



Department of Medical Assistance Services

Update on Year-end Carry-Over

October 15, 2024



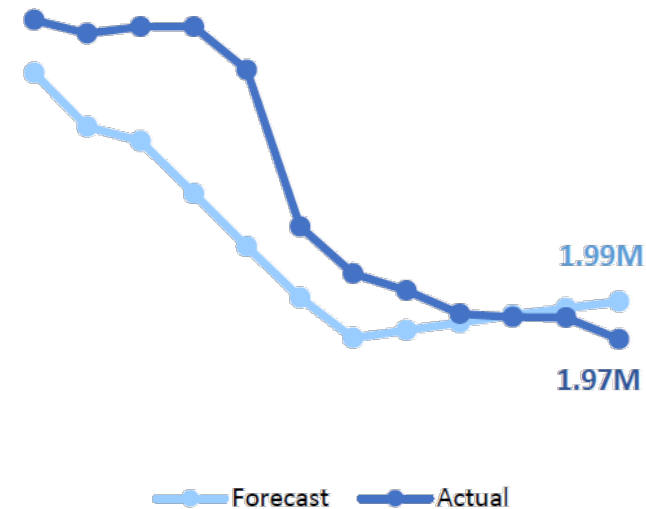
Agenda

- Background
- Carry-over funds
- Pharmacy Rebate Allocation

Background

Enrollment as of 10/1/2024			
Selected Categories	Forecast	Latest	Variance*
Non-Long Term Care (LTC)	148,455	141,572	-6,883
LTC Nursing Facilities	20,752	19,241	-1,511
LTC HCBS	58,915	62,278	3,363
Caretaker Adults	141,083	138,667	-2,416
Pregnant Women	27,170	28,342	1,172
Children	588,242	582,384	-5,858
Expansion - Caretaker	139,411	128,436	-10,975
Expansion - Non-Caretaker	511,829	485,674	-26,155
Title XIX Total	1,813,414	1,776,517	-36,897
MCHIP	83,040	96,148	13,108
FAMIS Kids	85,614	92,766	7,152
FAMIS MOMS	3,424	4,181	757
Title XXI Total	176,880	197,489	20,609
Total Enrollment	1,990,294	1,974,006	-16,288

