



# Senate Finance and Appropriations HHR Subcommittee Medicaid Update

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# Agenda

- Medicaid Overview
- Governor's Introduced Budget
- Medicaid Updates



# Medicaid Overview



# DMAS Mission and Values

## Our Mission & Values

To improve the health and well-being of Virginians through access to high-quality health care coverage and services



Service



Collaboration



Trust

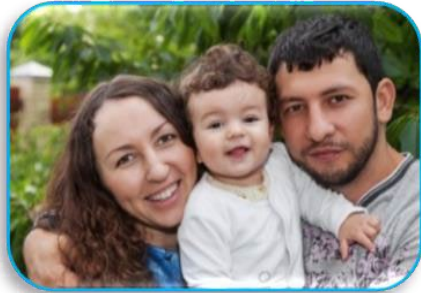


Adaptability



Problem Solving

# What is Virginia Medicaid?



**1 in 4 Virginians are Medicaid members**



**Medicaid/CHIP covers 1 in 3 births in Virginia**



**1 in 3 Medicaid members have a Behavioral Health Diagnosis**

Virginia Medicaid, known as Cardinal Care, plays a critical role in the lives of nearly 2 million Virginians, providing high-quality health care coverage and services, disability and long-term services and supports for those most in need.

Joint partnership of authority, finance and accountability between the Governor, General Assembly, and Centers for Medicare and Medicaid Services (CMS).

Current Appropriations is \$24 billion. The Medicaid match is 51% Federal funds and 49% General funds.

# Virginia Medicaid Populations

*Medicaid coverage is available to Virginians who meet specific income thresholds and other eligibility criteria*



