

Report on the Response of the Department of Medical Assistance Services' Impact to the Aging of Virginia's Population

**TO THE DEPARTMENT FOR THE AGING
FOR COMPILATION IN TO THE STATEWIDE REPORT FOR
THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



**COMMONWEALTH OF VIRGINIA
RICHMOND**

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SIGNATURE PAGE

Pursuant to legislation enacted by the Virginia General Assembly of Virginia, the Department of Medical Assistance Services submits this report of its progress in addressing the impact of the aging of Virginia's population.

Patrick W. Finnerty, Director

Date

EXECUTIVE SUMMARY

House Bill 2624 (2007) amended the *Code of Virginia*, §2.2-5510, to require all agencies to report “by November 15 of each year to the Department for the Aging its progress in addressing the impact of the aging of the population.” This report is a summary of the initiatives implemented by the Department of Medical Assistance Services (DMAS) to address these needs.

The Medicaid Program is the largest health care financing program for the elderly in the country. Medicaid is financed by state and federal governments and administered by the states. Key long-term care services for the age 65 and over population are nursing facility (NF) services (27,634 Medicaid-eligible individuals with expenditures of \$648 million in SFY 2006) and community alternatives. Medicaid offers seven home- and community-based waivers for persons who meet institutional placement criteria, but choose to reside in the community. The Division of Long-Term Care in Fiscal Year 2007 provided for the protection of the health, safety, and welfare to over 20,000 individuals receiving a Medicaid waiver service from one of the seven current waiver programs. (This number includes both seniors and individuals with a disability.)

The following projects support health care for seniors in their homes and communities and in institutions:

- Integration of Acute and Long-Term Care Services
- Program for All-Inclusive Programs for the Elderly (PACE)
- Quality Improvement Program (QIP) Initiative
- Consumer-Directed Waiver Services

Consumer-oriented publications and websites designed to be senior-friendly include:

- Division of Long-Term Care Website (www.dmas.virginia.gov/ltc-home)
- Consumer-Directed Employer Manual
- Guide for Persons with Disabilities, Their Parents, and Caregivers

Regarding the effect that the aging of its own workforce will have on its ability to deliver services, the DMAS Division of Human Resources anticipates minimal impact of aging and retirement upon the DMAS workforce. Recruitment efforts continue to be successful with sufficient applicant pools to fill positions.

Other services or programs that DMAS has implemented or plans to implement to address the impact of the aging of Virginia’s population include:

- Money Follows the Person Demonstration
- Consolidation of Waiver Regulations
- Interagency Agreement with the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)
- Automation of the Virginia Uniform Assessment Instrument (UAI)
- Quality Management Strategy

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- Alzheimer's Assisted Living Waiver Study
 - Systems Transformation Grant
 - Revision of the "Screeners' Reference Guide for Long-Term Care Services in Virginia"

AGENCY DESCRIPTION

Authorized under Title XIX of the Social Security Act, Medicaid is an entitlement program financed by the state and federal governments and administered by the states. The Virginia Medicaid program is administered by the Department of Medical Assistance Services (DMAS). Federal financial assistance is provided to states for coverage of medical services for specific groups of low-income people. Federal matching payment rates are based on the state's per capita income. The federal match rate for Virginia is 50 percent for the 2007 federal fiscal year.

Children and parents/caretakers of children make up about 70 percent of the Medicaid beneficiaries in FY 2006, but they account for less than a third of Medicaid spending. Persons who are elderly or who have disabilities account for the majority of Medicaid spending because of their intensive use of acute and long-term care services.

Medicaid serves five distinct and important healthcare policy roles:

- Ensure access to healthcare for low-income children and women who are pregnant (prenatal care and delivery and comprehensive coverage for children (EPSDT)).
- Provide access to care for low-income adults with children (establishes a set of mandatory and optional benefits).
- Provide for the long-term care needs of the elderly and persons with disabilities (nursing facility, personal care, mental health and mental retardation services, PACE).
- Finance the safety net for the uninsured who are not Medicaid eligible (Community Health Centers and Disproportionate Share Funding (funding to facilities)).
- Fill gaps in Medicare coverage for "dual eligibles" (Medicare premiums, deductibles, nursing facility benefits, and some prescription drug costs).

