



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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September 15, 2025

MEMORANDUM

TO: The Honorable Glenn Youngkin
Governor of Virginia

The Honorable Luke E. Torian
Chair, House Appropriations Committee

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee

Michael Maul
Director, Department of Planning and Budget

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

SUBJECT: Costing the Options within the Evaluation of Medicaid Eligibility Determination Report

This report is submitted in compliance with Item 292.SS. of the 2025 Appropriations Act which states:

The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall develop cost estimates for the options proposed in the "Evaluation of Medicaid Eligibility Determination" report to the General Assembly in December 2024 and report back to the Governor, the Director of the Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by September 15, 2025.

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

Costing the Options within the Evaluation of Medicaid Eligibility Determination Report

September 2025

Report Mandate:

Item 292.SS of the 2025 Appropriation Act states: The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall develop cost estimates for the options proposed in the "Evaluation of Medicaid Eligibility Determination" report to the General Assembly in December 2024 and report back to the Governor, the Director of the Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by September 15, 2025.

Overview

The 2024 Appropriation Act included the following language in Item 292.HH:

Out of this appropriation, \$500,000 from the general fund and \$500,000 from nongeneral funds the first year shall be provided to the Department of Medical Assistance Services (DMAS) to hire a consultant, with Medicaid-specific knowledge related to eligibility determination, process-design and information technology, to evaluate Medicaid eligibility determination in the Commonwealth. The consultant shall conduct a systematic review and evaluate all aspects of Medicaid eligibility determination as performed by DMAS and local departments of social services (LDSS). This review shall include, but not be limited to, the following:

(i) evaluate the current information technology systems; (ii) measure the accuracy, processing times and efficiency of current eligibility determination processes; (iii) determine how well the current structure and systems handle high volumes; (iv) assess the current level of automation and determine processes that could be streamlined; (v) analyze the overall cost-effectiveness of how eligibility is conducted, considering staffing costs and ongoing operational expenses; (vi) examine best practices in other states; and (vii) develop cost-effective options for enhancing eligibility determination in the Commonwealth including alternative delivery models. DMAS, the Department of Social Services, and LDSS shall provide full cooperation with the consultant and provide the necessary assistance to conduct the required evaluation. The consultant shall be required to report their findings and recommendations directly to the Governor, Department of Planning and Budget, and Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 15, 2024. The Director, Department of Planning and Budget, shall unallot this appropriation until the Department of Medical Assistance Services provides documentation of the contract's cost, and shall only allot the amount needed for the contract.

Eligibility Report Results

Boston Consulting Group (BCG) was hired by DMAS to complete the “Evaluation of Medicaid Eligibility” report in 2024, located at <https://rga.lis.virginia.gov/Published/2024/RD974/PDF>.

In the report, four problem areas are identified:

- 1. Poor applicant experience with less digital, more manual processes**
- 2. Outdated and inflexible technology systems**
- 3. Insufficient governance structure across DMAS, VDSS, and LDSS agencies**
- 4. Inconsistency in eligibility processes and poor timeliness of applications**

To tackle these problem areas, BCG shifted to four solution areas and ten strategies. Within the strategies, 27 options were identified for implementing changes to improve overall administration of the Cardinal Care programs. The options range from core improvements to longer term transformational changes – however, for successful outcomes, one option within each strategy should be included to result in impactful changes to the programs. This report identifies the cost associated with each option; however, some options were combined into one cost based on implementation plan or outcomes.

Overview of Options and Cost Estimates

Proposed Option	Type of Change	Resources Required	Cost Estimate
Strategy A: Enhance Digital Experience for Applicants			
1. Adopt ‘digital first’ channel strategy (including self-service tablets and mobile) and enhance digital communications	Core Enhancement	Tablet costs (up front and ongoing); local agency troubleshooting support	Implementation: \$500,000 Ongoing annual cost: \$556,320
2. Develop live chat support/ AI-driven assistance to guide applicants	Transformational	Request for Proposal (RFP) in process; staff time to implement	Funding secured; no additional funding needed

Proposed Option	Type of Change	Resources Required	Cost Estimate
Strategy B: Streamline Processes, Applications, Notices, and Written Communications Across Channels			
3. Redesign applications, notices, mail communication, and websites with human-centered design principles; build applicant-facing digital support	Core Enhancement	RFP in process; staff time to implement	Funding secured; no additional funding needed
4. Connect applicant-facing eligibility channels with streamlined phone numbers and websites, improve handoff coordination, and consolidate call centers	Core Enhancement	Staff time to complete goals; Memorandum of Understanding (MOU)/contract updates	No cost
5. Redesign CommonHelp, leveraging human-centered design principles	Transformational	RFP in process; staff time to implement	Funding secured; no additional funding needed
Strategy C: Modernize VaCMS Technology and Processes			
6. Develop a shared “North Star” vision for VaCMS and conduct a full system diagnostic	Transformational	Significant cross agency needs and funding for system changes; VDSS staffing request, DMAS current staff time to implement	Implementation: \$48,235,134 Ongoing annual cost: \$3,235,134 *Options 6, 7, 8, 10, 11 are all costed together
7. Initiate a comprehensive modernization journey for VaCMS	Transformational	Significant cross agency needs and funding for system changes; VDSS staffing request, DMAS current staff time to implement	*Options 6, 7, 8, 10, 11 are all costed together; see Option 6 for costs

