



**COMMONWEALTH of VIRGINIA**  
***Department of Medical Assistance Services***

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**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  
First Quarter of SFY 2019 due November 1, 2018

The 2018 Appropriation Act, Item 307 O 2 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 first quarter of SFY 2019.

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

# The Cover Virginia Central Processing Unit- Q1, FY2019

A Report to the General Assembly

November 1, 2018

## Report Mandate:

*Item 307 O 2 of the 2018 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.*

## Executive Summary

Cover Virginia continues to assist citizens of the Commonwealth by providing valuable information on Medicaid and Children's Health Insurance Program (CHIP) through the call center and website, processing thousands of applications at the Central Processing Unit (CPU) and processing all applications for the Governor's Access (GAP) program and other specialized enrollments. These services enable Virginians to access needed healthcare services in a timely and efficient manner. Preparations for Medicaid Expansion are currently underway, and Cover Virginia will play an integral part in its implementation. Cover Virginia is poised to increase resources and services as necessary to process applications for the expansion population.

## 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 CHIP programs. 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). 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.

## 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 more than a million Virginians. Medicaid enrollees include children, pregnant women, parents and caretakers, 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.

In order to address the increased volume of applications and comply with state and federal regulations on timeliness of processing, the Department of Medical Assistance Services (DMAS) used emergency authority provided in the 2013 Appropriation Act, to establish the Cover Virginia CPU. The Cover Virginia CPU launched in August 2014. This report provides an overview of the Cover Virginia CPU's activities for the first quarter of State Fiscal Year (SFY) 2019.

## **State Fiscal Year (SFY) 2019 Operational Highlights for the First Quarter**

Within the first quarter of SFY 2019 DMAS was planning for the implementation of Medicaid Expansion with coverage beginning January 1, 2019. Building upon the successes of the Cover Virginia central processing unit, the decision was made to expand operations to develop the infrastructure and resources necessary to enroll an estimated 400,000 eligible citizens into the new coverage for adults Medicaid group. Specifically, Cover Virginia assisted in the enrollment of certain segments of the population which were already known to the system.

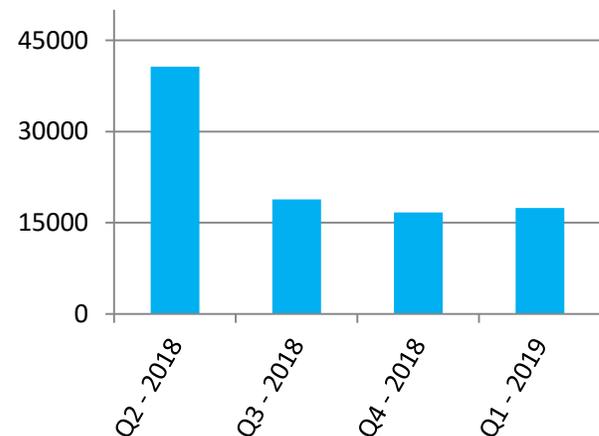
The first group identified for expedited enrollment were individuals receiving family planning services through the Plan First program. Those in family planning with income at or below 138 percent of the federal poverty level were eligible for full benefits without providing any additional information. The other auto-enrollment group were a majority of the Governor's Access Plan (GAP) participants. GAP is a Medicaid plan that provides limited medical and behavioral health care coverage for low-income individuals with serious mental illness (SMI). These two groups were moved into full coverage without additional information. Finally the Department identified Supplemental Nutrition Assistance Program (SNAP) participants and parents of enrolled children whose income and household size fell within the guidelines of this new covered group. These two groups required additional information and needed to take an additional step to officially request medical benefits.

All groups received letters notifying them of the new adult covered group and directing questions to Cover Virginia for response. The SNAP participants and parents of enrolled children groups also received a letter with 3-4 additional questions required for auto-enrollment and were notified of the contact information for Cover Virginia and availability of representatives to respond to questions.

Another key initiative that the Cover Virginia operational center is preparing to establish and staff a centralized processing unit to accept telephonic applications and perform ongoing case maintenance for incarcerated individuals with the Department of Corrections (DOC), Regional and Local Jails and the Department of Juvenile Justice. This will be a special unit dedicated to incarcerated Medicaid eligibility and include a data sharing process to streamline communications between Cover Virginia and correctional facilities. Specifically, during this reporting period, Cover Virginia piloted the project with two DOC facilities by facilitating the telephonic application process and transferring the applications to local department of social services for processing. A portion of the project will be implemented in November 2018 to allow all DOC facilities housing their most critically ill inmates to apply telephonically who would meet the Medicaid expansion adult covered group as of January 1, 2019. The Department continues to work with the contractor to finalize the full scope of work and have the unit fully operational in January 2019 once all Virginia Case Management System (VaCMS) changes have been implemented.

