

Agenda

April 21, 2021

Department of Medical Assistance Services (DMAS)

Virtual: <https://meet.google.com/fhm-robi-bmx>

Dial-in: +1 470-729-1575 PIN: 458 512#

10:00AM – 12:00PM

- **Opening Remarks** (10 Minutes)
 - Karen Kimsey, Director
 - Chris Gordon, Deputy for Finance & Technology

- **Budget Review** (40 Minutes)
 - Expenditure Review
 - Tanyea Darrisaw, Director, Budget
 - Rob Chapman, Chief Economist
 - Pharmacy Rebate Review
 - Tanyea Darrisaw, Director, Budget

- **Changes in Managed Care Programs or Contracts with MCOs** (10 Minutes)
 - Cheryl Roberts, Deputy of Programs & Operations
 - Tammy Whitlock, Deputy of Complex Care

- **Utilization and Other Trends in Managed Care Programs** (20 Minutes)
 - Lauryn Walker, Senior Advisor for Chief Deputy

- **Questions & Closing Remarks** (40 Minutes)

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MEDICAID EXPENDITURE UPDATE

EXTERNAL FINANCIAL REVIEW COUNCIL

APRIL 21, 2021

Tanyea Darrisaw, Budget Director
Rob Chapman, Chief Economist



Agenda

- Visualization of Forecast vs. Actuals
- Medical Accuracy Report
- Variance Analysis
- Bringing Expenditures in Line with Resources
- Other Medicaid Services Not Included in Official Forecast
- CHIP Forecast vs. Actuals

DMAS Forecast vs. Actuals – State Fiscal Year 2021

Total Medicaid Enrollment
millions



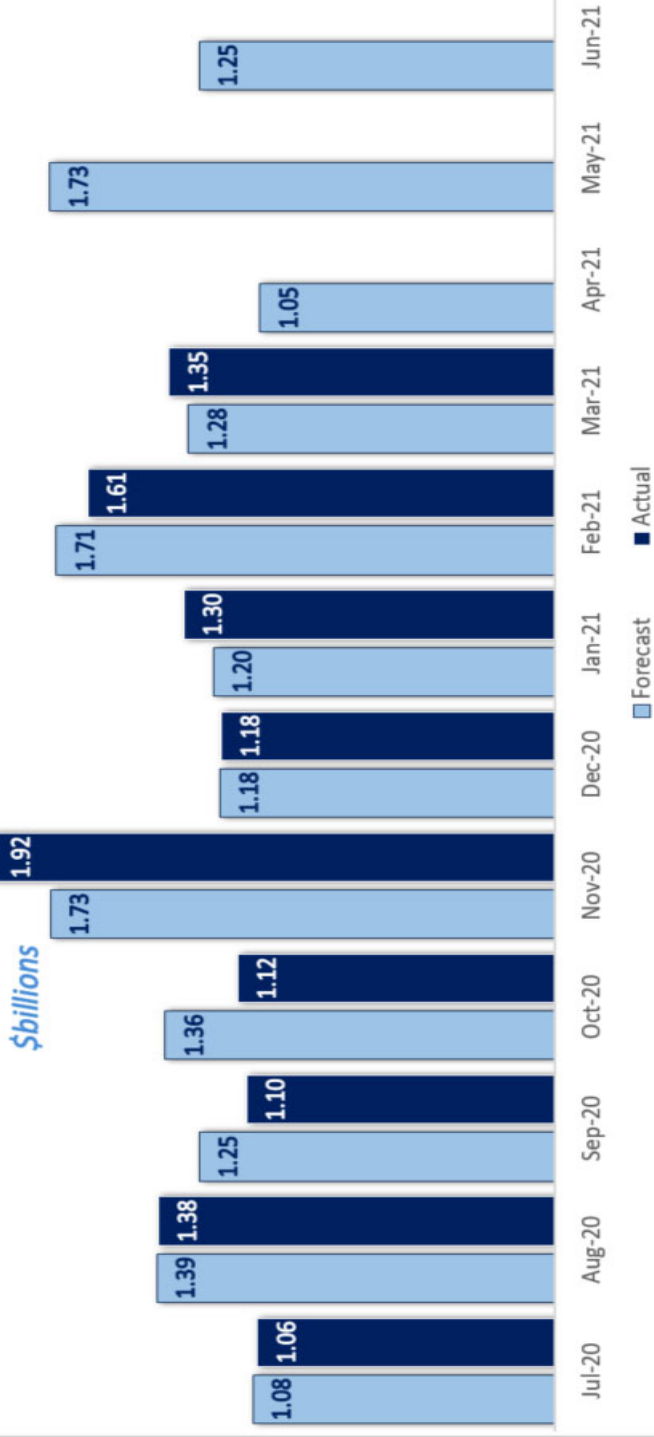
March 2021



Enrollment

Forecast: 1,649,248
Actual: 1,628,611

Total Medicaid Expenditures
\$billions



Expenditure

Forecast: \$1,283,437,290
Actual: \$1,345,523,419

DMAS Forecast vs. Actuals – State Fiscal Year 2021

Base Medicaid Enrollment



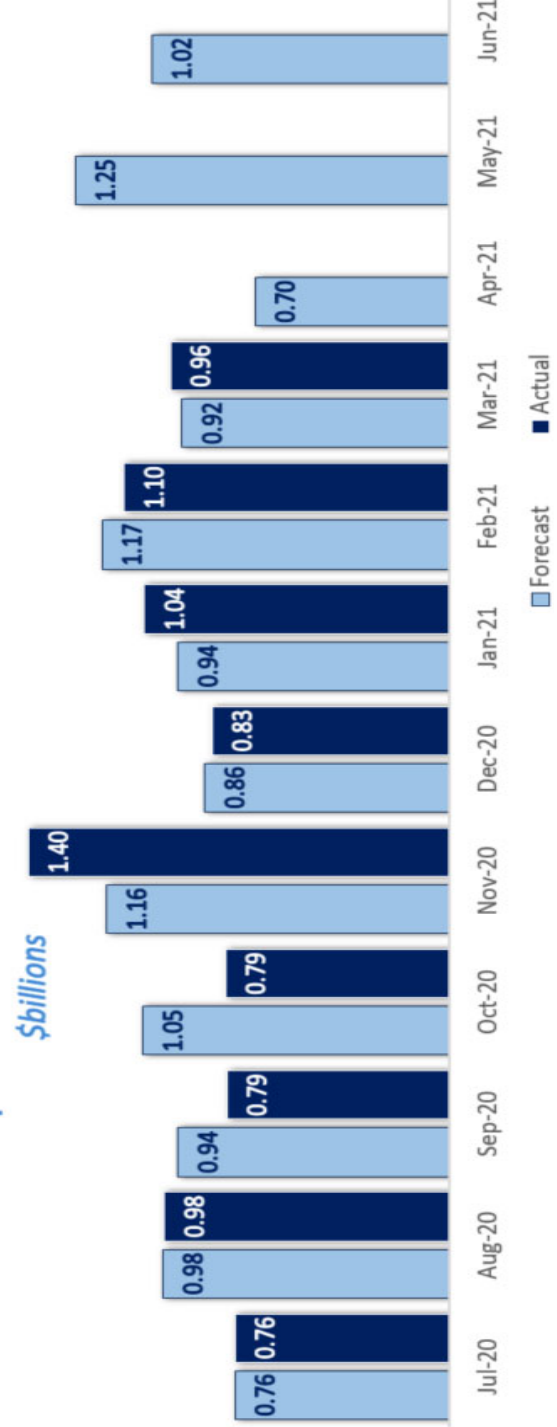
March 2021



Enrollment

Forecast: 1,105,788
Actual: 1,099,610

Base Medicaid Expenditures



Expenditure

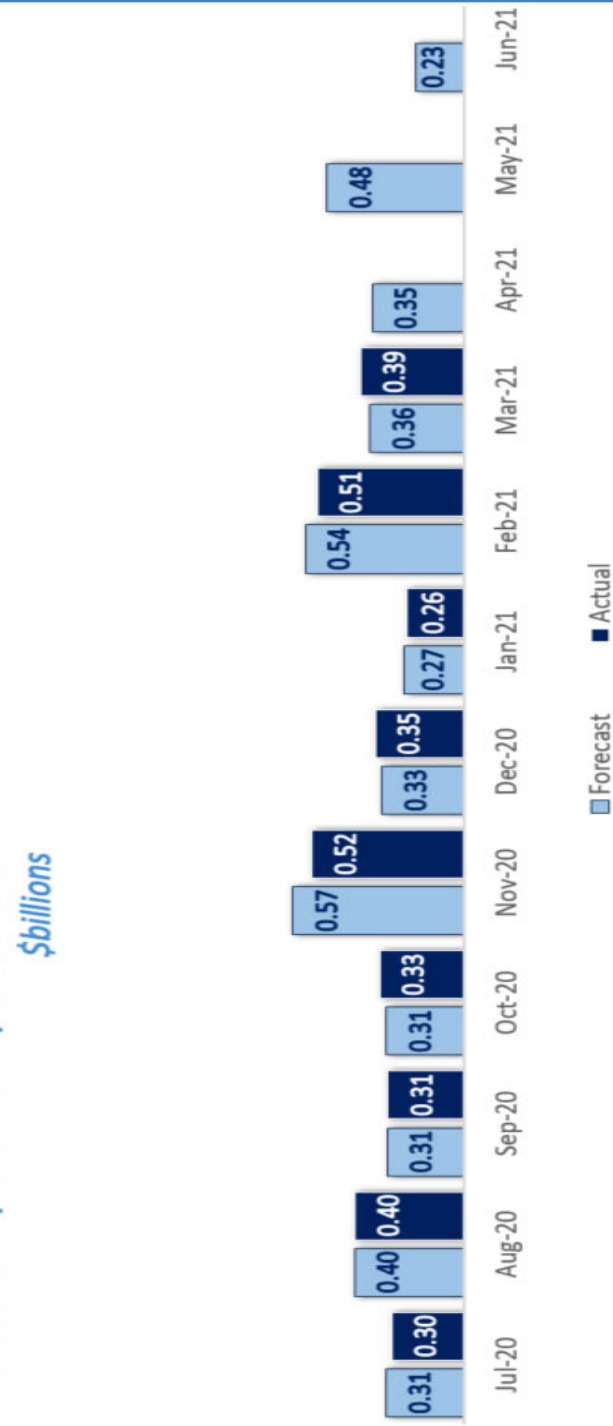
Forecast: \$924,627,688
Actual: \$960,512,246

DMAS Forecast vs. Actuals – State Fiscal Year 2021

Medicaid Expansion Enrollment



Medicaid Expansion Expenditures



March 2021



Enrollment

Forecast: 543,460
Actual: 529,001



Expenditure

Forecast: \$358,809,602
Actual: \$385,011,173

Medicaid Accuracy Report – March 2021

Base Medicaid

- **MCO and FFS Pharmacy Rebates: Current Year**
- **Inpatient Hospital, Outpatient Hospital, and All Other**
- **Mental Health Case Management**
- **Nursing Facility**
- **Hospital Payments**
- **Clinic Services**



