Report of the Subcommittee on Health and Human Resources

Senate Finance Committee
Virginia General Assembly

February 5, 2017
Mr. Chairman and Members of the Committee:

I am pleased to provide the report of the Health and Human Resources Subcommittee. While the revenue shortfall limits our ability to make any new significant investments, the Subcommittee focused its work on improving the behavioral health system, restoring some budget reductions and fixing other issues that arose during the process. The Subcommittee provides very limited funding for any new programs and, in light of the changing landscape in Washington, is recommending efforts to prepare the Commonwealth for any significant changes in the health care system, especially our Medicaid program.

First, the Subcommittee reviewed the proposed funding in the introduced budget for the behavioral health system. We are pleased to see the Governor’s recognition of the importance of transforming the Commonwealth’s community-based system for the mentally ill. Mental health is an issue that at some time or another affects every single one of us and we will continue to have discussions on how we build a robust system of supports to assist the mentally ill in avoiding costly and unnecessary hospitalizations, encounters with the criminal justice system, and homelessness. The Subcommittee recommends adopting most of the behavioral health package with the exception of two major changes.

The first change is an additional $5.0 million in funding for permanent supportive housing. Housing is oftentimes overlooked in addressing issues within
the behavioral health system. Supportive housing provides the additional services to promote stability for mentally ill individuals, and is an important initiative this Subcommittee has supported over the last few years. The second change is an additional $2.5 million to improve the salaries of high-turnover positions within our system of state mental health facilities. With the increasing demand on our state mental health hospitals in recent years, we must invest in maintaining the appropriate level of highly qualified staff to care for the patients. As a result of Subcommittee recommendations, I am happy to report that the budget includes a total additional investment of over $30 million for behavioral health. I can assure you that these additional investments and the continued work of the SJ 47 Joint Subcommittee on mental health, chaired by Senator Deeds, are moving the Commonwealth forward.

The Subcommittee recognizes the political change in Washington has completely altered the dynamic in the health care arena. As we wait to see what action Congress and the President will take with regards to the Affordable Care Act, and even more importantly to the Medicaid program, we must prepare and plan for the potential realities which include the possibility of a Medicaid block grant. The Subcommittee recommends the creation of a Joint Subcommittee between the Senate Finance and House Appropriations Committees to monitor the debate and actions in Washington and make preparations for the potential impact on the Commonwealth. While there are concerns about federal action in health care, there is also potential for opportunities, and a Joint Subcommittee is appropriate and necessary to respond and make recommendations to the General Assembly.

The Subcommittee reviewed a variety of issues needing to be addressed, and one of those is related to Medicaid payments for nursing home care. The recent rebasing of their rates resulted in a fairly significant reduction in Medicaid funding
to many of these facilities, which care for so many elderly Virginians. The Subcommittee recommends an additional $6.5 million in total funds to improve reimbursement for nursing facilities. The introduced budget did fully fund the typical inflationary adjustment; however, the Subcommittee determined that additional funding is needed especially in light of the expansion of Medicaid managed care to cover long-term care services this year.

While there are other items that I could mention, I will note one in particular, which is related to creating additional waiver slots for individuals with developmental disabilities. The introduced budget proposes to redistribute the 440 required slots between the three new redesigned waivers to better align with the needs of individuals waiting for services. As a result, this redistribution of slots frees up funding, making it available to create additional slots. I am pleased to report that the Subcommittee recommends creating 160 new waiver slots. This brings the total number of new slots in FY 2018 to 600, which will help reduce the waiting list.

To conclude, let me thank all the members of the Subcommittee for their hard work. Health and Human Resources is an area that the Subcommittee members can attest is complex, has seemingly endless needs, but is also vital to helping many of our citizens. I sincerely appreciate the time everyone dedicated to this effort.

Mr. Chairman, that concludes my report for Health and Human Resources. I hope it will be the pleasure of the Committee to adopt our amendments.
Respectfully Submitted,

The Honorable Emmett W. Hanger, Jr., Chairman

The Honorable Janet D. Howell

The Honorable Stephen D. Newman

The Honorable George L. Barker

The Honorable Siobhan S. Dunnavant

The Honorable Rosalyn R. Dance
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<td>Impact of Waiver Changes on Sponsored Residential Services</td>
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<td>Add 160 Family and Independent Support Waiver Slots</td>
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<td>Supports Intensity Scale Notice and Appeals</td>
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<td>SB 876: Kinship Guardianship Assistance Program</td>
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<td>85</td>
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<td><strong>TOTALS: HHR Budget Plan</strong></td>
<td>(1,980,604)</td>
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<td>(3,480,604)</td>
<td>324,051</td>
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### Subcommittee on Health and Human Resources
Recommended Amendments SB 900, as Introduced
2017 General Assembly