During this quarter, the Cover Virginia central processing unit received 17,441 applications for processing. Of those, 44 percent were telephonic applications, 32 percent came through CommonHelp and the remaining 24 percent came in from the federally facilitated exchange (FFE).

**Chart 1 – Total New Application Volume Q1 SFY2019**



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 2019 was approximately 5,814.

## ***Source of Applications***

The Cover Virginia CPU received 7,606 telephonic applications (Rapid Data Entry - RDE), 4,209 federal marketplace applications, and 5,626 CommonHelp applications during the 1<sup>st</sup> quarter of SFY 2019.

## ***Approvals/Denials***

In the 1<sup>st</sup> quarter of SFY 2019, 23 percent of applications were approved, and 44 percent were denied. The remaining 33 percent were transferred to the appropriate local department of social services in a pending status. A majority of applications were transferred due to the member subsequently applying for SNAP/ Temporary Assistance for Needy Families (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. Unfortunately, the majority of denied applications are the result of the applicant failing to provide needed information to make an appropriate determination of eligibility.

## ***Processing of Special Populations***

### ***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 local department of social services to hold until the applicant had the opportunity to provide additional information. To simplify the process, the CPU has begun 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. It is up to the member to resubmit medical bills to have them assessed for meeting the spenddown within the potential coverage period which is up to six months in the future.

In the 1<sup>st</sup> quarter of SFY 2019, the DMAS unit at Cover Virginia received 1,803 spend-down referrals. 112 (or six 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. During the quarter, 1,723 spenddown referrals were denied as over-income, and 65 applicants were placed on a medically needy spenddown.

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

The Cover Virginia CPU administers special processes that facilitate compliance with the federally required hospital presumptive eligibility (HPE) program. During this quarter, the CPU processed 102 HPE enrollments and determined five individuals as already actively enrolled in Medicaid. The DMAS managed care organizations, in coordination with the Virginia Hospital and Healthcare Association developed a process to connect with local hospital administrators and increase participation in the presumptive eligibility process. In addition, DMAS is currently working with the Centers for Medicare and Medicaid Services (CMS) to seek approval to renew the state plan amendment required to meet CMS requirements for the HPE project. Staff at Cover Virginia are in the process of overseeing enhancements to the online portal for HPE to add the new adult group and enhance the tool to provide additional interactive functionality. This will benefit hospitals in their determinations of eligibility for patients in the presumptive eligibility program. Training is planned in the coming months to increase hospital participation and ensure compliance with monitoring the submission of full Medicaid applications for all HPE enrollments.

### ***Newborn Enrollment***

During the 1<sup>st</sup> quarter of SFY 2019, DMAS placed increased emphasis 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 paper newborn enrollment form (213 form) electronically 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, 6,085 newborns were enrolled through the expedited process. Currently the local department of social services workers are tasked with performing the updates to VaCMS on these cases.

Enhancements have been made in VaCMS to allow DMAS staff access to active mother's cases to also add the newborns. We are seeking to increase resources in this unit in the near future to perform all tasks necessary in all systems for the proper enrollment of this population.

### ***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 2018, 33 pregnant women have been enrolled in a limited-benefit Medicaid category. An eligibility worker at Cover Virginia maintains participants' enrollment until the end of the pregnancy or the inmate's release from jail. This pilot will be incorporated into the new centralized incarcerated project beginning November 2018.

### ***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 2019:

- The Cover Virginia GAP unit received 9,742 calls.
- The call center achieved contractual standards: answering 90 percent of calls within 90 seconds, and did not exceed a call-abandoned rate of 5 percent.
- The GAP eligibility processing unit received 3,512 applications (63 percent telephonic and 37 percent online directly from CSBs).
- The GAP unit approved 1,891 new enrollments and issued 923 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, 2,688 GAP members were renewed, with 91 percent of renewals approved through the automated process. Cancellations for

the quarter included 685 members who lost coverage.

- The GAP eligibility unit is required to process an application within eight business days. In this quarter, Conduent achieved all contractual service level agreements.
- During this quarter, the total GAP enrollment exceeded 16,500 individuals.