**Total Enrollment
Nov 2023 - Oct 2024**

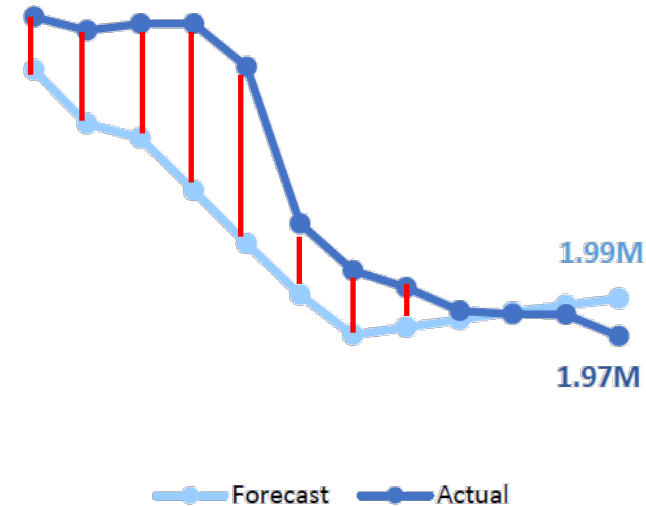


*Variance = + / - 10% of forecast

Background

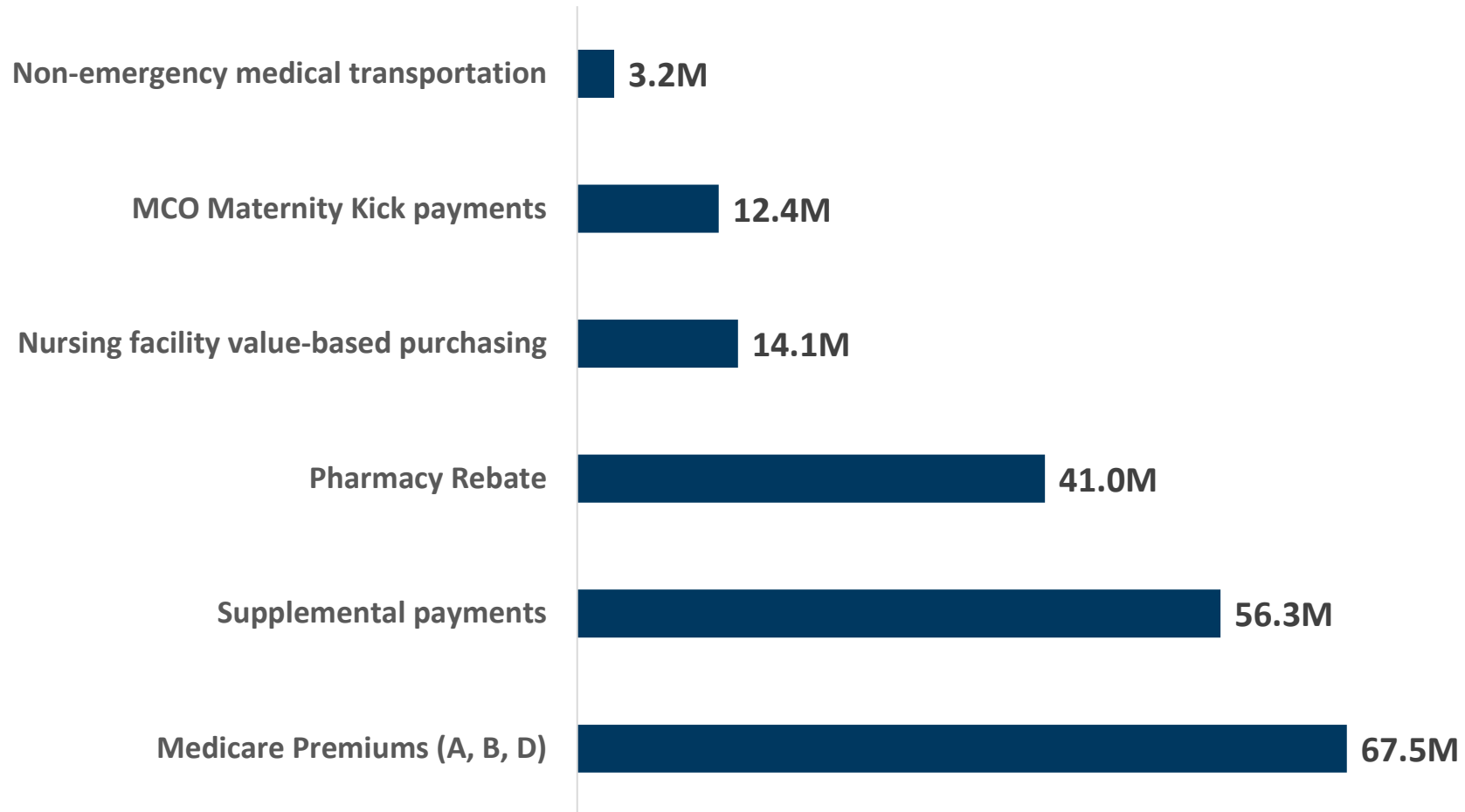
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One-time Carry-over Payments



