



Community Services Boards General Fund Reduction Report

(Item 310 Y.3. of the 2019 Appropriations Act)

May 15, 2019

DBHDS Vision: A Life of Possibilities for All Virginians

Preface

Item 310 Y.3. of the 2019 Appropriations Act requires the Department of Behavioral Health and Developmental Services (DBHDS) to report on General Fund Reductions to the Community Services Boards (CSBs). The language reads:

Y.1. The Department of Behavioral Health and Developmental Services, in consultation with the Department of Medical Assistance Services, shall, on a monthly basis, monitor the fiscal impact of Medicaid expansion on community services boards. The Department of Behavioral Health and Developmental Services shall require community services boards to submit monthly expenditure reports documenting additional federal revenues received as a result of Medicaid expansion on a timely basis. In the event that the reduction in general fund appropriation allocated to a community services board in this Act in anticipation of additional revenues from Medicaid expansion exceeds, by more than ten percent, the total additional revenue collections as of May 15, 2019, the Commissioner, Department of Behavioral Health and Developmental Services, may allocate up to \$7,000,000 from available special fund revenue balances to address shortfalls, on a pro rata basis, if necessary.

2. Prior to the distribution of any special revenue fund balances for this purpose, the Department shall notify the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance Committees.

3. The Department of Behavioral Health and Developmental Services, in consultation with the Department of Medical Assistance Services, shall submit a letter to the Secretary of Health and Human Resources and the Chairmen of the House Appropriations and Senate Finance Committees by May 15, 2019, and each fiscal quarter thereafter, that reports on: (i) the state general fund reductions taken by each Community Services Board (CSB) or Behavioral Health Authority (BHA) in fiscal year 2019 in anticipation of projected savings from the expansion of Medicaid eligibility to existing CSB clients who were previously uninsured; (ii) the actual Medicaid-generated reimbursements realized by each CSB/BHA in fiscal year 2019 as a result of the expansion of Medicaid eligibility to existing CSB clients who were previously uninsured; (iii) the state general fund reductions to be taken by each CSB/BHA in fiscal year 2020 in anticipation of projected savings from the expansion of Medicaid eligibility; and (iv) the amount of Medicaid reimbursements that each CSB/BHA would have to achieve in order to meet the anticipated general fund savings/budget reductions in fiscal year 2020, as well as any actions the Department proposes to take to address any shortfalls and to ensure continuity in the provision of services. The Department of Medical Assistance Services shall require the managed care organizations to report encounter data impacting Community Services Boards on a monthly basis, with the data submitted no later than 20 days after the end of each month in order to determine the revenue impact to fulfill the intent of this paragraph.

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Introduction

During the 2018 session, the Governor proposed and the General Assembly passed Medicaid expansion. As part of this process, the Executive Branch conducted and completed a financial analysis identifying several program resources that would benefit from additional revenue generation through Medicaid expansion and where general fund support could be offset in anticipation of this new Medicaid revenue. One of the program areas identified was Community Services Board (CSB) programs supported through general fund grants to localities. The analysis made the assumption that the CSBs would realize new revenue for the individuals who are currently receiving services who would now be eligible for Medicaid, to include those currently served through Governor's Access Program (GAP). Based on this analysis, the finalized bill Chapter 2, 2018 Acts of Assembly Special Session I, reduced the general fund appropriation of the CSBs by \$11.1 million in FY 2019 and \$25.0 million in FY 2020. Based on a subsequent analysis conducted by the Department of Behavioral Health and Developmental Services (DBHDS) and confirmed based on discussion with CSB leadership, it was determined that CSBs may not generate the anticipated revenue as a result Medicaid Expansion, most certainly if GAP recipients already receiving CSB services were excluded from the methodology. Based on this feedback to Executive leadership and discussions with CSBs, the Governor included in his proposed budget and the General Assembly later modified this language to address the concern. The current Appropriation Act (2019 Acts of Assembly, Chapter 854) includes language requiring DBHDS to provide a report to the Governor and General Assembly on May 15, 2019, and quarterly thereafter on status of CSB general fund reductions resulting from anticipated new revenue generated from Medicaid Expansion.