**776,548**  
Children



**755,491**  
Adults



**194,851**  
Limited Benefits  
Individuals



**137,335**  
Individuals with  
Disabilities



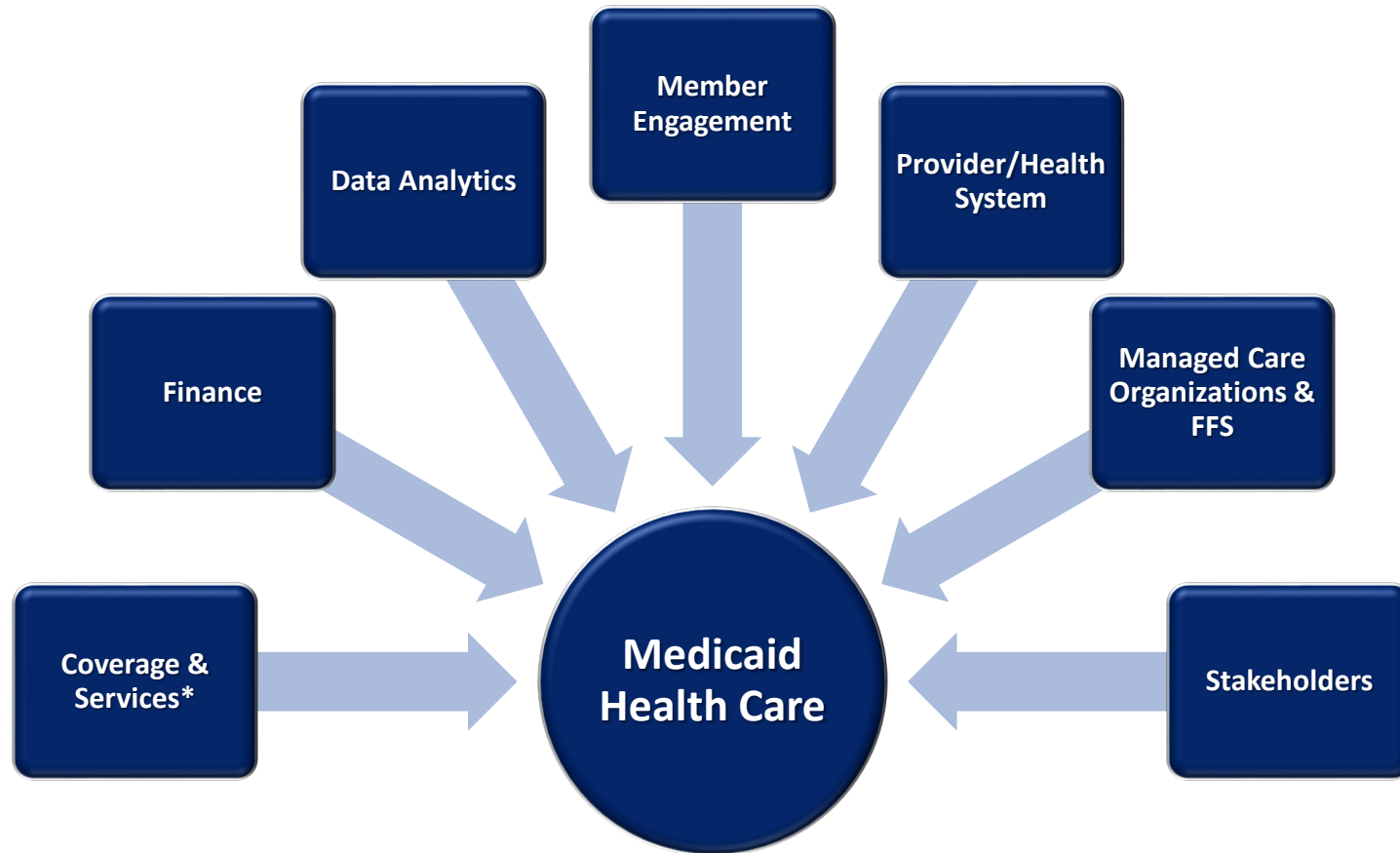
**91,312**  
Older  
Adults












**39,282**  
Pregnant &  
Postpartum

# Virginia Medicaid – Health Care Levers

*Seven levers are involved in Virginia Medicaid health care*



# Some of 2024 DMAS Highlights

-  Completed the unwinding/redetermination process for 2,140,288 Medicaid members (99%). No CMS penalties.
-  Right Help, Right Now - Behavioral Health Services Redesign, Support Crisis Services and submitted New SMI 1115 waiver.
-  Obtained approval from CMS for 3400 Developmental Disability Waiver slots. Distributing quarterly with DBHDS.
-  Rebased payments for 120 Hospitals and 268 Nursing Facilities.
-  Creation of the new Office of MCO Compliance and Monitoring and 360° MCO Performance Review Process.
-  Improved Medicaid member and public experience and engagement (redesigned website, dashboards etc.).
-  Second successful program year of its Nursing Home Value Based Purchasing (provided incentive payments).
-  Increased Dentist Network – 2255 enrolled dentists.
-  Completed APA report; 4 findings in the FY2023 Auditor of Public Accounts (APA) audit report.





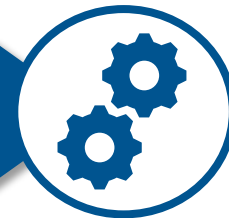
# Governor's Introduced Budget

# Governor's 2025 Budget Overview

Services and Supports



Financial/ Technical Items



# Governor's Introduced Budget

## Services and Supports



	FY2025		FY2026	
	GF	NGF	GF	NGF
Ensure compliance with State and Federal Disability waiver requirements (292 JJ)	150,000	850,000	239,289	239,289
Allow Children served in Psychiatric Residential Treatment facilities to remain enrolled in managed care (288 LLLLL)	-	-	273,575	290,568
Authorize Implementation of 1115 Serious Mental Illness Waiver (288 XX.2.3. 292 II)	162,825	337,175	998,595	2,521,478
Allow for an Hourly Adult Day Health Care Rate (288 HHHHH)	-	-	-	-
Cover Pre-release Medicaid Services for Justice Involved Youth (288 GGGG.2.)	-	1,000,000	367,178	855,026
Comply with Federal Eligibility and processing rules (292 JJ)	715,000	1,965,000	-	-
Clarify spending on mail room operations (292 LL)	-	-	-	-

# Governor's Introduced Budget

## Services and Supports



	FY2025		FY2026	
	GF	NGF	GF	NGF
<b>Unbundle long-acting Injectables for Serious Mental Illness (288 MMMMM)</b>	-	-	177,906	1,302,361
<b>Provide funding for Virginia Task force on Primary Care (292 KK)</b>	250,000	250,000	-	-
<b>Modify Managed Care Contract Language (288 T)</b>	-	-	-	-
<b>Authorize Final Exempt Authority to update reimbursement regulations (288 JJJJ)</b>	-	-	-	-
<b>Fund the cost of Medical Services for Involuntary Mental Commitments</b>	-863,103	-	-695,709	-
<b>Increase payments for Psychiatric and Obstetric-gynecological Graduate Medical Residencies (288 UU)</b>	-	-	-	-