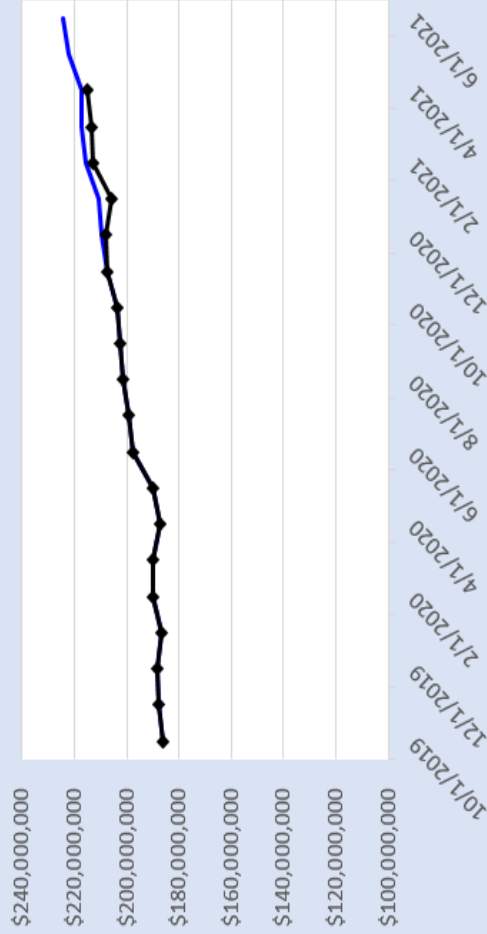
+10%
Above Forecast



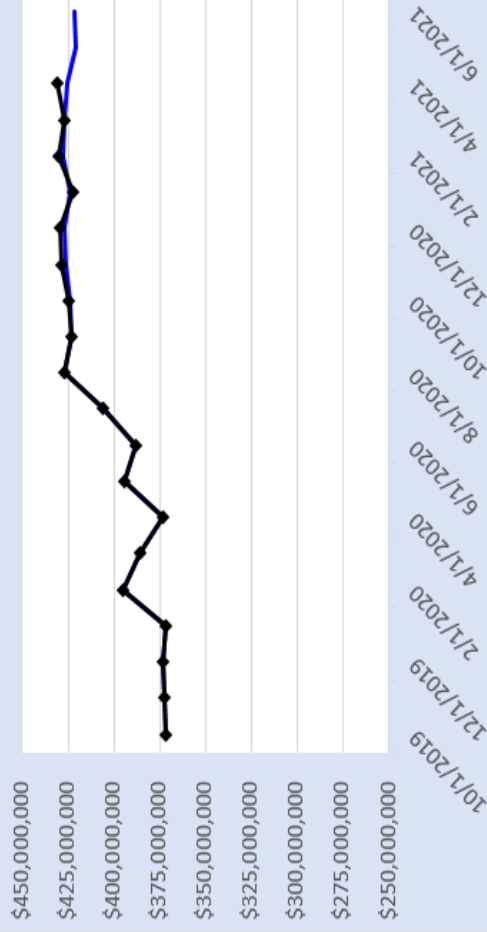
-10%
Below Forecast

Bringing Expenditures in Line with Resources Base Medicaid

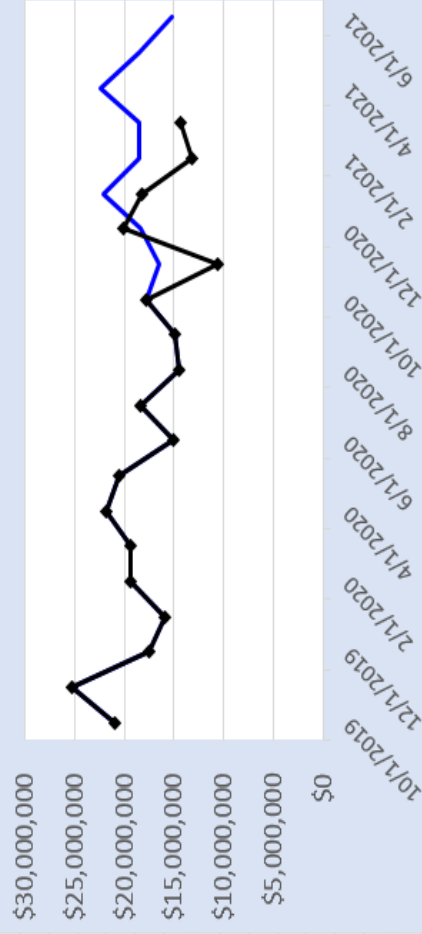
Medallion 4 Expenditures



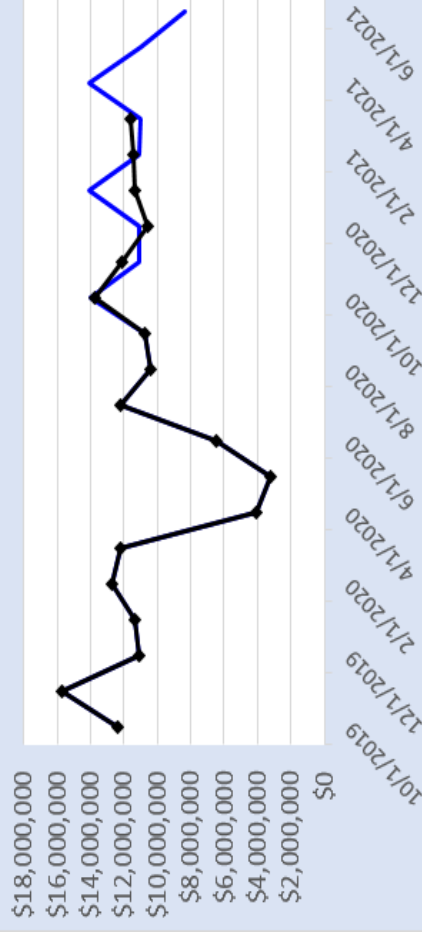
CCC+ Expenditures



Fee for Service Hospital Expenditures

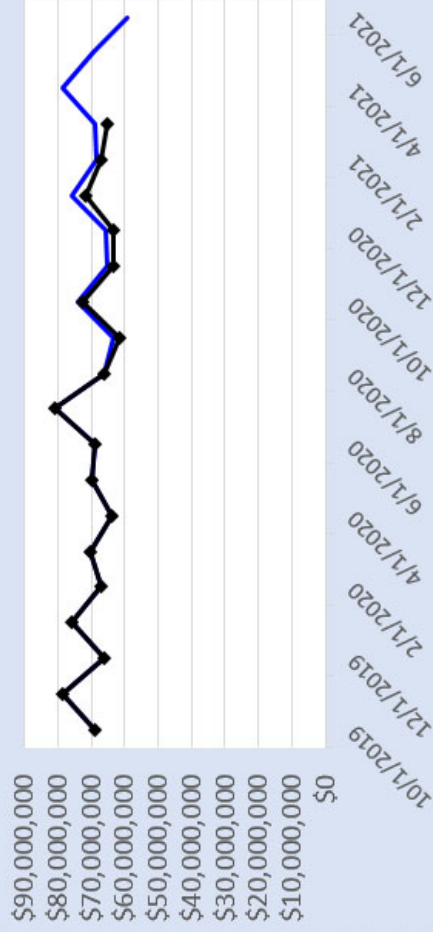


Dental

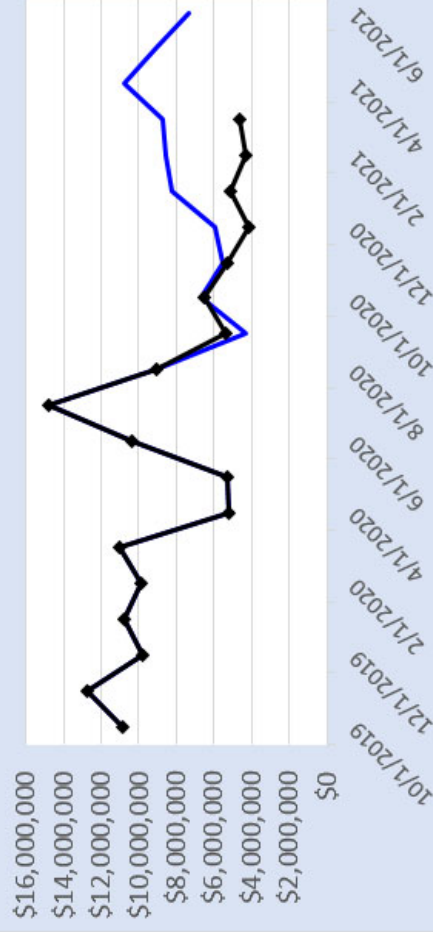


Bringing Expenditures in Line with Resources Base Medicaid

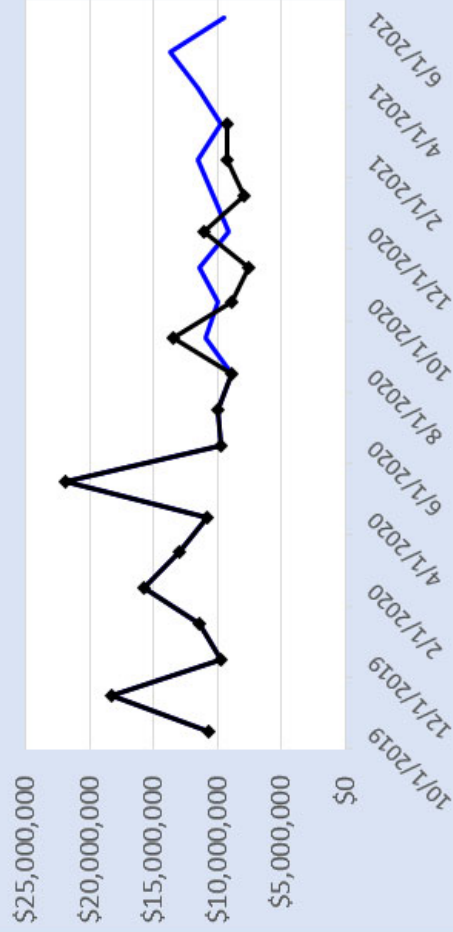
DD Waiver Services



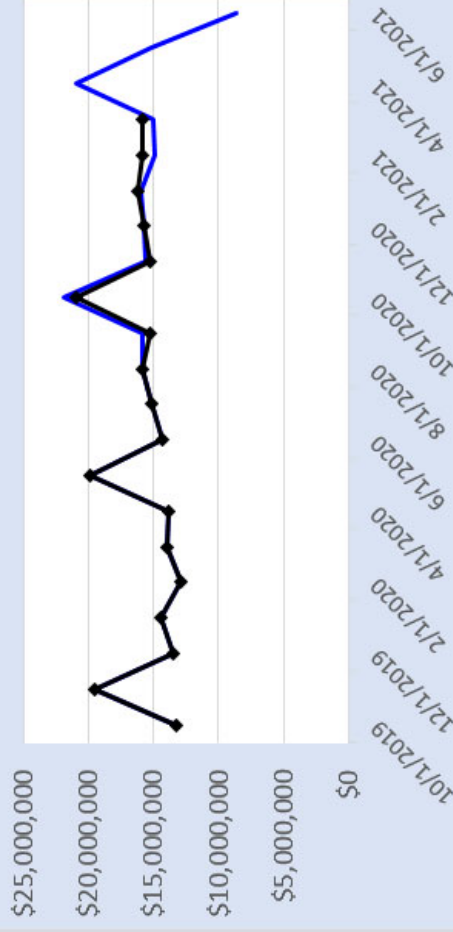
Day Support



Fee for Service Nursing Facility Expenditures



Fee for Service Attendant Care



Medicaid Accuracy Report – March 2021

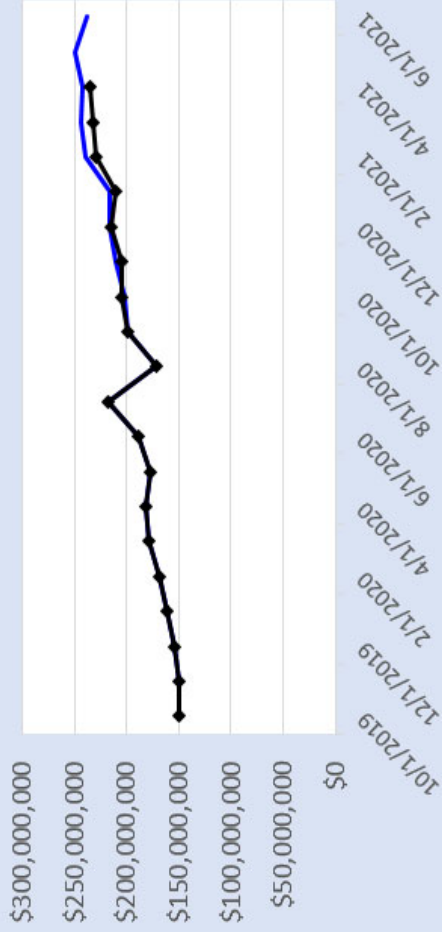
Medicaid Expansion

- **FFS Pharmacy Rebates: Current Year**
- **Hospital Payments**
- **MCO Pharmacy Rebates: Current Year**
- **Clinic Services**
- **Behavioral Health**
- **Transportation**

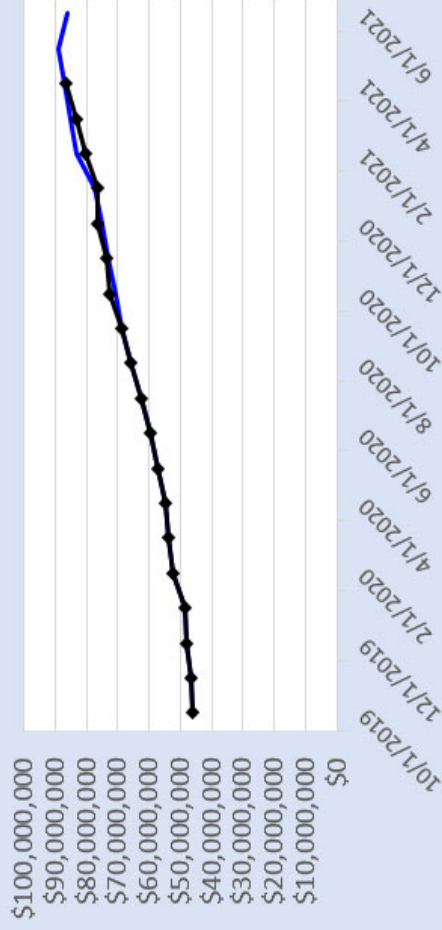


Bringing Expenditures in Line with Resources Medicaid Expansion

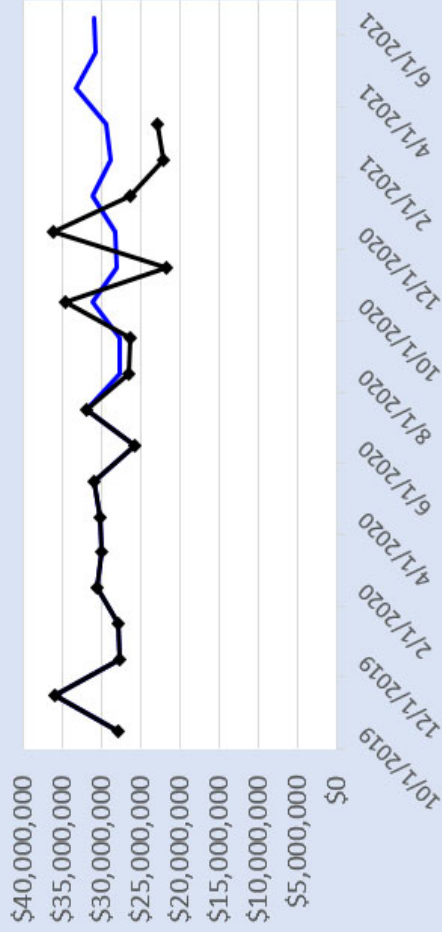
Medicaid Expansion Medicaidion 4



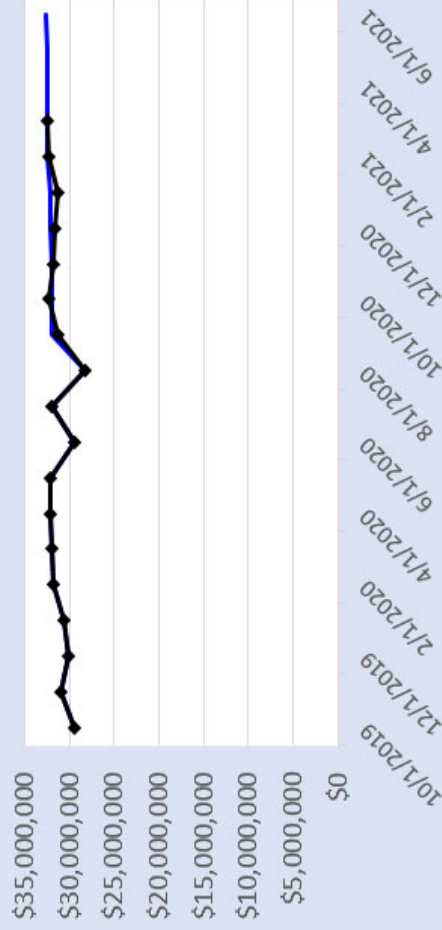
Medicaid Expansion CCC+



Medicaid Expansion Fee for Service



FAMIS and MCHIP Managed Care



Medicaid Accuracy Report – March 2021

Other Medicaid Services Not Included in Official Forecast

Unforecasted Medicaid Expenditures						
