



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: Third Quarterly Report on the Cover Virginia Central 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 - Q3, FY2019

A Report to the General Assembly

May 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 statewide call center and CoverVa.org website, processing thousands of applications at the Central Processing Unit (CPU), including all applications for the new Incarcerated Unit and other specialized enrollments. These services enable Virginians to access needed health care services in a timely and efficient manner. Cover Virginia played an integral role in the implementation of Medicaid expansion, with increased resources and services as needed to answer calls and process applications for the expansion population.

Background

The passage of the 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, known as 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 third 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 Third Quarter

During the third quarter of SFY 2019, DMAS was in the second phase of the successful launch of Medicaid expansion. On January 1, 2019, over 200,000 new citizens were actively enrolled in the new Medicaid expansion group. The innovative and aggressive approach to reach this initial goal for January 1, did not come without its challenges and Cover Virginia began the month with over 30,000 applications pending determination and new application volumes continued to trend upward throughout the quarter.

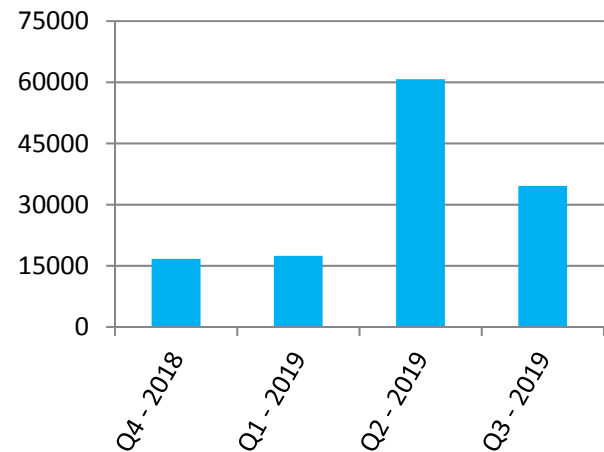
Building upon the successes of the Cover Virginia CPU, DMAS chose to expand operations to develop the infrastructure and resources necessary to enroll a projected additional 200,000 eligible citizens into the new coverage for adults.

One of the challenges which contributed to the backlog was the need to accurately forecast, as early as July 2018, future volumes based upon unknown circumstances. For example, a fast-track outreach plan to Plan First, SNAP and GAP members, to include an aggressive mailing campaign, needed to be developed. Additionally, for the first time since its inception, Virginia became a Determination state for the Federal Facilitated Exchange (FFE and commonly known as “the Exchange”) open-enrollment period in November 2018. 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. DMAS had anticipated a seventy percent reduction in applications needing a full eligibility determination. In fact, only about 30% of applications from the FFE went through without further worker intervention. The Contractor responded to these impacts by increasing resources and maintaining those resources past their planned attrition at the end of February. All staff worked mandatory overtime and weekends through the quarter to reduce the volume of applications pending. DMAS engaged the Contractor’s executive leadership, held daily and weekly conference calls to monitor progress and required additional reporting to ensure all areas of impact were addressed. Additionally, DMAS staff located at the Cover Virginia CPU were reassigned to processing pending applications. In March 2019, DMAS Policy and Enrollment staff were temporarily brought in to assist with the processing of applications. By the end of March, all pending applications from November and

December were reviewed. DMAS is currently processing all applications within 27 days of receipt.

During this quarter, the Cover Virginia CPU received 34,572 applications for processing. Of those, 22 percent (7,558) came in from the federally facilitated exchange (FFE), 40 percent (13,866) were telephonic applications, and 38 percent (13,148) came through CommonHelp.

Chart 1 – Total New Application Volume Q3 SFY2019



Source: Cover Virginia Monthly Reports

Average Monthly Volume

The average monthly volume of new applications that Cover Virginia received during the third quarter of SFY 2019 was 11,524.

Approvals/Denials

In the third quarter of SFY 2019, 18 percent of applications were approved and 39 percent were denied. The other 43 percent were transferred to the appropriate LDSS in a pending status. The majority of transfers occurred because an applicant subsequently applied for SNAP / Temporary Assistance for Needy Families (TANF). The Department of Social Services (DSS) requires Cover Virginia to transfer Medicaid applications with a concurrent SNAP/TANF application to the local DSS office for processing. The majority of denied applications were the result of an applicant failing to provide needed information to make an appropriate determination of eligibility.