# Governor's Introduced Budget

## Financial/Technical Items



	FY2025		FY2026	
	GF	NGF	GF	NGF
Create a funding reserve for Medicaid Initiatives (288 NNNNN)	-	-	972,941	-
Fund Administrative Contract Escalation costs	-	-	390,567	711,517
Clarify Third Party Liability Rules (288 LL)	-	-	-	-
Update Nursing Facility Reimbursement methodology (288 IIIII)	-	-	-	-
Clarify the removal of cost sharing in existing Appropriation Act Language (288 AAAA)	-	-	-	-

# Governor's Introduced Budget

## Financial/Technical Items



	FY2025		FY2026	
	GF	NGF	GF	NGF
<b>Adjust Health Care Fund appropriation</b>	-48,845,662	48,845,662	15,460,000	-15,460,000
<b>Fund Family Access to Medical Insurance Security Utilization and Inflation</b>	18,469,990	33,003,841	22,211,865	35,441,604
<b>Fund Medicaid Utilization and Inflation</b>	336,971,303	1,243,456,301	295,242,919	845,881,485
<b>Fund Medical Assistance services for Low-Income Children Utilization and Inflation</b>	22,386,335	41,664,848	25,248,805	44,098,221



# Medicaid Updates

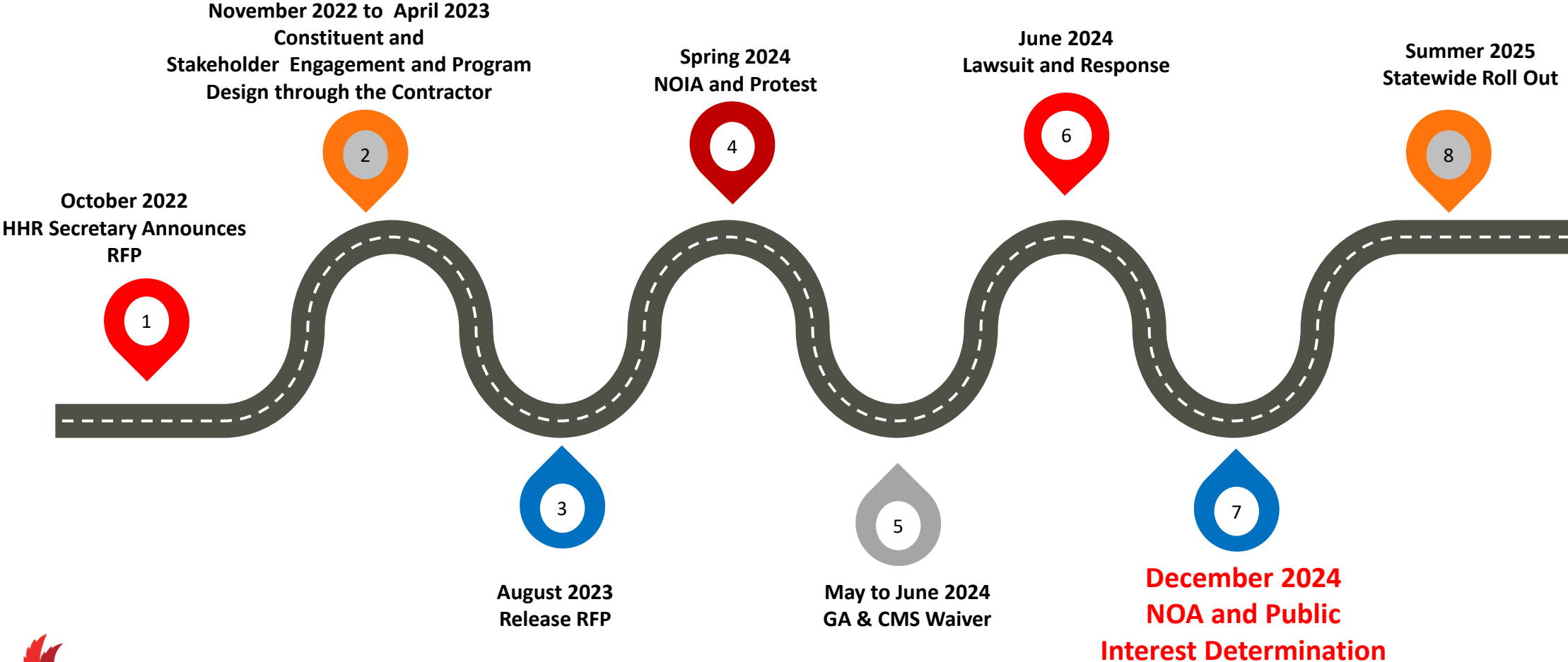


# Evaluation of Medicaid Eligibility Determination Study

- 292.HH of Budget Bill HB30: A detailed assessment of Virginia's Medicaid eligibility determination processes and approach with DMAS, Department of Social Services and Local Departments of Social Services.
- The consultant did a comprehensive and systematic review and evaluation of the Medicaid eligibility processes, assessment of strengths and challenges, and competencies across the various organizations, processes, technology and data systems.
- Over 75 interviews conducted with stakeholders as well as two surveys with local social services agency staff as well as examining best practices in other states.
- Ten strategies/solutions were identified ranging from some direct operational strategies to transformative approaches—to improve Medicaid eligibility effectiveness and timeliness to include:
  - Redesigning and improving the member eligibility process experience
  - Investing in an improved technology ecosystem
  - Developing a stronger governance model across DMAS, DSS, and local DSS agencies
  - Driving consistency of accurate and timely processing
- The full report can be found on the Legislative Information System at: [RD974](#) - Evaluation of Medicaid Eligibility Determination



# Cardinal Care Managed Care Procurement Milestones



# Cardinal Care Managed Care Procurement Updates

- Spring 2024: DMAS posted the Notice of Intent to Award (NOIA) and one incumbent health plan filed a protest. DMAS denied the protest, and the health plan filed a lawsuit against DMAS in circuit court. In accordance with the Code, further action on the new contracts was stayed.
- DMAS filed the Plea in Bar challenging jurisdiction and was waiting for the court's ruling on that action before taking any further steps.