	FY 2021 Official Forecast	Funding Adjustments	FY 2021 Adjusted Budget	Adjusted Budget Through March	Expenditures through March FY 2021	\$ Variance (over) / under Budget
Mental Health Services CSA Total	-	71,713,945	71,713,945	53,785,459	51,874,310	1,911,149
State Funds	-	28,526,197	28,526,197	21,394,648	22,720,948	(1,326,300)
DBHDS Facility Reimbursements Total	-	75,184,343	75,184,343	56,388,257	47,976,650	8,411,607
State Funds	-	34,630,864	34,630,864	25,973,148	21,000,394	4,972,754

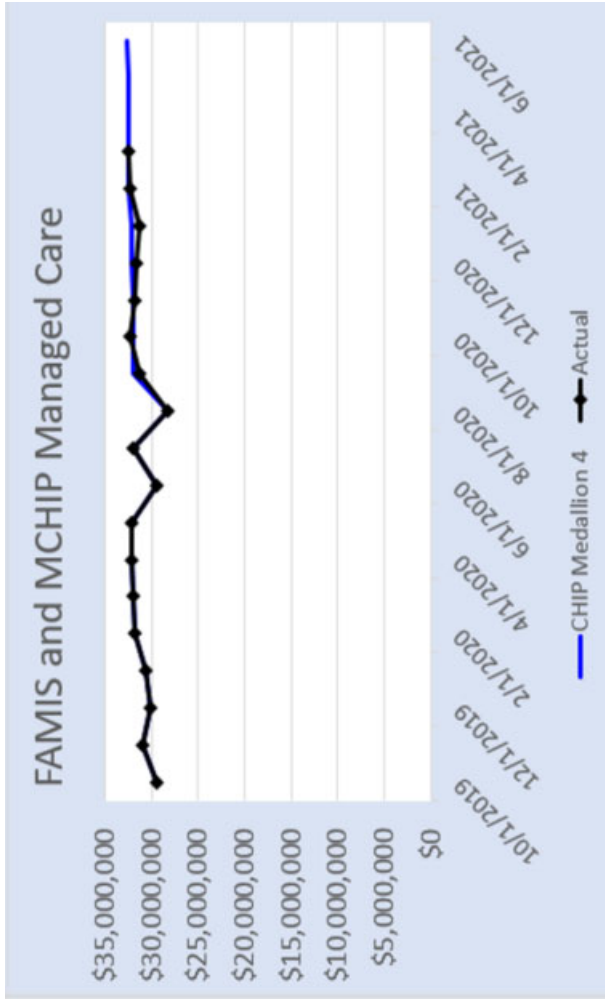
Medicaid Accuracy Report – March 2021

TOTAL by Fund

Total Forecasted Base + Expansion						
	FY 2021 Official Forecast	Funding Adjustments	FY 2021 Expected Budget	Expenditures through March FY 2021	% Spent	
Total Forecasted Medicaid Expenditures	16,208,978,425	-	16,208,978,426	12,009,125,244	74.1%	
Federal Funds	10,395,067,003	-	10,395,067,003	7,786,970,937	74.9%	
Rate Assessment	444,931,961	-	444,931,961	320,916,441	72.1%	
Coverage Assessment	383,143,300	-	383,143,300	280,077,444	73.1%	
Virginia Health Care Fund	472,802,840	-	472,802,840	397,000,000	84.0%	
State Funds	4,513,033,322	-	4,513,033,322	3,224,160,418	71.4%	

CHIP Forecast vs. Expenditure Review March 2021

CHIP					Expenditures through March FY 2021	% Spent
FY 2021 Official Forecast	Funding Adjustments	FY 2021 Adjusted Budget				
FAMIS Expenditures (446)	229,304,694	-	229,304,694	167,993,795	73.3%	
State Funds	50,417,082	-	50,417,082	32,444,104	64.4%	
M-CHIP Expenditures (466)	216,238,520	-	216,238,520	149,848,700	69.3%	
State Funds	59,023,165	-	59,023,165	41,894,045	71.0%	



