COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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October 31, 2025

MEMORANDUM

TO: The Honorable Luke E. Torian,
Chair, House Appropriations Committee

The Honorable L. Louise Lucas
Chair, Senate Finance Committee

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

SUBJECT: Quarterly Report to Ensure Oversight of Managed Care Reprocurement Implementation (Q1 SFY26)

This report is submitted in compliance with Item 288.T.5. of the 2025 Appropriations Act, which states:

The department shall provide regular updates on implementation of the new managed care contracts on a quarterly basis to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

Should you have any questions or need additional information, please feel free to contact me at 804-664-2660.

CR/wf
Enclosure

Pc: The Honorable Janet V. Kelly, Secretary of Health and Human Resources

Report on the Implementation of Medicaid Managed Care Contracts Associated with the Reprocurement for Cardinal Care Managed Care (CCMC) Program Awarded Under RFP 13330

October 2025

Report Mandate:

Item 288(T)(5). Of Chapter 725 of the 2025 Appropriation Act states: The department shall provide regular updates on implementation of the new managed care contracts on a quarterly basis to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

For the reprocurement of the Medicaid managed care contracts, the Department issued a Request for Proposals (RFP) in August 2023, conducted a thorough evaluation of the proposals submitted by the bidding entities, and selected the five proposals that will best serve the medical care needs of Virginia's most vulnerable populations. The selected proposals met all RFP requirements and included examples of innovations and improvements to enhance the quality of care that will be incorporated into the new Cardinal Care Managed Care (CCMC) contract.

An incumbent managed care organization (MCO) that was not selected by the Department on April 1, 2024, Notice of Intent to Award (NOIA) filed a protest challenging the Department's selection process. After that protest was denied, the protesting offeror filed a lawsuit in the Richmond Circuit Court invoking the Virginia Public Procurement Act (VPPA), Va. Code §§ 2.2-4360 and 2.2-4364. The Department challenged the lawsuit. After several months of litigation, the protester ultimately withdrew its lawsuit, which was formally dismissed with prejudice by the Richmond Circuit Court on May 1, 2025.

The Department awarded the new CCMC contracts to Aetna Better Health of Virginia, Anthem HealthKeepers, Humana Healthy Horizons, Sentara Health Plans and UnitedHealthcare Community Plan, and is working with the awardees to implement the new contracts, effective July 1, 2025. Anthem was also awarded the contract for the Foster Care Specialty Plan.

The following table lists the major milestones as it relates to the reprocurement activities through October 1, 2025.

DATE	EVENT
March 2, 2023	DMAS posted the announcement of the upcoming solicitation for the upcoming RFP on the eVA Virginia Business Opportunities (VBO) as a Future Procurement.
August 31, 2023	DMAS posted the solicitation, RFP 13330, on the eVA VBO.
September 19, 2023	Optional Pre-Proposal conference held.
September 20, 2023	Deadline for receipt of Letters of Intent (LOIs) from Offerors.
September 22, 2023	Deadline for receipt of questions from Offerors.
October 27, 2023	Deadline for receipt of proposals from Offerors.
December 18, 2023	Negotiations with selected Offerors began.
February 28, 2024	Notice of Intent to Award (NOIA) posted to eVA VBO.
March 19, 2024	DMAS rescinded NOIA posted on 2/28/24.
April 1, 2024	Second NOIA for RFP 13330 posted.
April 26, 2024	Protest lawsuit filed (Molina Healthcare of Virginia v. Department of Medical Assistance Services; City of Richmond Circuit Court; Case No. CL-24-001889-00).
December 30, 2024	DMAS posted the Notice of Award (NOA) for RFP 13330, Cardinal Care Managed Care (CCMC), on eVA. Along with the NOA posting, DMAS also posted a Public Interest Determination and emailed the awardee MCOs informing them of the posting.
December 31, 2024	Meeting held with awardee MCOs and DMAS to discuss plans for implementing the new CCMC contracts.
March 25, 2025	Held FY26 Cardinal Care Managed Care draft capitation rate meeting.
May 1, 2025	Court granted Molina's request to withdraw and dismiss its protest lawsuit with prejudice.
January – June 2025	**MCO Capitation Rates** Completed the development, review and approval of SFY CCMC MCO capitation rates. This includes, but is not limited to: • DMAS and Mercer development of revised MCO capitation rates based on updated base data and