The following sections provide details, including the methodology and status of the required financial information in the attached Appendix A.

GF Reduction FY 2019

Item 310, Y. 3. i.

Methodology Used

To apply the required \$11.1 million general fund appropriation reduction by CSB, DBHDS first looked at known areas for additional revenue generation due to Medicaid expansion. The focus here was the total number of uninsured individuals served in FY 2018 and the projected amount of Medicaid case management revenue that each CSB would generate based on those individuals. Case management is the only billable service used since this is what the original estimate was based on. Additionally, DBHDS identified that the case management rate under Medicaid is higher than GAP. DBHDS calculated this differential and applied it across the population currently receiving the service. These two items collectively generated \$10.4 million projected in new Medicaid annually, or for FY 2019, \$4.4 million over a five month period. The differential of \$6.7 million was then spread based on CSB total revenue (to include all sources of funding) at a rate of .81 percent reduction in total budget. Important points in this process include: 1) DBHDS was conservative in its estimate of new revenue generation resulting from Medicaid expansion due to limited information on eligible services, and 2) the \$6.7 million remaining was spread based on which CSBs would best be able to absorb such a reduction, looking at total revenues generated from all sources. This was done in order to mitigate any impact on service delivery if new revenues did not materialize. Along this same line of thinking,

DBHDS identified unrestricted general fund programs or funding streams that could be used to absorb the reduction, so as to protect those that are restricted in the Appropriation Act or have federal requirements. Notably, DBHDS adopted this methodology based on extensive conversations with CSB leadership on the best available option for spreading the required reduction in general fund appropriation.

CSB Revenue Generation related to Medicaid Expansion

Item 310, Y. 3. ii.

Currently, DBHDS has not received any information related to this item, but anticipates that it will be collected and included in the August 15th quarterly report.

In order to ascertain the amount of new Medicaid revenue generated by the CSBs for those individuals previously served as uninsured, DBHDS has convened a workgroup of CSB financial officers to determine the best method for compiling information in a uniform fashion from the boards on a monthly basis. This workgroup has developed a standard template which captures new individuals served by the CSBs receiving Medicaid. CSBs will complete this template by Medicaid ID number and service provided, with billing and collection data, beginning with January 2019 and then updating each month going forward. This process and template is in attached references, Appendices B & C.

This detail is essential in determining which individuals previously served as uninsured are now being billed and receiving Medicaid reimbursement. It will also help identify those individuals previously served who were enrolled and receiving reimbursement through GAP, as well as those individuals who are newly served by the CSB.

DBHDS has provided the following timeline for completion of this information below:

Date	Milestone
May 15, 2019	First report due to Executive Branch and General Assembly
July 15, 2019	First data submission due from CSBs to DBHDS – for billing periods 1/1/2019 to 4/30/2019
Early August, 2019	Payments to CSBs to address FY 2019 shortfall
August 15, 2019	2 nd Quarterly Report to Executive Branch and General Assembly; FY 2019 shortfall identified; Initial FY 2020 projected shortfall; Distribution of \$7 million special funds
August 31, 2019	FY 2019 final data submission from CSBs to DBHDS
September 30, 2019	July data submission from CSBs to DBHDS
October 31, 2019	August data submission from CSBs to DBHDS
November 15, 2019	3 rd Quarterly Report to Executive Branch and General Assembly - Formalized Projection of FY 2020 shortfall; Validation by DMAS; DBHDS strategies for addressing shortfall and identification of services impacted.

DBHDS anticipates using the information it receives on July 15th from the CSBs to begin the process of identifying a potential general fund replacement shortfall and then determining the methodology and process for utilizing the \$7 million in special funds to restore the FY 2019 reduction amount, if necessary. DBHDS would also use this information to inform the Executive Branch and General Assembly of any projected shortfall for FY 2020 and methods for addressing this. This would be provided in DBHDS' next quarterly report on August 15th. Based on the timeline, DBHDS anticipates distributing the \$7 million special funds in early August, assuming accurate information is received according to the proscribed deadlines.

