



# Finance Update

**Chris Gordon, CFO/Deputy Director of Finance**  
**Truman Horwitz, Budget Division Director**



# Overview

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- Expenditure comparison
- Tracking to the forecast
- Governor's Introduced Budget (GIB)

# Expenditure Comparison

## In Millions

### Five Year Look-back (Through November)

Expenditures	Actuals through November					FY23 vs. FY24	
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Change	%
Cardinal Acute	1,694.9	2,053.0	2,447.7	2,831.1	2,729.7	(101)	-3.6%
Cardinal LTSS	2,203.2	2,562.6	2,792.6	3,089.4	2,812.1	(277)	-9.0%
Fee-For-service: General Medicare	689.7	623.7	689.1	765.9	807.3	41	5.4%
Fee-For-service: BH & Rehabilitative	24.6	25.4	19.5	18.1	27.7	10	53.3%
Fee-For-service: Long-Term Care Services	638.1	629.0	696.5	915.5	983.3	68	7.4%
Hospital Supplemental (DSH, IME/GME, Dx)	217.0	151.7	296.6	321.1	220.6	(101)	-31.3%
Hospital Rate Assessment Payments	524.5	742.3	912.5	1,219.6	632.5	(587)	-48.1%
Pharmacy Rebates	(83.3)	(208.9)	(0.6)	1.4	(178.6)	(180)	-13022.5%
<b>Title XIX Total</b>	<b>5,908.8</b>	<b>6,578.8</b>	<b>7,853.9</b>	<b>9,162.1</b>	<b>8,034.7</b>	<b>(1,127)</b>	<b>-12.3%</b>
<b>Fund Type</b>							
General	2,076.2	1,723.0	2,022.9	2,280.5	2,055.9	(225)	-9.8%
Coverage Assessment	80.0	151.9	194.6	239.5	277.6	38	15.9%
Rate Assessment	194.2	208.9	242.4	324.7	179.6	(145)	-44.7%
VA Health Care Fund	91.0	218.0	229.8	225.6	248.0	22	9.9%
Federal	3,467.4	4,277.1	5,164.1	6,091.7	5,273.6	(818)	-13.4%
<b>Total</b>	<b>5,908.8</b>	<b>6,578.8</b>	<b>7,853.9</b>	<b>9,162.1</b>	<b>8,034.7</b>	<b>(1,127)</b>	<b>-12.3%</b>

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FY24 will continue to trend lower due to the accelerated capitation payment into FY23 (July to June) to save general funds at a favorable FMAP. **FY24 will have a total of 11 capitation payments; normal years have 12.**

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						(818)	-13.4%
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This FY24 number includes CSA cases that are typically not included in this report.

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**Mentioned last meeting:** Accelerated Q1FY24 payments into Q4FY23 to save general funds at a favorable FMAP.

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Typically, the second Rate Assessment payment occurs in November, but occurred in December this year.

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						(818)	-13.4%
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Prior Year Pharmacy rebates pending movement to the right account.



# Expenditure Comparison – Another way to Look at the Data

## *In Millions*

### FY 2024 Compared Against the Forecast

<b>Expenditures</b>	<b>YTD FY 2024</b>	<b>YTD Nov Forecast</b>	<b>Variance</b>	<b>Comments</b>
Cardinal Acute	2,729.7	2,713.2	0.6%	Right on track!
Cardinal LTSS	2,812.1	2,883.3	-2.5%	Right on track!
Fee-For-service: General Medicare	807.3	820.8	-1.7%	Right on track!
Fee-For-service: BH & Rehabilitative	27.7	19.0	46.0%	CSA Issue from Prior Slide
Fee-For-service: Long-Term Care Services	983.3	979.0	0.4%	Right on track!
Hospital Supplemental (DSH, IME/GME, Dx)	220.6	201.4	9.5%	Cost settlement for IME/GME/DSH for FY22 UVA and VCU
Hospital Rate Assessment Payments	632.5	1,438.9	-56.0%	Timing Issue from Prior Slide
Pharmacy Rebates	(178.6)	1.4	-12857.3%	Pharmacy Rebates pending movement
<b>Title XIX Total</b>	<b>8,034.7</b>	<b>9,057.0</b>	<b>-11.3%</b>	

**Key Point:** The variance shown is primarily attributable to the timing and administrative items we discussed today; we are right on track with the forecast!

