



# COMMONWEALTH of VIRGINIA

*Department of Planning and Budget*

DANIEL S. TIMBERLAKE  
Director

1111 E. Broad Street  
Room 5040  
Richmond, VA 23219-1922

November 1, 2017

The Honorable Thomas K. Norment, Jr.  
Co-Chairman, Finance Committee  
Senate of Virginia  
Post Office Box 6205  
Williamsburg, Virginia 23188

The Honorable Stephen D. Newman  
Chairman, Education and Health Committee  
Senate of Virginia  
Post Office Box 480  
Forest, Virginia 24551

The Honorable Emmett W. Hanger, Jr.  
Co-Chairman, Finance Committee  
Senate of Virginia  
Post Office Box 2  
Mount Solon, Virginia 22843-0002

Dear Senators Norment, Hanger, and Newman:

Pursuant to Item 310, Paragraph A., Chapter 836, 2017 Acts of Assembly, please find enclosed the official consensus forecast of Virginia General Medicaid, Behavioral Health, and Long-Term Care expenditures through fiscal year 2020. Please note that the current estimates for Medicare Part A and B premiums are subject to change upon the release of the official rates by the Centers for Medicare and Medicaid Services. These rates are not yet available; therefore, this forecast uses proxy rates.

As you are aware, as of this date, Congress has not passed a budget to support continuation of the federal Children's Health Insurance Program (CHIP). In Virginia, the federal CHIP funds support 88 percent of the total cost of Virginia's CHIP program. Virginia's program currently serves three populations of Virginians – the FAMIS Moms, FAMIS, and MCHIP. According to the Department of Medical Assistance Services (DMAS), Virginia is expected to deplete the federal funds that support this program by January 31, 2018.

At that time, services to the discretionary recipients, FAMIS Moms and FAMIS, would be discontinued unless additional state and/or federal support is provided. DMAS has determined that services to the third group of recipients, MCHIP, would however, be mandated and must be continued under current federal law. DMAS has concluded that these costs would be added to the Medicaid program if the federal CHIP funding is not continued.

The Honorable Thomas K. Norment, Jr.  
The Honorable Emmett W. Hanger, Jr.  
The Honorable Stephen D. Newman  
November 1, 2017  
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If federal CHIP funding is not continued at the current rate, the federal match for the mandated services under MCHIP would drop from the 88 percent level under the federal CHIP program to the 50 percent level in the Medicaid program as coverage of services for these children is transferred into the Medicaid program. A separate estimate of potential Medicaid costs associated with the continuation of services for the mandated MCHIP population has been included for your information.

While it is too soon to know what Congress will do and if further state action will be necessary, I wanted to provide this information to give you a full picture of the potential Medicaid costs based on what is currently authorized under federal law.

If you have any questions or concerns about this information, please let me know.

Sincerely,



Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown  
The Honorable William A. Hazel, Jr., M.D.  
Mr. Mike Tweedy