Proposed Option	Type of Change	Resources Required	Cost Estimate
8. Establish standardized DevOps and product management processes	Transformational	Significant cross agency needs and funding for system changes; VDSS staffing request, DMAS current staff time to implement	*Options 6, 7, 8, 10, 11 are all costed together; see Option 6 for costs
Strategy D: Improve Data and Reporting Capabilities			
9. Stand up a data team, define shared data roles and responsibilities, and establish/centralize data governance	Core Enhancement	Staffing request	Implementation and ongoing annual costs: \$754,257
10. Onboard Master Data Management solution and reconcile systems of record	Transformational	Significant cross agency needs and funding for system changes; VDSS staffing request, DMAS current staff time to implement	*Options 6, 7, 8, 10, 11 are all costed together; see Option 6 for costs
Strategy E: Enhance Management and Governance of IT Vendors			
11. Enhance management and governance of VaCMS IT vendors	Transformational	Significant cross agency needs and funding for system changes; VDSS staffing request, DMAS current staff time to implement	*Options 6, 7, 8, 10, 11 are all costed together; see Option 6 for costs
Strategy F: Strengthen Collaboration Between Regional Medicaid Consultants, VDSS and DMAS Leadership			
12. Design and institutionalize a joint DMAS-VDSS Steering Committee on Medicaid Eligibility	Core Enhancement	Staff time to create charter, implement, and attend/make decisions	No cost; already mandated

Proposed Option	Type of Change	Resources Required	Cost Estimate
13. Realign central and regional Medicaid consultants to DMAS	Core Enhancement	Shifting funds to DMAS; potential legislation; admin costs for staff; existing staff time to manage current consultants	Implementation and ongoing annual costs: \$131,053 (additional cost shifts from VDSS to DMAS)
Strategy G: Increase Collaboration Between State and LDSS Agencies			
14. Increase the capacity of regional Medicaid consultants to provide oversight and support to LDSS agencies	Core Enhancement	Legislation; shifting funds to DMAS; significant MOU updates	Implementation and ongoing annual costs: \$1,600,942
15. Align on operational and policy-based metrics to set performance expectations with LDSS agencies	Core Enhancement	Vendor; staff time to work with vendor; significant contract changes and MOU updates	Implementation and ongoing costs: \$1,000,000 annually for three years *Options 15, 18 and 19 are all costed together
16. Set expectations and develop incentives & penalties to hold LDSS agencies accountable	Transformational	Legislation	No cost/no action
17. De-integrate Medicaid from current local administration structure to provide direct state execution and control over Medicaid eligibility	Transformational	Legislation, major vendor effort	Undetermined

Proposed Option	Type of Change	Resources Required	Cost Estimate
Strategy H: Identify, Scale, and Standardize Best Practices and Processes			
18. Establish a living playbook of best practices and working group to support knowledge sharing	Core Enhancement	Vendor; staff time to work with vendor; significant contract changes and MOU updates	*Options 15, 18, and 19 are all costed together; see Option 15 for costs
19. Conduct end-to-end redesign of existing processes and develop standardized workflows	Transformational	Vendor; staff time to work with vendor; significant contract changes and MOU updates	*Options 15, 18, and 19 are all costed together; see Option 15 for costs
Strategy I: Strengthen and Develop LDSS Workforce Capacity and Capabilities			
20. Develop training content across staff levels and roles, and incorporate CoverVA representatives	Core Enhancement	Implementation of new division; hiring staff and shifting funds to DMAS; changes to MOU	Implementation: \$1,973,935 Ongoing annual cost: \$1,873,935
21. Build talent pipeline through partnerships and internship programs	Core Enhancement	Staffing request and contract with CCWA for course setup	Implementation: \$583,249 Ongoing annual cost: \$375,679
22. Develop support tools (e.g., AI driven applications) to streamline processes	Transformational	RFP in process; staff time to implement	Funding secured; no additional funding needed
23. Update cost allocation plans to maximize allowable federal funding	Core Enhancement	Part of existing work for VDSS	No cost

Proposed Option	Type of Change	Resources Required	Cost Estimate
24. Update allocation formula to reflect demographic shifts and provide adequate funding for LDSS agencies	Transformational	Part of existing work for VDSS	No cost
Strategy J: Balance Workloads Across Virginia and LDSS Agencies			
25. Provide guidance to support formal work-sharing between LDSS agencies	Core Enhancement	Workload management system; staffing request	Implementation: \$5,283,070 Ongoing annual cost: \$283,070
26. Provide central surge support to LDSS agencies	Core Enhancement	Staffing request	Implementation and ongoing annual costs: \$1,463,934
27. Centralize processing by application type and/or certain eligibility steps	Transformational	New division; staffing request and training needs; changes to MOU and funding shift to DMAS; system changes	Implementation: \$17,596,454 Ongoing annual cost: \$15,116,454

Note: Each option has the type of change and interdependencies copied directly from the original report. The notes and cost estimate sections are new information to satisfy the requirements set forward in Item 292.SS of the 2025 Appropriation Act. All costs are total administrative funds as general fund / nongeneral fund funding sources vary depending on the option pursued. All staffing costs include benefits.

Solution Area 1: Redesign and Improve User Experience

Strategy A: Enhance Digital Experience for Applicants

Option 1: Adopt 'Digital First' Channel Strategy (Including Self-service Tablets and Mobile) and Enhance Digital Communications

Type of change: Core Enhancement

- Incorporate a 'digital first' channel strategy for CommonHelp so applicants can navigate, submit documents, and track applications on any device
- As part of 'digital first' strategy, improve digital communications between applicants and eligibility staff

Interdependencies: Complementary to options 2 and 3, and dependent on option 5

Cost Estimate: \$500,000 implementation; \$556,320 annual ongoing.

Tablet expenses are \$122 monthly. Per a survey provided to LDSS, approximately 380 tablets would be required to furnish all LDSS offices. It would also be expected that the purchase cost would be repeated every 2-3 years depending on the ability of the tablet to keep up with evolving software.

Additional funding already secured: the General Assembly allocated \$7,000,000 in SFY25 for VDSS to develop this new 'digital first' channel. The RFP is in the development stage.

Option 2: Develop Live Chat Support/AI-Driven Assistance to Guide Applicants (No Cost)

Type of change: Transformational Change

- Develop live chat support and/or AI-driven assistance to guide applicants through the online application process.

