



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: Monthly Report on October Medicaid Expenditures due November 20, 2018

This report is submitted in compliance with Item 307.B of the 2018 Appropriation Act which states:

*"The Department of Medical Assistance Services shall submit monthly expenditure reports of the Medicaid program by service that shall compare expenditures to the official Medicaid forecast, adjusted to reflect budget actions from each General Assembly Session. The monthly report shall be submitted to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees within 20 days after the end of each month."*

When reviewing the report it may be helpful to note the following definitions.

- The "Official Forecast" column represents current law, or the forecast that was submitted to the General Assembly November 1, 2017 and was the basis for Chapter 2 (2018 Special Session).
- "Funding Adjustments" include all policy actions from the 2018 General Assembly as well as budget execution adjustments.

- “Total Medicaid Expenditures” represent all activities included in the official forecast. Appropriations for CSA and State Facilities (45607) are provided outside of the forecast process.
- Funds for “Healthcare Coverage for Low-Income Uninsured Adults” (Medicaid Expansion) were provided in Chapter 2. Coverage will begin January 1<sup>st</sup>, therefore, there are no expenditures to date. The non-federal share of Expansion is funded by an assessment on private hospitals. No General Fund will be utilized for coverage of this new population.
- “Supplemental Rate Assessment Payments” is a new initiative required by Chapter 2 to provide supplemental payments to certain hospitals. Those payments will begin in February 2019.

There are a significant number of variances over 2018 spending due to full implementation of a managed care program for long-term services and supports (CCC+ Program). In addition, behavioral health services are moving into Medallion 4.0 (Low-Income Adults and Children) on a rolling basis this fiscal year. This results in fewer expenditures in the fee-for-service line items and more in the managed care ones compared to last year.

Several fee-for-service line items show expenditures greater than our current budget for the year. Fewer individuals moved into CCC+ than anticipated. In addition, members are experiencing more periods of fee-for-service activity after failing to renew annually, contributing to a reduction in managed care and an increase in various fee-for-service categories over what was anticipated in the 2017 forecast. This has been adjusted in the November 1, 2018 forecast.

Section 307U of Chapter 2 stipulates how the department should handle pharmacy rebates on a quarterly basis. While this has created large variances over last year’s expenditures, we do not anticipate that the year-end amounts will vary significantly over forecast expectations at this time.

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, M.D., Secretary of Health and Human Resources