<table>
<thead>
<tr>
<th>Line</th>
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<tr>
<td>87</td>
<td>Other</td>
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<tr>
<td>88</td>
<td>GA: Jt. Subcommittee on Federal Health Care Changes and HHR Oversight Language</td>
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<td>Modify Line of Credit for Department of Medical Assistance Services Language</td>
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</tr>
<tr>
<td>100</td>
<td>Authorize Transfers for Supplemental Medicaid Payments Language</td>
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</table>
Page 12, after line 13, insert:
"T.1. The Chairmen of the House Appropriations and Senate Finance Committees shall each appoint four members from their respective committees to a Joint Subcommittee to Respond to Federal Health Care Changes and for Health and Human Resources Oversight.
2. The Joint Subcommittee shall monitor, evaluate and respond to federal legislation that repeals, amends or replaces the Affordable Care Act (ACA), Medicaid (Title XIX of the Social Security Act), or the Children’s Health Insurance Program (Title XXI of the Social Security Act). The Joint Subcommittee shall recommend actions to be taken by the General Assembly to address the impact of any such federal legislation on the state economy, budget, and health care coverage now available to Virginians. In particular the Joint Subcommittee shall review and report on: (i) the general and non-general fund impacts for both the upcoming biennium and over the next 10 years; (ii) the number of individuals impacted in both the short-term and long-term by income and locality; and specific changes to eligibility, payment rates, and service of these programs. Furthermore, the Joint Subcommittee shall evaluate federal changes for opportunities to enhance Virginia's Medicaid and other health insurance programs.
3. The Joint Subcommittee shall evaluate proposals that would block grant the Medicaid program. The evaluation shall consider the advantages and disadvantages of such proposal and develop estimates of any fiscal impact on Virginia related to specific proposals. The Joint Subcommittee shall develop recommendations for consideration by the General Assembly to prepare for implementation of a block grant for any such proposal being considered by Congress.
4. The Joint Subcommittee shall from time to time ask agencies in the Health and Human Resources Secretariat to report on the efficiency and effectiveness of agency operations and programs. The Joint Subcommittee shall make recommendations to the General Assembly as needed to improve agency operations or programs.
5. The Joint Subcommittee shall submit periodic reports to the General Assembly to report on federal actions and recommendations to address any impact on the Commonwealth, as well as any recommendations to further strengthen the efficiency and cost effectiveness of Virginia's Medicaid and children's health insurance programs.
6. The Joint Subcommittee may seek support and technical assistance from staff of the House Appropriations and Senate Finance Committees, the staff of the Joint Legislative Audit and Review Commission, and the staff of the Department of Medical Assistance Services. Other state agency staff shall provide support upon request."

February 5, 2017 Report of the Health and Human Resources Subcommittee

See LIS Budget Website for Complete Set of Adopted Amendments When Posted
Explanation:

(This amendment creates a joint subcommittee of the House and Senate to review and monitor federal changes to health care laws that would impact the Commonwealth and provide oversight of the Health and Human Resources agencies.)

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**Item 284 #1s**

<table>
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<tr>
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**Language:**

Page 262, line 4, strike "$728,480" and insert "$1,728,480".
Page 264, after line 10, insert:
"F. Out of this appropriation, $1,000,000 the first year from the general fund shall be provided to the Joint Subcommittee to Respond to Federal Health Care Changes and for Health and Human Resources Oversight to procure a contract with a health policy organization to develop a population health strategy to build on a vision of integrated care and develop a specific implementation strategy within the overall population health plan specifically for behavioral health. The contractor shall: (i) conduct an assessment of population health in the Commonwealth that accounts for, but is not limited to: workforce, infrastructure, financing, the delivery system, and the legal and regulatory framework in the Commonwealth; (ii) collect the necessary data and assess the behavioral health system related to access, quality, consistency of services, and system accountability; and (iii) develop recommendations for population health strategies with a specific implementation plan for behavioral health; and (iv) make a report to the Joint Subcommittee by December 1, 2017."

Explanation:

(This amendment provides $1.0 million the first year from the general fund to contract for development of a population health strategy to build on a vision of integrated care and develop a specific implementation strategy within the overall population health plan specifically for behavioral health. The report shall be submitted to the Joint Subcommittee to Respond to Federal Health Care Changes and for Health and Human Resources Oversight by December 1, 2017.)

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**Item 284 #2s**

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**Language:**

See LIS Budget Website for Complete Set of Adopted Amendments When Posted
Page 262, line 4, strike "$728,480" and insert "$1,228,480".
Page 264, after line 10, insert:
"F. Out of this appropriation, $500,000 the first year from the general fund is provided for the SJ 47 (2014) Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century in order to contract for expertise and assistance in its work to evaluate the community-based system of service delivery. The contractor shall evaluate the current system along with alternative delivery systems to provide the necessary information and assistance to the subcommittee in determining the most appropriate delivery system, or modifications to the current delivery system, that ensures access, quality, consistency, and accountability. Any remaining balance at year-end shall be carried forward to the subsequent fiscal year."

Explanation:

(This amendment provides $500,000 the first year from the general fund to support the activities and work of the SJ 47(2014) Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century. This funding would allow the Joint Subcommittee to contract for expertise in assessing and making recommendations related to improving the community-based delivery system for behavioral health services.)

