

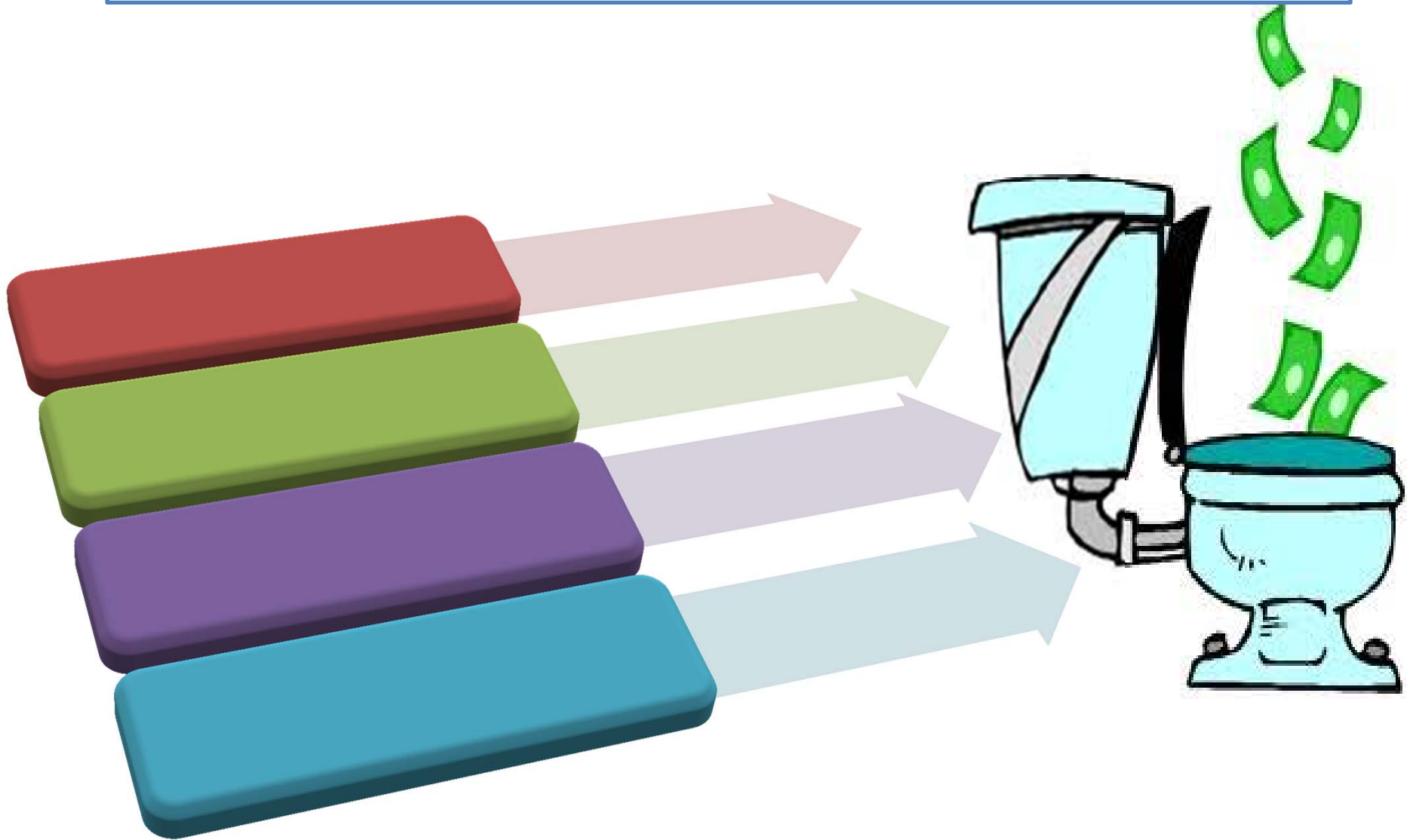
Virginia Healthcare Reform Briefing  
*for:* Alliance for Health Reform  
March 1, 2013