Interdependencies: Complementary to option 1, and dependent on option 5

Justification of no-cost determination: Specifically, the BCG report states the following -

Strategy A, page 42 –

Developing live chat support and AI-driven assistance can also help applicants successfully navigate the online application because it would have visibility into the actions being taken by the applicant in real time to provide tailored guidance. Reducing reliance on phone-based

assistance would also free up eligibility staff time to focus on the analytical work of the eligibility determination itself, helping to increase capacity and timeliness.

Strategy B, page 44 –

...Virginia can undertake a redesign process for applications, notices, and websites with human centered design principles and applicant experience at the forefront. This process should include input from applicants, eligibility workers, community partners, technologists, communications professionals, and DMAS and VDSS legal and policy experts to ensure that the resulting tools meet member needs while remaining compliant with federal and state laws and regulations... For further transformational change, redesigning the applicant-facing portal (i.e., CommonHelp) using human-centered design principles can motivate more applicants to submit applications digitally, and may lead to higher number of applications processed within 24 hours. While some funding has already been set aside in the recent state budget for redesigning CommonHelp, it is critical that this is done as part of a broader “digital first” effort and with modernization improvements to the back-end of VaCMS, otherwise any improvements to the portal will not be fully realized.

Strategy I, page 48 –

To strengthen LDSS workforce capabilities, the Commonwealth can develop comprehensive training content tailored to various staff levels and roles, as well as better matching the training to the complexity of the work.

All four options are related to online application portals and processes. VDSS has been allotted funding to replace CommonHelp through an RFP process set to kick off in FY26. VDSS and DMAS teams are already aware of these options that are critical to implement with this replacement process; therefore, these options will be written into the request process whenever possible to support these strategies. In addition, the alignment suggestions for standardized processes and training are accounted for in the packages named Creating a DMAS Training Division and Procuring a Vendor to Align Metrics and SOPs.

As the funding was already allocated to VDSS, they can incorporate these items into the RFP process, ensuring the outcomes for members align with these strategies. In addition, there are two additional packages with cost for items that align within, including training and standardized processes.

Notes: This justification is the same for options 3, 5, and 22.

Strategy B: Streamline Processes, Applications, Notices, and Written Communications Across Channels

Option 3: Redesign Applications, Notices, Mail Communication, and Websites with

Human-centered Design Principles; Build Applicant-facing Digital Support (No Cost)

Type of change: Core Enhancement

- First, establish an effort to make applicant-facing communication easier to understand and more accessible
- Second, establish a process to continually revisit and update forms
- In parallel, establish a digital help center with visual aids, frequently asked questions (FAQs), and global search functionality to promote easier navigation and troubleshooting for applicants

Interdependencies: Complementary to options 2 and 5, as well as Strategies C and E.

Notes: This justification is the same for options 2, 3, 5, and 22. Refer to Option 2 for the full explanation.

Justification of no-cost determination:

As the funding was already allocated to VDSS, they can incorporate these items into the RFP process, ensuring the outcomes for members align with these strategies. In addition, there are two additional packages with cost for items that align within, including training and standardized processes.

Option 4: Connect Applicant-facing Eligibility Channels with Streamlined Phone Numbers and Websites, Improve Handoff Coordination, and Consolidate Call Centers (No Cost)

Type of change: Core Enhancement

- Consolidate points of entry that create confusion for applicants, streamlining phone numbers and websites
- Improve handoffs across channels (e.g., DMAS CoverVA Call Center to LDSS agencies, DSS Enterprise Call Center to LDSS agencies, Virginia Insurance Marketplace to DMAS CoverVA Call Center and LDSS agencies)

Interdependencies: This option is complementary to option 3.

Justification of no cost estimate: The enhancements described would not have any cost to implement, and consolidation of entry points could be a potential cost savings for the Commonwealth.

Option 5: Redesign CommonHelp, Leveraging Human-centered Design Principles (No Cost)

Type of change: Transformational Change

- Rebuild and redesign CommonHelp to enhance user experience for both applicants and

eligibility workers

Interdependencies: This option is complementary to options 2 and 3; this option may impact options in Strategies I and J.

Notes: This justification is the same for options 2, 3, 5, and 22. Refer to Option 2 for the full explanation.

Justification of no-cost determination: As the funding was already allocated to VDSS, they can incorporate these items into the RFP process, ensuring the outcomes for members align with these strategies. In addition, there are two additional packages with cost for items that align within, including training and standardized processes.

Area 2: Invest in an Improved Technology Ecosystem

Strategy C: Modernize VaCMS Technology and Processes

Option 6: Develop a Shared “North Star” Vision for VaCMS and Conduct a Full System Diagnostic

Type of change: Transformational Change

- Develop a shared “North Star” vision
- In parallel, conduct a full system diagnostic

Interdependencies: This option should be implemented along with options 7, 8, 10 and 11

Notes: The plan is to have the vendor facilitate in-person lab(s) with VDSS and DMAS to develop an incremental modernization roadmap for VaCMS ecosystem. The lab(s) will be provided by our vendor as part of the O&M services they provide. This collectively developed roadmap will help prioritize changes to VaCMS and help develop a multi-year budget.

Cost Estimate: \$48,235,134 annual ongoing. Costs detailed below.

- Modernization of VaCMS: \$45,000,000
- Staffing: \$1,585,134
 - While the governance board itself is staffed with current positions, additional positions are needed to own the products, embed into technical support, procurement specialists, and a program manager.
- Other Cost Consideration: \$1,650,000

VDSS has developed a VDSS IT Governance Overhaul: Action Plan; this action plan addresses critical IT procurement and vendor management deficiencies identified in the VaCMS assessment. The plan establishes a phased approach to transform VDSS's IT governance

capabilities before undertaking large-scale modernization efforts. The plan is a four-phase approach that maps out each area of implementation over several years, including staffing, risks, mitigation, and changes required within each phase.