Item 284 #3s

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Language:

Page 262, line 4, strike "$728,480" and insert "$1,228,480".
Page 264, after line 10, insert:
"F.1. Out of this appropriation, $250,000 the first year from the general fund shall be provided for the Joint Subcommittee to Respond to Federal Health Care Changes and for Health and Human Resources Oversight to procure a contractor to conduct an independent review and evaluation of the program design and rates for the Commonwealth Coordinated Care (CCC) Plus program. As part of this review the contractor shall consider best practices based on other states' experiences with implementing managed long-term services and supports (MLTSS) programs to evaluate the effectiveness of the CCC Plus program design. Furthermore, the contractor shall evaluate the rates developed for the program that shall include a determination of actuarial soundness as required by 42 CFR 438.6(c). The contractor shall review the rate setting methodologies, processes and data used in the rate development for the CCC Plus program and make a determination of their impact on the sustainability of the program in the short-term and an assessment of any potential for an increase in future rates that may result. The contractor shall also assess the feasibility of
creating one combined Medicaid managed care program for all populations and services. The contractor shall report recommendations to the Chairman of the House Appropriations and Senate Finance committees by October 1, 2017.

2. The Department of Medical Assistance Services shall amend its contracts with managed care companies in the CCC Plus and Medallion programs such that the contracts shall expire on December 31, 2020.

Explanation:

(This amendment provides $250,000 from the general fund and $250,000 from nongeneral funds the first year to procure a contract to conduct an independent review of the program design and rates for the Commonwealth Coordinated Care (CCC) Plus program. The CCC Plus program, which is expected to begin August 1, 2017, expands Medicaid managed care to long-term care services. This new program will serve over 200,000 individuals at a projected cost of nearly $4.0 billion in state and federal funds per year. The importance of the program to the Commonwealth requires additional oversight. Therefore, an independent review of the program and its rates would provide verification the program design is appropriate to serve the needs of the individuals enrolled and rates are justified within the current funding level for Medicaid. In addition, the Department of Medical Assistance Services is directed to modify the contract expiration date for the managed care programs by the end of 2020 for consideration of combining CCC Plus with the state's other managed care program known as Medallion.)
(This amendment changes the Secretary of Health and Human Resources' high-cost medication workgoup into an on-going annual report on the costs of prescription drugs.)

Item 284 #6s

Health and Human Resources
Secretary of Health and Human Resources
Language

Page 321, after line 22, insert:
"U. The Joint Subcommittee to Consult on the Plan to Close State Training Centers, in collaboration with the Secretary of Health and Human Resources, shall develop and evaluate a plan to maintain operation of a smaller facility for Central Virginia Training Center to continue to serve those individuals for which care in a training center is appropriate. The Joint Subcommittee shall evaluate and determine the operating costs of continued operation of a smaller facility, on-going capital costs required, and consider all other relevant factors for the plan. The Joint Subcommittee shall make recommendations on a plan for continued operation to the General Assembly by October 1, 2017."

Explanation:
(This amendment directs the Joint Subcommittee to Consult on the Plan to Close State Training Centers along with the Secretary of Health and Human Resources to develop and evaluate a plan to maintain operation of a smaller facility for Central Virginia Training Center and make recommendations to the General Assembly by October 1, 2017.)

Item 285 #1s

Health and Human Resources
Children's Services Act
Language

Page 268, after line 35, insert:
"N.1. The Office of Children's Services (CSA) in collaboration with the Virginia Department of Education (VDOE), and with assistance from the Department of Planning and Budget, shall convene an implementation workgroup to assess the process and actions required to implement various options with regards to the growth of private day placements funded through CSA. The options include: (i) amending the CSA to transfer the state pool funding for students with disabilities in private day placements to the VDOE; (ii) the identification and collection of data on an array of measures to assess the efficacy of private special education day school placements; (iii) the identification of the resources necessary in order to transition students in private day school settings to a less restrictive environment; (iv)
providing guidance to Local Education Agencies (LEAs) regarding the continuum of services which are necessary to appropriately meet the mandate that students are required to be educated in the least restrictive environment; and (v) an assessment of the Individual Education Plan (IEP) process as compared to federal requirements and consideration for seeking a waiver under the Individuals with Disabilities Education Act which would allow members of the CSA Family Assessment and Planning Team (FAPT) to participate in the IEP meetings for individual students in order to provide expanded multi-disciplinary input into the education planning process for students with disabilities.

2. Specifically the workgroup shall assess for each option: (i) funding impacts; (ii) necessary statutory or regulatory changes; (iii) and any other relevant actions necessary to implement the option. A report shall be submitted by October 15, 2017 to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees with specific recommendations on the actions necessary for implementation of each option for consideration in the 2018-20 biennial budget."

Explanation:

(This amendment directs the Office of Children's Services, in collaboration with the Department of Education and the Department of Planning and Budget, to convene an implementation workgroup to assess and determine the actions necessary to implement several options related to the growth in private educational placements paid for through the Children's Services Act (CSA). A report was issued in November 2016 detailing various options for the General Assembly to consider related to private day placements. This workgroup moves forward with the next step to determine how to implement each option for consideration to be included in the next 2018-20 biennial budget. In light of cost increases in recent years, various options are being considered to ensure appropriate alignment of decision making and the financial responsibility for private day placements.)

Health and Human Resources

Department of Health

Language:

Page 272, after line 13, insert:
"D. The state teaching hospitals shall work with the Department of Health and Division of Vital Records to fully implement use of the Electronic Death Registration System (EDRS) for all deaths occurring within any Virginia state teaching hospital's facilities. Full implementation shall occur and be reported, by Division of Vital Records, to the Chairmen of the House Appropriations and Senate Finance Committees by April 15, 2018, in alignment with the Division of Vital Records plan to promulgate and market the EDRS."