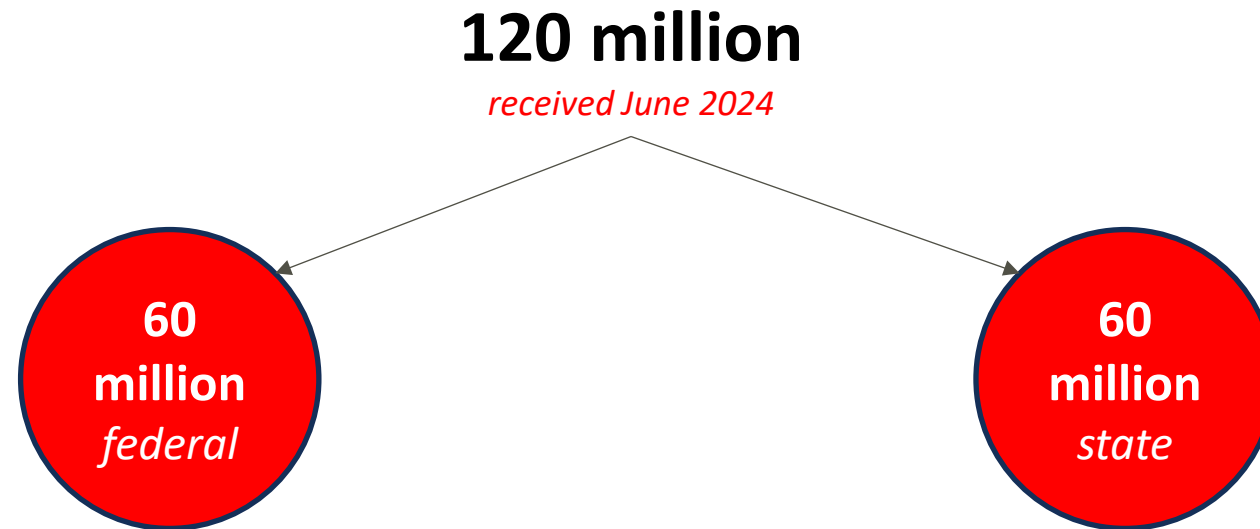
Pharmacy Rebates

- DMAS receives quarterly pharmacy rebates from drug manufacturers to offset the overall cost of prescription drugs in the Medicaid program
- Rebates are returned by DMAS to federal and state-share accounts
- DMAS classifies pharmacy rebates two ways:
 - Current-year rebates: prescription drugs paid for in the current fiscal year
 - Deposited in general fund, offset pharmacy cost directly
 - Prior-year rebates: prescription drugs paid outside the current fiscal year
 - Deposited into Virginia Health Care Fund, also offsets pharmacy cost