**Department of Medical Assistance Services**  
**Summary Report on Medicaid and CHIP Expenditures – October FY2019**

	Official	Funding	Final	Funded	October	October	FY % Change	Balance Remaining	
	Forecast	Adjustments	Appropriation	Growth	FY2018	FY2019		Amount	%
<b>General Medical Care: MCOs</b>	<b>6,604,386,464</b>	<b>(14,196,211)</b>	<b>6,590,190,253</b>	<b>38%</b>	<b>1,313,489,591</b>	<b>1,381,525,671</b>	<b>51%</b>	<b>4,608,664,581</b>	<b>70%</b>
Capitation Payments: Low-Income Adults & Children	2,182,518,956	(10,392,108)	2,172,126,848	17%	624,944,553	649,122,260	4%	1,523,004,588	70%
Capitation Payments: Aged, Blind & Disabled	101,674,781	-	101,674,781	-88%	479,851,340	19,958,150	-96%	81,716,630	80%
Capitation Payments: Duals/CCC Program	7,174,312	-	7,174,312	-96%	97,818,083	4,491,011	-95%	2,683,300	37%
Capitation Payments: CCC+ Program	4,512,804,171	(3,804,103)	4,509,000,068	100%	110,875,615	1,381,155,073	1146%	3,127,844,995	69%
MCO Pharmacy Rebates	(199,785,756)	-	(199,785,756)	-33%	-	(73,200,823)		(126,584,933)	63%
<b>General Medical Care: Fee-For-Service</b>	<b>1,417,765,252</b>	<b>(34,639,984)</b>	<b>1,383,125,268</b>	<b>-15%</b>	<b>370,843,709</b>	<b>506,564,904</b>	<b>37%</b>	<b>876,560,364</b>	<b>63%</b>
Inpatient Hospital	197,396,874	(1,833,901)	195,562,973	-44%	137,590,031	112,847,644	-18%	82,715,329	42%
Outpatient Hospital	94,892,422	(1,069,776)	93,822,646	-6%	38,853,960	30,775,568	-21%	63,047,078	67%
Physician/Practitioner Services	57,671,193	(4,695,352)	52,975,841	-57%	51,034,385	33,733,749	-34%	19,242,093	36%
Clinic Services	99,813,401	(3,508,320)	96,305,081	-24%	44,242,933	29,188,774	-34%	67,116,307	70%
Pharmacy	67,613,092	(19,961,853)	47,651,239	-43%	35,972,011	24,913,521	-31%	22,737,717	48%
FFS Pharmacy Rebates	(22,066,987)	-	(22,066,987)	-51%	(245,241,836)	-	100%	(22,066,987)	100%
Medicare Premiums Part A & B	334,777,263	-	334,777,263	4%	107,991,718	107,574,865	0%	227,202,398	68%
Medicare Premiums Part D	266,246,732	-	266,246,732	5%	83,721,801	85,410,200	2%	180,836,532	68%
Dental	162,954,135	(764,126)	162,190,009	6%	55,619,817	52,503,855	-6%	109,686,155	68%
Transportation	61,992,801	-	61,992,801	-7%	22,829,241	14,437,403	-37%	47,555,398	77%
All Other	96,474,325	(2,806,656)	93,667,669	12%	38,229,649	15,179,325	-60%	78,488,345	84%
<b>Behavioral Health &amp; Rehabilitative Services</b>	<b>142,297,520</b>	<b>(15,577,819)</b>	<b>126,719,701</b>	<b>-85%</b>	<b>284,274,130</b>	<b>126,721,547</b>	<b>-55%</b>	<b>(1,846)</b>	<b>0%</b>
MH Case Management	11,328,040	-	11,328,040	-87%	29,556,052	15,733,395	-47%	(4,405,354)	-39%
MH Residential Services	5,986,587	-	5,986,587	-76%	5,673,678	6,140,387	8%	(153,800)	-3%
MH Rehabilitative Services	105,790,257	(15,577,819)	90,212,438	-85%	214,070,374	83,943,043	-61%	6,269,395	7%
Early Intervention & EPSDT-Authorized Services	19,192,636	-	19,192,636	-84%	34,974,026	20,904,723	-40%	(1,712,087)	-9%
<b>Long-Term Care Services</b>	<b>1,188,419,866</b>	<b>30,882,562</b>	<b>1,219,302,428</b>	<b>-36%</b>	<b>895,693,110</b>	<b>483,441,790</b>	<b>-46%</b>	<b>735,860,638</b>	<b>60%</b>
Nursing Facility	16,182,731	-	16,182,731	-96%	256,398,910	58,149,951	-77%	(41,967,220)	-259%
Private ICF/MRs	119,428,031	-	119,428,031	4%	38,314,224	41,453,034	8%	77,974,997	65%