While Medicaid was created to assist persons with low income, coverage is dependent upon other criteria as well. Eligibility is primarily for those persons falling into particular categories such as low income children, pregnant women, the elderly, persons with disabilities, and parents meeting specific income thresholds. Within federal guidelines, states set their own income and asset eligibility criteria for Medicaid, which results in a large variation among the states as to who is eligible. In Virginia, income and resource requirements vary by category.

Medicaid program eligibility is organized around several mandatory groups. To receive Medicaid, recipients must be categorically eligible and meet the program's financial test.

- Eligibility Categories:
 - Aged, blind, or disabled
 - Member of a family with children
 - Pregnant woman
 - Certain Medicare beneficiaries

- Coverage for persons in these groups is mandatory as long as they meet the financial (income and resource limits) criteria for the program.

Virginia also covers groups that are optional under federal law, including, but not limited to:

- Medically needy persons whose income exceeds established limits but who are impoverished by medical bills;
- Persons in institutions or Medicaid home- and community-based waivers (e.g., nursing facilities, intermediate care facilities for the mentally retarded); and
- Certain aged, blind, or disabled adults who are not on SSI.

The Virginia Medicaid program covers a broad range of services with nominal cost sharing for some of the beneficiaries as permitted under federal law. The program covers all the federally mandated services:

- Hospital Inpatient, Outpatient, & Emergency Services
- Nursing Facility Services
- Physician Services
- Medicare Premiums, co-pays and deductibles (Part A and Part B)
- Certified Pediatric Nurse & Family Nurse Practitioner Services
- Certain Home Health Services (nurse, nurse aide, supplies and treatment services)
- Laboratory & X-ray Services
- Early & Periodic Screening, Diagnostic & Treatment (EPSDT) Services
- Nurse-Midwife Services
- Rural Health Clinics
- Federally Qualified Health Center Clinic Services
- Family Planning Services & Supplies
- Transportation

Virginia Medicaid also covers the following allowable, but optional, services:

- Prescribed Drugs
- Mental Health & Mental Retardation Services
- Home & Community-Based Care Waiver Services
- Skilled Nursing Facility Care for Persons under age 21
- Dental Services for Persons under age 21
- Physical Therapy & Related Services
- Clinical Psychologist Services
- Podiatrist Services
- Optometrist Services
- Services provided by Certified Pediatric Nurse & Family Nurse Practitioner
- Home Health Services (PT, OT, and Speech Therapy)
- Case Management Services

- Prosthetic Devices
- Other Clinic Services
- Hospice Services
- Medicare Premiums/co-pays/ deductibles

Medicaid beneficiaries also receive coverage through “waiver” programs. Waivers allow states to develop programs designed to meet the unique medical needs of Medicaid populations who are at risk of institutionalization, including seniors and individuals with a disability. The following waiver programs are available to Medicaid beneficiaries who meet eligibility criteria:

- HIV/AIDS Waiver;
- Alzheimer’s Waiver;
- Day Support for Persons with Mental Retardation Waiver;
- Elderly or Disabled with Consumer Direction Waiver;
- Mental Retardation Waiver;
- Technology Assisted Waiver; and
- Individual and Family Developmental Disabilities Support Waiver.

DATA REQUESTED

1. *To the extent such data is available, the number of persons who received services from the agency in the past fiscal year who fell into each of the following age ranges: 65-74; 75-84; and 85 and older. If the agency can provide data that compares such numbers to numbers of senior citizens served in the past, please do so. If the agency lacks specific information about the numbers of senior citizens it serves, but has other evidence indicating that it is serving more or fewer senior citizens than it has in the past, please describe the basis for that estimation.*

The following table illustrates the number of individuals aged 65 and older eligible for Medicaid services in the Commonwealth over a five-year span. It also includes **total** Medicaid expenditures for this population.