QUESTIONS



- *Chapter Item 552 Item 317 B.4*
 - *The main purpose of each meeting shall be to review and discuss the most recent Medicaid expenditures to determine the program's financial status. If necessary, the department shall provide options to bring expenditures in line with available resources.*
- *DMAS Forecast vs. Actuals (Base, MedEx, CHIP)*
 - *FORECAST does NOT include accelerated April 2021 capitation payment*
 - *FORECAST does NOT include the PHE extension through 4/21/2021*
 - *FORECAST does NOT include Chapter 552, enacted 4/16/2021*
 - *EXPENDITURES include the Public Health Emergency extension through 4/21/2021*

- *Base Medicaid Variance analysis*
 - **LESS THAN FORECAST -10%**
 - *FFS Pharmacy Rebates: Current Year*
 - Higher than expected realization of prior year rebates
 - Prior year rebates are deposited into the Virginia Health Care Fund
 - *Inpatient Hospital, Outpatient Hospital, and All Other*
 - Reduced spending as a result of low utilization due to COVID
 - *Mental Health Case Management*
 - Lower utilization in FFS as members remain in managed care due to MOE
 - *Nursing Facility*
 - Overall reduction in NF utilization (both FFS and MCO)
 - Slower growth in FFS as members remain in managed care due to MOE
 - *Hospital Payments*
 - Payment timing (forecast based on quarterly projections)
 - **GREATER THAN FORECAST +10%**
 - *Clinic Services*
 - Cost settlement in rural health clinics in November

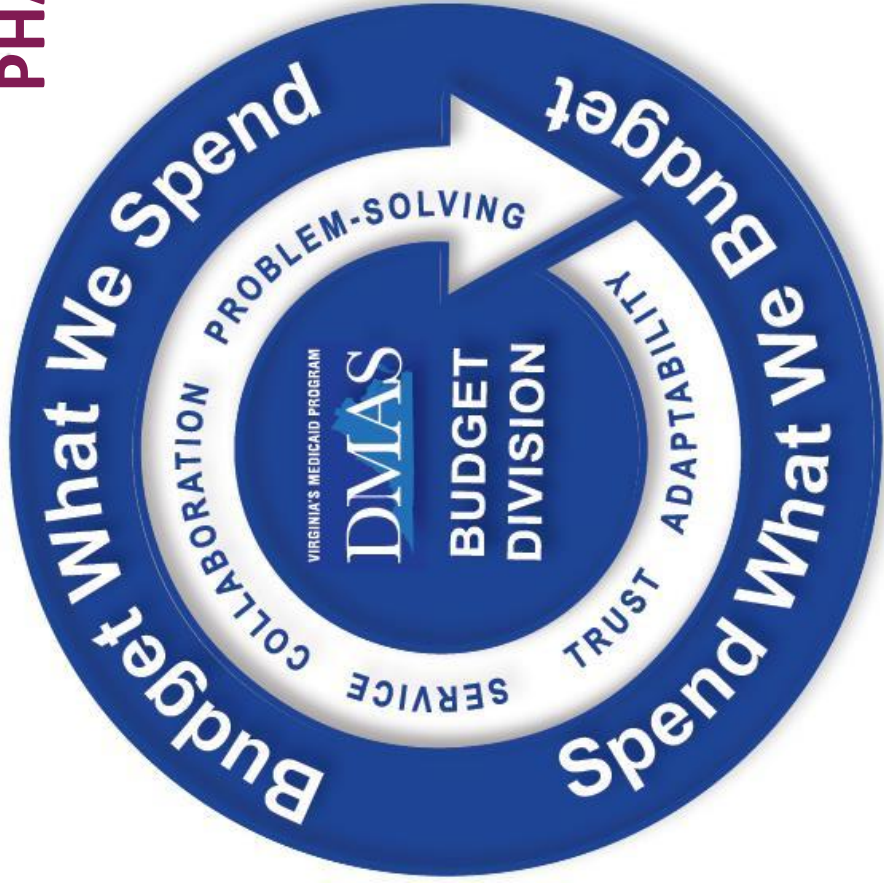
- *Medicaid Expansion Variance analysis*
 - **LESS THAN FORECAST -10%**
 - **FFS Pharmacy Rebates: Current Year**
 - Higher than expected realization of prior year rebates
 - Prior year rebates are deposited into Coverage Assessment Fund as revenue
 - **GREATER THAN FORECAST +10%**
 - **MCO Pharmacy Rebates**
 - Forecast based on limited experience (Medicaid Expansion started Jan 2019)
 - **Clinic Services, Behavioral Health & Rehabilitative Services**
 - Increased utilization
 - **Transportation**
 - Increased spending due NEMT risk corridor payment made in October

- *Bringing Expenditures in Line with Resources (Base, MedEx, CHIP)*
 - *Soft FORECAST includes **Enrolled Budget** (assumes maintenance of effort and public health extension through **June 2021**)*
 - *Does NOT include a full forecast update (requires an update to 100+ series)*
- *Total Forecast vs. Total Expenditures by Fund*
 - *Based on straight line budgeting we should be at 75% spent*
 - *Virginia Health Care Fund: as of April 2021 we have reclassified \$428M (approx. 75% of new appropriation)*
- *Other Medicaid Services Not Included in Official Forecast*
 - *CSA – NOT in the forecast. Expenditures are in line with the assumed straight line budget.*
 - *DBHDS: Reduced utilization in facility care may resemble similar trends in NF reduced utilization*
- *CHIP Forecast vs. Actuals*
 - *FAMIS: Reduction of \$12M GF into FAMIS Trust Fund*
 - *MCHIP: More than expected pharmacy rebates (approx. \$3M-\$5M more)*

PHARMACY REBATE PROCESS

EXTERNAL FINANCIAL REVIEW COUNCIL

APRIL 21, 2021



TANYEA DARRISAW
BUDGET DIRECTOR

GARIMA OZA
SR. FORECAST ADVISOR

Agenda



Quick Overview of Rebate Process

Pharmacy Rebate Reclassification

Pharmacy Rebate Trend

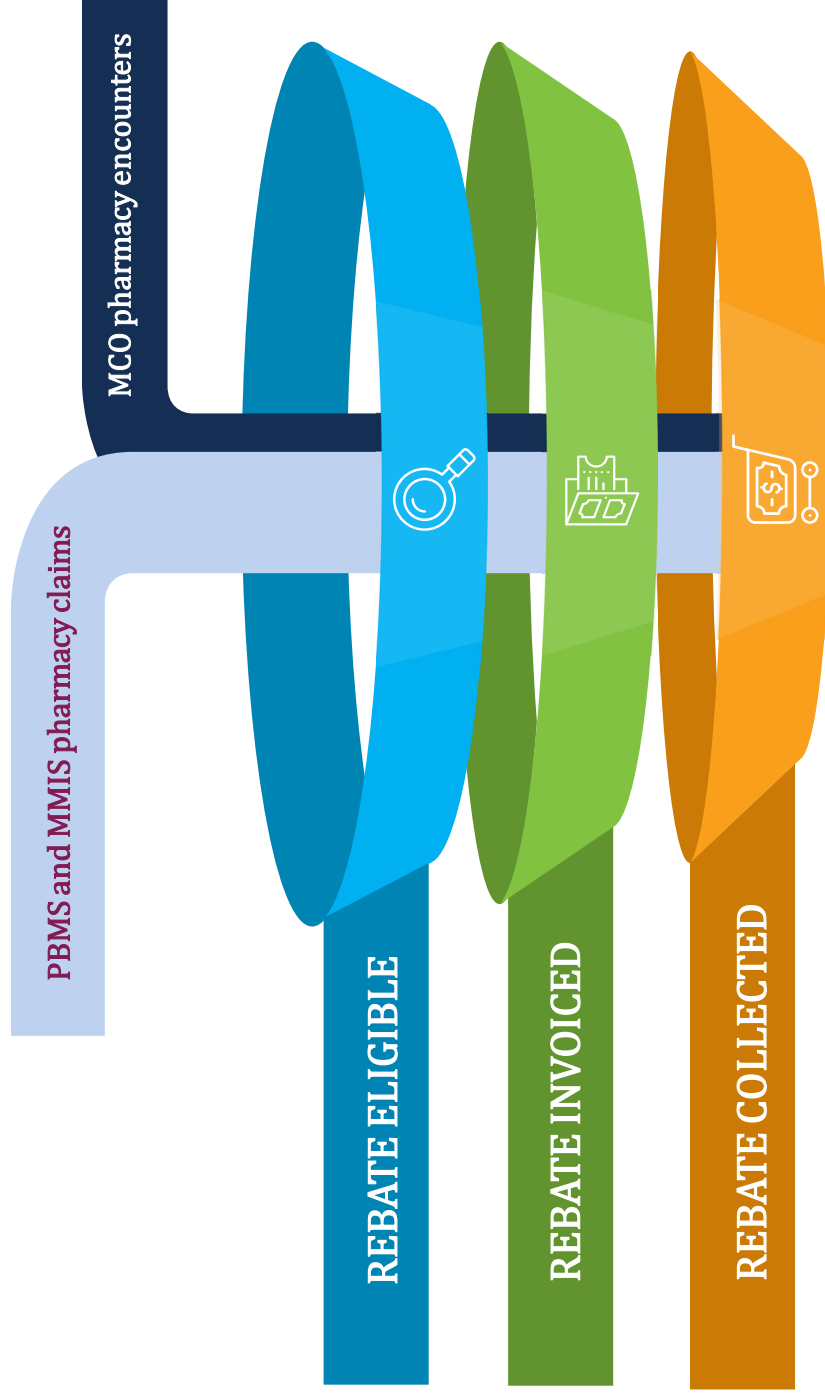
Next Steps



Quick Overview of Pharmacy Rebate Process

WHAT IS A PHARMACY REBATE?

Pharmaceutical companies have a National Drug Rebate Agreement (NDRA) with CMS and State Medicaid Agencies to **pay rebates** in exchange for state **Medicaid coverage** of their manufactured pharmaceuticals.

