Medicaid Expansion: Eligibility Determination
Study questions

- Do Virginia’s policies and systems, including the use of the federal marketplace, ensure that eligibility for Medicaid expansion is determined accurately?

- Has Virginia been able to determine eligibility for Medicaid in a timely manner since expansion?

- Did local DSS offices receive enough additional funding to manage the increase in Medicaid cases following expansion?
Research activities

- Interviews with VDSS and DMAS staff
  - Agency leadership and eligibility policy staff
  - Regional eligibility consultants
- Analysis of VDSS application and member data
- Review of DMAS and VDSS eligibility policies
- Review of actions taken to implement prior JLARC recommendations

VDSS = Virginia Department of Social Services
DMAS = Department of Medical Assistance Services
Virginia has adequate policies and systems to ensure eligibility is accurately determined for Medicaid expansion. The strategies used to manage the increased workload were effective, and most eligibility determinations were made in a timely manner. Additional administrative funds for local DSS offices enabled staffing to keep pace with the increase in Medicaid cases.
In this presentation

Background

Determining eligibility accurately

Determining eligibility on time

Unimplemented past JLARC recommendations related to eligibility determination
Virginia started determining eligibility for Medicaid expansion in November 2018
Medicaid serves multiple populations, including expansion members

- Adults without children (Medicaid expansion)
- Parents (some in Medicaid expansion)
- Children
- Pregnant women
- Elderly
- Disabled or blind

Medicaid expansion is for adults with income up to 138% FPL. “Regular Medicaid” includes parents with income up to ~40% FPL (income limits vary based on locality of residence), children, pregnant women, elderly, disabled, or blind.
Virginia relies on multiple organizations and systems to determine Medicaid eligibility.

Applications submitted via:
- CommonHelp website (30%)
- Local DSS office (26%)
- Call center (22%)
- Healthcare.gov website (22%)

Eligibility determined by:
- VaCMS or federal marketplace: Cases where information can be verified through external data
- Central processing unit: Cases requiring further verification and not linked to other benefit programs
- Local DSS: Complex cases requiring additional verification

NOTE: Healthcare.gov is the federally facilitated marketplace (FFM). Local DSS offices determine eligibility for all aged, blind, or disabled cases.
JLARC conducted a comprehensive review of Medicaid eligibility determination in 2015

- Review determined that applicants’ financial information was not always verified
- Review determined that application processing was delayed, and renewal backlog unnecessarily increased spending
- Several actions were taken by DMAS, VDSS, and the General Assembly to improve the accuracy and timeliness of eligibility determinations following report
Two new eligibility determination processes with Medicaid expansion

- Federal marketplace now determines eligibility for Virginians who apply through healthcare.gov
- One-time, expedited processes to enroll about 120,000 individuals from priority populations (37%)
  - Plan First (89,672)
  - Governor’s Access Plan (16,509)
  - Supplemental Nutrition Assistance Program (7,275)
  - Parents of Medicaid-eligible children (6,787)

NOTE: Plan First and GAP were done through an automated enrollment process that switched members from limited to full Medicaid benefits. SNAP and parents of Medicaid-eligible children had to submit an abbreviated Medicaid application. Priority populations are further defined on slide 17.
In this presentation

Background

Determining eligibility accurately

Determining eligibility on time

Unimplemented past JLARC recommendations related to eligibility determination
Changes were made to improve accuracy following JLARC recommendations (2015)

- Report identified that VaCMS and eligibility workers were not checking available data for income when applicants reported they did not earn any income

- DMAS and VDSS made policy and system changes to:
  - always check available data for income
  - use an additional data source to identify potentially unreported income
DMAS contracting with external auditor to test accuracy of eligibility determinations

- Auditor reviewing sample of cases each month in calendar year 2019

- Review will determine if the correct eligibility determination was made for each case, including:
  - If the individual is eligible for Medicaid
  - If the individual was placed in the correct eligibility category