PACE	64,214,132	-	64,214,132	-4%	21,303,119	19,950,780	-6%	44,263,352	69%
HCBC Waivers: Personal Support	111,104,329	-	111,104,329	-75%	276,630,004	63,691,598	-77%	47,412,731	43%
HCBC Waivers: Habilitation	790,231,492	30,882,562	821,114,054	10%	255,622,630	266,865,946	4%	554,248,108	67%
HCBC Waivers: Nursing, EMAT, Adult Day Care, Alzheimers	65,049,601	-	65,049,601	36%	23,199,093	12,284,801	-47%	52,764,799	81%
HCBC Waivers: Case Management & Support	22,209,551	-	22,209,551	-66%	24,225,131	21,045,680	-13%	1,163,871	5%
<b>Indigent Care</b>	<b>752,452,714</b>	<b>(122,637,495)</b>	<b>629,815,219</b>	<b>-1%</b>	<b>281,563,274</b>	<b>355,108,889</b>	<b>36%</b>	<b>274,706,330</b>	<b>44%</b>
<b>Healthcare Coverage for Low-Income Uninsured Adults</b>	<b>-</b>	<b>976,231,515</b>	<b>976,231,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>976,231,515</b>	<b>100%</b>
<b>Supplemental Rate Assessment Payments</b>	<b>-</b>	<b>300,000,000</b>	<b>300,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000,000</b>	<b>100%</b>
<b>Total Medicaid Expenditures</b>	<b>10,105,321,816</b>	<b>1,120,062,568</b>	<b>11,225,384,384</b>	<b>15%</b>	<b>3,125,863,814</b>	<b>3,453,362,801</b>	<b>10%</b>	<b>7,772,021,583</b>	<b>69%</b>
<b>Mental Health Services CSA</b>	<b>-</b>	<b>71,713,945</b>	<b>71,713,945</b>	<b>-17%</b>	<b>27,600,941</b>	<b>26,943,177</b>	<b>-2%</b>	<b>44,770,768</b>	<b>62%</b>
Federal Funds	-	43,187,748	43,187,748	0%	13,800,471	13,471,589	-2%	29,716,160	69%
State Funds	-	28,526,197	28,526,197	-34%	13,800,471	13,471,589	-2%	15,054,609	53%
<b>MHMR Facility Reimbursements (45607)</b>	<b>123,671,762</b>	<b>-</b>	<b>123,671,762</b>	<b>-14%</b>	<b>43,250,727</b>	<b>34,988,601</b>	<b>-19%</b>	<b>88,683,161</b>	<b>72%</b>
Federal Funds	61,835,881	-	61,835,881	-14%	21,625,365	17,494,301	-19%	44,341,580	72%
State Funds	61,835,881	-	61,835,881	-14%	21,625,362	17,494,300	-19%	44,341,581	72%
<b>Total Medicaid Program (456)</b>	<b>10,228,993,578</b>	<b>1,191,776,513</b>	<b>11,420,770,091</b>	<b>14%</b>	<b>3,196,715,482</b>	<b>3,515,294,579</b>	<b>10%</b>	<b>7,905,475,512</b>	<b>69%</b>
Federal Funds	5,071,798,506	875,203,716	5,947,002,222	29%	1,571,150,479	1,733,716,779	10%	4,213,285,443	71%
Special Funds	371,395,190	80,823,953	452,219,143	13%	-	-	-	452,219,143	100%
Rate Assessment	-	300,000,000	300,000,000	100%	-	-	-	300,000,000	100%
State Funds	4,785,799,882	(64,251,155)	4,721,548,727	8%	1,625,565,003	1,781,577,801	10%	2,939,970,926	62%
<b>FAMIS Expenditures (446)</b>	<b>200,025,684</b>	<b>-</b>	<b>200,025,684</b>	<b>20%</b>	<b>62,636,911</b>	<b>67,347,882</b>	<b>8%</b>	<b>132,677,802</b>	<b>66%</b>
Federal Funds	176,022,602	-	176,022,602	19%	55,251,876	59,300,619	7%	116,721,983	66%
Special Funds	14,065,627	-	14,065,627	100%	-	-	-	14,065,627	100%
State Funds	9,937,455	-	9,937,455	78%	2,385,035	8,047,263	144%	1,890,192	19%
<b>M-CHIP Expenditures (466)</b>	<b>156,888,591</b>	<b>-</b>	<b>156,888,591</b>	<b>14%</b>	<b>50,066,145</b>	<b>59,462,541</b>	<b>19%</b>	<b>97,426,050</b>	<b>62%</b>
Federal Funds	138,061,960	-	138,061,960	13%	44,234,798	52,355,634	18%	85,706,326	62%
State Funds	18,826,631	-	18,826,631	19%	5,831,347	7,106,907	22%	11,719,724	62%