Lastly, DBHDS has also held several discussions with the Department of Medical Assistance Services (DMAS), providing them the CSB template as reference. The goal would be for DMAS to validate this information using the data it receives from the Managed Care Organizations on claim billing and payment information for each of the CSBs. To date, DBHDS and DMAS have determined that this information lags by as much as six months and may not be available as part of the process of distributing the \$7 million special funds. Additionally, in working with the CSB workgroup and DMAS, it was determined that the current DMAS data exchange is essential in helping to identify eligible individuals for the CSBs.

GF Reduction FY 2020

Item 310, Y. 3. Iii & Iv.

Methodology Used

FY 2020 reduction methodology is similar to FY 2019 reduction. To apply the required \$25.0 million general fund appropriation reduction by CSB, DBHDS first started by looking at known areas for additional revenue generation due to Medicaid expansion. DBHDS focused on the total number of uninsured individuals served in FY 2018 and the projected amount of Medicaid case management revenue that each CSB would generate based on those individuals. Case management is the only billable service used since this is what the original estimate was based on. Additionally, DBHDS identified that the case management rate under Medicaid is higher than GAP. DBHDS calculated this differential and applied it across the population currently receiving the service. This generated \$10.4 million projected in new Medicaid for FY 2020. To make up the remaining \$14.5 million general fund reduction, DBHDS staff applied a 1.74 percent reduction of the total revenues for FY 2018 for Mental Health and Substance Abuse services at each individual CSB. The formula placed two ceilings on this distribution: 1) ensure no CSB experienced a greater than six percent reduction in total revenue (most fell between three and four percent); 2) keep the replacement to less than 60 percent of unrestricted funds so that they could identify non-obligated dollars to replace. For FY 2020 only, several CSBs exceeded these thresholds and, once capped, the remaining dollars were allocated using a Virginia Department of Health (VDH) Health Opportunities Index spreading the difference to those CSBs in the Top 10 of this metric. These actions resulted in the final distribution of the projected cuts. In May 2019, DBHDS identified unrestricted programs and funding streams that CSBs could use to absorb the general fund reduction starting with its first warrant payment at the start of FY 2020 in July 2019.

Appendix A – Community Services Boards Financial Information

	GF Reduction	Actual Revenue Realized Related to Medicaid Expansion - Uninsured Year-to-Date	Projected Revenue Generation by CSBs - Uninsured	GF Reduction and Amount CSBs Need to Generate in Revenue	Projected Revenue Generation by CSBs - Uninsured
	FY 2019	FY 2019	FY 2019	FY2020	FY 2020
	Item 310. Y. 3 (i)	Item 310. Y. 3 (ii)		Item 310. Y. 3 (iii and iv)	
Community Services Boards					
Alexandria	\$330,758	Not Available		\$876,373	
Alleghany	\$78,883	Not Available		\$141,622	
Arlington	\$636,277	Not Available		\$1,627,683	
Blue Ridge	\$358,453	Not Available		\$811,854	
Horizon	\$543,158	Not Available		\$469,323	
Chesapeake	\$166,355	Not Available		\$446,264	
Chesterfield	\$201,056	Not Available		\$453,906	
Colonial	\$154,376	Not Available		\$347,531	
Crossroads	\$156,525	Not Available		\$262,258	
Cumberland Mountain	\$180,162	Not Available		\$403,621	
Danville Pittsylvania	\$159,888	Not Available		\$207,730	
Dickenson	\$112,343	Not Available		\$82,230	
District 19	\$225,075	Not Available		\$511,219	
Eastern Shore	\$60,273	Not Available		\$132,676	
Fairfax Falls Church	\$1,686,609	Not Available		\$4,359,126	
Goochland	\$41,868	Not Available		\$91,704	
Hampton Newport News	\$499,314	Not Available		\$1,333,415	
Hanover	\$176,783	Not Available		\$382,283	
Harrisonburg-Rockingham	\$125,405	Not Available		\$279,120	
Henrico	\$294,968	Not Available		\$664,385	
Highlands	\$315,819	Not Available		\$573,583	
Loudoun	\$208,155	Not Available		\$564,205	
Mid. Peninsula Northern Neck	\$165,620	Not Available		\$361,794	
Mount Rogers	\$413,358	Not Available		\$929,762	
New River Valley	\$424,367	Not Available		\$948,166	
Norfolk	\$337,553	Not Available		\$877,561	
Northwestern	\$200,413	Not Available		\$438,142	
Piedmont	\$196,872	Not Available		\$322,190	
Planning District 1	\$140,766	Not Available		\$315,423	
Portsmouth	\$86,235	Not Available		\$189,729	

