COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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November 30, 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 Stephen D. Newman
Chairman, Senate Education and Health

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

The Honorable Robert D. Orrock, Sr.
Chairman, House Health, Welfare and Institutions

FROM: Cynthia B. Jones

SUBJECT: Report on Recommendations to Streamline the Medicaid/GAP Application and Enrollment Process for Incarcerated Individuals

Acts of Assembly, Chapter 198 (HB2183) states:

1. *§ 1. That the Department of Medical Assistance Services shall convene a work group to identify and develop processes for streamlining the application and enrollment process for the Commonwealth's program of medical assistance services provided pursuant to the state plan for medical assistance, also known as Medicaid, and services provided through the Family Access to Medical Insurance Security (FAMIS) Plan for eligible incarcerated individuals so that applicable services shall be available to such individuals immediately upon release from the correctional facility. Such work group shall include representatives of the Departments of Social Services, Behavioral Health and Developmental Services, Corrections, and Juvenile Justice; the Virginia Sheriffs' Association; the Virginia Association of Regional Jails; the Virginia Juvenile Detention Association; the Virginia Chapter of the National Alliance on Mental Illness; the Virginia*

Association of Community Services Boards; the Virginia League of Social Services Executives; and other relevant stakeholders. The work group shall identify and take such steps as may be feasible to implement an efficient and cost-effective process for (i) determining eligibility for Medicaid and FAMIS at the time of incarceration or detention and (ii) processing applications for eligible individuals incarcerated in state, local, or regional correctional facilities in order to ensure a seamless provision of appropriate Medicaid and FAMIS services upon release and reentry into society. The work group shall consider (a) how the Department of Medical Assistance Services' Central Processing Unit may be leveraged to benefit this process and (b) how the process may also be utilized to ensure appropriate coverage for inpatient hospitalization of inmates eligible for Medicaid services. The Department of Medical Assistance Services shall report its findings and recommendations, including information on any process improvements that have been implemented, any cost savings that have been identified, and any additional funding that may be necessary to fully implement the work group's recommendations, to the Chairmen of the House Health, Welfare and Institutions Committee, Senate Education and Health Committee, House Appropriations Committee, and Senate Finance Committee by November 30, 2017.

Should you have any questions or need additional information about this report, please feel free to contact me at (804) 786-8099.

CBJ/
Enc.

pc: The Honorable William A. Hazel, Jr., MD, Secretary of Health and Human Resources

Recommendations to Streamline the Medicaid/GAP Application and Enrollment Process for Incarcerated Individuals

A Report to the Virginia General Assembly

November 30, 2017

Report Mandate:

Acts of Assembly, Chapter 198 (HB2183)

1. § 1. That the Department of Medical Assistance Services shall convene a work group to identify and develop processes for streamlining the application and enrollment process for the Commonwealth's program of medical assistance services provided pursuant to the state plan for medical assistance, also known as Medicaid, and services provided through the Family Access to Medical Insurance Security (FAMIS) Plan for eligible incarcerated individuals so that applicable services shall be available to such individuals immediately upon release from the correctional facility. Such work group shall include representatives of the Departments of Social Services, Behavioral Health and Developmental Services, Corrections, and Juvenile Justice; the Virginia Sheriffs' Association; the Virginia Association of Regional Jails; the Virginia Juvenile Detention Association; the Virginia Chapter of the National Alliance on Mental Illness; the Virginia Association of Community Services Boards; the Virginia League of Social Services Executives; and other relevant stakeholders. The work group shall identify and take such steps as may be feasible to implement an efficient and cost-effective process for (i) determining eligibility for Medicaid and FAMIS at the time of incarceration or detention and (ii) processing applications for eligible individuals incarcerated in state, local, or regional correctional facilities in order to ensure a seamless provision of appropriate Medicaid and FAMIS services upon release and reentry into society. The work group shall consider (a) how the Department of Medical Assistance Services' Central Processing Unit may be leveraged to benefit this process and (b) how the process may also be utilized to ensure appropriate coverage for inpatient hospitalization of inmates eligible for Medicaid services. The Department of Medical Assistance Services shall report its findings and recommendations, including information on any process improvements that have been implemented, any cost savings that have been identified, and any additional funding that may be necessary to fully implement the work group's recommendations, to the Chairmen of the House Health, Welfare and Institutions Committee, Senate Education and Health Committee, House Appropriations Committee, and Senate Finance Committee by November 30, 2017.

