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*Department of Medical Assistance Services*

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November 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  
Quarter 1 of SFY 2018

Chapter 836, Item 310 I. of the 2017 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.

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- Q1, FY2018

A Report to the General Assembly

November 1, 2017

## Report Mandate:

*Chapter 836, Item 310 I. of the 2017 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.*

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## 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, and started receiving applications online 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 contract with Xerox (now Conduent), under DMAS' Medicaid Management Information System (MMIS) contract, to establish the Cover Virginia Central Processing Unit (CPU). The Cover Virginia CPU launched in August 2014.

## About DMAS and Medicaid

**DMAS' 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 and specialty health care, inpatient care, and behavioral health and addiction and recovery treatment services. Medicaid also covers long term services and supports, 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 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.

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 later renegotiated to reflect reduced application volume 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 2017.

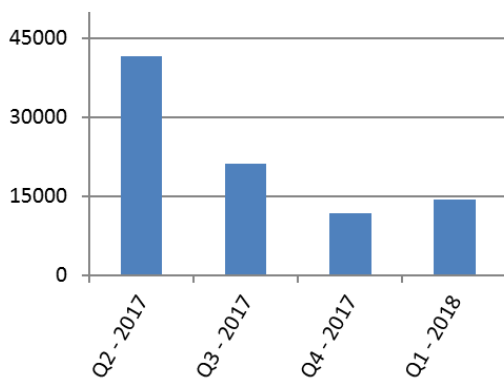
## State Fiscal Year (SFY) 2018 Operational Highlights

### **Total New Application Volume**

The Cover Virginia CPU received 14,342 new applications during the 1<sup>st</sup> quarter of SFY 2018 (See Chart 1). This represents a 22 percent increase from the previous quarter. The increase stems from the processing of backlog applications from the 2017 federal Marketplace open enrollment period, high volume from recent back-to-school demand, and reinstatement of CommonHelp (online) applications routed to Cover Virginia for processing. During 2017 open enrollment, the CPU experienced a backlog of nearly 28,000 applications from November 1, 2016 through January 31, 2017, all of which were completed in the first week of August.

Forecasts have been projected upwards for the 2nd QTR SFY 2018 as traditionally this is Cover Virginia's busiest quarter due to the open-enrollment period for the federal marketplace running November 1 through December 15<sup>h</sup> this year.

**Chart 1 – Total New Application Volume Q1 SFY2018**



Source: Cover Virginia Monthly Reports

### **Average Monthly Volume**

The average monthly volume of new applications received during the 1<sup>st</sup> quarter of SFY 2018 was approximately 4,781.

### **Source of Applications**

The Cover Virginia CPU received 7,287 telephonic applications (Rapid Data Entry - RDE), 4,817 federal marketplace applications, and 2,238 CommonHelp applications during the 1<sup>st</sup> quarter.

### **Approvals/Denials**

In the 1<sup>st</sup> quarter of SFY 2018, 22 percent of applications were approved, 41 percent were denied. The remaining 37 percent were transferred to the appropriate locality in a pending status primarily due to the member subsequently applying for SNAP/TANF. Cover Virginia is required by the Department of Social Services to transfer Medicaid applications with a concurrent SNAP/TANF application to the local social service office for processing. The high denial rate is primarily attributable to the processing of the backlog applications, as many applicants reapplied locally or did not desire to participate in the Medicaid program and therefore failed to respond to requests for additional information.

### **Spend-down Evaluations**

In July 2017, DMAS staff located at Cover Virginia began evaluating applications for individuals who are determined over-income for Medicaid but may have medical expenses that could reduce or "spend down" their income to the "Medically Needy Spend-down" income level for eligibility. Previously, if the CPU determined that an applicant was over-income for Medicaid, the application was assigned to a locality to hold until the applicant had the opportunity to provide additional information. To simplify the process, the CPU began keeping these applications and awaiting receipt of additional information for spend-down evaluation. DMAS staff at Cover Virginia now review any additional information provided by the applicant and make the final evaluation for spend-down eligibility, or deny the case if the applicant does not respond.

