MEDICAID FEDERAL PUBLIC HEALTH EMERGENCY UNWINDING PLANNING

PRESENTATION TO: SENATE FINANCE AND APPROPRIATIONS COMMITTEE

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Medicaid Unwinding: Background

To support states and promote stability of coverage during the COVID-19 pandemic, the Families First Coronavirus Response Act provided a 6.2% enhanced Federal Medical Assistance Percentage (FMAP) matching rate tied to certain conditions that states must meet, primarily the requirement to maintain enrollment of individuals in Medicaid through the end of the federally declared Public Health Emergency.

- As a result of the continuous coverage requirement, enrollment has grown 30% during the public health emergency, to more than 2 million individuals. All of these individuals will require a redetermination when continuous coverage requirements end.
  - DMAS estimates between 14% and 20% of members will lose coverage during the unwinding period.
  - An additional 4% will lose and regain coverage within one to six months after closure of the unwinding period.
- The current federal COVID-19 PHE expires on July 15, 2022. Federal officials continue to indicate to states that they will provide a 60-day notice prior to the end of the PHE.
  - The continuous coverage requirement could end July 31, 2022, meaning any adverse actions from redeterminations would begin on August 31, 2022.
  - The 6.2% enhanced FMAP continues through the end of the quarter in which the PHE ends (currently September 30, 2022).
Closures from redeterminations may not occur prior to the month after the PHE ends. Redeterminations must be managed over a 12-month period to ensure an even distribution of overdue redeterminations combined with currently due renewals, and a sustainable workload for local agencies in future years. Assuming a PHE end date of July 15, 2022, normal Medicaid operations would resume in September 2023.
Local DSS agencies face a significant increase in Medicaid workloads when the PHE ends. Increased enrollment and the redetermination of over 2 million individuals is expected to have major impacts to call centers, member appeals, and other operational areas within both agencies.

- To address the unwinding effort, DMAS and DSS are working closely to ensure readiness in three major areas:
Community Outreach and Engagement Strategies

Phase I: March 2022

Phase II: July 2022

Phase III: August 2022

Phase I Purpose:
- Encourage members to update contact information
- Campaign began in March will run throughout unwinding
- All stakeholder participation

Phase II Purpose:
- Encourage members to complete needed paperwork
- Campaign will run July 2022-June 2023
- All stakeholder participation

Phase III Purpose:
- Encourage members who lose coverage for administrative reason to complete needed paperwork
- Campaign will run July 2022-September 2023
- Primarily health plan participation & Marketplace navigators
System Strategies

System improvements to increase automation and no touch processing will be critical to ensure timely and accurate redeterminations while balancing staffing shortages, attrition rates, and training needs. DMAS has allocated American Rescue Plan Act (ARPA) funding, totaling $1.6 million, for seven system enhancements. Improvements are expected in June 2022, with final changes in September 2022.

- The planned system enhancements include seven updates to the DSS-owned eligibility determination system and one change to the DMAS-owned Medicaid enrollment system. Of those changes:
  - Five enhancements are permanent, or ongoing, solutions which will increase accuracy and decrease worker intervention.
  - Six enhancements may result in cost savings for the Commonwealth, either through complete automation of a process or decreasing the need for manual work.
  - Five enhancements will result in more timely processing at application, annual redetermination, or when a change occurs, which will result in improved customer service for Virginians.
  - One enhancement provides federally required reporting during the unwinding period.
Medicaid Unwinding: Staffing

• Strategy 1: Creation of Agile Taskforce
  ▪ Temporary contracted staff to augment existing workforce.
  ▪ Structure has been built with some positions already filled.
  ▪ Taskforce currently working to assist local agencies in clearing backlogs and making needed manual corrections in preparation for unwinding.

• Strategy 2: Overtime for local agencies:
  ▪ DSS seeking funding to support payment of overtime for local agencies requested for the 14-month unwinding period.

• Additional strategies being researched include:
  ▪ Strategy 3: Creation of a state-wide determination pool.
    • Status: LDSS staffing shortages and attrition rates may impact the feasibility of this strategy. DMAS/VDSS analyzing workload distribution and availability at 120 local agencies.
Beginning in the third quarter of state fiscal year 2020, Virginia has received enhanced matching funds (6.2%) from the federal government, replacing state funds. To receive the enhanced match, states could not take adverse action on Medicaid members, with limited exceptions. The resulting enrollment gain has general fund costs, but those costs are small compared to the savings resulting from the enhanced match.

Federal public health emergency has provided $1.2 billion since the start of the pandemic (even net of MOE)
Other Updates

Movement of Individuals to Expansion

In late 2021, CMS approved moving eligible members to the expansion coverage group when they turn age 19.

- December 2021: Implementation of automated process.
- January 2022: Automated process not occurring as intended, research performed.
- June 2022: Additional automated process changes scheduled.

Current Status:
- May 1, 2022: 20,561 individuals moved to Expansion coverage
- DSS/Deloitte continue to run manual processes to re-evaluate individuals for possible shifts to the Expansion group on a monthly basis

APA Finding – Out of State Review

DMAS staff are currently focused on a project to identify individuals who moved out of state during the PHE.

- As of May 11, 2022, recoupment of capitation fees has totaled $10,813,332.
  - 2,807 cases reviewed
    - 2,493 cases closed
  - Recoupment breakout:
    - CCC Plus: $2,732,455.00
    - Medallion 4: $8,080,876.00
- The project is 72% complete with an estimated completion date of May 31, 2022.