



# COMMONWEALTH of VIRGINIA

## *Department of Medical Assistance Services*

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May 25, 2023

### MEMORANDUM

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

The Honorable Barry D. Knight  
Chair, House Appropriations Committee

Michael Maul  
Director, Virginia Department of Planning and Budget

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

**SUBJECT:** The Cover Virginia Central Processing Unit Quarterly Report – Q3, FY2023

This report is submitted in compliance with Item 308.O.2. of the 2022 Appropriations Act which states:

*308.O.2. Out of this appropriation, \$3,283,004 the first year and \$3,283,004 the second year from the general fund and \$9,839,000 the first year and \$9,839,000 the second year from nongeneral funds is provided for the enhanced operation of the Cover Virginia Call Center as a centralized eligibility processing unit (CPU) that shall be limited to processing Medicaid applications received from the Federally Facilitated Marketplace, telephonic applications through the call center, or electronically submitted Medicaid-only applications. The department shall report the number of applications processed on a monthly basis and payments made to the contractor to the Director, Department of Planning and Budget and the Chairman of the House Appropriations and Senate Finance and Appropriations Committees. The report shall be submitted no later than 60 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 804-664-2660.

CR/wrf  
Enclosure

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

# The Cover Virginia Central Processing Unit – Q3, FY2023

A Report to the Virginia General Assembly

May 25, 2023

## Report Mandate:

*Item 308.O.2. of the 2022 Appropriation Act, states, “Out of this appropriation, \$3,283,004 the first year and \$3,283,004 the second year from the general fund and \$9,839,000 the first year and \$9,839,000 the second year from nongeneral funds is provided for the enhanced operation of the Cover Virginia Call Center as a centralized eligibility processing unit (CPU) that shall be limited to processing Medicaid applications received from the Federally Facilitated Marketplace, telephonic applications through the call center, or electronically submitted Medicaid-only applications. The department shall report the number of applications processed on a monthly basis and payments made to the contractor to the Director, Department of Planning and Budget and the Chairman of the House Appropriations and Senate Finance and Appropriations Committees. The report shall be submitted no later than 60 days after the end of each quarter of the fiscal year.”*

## Background

Cover Virginia provides Medicaid and the Children’s Health Insurance Program (CHIP) information and services through a robust operation. Cover Virginia includes the statewide call center, which accepts telephonic applications and renewals for the Medicaid program and provides general information and guidance to callers. The Central Processing Unit (CPU) processes thousands of Medicaid applications and screen all applications received telephonically, online, and those referred from the Federal Marketplace. The Cover Virginia Incarcerated Unit is a specialized unit that works in collaboration with the Department of Corrections (DOC), local and regional jails, and the Department of Juvenile Justice (DJJ) to accept, process, and maintain applications for justice-involved populations in Virginia. Cover Virginia plays an integral role in the administration of Medicaid program in Virginia.

The passage of the Patient Protection and Affordable Care Act (ACA) in 2010 mandated states make changes to their Medicaid and CHIP programs. These changes include aligning enrollment with the Federal Marketplace open enrollment period, as Federally Facilitated Marketplace (FFM) cases are transferred directly to the states for processing and accepting the new single streamlined eligibility application for Medicaid and CHIP programs throughout the year. The Virginia Department of Social Services began using a new eligibility and enrollment system, known as the Virginia Case Management System (VaCMS), on October 1, 2013. To address the increased volume of

**The mission of the Virginia Medicaid agency is to improve the health and well-being of Virginians through access to high-quality health care coverage.**

The Department of Medical Assistance Services (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 700,000 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% for newly eligible adults, generating cost savings that benefit the overall state budget.

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 Central Processing Unit (CPU). The Cover Virginia CPU launched in August 2014 under an administrative services vendor contract and monitoring and oversight. The CPU receives applications from three primary sources: telephonic submissions through the call center, online applications from CommonHelp, and applications submitted through the Federal Marketplace on Healthcare.gov that appear to be Medicaid eligible. DMAS has oversight of the administrative services contract which includes a statewide call center, eligibility processing and all additional business process supports.