Option 7: Initiate a Comprehensive Modernization Journey for VaCMS

Type of change: Transformational Change

Given all the challenges identified with VaCMS currently on Medicaid eligibility (e.g., outdated and monolithic technology architecture making it difficult and expensive to make any changes, poor user experience, system functionality issues, limited real-time data reporting), the Commonwealth should consider a full system modernization journey. Key success factors and phases to this journey include:

- Phase 1: Strengthen and unify the technology governance structure
- Phase 2: Develop an implementation roadmap for a modernization journey
- Phase 3: Implement the roadmap in an agile approach and leverage standardized DevOps

Interdependencies: Options 6, 8-11

Notes: The plan is to have the vendor facilitate in-person lab(s) with VDSS and DMAS to develop an incremental modernization roadmap for VaCMS ecosystem. The lab(s) will be provided by our vendor as part of the O&M services they provide. This collectively developed roadmap will help prioritize changes to VaCMS and help develop a multi-year budget.

Cost Estimate: Options 6, 7, 8, 10, 11 are all costed together. See Option 6 for costs.

Option 8: Establish Standardized DevOps and Product Management Processes

Type of change: Transformational Change

To modernize Virginia's Medicaid systems and support long-term sustainability, it is essential to establish standardized, agile development and operations (DevOps) as well as product management processes. Given the Commonwealth's current reliance on vendors, building a state-owned DevOps function will require a phased approach that combines internal capability and capacity building with vendor governance.

Interdependencies: Options 6 and 11

Notes: The plan is to have the vendor facilitate in-person lab(s) with VDSS and DMAS to develop an incremental modernization roadmap for VaCMS ecosystem. The lab(s) will be provided by our vendor as part of the O&M services they provide. This collectively developed roadmap will help prioritize changes to VaCMS and help develop a multi-year budget.

Cost Estimate: Options 6, 7, 8, 10, 11 are all costed together. See Option 6 for costs.

Strategy D: Improve Data and Reporting Capabilities

Option 9: Stand up a Data Team, Define Shared Data Roles and Responsibilities, and Establish/ Centralize Data Governance

Type of change: Core enhancements

- Establish a more robust Medicaid eligibility specific data team within VDSS that has clear accountability over Medicaid eligibility performance data and supports routine reporting and analysis to senior VDSS and DMAS leadership. This team would expand on an existing small number of FTEs VDSS currently has that are stretched given competing demands for broader VaCMS data needs.
- Create clearly defined roles and responsibilities (e.g., data stewards, data analysts) within this new data team to support faster decision-making and promote data ownership.
- Implement data governance controls and centralized standard operating procedures (SOPs).
- Implement technical data guardrails and controls and establish centralized standard operating procedures (SOPs) for data usage for VDSS, DMAS, and LDSS agencies utilizing and accessing eligibility data.
- Reflect data guardrails and controls into VaCMS to reduce the ability for users to create overrides and workarounds.
- Establish transparent process for making data requests and for making updates to routine reporting.

Interdependencies: Options 10 and 11

Cost Estimate: \$754,257 for implementation and ongoing years. See below for details.

Staffing costs:

- One (1) Info Technology Manager I - \$196,068 annually; the Data Governance Manager will provide strategic direction, expertise, decision making authority, and leadership to implement an agency-wide data governance framework and metadata management tool. This person will document and monitor data management governing standards and procedures, document and ensure compliance with data quality and protection policies and implement and manage a data catalog of enterprise data assets and owners. This position will also identify and resolve data governance related decisions, advise on best practices, and train and coach Data Owners, Data Stewards, Data Custodians, and System Owners.
- One (1) Info Technology Specialist III - \$172,565 annually; this role will provide support in planning and communicating strategic direction, coordinate training, document and communicate data governance standards, policies, and procedures, and monitoring and

maintaining a data catalog of Agency data assets and assigned owners.

- Two (2) Info Technology Specialist II - \$139,999 annually per position; this role will provide support in planning and communicating strategic direction, coordinate training, document and communicate data governance standards, policies, and procedures, and monitoring and maintaining a data catalog of Agency data assets and assigned owners.

Contractual/Operational costs: \$105,626 for annual costs associated with positions such as office space & equipment, recruiting, human resources and support, information technology, employee development.

Option 10: Onboard Master Data Management Solution and Reconcile Systems of Record

Type of change: Transformational Change

- VDSS can partner with DMAS and other Commonwealth agencies involved in Medicaid eligibility (i.e., SCC) to procure and implement a shared Master Data Management (MDM) solution to streamline data exchange, synchronize data in real time, consolidate and maintain accurate, consistent, and up-to-date client information across systems and provide a single, trusted system of record, and benefits such as longitudinal record traceability.
- This solution can be implemented in a way that maintains control and ownership over certain data, or alternatively, in a federated manner so as to enable shared control across agencies.

Interdependencies: Options 5, 9, and 11

Notes: The plan is to have the vendor facilitate in-person lab(s) with VDSS and DMAS to develop an incremental modernization roadmap for VaCMS ecosystem. The lab(s) will be provided by our vendor as part of the O&M services they provide. This collectively developed roadmap will help prioritize changes to VaCMS and help develop a multi-year budget.

Cost Estimate: Options 6, 7, 8, 10, 11 are all costed together. See Option 6 for costs.

Strategy E: Enhance Management and Governance of IT Vendors

Option 11: Enhance Management and Governance of VaCMS IT Vendors

Type of change: Transformational Change

Exacerbating the IT challenges with VaCMS is the Commonwealth's heavy reliance on an external technology vendor, coupled with ineffective contracting and vendor management practices. Furthermore, the absence of strong service level agreements (SLAs) limits the Commonwealth's control and flexibility in making changes to VaCMS, leading to increased

ongoing costs. Prior to a large scale VaCMS modernization effort, and ideally any further IT decision or system change, the VDSS should overhaul its IT procurement and investment governance, with an eye towards redefining how IT vendor contracts are designed, the ways in which the Commonwealth and vendors should engage and collaborate, and an approach for system testing.