Healthcare and Medicaid Reform

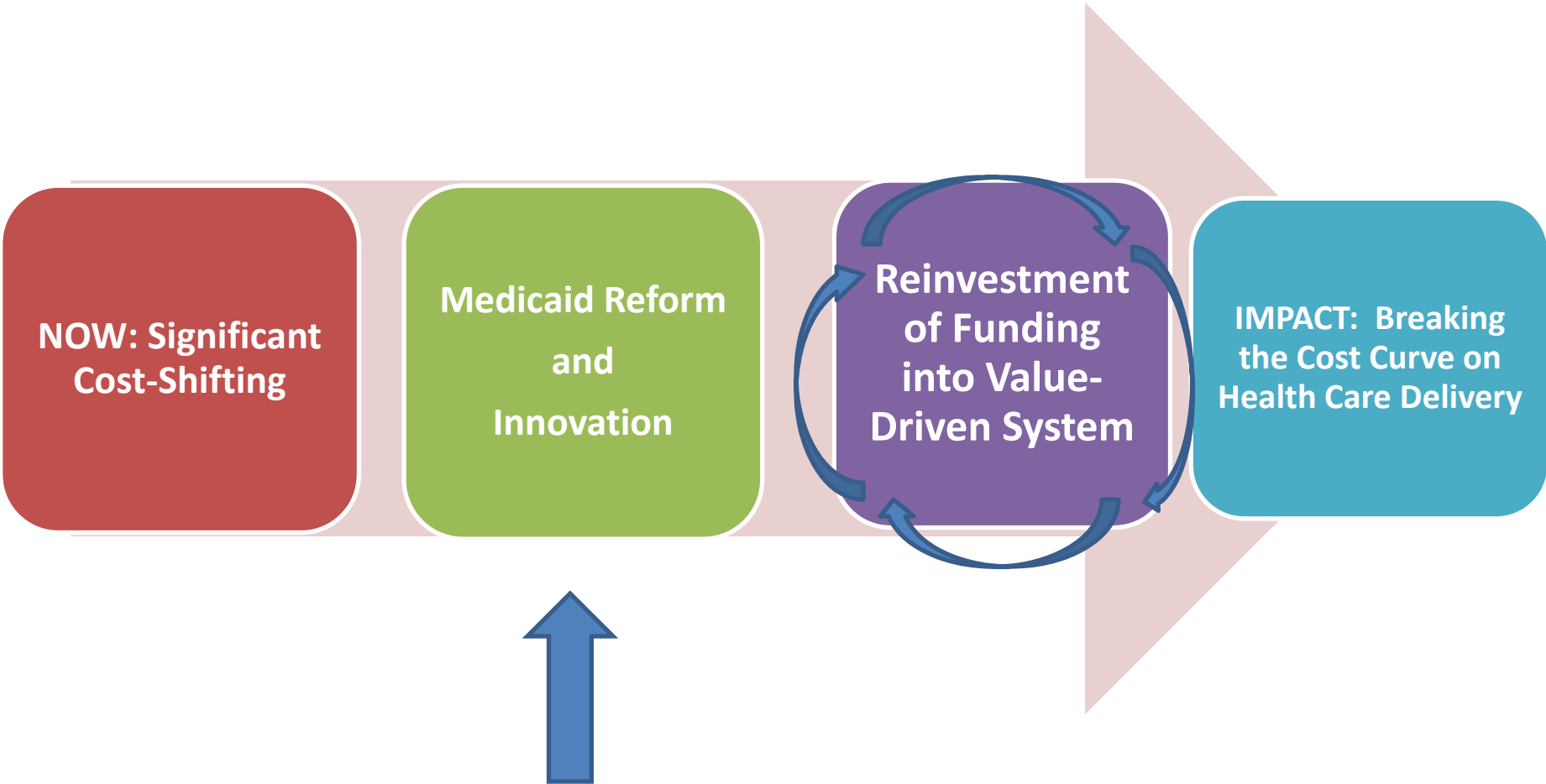
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Secretary of Health and Human Resources

# Waste Driven by Significant Cost Shifting



# Strategic Overview: Healthcare Reform



Under direction of the *Medicaid Innovation and Reform Commission* (included in 2013 Appropriations Act language)

# Medicaid Reforms Underway

- Statewide Expansion of Managed Care
  - Completed in July 2012 and available for children, pregnant women, and Aged, Blind, and Disabled eligibility group.
- Foster Care Children in Managed Care
- Waiver Service Utilization Standards
- Enhanced Program Integrity Efforts
- Assessment Requirements for Community Behavioral Health Services
- Medicare-Medicaid Enrollee Financial Alignment Demonstration (Target launch date January 2014)
  - Finalizing Memorandum of Understanding with CMS;
  - Request for Applications to select health plans is at the OAG for review; and
  - Capitation rates and three-way contract between participating health plans, CMS, and DMAS executed in summer 2013.