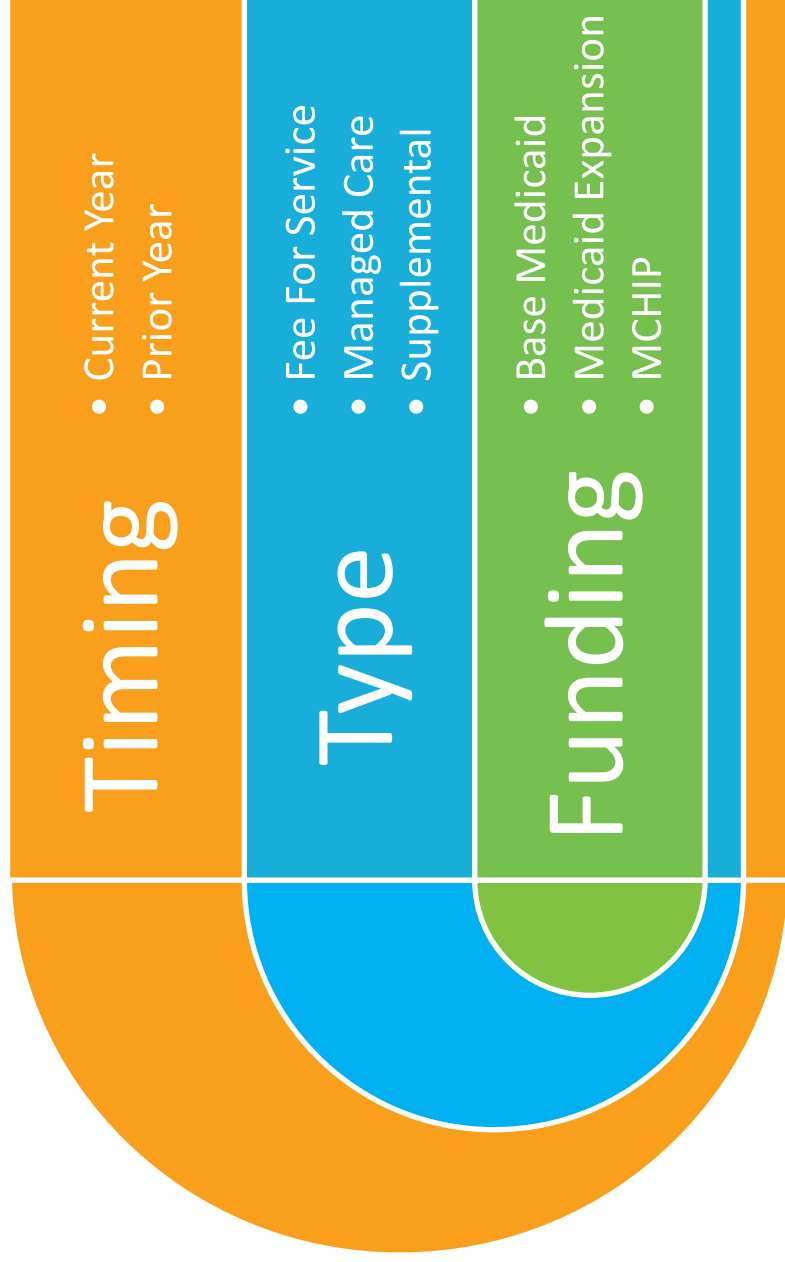




Pharmacy Rebate Reclassification

WHAT IS PHARMACY REBATE RECLASSIFICATION?

Pursuant to Item 317 U of the Appropriations Act, rebates collected by DMAS must be reclassified quarterly into **specific categories by program and fund to offset pharmacy expenditures.**





Pharmacy Rebate Reclassification

Transparent

- Rebates reclassified **monthly**

Compliance

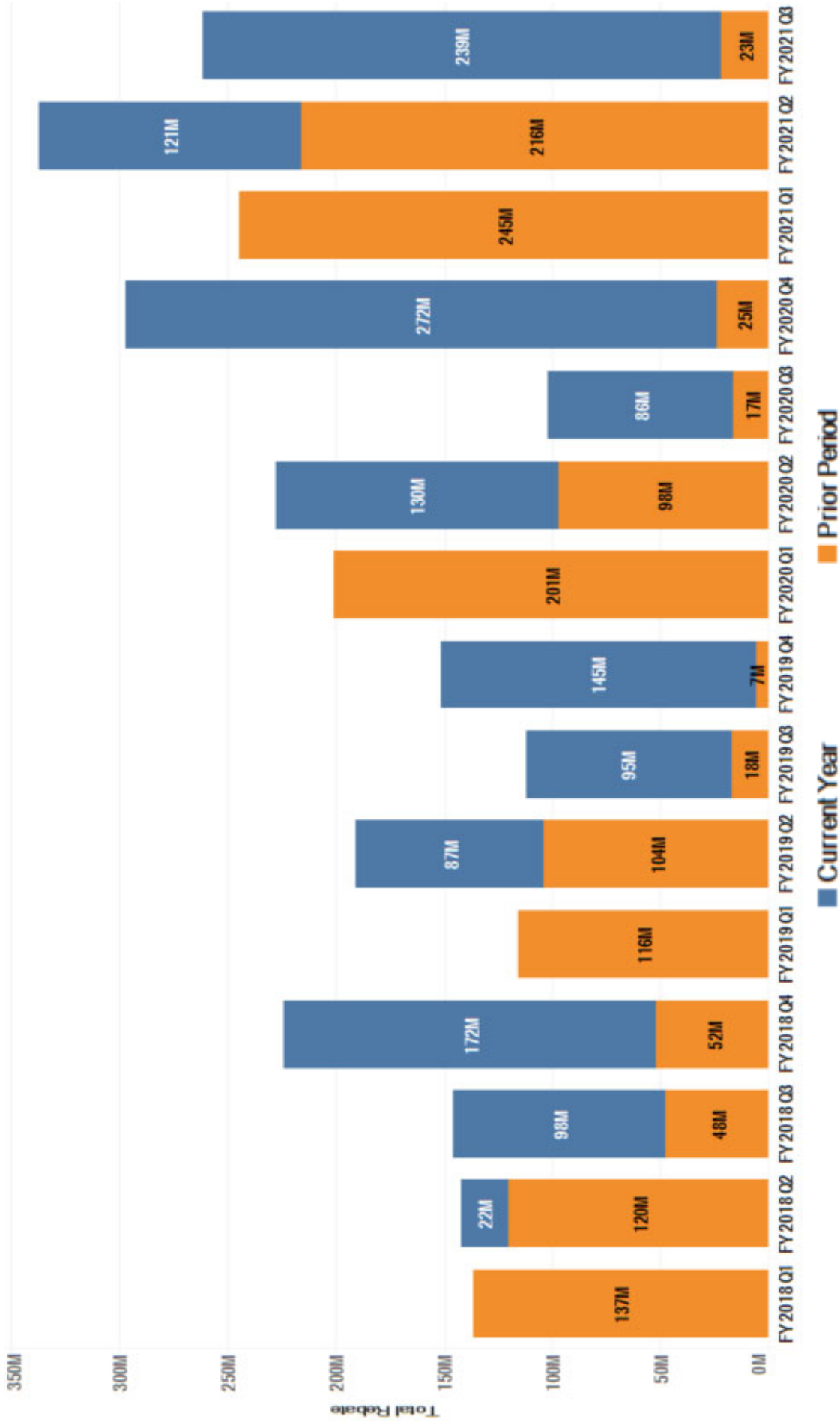
- Rebate reclassification process is **simplified**

Forecast

- Strengthen our ability to improve the **Forecast**



Pharmacy Rebate Trend



Next Steps

03

Accounting

- Review and improve **MCHIP reclassification**

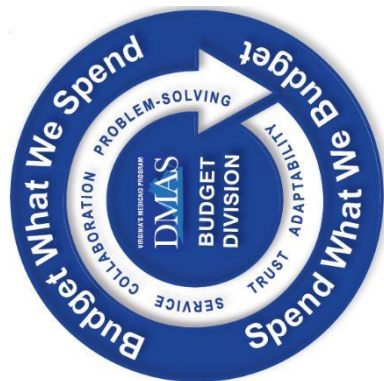
Compliance

- **Automation** of the rebate reclassification process

Tracking

- Having more visibility into the **“Rebate Eligible”** data

QUESTIONS



**MANAGED CARE
CONTRACT UPDATES
EXTERNAL FINANCIAL
REVIEW COUNCIL
APRIL 21, 2021**



**CHERYL J. ROBERTS
DEPUTY OF PROGRAMS AND
OPERATIONS**

**TAMMY J. WHITLOCK
DEPUTY OF COMPLEX CARE**

DRAFT CCC PLUS AND MEDALLION 4.0 CONTRACT CHANGES EFFECTIVE 7/1/2021

Proposed CCC+ and Medallion 4.0 Contract Changes

- Proposed Managed Care Contract changes were made based on the Governor and General Assembly (GA) directives, program clarifications and operation changes.
- All revisions are considered to have no fiscal impact unless funding was explicitly provided in the budget process.
- Draft contract language has been submitted to the MCOs and the Office of the Attorney General.
- Further changes may be needed based on the MCOs, DMAS leadership and the Dept. of Planning and Budget (DPB) review. DMAS will provide redline contracts to DPB on or around May 3rd.
- Following review and approval by DPB and the Centers for Medicare and Medicaid Services, the proposed changes to the Medallion 4.0 and CCC Plus Contracts will be effective July 1, 2021.

Contract Changes from Governor and General Assembly Budget Actions:

- **Behavioral Health Enhancement (Project BRAVO)** – Adds three new behavioral health services.
- **Smoking Cessation** – Adds coverage for all Medicaid members.
- **Sick Leave** - Adds sick leave pay for consumer-directed personal care, respite and companion care providers effective.
- **Doula Services** – Adds group of prenatal and postpartum services provided by licensed doulas. **Going live October 1, 2021.**
- **Telehealth/Telemedicine** – Revised and clarified telehealth/telemedicine services to reflect program changes and GA directives.

Contract Changes from Governor and General Assembly Budget Actions:

- **Unborn Child Benefit (FAMIS) (Medallion 4.0 only)**- Coverage for expectant mothers regardless of citizenship status, up to 60 days postpartum.
- **Mental Health Provider Terminations Reporting** - MCO reporting requirements related to mental health providers.
- **Durable Medical Equipment (DME) Provider Reimbursement**
 - Sets MCO reimbursement for DME services to minimum of 90% of the FFS rate.
- **Payment for Covid-19 Vaccine Administration** – Updated language to reflect DMAS payments to MCOs for administration of the Covid-19 vaccine.
- **Adult Dental** - New benefit through DBA and MCOs must cover transportation to services.

Proposed Clarifications and Contract Alignment:

- **Provider Enrollment into Medicaid** - Operational requirements for new PRSS module to include CURES Act compliance.
- **Model Of Care Member Risk Stratification** – Clarification of requirements (CCC Plus Only).
- **Care Review Management System (CRMS)** - Operational requirements for implementation.
- **Center for Medicaid and Medicare Services (CMS) Regulatory Clarifications** – Final Rules and per CMS request.
- **CCC Plus and M4 contract Alignment** - Telemedicine/telehealth, dental, compliance, and mental health parity sections aligned.
- **Pharmacy and Contracting Program** - Ensuring MCOs maintain separate programs

Questions?

