



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

Mr. Daniel Timberlake  
Director, Department of Planning and Budget

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

SUBJECT: Second Quarterly Report on the Cover Virginia Centralized Eligibility Processing Unit (CPU) pursuant to Item 307 O.2. of the 2018 Appropriation Act

This report is submitted in compliance with the Virginia Acts of the Assembly – Item 307 O.2. of the 2018 Appropriation Act, which states:

*Item 307 O.2. of the 2018 Appropriation Act states that the Department of Medical Assistance Services shall report to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees on the number of applications processed by the Cover Virginia Centralized Eligibility 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.*

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

JSL/jh

Enclosure

Pc: The Honorable Daniel Carey, M.D., Secretary of Health and Human Resources

# The Cover Virginia Central Processing Unit - Q2, FY2019

*A Report to the General Assembly*

*February 1, 2019*

## **Report Mandate:**

*Item 307 O.2. of the 2018 Appropriation Act states that the Department of Medical Assistance Services shall report to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees on the number of applications processed by the Cover Virginia Centralized Eligibility 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 provides valuable information on Medicaid and the Children's Health Insurance Program (CHIP) through the call center and website, processing thousands of applications at the Central Processing Unit (CPU), including all applications for the Governor's Access Program (GAP) and other specialized enrollments. These services enable Virginians to access needed healthcare services in a timely and efficient manner. Cover Virginia is playing an integral role in the implementation of Medicaid expansion, increasing resources and services as necessary to process applications for the expansion population.

## **Background**

The federal Patient Protection and Affordable Care Act (ACA) mandated states 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, a web-based system for applying for services, by phone through Cover Virginia, and by paper at local departments of social services (LDSS). 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 second quarter of state fiscal year (SFY) 2019.

## **About DMAS and Medicaid**

***DMAS' mission is to improve the health and well-being of Virginians through access to high-quality health care coverage.***

DMAS administers Virginia's Medicaid and CHIP programs. Through the Medallion 4.0 and Commonwealth Coordinated Care (CCC) Plus managed care programs, more than 1 million Virginians access primary and specialty health services, inpatient care, behavioral health, and addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to close to 400,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives a dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90 percent for newly eligible adults, generating cost savings that benefit the overall state budget.

## SFY 2019 Operational Highlights for the Second Quarter

During the second quarter of SFY 2019, DMAS planned for the implementation of Medicaid Expansion, with coverage beginning January 1, 2019. Building upon the past successes of the Cover Virginia CPU, 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 some individuals who were already enrolled in certain programs. The Cover Virginia Call Center began taking applications over the phone November 1, 2018. The central processing center began processing Medicaid Expansion applications on November 19, 2018, when the eligibility system (VaCMS) was ready with the new eligibility rules.

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 was 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 requiring 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 from the individuals and needed to take an additional step to officially request medical benefits.

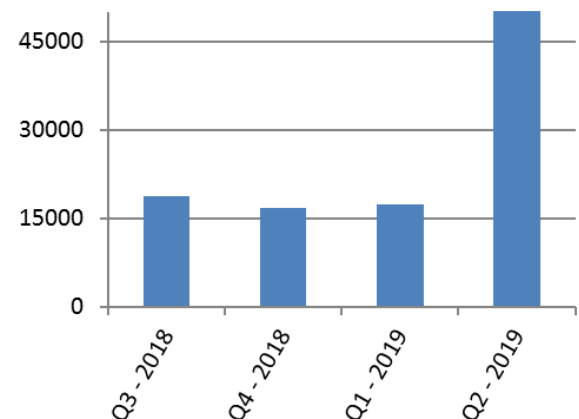
All groups received letters notifying them of the new adult covered group and directing questions to Cover Virginia for response. The SNAP participants and parents of enrolled children groups also received a letter with 3-4 additional questions required for auto-enrollment and were notified of the contact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

Another key initiative that the Cover Virginia operational center continues to finalize is 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 is a special unit dedicated to determining Medicaid eligibility for incarcerated individuals and includes 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 departments of social services for processing. A portion of the project went live in November 2018 to allow all DOC facilities housing their most critically ill inmates who would meet the Medicaid expansion requirements to apply. The unit submitted 1,443 applications during this reporting period for the incarcerated population. The Department worked with the contractor to finalize the full scope of work and ensure the unit was fully operational once all Virginia Case Management System (VaCMS) changes were implemented.