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 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.

Background

The provision of and payment for health care services for incarcerated individuals create significant impacts on state and local budgets. Many of these individuals have chronic health or behavioral health issues. Due to lack of health insurance, limited access to transportation, prohibitive out of pocket costs, homelessness and housing instability, as well as other barriers, inmates may not have been receiving treatment prior to their incarceration. While treatment may be provided during the period of incarceration, without access to treatment and services once released, the physical and behavioral health of an individual will in all likelihood decline.

Federal regulations and guidance provide the states several opportunities for providing coverage for justice involved individuals, from coverage of inpatient hospital services to enrollment in Medicaid as of the date of release from the correctional facility. Although Virginia has processes and policies in place to cover inpatient hospital services for eligible individuals and to begin the application process prior to release from the correctional facility, there remains a high degree of fragmentation in the system. Any time a currently enrolled individual becomes incarcerated, one of 120 local departments of social services must receive the notice of this fact from the client or the facility and make a determination as to whether ongoing coverage can continue. Additionally, that same local department of social services must accept and process new applications for coverage of inpatient hospital costs incurred while an individual is incarcerated. They also must be alerted when the individual is ready to leave the correctional facility so that he or she may be evaluated for ongoing eligibility before the date of release. Many local departments of social services see very few applications for incarcerated individuals. When an application or change report comes in to the local department, inexperience or unfamiliarity with the process can cause confusion or delay in getting the individual correctly enrolled for health coverage.

Due to concerns raised by stakeholders working with this population, the General Assembly passed and the Governor signed HB 2183, which directed the Department of Medical Assistance Services (DMAS) to convene a workgroup to identify and develop efficient and cost-effective processes for streamlining the application and enrollment process for Virginia Medicaid for eligible incarcerated individuals. The goals are to simplify and streamline medical assistance application procedures for facilities; maximize use of federal Medicaid funding for hospitalization; and to ensure that applicable services will be available to such individuals immediately upon release from the correctional facility.

This work group was also tasked with considering how the DMAS Cover Virginia Central Processing Unit (CPU) could be leveraged to benefit this process and how the process may also be utilized to ensure appropriate coverage for inpatient hospitalization of inmates eligible for Medicaid services.

Actions Taken To Date

Item 388J, of Chapter 806, 2013 Virginia Acts of the Assembly, required the Department of Corrections (DOC) to coordinate with DMAS and the Virginia Department of Social Services (VDSS) to establish procedures to enroll eligible inmates in Medicaid, beginning July 1, 2013. Coverage has since been expanded to local and regional jails, although it is currently underutilized. Underutilization is due to the fact that staff at local and regional jails are not well informed of the process. DMAS provided a statewide training regarding enrolling eligible inmates in 2016 and will continue to train and educate jail staff to encourage higher utilization.

Incarcerated individuals include:

- Individuals under the authority of the DOC
- Individuals held in regional and local jails, including those on work release
- Youth held in Virginia Department of Juvenile Justice (DJJ) facilities

Federal Medicaid funds can be utilized to pay for eligible inmate's inpatient hospital expenses. Eligible inmates include pregnant women, those under the age of 19, those who are age 65 or older and those who have been deemed blind or disabled by the Social Security Administration and who meet all Medicaid eligibility requirements. Other medical services needed during incarceration cannot be billed to Medicaid. Within FY 2017, DMAS received $3,084,099 in federal funds to cover hospital expenses of eligible inmates.

Eligible individuals in correctional facilities and individuals under age 21 in a DJJ facility not already enrolled in Medicaid at the time of incarceration currently may apply to cover expenses associated with a hospitalization. Once enrolled, coverage is ongoing, limited to payment of inpatient hospital services only, and subject to reporting requirements and annual renewals.

Additionally, DMAS and VDSS have worked with the DOC for a number of years to set up processes for the acceptance and processing of Medicaid applications for soon to be released offenders. Applications are taken and evaluated by local department of social services staff in the 45 to 90 days prior to the date of release. Those individuals currently enrolled in Medicaid for coverage of inpatient hospital services will also have their coverage reviewed to determine ongoing eligibility. If eligible, full Medicaid coverage will begin on the date of release.

