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# VIRGINIA STATE BUDGET

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2000 Session

## Budget Bill - SB30 (Introduced)

Bill Order » Office of Health and Human Resources » Item 319

Department of Medical Assistance Services

### Item 319

	First Year - FY2001	Second Year - FY2002
<b>Medical Assistance Services (Medicaid) (45600)</b>	<b>\$2,849,830,824</b>	<b>\$2,896,793,218</b>
Nonmandatory Mental Health and Mental Retardation Services (45607)	\$221,351,563	\$196,881,049
Nonmandatory Mental Health, Mental Retardation and Substance Abuse Community Based Services (45608)	\$221,313,512	\$221,364,802
Professional and Institutional Services (45609)	\$2,382,707,044	\$2,453,758,790
Mental Illness Services (45610)	\$24,458,705	\$24,788,577
Fund Sources:		
General	\$1,374,481,705	\$1,395,705,515
Dedicated Special Revenue	\$1,517,245	\$1,517,245
Federal Trust	\$1,473,831,874	\$1,499,570,458

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Authority: P.L. 89-87, as amended, Title XIX, Social Security Act, Federal Code; Title 32.1, Chapters 9 and 10, Code of Virginia.

A. It is the intent of the General Assembly to develop and cause to be developed appropriate, fiscally responsible methods for addressing the issues related to the cost and funding of long-term care. It is the further intent of the General Assembly to promote home-based and community-based care for individuals who are determined to be in need of nursing facility care.

B.1. The Director of the Department of Medical Assistance Services shall seek the necessary waivers from the United States Department of Health and Human Services to authorize the Commonwealth to cover health care services and delivery systems, as may be permitted by Title XIX of the Social Security Act, which may provide less expensive alternatives to the State Plan for medical assistance.

2. The Director shall promulgate such regulations as may be necessary to implement those programs which may be permitted by Titles XIX and XXI of the Social Security Act, in conformance with all requirements of the Administrative Process Act.

C.1. The appropriation includes \$107,051,282 the first year from the general fund and \$114,300,281 from the federal trust fund and \$95,266,282 the second year from the general fund and \$101,614,767 from the federal trust fund for reimbursement to the institutions within the Department of Mental Health, Mental Retardation and Substance Abuse Services. The Department of Mental Health, Mental Retardation and Substance Abuse Services shall be reimbursed for the federal share of general salary scale adjustments approved by the General Assembly.

2. The appropriation includes the first year \$63,938,017 from the general fund and \$68,360,511 from the federal trust fund, and the second year \$63,938,137 from the general fund and \$68,411,681 from the federal trust fund for reimbursement to the Department of Mental Health, Mental Retardation and Substance Abuse Services for the Mental Retardation Waiver. The appropriation also includes the first year \$43,083,253 from the general fund and \$45,931,731 from the federal trust fund and the second year \$43,083,253 from the general fund and \$45,931,731 from the federal trust fund for reimbursement to the Department of Mental Health, Mental Retardation and Substance Abuse Services for the "State Plan Option" community mental health and mental retardation services.

D. Out of this appropriation, the Department of Medical Assistance Services shall provide coverage of intensive assisted living care to residents of licensed Adult Care Residences who are Auxiliary Grant recipients. Individuals entitled to benefits under this section are not entitled to benefits under Item 321.

E. Out of this appropriation, \$50,000 in special fund revenue is appropriated in each year of the biennium to the Department of Medical Assistance Services for the administration of the disbursement of civil money penalties levied against and collected from Medicaid nursing facilities for violations of rules identified during survey and certification as required by federal law and regulation. Based on the nature and seriousness of the deficiency, the Agency or the Health Care Financing Administration may impose a civil money penalty, consistent with the severity of the violations, for the number of days a facility is not in substantial compliance with the facility's Medicaid participation agreement. Civil money penalties collected by the Commonwealth must be applied to the protection of the health or property of residents of nursing facilities found to be deficient. Penalties collected are to be used for (1) the payment of costs incurred by the Commonwealth for relocating residents to other facilities; (2) payment of costs incurred by the Commonwealth related to operation of the facility pending correction of the deficiency or closure of the facility; and (3) reimbursement of residents for personal funds or property lost at a facility as a result of actions by the facility or individuals used by the facility to provide services to residents. These funds are to be administered in accordance with the revised federal regulations and law, 42 CFR 488.400 and the Social Security Act Section 1919(h), for Enforcement of Compliance for Long-Term Care Facilities with Deficiencies. Any special fund revenue received for this purpose, but unexpended at the end of the fiscal year, shall remain in the fund for use in accordance with this provision.