In the 1<sup>st</sup> quarter of SFY 2018, the DMAS unit at Cover Virginia received 1,173 spend-down referrals. Twenty-five (2 percent of total referrals) applicants returned the required information and were placed on a medically needy spend-down. If these applicants incur medical expenses equal to or above their spend-down amount,

they can be enrolled in Medicaid for the remainder of their spend-down period. Applicants who fail to respond to a request for spend-down evaluation are denied as over-income for Medicaid. For this quarter, 622 (53 percent of total referrals) were denied as over-income. The remaining 45 percent are still within the allowable time period to respond.

## **Processing of Special Populations**

### ***Hospital Presumptive Eligibility***

The Cover Virginia CPU administers special processes that facilitate compliance with the required hospital presumptive eligibility (HPE) program. During this quarter, the CPU processed 65 HPE enrollments and determined three more as already actively enrolled in Medicaid. The Department recognizes the low participation rate of hospitals in submitting presumptive eligibility enrollments. Initial concerns with whether or not HPE would continue under the ACA gave pause as to the level of resources that should be devoted to outreach. However, plans are underway to develop and plan outreach to the Virginia Hospital and Healthcare Association in an effort to reach local hospital administrators and increase participation in the presumptive eligibility process.

### ***Newborn Enrollment***

During the 1st quarter of SFY 2018, increased emphasis was placed on an existing process to expedite enrollment of children born to Medicaid/FAMIS-enrolled mothers. Since 2014, the CPU has facilitated a process whereby hospital administrative staff can submit the normal paper newborn enrollment form (213 form) electronically through the MMIS portal for processing by the CPU. Within three to five days, the mother receives an approval notice and the baby's enrollment number for any immediate medical needs outside the hospital. During this quarter, 5,538 newborns were enrolled through the expedited process. DMAS provided an online training for hospitals in August to promote the newborn enrollment process. Another training is scheduled for November due to low participation rates in the August training.

### ***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 for a telephonic application interview with the inmate. From inception through the end of September, 17 pregnant women have been enrolled in a limited-benefit Medicaid category. Participants' enrollment is maintained by a DMAS eligibility worker at Cover Virginia until the end of the pregnancy or the inmate's release from jail.

## ***Governor's Access Plan (GAP) Program***

The Department contracts with Conduent for the Governor's Access Plan (GAP) call center and eligibility determination unit. This unit is located in the same operational space as 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 1<sup>st</sup> quarter of SFY 2018:

- The Cover Virginia GAP unit received 6,826 calls.
- The call center achieved the contractual standards, 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 2,665 applications (58 percent telephonic and 42 percent online directly from CSBs).
- The GAP unit approved 1,311 new enrollments and issued 738 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 1<sup>st</sup> quarter, 2,085 GAP members were renewed, with 95 percent of renewals approved through the automated process. Cancellations for the quarter included 117 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.
- During this quarter, the total GAP enrollment exceeded 12,500 individuals.

## **Cover Virginia Call Center and Website**

### ***Call Center***

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 responds to inquiries from enrollees who

have received a 1095b tax form regarding their Medicaid/FAMIS coverage. Data for call center activity for the 1st quarter of SFY 2018 is reported below:

- Total call volume for the 1st quarter of SFY 2018 was 148,656, a three percent decrease from the 4th quarter of SFY 2017.
- The monthly average number of calls for the 1st quarter was 49,552. Customer service representatives spoke directly with approximately 70 percent of callers, and 30 percent of the callers were self-serviced in the interactive voice response (IVR) system.
- The call center submitted 16,845 new telephonic applications and 3,722 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 1st quarter, Conduent met all SLAs, including an average quality score of 97 percent.

### **Cover Virginia Website**

The Cover Virginia website (coverva.org) went live on October 1, 2013. The website includes information and links related to the Health Insurance Marketplace, a direct link to the CommonHelp online application, and provides additional program information, links, resources and services offered by DMAS. This includes information on programs such as GAP, Hospital Presumptive Eligibility, and an interactive Eligibility Screening Tool, which, to date, has helped more than 302,800 individuals estimate their eligibility.

