$772,137 (federal)

for services provided this quarter. In addition, DMAS pays monthly pass-through expenses for postage costs which total approximately \$2,670 per month and \$61,120 per month for TALX, a private database DMAS uses to verify income.

GAP

For the 4th quarter of SFY 2017, DMAS paid Conduent \$148,000 per month or \$444,000 for the quarter for operation of the GAP call center and eligibility-processing unit. Pass through postage expenses totaled approximately \$2,300 per month.

Call Center and Website

For the 4th quarter of SFY 2017, per the contract, DMAS paid Conduent \$1,015,930 per month or \$3,047,790 for the quarter for the Call Center and website related functions. A cost allocation is applied to all expenditures whereby 90 percent of all costs were allocated to Medicaid. Medicaid costs are reimbursed at either the 75 percent enhanced federal match rate or at the 50 percent regular match rate. Ten percent of all costs are allocated to CHIP at a federal match rate of 88 percent. This equates to a total cost allocation of approximately \$240,775.41 (state) and \$775,154.59 (federal) for services provided this quarter. In addition, DMAS pays monthly pass-through expense for postage costs which total approximately \$3,300 per month.

Summary

Cover Virginia continues to assist citizens of the Commonwealth by providing valuable information on Medicaid and CHIP through the call center and website, processing thousands of applications at the CPU and processing all applications for the GAP program in a specialized unit. These services enable eligible Virginians to access needed healthcare services in a timely manner.