Table 1. Medicaid Services in Virginia

Age	State Fiscal Years (SFY)				
	2002	2003	2004	2005	2006
65-74 years	41,772	37,621	42,558	42,585	43,506
75-84 years	35,706	33,309	37,030	37,136	37,498
85 and older	19,625	18,269	19,985	20,223	20,438
Total*	97,103	89,199	99,573	99,944	101,442
Medicaid Expenditures for all Aged (65 and older)	\$794.7 million	\$828.7 million	\$947.7 million	\$1.04 billion	\$994.6 million

*Unduplicated

Source: 2006 Statistical Record of the Virginia Medicaid Program.

2. *Identify the agency services that are utilized by senior citizens 65 and older in significant numbers. Indicate whether the agency has the capacity at present to serve all interested seniors or whether the demand for certain services exceeds the agency's capacity. If so, does the agency maintain waiting lists for services?*

Key long-term care services for the age 65 and over population are nursing facility (NF) services (27,634 Medicaid-eligible individuals with expenditures of \$648 million in SFY 2006) and community alternatives. Medicaid home- and community-based waivers include the following:

- Elderly or Disabled with Consumer-Direction (EDCD)
- Individual and Family Developmental Disabilities Support (IFDDS)
- HIV/AIDS
- Technology Assisted (Tech)
- Mental Retardation (MR)

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- Day Support
 - Alzheimer's Assisted Living (AAL)

The Division of Long-Term Care in 2007 provided for the protection of the health, safety, and welfare to over 20,000 individuals receiving a Medicaid waiver service from one of the seven current waiver programs. (Note: This number **does** include both seniors and individuals with a disability.) While all persons aged 65 and over are eligible to receive Medicaid acute care services (such as physician, hospital, pharmacy, and labs), many also may receive long-term care services. Individuals seeking Medicaid funded long-term care services are screened by local preadmission screening teams to determine the medical need for long-term care services and the potential for placement in an alternative community-based care program.

3. *Identify current agency programs, specifically designed to serve seniors 65 and older, that fall into any of the following six categories: Health Care/Wellness; Education; Public Safety; Recreation; Financial Security (including Housing); and Transportation.*

The primary division within DMAS that is responsible for serving the population aged 65 and older is the Division of Long-Term Care. This division administers institutional services as well as home- and community-based care (HCBC) service programs allowing individuals to maintain their health, safety, and welfare regardless of care setting.

The following initiatives support health care and wellness for seniors in their homes and communities and in institutions.

- **Integration of Acute and Long-Term Care Services**

Governor Timothy Kaine and the General Assembly supported a major reform of Virginia Medicaid-funded long-term care, which focuses on care coordination and integration of acute and long-term care services for low-income seniors and individuals with disabilities. There are two models for integration: a community model (PACE), discussed below, and a regional model. In Phase I of the regional model, managed care organization (MCO) enrollees who subsequent to enrollment in an MCO become eligible for HCBC waiver programs will remain in their MCO's for acute and primary medical services and be able to receive HCBC waiver services through the fee-for-service program.

Phase II of the regional model will be rolled out on a scheduled and layered approach over time based on geographic location, populations included, funding sources, and services included to ensure a smooth transition for recipients and providers. DMAS anticipates covering more than 200,000 low-income seniors and individuals with disabilities in some of Medicaid managed care for acute and/or long-term care needs.

- **Program for All-Inclusive Programs for the Elderly (PACE)**

Governor Kaine allocated \$1.5 million dollars for start-up grants for the development of six PACE programs in underserved areas of the Commonwealth. Five organizations were awarded start-up grant dollars, and two of these organizations will develop rural PACE centers. PACE sites are being developed in the Richmond, Lynchburg, and Hampton Roads areas, plus two sites in Southwest Virginia. Sentara Health Care Systems is moving forward with DMAS to transition from a pre-PACE program to the implementation of the first full PACE program in the Commonwealth in November 2007. An additional \$250,000 allocation last year will enable the development of a seventh PACE site in Northern Virginia.