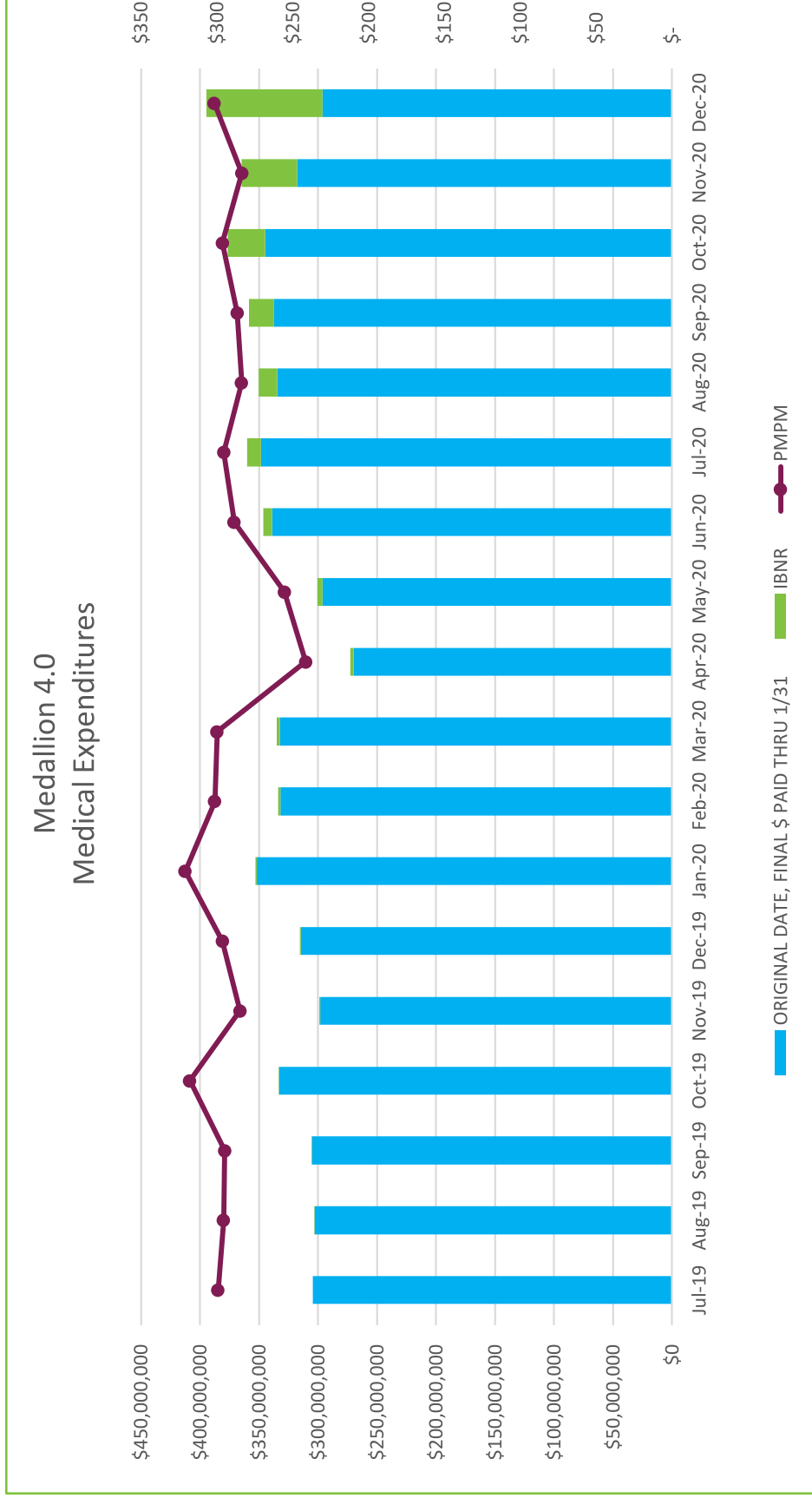


UTILIZATION TRENDS IN MANAGED CARE

April 21, 2020

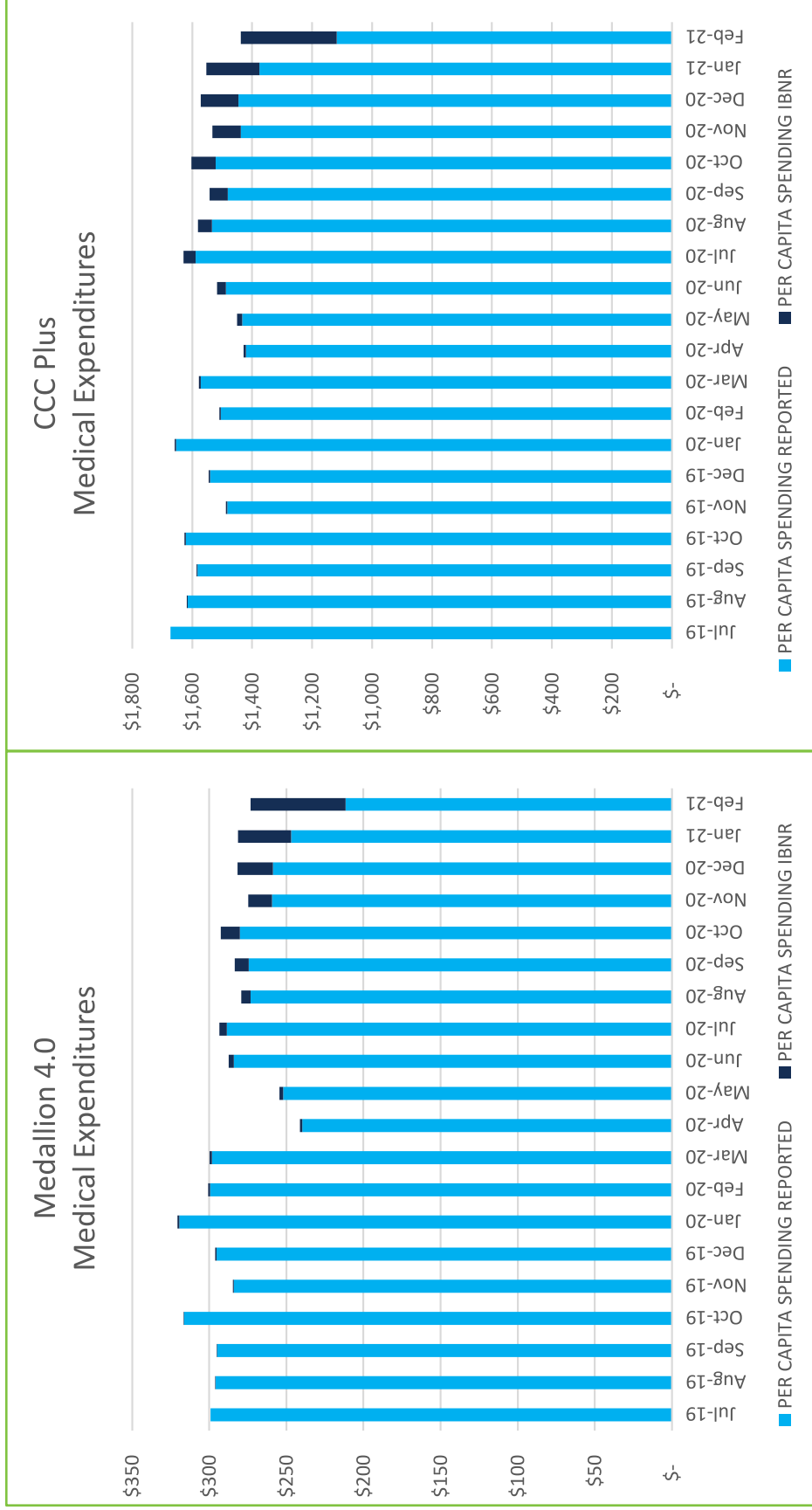
Laurn Walker, PhD
Acting Chief Health Economist
Department of Medical Assistance
Services

Managed Care Medical Expenditures



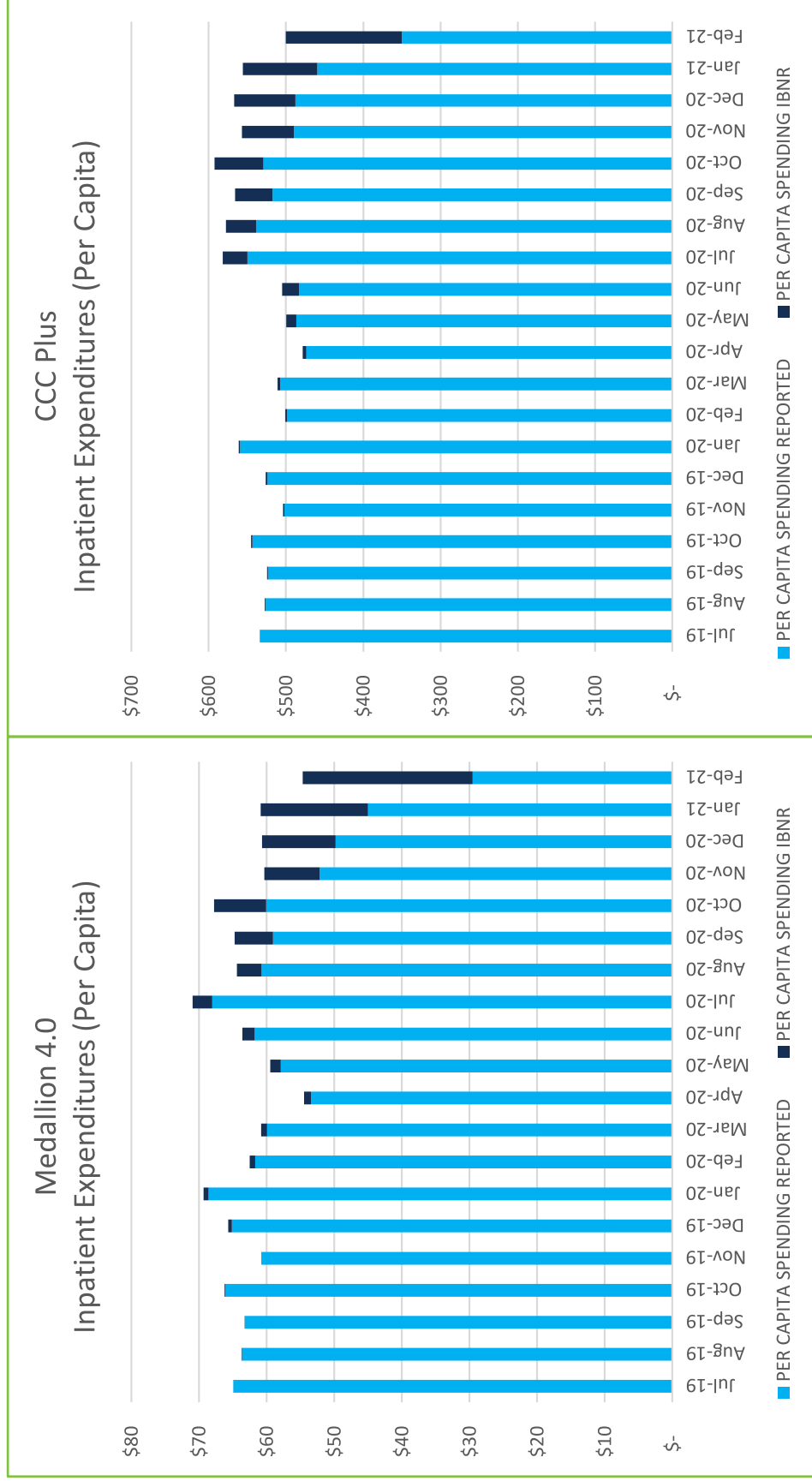
Note: INBR refers to estimated "incurred but not reported" expenditures as of April 2021