F. If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human Services or the Health Care Financing Administration to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Health Care Financing Administration determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director of the Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.

G. Included in this appropriation is \$41,403,000 from the general fund and \$44,141,364 from nongeneral funds the first year and \$41,403,000 from the general fund and \$44,141,364 from nongeneral funds the second year for Medicaid payments for the University of Virginia Medical Center. In the event that additional funding is available through projected balances in the Department of Medical Assistance Services' budget, the cited amounts may be increased.

H. Included in this appropriation is \$85,985,600 from the general fund and \$90,950,400 from nongeneral funds the first year and \$74,985,600 from the general fund and \$79,950,400 from nongeneral funds the second year for Medicaid payments for the Medical College of Virginia Hospitals Authority. In the event that additional funding is available through projected balances in the Department of Medical Assistance Services' budget, the cited amounts may be increased.

I. The Department of Planning and Budget, in cooperation with the Medical College of Virginia Hospitals Authority and the University of Virginia Medical Center, shall study the feasibility of requiring a local contribution to cover a portion of the cost of indigent health care services provided by the two state teaching hospitals. The study shall be submitted to the Governor and to the Chairmen of the House Appropriations and Senate Finance Committees by October 31, 2000.

J. The Department of Medical Assistance Services shall amend its regulations, effective July 1, 1998, to eliminate language that explicitly adopts the requirements of the provisions of federal law that were Section 1902(a)(13)(A) and (F) of Title XIX (42 U.S.C. 1396a(a)(13)(A) and (F), until they were repealed by Section 4711(a) of the Balanced Budget Act of 1997.

K. The Department of Medical Assistance Services shall seek amendments to the MEDALLION and MEDALLION II waivers to allow the Department to modify the process by which Medicaid recipients are enrolled into managed care programs. The Department shall modify the requirement that all Medicaid recipients be allowed at least 45 days to select a managed care provider. Upon approval from the Health Care Financing Administration, the Department shall promulgate appropriate regulations pursuant to the Administrative Process Act, § 9-6.14:4.1 et seq., Code of Virginia, to revise the MEDALLION and MEDALLION II regulations to comply with waiver changes. The Department shall implement the necessary regulatory changes consistent with the federal approval of waiver changes.

L. The Department shall establish a program to more effectively manage those Medicaid recipients who receive the highest cost care. To implement the program, the Department shall establish uniform criteria for the program, including criteria for the high cost recipients, providers and reimbursement, service limits, assessment and authorization limits, utilization review, quality assessment, appeals and other such criteria as may be deemed necessary to define the program. The Department shall seek any necessary approval from the United States Health Care Financing Administration, and shall promulgate such regulations as may be deemed necessary to implement this program.

M. The Department of Medical Assistance Services and the Department of Health shall work with representatives of the dental community: to expand the availability and delivery of dental services to pediatric Medicaid recipients; to streamline the administrative processes; and to remove impediments to the efficient delivery of dental services and reimbursement thereof. The Department of Medical Assistance Services shall report its efforts to expand dental services to the Chairmen of the House Appropriations and Senate Finance Committees by December 15 each year.

N. The Department of Medical Assistance Services shall implement continued enhancements to the prospective drug utilization review (pro-DUR) program. The Department shall continue (i) the implementation of a disease state management program including physicians, pharmacists, and others deemed appropriate by the Department and (ii) the Pharmacy Liaison Committee. The Department shall continue to work with the Pharmacy Liaison Committee and the Prior Authorization Advisory Committee to implement the disease state management program and such other initiatives for the promotion of cost-effective services delivery as may be appropriate. The Department shall report on the Pharmacy Liaison Committee's activities to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance Committees no later than December 15 each year of the biennium.