- December 30, 2024: DMAS posted the Notice of Award (NOA) on eVA. Posting the NOA officially ended the "blackout period."
- Along with the NOA, DMAS also posted a Public Interest Determination which, in compliance with Code, explains the urgent need to move forward with the contracts to protect the public interest even though DMAS is still in litigation.
- The Department is working internally and with the awardees to implement the new contracts. Depending on the outcome of the litigation, DMAS hopes to complete implementation by Summer 2025.

# Managed Care Organization FY25 Capitation Rates

- **Nationwide concerns about FY25 Medicaid capitation rates**
  - Centered around the results of unwinding of public health emergency continuous enrollment requirement
  - Big five national Medicaid managed care parent companies showed a drop of 3 million in net enrollment during first three quarters of 2024 (United Health Group, Elevance, CVS Health/Aetna, Centene, Molina, ranked order by enrollment)
  - MCOs report the remaining enrollees have greater health care needs (acuity) and utilize services at a higher rate
  - CMS requires that capitation rates are actuarially sound and has an intricate process
  - Many states acknowledged need for capitation rates adjustments to reflect changing health care needs
  - 25 states are currently seeking CMS approval to amend capitation rates, 12 states did not plan to seek changes, and four states were undecided

# Managed Care Organization FY25 Capitation Rates

- **Virginia is reviewing FY25 Medicaid capitation rates**
  - Annual capitation rates effective July 1, 2024 through June 30, 2025
  - Biannually DMAS adjusts capitation payments for each of the MCOs based on their member's acuity (January 1 and July 1). Capitation rates are redistributed from plans with members that have fewer healthcare needs to plans with members that have greater healthcare needs. This is budget neutral to DMAS, but the existing process takes acuity into consideration every six months to prevent adverse selection.
  - Virginia health plans are having financial concerns. DMAS held individual meetings between November 4 and December 20 with the Virginia Association of Health Plans, Aetna, Anthem, Molina, Sentara, and United to discuss their concerns. The MCOs identified four key concerns:
    1. Member acuity due to public health emergency redeterminations as part of unwinding
    2. Rising expenditures in high cost and specialty pharmacy services
    3. Financial implications of the court's decision to reverse emergency room down-coding and increased ER utilization
    4. Increased demand for children utilizing applied behavioral analysis services
  - DMAS has directed Mercer, the agency's third party actuary, to review 1HFY25 MCO data
  - Mercer and DMAS will complete their analysis by January 22