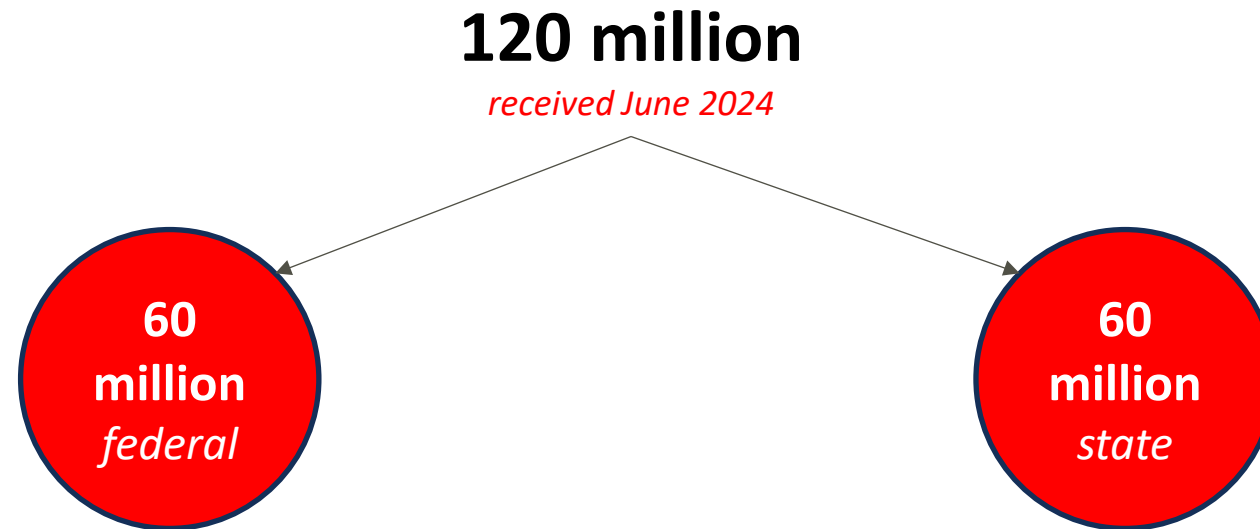
Pharmacy Rebates

- 2024:
 - \$120 million in current-year pharmacy rebates (17%) in last month of FY24
 - \$709 million total current-year pharmacy rebates in FY24
- Daily:
 - Pharmacy rebates received daily from 'lockbox'
 - Rebates deposited to Commonwealth accounts no later than next business day, as required by Dept. of Accts.
 - Classified as current-year rebate
 - 50% returns to federal fund, and 50% returns to state general fund
 - DMAS does not know if rebate is for current or prior fiscal year, or if it is for a Medicaid member in CHIP/FAMIS (65.69:34.31), Expansion (90:10), or Base (50.99:49.01)
 - 10-days after month end, DMAS receives current vs. prior year status, and Medicaid member detail from agency's pharmacy benefit manager
 - DMAS reallocates rebates to correct fund accounts