- Work is on track to be completed by April 2020
The federal marketplace uses appropriate data and Virginia-specific eligibility criteria, and its eligibility determinations are likely as accurate as VaCMS.
The federal marketplace uses appropriate data and Virginia-specific eligibility criteria

- The federal marketplace collects the same applicant information as VaCMS

- Federal marketplace uses some of the same systems as VaCMS to verify information reported by applicants
  - Social security data to verify identity
  - IRS tax data and wage data to verify income
  - USCIS data to verify citizenship

- CMS uses Virginia’s specific criteria to determine eligibility through the federal marketplace

CMS = Centers for Medicare and Medicaid Services
USCIS = United States Customs and Immigration Service
Finding

The expedited enrollment processes were appropriate to ensure that individuals in priority populations were eligible for Medicaid expansion.
Individuals in priority programs were enrolled in Medicaid expansion through expedited processes

- **GAP** provided partial Medicaid benefits to individuals with serious mental illness or substance use disorders

- **PlanFirst** provides limited Medicaid family planning services to adults

- **Parents of Medicaid-enrolled children** who were not enrolled in Medicaid themselves prior to expansion

- **SNAP** provides supplemental cash benefits to help individuals purchase food

NOTE: Plan First and GAP were done through an automated enrollment process from limited to full Medicaid benefits. SNAP and parents of Medicaid-eligible children had to submit an abbreviated Medicaid application.
Necessary eligibility criteria were checked as part of expedited enrollment processes

- Data from individuals’ participation in other programs was used to assess eligibility for Medicaid expansion
  - Parents of Medicaid-enrolled children and SNAP recipients had to complete an abbreviated application

- Individuals were excluded if information indicated they may not be eligible
  - Individuals excluded from auto-enrollment had to submit a full Medicaid application
Expedited processes could have enrolled a small number of parents in wrong eligibility category

- Parents with very low incomes could be eligible for regular Medicaid, instead of Medicaid expansion
- Expedited process did not check if income was sufficiently low to qualify for regular Medicaid
- Virginia could be underpaying its share of the cost for these individuals because regular Medicaid requires a higher state match
Example: SNAP parent

- A parent whose income is within the threshold for regular Medicaid applied for SNAP benefits in 2018 but never applied for Medicaid

- He or she is likely eligible for regular Medicaid but would have been enrolled in Medicaid expansion because the expedited process did not check if income was within the threshold for regular Medicaid
Agencies taking steps to identify individuals potentially enrolled in wrong eligibility category

- In response to JLARC’s draft findings, DMAS and VDSS identified 392 individuals potentially enrolled in the wrong eligibility category
- Individuals switched to appropriate eligibility category so Virginia can claim the correct federal share of costs
- No risk of future errors because expedited enrollment was a one-time process
In this presentation

Background

Determining eligibility accurately

Determining eligibility on time

Unimplemented past JLARC recommendations related to eligibility determination
Volume of applications increased significantly at the beginning of Medicaid expansion

- New Medicaid expansion applications coincided with annual increase during open enrollment
- Number of pending applications was 84 percent higher in December 2018 than the previous year
  - 29,000 pending in December 2017
  - 54,000 pending in December 2018

NOTE: Open enrollment for the individual insurance market results in more individuals being determined eligible for Medicaid by the federal marketplace, or referred to Virginia for determination.
Findings

Strategies used to increase local DSS capacity were effective, and a majority of initial eligibility determinations were made in a timely manner.

Increased volume of applications created a backlog during the first four months of Medicaid expansion, but the length of time it takes to determine eligibility has returned to pre-expansion levels.