# Governor's Introduced Budget

- Released Yesterday.
- The team is reviewing and compiling the impacts to DMAS operations and services.
- Will provide updates to various members of this group ahead of the GA Session.

# Summary

- Expenditures through November appear trending with expectations (and the forecast!)
- Budget is reviewing the GIB as we speak!



# Managed Care Programs Update



# Cardinal Care Managed Care

- DMAS transitioned Medallion and CCC Plus enrolled members seamlessly to CCMC under a single waiver in October 2023.
- Cardinal Care Managed Care (CCMC) includes all existing managed care populations and services.
- The CCC Plus home and community-based services (HCBS) Waiver will continue to operate as the CCC Plus HCBS Waiver.
- CCMC improves continuity for members who will no longer need to transition between two managed care programs.
- Current MCO procurement provides an opportunity to further innovate Virginia's managed care delivery system.

# Cardinal Care Managed Care Improvements



Single MCO Contract and Single CMS  
1915 (b) Managed Care Waiver



Preserves Continuity of  
Managed Care Enrollment



Responsive  
Model of Care



Aligned Regional Open  
Enrollment Effective  
January 1, 2023



Enhanced Accountability &  
Oversight

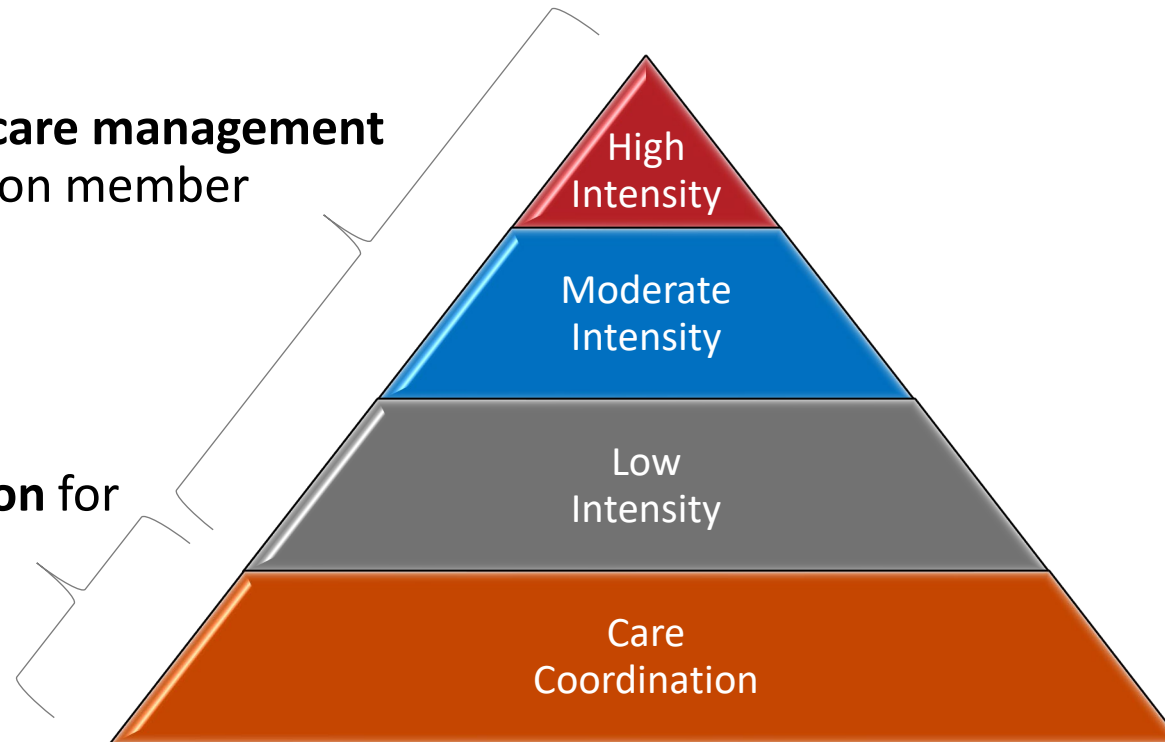


Cardinal Care Branding,  
Communications, and  
Consolidated Enrollment  
Broker Website (Jan 2023)