Managed Care Medical Expenditures



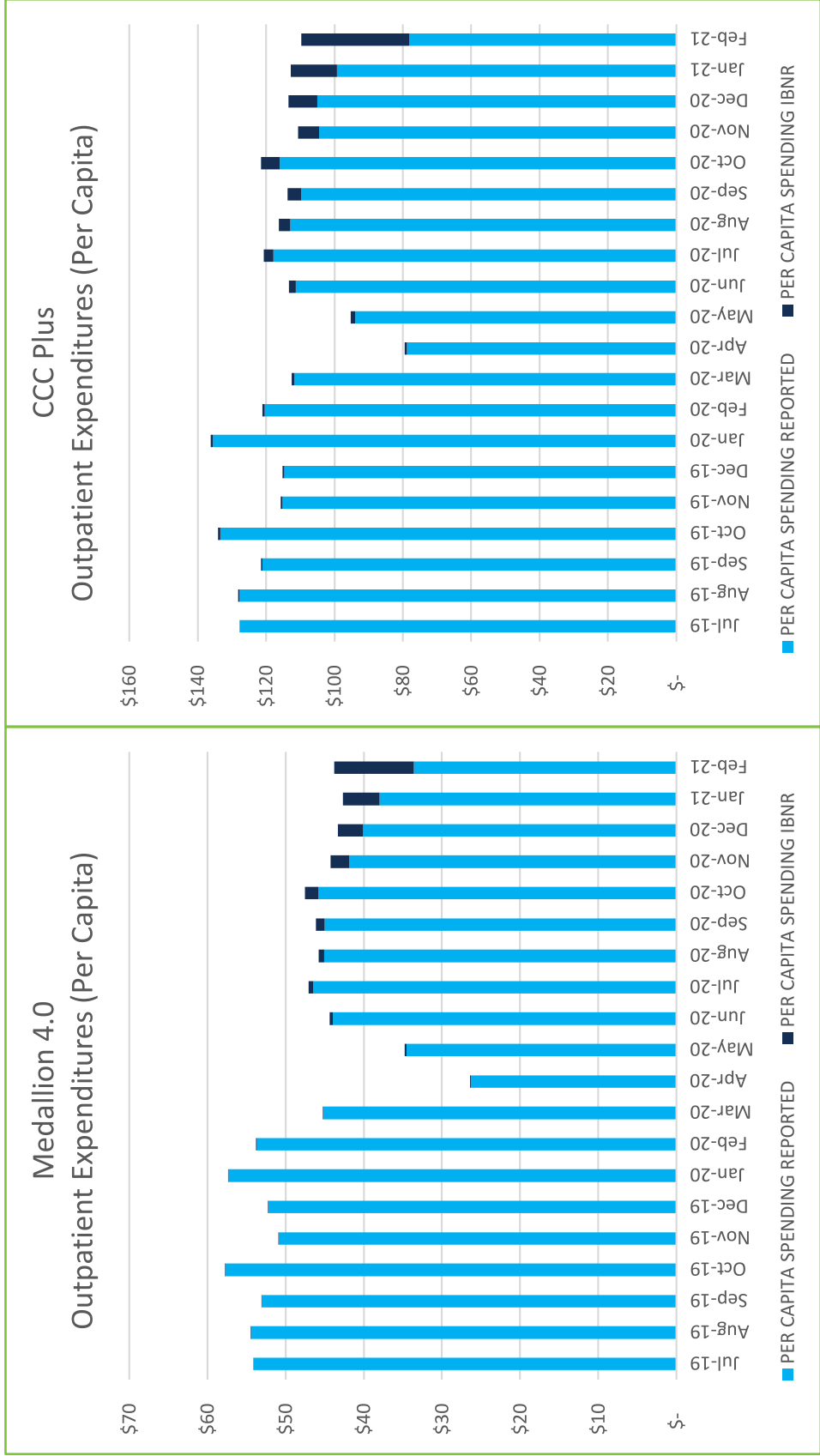
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Inpatient



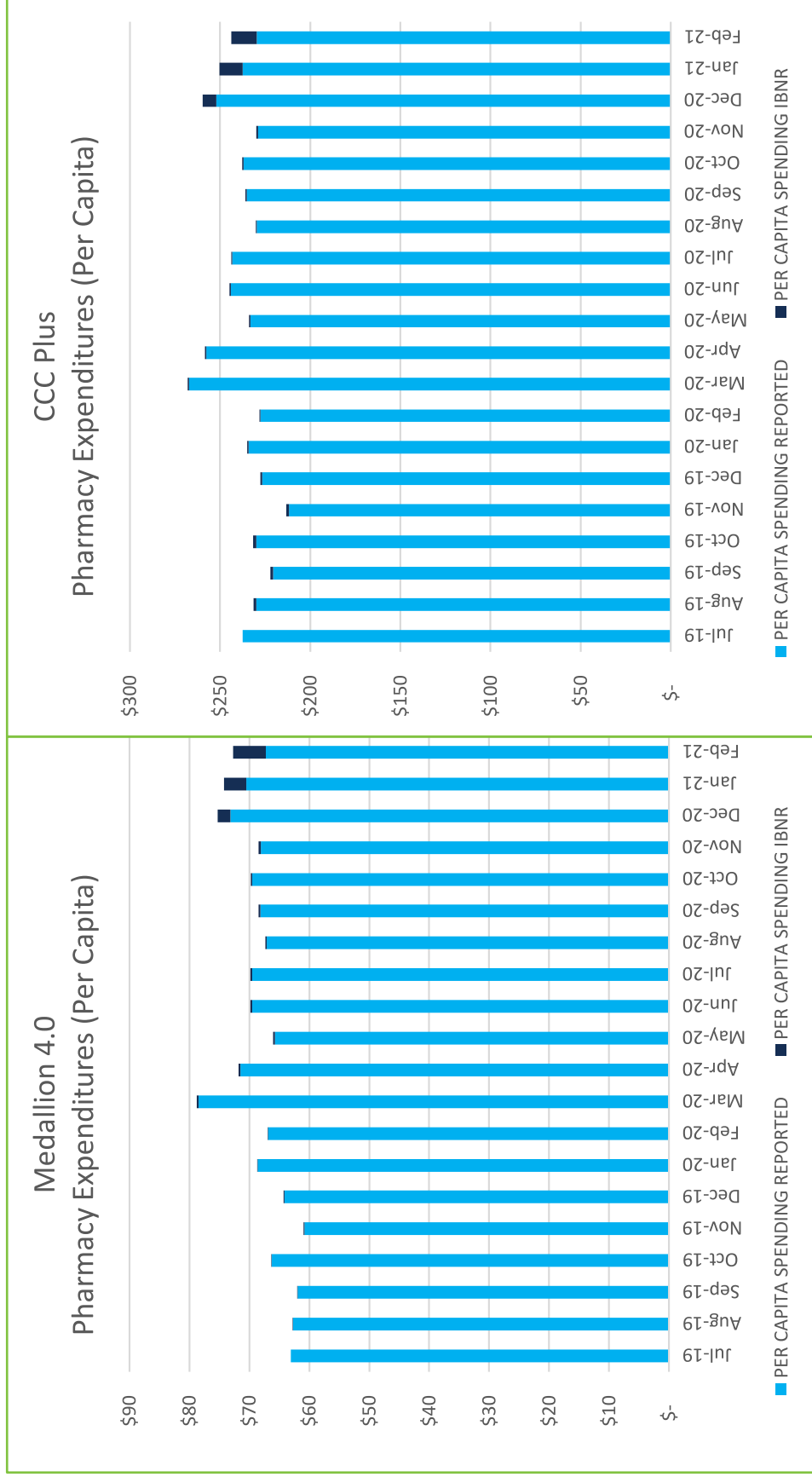
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Outpatient