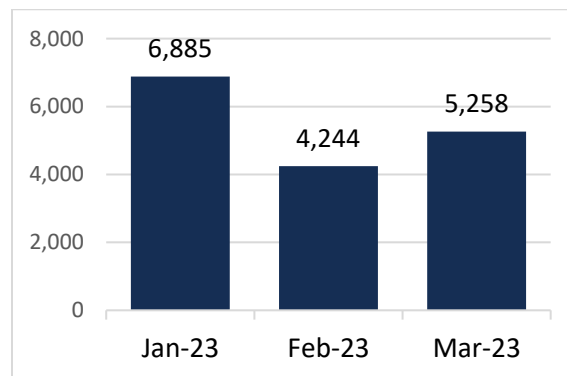
The 2017 session of the Virginia General Assembly passed HB2183, which requires the DMAS Cover Virginia team to develop and implement a specialized CPU for incarcerated individuals who may be eligible for Medicaid. This initiative for incarcerated individuals centralizes the processes to accept telephonic applications and perform ongoing case maintenance for offenders in coordination with the DOC, regional and local jails, and the DJJ. The unit also utilizes data matches through an exchange with DOC to ensure streamlined coverage changes upon release.

## **Operations for Q3 FY23**

### ***Cover Virginia CPU***

The CPU received a total of 16,387 applications for processing during the third quarter of FY23. Of those, the majority were received through the Federal Marketplace (41% or 6,688 applications), CommonHelp online (34% or 5,517 applications), or telephonic applications (25% or 4,173 applications). Only a small portion were received as paper applications (0.05% or 8 applications) or other designations as to source (0.01% or 1 applications).

**Chart 1 – Q3 FY23 Total New Application Volume**



*Source: Cover Virginia Monthly Reports*

### ***Monthly Application Volume***

The above chart shows monthly application volumes received by the Cover Virginia CPU during the third quarter of SFY 2023. Application volumes decreased significantly during the third quarter when compared to the second quarter due to the ending Federal Marketplace open enrollment period.

### ***Approvals/Denials***

In the third quarter of FY23, 31% (5,071) of applications were approved and 27% (4,454) were denied. The remaining applications were either transferred to the appropriate local department of social services (LDSS) agency (28% or 4,506) or are in a pending status as of the writing of this report (14% or 2,356). Reasons that Cover VA will transfer a case to the local agency include when a reported change is received via a new application on an active case which is being maintained by a local DSS agency, as well as when the decision is a spenddown or denial for over income, but the income is within the gap filing thresholds which are evaluated by LDSS.

### **Processing of Special Populations**

#### ***Cover Virginia Incarcerated Unit (CVIU)***

During the quarter being reported, 2,578 calls were received by the CVIU from correctional facilities. Out of the 1,058 applications received for incarcerated individuals, the majority were approved (692 applications) for Medicaid benefits. There were 34 applications denied for reasons such as failure to provide documentation needed to complete the determination, duplicate applications, or because the individual had existing Medicaid coverage. A monthly breakdown of call volume and application volume is shown below:

	Total Calls Received	Total Applications Received	Approved	Denied
<b>Jan-23</b>	802	374	246	21
<b>Feb-23</b>	750	320	232	6
<b>Mar-23</b>	1,026	364	214	7
<b>Q3 FY23 Total</b>	<b>2,578</b>	<b>1,058</b>	<b>692</b>	<b>34</b>

CVIU application volumes decreased 4% in the 3<sup>rd</sup> quarter. The CVIU moved active incarcerated coverage to full-benefit Medicaid within 24 hours of release for 1,159 individuals. The following chart represents the breakdown by month of pre-release actions for this reporting period:

Daily Release	Jan 2023	Feb 2023	Mar 2023
<b>Total</b>	445	337	377

Since the implementation of the CVIU in November 2018, 43,454 applications have been received and processed. As of the end of March 2023, 16,557 offenders are enrolled in limited-coverage Medicaid as an incarcerated individual.

### **Hospital Presumptive Eligibility (HPE)**

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 full-benefit Medicaid coverage.

During Q3 FY23, the CPU processed 70 HPE enrollments of which, 28 requests were denied, which includes individuals who were already actively enrolled in Medicaid. Currently, 48 hospitals have signed an agreement to participate in the HPE program.

### **Cover Virginia Call Center**

Below shows a comparison of third quarter call center volume for previous fiscal years.

