



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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November 11, 2022

MEMORANDUM

TO: The Honorable Janet D. Howell
Chair, Senate Finance Committee

The Honorable Barry D. Knight
Chair, House Appropriations Committee

FROM: Cheryl Roberts
Director, Virginia Department of Medical Assistance Services

SUBJECT: Operational Savings for Merging the Medicaid Managed Care Programs

This report is submitted in compliance with Item 308.DD. of the 2022 Appropriations Act which states:

DD. The Department of Medical Assistance Services and the Department of Planning and Budget shall evaluate the impact of merging the Commonwealth Care Coordinated Plus and Medallion 4.0 managed care programs to identify administrative cost savings and efficiencies that will result from combining the two programs and contracts. The departments shall develop a plan to achieve savings of at least \$1.0 million a year and shall report that plan to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by no later than October 1, 2022.

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

CR
Enclosure

Pc: The Honorable John Littel, Secretary of Health and Human Resources

Operational Savings for Merging the Medicaid Managed Care Programs

A Report to the Virginia General Assembly

November 11, 2022

Report Mandate:

HB30 (Chapter 2) Item 308.DD.: “The Department of Medical Assistance Services and the Department of Planning and Budget shall evaluate the impact of merging the Commonwealth Care Coordinated Plus and Medallion 4.0 managed care programs to identify administrative cost savings and efficiencies that will result from combining the two programs and contracts. The departments shall develop a plan to achieve savings of at least \$1.0 million a year and shall report that plan to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by no later than October 1, 2022.”

Background

DMAS is continuing to move forward with the Cardinal Care initiative, which will consolidate Medallion 4.0 and Commonwealth Coordinated Care Plus (CCC Plus) into one managed care program. Consolidating the programs under one managed care contract will ensure better continuity of care for members, eliminate redundancies, and improve the programs’ focus on the diverse and evolving needs of the populations served. This report describes the anticipated savings associated with the Cardinal Care initiative.

Operational Savings Identified

For ongoing operational savings beginning in FY2024, DMAS has identified two contracts within Program Operations. Since the majority of members are now in managed care, the managed care organizations are responsible for the large-scale, routine behavioral health audits. Therefore, the Health Management Systems contract will no longer be needed for routine Fee for Service (FFS) behavioral health provider audits and the Myers and Stauffer contract for a special project related to member eligibility will be reduced. The below table reflects the estimated savings.

Contract	FY2024 General Fund	FY2024 Non-General Fund	FY2024 Total
Health Management System	487,721	487,721	975,442
Myers and Stauffer	12,279	12,279	24,558
Total	500,000	500,000	1,000,000

About DMAS and Medicaid

DMAS’s 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 for over 2 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, behavioral health as well as 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 more than 500,000 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 an approximate 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.