Processing of Special Populations

Cover Virginia Incarcerated Unit (CVIU)

The 2017 session of the Virginia General Assembly approved a recommendation under House Bill #2183 requiring that the DMAS Cover Virginia team develop

and implement a centralized processing unit for incarcerated individuals. This initiative removes all involvement with the local departments of social services and centralizes the processes to accept telephonic applications and perform ongoing case maintenance for incarcerated individuals in coordination with the Department of Corrections (DOC), Regional and Local jails, and the Department of Juvenile Justice. This is a special unit dedicated to incarcerated Medicaid eligibility where communications are streamlined between Cover Virginia and correctional facilities. This communication module within the Cover Virginia system began in November 2018 for critically ill individuals in DOC facilities to apply for Medicaid coverage under the new adult coverage group effective January 1, 2019. The module became effective January 1, 2019, for the Regional and Local jails and the Department of Juvenile Justice. In order to centralize all active cases of incarcerated Medicaid members, remaining cases previously located at the local DSS were transferred to the CVIU in March 2019. CVIU will maintain these cases, including completing the annual renewal reviews and assessing continual Medicaid eligibility of those individuals who are released into the community.

The operational management team continues to meet weekly internally and monthly with DOC representatives to address challenges and concerns. Additional outreach strategies are in development to increase participation with regional and local jails. During the reporting quarter 1,555 applications from incarcerated individuals were received, and 1,437 were approved for Medicaid benefits. Since the implementation of the CVIU in November 2018, 2,628 applications have been received, and 2,401 incarcerated individuals have been approved for Medicaid benefits.

Spend-down Evaluations

In July 2017, DMAS staff co-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 LDSS 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. The member has up to six months to resubmit medical bills to have them assessed for meeting the spend-down within the potential coverage period

In the third quarter of SFY 2019, the DMAS unit at Cover Virginia received 131 spend-down referrals. Eight applicants (6 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. 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 for the new adult coverage. This greatly reduced the number of spend-downs at Cover Virginia.

Hospital Presumptive Eligibility

The Cover Virginia CPU administers special processes that facilitate compliance with the federally required hospital presumptive eligibility (HPE) program. The HPE program allows hospitals to provide temporary Medicaid coverage to individuals who are likely to qualify for Medicaid. During this quarter, the CPU processed 2,443 HPE enrollments and determined 91 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.

Enhancements to the online portal for HPE were made to add the new adult group under Medicaid Expansion and to provide additional interactive functionality. This benefits hospitals in their determinations of eligibility for patients in the presumptive eligibility program. The enhanced enrollment process, DMAS trainings for hospital workers, along with a collaborative partnership with the Virginia Hospital & Healthcare Association in promoting this program resulted in an increase of 2,479 HPE application submissions over the third quarter of SFY 2019. Sixty-three hospitals across Virginia have signed an agreement to participate in the program.

Newborn Enrollment

During the third 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, 5,494 newborns were enrolled through the expedited process. Previously the LDSS workers were 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 to perform all tasks necessary in all systems for the proper enrollment of these individuals.

Governor's Access Plan (GAP)

DMAS 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. Conduent developed an online application portal for CSBs to streamline the application process.

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 full coverage beginning January 1, 2019. Individuals who are currently enrolled in GAP but do not meet full Medicaid eligibility requirements due to their immigration status will be maintained in GAP through March 2019.

In the third quarter of SFY 2019:

- The Cover Virginia GAP unit received 2,735 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.
- In the third quarter, 7,300 former GAP members were reviewed for renewal of Medicaid benefits, with 33 percent of renewals approved through the

automated process. Cancellations for the quarter included 27 members who lost coverage.

- The former GAP eligibility unit was required to process an application within eight business days. In this quarter, Conduent achieved all contractual service level agreements.

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 call and 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.

As a result of Medicaid Expansion, the volume of incoming calls broke call volume records and exceeded all forecasts. Comparing SFY 2018 third quarter call volume and the number of Medicaid applications taken over the phone to SFY 2019 shows the impact that Medicaid Expansion had on the call center:

SFY 2018 third quarter Call Volume: 176,290
SFY 2019 third quarter Call Volume: 335,132

SFY 2018 third quarter applications taken: 3,496
SFY 2019 third quarter applications taken: 26,989

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

- Total call volume for the third quarter of SFY 2019 was 335,132, a 7 percent increase from the second quarter.
- The monthly average number of calls for the third quarter was 111,710. Customer service representatives spoke directly with approximately 71 percent of callers, and 29 percent of calls were self-service through the interactive voice response (IVR) system.
- The call center submitted 26,989 new telephonic applications and 3,704 telephonic renewals.

