



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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February 1, 2018

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: Jennifer S. Lee, M.D. 
Director, Virginia Department of Medical Assistance Services

SUBJECT: Report on the Cover Virginia Centralized Processing Unit
Second Quarter 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. This report covers the second quarter of SFY 2018.

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

JSL/

Enclosure

pc: The Honorable Daniel Carey, MD, Secretary of Health and Human Resources

Quarterly: The Cover Virginia Central Processing Unit- Q2, FY2018

A Report to the General Assembly

February 1, 2018

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 or ACA) 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. No further modifications have been executed during this quarter.

State Fiscal Year (SFY) 2018 Operational Highlights

2017 Federal Open Enrollment Period

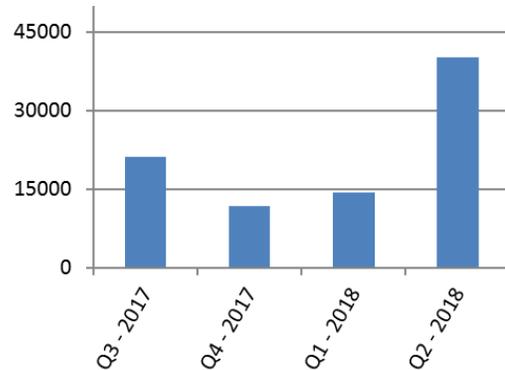
Under the current contract, application volumes were forecasted in June 2017 based upon prior experience and relevant potential political impacts. It was anticipated that Virginia would not see the volume of applications received in the prior year due to a shortened open enrollment period. The open enrollment period was 45 days rather than the 90 days given in previous years. However, as a precaution, DMAS projected increased volume through January 2018 to ensure the contractor's ability to maintain staffing through an extended processing timeframe if needed. The 2017 open enrollment period began November 1, 2017 and ended December 15, 2017. Cover Virginia received over 80 percent of the volume of applications from the federally facilitated marketplace (FFM) as received in 2016 in a shorter timeframe. On December 22, the CPU received 2,200 applications in one day. Given the volume received in this shortened timeframe and the 45-day processing deadline from the date the application was received, the CPU is in a backlog situation. DMAS anticipates resolution of the backlog no later than April 2018. The CPU ensures all pregnant woman applications and those requesting escalation are processed timely.

Total New Application Volume

The Cover Virginia CPU received 40,202 new applications during the 2nd quarter of SFY 2018 (See Chart 1). This represents a 180 percent increase from the previous quarter. The increase stems from the processing of backlog applications from the 2017 FFM open enrollment period, high volume from recent back-to-school demand, and reinstatement of CommonHelp (online) applications routed to Cover Virginia for processing.

Forecasts have been projected upwards for the 2nd quarter of SFY 2018 as traditionally this is Cover Virginia's busiest quarter due to the open-enrollment period for the FFM.

Chart 1 – Total New Application Volume Q2 SFY2018



Source: Cover Virginia Monthly Reports

Average Monthly Volume

The average monthly volume of new applications received during the 2nd quarter of SFY 2018 was approximately 13,401.

Source of Applications

The Cover Virginia CPU received 8,088 telephonic applications (Rapid Data Entry - RDE), 26,199 federal marketplace applications, and 5,915 CommonHelp applications during the 2nd quarter.

Approvals/Denials

In the 2nd quarter of SFY 2018, 23 percent of applications were approved, 45 percent were denied. The remaining 32 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 department of 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 2nd quarter of SFY 2018, the DMAS unit at Cover Virginia received 1,756 spend-down referrals. Thirty-three (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, 517 (58 percent of total referrals) were denied as over-income. The remaining 37 percent are still pending review and/or 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 64 HPE enrollments and determined one individual as already actively enrolled in Medicaid. The Department recognizes the low participation rate of hospitals in submitting presumptive eligibility enrollments. Initial concerns regarding 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 reach out to the Virginia Hospital and Healthcare Association in an effort to connect with local hospital administrators and increase participation in the presumptive eligibility process.