Explanation:
This amendment requires the state teaching hospitals to work with the Department of Health and Division of Vital Records to fully implement use of the Electronic Death Registration System (EDRS) for all deaths occurring within any Virginia state teaching hospital's facilities. Full implementation shall occur and be reported, by Division of Vital Records, to the Chairmen of the House Appropriations and Senate Finance Committees by April 15, 2018, in alignment with Vital Records plans to promulgate and market the EDRS.

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**Health and Human Resources**

**Department of Health**

**Language:**

Page 278, line 55, after "Virginia." strike the remainder of the line.
Page 278, strike line 56.

**Explanation:**

(This amendment eliminates language in the appropriation act that states the Southwest Virginia Graduate Medical Education Consortium (GMEC) is a program of the University of Virginia (UVA) at Wise. GMEC is becoming an independent entity and is terminating its formal relationship with UVA at Wise.)

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**Health and Human Resources**

**Department of Medical Assistance**

**Language:**

Page 284, line 40, strike "$9,714,745,576" and insert "$9,715,245,576".
Page 308, line 40, after "FFFF." insert "1.".
Page 308, line 40, strike the first "$1,250,000" and insert "$1,500,000".
Page 308, line 40, strike the second "$1,250,000" and insert "$1,500,000".
Page 308, line 49, strike "The authority shall submit these criteria to the department by September 1, 2016." and insert:
"The department shall make supplemental payments to the following hospitals for the specified number of primary care residencies: Sentara Norfolk General (2 residencies), Carilion Medical Center (6 residencies), Centra Lynchburg General Hospital (1 residency), Riverside Regional Medical Center (2 residencies), Bon Secours St. Francis Medical Center (2 residencies). The department shall make supplemental payments to Carilion Medical Center for two psychiatric residencies."
Page 308, line 52, strike "three" and insert "four".
Page 308, line 54, after "2018." strike "If the".
Page 308, strike line 55 through 56.
Page 308, line 57, strike "slots to fund based on priorities developed by the authority.".
Page 309, line 1, strike "In order to be eligible".
Page 309, strike lines 2 through 3.
Page 309, line 4, strike "residency slots top be awarded supplemental payments by April 1, 2017.".
Page 309, line 12, after "act." insert:
"Any remaining appropriation for this program at the end of the fiscal year shall be carried forward to the subsequent fiscal year to fund medical residency slots. Further the Department of Medical Assistance Services shall work with the Virginia Health Workforce Development Authority to determine a way to enable Virginia Commonwealth University and the University of Virginia to be able to participate in this program in the future."
Page 309, after line 12, insert:
"2. The department shall implement the following additional criteria for hospitals to be eligible for supplement payments. By July 1, 2017, 50 percent of graduating residents and one faculty member in each program shall obtain their buprenorphine waiver. By July 1, 2018 and in future years, 100 percent of graduating residents and three faculty members in each program shall obtain their buprenorphine waiver and each program shall have a training experience or rotation in addiction medicine."

**Explanation:**

(This amendment adds $250,000 from the general fund and an equivalent amount of federal Medicaid matching funds in the second year for the Medicaid Medical Residency program and specifies the hospitals for which supplemental payments will be made to fund residencies. Language also reserves any unused funding for Medicaid residency slots to be used for future costs of the residency program. Additional requirements are added related to buprenorphine waivers.)

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**Item 306 #12s**

**Health and Human Resources**

Department of Medical Assistance Services

**Language:**

Page 311, after line 41, insert:
"WWWW. Effective July 1, 2018, The Department of Medical Assistance Services shall require consumer-directed aides providing personal care, respite care and companion services in the Medicaid Elderly and Disabled with Consumer Direction (EDCD) and Developmentally Disabled DD waiver programs and the Early and Periodic Screening Diagnosis and Treatment (EPSDT) program to utilize an Electronic Visit Verification (EVV)
system. The Department is authorized to contract with an EVV vendor to provide access to an EVV system for use by consumer-directed aides.”

**Explanation:**

(This amendment adds language directing the agency to implement an Electronic Visit Verification (EVV) system for use by aides providing Medicaid consumer-directed personal care, respite care and companion services. The Federal 21st Century CURES Act requires states to use EVV for these services by January 1, 2019.)

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**Health and Human Resources**

**Department of Medical Assistance Services**

**Language**

Page 311, after line 41, insert:
"WWWW. The Department of Medical Assistance Services shall research and recommend strategies for the financing of supportive housing services through Medicaid reimbursement. The department shall include other agencies in the development of such strategies including the Department of Housing and Community Development, the Virginia Housing Development Authority, the Department of Behavioral Health and Developmental Services and the Department for Aging and Rehabilitative Services. The department shall also include stakeholders whose constituents have an interest in expanding supportive housing for people with serious mental illness, including the National Alliance on Mental Illness Virginia, the Virginia Housing Alliance and the Virginia Sheriff's Association. A report shall be provided to the Chairmen of the House Appropriations and Senate Finance Committees and the Chairman of the Joint Subcommittee to Study Mental Health Services in the Twenty-First Century by September 30, 2017."