# CCMC Leverages a New Model of Care

**Three levels of care management intensity** based on member needs/risks

**Care coordination** for members with minimal needs



# Managed Care Procurement

- In October 2022, HHR directed DMAS to reprocur the managed care delivery system.
- Goals of CCMC procurement are focused to drive member-centric transformation in Virginia's Medicaid program.
- Procurement priorities include:
  - Behavioral health transformation (Right Help Right Now)
  - Strategic maternal and child health initiatives including children and youth in foster care
  - Increased value-based payment arrangements, quality driven withholds and tighter limits on MCO profits
  - New compliance and monitoring processes
  - Enhanced provider management



# Procurement timeline

- August 2023: RFP Released
- September 2023: Pre-proposal conference
- October 2023: RFP closes and responses received
- Winter 2024: Announcement of awards
- July 2024: New contract starts with regional implementation
- August- November 2024: Regional rollout

DMAS acknowledges requirements, dates and program changes may change based on Governor and legislative directives

# MCO CLAIMS EXPENSE AND UTILIZATION REVIEW

December 2023

# Summary – All Programs

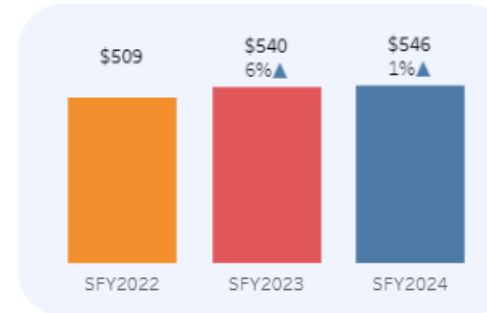
\*SFY2024 reflects claims paid July 1 – August 31, 2023