PACE is designed around a day health care model that allows for a full spectrum of medical services at a "one-stop shop" under a capitated system to reduce the cost of care while ensuring the highest quality outcomes for seniors. PACE is open to persons aged 55 and over residing in the catchment area who qualify for nursing facility (NF) care. DMAS plans to replicate this program throughout the Commonwealth as another way in which to coordinate acute and long-term care services while benefiting vulnerable seniors.

- **Quality Improvement Program (QIP) Initiative**

Following legislation passed in the 2007 General Assembly (House Bill 2290), DMAS convened the Virginia Quality Improvement Program (QIP) Advisory Committee to identify a plan to improve quality within the Commonwealth's nursing facilities (NFs). The bill requires the Director of DMAS to establish a NF Quality Improvement Program. The QIP replaces the role of the previous nonprofit organization that used civil money penalty (CMP) funds collected from NFs to improve the health, safety, and welfare of residents in NFs.

DMAS, in collaboration with the QIP Advisory Committee, developed a strategic plan with recommendations to address quality enhancement. Three meetings were held with presentations on various quality improvement program possibilities. A key issue addressed by the committee was the capacity for the delivery of future long-term care services. The lack of a qualified and dedicated nursing workforce to serve individuals who need services. The committee recommended that the CMP funds be used to develop and implement a nurse recruitment and retention program, focusing on direct care nursing staff modeled after a model in North Carolina. The report and a strategic plan were submitted to the Governor in September of 2007.

- **Consumer-Directed Waiver Services**

With consumer direction of certain Medicaid waiver services becoming one of the Department's most rapidly growing service areas, DMAS transitioned consumer-directed, fiscal agent services to a new contractor, Public Partnerships, LLC (PPL). PPL handles payroll activities for individuals receiving consumer-directed waiver services. As of June 2007, there were over 2,700 individuals

and attendants participating in a consumer-directed waiver service through one of the long-term care Medicaid waivers.

4. *Identify the extent to which your agency provides "consumer-oriented" publications and websites online that are designed to be "senior-friendly." If the information you currently provide is not readily accessible to seniors, identify any steps your agency is taking to improve accessibility.*

- **Division of Long-Term Care Website**

In the past year, several changes have been made to the Long-Term Care Division's website. Services and programs have been updated, documents have been made more consumer-friendly, and links to related services have been added. The Long-Term Care website page is found at www.dmas.virginia.gov/ltc-home.

- **Consumer-Directed Employer Manual**

The Division of Long-Term Care revised the *Consumer-Directed Employer Manual* with input from stakeholders and advocates. Training sessions using the new manual were held statewide for service facilitators who assist in training individuals receiving consumer-directed waiver services.

- **Guide for Persons with Disabilities, Their Parents, and Caregivers**

The Division of Long-Term Care developed, in collaboration with the Partnership for People with Disabilities, a guide called, *"Virginia's Medicaid Waivers for Persons with Disabilities, Their Parents, and Caregivers"* that is available online at www.dmas.virginia.gov/ltc-home.

5. *Describe the effect that the aging of the agency's own workforce will have on its ability to deliver services. Consider the number of retirements expected in the next two years, the effect these retirements might have (e.g., loss of leadership or institutional knowledge in certain programs), how losses might be replaced (e.g., promotions or transfers, recruitment, use of wage staff, including retirees, re-engineering, outsourcing), and the costs or savings from the replacements (e.g., staff development cost, salary savings). This item might be addressed by summarizing relevant portions of the agency's workforce plan.*

In the short term, the Division of Human Resources anticipates minimal impact of aging upon the DMAS workforce. Recruitment efforts continue to be successful with sufficient applicant pools to fill positions. Provided below is a review of the impact of aging upon the DMAS workforce over the next several years.

On August 31, 2007, there were 328 classified employees in DMAS. Of this total, 14 (4.2 percent) were eligible for an unreduced retirement on that date. Assuming no retirements occur during the next two years, at the end of this two-year period 27 or 8.2 percent will be eligible for unreduced retirement.