If the individual is not eligible for Medicaid, but has been diagnosed with a Serious Mental Illness (SMI), he or she may be eligible for the Governor's Access Plan (GAP) upon release from the correctional facility. GAP is a Medicaid program that offers a targeted benefit package for uninsured, low income Virginians who have a SMI. In order to be eligible for GAP an individual's income must be 100% of the Federal Poverty Level or less than $12,060 per year. GAP provides limited medical and behavioral health care services to qualifying individuals through an integrated and coordinated delivery model.

The DMAS Cover Virginia CPU manages all GAP eligibility applications and determines program eligibility. Applications may be submitted telephonically or on-line, through the provider assisted web portal. Members are assisted by a GAP SMI Screening provider or another DMAS approved organization when applying through the web portal (or using paper applications with the assistance of DOC staff).

Options to Improve Virginia's Incarcerated Individual Medicaid/GAP Application and Enrollment Procedures

The workgroup mandated by HB2183 held three meetings in May, June and July 2017. Members of the workgroup included representatives from state and local agencies, correctional facilities, advocacy organizations and health plans. The workgroup divided the discussion into three specific areas based on the legislative mandate. Recommendations were developed to improve the entire process and for each of the three focus areas.

Recommendation: Utilize Cover Virginia Central Processing Unit for all activities related to coverage for offenders

The workgroup's first recommendation is that the entire process for handling applications, renewals, changes and re-entry actions be centralized at the Cover Virginia CPU. Centralizing the process for incarcerated individuals would allow specialized staff to quickly and efficiently assist incarcerated individuals with Medicaid eligibility determinations, annual renewals and re-entry applications. A centralized intake site would reduce the burden of handling confusing and less common applications for local agencies and provide a centralized and knowledgeable contact for correctional facility staff. Utilizing the Cover Virginia CPU will also allow for greater coordination with GAP, which is also maintained by the CPU.

Incarceration Entry: Recommendations

In order to simplify and streamline medical assistance application procedures for facilities, maximize use of federal Medicaid funding for hospitalization, and ensure DMAS is not paying inappropriate capitated payments to managed care organizations for incarcerated individuals, the workgroup has the following recommendations for action upon entry into a correctional facility.

1. Provide inquiry access into the Medicaid Management Information System (MMIS) (now available only to DOC) to all correctional facilities so current Medicaid enrollment status can be determined when individuals enter a facility.
2. Draft a screening form for intake staff to identify potential Medicaid applicants.
3. Accept applications from offenders who are pregnant, 65 and over, disabled or potentially disabled so the individuals most likely to receive inpatient hospital care will have no delay accessing Medicaid if a hospitalization occurs.
4. Create a recurring electronic match with DJJ, DOC and the State Compensation Board (which already gathers local and regional jail information) to report current Medicaid enrollment status.
5. Move current enrollees (other than GAP enrollees) to limited ongoing coverage after 30 days of incarceration if eligibility factors continue to be met, and close cases of ineligible enrollees. Either action will remove individuals from managed care enrollment and reduce inappropriate capitation fee payments.
6. Develop a communication process between central location liaison and local DSS agencies regarding actions that may be required for the incarcerated individual's other household benefit programs (SNAP or TANF).

While incarcerated: Recommendations

Rather than waiting until a hospitalization has occurred, resulting in a claim submitted to the wrong entity, the workgroup recommends the following actions.

1. Accept and process applications at a central location for offenders who have an inpatient hospital stay.
2. Handle all case management and renewals at the central location. Full access to the Virginia Case Management System (VaCMS) would be required.
3. Develop and implement a recurring electronic data match to allow facilities to inform hospitals regarding Medicaid eligibility so in-patient stays can be billed appropriately.

Community re-entry: Recommendations

The following suggestions will help ensure that applicable services including medication will be available to individuals without interruption immediately upon release from the correctional facility.

1. For offenders enrolled in limited Medicaid coverage and former GAP individuals - central processing location will be informed (within 45 days) of anticipated release so that a redetermination of eligibility can be completed.
2. Medicaid applications should be filed for inmates not currently enrolled if they meet Medicaid categorical requirements (pregnant, 19-21, former foster care recipients up to age 26, 65 and over, disabled or potentially disabled).
3. Applications should be processed at the central location and individuals enrolled once the applicant's release is confirmed by the facility. The case should then be electronically transferred to the local department of social services in the applicant's locality of residence for ongoing case management.
4. GAP applications should be filed if an SMI screening indicates potential eligibility.
5. GAP cases should continue to be maintained at the CPU.