**Explanation:**

(This amendment adds language for the Department of Medical Assistance Services to research and examine strategies for financing supportive housing services through Medicaid reimbursement. This is a recommendation of the Joint Subcommittee to Study Mental Health Services in the Twenty-First Century.)

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**Health and Human Resources**

**Department of Medical Assistance Services**

**Language**

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*See LIS Budget Website for Complete Set of Adopted Amendments When Posted*
Effective January 1, 2018, the Department of Medical Assistance Services shall include in all its contracts with managed care organizations (MCOs) the following:

a. A provision requiring the MCOs to return one-half of the underwriting gain in excess of three percent of Medicaid premium income up to 10 percent.

b. A requirement for detailed financial and utilization reporting. The reported data shall include: (i) detailed income statements that show expenses by rate cell and detailed service category; (ii) balance sheets; (iii) related-party transactions; and (iv) service utilization metrics.

c. Behavioral health-specific metrics to identify undesirable trends in service utilization.

d. A report on their policies and processes for identifying behavioral health providers who provide inappropriate services and the number of such providers that are disenrolled.

2. For rate periods effective January 1, 2018 and thereafter, the Department of Medical Assistance Services shall direct its actuary as part of the rate setting process to:

a. Identify potential inefficiencies in the Medallion program only and adjust capitation rates for expected efficiencies. The department is authorized to phase-in this adjustment over time based on the portion of identified inefficiencies that MCOs can reasonably reduce each year.

b. Monitor medical spending for related-party arrangements and adjust historical medical spending when deemed necessary to ensure that capitation rates do not cover excessively high spending as compared to benchmarks.

c. Adjust capitation rates only in the Medallion program to account for a portion of expected savings from required initiatives.

d. Allow negative historical trends in medical spending to be carried forward when setting capitation rates.

e. Annually rebase administrative expenses per member per month for projected enrollment changes.

f. Annually incorporate findings on unallowable administrative expenses from audits of MCOs into its calculations of underwriting gain and administrative loss ratios for the purposes of ongoing financial monitoring, including enforcement of the underwriting gain cap.

g. Adjust calculations of underwriting gain and medical loss ratio by classifying as profit medical spending that is excessively high due to related-party arrangements.

3. The Department of Medical Assistance Services shall report to the General Assembly on spending and utilization trends within Medicaid managed care, with detailed population and service information and include an analysis and report on the underlying reasons for these trends, the agency's and MCOs' initiatives to address undesirable trends, and the impact of those initiatives. The report shall be submitted each year by September 1.

4. The Department of Medical Assistance Services shall develop a plan to implement cost-sharing requirements based on family income for individuals eligible for long-term services and supports through the optional 300 percent of SSI eligibility category and apply to the Centers for Medicare and Medicaid Services for approval to implement the cost-sharing plan.

5. The Department of Medical Assistance Services shall assess and report on additional or
different resources needed to implement recommendations in the Joint Legislative Audit and Review Committee (JLARC) report Managing Spending in Virginia's Medicaid Program. The department shall submit its report to the Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2017.”

Explanation:

(This amendment includes budget language directing the Department of Medical Assistance Services to implement various JLARC recommendations related to oversight of the Medicaid managed care programs.)

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Item 306 #16s

Health and Human Resources

Department of Medical Assistance Services

Language

Page 305, after line 27, insert:

"6.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental Medicaid payments to the primary teaching hospitals affiliated with a Liaison Committee on Medical Education (LCME) accredited medical school located in Planning District 23 that is a political subdivision of the Commonwealth and an LCME accredited medical school located in Planning District 5 that has a partnership with a public university. The amount of the supplemental payment shall be based on the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance and/or the department's contracts with managed care organizations. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment or the managed care contracts approved by the Centers for Medicare and Medicaid (CMS) and prior to completion of any regulatory process in order to effect such changes. No payment shall be made without approval from CMS.

b. Funding for the state share for these Medicaid payments is authorized in Item 247 and Item 4-503."

Explanation:

(This amendment adds language providing the Department of Medical Assistance Services (DMAS) with the authority to implement supplemental Medicaid payments to teaching hospitals affiliated with an accredited medical school in Planning District 23 and Planning District 5 based on the department's reimbursement methodology established for such payments and/or its contracts with managed care organizations. The state's share of funding for the supplemental payments shall be provided by the accredited medical schools, Eastern Virginia Medical School and the Virginia Tech/Carilion School of Medicine. Companion
amendments in Item 247 and 4-5.03b3 authorize the transfer of funds from these schools to DMAS for this purpose.)

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**Item 306 #17s**

**Health and Human Resources**

Department of Medical Assistance Services

**Language:**

Page 311, after line 41, insert:

"The Secretary of Health and Human Resources shall establish and convene a workgroup that shall focus on identification of challenges and solutions for the continuum of eligibility, enrollment and renewal processes in the Medicaid and CHIP programs. The workgroup shall identify and resolve barriers to the efficient and accurate processing of applications, renewals and reported changes (e.g. changes of address), so that applicants are not unnecessarily burdened and the review processes are timely and do not result in gaps of coverage for eligible individuals. The workgroup shall include representatives of the Department of Medical Assistance Services, Department of Social Services, Virginia Association of Health Plans, Virginia League of Social Services Executives, the Virginia Benefit Programs Organization, and representatives from organizations that assist applicants in the community. The workgroup shall identify challenges, recommend and prioritize solutions, track outcomes, and document progress in a report submitted to the Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year."