Newborn Enrollment

During the 2nd 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. After the newborn is enrolled in FAMIS or FAMIS Plus, the mother receives an approval notice and the baby’s enrollment number for any immediate medical needs outside the hospital. During this quarter, 5,480 newborns were enrolled through the expedited process. DMAS provided three webinar trainings for hospitals from August through November to promote the newborn enrollment 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 for a telephonic application interview with the inmate. From inception through the end of December, 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 community service boards (CSBs) to streamline the application process. In the 2nd quarter of SFY 2018:

- The Cover Virginia GAP unit received 7,362 calls.
- The call center achieved 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 2,812 applications (55 percent telephonic and 45 percent online directly from CSBs).
- The GAP unit approved 1,608 new enrollments and issued 743 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 2nd quarter, 1,962 GAP members were renewed, with 96 percent of renewals approved through the automated process. Cancellations for the quarter included 205 members who lost coverage.
- The GAP eligibility unit is required to process an application within 8 business days. In this quarter, Conduent achieved all contractual service level agreements.
- During this quarter, the total GAP enrollment exceeded 13,700 individuals.

Cover Virginia Call Center and Website

Call Center

The Cover Virginia call center began operations in 2013 based upon federal requirements under the PPACA that mandated the state provide a statewide customer contact solution for the Medicaid and CHIP programs. The call center takes applications and renewals by phone and accepts telephonic signatures through a toll-free statewide phone center. 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 2nd quarter of SFY 2018 is reported below:

- Total call volume for the 2nd quarter of SFY 2018 was 154,881, a four percent increase from the 1st quarter of SFY 2018.
- The monthly average number of calls for the 2nd quarter was 51,627. Customer service representatives spoke directly with approximately 69 percent of callers, and 31 percent of the callers were self-served in the interactive voice response (IVR) system.
- The call center submitted 17,399 new telephonic applications and 3,461 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 2nd quarter, Conduent met all service level agreements, including an average quality score of 93 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 333,200 individuals estimate their eligibility.

In the 2nd quarter of SFY 2018:

- The Cover Virginia website received 110,796 unique (unduplicated) visits: October = 34,923; November = 36,504; December = 39,369.
- This represents a 16 percent increase from the 1st quarter of SFY 2018. Despite the fact that there was no advertising in SFY 2018, numbers increased. The increased traffic is likely due to publicity around the future of the ACA and CHIP reauthorization. This quarter, the FAMIS page regained its position as the most visited page on the website; the Eligibility page was the second most visited page; this quarter all pages saw an increase in visitors, including the Marketplace page.
- During this quarter, the most-visited pages on the Cover Virginia website were:
 - FAMIS page = 25,469 visits
 - Eligibility Tool = 25,220 visits
 - Plan First page = 8,549 visits
 - GAP = 6,009 visits
 - Marketplace page = 5,280 visits
- The most significant change made to the website during this quarter was the information regarding the Open Enrollment period for the Federal Health Insurance Marketplace.

Quality Improvement

The Cover Virginia Quality Review Unit continues to meet the required service level reviews for all areas under the contract. The contract requires an on average 10 percent random sampling of all production areas for accuracy and completeness. For this reporting period, the quality team reported the following results:

Production Unit	# Audits	Accuracy %
MAGI Call Center	10,664	96.96%
GAP Call Center	723	97.34%
CPU Eligibility	4,533	96.33%
GAP Eligibility	2,255	98.50%

In addition to required audits, the Cover Virginia quality unit performs targeted audits on problem areas or individuals as needed. DMAS contract monitors also perform quality reviews of the quality team to ensure all audits follow established policy and procedures.

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 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 2nd 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 either at 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 2nd 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 2nd 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 either are reimbursed at 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 were reinstated and the contractor's performance assessments were subject to the respective contractual penalties.

For the 2nd quarter of SFY 2018, DMAS assessed the following penalties as a result of the contractor's performance failures in the area of delayed application processing:

- August 2017: \$13,000
- September 2017: \$28,000
- October 2017: \$17,000

For the quarter, the contractor will be assessed \$58,000 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