During this quarter, the Cover Virginia CPU received 60,758 applications for processing. Of those, 54 percent came in from the federally facilitated exchange (FFE), 26 percent were telephonic applications, and 20 percent came through CommonHelp.

**Chart 1 – Total New Application Volume Q2 SFY2019**



Source: Cover Virginia Monthly Reports

### **Average Monthly Volume**

The average monthly volume of new applications received during the second quarter of SFY 2019 was 20,253.

## **Source of Applications**

The Cover Virginia CPU received 32,981 federal Marketplace applications, 15,451 telephonic applications (Rapid Data Entry - RDE), and 12,326 CommonHelp applications during the second quarter of SFY 2019.

## **Approvals/Denials**

In the second quarter of SFY 2019, 15 percent of applications were approved and 38 percent were denied. The majority of denied applications were the result of the applicant failing to provide needed information to make an appropriate determination of eligibility within the 45 day processing period. The remaining 47 percent were transferred to the appropriate LDSS 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 DSS office for processing.

## **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 spend-down within the potential coverage period, which is up to six months in the future.

In the second quarter of SFY 2019, the DMAS unit at Cover Virginia received 965 spend-down referrals. Seventy applicants (7 percent of total referrals) 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, 1,084 spenddown referrals were denied as over-income, and 47 applicants were placed on a medically needy spenddown. In December 2018, in agreement with VDSS, spend-down determinations were reverted back to LDSS for processing to free the DMAS team to assist with application processing.

### **Hospital Presumptive Eligibility**

The Cover Virginia CPU administers special processes that facilitate compliance with the federally required hospital presumptive eligibility (HPE) program. The HPE is a program that allows hospitals to provide temporary Medicaid coverage to individuals who are likely to qualify for Medicaid. During this quarter, the CPU processed 92 HPE enrollments and determined two 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, during this quarter, DMAS worked with the Centers for Medicare and Medicaid Services (CMS) and received approval to renew the state plan amendment 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. DMAS conducted a hospital provider training in December and will conduct another training in January 2019. These trainings will help to increase hospital participation and ensure compliance with monitoring the submission of full Medicaid applications for all HPE enrollments.

### **Newborn Enrollment**

During the second 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, 5,511 newborns were enrolled through the expedited process. Currently the LDSS 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 mothers' cases to also add the newborns. DMAS is 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.

### ***Pilot for Incarcerated – Pregnant Women***

In November 2016, DMAS launched a special pilot project to facilitate applications for incarcerated pregnant women at Riverside Regional Jail (RRJ) with 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 2018, 33 pregnant women were 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 has now been incorporated into the new centralized incarcerated project.

### ***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. The contractor developed an online application portal for CSBs to streamline the application process. In the second quarter of SFY 2019:

- The Cover Virginia GAP unit received 8,879 calls.
- The call center achieved contractual standards, answering 90 percent of calls within 90 seconds, and not exceeding a call-abandoned rate of 5 percent.
- The GAP eligibility processing unit received 1,452 applications (60 percent telephonic and 40 percent online directly from CSBs).
- The GAP unit approved 899 new enrollments and issued 553 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 second quarter, 2,488 GAP members were renewed, with 89 percent of renewals approved

through the automated process. Cancellations for the quarter included 731 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 17,000 individuals, enrolled at a given time.

As a result of Medicaid expansion, the majority of GAP members were fast-tracked into the new adult group, with their GAP coverage ending December 31, 2018 and new coverage beginning January 1, 2019. Individuals who are currently enrolled in GAP but do not meet full Medicaid eligibility requirements due to immigration status 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, in compliance with federal requirements under the ACA for 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 check 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 1095-B tax form regarding their Medicaid/FAMIS coverage.

Data for call center activity for the second quarter of SFY 2019 is reported below:

- Total call volume for the second quarter of SFY 2019 was 308,651, a 112 percent increase from the first quarter.
- The monthly average number of calls for the second quarter was 102,884. 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 34,725 new telephonic applications and 3,643 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 second 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. The site provides detailed information on multiple Medicaid programs, including the new health coverage for adults and an interactive eligibility screening tool. More than 570,000 individuals have had the opportunity to access the screening tool on the Eligibility page.

On June 7, 2018, Governor Northam signed legislation expanding Medicaid for adults in Virginia. A new Expansion page was added to [coverva.org](http://coverva.org). Between October 1 and December 31, more than 114,000 unique individuals accessed the Expansion page and more than 77,000 unique visitors accessed the Expansion Eligibility Screening tool.