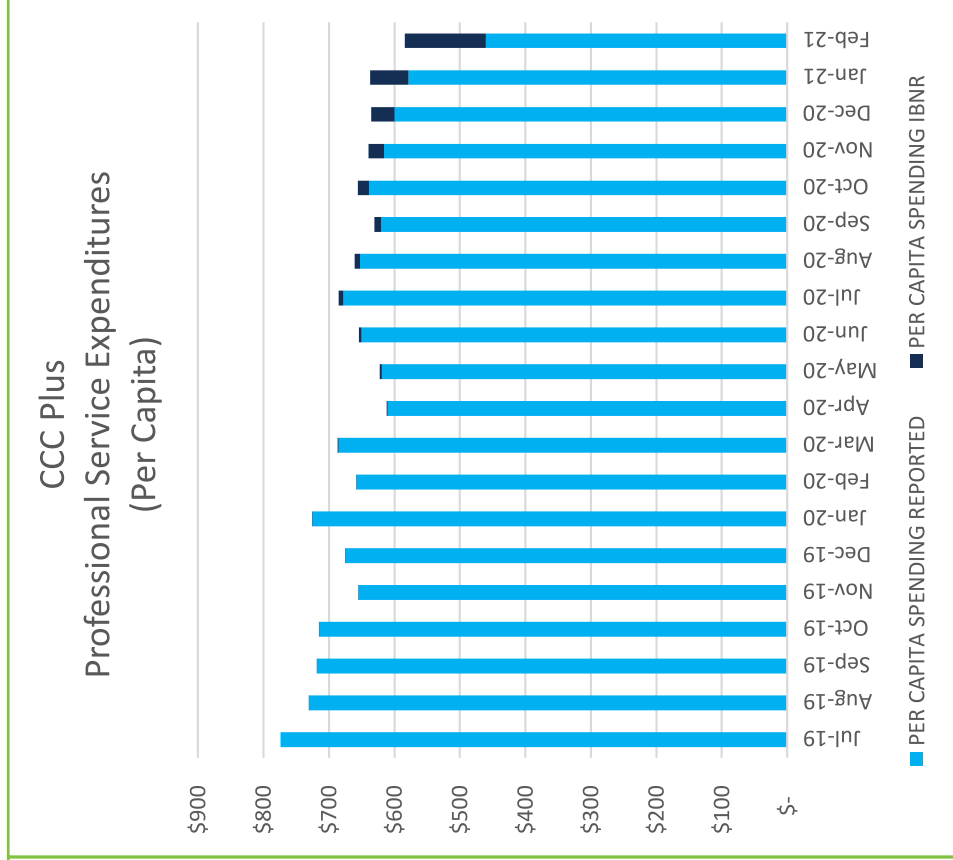
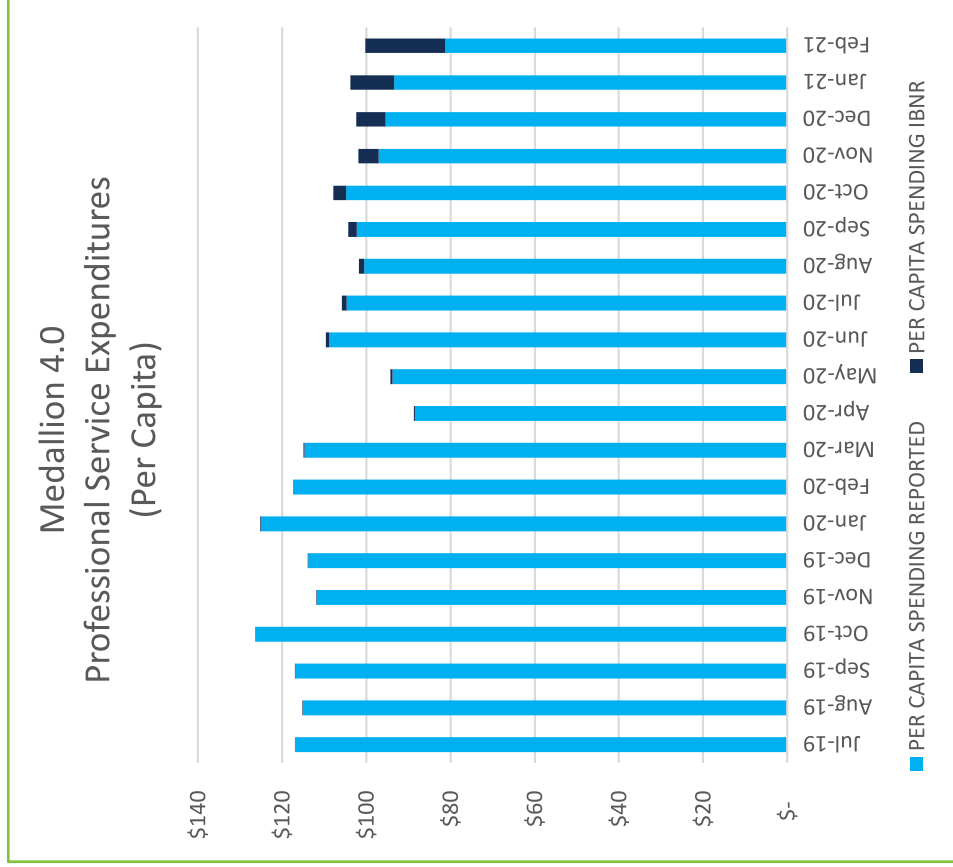
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Pharmacy



Note: INBR refers to estimated "incurred but not reported" expenditures as of April 2021

Professional Services

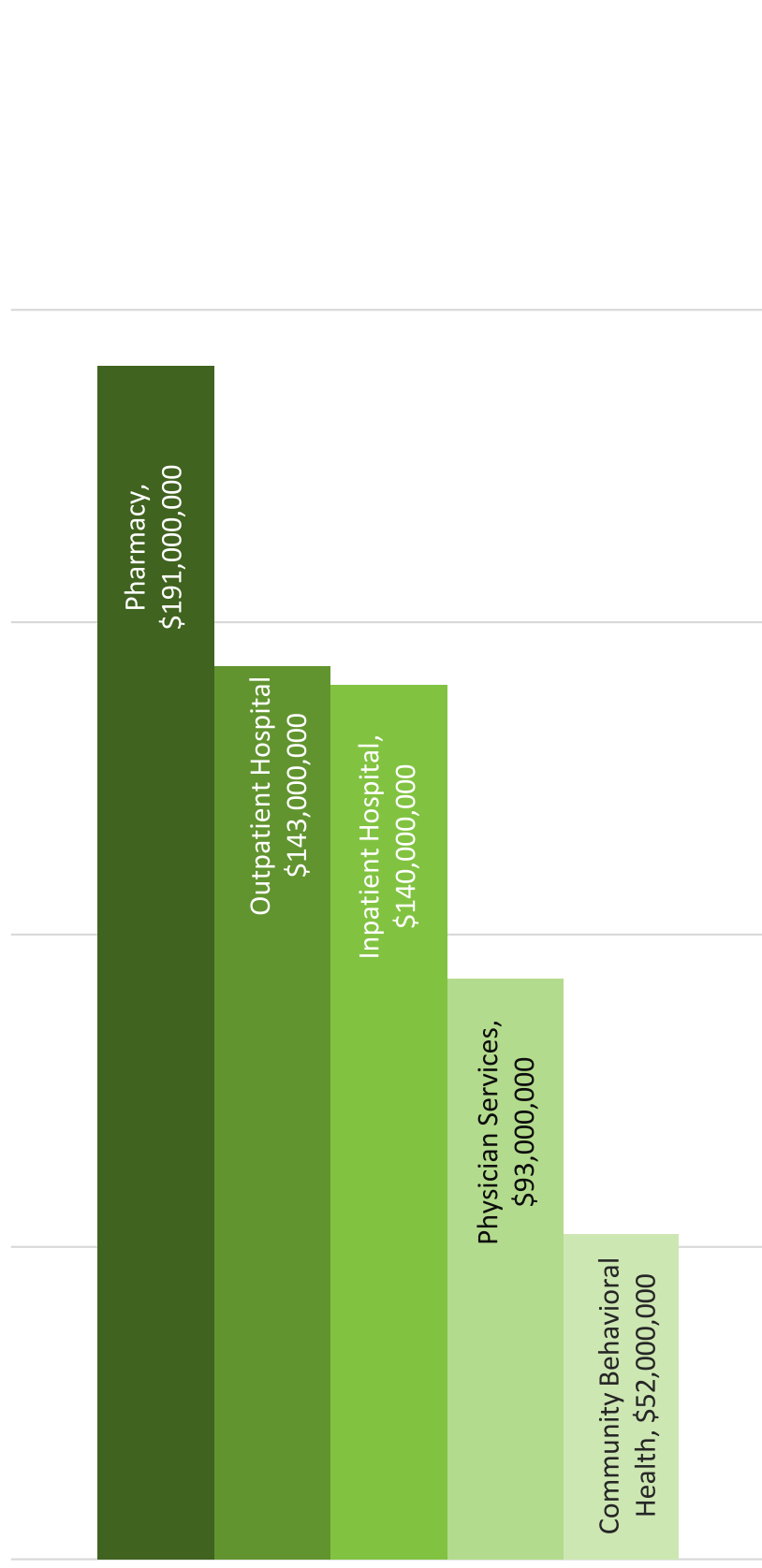


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Medicaid Expansion Expenditures

Top 5 Categories of Expenditures

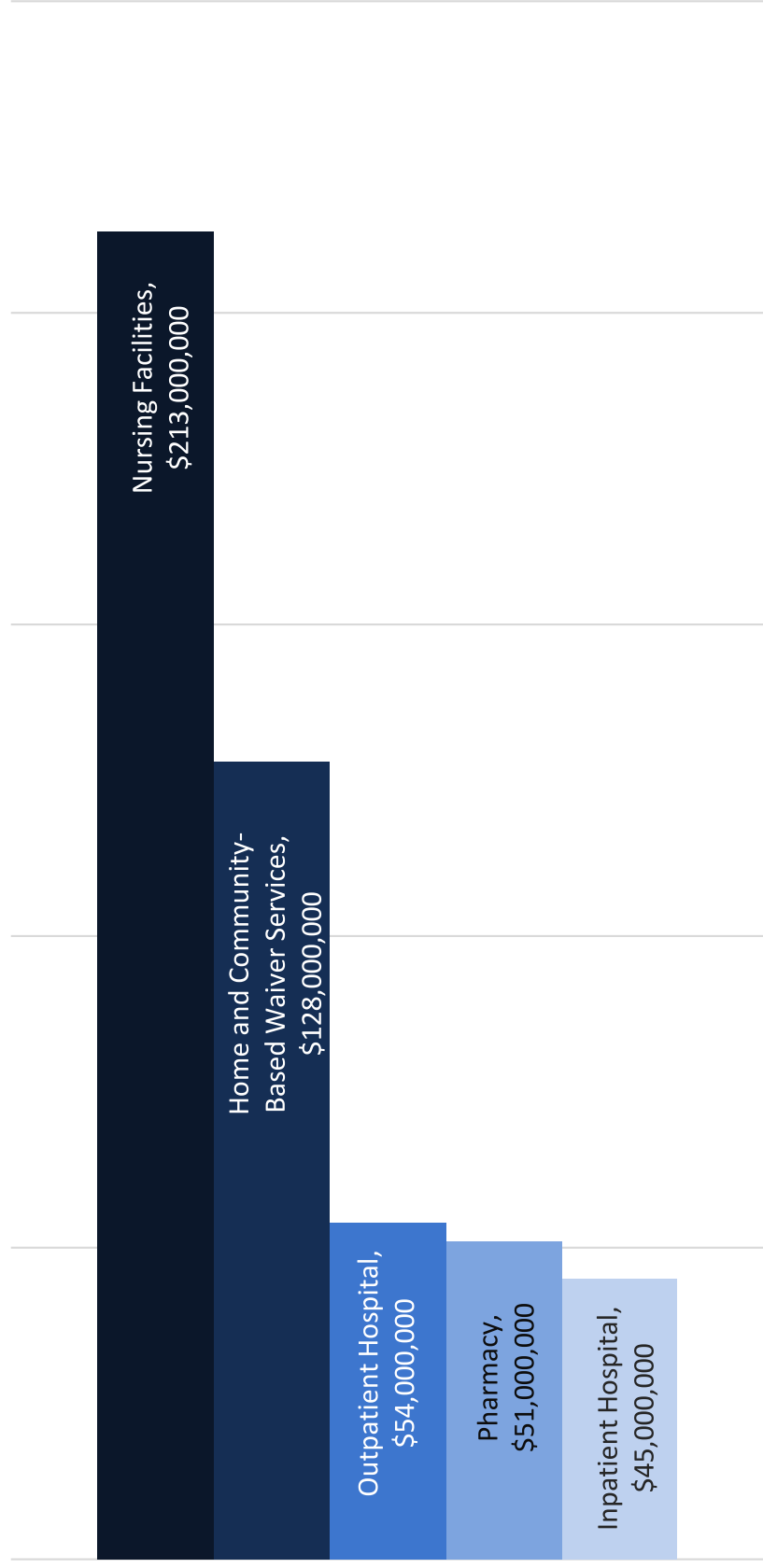
Expenditures by Categories of Service for Expansion Members



Non-Expansion Expenditures

Top 5 Categories of Expenditures

Expenditures by Categories of Service for Non-Expansion Adults



Note: Non-expansion adults includes LIFC adults and Aged members