Pharmacy Rebates

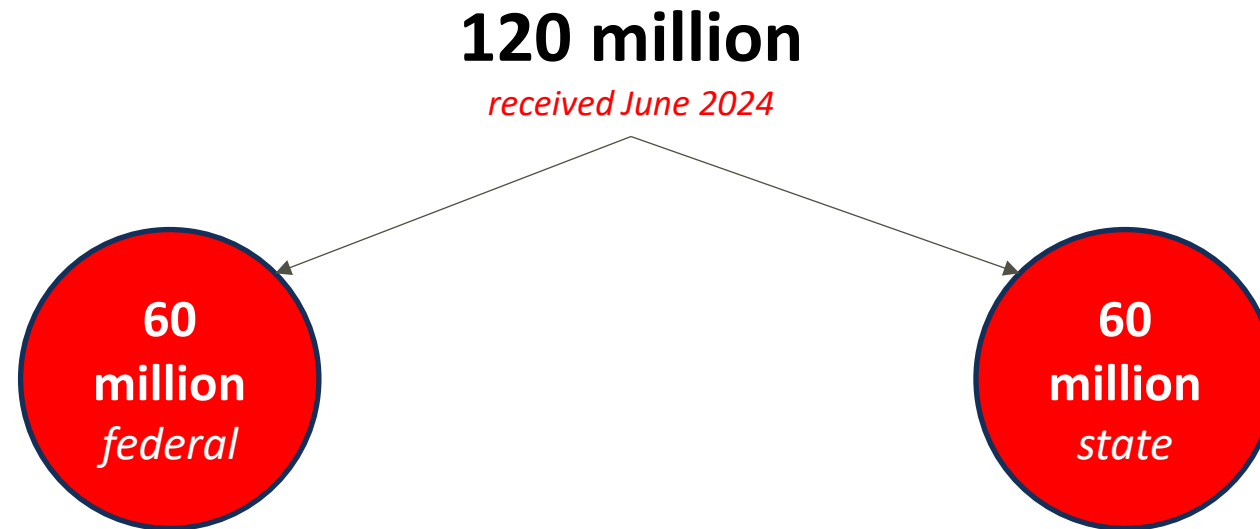


Pharmacy Rebates



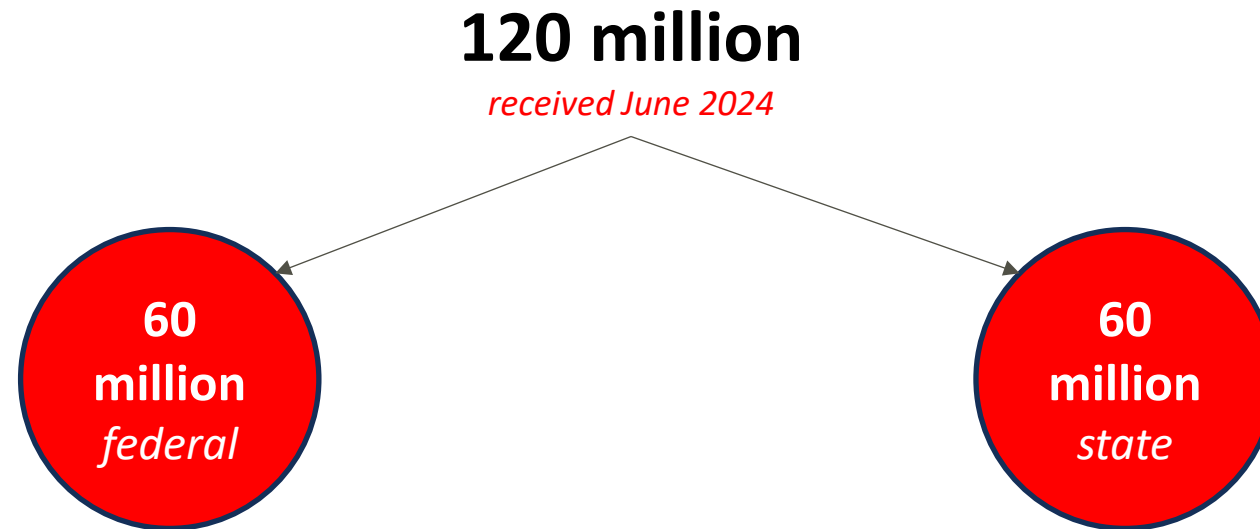
- **July 9:** DMAS receives fiscal year and member detail

Pharmacy Rebates



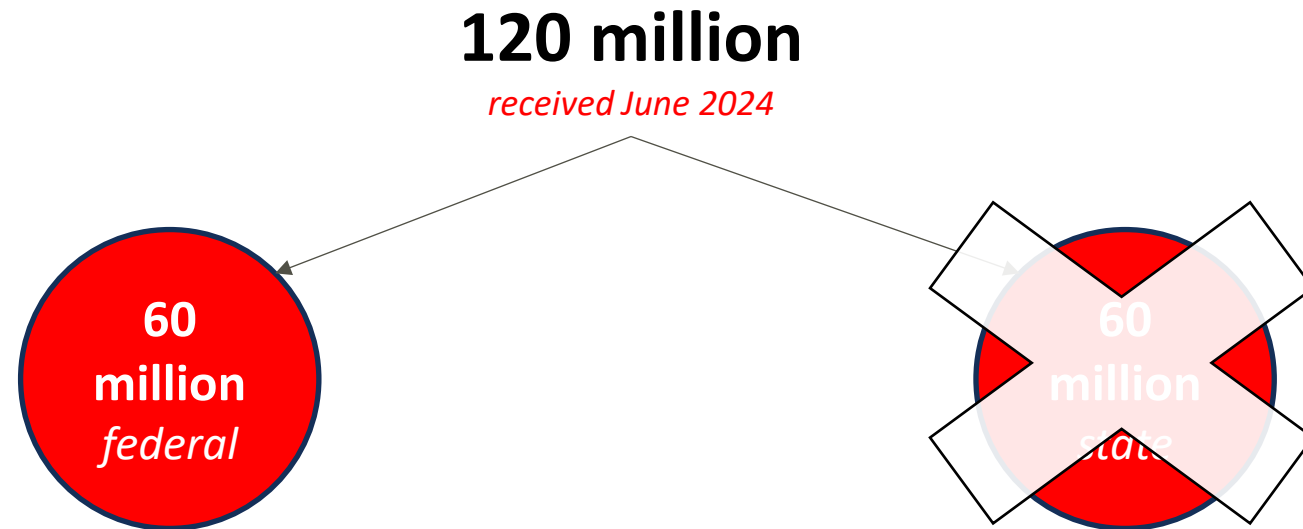
- **July 9:** DMAS receives fiscal year and member detail
- DMAS learns 41 million applied to state funds should be applied to Expansion funds instead