In the second quarter of SFY 2019:

- The Cover Virginia website received 246,953 unique (unduplicated) visits:
  - October - 55,592
  - November - 90,197
  - December - 101,179
- This represents a 150 percent increase from the first quarter.
- This increase is due to the implementation of Medicaid expansion: November 1, 2018, was the first date for applying for the new coverage. This was also the period of Marketplace Open Enrollment for 2019 coverage. This year, individuals could apply for Medicaid coverage through the Marketplace.
- During this quarter, the most-visited pages on the Cover Virginia website were:
  - Expansion page: 114,107 visits
  - Apply page: 101,871 visits
  - Eligibility screening tools: 77,000 visits
  - Health Plans: 38,528
  - Programs - Medicaid: 26,000
  - FAMIS: 24,024 visits

- The Medicaid Expansion page received the most visits during this time period.
- The most significant changes made to the website during this quarter were the addition of more information and resources related to Expansion, as well as the introduction of a single screening tool that assesses for adult, pregnant women, and children's eligibility.
- The introduction of the single screening tool made it difficult to collect information on Eligibility screening for a short period. This period may be under-reported. There should be a more stable result in the next quarter.

### **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	18,245	97.53%
GAP Call Center	883	91.41%
CPU Eligibility	1,976	95.74%
GAP Eligibility	552	99.33%

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 policies and procedures.

### **July 2018 Contract**

Since 2013, the Cover Virginia contract has continued as a component of the Fiscal Services contract. A sole source contract was executed beginning July 1, 2018, 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, 2018.

### **Cover Virginia Costs**

Cover Virginia operates under three separate contract modifications, covering modified adjusted gross income (MAGI) related application processing; eligibility services at the CPU; former GAP renewal processing; and call center and website-related functions. Cost allocations are as follows:

## **Medicaid Expansion**

For the second quarter of SFY 2019, DMAS paid Conduent \$3,868,577, or 1,289,525 per month, for the Medicaid Expansion “bubble period”. This funding supported the initial fast-track efforts of the new expansion group. The services primarily provided call center support and processing of fast-track paper applications from SNAP and Plan First participants already known in VaCMS. This effort was also extended to include the increased volumes of applications which were expected from the federally facilitated exchange of newly eligible adults.

## **CPU**

For the second 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 are allocated to Medicaid and 10 percent to CHIP. 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. CHIP costs are reimbursed 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 expenses for postage costs, which total approximately \$8,500 per month, and \$61,120 per month for TALX, a private database DMAS and DSS uses to verify income.

## **GAP**

For the second 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 \$8,500 per month. An increase in postage was due to extra mailing notices of the transition of GAP eligibility into Medicaid expansion.

## **Call Center and Website**

For the second 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 and 10 percent to CHIP. Medicaid costs are reimbursed at the 75 percent enhanced federal match rate or at the 50 percent regular match rate. CHIP costs are reimbursed 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 \$1,000 per month.

## **Penalty Assessments**

The CPU contract requires that penalties shall be assessed in any month when service level agreements are missed. During the second quarter of SFY 2019, the contractor was not assessed any penalties because actual volumes for calls and applications exceeded contractual forecasts by more than 15% and therefore were waived in accordance with the agreement.

## **Summary**

The second quarter of SFY 2019 presented a significant increase in volume for the Cover Virginia operational units. DMAS projected volume based upon research from other states, best practices, and historical data analysis. However, some areas could not keep up with the higher-than-anticipated demand. The contractor responded by adding staff and leveraging other state partners' resources to supplement staffing in an effort to reduce the impact of the high volume of calls and applications. During this time, Virginia also became a determination state for applicants applying at the Federally Facilitated Exchange (FFE). This meant the FFE would be able to determine Medicaid eligibility for certain individuals using Virginia Medicaid rules thereby, reducing the workload of staff at the Cover Virginia. Initial estimates predicted that over 75 percent of applications transferred from the FFE would come to Virginia as determined; however, many more required a worker touch than projected.

Efforts to increase participation in the new Medicaid expansion adult group were successful, with over 200,000 new enrollees active in the system as of January 1, 2019. This tremendous response, however, led to challenges in processing applications within the 45-day processing time standard. DMAS continues to maintain elevated staffing levels to address this processing delay through the current fiscal year.