SFY 2024

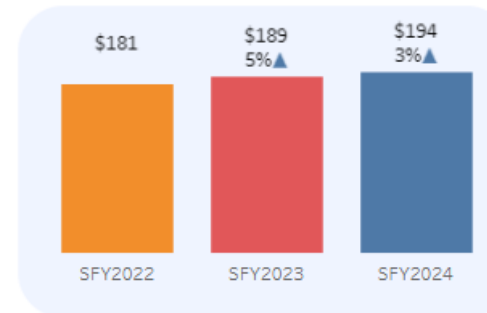
\$546

1% YOY▲



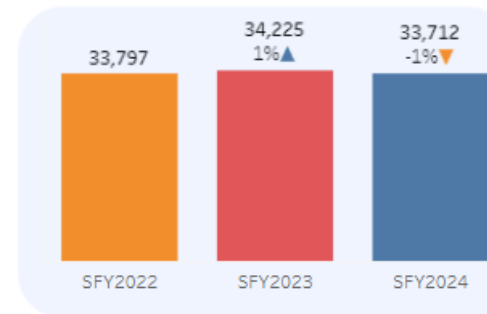
\$194

3% YOY▲



33,712

-1% YOY▼



# Cardinal Acute Overview (Managed Care)

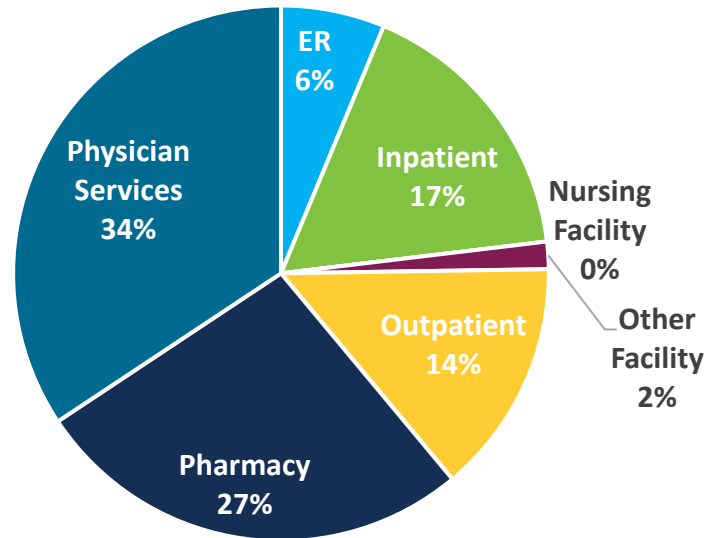
Program		Healthplan*		Eligibility Category	
MEDALLION4 (Acute)		(All)		(All)	
		SFY2022	SFY2023	SFY2024	% Difference SFY23 - 24
Grand Total	PMPM	\$291	\$308	\$302	-1.8%▼
	Cost Per Claim	\$166	\$171	\$180	5.5%▲
	Claims Per 12K Members	21,065	21,605	20,103	-7.0%▼
ER	PMPM	\$16	\$19	\$19	-2.0%▼
	Cost Per Claim	\$123	\$147	\$164	11.0%▲
	Claims Per 12K Members	1,514	1,567	1,384	-11.6%▼
In-Patient	PMPM	\$58	\$54	\$51	-6.4%▼
	Cost Per Claim	\$8,778	\$7,897	\$7,616	-3.5%▼
	Claims Per 12K Members	80	82	80	-3.0%▼
Nursing Facility	PMPM	\$0	\$0	\$0	98.8%▲
	Cost Per Claim	\$2,492	\$3,842	\$4,482	16.7%▲
	Claims Per 12K Members	0	0	0	70.4%▲
Other Facility	PMPM	\$4	\$5	\$5	-10.1%▼
	Cost Per Claim	\$1,071	\$1,227	\$1,205	-1.8%▼
	Claims Per 12K Members	48	52	47	-8.5%▼
Out-Patient	PMPM	\$33	\$40	\$43	5.9%▲
	Cost Per Claim	\$390	\$506	\$556	9.9%▲
	Claims Per 12K Members	1,014	955	921	-3.6%▼
Pharmacy	PMPM	\$73	\$80	\$81	1.8%▲
	Cost Per Claim	\$107	\$111	\$119	8.0%▲
	Claims Per 12K Members	8,235	8,650	8,152	-5.8%▼
Physician Services	PMPM	\$106	\$109	\$104	-4.7%▼
	Cost Per Claim	\$125	\$127	\$131	3.2%▲
	Claims Per 12K Members	10,174	10,299	9,518	-7.6%▼

# Cardinal Complex Overview (Managed Care)

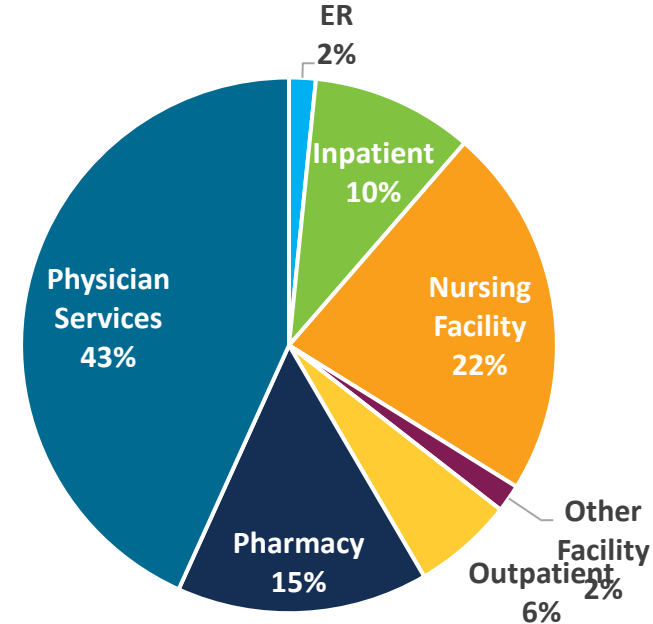
Program		Healthplan*		Eligibility Category	
CCCPLUS (MLTSS)		(All)		(All)	
		SFY2022	SFY2023	SFY2024	% Difference SFY23 - 24
Grand Total	PMPM	\$1,650	\$1,797	\$1,864	3.7%▲
	Cost Per Claim	\$197	\$210	\$208	-1.0%▼
	Claims Per 12K Members	100,476	102,565	107,453	4.8%▲
ER	PMPM	\$22	\$27	\$30	11.8%▲
	Cost Per Claim	\$85	\$102	\$116	13.4%▲
	Claims Per 12K Members	3,042	3,130	3,085	-1.4%▼
In-Patient	PMPM	\$185	\$179	\$182	1.6%▲
	Cost Per Claim	\$7,436	\$6,792	\$7,054	3.9%▲
	Claims Per 12K Members	298	316	309	-2.2%▼
Nursing Facility	PMPM	\$344	\$394	\$419	6.5%▲
	Cost Per Claim	\$4,566	\$5,356	\$5,914	10.4%▲
	Claims Per 12K Members	904	882	851	-3.5%▼
Other Facility	PMPM	\$29	\$32	\$31	-3.2%▼
	Cost Per Claim	\$544	\$593	\$672	13.4%▲
	Claims Per 12K Members	630	649	554	-14.6%▼
Out-Patient	PMPM	\$82	\$107	\$113	6.4%▲
	Cost Per Claim	\$362	\$467	\$503	7.8%▲
	Claims Per 12K Members	2,727	2,738	2,704	-1.3%▼
Pharmacy	PMPM	\$250	\$271	\$283	4.4%▲
	Cost Per Claim	\$125	\$129	\$137	5.8%▲
	Claims Per 12K Members	24,099	25,155	24,835	-1.3%▼
Physician Services	PMPM	\$738	\$789	\$806	2.2%▲
	Cost Per Claim	\$129	\$136	\$129	-5.2%▼
	Claims Per 12K Members	68,777	69,696	75,116	7.8%▲