# Virginia Medicaid Reform

## 5 Tenets and 3 Phases

### **5 tenets:**

- 1) Seek and obtain maximum state flexibility under a comprehensive waiver from the federal government
- 2) Optimize existing authority for ongoing reforms at the state level
- 3) Identify areas that would require federal regulatory or congressional action that allow for the waiving of further requirements and generate more creativity and flexibility for states
- 4) Generate metrics in order to capture and measure impact of reforms and seek appropriate federal assurances that any expansion of Medicaid will not contribute to compounded growth in the national debt or significantly increase state Medicaid spending
- 5) Coordination of long-term stakeholder commitment to implement cost containment strategies and reforms to help reduce actual costs of medical services.

# Virginia Medicaid Reform

## Phase 1

Continuation and implementation of on-going reform efforts such as:

- Medicare-Medicaid Enrollee Financial Alignment Demonstration. For individuals who are eligible for both Medicare and Medicaid, this demonstration seeks to better coordinate all of their health care needs, and will allow Virginia to share in savings generated from a more comprehensive care delivery model.
- Efforts to fight both provider and recipient fraud.
- Continued effort to enroll all foster care children into managed care; and
- Further development of the new eligibility and enrollment systems for Medicaid and other social services programs.

# Virginia Medicaid Reform

## Phase 2

For existing Medicaid beneficiaries (not children or long-term care)

- New benefit package that is similar to private insurance policies; however, non-traditional behavioral health (mental health support services, intensive in-home) and substance abuse services will be included.
- Where allowable, service limits on non-essential benefits (non-emergency transportation for example) will be instituted.
- Patient responsibility principles will be required – patient engagement with providers and cost sharing where permissible
- Authorizes the department to seek waivers and state plan approval from the federal government in order to streamline the complex administrative functions of the department.
- In order to expeditiously stand up innovative pilot programs such as testing delivery models, leveraging innovations and variations in regional delivery systems, and linking payments to quality, the second phase additionally calls for the negotiation of static parameters, agreed to by both the federal government and Virginia.

# Virginia Medicaid Reform

## Phase 3

- The final phase of reform calls for the Department to seek reforms that incorporate all remaining Medicaid populations and services, including long-term care, into a managed and coordinated delivery system.

## Medicaid Innovation and Reform Commission

- Recommendation of the General Assembly, now under consideration by the Governor.
- Body made up of members from both chambers, after they are confident with progress on reform efforts and the federal government's willingness to maintain support, this body will be key to "triggering" Medicaid Expansion.



# Reinvestment of Medicaid Funding

**Savings accrued during the first five years of the expansion should be protected and reinvested to improve the health delivery system.**

- Reinvestment and Savings Strategies Include:
  - The flexibility to invest in high quality, cost saving health care innovation models
  - Improved analytical and oversight capability at DMAS
    - Requirement of timely and accurate encounter data from contracted Medicaid managed care plans
    - Creation of Data and Analytics Unit at DMAS
  - Preventative Services
    - Inclusion of preventative services such as (i) dental services for adults; (ii) tobacco cessation; (iii) yearly physicals
  - “Trust Fund” structure to protect savings and ensure reinvestment
  - Utilize Virginia Health Reform Initiative Advisory Council as oversight for reinvestment
  - Evaluation of preventative services in the fourth year

# Virginia Health Innovation Priorities

## Cost and Value Problems in the Healthcare Arena can't be Solved without Significant Innovation

Each priority has a dedicated workgroup assigned to explore pilot programs and to reach consensus on a recommended three-year implementation plan. Workgroups include members of the VHRI Advisory Board, the VCHI Board of Directors, as well as key thought leaders in each particular priority area.