Interdependencies: Options 7 through 10

Notes: The plan is to have the vendor facilitate in-person lab(s) with VDSS and DMAS to develop an incremental modernization roadmap for VaCMS ecosystem. The lab(s) will be provided by our vendor as part of the O&M services they provide. This collectively developed roadmap will help prioritize changes to VaCMS and help develop a multi-year budget.

Cost Estimate: Options 6, 7, 8, 10, 11 are all costed together. See Option 6 for costs.

Area 3: Develop a Stronger Governance Model Across DMAS, VDSS, and LDSS

Strategy F: Strengthen Collaboration Between Regional Medicaid Consultants, VDSS, and DMAS Leadership

Option 12: Design and Institutionalize a Joint DMAS-VDSS Steering Committee on Medicaid Eligibility (No Cost)

Type of change: Core Enhancement

Based on interviews and the current ways of working documented between the two agencies, a core enhancement to the Medicaid eligibility governance model would be to more clearly institutionalize DMAS and VDSS collaboration by updating the MOU between DMAS and VDSS to ensure that collaboration is not solely reliant on the current set of informal relationships.

Interdependencies: Option 15

Justification of no-cost determination: This mandate was a direct result of the BCG report and its findings. As this was mandated by the GA, and is a committee, there is no cost associated with implementing this option.

Per Item 292.TT of the 2025 Appropriation Act, the GA mandated DMAS and DSS to set up the following committee:

The Department of Medical Assistance Services (DMAS) and the Department of Social Services (DSS) shall design and institutionalize a joint Steering Committee on Medicaid Eligibility. The Steering Committee shall: (i) document the areas in which DMAS and DSS need to collaborate; (ii) develop and agree upon a charter for the committee that outlines the types of decision rights each agency has independently versus what the Steering Committee oversees, membership,

meeting schedule, topics leadership needs routine visibility on, a process for escalating issues to the Steering Committee, a process for the staff to brief the Steering Committee, and a process for coordinating and briefing the Secretary of Health and Human Resources or other state leaders as needed; (iii) determine when special initiatives or task forces are required to ensure focused collaboration on key issues; (iv) have oversight over Medicaid eligibility improvement efforts; and (v) have the authority to establish a stakeholder advisory forum to inform improvement efforts.

Option 13: Realign Central and Regional Medicaid Consultants to DMAS

Type of change: Core Enhancement

VDSS currently manages six central and five regional Medicaid consultants who support LDSS agencies with Medicaid eligibility (e.g., trainings, oversight, clarity of program policies). This solution option would realign the central and regional Medicaid consultant state staff that currently sit in VDSS to DMAS to allow the consultants to have direct line to the needs of DMAS regarding eligibility. This would mean moving the local engagement and technical assistance support to DMAS, while keeping the overall oversight of LDSS agencies with VDSS given the oversight of other social services.

Interdependencies: Options 14 and 15

Notes: This option was prioritized as number two of DMAS written cost options.

Cost Estimate: \$131,053 annual ongoing (total \$756,076 annual however 625,023 annually will be shifted back to DMAS from VDSS pass through funding for the positions).

The costs fall in two main areas: shifting the staff from VDSS to DMAS (\$625,023 salaries/benefit per year) and then the travel and administrative costs associated with the positions such as travel, office space, recruiting, human resource and support, information technology, and employee development (\$131,053 annually). As DMAS currently provides VDSS with pass-through funding for positions, the cost for the existing positions would shift back to DMAS and be unallotted from VDSS.

Program consultant roles provide oversight of local DSS agencies, including addressing programmatic challenges, facilitating and completing training for local agencies, and reviewing casework on a regular basis (audits).

Strategy G: Increase Collaboration Between State and LDSS Agencies

Option 14: Increase the Capacity of Regional Medicaid Consultants to Provide Oversight and Support to LDSS Agencies

Type of change: Core Enhancement

Increase capacity of regional Medicaid consultants to provide sufficient oversight, address

programmatic challenges, and facilitate LDSS-specific trainings by:

- Increasing the number of regional Medicaid consultants.
- Hiring VaCMS-specific consultants to escalate VaCMS tickets and address IT-specific issues.

Interdependencies: Option 20

Note: This option was prioritized as number three of DMAS written cost options.

Cost Estimate: \$1,600,942 annual ongoing.

This cost estimate includes adding nine consultant roles at \$121,623 each for \$1,094,607 annual costs and one division director at \$177,000 annual cost. In addition, \$262,106 annually is projected for administrative costs such as travel, office space, recruiting, human resource and support, information technology, and employee development.

Program consultant roles provide oversight of local DSS agencies, including addressing programmatic challenges, facilitating and completing training for local agencies, and reviewing casework on a regular basis (audits).

Option 15: Align on Operational and Policy-based Metrics to Set Performance Expectations with LDSS Agencies

Type of change: Core Enhancement

Identify and agree on operational and policy-based metrics to increase oversight, set expectations with LDSS agencies, and standardize reporting. Examples include:

- Conducting assessments to identify target operational metrics (e.g., caseload per workers; call center metrics; channel mix; % automation / no-touch applications).
- Defining policy-based metrics to ensure compliance with state and federal requirements (e.g., revisit 97% compliance to processing applications <45 days; set targets for ex parte rates).
- Developing report cards with clear expectations and consequences for missing targets (e.g., Failing report cards for consecutive months triggers a corrective action plan).
- Creating a centralized performance dashboard to track relevant operational and policy-based metrics.

Interdependencies: Options within Strategy D

Note: This strategy was packaged and cost with options 18 and 19; refer to option 15 for the full evaluation. This option was prioritized as number six of DMAS written cost options.