In the 1st quarter of SFY 2018:

- The Cover Virginia website received 95,057 unique (unduplicated) visits: July = 28,178; August = 34,238; September = 32,641.
- This represents an 11 percent decrease from the 4th quarter of SFY 2017. As there are no funds allocated for advertising in SFY 2018 and there has been no advertising since early June 2017, the decrease in website traffic is to be expected. Likely for the same reason, the FAMIS page slipped from being the most visited page on the website to the second most visited page (behind Eligibility).
- During this quarter, the most-visited pages on the Cover Virginia website were:
  - Eligibility Tool = 22,900
  - FAMIS page = 21,065
  - Plan First page = 8,168
  - GAP = 5,079
  - Marketplace page = 3,694

- The most significant change made to the website during this quarter was the addition of the Back to School page in late July.

### **Quality Improvement**

As Cover Virginia resumed normal operations after the period of backlog (as discussed earlier in this report), areas for further training were identified. All staff participated in this training during the remaining weeks of August. Lessons learned during the backlog led to improvements in operational flows. Efficiencies were identified, which improved quality by minimizing the number of touches required in the application flow. Administrative tasks have been reduced from up to four touches down to two. This change reduces the likelihood of error and ensures the final decision is accurate and reflective of the households circumstances.

The contractor reports that they have fostered a significant culture change to improve communications throughout the operational workforce. Before this change, communications were siloed from one production area to another, which impeded customer service and the satisfactory resolution of issues. Staff accountability has improved, and there is a higher degree of ownership of customer issues throughout the operational center.

### **July 2017 Contract Renewal Modification**

DMAS executed the final renewal year modification to the Cover Virginia contract for the period July 1, 2017 through June 30, 2018. Costs associated with this renewal are listed below in the Cover Virginia Costs section. With the exception of the Governor's Access Plan (GAP) modification, the modifications entailed no significant changes in deliverables or pricing.

DMAS carefully considered volume estimates for the current contract cycle to minimize the potential for another backlog. Forecasting was influenced by change and uncertainty in the following areas:

- A climate of debate and uncertainty at the federal level regarding the future of the Affordable Care Act (ACA) and shifting policy proposals affecting Marketplace insurance plans. Decisions on the volume estimates had to be made in June 2017.
- The uncertainty of CHIP Reauthorization was also a consideration as we reviewed our volume assumptions. We anticipated that public uncertainty

and the potential loss of coverage would affect call volume.

DMAS coordinated with the contractor to develop volume estimates while maintaining flexibility to make adjustments in the future for program changes. This can be a significant advantage of having a CPU, it can allow the Department to react quickly and work with our contractor to redirect resources in response to program changes.

### **Cover Virginia Costs**

Cover Virginia operates under three separate contract modifications. Cost allocations are as follows:

#### ***CPU***

For the 1st quarter of SFY 2018, DMAS paid Conduent \$3,017,820, or \$1,005,940 per month, for 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 \$715,223 (state) and \$2,302,597 (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 1st quarter of SFY 2018, DMAS paid Conduent \$152,000 per month, \$456,000 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 1st quarter of SFY 2018, 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 are 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 expenses for postage costs, which total approximately \$3,300 per month.

### ***Quality Ratings***

The CPU contract requires that “Penalties that are predicated upon the accuracy of application volume assumptions shall not be assessed in any month where the volumes fluctuate fifteen (15) percent above 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. As of September 2017, all contractual service level agreements (SLA) were reinstated and the contractor’s performance assessments were subject to the respective contractual penalties.

For this 1<sup>st</sup> quarter SFY 2018, the following performance failures were identified as solely attributable to the contractor’s error, and the respective penalties applied:

- August 2017:
  - 15 applications were processed beyond the 45<sup>th</sup> day of receipt - \$15,000 penalty assessed
- September 2017:
  - The contractor failed to review 8 applications for additional information within 8 days of receipt - \$8,000 penalty assessed
  - 45-day SLA - 20 failures (not waived), \$1,000 per failure - \$20,000 penalty assessed

For the quarter, the contractor will be assessed \$43,000 against each respective monthly invoice payment.

### **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 and

other specialized enrollments. These services enable Virginians to access needed healthcare services in a timely manner