# Cost Category Comparison by Program

Cardinal Acute Managed Care Expenses by Category SFY2024



Cardinal Complex Managed Care Expenses by Category SFY2024



- No significant changes from SFY2023 ratios
- Physician Services, Pharmacy and Inpatient make up **78%** of Cardinal Acute
- Physician Services, Nursing Facility and Pharmacy make up **81%** of Cardinal Complex
  - Cardinal Acute with 12 percentage points higher Pharmacy
  - Cardinal Complex Physician Services 9 percentage points more than Cardinal Acute

# Cardinal Acute PMPM YTD vs Prior YTD

Where we ended up      Where we were this time last year      Where we are now

Program: MEDALLION4 (Acute)      Health Plan: (All)      < Back

	EOY 2023	YTD 2023	YTD 2024	% Difference YTD 2023 vs YTD 2024
Grand Total	\$308	\$309	\$302 ▼	-2% ▼
ER	\$19	\$19	\$19 ▲	2% ▲
In-Patient	\$54	\$59	\$51 ▼	-14% ▼
Nursing Facility	\$0	\$0	\$0 ▲	270% ▲
Other Facility	\$5	\$5	\$5 ▼	-6% ▼
Out-Patient	\$40	\$40	\$43 ▲	6% ▲
Pharmacy	\$80	\$77	\$81 ▲	5% ▲
Physician Services	\$109	\$109	\$104 ▼	-5% ▼

# Cardinal Complex PMPM YTD vs Prior YTD

	PMPM	Cost Per Claim	Claims per 1000 Members	<< Back
Program	CCCPLUS (MLTSS)	Healthplan*	(All)	Eligibility Category
	EOY 2023	YTD 2023	YTD 2024	% Difference YTD 2023 vs YTD 2024
Grand Total	\$1,797	\$1,825	\$1,864▲	2%▲
ER	\$27	\$27	\$30▲	11%▲
In-Patient	\$179	\$178	\$182▲	2%▲
Nursing Facility	\$394	\$397	\$419▲	6%▲
Other Facility	\$32	\$31	\$31▲	0%▲
Out-Patient	\$107	\$108	\$113▲	5%▲
Pharmacy	\$271	\$267	\$283▲	6%▲
Physician Services	\$789	\$817	\$806▼	-1%▼



# Key Metric Definitions

- Three ingredients give you all three standardized key Metrics
  - Enrollment – Count of members enrolled each month
  - Cost – MCO expenditures on medical and pharmacy claims
  - Claim count – Count of MCO medical and pharmacy claims
- PMPM
  - “Per member per month”
  - Standardized way of looking at cost based on enrollment trends
    - Critical as we have large fluctuations in membership
  - Total Cost divided by Enrollment
- Utilization
  - Annualized metric for assessing volume of claims and services received by membership
  - Total Count of Claims divided by Enrollment (which is divided by 1,000)
- Cost per Claim
  - Average cost of a paid claim
  - Total Cost divided by Total Count of Claims