Cost Estimate: \$1,000,000 one-year contract with two one-year optional renewals; however, the contract renewal option is expected to be utilized for at least one year of renewal. The

timeline would be buffered by a 12-month RFP process before the vendor processes could start. The cost estimate is inclusive of options 15, 18, and 19.

Option 16: Set Expectations and Develop Incentives and/or Penalties to Hold LDSS Agencies Accountable (No Cost, Alternative Implementation)

Type of change: Transformational change

Set clear expectations for aligned operational and policy metrics and implement accountability mechanisms to ensure all LDSS agencies meet these standards. Steps to achieve this include:

- Clarify roles and responsibilities across DMAS, VDSS, and LDSS to improve accountability for meeting operational and policy metrics.
 - DMAS guides policy metrics for Medicaid applications to meet CMS requirements.
 - VDSS, including central and regional Medicaid consultants, monitors each LDSS agency's Medicaid performance and implements incentives and penalties.
 - Each LDSS agency monitors their own performance and actions any directives sent by VDSS.
 - Leverage newly created report card and dashboards to monitor individual LDSS agency's performance.
- Create a working team to establish minimum standards all LDSS agencies must meet.
- Outline key mechanisms to implement when LDSS agencies achieve / miss aligned expectations
 - E.g., Potential mechanisms could be improved funding for LDSS agencies that show improvement in Medicaid processing or have implemented Corrective Action Plans to address low performance.

Interdependencies: This option complements option 14 and is dependent on option 15

Justification of no-cost determination: DMAS agrees that standard metrics are key to enforcing procedures and policies equally across all entities; the first portion of the report is referring to option 15 (Align on operational and policy- based metrics to set performance expectations with LDSS agencies) which is included in the package titled "Procuring a Vendor to Align Metrics and SOPs." While incentives would be a valuable asset for the state to provide, there would not be a corresponding fiscal component to recoup funding if an agency was underperforming, and therefore incentives are not cost efficient, even if it did result in lower error rates and more timely determinations, as the perception would be that locals should strive for timeliness and accuracy for a bonus and not as a standard practice of their work. Proposing fiscal sanctions between two state agencies would not foster collaborative conversations and the progress made between DMAS and VDSS during unwinding as cited within the report. Lastly, there are corrective action plans that are implemented by regional practice consultants in some scenarios; options 13 (Realign regional Medicaid consultants to DMAS) and 14 (Increase the capacity of

regional Medicaid consultants to provide oversight and support to LDSS agencies) include steps to ensure the Corrective Action Plans cited within the report receive the proper implementation and results driven action required to not only bring the agency into compliance, but provide them with tools so that they can avoid future CAPs.

There are options costed to standardize metrics and standards within other areas of the report. As setting financial penalties does not foster a collaborative space, there is not a cost efficiency found within providing incentives to agencies as well. Other options that include realigning the consultants under DMAS and increasing the number, capacity, and scope of practice consultants will help drive better education/training, on site support, and action plans for agencies that are not compliant; therefore, the agencies will have the tools to reduce processing times and increase accurate decisions.

Option 17: De-integrate Medicaid from Current Local Administration Structure to Provide Direct State Execution and Control over Medicaid Eligibility (Cost Indeterminate)

Type of change: Transformational Change

De-integrate Medicaid eligibility from other benefit programs (e.g., SNAP, TANF) and shift responsibility of processing Medicaid applications and redeterminations from VDSS / LDSS to DMAS by:

- Assuming responsibility and operational control over the eligibility determination process (e.g., setting up a distinct policy and oversight structure).
- Creating a new MOU that outlines roles and responsibilities between DMAS, VDSS (e.g., manage VaCMS), and LDSS (e.g., provide in-person intake support to applicants) for Medicaid eligibility.
- Repurposing a portion of the LDSS vacancies to build out a specialized staff dedicated to Medicaid. The current vacancies may not suffice as vacancies make up 16% of staff and random moment sampling (RMS) estimates that 20% of the staff's eligibility workload is on Medicaid.
- If unable to build out Medicaid-specific eligibility staff, increasing scope and utilization of CoverVA's central processing unit to assist processing of applications and renewals.
- Eventually standing up a separate application and renewal IT platform that is designed for Medicaid and overseen by DMAS.

Interdependencies: Dependent on strategies in option A

Cost Estimate: Costs are indeterminate. DMAS and VDSS do not have the capability to cost this option due to the number of consequential factors to state and local governments. Option 27 is a subset of this option and is priced based on a percentage of the population. In order to truly

make this sort of process successful, it will require multiple years of planning with federal partners and a formal RFP process to hire a consultant to work with both agencies through this type of transformation.

Area 4: Drive Consistency of Accurate and Timely Processing

Strategy H: Identify, Scale, and Standardize Best Practices and Processes

Option 18: Establish a Living Playbook of Best Practices and Working Group to Support Knowledge Sharing

Type of change: Core Enhancement

- Establish a structured approach for identifying, compiling, and continuously updating best practices from LDSS agencies, Medicaid consultants, and CoverVA

Interdependencies: Complementary to option 20

Notes: This strategy was packaged and cost with options 15 and 19; refer to option 15 for the full evaluation. This option was prioritized as number six of DMAS written cost options.

Cost Estimate: Options 15, 18, and 19 are all costed together; see Option 15 for costs.

Option 19: Conduct End-to-End Redesign of Existing Processes and Develop Standardized Workflows

Type of change: Transformational Change

Redesign Medicaid eligibility processes using human-centered design to develop standardized workflows across agencies (incl. DMAS, VDSS, LDSS), considering the specific needs of the LDSS agency levels (I-III), and population needs (MAGI, Non-MAGI). Feedback from eligibility workers, vendors, and stakeholders will be critical to inform the redesign to ensure workflows are tailored to the distinct processes and needs of each agency and population.