# DMAS Maternal Health Initiatives

In 2024, DMAS participated on the Governor's Task Force and supported the Governor's Executive orders. In addition, DMAS:

- Developed new targeted Member communications and comparison charts.
- Strengthened partnerships and accountability with plans.
- Extended hours -Held Saturday maternity clinics in Petersburg - INOVA now offers extended evening hours.
- Launched Ask About Aspirin education campaign to focus on hypertension /cardiology in women.
- Joined CMS affinity groups on maternal mental health and cardiology, and NGA team.
- Increased access to Doulas services.
- Implemented a newborn automation (BOT technology) to help improve the timeliness of newborn enrollments.
- Focused on data analytics , core measures and dashboards to support the program
- Continued our work with associations.

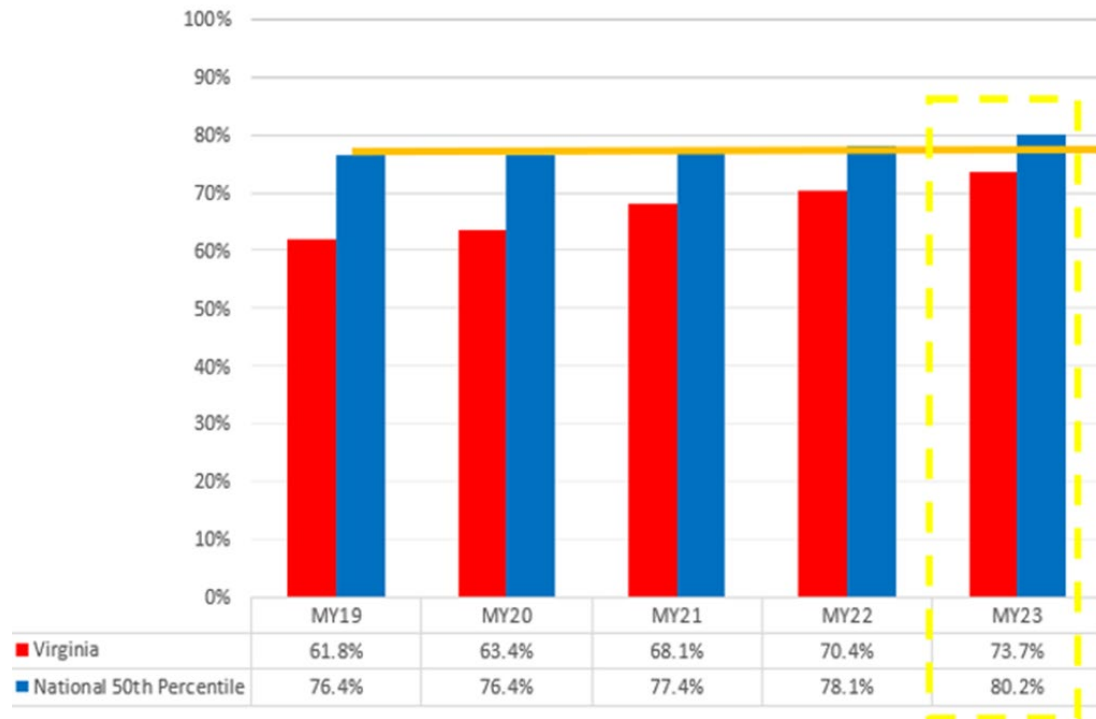
We are seeing positive outcomes from our targeted efforts in Postpartum care.



# Maternal Health Improvements – Postpartum visits

DMAS has been focusing on postpartum care since 2022

Postpartum Rates by HEDIS Measurement Year



- The number of women attending a doctor appointment in the postpartum period increased nearly 12% between MY19 and MY2023
- Greater increase than the national average.
- Most recent data (as of Jan. 2025).