Prince William	\$238,384	Not Available		\$642,112	
Rapp Area	\$266,426	Not Available		\$602,970	
Rapp-Rapidan	\$132,725	Not Available		\$297,417	
Region 10	\$367,253	Not Available		\$503,514	
Richmond	\$484,980	Not Available		\$1,295,101	
Rockbridge	\$57,026	Not Available		\$128,241	
Southside	\$70,345	Not Available		\$153,537	
Valley	\$141,597	Not Available		\$313,472	
Virginia Beach	\$463,378	Not Available		\$1,193,687	
Western Tidewater	\$202,775	Not Available		\$445,865	
Totals	\$11,102,576			\$24,980,796	

Appendix B – Community Services Boards Reporting Requirements

Data Field Name	Data Field Description	Additional Information
Medicaid ID	Medicaid ID for Individual Receiving Expanded Benefits	One of the four identifiers to ensure a unique valid claim
Name	Name of Individual Receiving Expanded Benefits	One of the four identifiers to ensure a unique valid claim
Date of Birth	Date of Birth of for Individual Receiving Expanded Benefits	One of the four identifiers to ensure a unique valid claim
Date of Service	Date of Service of for Individual Receiving Expanded Benefits	One of the four identifiers to ensure a unique valid claim
Pay Source (MCO)	The Managed Care Organization providing the service	Needed to validate against DMAS data
CPT Code	The Current Procedural Terminology number for the service/procedure provided	
Service Type	Description of Service	
Client Type	Prior GAP, Prior Uninsured, New to CSB	Item needed to calculate the projected Medicaid shortfall
Amount Billed	The amount of Medicaid Expansion claims billed	
Amount Collected	The amount collected	Item needed to calculate the projected Medicaid shortfall
Month Billed	The month the claim was billed	
Month Collected	The month the claim was paid	Item needed to calculate the projected Medicaid shortfall
Previous GAP Rate Billed	The amount the CSB would have billed if individual was still receiving GAP	The reason for this data is to calculate the amount associated with Medicaid Expansion (i.e. Case Management GAP paid \$195.90 while Medicaid pays 326.50 the difference is associated with Medicaid Expansion)
Incremental Amount Billed	The difference between the GAP rate and the Medicaid rate	
Prior GAP Collection	The amount that would have been collected if the individual was still receiving GAP	Item needed to calculate the projected Medicaid shortfall
Incremental Amount Collected	The amount collected for a prior GAP individual that is attributable to Medicaid Expansion	Item needed to calculate the projected Medicaid shortfall

Appendix C – DBHDS Calculation Template

GF Reduction Amounts by CSB		Revenue Received from Medicaid Expansion as of 5/15/19	Projected Revenue Shortfall	Percentage of Medicaid Collections of GF Reductions	Is CSB Eligible?	Eligible CSBs Revenue Shortfall	Final Allocation up to 7mil not to exceed 90% of Revenue Shortfall
CSBs	FY 2019 Scenario			Col D/Col B			
				Over 7M but not over 90% of SF			
Average CSB	\$277,564	\$116,804	\$160,761	42.08%	Yes	176,948	159,253
Totals	\$11,102,576	4,672,151.34	6,430,425			7,077,933	6,370,140

Above example is based on total projected shortfall of \$6,430,425 with and total payout of \$6,370,140. The scenario had some CSBs exceeding 90% of estimated revenue so when those CSBs were excluded from reimbursement calculation eligible CSBs shortfall was \$7,077,993.