Interdependencies: Overlaps with option 18

Notes: This strategy was packaged and cost with options 15 and 18; refer to option 15 for the full evaluation. This option was prioritized as number six of DMAS written cost options.

Cost Estimate: Options 15, 18, and 19 are all costed together; see Option 15 for costs.

Strategy I: Strengthen and Develop LDSS Workforce Capacity and Capabilities

Option 20: Develop Training Content Across Staff Levels and Roles, and Incorporate CoverVA Representatives

Type of change: Core Enhancement

Expand the current training programs and develop training content tailored to various staff levels (e.g., leaders, seasoned staff, new hires):

- Leadership training and mentorship
- Refresher and policy-update trainings
- New hire onboarding

Interdependencies: Complimentary to option 14

Notes: This option was prioritized as number five of DMAS written cost options. These roles may also need to interact with LDSS local trainers to share curriculums as needed and participate in “train the trainer” sessions.

Cost Estimate: \$1,973,935 for implementation; \$1,873,935 annual ongoing. Costs detailed below.

Staffing costs: \$1,435,618 annually; see below breakdown of staffing costs

- Division Director: \$243,356 annually; this role reports to the Deputy, responsible for maintenance of all SOPs for the division, and working closely with other divisions that interact with training; this includes provider, local workforce, and stakeholder training. Liaisons with other agencies and deputy areas for needed areas of support. The Assistant Director/Trainer and Administrative Assistant report to the Director.
- Assistant Director/Trainer: \$209,783 annually; this role reports to the division director; provides training to the eligibility unit and works closely with other divisions for updates and feedback on training. Curriculum Developers and Trainers report to the Assistant Director.
- Administrative Assistant - \$93,855 annually; this role will provide upkeep and maintenance of all SOPs for the division and owns the training calendar. This role will also liaison with the Virginia Learning Center for the upload of courses and curriculum to the website, including keeping a workbook of all trainings and their update schedule. The Administrative Assistant reports to the Division Director.
- Curriculum Developers (2) - \$249,270 for all positions annually; this role will create the content and delivery method of training. Curriculum developers have a skill set that allows them to update curriculum for both in person and virtual training, including online modules. Curriculum developers often add voice to online modules but can use other technology. Curriculum developers report to the Assistant Director.
- Trainers (6) - \$639,354 for all positions annually; this role will provide the training to staff; currently VDSS trainers provide training across the state as well as a “train the trainer” program for local agency trainers; this role would continue to work with statewide training as well as updating local trainers on changes to curriculums. In addition, trainers will participate in requirements/design/testing of system changes.

Trainers will also be briefed on transmittals by EPO on a quarterly basis. Trainers can be field staff but should regularly return to home office for updates and meetings. Trainers do have a cost associated with their travel to a training site. Trainers report to the Assistant Director.

Contractual/Operational costs: Training platform for digital content - \$250,000 first year, \$150,000 ongoing operations and maintenance annually. Administrative cost associated with positions such as office space & equipment, recruiting, human resource and support, information technology, employee development - \$288,317 annually.

Option 21: Build Talent Pipeline Through Partnerships and Internship Programs

Type of change: Core Enhancement

- Develop a talent pipeline to recruit benefit programs specialists and reduce current vacancy rates

Interdependencies: Complimentary to option 20

Cost Estimate: \$583,249 implementation; \$375,679 annual ongoing

New Course through Community College Workforce Development (CCWA):

- \$9,900 for a one-time set up fee
- \$6,500 each year after on the anniversary date
- \$599 enrollment fee per person for all 10 courses. There are currently 657 LDSS BP vacancies. We propose funding for 330 people to go through the courses. Total of \$197,670.

Staffing: \$375,679; see below for breakdown.

- 1 Program Lead to oversee the program would cost \$161,289
- 2 Contracted Curriculum Developers on a one-year contract to work with CCWA would cost \$214,390 (\$107,195 per developer)

Optional long-term internship program post completion:

Paid Internship at the average salary for an LDSS Benefit Programs Specialist I is \$39,431 per intern. This would be dependent on how many people sign up to go through the CCWA course.

Option 22: Develop Support Tools (e.g., AI-driven Applications) to Streamline Processes (No Cost)

Notes: This justification is the same for options 2, 3, 5, and 22. Refer to option 2 for the full explanation.

Justification of no-cost determination: As the funding was already allocated to VDSS, they can incorporate these items into the RFP process, ensuring the outcomes for members align with these strategies. In addition, there are two additional packages with cost for items that align within, including training and standardized processes.

Option 23: Update Cost Allocation Plans to Maximize Allowable Federal Funding (No Cost, No Action Needed)

Type of change: Core Enhancement

- Update cost allocation plan to appropriately claim and maximize federal reimbursement

Interdependencies: Dependent on various options under strategy D

Justification of no cost, no action estimate: At VDSS, Random Moment Sampling (RMS) results are reviewed quarterly by Budget, Local Reimbursement Team, and Cost Allocation/Public Assistance Cost Allocation Plan (PACAP). In addition, cost code managers review payroll and program expenditures on a regular basis, using reports from the accounting system. The Cost Allocation/PCACP team submits quarterly amendments to HHS Cost Allocation Services for review and approval. Any updates, deletions, or modifications to the PACAP are included at that time (the PACAP is an all-inclusive document).

Program areas in each Division review the need for updates to existing cost codes, as well as new coding that may be needed for specific projects and funding. If there is a program change or federal mandate that requires us to update a methodology or create a new one, this is included in our quarterly federal submissions. After cost allocation has processed each quarter, the results are reviewed and analyzed by various programs/Divisions within the agency. Based on the current structure and processes, this option is actively completed, and no additional action is needed based on the report findings.

Option 24: Update Allocation Formula to Reflect Demographic Shifts and Provide Adequate Funding for LDSS Agencies (No Cost)

Type of change: Transformational Change

- Stand up a working group to develop new funding formulas with key decision makers who understand how to release state funding (e.g., Secretary's Office, Senate / House Financing Committee members).

