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# VIRGINIA STATE BUDGET

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2004 Special Session I

## Budget Bill - HB5001 (Chapter 4)

Bill Order » Office of Health and Human Resources » Item 322

Department of Medical Assistance Services

| Item 322   | First Year - FY2005 | Second Year - FY2006 |
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| <b>Administrative and Support Services (47900)</b> | <b>\$75,913,771</b> | <b>\$75,213,728</b>  |
| General Management and Direction (47901)           | \$62,891,271        | \$62,191,228         |
| Computer Services (47902)                          | \$13,022,500        | \$13,022,500         |
| Fund Sources:                                      |                     |                      |
| General  | \$29,351,605        | \$29,001,562         |
| Special  | \$50,000            | \$50,000             |
| Federal Trust                                      | \$46,512,166        | \$46,162,166         |

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

A. By November 15 of each year, the Department of Planning and Budget, in cooperation with the Department of Medical Assistance Services, shall prepare and submit a forecast of Medicaid expenditures, upon which the Governor's budget recommendations will be based, for the current and subsequent two years to the Chairmen of the House Appropriations and Senate Finance Committees. The forecast shall detail the number of new nursing home beds expected to be added each year and the resulting impact on the Medicaid budget. In addition, the Department of Medical Assistance Services shall submit accuracy reports of the forecast in relation to the agency's actual expenditure activity to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees. These reports shall be submitted on a quarterly basis, commencing October 15, 2004, and continuing throughout the biennium.

B. 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 Centers for Medicare and Medicaid Services 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 § 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.

C. The Department of Medical Assistance Services, to the extent permissible under federal law, shall enter into an agreement with the Department of Mental Health, Mental Retardation and Substance Abuse Services to share Medicaid claims and expenditure data on all Medicaid-reimbursed mental health, mental retardation and substance abuse services, and any new or expanded mental health, mental retardation and substance abuse services that are covered by the State Plan for Medical Assistance. The information shall be used to increase the effective and efficient delivery of publicly funded mental health, mental retardation and substance abuse services.

D. As needed, the Department of Medical Assistance Services shall transfer funds appropriated for the Medical Assistance Services program to the Administrative and Support Services program to fund increased expenditures as a result of any contractual changes between the Department and companies providing non-emergency transportation services for Medicaid recipients.

E. The Department of Medical Assistance Services shall monitor the impact of all new prior authorization requirements implemented in the fee-for-service program for Family Access to Medical Insurance Security (FAMIS) and Medicaid services that take effect on or after July 1, 2003. The Department shall maintain data including the number of service denials, the number of prior authorization requests submitted, the number of requests approved and denied, the number of appeals from prior authorization denials, the outcome of those appeals, and all associated administrative costs. Such information shall be reported to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees as well as the Department of Planning and Budget, on an annual basis. Annual reports are due no later than 45 days after the end of the previous fiscal year.

F. In addition to any regional offices that may be located across the Commonwealth, any statewide, centralized call center facility that operates in conjunction with a brokerage transportation program for persons enrolled in Medicaid or the Family Access to Medical Insurance Security plan shall be located in Norton, Virginia.

G. The Department of Medical Assistance Services shall report on the degree to which hospital emergency rooms are being used by Medicaid fee-for-service clients for non-emergency care, and identify actions that could be taken to limit inappropriate use of this treatment setting. In conducting its review, the Department shall: (i) assess recent trends in emergency room use by Medicaid fee-for-service enrollees; (ii) estimate the incidence of Medicaid clients using the emergency room for non-emergency care; (iii) identify effective actions taken by the organizations participating in the Department's managed care program as well as other state Medicaid programs to limit inappropriate use of the emergency room; (iv) consult with physicians and hospitals in assessing and developing programs that direct patients to primary care settings; and (v) recommend actions that can be taken to ensure emergency room usage by Medicaid fee-for-service clients is appropriate and medically necessary. The Department shall report its findings and recommendations to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees by November 1, 2004.

H. The Department of Medical Assistance Services shall have the authority to amend the Medallion II waiver to allow the Department to carve out dental services provided to children under the age of 21 from Medicaid managed care. In addition, the Department shall have the authority to amend the State Plans for Titles XIX (Medical Assistance) and XXI (Family Access to Medical Insurance Security) of the Social Security Act, as required by applicable statute and regulations to provide dental services to children enrolled in these programs on a fee-for-service basis. The Department of Medical Assistance Services shall have the authority to enact emergency regulations under § 2.2-4011 of the Administrative Process Act, to effect this provision. The Department of Medical Assistance Services may consider outsourcing such dental services to children under age 21 to an administrative services program.

I. Included in this appropriation is \$150,000 from the general fund and \$150,000 from nongeneral funds in the first year and \$100,000 from the general fund and \$100,000 from nongeneral funds in the second year for the Department of Medical Assistance Services (DMAS) to complete a baseline encounter data validation study to assess the accuracy, completeness, and quality of encounter data from contracted Medicaid and Family Access to

Medical Insurance Services managed care plans and from the DMAS Medicaid Management Information System. The encounter data validation analysis may include an assessment of encounter data used for managed care plan rate-setting and risk-adjustment, the development of necessary revisions to the recently implemented DMAS Medicaid Management Information System, and feedback to the health plans in the form of Data Quality Improvement Plans.