**Explanation:**

(This amendment requires the establishment of a work group to be chaired by the Secretary of Health and Human Resources. The work group will focus on identification of challenges and solutions for the continuum of eligibility, enrollment and renewal processes in the Medicaid and CHIP programs, in a timely manner to avoid gaps in coverage for eligible individuals.)

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**Item 306 #18s**

**Health and Human Resources**

Department of Medical Assistance Services

**Language:**

Page 296, after line 18, insert:

"vii. Clarify that the informal appeals agent shall have the ability to close an informal appeal based on a settlement between the parties. For settlements up to $250,000, such settlement shall be notwithstanding § 2.2-514. For settlements of $250,000 or greater, such settlement
shall be subject to § 2.2-514."

Page 296, after line 21, insert:
"3. The Department of Medical Assistance Services shall convene a working group with representatives from the provider community, the legal community, and the Office of Attorney General to develop a plan to avoid or adjust retractions or for non-material breaches of the Provider Participation Agreement when the provider has substantially complied with the Provider Participation Agreement. The plan shall include an assessment of any administrative financial impact that implementation of such plan would have on the department and an analysis of any implications for the department's efforts to combat fraud, waste, and abuse. The working group shall report on the status of this plan to the Chairmen of the House Appropriations and Senate Finance Committees no later than December 1, 2017."

Explanation:

(This amendment adds language regarding the Medicaid appeals process to (i) amend regulations to clarify that the informal appeals agent shall have the ability to settle certain appeals at the informal appeal level; (ii) direct the agency to convene a working group of stakeholders to develop a plan to avoid or adjust retractions for non-material breaches of the Provider Participation Agreement when the provider has substantially complied with it; and (iii) require the agency to provide an assessment of any administrative impact on the agency and implications for combating fraud, waste and abuse in a report to the Chairmen of the money committees.)

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Health and Human Resources

Department of Medical Assistance Services

Language:

Page 311, after line 41, insert:
“WWWW. Effective July 1, 2017, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the formula for indirect medical education (IME) for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 as a substitute for DSH payments. IME payments shall continue to be limited such that total payments to freestanding children's hospitals with greater than 50 percent Medicaid utilization do not exceed the federal uncompensated care cost limit to which disproportionate share hospital payments are subject, excluding third-party reimbursement for Medicaid eligible patients. The department shall have the authority to implement these changes effective July 1, 2017, and prior to completion of any regulatory action to effect such changes.”

Explanation:
(This amendment adds language related to indirect medical education (IME) payments to Children's Hospital of the King's Daughters (CHKD) to ensure that CHKD continues to receive Medicaid payments up to the uncompensated care cost limit as authorized by the General Assembly. The 2013 General Assembly authorized the use of indirect medical education payments to CHKD in view of expected declines in the state's allocation of disproportionate share hospital (DSH) payments by the federal government. This amendment ensures that in light of recent federal action by the Centers for Medicare and Medicaid related to the calculation of DSH, CHKD will continue to receive total payments consistent with the intent of the General Assembly.)

Item 306 #20s

**Health and Human Resources**  
Department of Medical Assistance Services

**Language:**

Page 304, line 46, after "3." insert "a."

Page 305, after line 7 insert:

"b. If by June 30, 2017 DMAS has not secured CMS approval to use a minimum fee schedule pursuant to 42 C.F.R. § 438.6(c)(1)(iii) for local government-owned nursing homes participating in Commonwealth Coordinated Care Plus (CCC Plus) at the same level as and in lieu of the supplemental Medicaid payments authorized in Section RRR.3.a., then DMAS shall: (i) exclude Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes from CCC Plus; (ii) pay for such excluded recipient's nursing home services on a fee-for-service basis, including the related supplemental Medicaid payments as authorized herein; and (iii) prohibit CCC Plus contracted health plans from in any way limiting Medicaid recipients from electing to receive nursing home services from local government-owned nursing homes."

**Explanation:**

(This amendment adds language related to supplemental Medicaid payments for local government-owned nursing homes. Currently five local-government owned nursing homes provide the Department of Medical Assistance Services (DMAS) with funding to draw down matching federal funds for reimbursement for services provided to Medicaid recipients. A portion of the matching federal funds are retained by DMAS as Certified Public Expenditure Revenues. New federal regulations prevent Medicaid from making supplemental payments to these facilities when DMAS implements its managed long-term care services and supports program (CCC Plus) on July 1, 2017. This language would allow exempt residents admitted to these facilities from the CCC Plus program, similar to how DMAS treats Virginia's veteran nursing facilities. Language would prohibit CCC Plus contracted health plans from limiting Medicaid recipients from choosing to receive nursing home services from these facilities.)
Health and Human Resources

Department of Medical Assistance Services

Language:

Page 301, unstrike lines 31 through 36.
Page 301, strike lines 37 through 50.