It is anticipated that some retirements will occur over the next several years. Information on past retirement experience is listed below in Table 2 for Fiscal Years 2005, 2006, and 2007. During this period, there were 21 retirements.

Table 2			
Actual DMAS Retirements			
Period	Classified Workforce	Number of Retirements	Percentage of Retirements
Fiscal Year 2005	304	6	1.97%
Fiscal Year 2006	305	8	2.62%
Fiscal Year 2007	328	7	2.13%

Table 3 shows the number of DMAS employees who were eligible for unreduced retirement (i.e., with full benefits) in Fiscal Years 2005, 2006, and 2007, in comparison to the employees who actually retired during those time periods.

Table 3				
DMAS Unreduced Retirement Eligible to Actual Retirements				
Period	Classified Workforce	Unreduced Retire Eligible	Number of Retirements	Percentage of Retirements
Fiscal Year 2005	304	20	6	30.00%
Fiscal Year 2006	305	21	8	38.10%
Fiscal Year 2007	328	14	7	50.00%

In reviewing the information above there is an obvious difference between those employees who were unreduced retirement eligible and those who actually retired. Using an average of the percentage of unreduced retirement eligible's who actually retired suggests that approximately 11 (39.4 percent of 27 eligible's) DMAS employees may retire in the next several years.

There is always the possibility of error when estimating the number of retirements since a number of factors may influence when an employee decides to retire and one or more employees may decide to retire who are outside the unreduced eligible group. As a conservative measure towards planning for future retirements, using the total number of employees eligible for unreduced benefits (27) may be useful in preparing for determining roles at risk.

A review of the types of positions and roles of DMAS may provide some insight on how the potential retirements may impact agency operations. Table 4 identifies the Equal Employment Opportunity (EEO) code categories that are most at risk for retirements over the next several years.

Table 4	
DMAS Unreduced Retirement Eligible -- EEO Code	
Code	Number of Positions
Office or Clerical	1
Paraprofessional	1
Professional	16
Official or Administrator	9

A review of **Table 4** reveals the majority of positions at risk are in the professional and official or administrator categories. The professional positions range from providing administrative and technical expertise in program areas to positions in functional support areas such as Information Technology. A number of these incumbents have significant institutional knowledge, technical expertise and are very experienced in the operation of specific agency programs. Particularly significant is the number of middle to senior managerial incumbents in the official or administrator category that may be at risk due to future retirements. The retirement of these incumbents would impact the areas of agency leadership, operational management and resource management.

The loss of professional staff as a result of retirements will be addressed by the recruitment process and internal employee training. It is anticipated that the agency will foster cross training opportunities for staff members to develop knowledge, skills and abilities necessary to meet the needs of agency program areas. To date, DMAS is increasing the amount of training opportunities available to employees. Emphasis will continue to be placed on project management, supervisory/leadership, performance management, computer software training and employee health and safety. This type of training is being scheduled for the next several fiscal years. The agency may also consider performing skill gap analysis for key benchmark positions to assist with recruitment and succession planning.

There will be greater use of the Learning Management System (LMS) both internally and with the programs offered by the Department of Human Resource Management. The LMS is a web-based system designed to present learning and knowledge sharing opportunities to its users. It promotes learning through online course offerings, classroom course registration, and a consolidated transcript of all learning events for individual users. Currently, DMAS is a member of the DHRM LMS Users group and will continue implementing on-line access to the DHRM LMS Knowledge Center.

In addition to the programs identified above, DMAS is beginning to address the possible loss of lower and middle level supervisors and managers by supplementing existing employee technical skills by offering supervisory training. The agency offers a Supervisory and Leadership Institute where trainers from the Community College Workforce Alliance present supervisory and leadership training to employees. The goal of the program is to provide those who are supervisors or those aspiring to be supervisors with training to become effective supervisors.

Given the specific skill sets needed for agency positions and the current internal and external marketplace for qualified candidates, replacing retired employees will not provide significant compensation and employee benefit cost savings to the agency.