Additional Recommendations

1. Determine any Virginia Case Management System (VaCMS) system changes that may need to be made.
2. Apply a 10-day processing standard to applications for incarcerated individuals.
3. Explore the feasibility of creating out-stationed Medicaid eligibility worker positions at regional or local facilities, similar to the existing hospital model.
4. Produce data and reports to evaluate the success of processes and identify areas for improvement.
5. Create an advisory committee to follow up on the process and improvements that are made.

Cost Savings

An electronic data exchange with DOC, DJJ and the local and regional jails through the State Compensation Board (SCB), should result in cost savings to the Medicaid program due to more rapid notification, evaluation and removal of currently enrolled individuals from their managed care coverage. While these individuals may be eligible for ongoing coverage of inpatient hospital services, the Medicaid program will no longer be paying a capitated rate to the managed care plan each month.

It is currently unknown how long it takes for a local department of social services to be informed that a Medicaid member has been incarcerated and to effect a closure of full coverage so actual savings cannot be calculated at this time. However, the Medicaid program currently pays managed care capitation fees of $580 per month for a non-disabled adult and $1,280 per month for an aged or disabled adult.

In addition, increased coverage among the justice involved population may lead to improved access to care and broader benefits, including reduced recidivism rates.[1]

Studies in Florida and Washington found that people with severe mental illness who were enrolled in Medicaid at the time of jail release were more likely to access community mental health and substance abuse services than those without Medicaid. Additionally, 12 months after release, Medicaid enrollees had 16 percent fewer detentions and stayed out of jail longer than those who

[1] http://www.kff.org/uninsured/issue-brief/health-coverage-and-care-for-the-adult-criminal-justice-involved-population/ .

either were not enrolled or who had been enrolled for a shorter time.[2]

Funding

Although it is difficult to accurately estimate the likely volume of work, and the numbers may grow slowly among local and regional jails, the workgroup estimates filings of approximately 100-150 new applications a month for currently incarcerated individuals and approximately 1,100 applications per month for offenders leaving incarceration.

In order to accomplish any or all of the recommendations set out by the HB2183 workgroup, funding would be needed. DMAS has worked with stakeholders to develop an estimate of the costs and funding necessary to implement the recommendations. It is estimated that DMAS would need funding in SFY 2019 to implement the electronic data exchange between DOC, DJJ, the SCB and DMAS. DJJ, DOC and the SCB as well as to fund the implementation of the Cover Virginia central site and add staff. In SFY 2020 DMAS would need funding for ongoing central site operations and staffing. DOC, DJJ and the SCB would need funding for the implementation of the electronic data match and staffing in SFY 2019 and funding in SFY 2020 for ongoing data match operations and staffing. All of these expenses are eligible for a federal match. Please see Appendix A for a breakdown of costs.

Summary

As outlined in this report, by increasing communication and coordination with the DOC, regional and local jails, and DJJ facilities, state, fiscal and individual medical outcomes will be improved.

Direction and funding from the General Assembly will enhance Virginia's utilization of Federal Medicaid funds by adding a centralized site for eligibility determinations and case management, as well as funding a data-sharing infrastructure with DOC, regional and local jails, DJJ and the SCB.

[2] Joseph Morrissey et al, "Medicaid Enrollment and Mental Health Service Use Following Release of Jail Detainees with Severe Mental Illness," Psychiatric Services 57, no. 6 (2006): 809-815 and Joseph Morrissey et al, "The Role of Medicaid Enrollment and Outpatient Service Use in Jail Recidivism Among Persons with Severe Mental Illness," Psychiatric Services 58, no. 6 (2007): 794–801.

Appendix A

Estimated Costs

Entity	Activity Description	FY19			FY20		
		GF	NGF	Total	GF	NGF	Total
DMAS	Data Match/Central Site Implementation/Staffing	363,493	2,409,093	2,772,586			
DMAS	Ongoing Data Match/Central Site Operations/Staffing				527,793	1,367,793	1,895,586
DOC	Data Match	34,103	308,793	342,896			
DOC	Staffing	37,400	112,200	149,600	37,400	112,200	149,600
State Compensation Board	Data Match	34,103	308,793	342,896			
State Compensation Board	Staffing	37,400	112,200	149,600	37,400	112,200	149,600
DJJ	Data Match	34,103	308,793	342,896			
DJJ	Staffing	37,400	112,200	149,600	37,400	112,200	149,600