Cover Virginia Website

The Cover Virginia website (coverva.org) went live on October 1, 2013. It was redesigned in Spring 2014 and went through a total redesign on March 1, 2019 to make it mobile friendly. The website includes information and links related to the Health Insurance Marketplace; a direct link to the CommonHelp online application; and additional program information, links, and resources for services offered by DMAS. The site provides detailed information on multiple Medicaid programs, including the new health coverage for adults, and it offers a single interactive eligibility-screening tool that screens for adults, children and pregnant women.

On June 7, 2018, Governor Northam signed legislation expanding Medicaid for adults in Virginia. A new Expansion page was added to coverva.org. Between January 1 and March 31, more than 67,000 unique individuals accessed the Expansion page and more than 77,000 unique visitors accessed the Expansion Eligibility Screening Tool.

In the third quarter of SFY 2019:

- The Cover Virginia website received 194,709 unique (unduplicated) visits:
 - January - 92,015
 - March - 52,601
 - April - 50,096
- This represents a 21 percent decrease from the second quarter. This decrease is most likely due to a natural slow down since the implementation of Medicaid expansion on January 1, 2019. Also, the Expansion advertising campaign came to a close at the end of January.
- During this quarter, the most-visited pages on the Cover Virginia website were:
 - Apply page: 89,205 visits
 - Eligibility screening tools: 77,000 visits
 - Expansion page: 67,341 visits
 - Eligibility page: 30,895 visits
 - Health Plans: 27,045 visits
 - Programs - Medicaid: 25,530 visits
 - FAMIS: 24,232 visits
- The Apply page received the most visits during this time period, which indicates that people are actively applying
- The second most visited page was the Eligibility screening tool which also indicated that viewers are coming to the website with a purpose.
- The most significant change made to the website during this quarter was a complete redesign of the

website to make it mobile friendly on any device. Additionally, pages were streamlined and navigation was made easier throughout the application.

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	19,861	97.4%
GAP Call Center	317	99.55%
CPU Eligibility	3,793	95.1%
GAP Eligibility	322	99.14%

In addition to required audits, the Cover Virginia Quality Review Unit performs targeted audits on problem areas as needed. DMAS contract monitors also perform quality reviews of the quality team to ensure all audits follow established policies and procedures. We are seeking to increase DMAS resources to perform additional quality reviews on eligibility determinations in the coming months.

July 2018 Contract

Since 2013, the Cover Virginia contract has continued as a component of the DMAS Fiscal Services contract. A two-year sole source contract was executed beginning July 1, 2018, with Conduent, Inc. The contract was modified to fund additional resources for the expected influx of applications for the new adult coverage.

Cover Virginia Costs

Cover Virginia operates under three separate contract modifications, covering MAGI-related application processing and eligibility services at the CPU, GAP processing, and call center and website-related functions. Additional funding was provided during the initial Medicaid expansion period to cover fast-track efforts and increased application volume.

Medicaid Expansion

For the third quarter of SFY 2019, DMAS paid Conduent \$2,817,912, or \$1,408,956 per month, for the Medicaid expansion "bubble period." This funding supported fast-track efforts for the new expansion group. The primary services provided were call center support and processing of fast-track paper applications from SNAP and Plan First participants already known in VaCMS. This effort also extended to include the

increased volume of applications from newly eligible adults expected from the federally facilitated exchange.

CPU

For the third quarter of SFY 2019, DMAS paid Conduent \$3,225,645, or \$1,075,215 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 at either the 75 percent enhanced federal financial participation (FFP) match rate or the 50 percent regular FFP match rate. The enhanced 75 percent FFP is available for qualifying eligibility and enrollment operational activities such as determining eligibility 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 pass-through expenses for postage costs, which total approximately \$14,000 per month, and \$61,120 per month for TALX, a private database DMAS uses to verify income.

GAP

For the third 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 \$1,500 per month. Postage costs were higher because of additional mailings of notices related to the GAP transition into Medicaid expansion.

Call Center and Website

For the third 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: 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 \$600 per month.

Penalty Assessments

The CPU contract requires that penalties shall be assessed in any month when service level agreements are missed. During the third quarter of SFY 2019, the contractor was assessed a penalty of \$9,000 for the month of February 2019..

Summary

The third 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. As DMAS looks forward to the next open enrollment period in the fall 2019 and based on the experience of 2018, DMAS is preparing for another season of larger than normal renewals. DMAS is currently working on system efficiencies to address a large portion of these impacts for 2019.