O.1. As a condition of this appropriation, the Department shall promulgate regulations to implement Medicaid reimbursement for treatment foster care case management designed to serve children and youth referred by local Comprehensive Services Act teams. The regulations shall address coverage limitations and utilization review.

2. As a condition of this appropriation, the Department shall promulgate regulations to amend the State Plan for Medical Assistance to expand coverage of inpatient psychiatric services under EPSDT to include services in

residential treatment facilities. The regulations shall address coverage limitations and utilization review.

P. Out of this appropriation, the Department of Medical Assistance Services shall provide reimbursement for adult day health care services at the rate of \$45 per day for providers in Northern Virginia and \$41 per day for providers in the rest of the state.

Q. Prior to implementation, the Department of Medical Assistance Services shall report to the Joint Commission on Health Care's Long-Term Care Subcommittee on the status of a revised nursing facility payment system. The payment system shall continue to provide reimbursement for the Specialized Care Program as in effect on February 15, 1999, until such time as appropriate regulations become effective pursuant to the Administrative Process Act. The report shall also address other long-term care financing issues and strategies, including, but not limited to, the extent to which patient acuity is considered under the payment system, waivers, and initiatives for better serving dual eligible beneficiaries.

R. The Department of Medical Assistance Services shall amend the Home and Community Based Waiver for the Elderly and Disabled to permit the sharing of personal care service hours required by recipients who reside in the same home. Community-based care shall be cost-effective if (i) the cost to Medicaid for the individual who receives community-based care is less than or equal to the average cost to Medicaid for the individuals who would otherwise receive institutional care or (ii) the aggregate cost to Medicaid for the individuals in the same home who share services is equal to or less than the average cost to Medicaid for all recipients in the same home who would otherwise receive institutional care.

S. In accordance with the provisions of § 32.1-325.1:1, Code of Virginia, payment for family planning services shall be contingent upon the approval of the 1115 waiver for extended family planning services by the Health Care Financing Administration. If federal approval for the waiver is granted, payment for these services shall begin no later than three months following the date of approval.

T.1. The Director of the Department of Medical Assistance Services shall convene a workgroup composed of representatives from the Department of Rehabilitative Services; the Department of Mental Health, Mental Retardation and Substance Abuse Services; the Community Services Boards; the Department of Social Services; the Centers for Independent Living; the Disability Services Boards; consumers; families; advocates and public and private providers to develop an Individual and Family Developmental Disabilities Support Waiver which offers flexible individual and family-driven control of services to meet their individualized needs.

2. The waiver proposal shall include a full array of appropriate services to meet the varied needs of persons with developmental disabilities, including persons with autism. In addition, the waiver proposal shall contain eligibility criteria for persons with developmental disabilities to be served, number of persons projected to be served, annual cost projections, types of services and supports offered, and service benefit limits.

U. Contingent upon approval by the Health Care Financing Administration to implement an Individual and Family Developmental Disabilities Support Waiver, the Department of Medical Assistance Services shall promulgate appropriate regulations pursuant to the Administrative Process Act (9-6.14:4.1 et seq.) to implement the Individual and Family Developmental Disabilities Support Waiver effective July 1, 2000. The Department shall implement the necessary regulatory changes consistent with the federal approval of the new waiver.

V. The State Plan for Medical Assistance Services shall be amended pursuant to the Administrative Process Act, § 9-6.14:1 et seq., Code of Virginia, to add coverage of medical nutrition therapy services effective July 1, 2000. In conjunction with coverage of medical nutrition services, the Department of Medical Assistance Services shall implement a program to pre-authorize the use of such services where appropriate.

W. The Board of Medical Assistance Services is authorized to adopt emergency regulations to be effective on July 1, 2000, to implement a revised payment system for nursing facility operating and capital costs contingent upon

actions taken by the General Assembly.