Explanation:

(This amendment restores language contained in Chapter 780, 2016 Acts of Assembly which conditions expansion of Medicaid pursuant to the federal Patient Protection and Affordable Care Act (PPACA) upon an appropriation by the General Assembly. Language is eliminated which provides authority to expand Medicaid pursuant to the PPACA on or after October 1, 2017. A companion amendment in Part 4 eliminates any language changes which would allow for such an expansion without an appropriation by the General Assembly.)

Health and Human Resources

Department of Medical Assistance Services

Language:

Page 308, line 5, after "providers", insert:
"; the Virginia Network of Private Providers, the Virginia Association of Community Services Boards, the Virginia Sponsored Residential Provider Group;"
Page 308, line 7, after "statewide", insert:
"; and the increase or decrease in the capacity in each of the five geographic regions. The Department of Medical Assistance Services, in cooperation with the Department of Behavioral Health and Developmental Services, shall report the findings of this analysis to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2017.".

Explanation:

(This amendment modifies language in the introduced budget approved by the 2016 General Assembly to have the Department of Medical Assistance Services, in cooperation with the Department of Behavioral Health and Developmental Services, collect information and feedback related to payments to family homes and the impact of changes to the rates on family homes statewide from sponsored residential providers and family home providers. Language extends collaborative efforts to collect information and feedback to other provider groups and specifies additional data elements to review. Language also requires a report on...
the findings of this analysis to the Governor and the Chairmen of the money committees.)

Item 310 #1s

Health and Human Resources

Department of Medical Assistance Services

Language:

Page 314, line 43, after "K." insert "1."
Page 314, after line 48, insert:
"2. Beginning January 1, 2018, the department shall make Medicaid and other agency data stored in the agency's data warehouse available through the department's website that includes, at a minimum, interactive tools for the user to select, display, manipulate and export requested data."

Explanation:

(This amendment requires the Department of Medical Assistance Services to create a web-based interface for the public to easily access data the agency stores in its data warehouse.)

Item 310 #2s

Health and Human Resources

Department of Medical Assistance Services

Language:

Page 316, after line 3, insert:
"R. The Department of Medical Assistance Services shall notify the Director, Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance Committees at least 30 days prior to any change in capitated rates for managed care companies. The notification shall include the amount of the rate increase or decrease, and the projected impact on the state budget."

Explanation:

(This amendment requires the Department of Medical Assistance Services to notify the Director, Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance Committees prior to any change in the rates for Medicaid managed care companies, and to provide an estimate of the impact any such change would have on the state budget.)
Health and Human Resources
Department of Medical Assistance Services

Language:

Page 313, after line 22, insert:
"4. The Department of Planning and Budget, in collaboration with the Department of Medical Assistance Services and staff of the House Appropriations and Senate Finance Committees, shall convene a workgroup to evaluate the Medicaid forecasting process for transparency and accuracy. The workgroup shall examine how the results of the forecast should be reflected in the amendments in the introduced budget to better explain the drivers of Medicaid expenditures."

Explanation:

(This amendment directs the Department of Planning and Budget to create a workgroup with the Department of Medical Assistance Services and staff from the money committees to evaluate the Medicaid forecasting process and how the forecast is reflected in the budget.)

Health and Human Resources
Department of Behavioral Health and Developmental Services

Language:

Page 316, line 27, unstrike "of or renewal of a license, denial of an application for an initial license or".
Page 316, line 28, unstrike "renewal of a license,".

Explanation:

(This amendment restores the requirement that the Department of Behavioral Health and Developmental Services post all renewals and denials for an initial or renewal license in order to ensure transparency in the licensing process.)

Health and Human Resources
Department of Behavioral Health and Developmental Services

Language:

Page 321, after line 22, insert:
"U. The Department of Behavioral Health and Developmental Services, in conjunction with relevant stakeholders including the Virginia Hospital and Healthcare Association, the
Virginia Association of Community Services Boards and the National Alliance on Mental Illness, shall review the adequacy of funding and the effectiveness of the Local Inpatient Purchase of Services (LIPOS) program. The study shall include a review of the adequacy of covered services, reimbursement rates, the number of days authorized for reimbursement and the efficacy of moving eligibility criteria to clinical-based in lieu of commitment-based. The Commissioner shall report on recommendations to the Governor and the General Assembly by December 1, 2017."

Explanation:

(This amendment requires the Department of Behavioral Health and Developmental Services, in conjunction with relevant stakeholders including the Virginia Hospital and Healthcare Association, the Virginia Association of Community Services Boards and the National Alliance on Mental Illness, to review the adequacy of funding and the effectiveness of the Local Inpatient Purchase of Services (LIPOS) program. The study shall include a review of the adequacy of covered services, reimbursement rates, the number of days authorized for reimbursement and the efficacy of moving eligibility criteria to clinical-based in lieu of commitment-based. The Commissioner shall report on recommendations to the Governor and the General Assembly by December 1, 2017.)

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Item 313 #6s

Health and Human Resources

Department of Behavioral Health and Developmental Services

Language

Page 321, after line 22, insert:
"U. The Department of Behavioral Health and Developmental Services shall notify Development Disability (DD) waiver participants of their Supports Intensity Scale (SIS) score and appeal rights. Participants in the DD waiver programs shall be provided a copy of the SIS form in advance of their meeting with the assessor, as well as any standard operating procedures for the SIS assessment process. Participants shall have the right to appeal their SIS score up to 90 days after receiving notification of the assigned SIS score."