SFY 2021 third quarter call volume: 249,660

SFY 2022 third quarter call volume: 192,013

SFY 2023 third quarter call volume: 200,121

SFY 2021 third quarter applications taken: 8,328

SFY 2022 third quarter applications taken: 13,017

SFY 2023 third quarter applications taken: 9,783

Data for call center activity for the third quarter of FY23 is reported below:

- 200,121 calls came into Cover Virginia, with 35% of calls self-servicing through the interactive voice response (IVR) system.
- The number of calls routed to a call representative was 130,850; a 19% increase from the previous quarter.
- The monthly average number of calls was 66,707.
- Customer service representatives spoke directly with approximately 98% of callers and the remaining 2% disconnected.
- The call center submitted 9,783 new telephonic applications and 68 telephonic annual renewals.

### **October 2020 Contract**

Virginia executed a new contract with Maximus as the Fiscal Agent. The contract term is October 8, 2020, through March 31, 2026. Maximus began implementation October 8, 2020, and became operational on March 29, 2021. This contract is renewable for up to five (5) additional periods of twelve (12) months each at the option of the Purchasing Agency.

### **Renewal Processing Modification #3**

During this reporting period, the Department modified the current contract with Maximus, Inc., to establish a renewal call center and renewal application processing units. The Cover Virginia operations center will be temporarily expanded to mitigate the anticipated high call volume and increased renewal application responses due to the Unwinding of renewals as a result of ending the Public Health Emergency (PHE). This modification is effective with work beginning April 1, 2023, through September 30, 2024.

## Contractual Budget

- Implementation payments of \$2,874,251 were made in the third quarter of 2023. Medicaid costs for implementation are reimbursed at a 90 percent enhanced federal financial participation (FFP) match rate.

Cover Virginia Implementation Costs	
Federal	\$ 2,586,826
State	\$ 186,863
*Special Funds	\$ 100,562
Total	\$ 2,874,251

\*Provider coverage assessments

- Operational payments of \$41,353,238 were made in the third quarter of SFY 2023 for March 29, 2021, through December 31, 2022. 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.

<b>Cover Virginia Costs</b>	
<b>Quarter: Mar '21-Dec '22</b>	
	<b>CVCC</b>
Total Costs	23,836,969
General Funds	4,377,661
Federal Funds	17,902,625
Total Special Funds*	2,028,328
Penalty Assessment	(471,645)
	<b>CPU</b>
Total Costs	15,539,254
Total General Funds	2,676,144
Total Federal Funds	11,828,934
Total Special Funds*	1,344,469
Penalty Assessment	(310,293)
	<b>CVIU CC</b>
Total Costs	780,592
Total General Funds	132,711
Total Federal Funds	612,323
Total Special Funds*	70,663
Penalty Assessment	(35,105)
	<b>CVIU</b>
Total Costs	1,196,423
Total General Funds	222,625
Total Federal Funds	914,964
Total Special Funds*	106,282
Penalty Assessment	(47,449)
	<b>TOTAL</b>
Total Costs	41,353,238
Total General Funds	7,409,141
Total Federal Funds	31,258,845
Total Special Funds*	3,549,742
Penalty Assessment	(864,491)

\*Provider coverage assessments 1

<sup>1</sup> Contractual Settlement

The Department and Maximus, Inc., reached a settlement agreement effective December 16, 2022 regarding previous years activities and the settlement amount is incorporated in the budget summary.

## Penalty Assessments

The contract requires that penalties shall be assessed in any month when service level agreements are missed. For payments made during the third quarter of SFY 2023, the contractor was assessed and paid penalties of \$864,491.

## Summary

The third quarter of SFY 2023 continued to experience a strong volume for the Cover Virginia operational Units. The Department continues to monitor contractor performance against contractual deliverables and has addressed concerns through daily and weekly meetings and written correspondence as appropriate. Cover Virginia operations and DMAS contract monitoring teams were actively engaged in development of processes and procedures, systems changes, testing and approval of all implementation requirements in preparation for Unwinding of the PHE. They successfully stood up new operational components to process MAGI renewals and handle the anticipated increase in public inquiries and telephonic applications in support of local agencies statewide.