As a result of Medicaid Expansion, the majority of GAP members will be Fast Tracked into the new adult group with their GAP coverage ending December 31, 2018 and new coverage beginning January 1, 2019 under full benefit Medicaid for adults. We have identified a group of individuals currently enrolled in GAP who would not meet full Medicaid eligibility requirements due to their immigration status. These members have been identified and will be maintained in GAP through March 2019. Further determination of their medical services provider is still pending coordination with external entities.

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

#### ***Call Center***

The Cover Virginia call center began operations in 2013 based upon federal requirements under the ACA 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 1<sup>st</sup> quarter of SFY 2019 is reported below:

- Total call volume for the 1<sup>st</sup> quarter of SFY 2019 was 145,332; a 3 percent increase from the 4<sup>th</sup> quarter of SFY 2018.
- The monthly average number of calls for the 1<sup>st</sup> quarter was 48,444. 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 15,586 new telephonic applications and 3,660 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 1<sup>st</sup> quarter, Conduent met all service level agreements, including an average quality score of 95 percent.

### **Cover Virginia Website**

The Cover Virginia website ([coverva.org](http://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 and HPE and an interactive Eligibility Screening Tool. More than 514,950 individuals have had the opportunity to access the screening tool on the Eligibility page.

On June 7, 2018, Governor Northam signed a bill expanding Medicaid for adults in Virginia. A new Expansion page was added to [coverva.org](http://coverva.org). Between July 1 and September 30, more than 23,100 unique individuals accessed the Expansion page and more than 6,300 unique visitors accessed the Expansion Screening tool.

In the 1<sup>st</sup> QTR SFY 2019:

- The Cover Virginia website received 98,460 unique (unduplicated) visits:
  - July - 30,518, August - 34,373, September- 33,569
- This represents an 8 percent increase from the 4th quarter of SFY 2018.
- This increase is most likely due to the introduction of Medicaid Expansion Information in June and also the 2018 Back to School Campaign
- During this quarter, the most-visited pages on the Cover Virginia website were:
  - Eligibility page = 25,035 visits
  - Expansion page = 23,119 visits
  - FAMIS page = 19,438 visits
  - Health Plans = 13,944
  - Programs - Medicaid = 12,080
  - GAP = 9,489 visits
  - Plan First page = 8,404 visits
- The Eligibility page received the most visits during this time period. Most likely this was due to increased interest in the upcoming Medicaid Expansion.
- The most significant change made to the website during this quarter was the inclusion of an Advocates page that is accessible from the Medicaid Expansion page.

### **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:

<b>Production Unit</b>	<b># Audits</b>	<b>Accuracy %</b>
MAGI Call Center	9,737	97.99%
GAP Call Center	967	99.09%
CPU Eligibility	1,249	95.95%
GAP Eligibility	625	99.16%

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 2018 Contract**

Since 2013, the Cover Virginia contract continues as a component of the Fiscal Services contract. A sole source contract was executed beginning July 1 for the next two years with Conduent, Inc. In addition, a bridge modification was executed to fund the onboarding of resources to ensure timely training and preparedness for Medicaid expansion by November 1.

### **Cover Virginia Costs**

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

#### **CPU**

For the 1<sup>st</sup> quarter of SFY 2019, DMAS paid Conduent \$3,259,283, or \$1,086,428 per month, for Modified Adjusted Gross Income (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 \$772,450 (state) and \$2,486,833 (federal) for services provided this quarter. In addition, DMAS pays monthly pass-through expenses for postage costs, which total approximately \$4,000 per month and \$61,120 per month for TALX, a private database DMAS uses to verify income.

### ***GAP***

For the 1<sup>st</sup> quarter of SFY 2019, DMAS paid Conduent \$228,252 per month, \$684,757 for the quarter, for operation of the GAP call center and eligibility-processing unit. Pass-through postage expenses totaled approximately \$3,000 per month.

### ***Call Center and Website***

For the 1<sup>st</sup> quarter of SFY 2019, per the contract, DMAS paid Conduent \$1,014,821 per month, or \$3,044,463 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 \$721,538 (state) and \$2,322,925 (federal) for services provided this quarter. In addition, DMAS pays monthly pass-through expenses for postage costs, which total approximately \$2,700 per month.

### ***Penalty Assessments***

The CPU contract requires that Penalties shall be assessed in any month where service level agreements are missed.

During the 1<sup>st</sup> QTR of SFY 2019, the Contractor was assessed the following penalties for failure to meet service level agreements:

July 2019	\$ 1,000
August 2019	\$ 30,000
September 2019	\$ 66,000