Explanation:

(This amendment requires the Department of Behavioral Health and Developmental Services to notify Development Disability (DD) waiver participants of their Supports Intensity Scale (SIS) score and appeal rights. It also provides that participants shall have the right to appeal their SIS score up to 90 days after receiving notification of the assigned SIS score.)

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Item 313 #7s

Health and Human Resources
Department of Behavioral Health and Developmental Services Language

Page 321, after line 22, insert:
"U.1. The Department of Behavioral Health and Developmental Services in collaboration with the Department of Medical Assistance Services, shall convene a stakeholder workgroup, to meet at least once annually, with representatives of VACSB, VNPP, VaCIL, VaACCSES, dLCV, and other stakeholders including representative family members, as appropriate. The workgroup shall: (i) review data from the previous year on the distribution of the SIS levels and tiers by region and by waiver; (ii) review the communication which informs individuals, families, providers, case managers and other responders or interested parties about the tool, the administration, and the opportunities for review to ensure transparency; (iii) review changes in the instrument, the additional supplemental questions, the process for administration and/or the scoring and the data which either supported the recommended change and/or the impact of the change; (iv) review any use of the SIS as the tool to influence the services or amount of services available to an individual; (v) review other information as may be requested by any member of the group to better enable a comprehensive assessment of the use of the SIS as the tool to inform the system of care; (vi) review the methods for disseminating the data, and comprehensive assessment of the use of the SIS to the public through a variety of channels.

2. The workgroup shall convene in 2017 and shall consider criteria for allowing additional information beyond the SIS and Virginia Supplemental Questions that may be necessary to determine high levels of support needs for individuals in order to ensure the level of support is properly assessed. The department shall report on the results and recommendations of the workgroup to the General Assembly by October 1, 2017."

Explanation:

(This amendment adds language directing the Department of Behavioral Health Developmental Services in cooperation with the Department of Medical Assistance Services to convene an annual stakeholders workgroup to oversee and gather feedback on the Supports Intensity Scale (SIS) which is used to assess the level of support needs of individuals in the developmental disability waivers. The language requires the workgroup in 2017 to consider additional information beyond the SIS and supplemental questions that should be considered in certain cases for individuals with very high levels of support needs.)

Working Capital Funds and Lines of Credit

Lines of Credit Language

Page 527, line 2, after "Services" insert ", for the Virginia Health Care Fund".

Item 3-2.03 #2s
Page 527, line 2, strike "$15,000,000" and insert "$12,000,000".

**Explanation:**

(This amendment clarifies that the line of credit added for the Department of Medical Assistance Services is related to the Virginia Health Care Fund. The line of credit was added to ensure the June collections of tobacco taxes can be fully utilized as state match for Medicaid prior to the end of the fiscal year. The language also reduces the line of credit from $15 million to $12 million which approximates the typical need.)

Item 4-5.03 #2s

**Special Conditions and Restrictions on Expenditures**

**Services and Clients**

**Language**

Page 557, line 29, after "3." insert "a)".

Page 557, after line 36, insert:

"b) Virginia Tech/Carilion School of Medicine is hereby authorized to transfer funds to the Department of Medical Assistance Services to fully fund the state share for Medicaid supplemental payments to the teaching hospital affiliated with the Virginia Tech/Carilion School of Medicine. These Medicaid supplemental fee-for-service and/or capitation payments to managed care organizations are for the purpose of securing access to Medicaid hospital services in Western Virginia. The funds to be transferred must comply with 42 CFR 433.51."

**Explanation:**

(This amendment adds language authorizing Virginia Tech/Carilion School of Medicine to transfer funds to the Department of Medical Assistance Services (DMAS) for the state match for supplemental Medicaid payments to the teaching hospital affiliated with the medical schools. A companion amendment in Item 306 authorizes DMAS to promulgate regulations to effect such payments.)

Item 4-5.03 #3s

**Special Conditions and Restrictions on Expenditures**

**Services and Clients**

**Language**

Page 556, line 40, unstrike "made an appropriation for the cost of”.

Page 556, line 40, strike "authorized".
Explanation:

(This amendment restores language that prohibits agencies from altering factors which may increase the number of eligible recipients for its authorized services or payments, or altering factors which may increase the unit cost of benefit payments within its authorized services unless the General Assembly has made an appropriation for the cost of such change. In addition, it eliminates a change to allow for such changes if the General Assembly authorizes them.)

Item 4-5.04 #1s

Special Conditions and Restrictions on Expenditures

Goods and Services

Language:

Page 561, after line 23, insert:
"m. MEDICAL SERVICES: Any entity that contracts with the Commonwealth or any department, agency or subdivision thereof to provide individual or group accident and sickness insurance policies or third-party administration services to adjust or settle healthcare claims shall execute a standard data submission and use agreement with the nonprofit organization maintaining the All-Payer Claims Database (APCD), as well as submit standard data elements timely and complete on par with other participating data suppliers to the APCD."

Explanation:

(This amendment requires providers contracting with the Commonwealth for health insurance or processing of health care claims to participate in health care data collection initiatives.)