Medicaid renewals were completed largely on time during the beginning of Medicaid expansion.
Start of Medicaid expansion created a significant backlog of applications

Total number of pending applications

- 29,423 applications in 2018
- 54,072 applications in 2018

84% increase over typical end-of-year application volume
Several strategies were used to process increased volume of applications

- Local DSS offices paid staff to work overtime and hired temporary staff
- CPU hired additional staff to increase capacity
- VDSS and DMAS repurposed 12 existing FTEs and hired 15 part-time staff to assist in processing applications
Strategies were effective and determinations for most applications were made on time.

NOTE: Federal standards require most Medicaid applications to be processed within 45 days.
Overdue renewals remained low, with a temporary increase at the beginning of expansion.
Finding

Hiring of eligibility workers has kept the number of Medicaid cases per eligibility worker stable, but conclusions about the adequacy of local DSS staffing require more comprehensive analysis.
General Assembly appropriated $21.5M to increase local DSS capacity

- Appropriated funds were a mix of federal funds, hospital assessment revenue, and general funds
  - $13.0 million federal funds
  - $7.6 million general funds
  - $0.9 million hospital assessment funds
- Funding was distributed to local DSS offices to hire more eligibility workers

NOTE: Full $21.5 million was appropriated for FY20, with a pro-rated amount appropriated for FY19 because applications did not start to be submitted until November 1, 2018.
Number of Medicaid cases per eligibility worker remained stable after expansion

- Local DSS offices hired about 900 eligibility workers in FY19, keeping total cases per worker consistent with recent trends
- Medicaid enrollment is beginning to level off, so most local DSS offices should be able to keep Medicaid cases per eligibility worker stable
With increase in local eligibility workers, Medicaid cases per worker remained stable.

NOTE: Medicaid cases and eligibility workers were calculated as of June 30th of each fiscal year.
Assessment of whether local DSS staffing levels are appropriate requires further analysis

- Number of eligibility workers grew by 28% while Medicaid cases grew by 20% in FY19
- Medicaid is one of multiple benefit programs that eligibility workers are responsible for
- VDSS is undertaking a workload study to better understand local capacity to effectively and efficiently manage benefit programs
In this presentation

Background

Determining eligibility accurately

Determining eligibility on time

Unimplemented past JLARC recommendations related to eligibility determination
Two JLARC recommendations related to aged/blind/disabled applicants are unimplemented

- Budget language directed DMAS and VDSS to direct eligibility workers to always check available electronic data for non-cash assets, even when none are reported
  - DMV data for vehicles
  - Local property databases (where available)
- Budget language directed VDSS to develop and submit a plan to incorporate a national database of real estate assets into Virginia’s eligibility determination system

NOTE: These recommendations are not related to the Medicaid expansion population because there is no asset limit to be eligible for Medicaid expansion.
Unimplemented recommendations are still necessary to improve accuracy

- Eligibility workers have access to DMV data to determine if applicants own vehicles, and should check for vehicles even if none are reported
- National real estate databases can be purchased to enable eligibility workers to search for property
Remaining JLARC work on Medicaid expansion

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JLARC staff for this report

Tracey Smith, Associate Director
Jeff Lunardi, HHR Unit Director
Kate Agnelli, Senior Legislative Analyst

* Agency responses attached.
Agency responses

As part of an extensive validation process, the state agencies and other entities that are subject to a JLARC assessment are given the opportunity to comment on an exposure draft of the briefing. JLARC staff sent an exposure draft of this briefing to the Virginia Department of Medical Assistance Services, the Virginia Department of Social Services, and the Secretary of Health and Human Resources.

Appropriate corrections resulting from technical and substantive comments are incorporated in this version of the report. This appendix includes letters from

- the Department of Medical Assistance Services and the Virginia Department of Social Services and
- a letter from the Secretary of Health and Human Resources.
October 2, 2019

Mr. Hal Greer, Director
Joint Legislative Audit and Review Commission
919 East Main Street
Richmond, Virginia 23219

Dear Mr. Greer:

Thank you for the opportunity to review and comment on the exposure draft of the JLARC briefing on Medicaid Expansion: Eligibility Determination. The Department of Medical Assistance Services (DMAS) and the Virginia Department of Social Services (VDSS) appreciated the opportunity to meet with JLARC staff on September 26, 2019, to discuss and clarify issues and to submit written comments prior to the finalization of the report.