Pharmacy Rebates

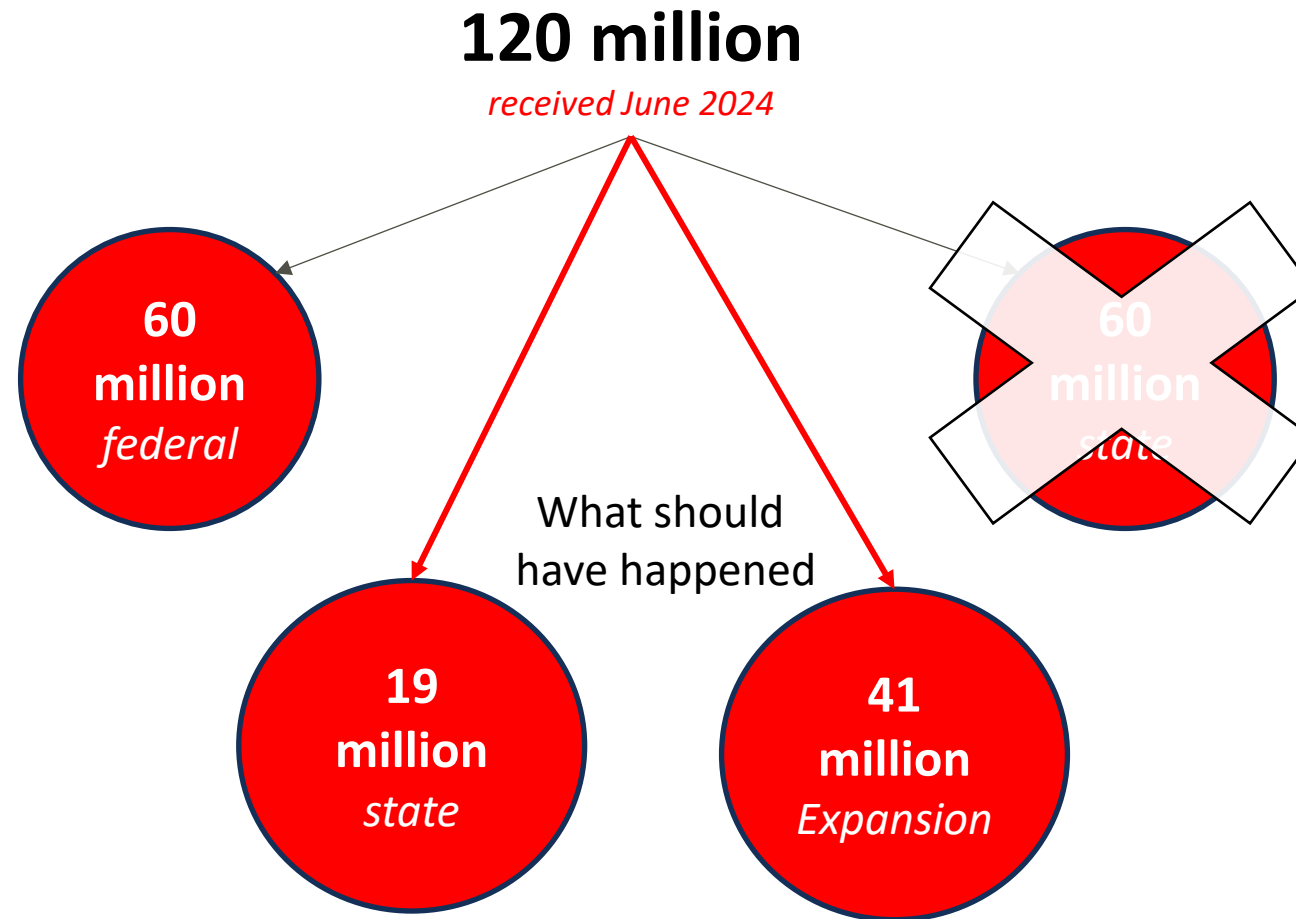


- **July 9:** DMAS receives fiscal year and member detail
- DMAS learns 41 million applied to state funds should be applied to Expansion funds instead
- But FY24 has ended with only 22 million state funds left, cannot charge 41 million expenditures