Interdependencies: Dependent on options under strategy D

Justification of no cost estimate: VDSS states there is no cost associated with a workgroup; however, any solutions that come from the workgroup may have an associated cost.

Strategy J: Balance Workloads Across Virginia and LDSS Agencies

Option 25: Provide Guidance to Support Formal Work-Sharing Between LDSS Agencies

Type of change: Core Enhancement

- Establish formal work-sharing protocols between LDSS agencies to manage application overflow during peak periods and / or staffing shortages

Interdependencies: Dependent on options under strategy D

Cost Estimate: \$5,283,070 with staffing costs recurring annually. Costs detailed below.

VDSS is evaluating an Intelligent Workload management enhancement to VaCMS. This enhancement is estimated to be \$5,000,000.

Staffing:

- One (1) FTE required as a Program Lead to monitor the work- sharing between LDSS. The cost for this position would be \$161,296.
- The VDSS Budget Office has requested a position to assist with the movement of any funds. The cost for this position would be \$121,774.

Additional funding post-implementation:

- Once a caseload standard is adopted LDSS may have a request for funding. This standard would drive how cases move among agencies and if any additional funds are needed for the LDSS. At this time, we are unable to provide a cost estimate as a caseload standard would need to be adopted first.

Option 26: Provide Central Surge Support to LDSS Agencies

Type of change: Core Enhancement

- Establish central surge support team(s) to provide temporary assistance to LDSS agencies during periods of high caseloads, staffing shortages, or public health emergencies. These surge teams can be deployed to handle overflow and support LDSS agencies that are unable to manage their current workload.

Interdependencies: Dependent on options under strategy D

Cost Estimate: \$1,463,934 annually.

Funds to establish and maintain an internal Division of Benefit Programs Processing Team. The team will include:

- 1 full time coordinator – Coordinates the work of the unit and liaisons with LDSS as well as VDSS to coordinate plans; reports out information and risks to leadership and DMAS as needed.
- 3 wage supervisor positions – supervisor positions must have knowledge of policy and systems to support the contractor positions through their caseloads; escalates risks and

processing statistics to the coordinator

- 26 contractor processor positions – contractor positions will be used to help with the workload not able to be processed by LDSS. As contractors, these positions cannot take discretion on cases.

Option 27: Centralize Processing by Application Type and / or Certain Eligibility Steps

Type of change: Transformational Change

Centralize specific parts of the Medicaid eligibility determination process to improve efficiency, give LDSS agencies more bandwidth, and provide greater consistency in the eligibility process. This could involve centralizing entire application types (e.g., MAGI, LTC, ABD) or specific steps within the eligibility determination process (e.g., intake, verification, or determination) to a statewide processing unit. Strategic choices available for this option include:

- Centralize application type or steps in the determination process:
- Centralize at a statewide level or regional level:
- Contract with a vendor or staff a central unit with state employees

Interdependencies: Dependent on options under strategy D

Notes: This option was prioritized as the number one of DMAS written cost options to shift the Long Term Services and Supports (LTSS) caseload to DMAS for processing/maintenance.

Cost Estimate: \$17,596,454 implementation; \$15,116,454 annual ongoing costs. Costs detailed below.

Staffing: Total staffing \$12,180,768

- Division director: \$243,356 annually – this role is assigned to the LTSS Eligibility Division; reports to the Deputy, responsible for maintenance of all SOPs for the division, and working closely with other divisions that interact with the LTSS population. The Assistant Director and Eligibility Supervisors report to the Division Director.
- Assistant director: \$209,783 annually – this role reports to the Division Director; provides training to the eligibility unit and works closely with other divisions for updates and feedback on training. Audits the work of the eligibility division. Provides training to VDSS for transitions in/out of LTSS and proper protocol. Responsible for all system changes for LTSS procedures in VaCMS and liaisons with systems units to complete work. Eligibility Coordinators report to the Assistant Director.
- Trainer: \$201,586 annually – this role reports to the Division Director; provides training to VDSS for transitions in/out of LTSS and proper protocol. Partners with the assistant director for feedback on training updates and system changes. Participates in requirements/design/UAT for system changes to learn about functionality, practice its usage, and update curriculums accordingly. Assists with any audits or inquiries on

functionality. Policy SME for the group and attends state/national calls. Eligibility Coordinators report to the Trainer.

- Eligibility Coordinators (4): \$599,448 for all positions annually – this role reports to the Trainer; works with the Assistant Director to set up a training schedule for Eligibility Supervisors and Eligibility Workers; works with the Division Director on maintenance of SOPs; coordinates all data for reporting.
- Eligibility Supervisors (10): \$1,490,910 for all positions annually – this role reports to the Division Director; works with Division Director to understand and update all SOPs for the division, providing feedback and recommendations for updates and changes to policy/procedures. Participates in system testing related to LTSS changes. Eligibility Workers report to Eligibility Supervisor and the Eligibility Supervisor is responsible for all Human Capital Development related issues and evaluations of Eligibility Workers.
- Eligibility Workers (95): \$9,435,685 for all positions annually – this role reports to an Eligibility Supervisor; teams of 9-10, responsible for intake, changes, and renewals for the population; workers will be required to interview members at intake and renewal. Workers will maintain caseloads, answer member inquiries, and attend regular training to learn about new/updated protocols. Provides feedback on system changes.

Contractual and Operational Costs: Administrative costs associated with the positions such as office space & equipment, recruiting, human resource and support, information technology, employee development, and travel, are \$2,935,591 annually.

System Costs: VaCMS changes would not exceed \$2,000,000. MES changes would not exceed \$480,000 to correctly implement specific coding and system changes, testing said updates, along with assuring that the systems integrate properly and feed the data to the electronic data warehouse to properly store data of services provided for patients and for analytical utilization. Both system costs are included in the implementation year cost.

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 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 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.