## Official Consensus Medicaid Forecast

|  | FY 2018<br>Consensus<br>Forecast | FY 2019<br>Consensus<br>Forecast | FY 2020<br>Consensus<br>Forecast |
|--|----------------------------------|----------------------------------|----------------------------------|
| <b>General Medical Care (45609)</b>                            | <b>7,414,014,680</b>             | <b>8,774,604,430</b>             | <b>9,217,364,751</b>             |
| Managed Care   |                                  |                                  |                                  |
| Capitation Payments: Low-Income Adults & Children              | 1,859,109,315                    | 2,182,518,956                    | 2,363,750,025                    |
| Capitation Payments: Aged, Blind & Disabled                    | 813,188,476                      | 101,874,781                      | 108,626,651                      |
| Capitation Payments: Duals/CCC Program                         | 171,380,390                      | 7,174,312                        | 0                                |
| Capitation Payments: CCC+ Program                              | 2,397,197,565                    | 4,512,804,171                    | 4,731,577,445                    |
| MCO Pharmacy Rebates   | (171,567,154)                    | (199,785,756)                    | (199,785,756)                    |
| Fee-For-Service  |                                  |                                  |                                  |
| Inpatient Hospital   | 306,260,026                      | 197,396,874                      | 194,304,008                      |
| Indigent Care Payments   | 774,922,018                      | 752,452,714                      | 756,128,956                      |
| Outpatient Hospital  | 104,911,871                      | 94,892,422                       | 95,980,036                       |
| Physician/Practitioner Services                                | 97,321,394                       | 57,871,193                       | 55,958,613                       |
| Clinic Services  | 105,653,940                      | 99,813,401                       | 102,519,708                      |
| Pharmacy   | 82,889,895                       | 67,613,092                       | 69,298,083                       |
| FFS Pharmacy Rebates   | (49,719,363)                     | (22,066,987)                     | (22,066,987)                     |
| Medicare Premiums Part A & B                                   | 323,262,401                      | 334,777,263                      | 355,482,080                      |
| Medicare Premiums Part D                                       | 253,255,738                      | 266,246,732                      | 284,774,503                      |
| Dental   | 163,252,874                      | 162,954,135                      | 164,795,910                      |
| Transportation   | 76,530,248                       | 61,992,801                       | 59,927,448                       |
| All Other  | 106,185,045                      | 96,474,325                       | 96,114,026                       |
| <b>Behavioral Health &amp; Rehabilitative Services (45608)</b> | <b>671,487,348</b>               | <b>142,297,520</b>               | <b>28,629,451</b>                |
| MH Case Management   | 62,749,621                       | 11,328,040                       | 855,965                          |
| MH Residential Services  | 19,548,589                       | 5,986,587                        | 510,869                          |
| MH Rehabilitative Services                                     | 496,160,371                      | 105,790,257                      | 25,817,115                       |
| Early Intervention & EPSDT-Authorized Services                 | 93,028,766                       | 19,192,636                       | 1,645,501                        |
| <b>Long-Term Care Services (45610)</b>                         | <b>1,764,573,692</b>             | <b>1,188,419,866</b>             | <b>1,212,847,765</b>             |
| Nursing Facility   | 332,693,019                      | 16,182,731                       | 16,675,191                       |
| Private ICE/MRs  | 115,045,157                      | 119,428,031                      | 124,995,633                      |
| PACE   | 63,965,488                       | 64,214,132                       | 64,048,724                       |
| HCBC Waivers: Personal Support                                 | 370,092,439                      | 111,104,329                      | 118,121,855                      |
| HCBC Waivers: Habilitation                                     | 773,446,612                      | 790,231,492                      | 801,347,821                      |
| HCBC Waivers: Case Management & Support                        | 68,108,984                       | 85,049,601                       | 65,738,058                       |
| HCBC Waivers: Nursing, EM/AT, Adult Day Care, Alzheimers       | 41,221,984                       | 22,209,551                       | 21,920,686                       |
| <b>Contracts (49601)</b>                                       | <b>60,349,592</b>                | <b>53,879,420</b>                | <b>49,034,853</b>                |
| <b>Total Medicaid - DMAS</b>                                   | <b>9,910,425,311</b>             | <b>10,159,201,236</b>            | <b>10,507,876,819</b>            |
| State Funds  | 5,003,374,986                    | 5,116,079,037                    | 5,301,050,295                    |
| Federal Funds  | 4,907,050,325                    | 5,043,122,199                    | 5,206,826,524                    |
| TOTAL Funds  | 9,910,425,311                    | 10,159,201,236                   | 10,507,876,819                   |

### INFORMATIONAL ONLY

DMAS Estimates of potential additional costs if MCHIP recipients are required to move to Medicaid coverage

|               | FY 2018           | FY 2019            | FY 2020           |
|---------------|-------------------|--------------------|-------------------|
| <b>MCHIP</b>  | <b>69,428,037</b> | <b>172,181,781</b> | <b>62,036,255</b> |
| State Funds   | 34,714,019        | 79,026,077         | 81,595,460        |
| Federal Funds | 34,714,019        | 79,026,077         | 81,595,460        |
| TOTAL Funds   | 69,428,037        | 158,052,153        | 163,190,920       |



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DANIEL S. TIMBERLAKE  
Director

1111 E. Broad Street  
Room 5040  
Richmond, VA 23219-1922

November 1, 2017

The Honorable S. Chris Jones  
Chairman, Appropriations Committee  
Virginia House of Delegates  
Post Office Box 5059  
Suffolk, Virginia 23435-0059

The Honorable Robert D. Orrock, Sr.,  
Chairman, Health, Welfare, and Institutions Committee  
Virginia House of Delegates  
Post Office Box 458  
Thornburg, Virginia 22565

Dear Delegates Jones and Orrock:

Pursuant to Item 310, Paragraph A., Chapter 836, 2017 Acts of Assembly, please find enclosed the official consensus forecast of Virginia General Medicaid, Behavioral Health, and Long-Term Care expenditures through fiscal year 2020. Please note that the current estimates for Medicare Part A and B premiums are subject to change upon the release of the official rates by the Centers for Medicare and Medicaid Services. These rates are not yet available; therefore, this forecast uses proxy rates.

As you are aware, as of this date, Congress has not passed a budget to support continuation of the federal Children's Health Insurance Program (CHIP). In Virginia, the federal CHIP funds support 88 percent of the total cost of Virginia's CHIP program. Virginia's program currently serves three populations of Virginians – the FAMIS Moms, FAMIS, and MCHIP. According to the Department of Medical Assistance Services (DMAS), Virginia is expected to deplete the federal funds that support this program by January 31, 2018.

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The Honorable S. Chris Jones  
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If you have any questions or concerns about this information, please let me know.

Sincerely,



Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown  
The Honorable William A. Hazel, Jr., M.D.  
Mr. Robert Vaughn

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Director

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Richmond, VA 23219-1922

November 1, 2017

Mr. Hal E. Greer, Director  
Joint Legislative Audit and Review Commission  
Suite 2101  
919 East Main Street  
Richmond, Virginia 23219

Dear Mr. ~~Greer~~ *HAL*:

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Sincerely,

A handwritten signature in blue ink, appearing to read "D. S. Timberlake", with a large, sweeping flourish at the end.

Daniel S. Timberlake

Enclosure

c: The Honorable Richard D. Brown  
The Honorable William A. Hazel, Jr., M.D.



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