On June 7, 2018, Governor Northam signed the 2018 Appropriation Act to expand Medicaid eligibility for up to 400,000 adult Virginians who had not been eligible for Medicaid in the past. Eligible individuals include adults ages 19 to 64, who are not Medicare eligible, and who have income at or below 138% of the federal poverty limit (FPL). Enrollment under the new eligibility rules began on November 1, 2018, to coincide with 2018 Open Enrollment for the federal Marketplace, with the new coverage starting on January 1, 2019.

Prior to the program launch, DMAS and VDSS worked hard to prepare for Medicaid expansion to ensure timely, accurate eligibility determinations for hundreds of thousands of newly eligible Virginians. DMAS worked collaboratively with the Centers for Medicare and Medicaid Services (CMS) to obtain federal authorities to enroll the new adult group and looked to other expansion states for best practices to streamline enrollment. Other strategies to ensure timely enrollment included proactively staffing up and training workers at our CoverVA Central Processing Unit (CPU) and local social services agencies, switching to a Determination State on the federal Marketplace, and utilizing a variety of expedited enrollment methods for a significant number of individuals who were certain to be eligible for Medicaid.

We appreciate the Commission’s recognition of the effectiveness of these approaches and the accuracy of the Commonwealth’s eligibility determinations for Medicaid expansion. JLARC’s findings recognize that Virginia’s efforts were appropriate and effective at ensuring the
timely, accurate enrollment of over 300,000 newly eligible Virginians to date. DMAS and VDSS remain committed to seeking ways to streamline our eligibility and enrollment policies, processes and systems, while maintaining accuracy and program integrity. For example, DMAS has contracted with an external auditor to review the accuracy of Medicaid expansion eligibility determinations.

Per federal regulations, individuals in Medicaid expansion are evaluated for coverage under the Modified-Adjusted Gross Income (MAGI) rules, meaning they are not subject to an asset test. The only applicants subject to an asset test are aged, blind and disabled (ABD) and medically needy individuals. Since 2015, DMAS and VDSS have implemented the Asset Verification System (AVS), which allows eligibility workers to verify liquid resources. Eligibility workers are required to verify all asset types, a process which requires the applicant to provide verification documents. DMAS and VDSS appreciate the Commission’s 2015 recommendations to utilize additional data sources to verify assets and will continue to explore these options, but want to highlight the administrative complexity and costs of doing so and emphasize that these recommendations do not pertain to Medicaid expansion eligibility determinations.

Thank you for the opportunity to comment on this briefing. Again, we appreciate the Commission’s recognition of the accuracy of ongoing eligibility determinations for Medicaid expansion and the effectiveness of the strategies put in place to ensure eligibility determinations were appropriate and timely.

Sincerely,

Karen Kimsey, MSW

Duke Storen

c: The Honorable Daniel Carey, M.D - Secretary of Health and Human Resources
Gena Berger – Deputy Secretary of Health and Human Resources
Marvin B. Figueroa - Deputy Secretary of Health and Human Resources
October 2, 2019

Mr. Hal Greer, Director
Joint Legislative Audit and Review Commission
919 East Main Street
Richmond, Virginia 23219

Re: JLARC briefing on Medicaid Expansion: Eligibility Determination

Dear Mr. Greer,

Thank you for the opportunity to review and comment on the exposure draft of the JLARC briefing on Medicaid Expansion: Eligibility Determination. This letter will confirm that I have reviewed the relevant draft. I discussed my feedback with the Department of Medical Assistance Services (DMAS) and the Department of Social Services (DSS) and my feedback is reflected in their response.

Please let me know if my office may be of further assistance.

Sincerely,

Daniel Carey