	contractual requirements. • Presentation of draft capitation rates to Internal Financial Review Committee (IFRC) – 3/13/2025 • Presentation of draft capitation rates to MCOs – 3/25/2025 • Presentation of final capitation rates to IFRC – 5/15/2025 • Presentation of final capitation rates to MCOs – 5/23/2025
	CCMC MCO Contract Completed the development, review and approval of CCMC Contract. This includes, but is not limited to: • Incorporation of General Assembly required activities, rates and programs. • DMAS leadership and MCO review and approval of amended requirements. • As required in the Appropriation Act, review and approval by the Department of Planning and Budget. • Submission of final contract to the Centers for Medicare and Medicaid Services (CMS).
	Systems Completed all systems changes necessary to go live on July 1, 2025. • Completed development and coding for systems changes to support CCMC contractual requirements, including meeting all VITA standards including those for artificial intelligence. • Enrollment and onboarding of new MCO. Implemented all required systems connectivity and interfaces. • Completed development and coding of systems changes to support the new Foster Care Specialty Plan. • Conducted extensive user and trading partner testing for all CCMC systems changes, connectivity, and interfaces.
	Communications Completed CCMC outreach campaign for members, providers, legislators, state agencies and other interested stakeholders. The outreach campaign included, but was not limited to: • Recorded and Live CCMC informational sessions with DMAS managed care partners. • Multichannel social media outreach and direct mail

	informational outreach. • Outreach and trainings on Anthem's Foster Care Specialty Plan for Department of Social Services (DSS) staff, adoptive parents, former foster care members, and interested stakeholders.
	Subcontractor Readiness Completed the review and approval of the MCO's subcontractors, as required.
	MCO Readiness Along with DMAS' External Quality Review Organization (EQRO), Health Services Advisory Group (HSAG), completed the Federal and State required MCO readiness review. This includes, but is not limited to: • Completed Desk and Virtual audits of MCO policies, programs and systems. • Provided results of the audits to the MCOs. These include an itemized list of items that needed to be corrected before being allowed to go live. • MCOs corrected all deficiencies and were approved to begin operations on July 1, 2025.
	Foster Care Specialty Plan DMAS continued working with Anthem and DSS representatives to plan and prepare for phased transition of all Foster Care, Adoption Assistance, and Former Foster Care members to Anthem. • Weekly meetings to ensure all implementation and transition requirements are being met and members transition as seamlessly as possible. • Completed Foster Care Specialty Plan Technical Manual to include new contractual reporting requirements specific to Anthem's FCSP Contract Addendum. • Finalized internal operations plan for members requesting to opt out of FCSP and provided training materials and scripting to Enrollment Broker and other call centers. • Transitioned all Phase 1 members to Anthem's Foster Care Specialty Plan on June 18, 2025, with July 1 effective date.

	Closeout of Molina DMAS worked with Molina to cease their operations on July 1, 2025. • Worked with the Office of the Attorney General to identify Molina close-out requirements. This included what processes Molina must continue beyond July 1. • DMAS and Molina meet weekly to ensure the closeout requirements are being met and members are transitioned to their new MCO as seamlessly as possible. These meetings continue beyond July 1 as necessary. • Transitioned Molina members to Humana, with the option to select a different health plan, on June 18, 2025.
July 1, 2025	CCMC Implementation of Phase I • 111,141 Molina members were transitioned to Humana Healthy Horizons. • 4,379 members in the three foster care populations (foster care, former foster care, and adoption assistance) in the Tidewater and Central regions were transitioned to the new Foster Care Specialty Plan administered by Anthem.
August 1, 2025	CCMC Implementation Phase II • 6,624 members in the three foster care populations (foster care, former foster care, and adoption assistance) in the remaining regions of the state were transitioned to the new Foster Care Specialty Plan administered by Anthem.
July 1, 2025 through October 1, 2025	**Monitoring of New Program** Following go-live of the reprocured program, DMAS staff shifted focus from preparing for implementation to monitoring the successful operation of the CCMC program. • DMAS staff continue to meet weekly to identify, discuss and address any issues that may have arisen after implementation. As of the submission of this report, no systemic or significant problems due to implementation or the post-implementation operation of the program, including the foster care specialty plan, Anthem.

	• Since Humana Healthy Horizons is new to Virginia, DMAS and Humana staff continue to meet frequently to ensure they perform all aspects of the program within contractual requirements. While there have been some initial implementation issues, none were significant, and Humana has resolved these quickly. • DMAS and Anthem staff meet routinely to ensure the foster care specialty plan meets contractual requirements. Anthem continues to meet with stakeholders to provide education on the new plan. • DMAS and Molina staff continue to meet to ensure Molina complies with close-out requirements including ongoing reporting to DMAS as necessary.

About DMAS and Medicaid

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 approximately two 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 600,000 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.