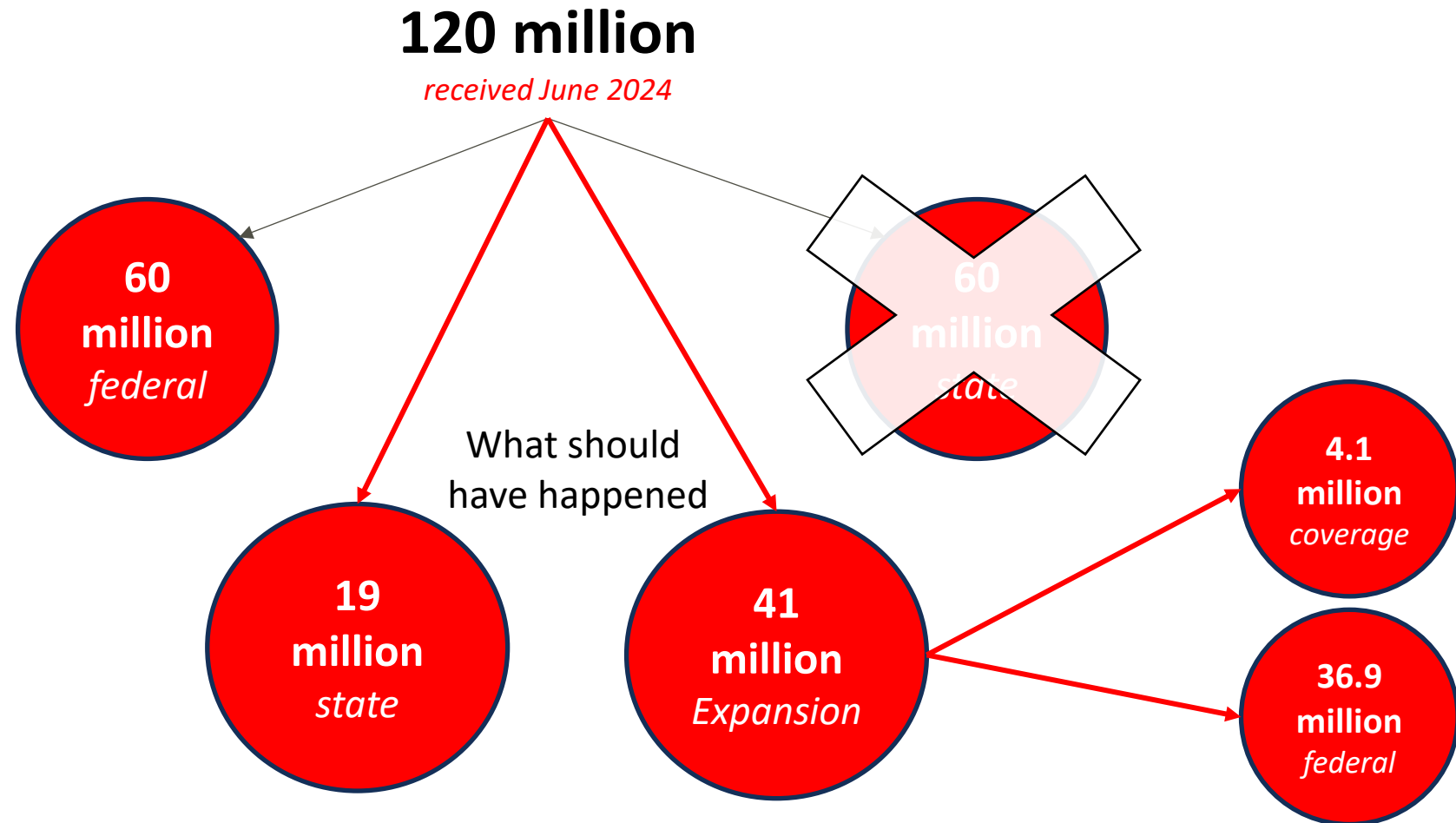
Pharmacy Rebates



Pharmacy Rebates



Pharmacy Rebates



Pharmacy Rebate

- DMAS must correct overpayment to general fund, and underpayment to coverage assessment and federal accounts
 - July:
 - Charged \$41 million to general fund
 - Returned \$4.1 million to coverage assessment fund
 - Returned \$36.9 million to federal fund
- FY24 shortfall created an unexpected \$41 million general fund expenditure in FY25
- DMAS has changed daily allocation to include Expansion
 - Knock-on effect creates variance in coverage assessment used to fund Expansion