6. *Describe any other services or programs that the agency has implemented or plans to implement in the future to address the impact of the aging of Virginia's population.*

DMAS has a variety of policy changes, services, and programs that are in process for addressing the impact of the aging of Virginia's population. With the exception of interagency agreement with the DMHMRSAS, the Alzheimer's Study, and the Systems Transformation Grant, the rest of the programs are ongoing and/or in the process of being developed and implemented.

- **Money Follows the Person Demonstration**

DMAS received approval of Virginia's Money Follows the Person (MFP) Demonstration application from the Centers for Medicare and Medicaid Services (CMS). This project will enhance services and provide for recipients to transition from facilities to the community. The Demonstration's vision is to create a system of long-term services and supports that enables available funds to "follow the person" by supporting individuals who choose to transition from long-term care institutions into the community. This program provides enhanced federal medical assistance match for 12 months for each person transitioned from an institution to the community during the demonstration period. An interagency workgroup led by DMAS staff has been established to accomplish the goals of the project, develop criteria, identify potential candidates for transferring to the community, and enabling those transfers. This demonstration will support Virginia's implementation of the Olmstead decision and will complement the efforts of the recently awarded Systems Transformation Grant that aims to improve the infrastructure for community-based long-term support services.

- **Consolidation of Waiver Regulations**

The Division of Long-Term Care formed a Regulatory Review Committee to integrate the seven separate waiver regulations into one omnibus regulation for ease of stakeholder use, particularly providers and recipients of waiver services, consistency of definitions across programs, and a significant decrease in repetition of sections that apply to all waivers. Stakeholders will be invited to be active participants in the consolidation process.

- **Interagency Agreement with the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)**

DMAS collaborated with DMHMRSAS to revise the interagency agreement between DMAS and that agency. Effective September 8, 2006, the daily management of the Mental Retardation and Day Support Waivers were transitioned from DMAS to DMHMRSAS. DMAS continues to be the agency of record to administer the waiver, to perform quality management reviews, to pay claims, to report to the Centers for Medicare and Medicaid (CMS), and to budget for this waiver.

- **Automation of the Virginia Uniform Assessment Instrument (UAI)**

DMAS is currently working with the provider community to automate the submission of pre-admission screening documents, which includes the Virginia UAI. DMAS is developing, with its

long-term care partners in the community, a web-based access for submission of these documents. This will give preadmission screeners the ability to submit screenings online by December 31, 2007.

- **Quality Management Strategy**

In response to new requirements from CMS, the Division of Long-Term Care has begun the development and implementation of a comprehensive quality management strategy for the Medicaid Waiver programs. DMAS partnered with Thomson Healthcare for technical assistance to develop this strategy that will ultimately enhance the quality of service delivery for all Medicaid Waiver recipients in the Commonwealth and permit the implementation of these strategies in the integration of managed and long-term care, thus assuring quality services.

- **Alzheimer's Assisted Living Waiver Study**

An Alzheimer's study was conducted to find ways to enhance the Alzheimer's Assisted Living (AAL) waiver. The Division of Long-Term Care is considering recommendations provided by the stakeholders to find better ways to serve these consumers and their families. A group of interested stakeholders was tasked with reevaluating the Medicaid AAL waiver and suggesting improvements to better serve the consumers of Virginia. The Division of Long-Term Care will take the recommendations of the group and explore implementation strategies with the goal to provide consumers with Alzheimer's and their families with enhanced services.

- **Systems Transformation Grant**

Virginia was awarded \$2.2 million for the Systems Transformation Grant in September 2006 by CMS as part of its "Real Choice Systems Change" initiative. This grant will help develop a one-stop resource linking seniors and adults with disabilities to services. The grant will increase individuals' choice and control over their service delivery. Funding will also be directed toward information technology to support systems change which will improve access and delivery of services for seniors and adults with disabilities.

- **Revision of the "Screeners' Reference Guide for Long-Term Care Services in Virginia"**

Approximately 10 years ago, DMAS, in collaboration with the Department of Social Services, developed an easy reference guide for persons responsible for nursing facility preadmission screenings and assisted living facility assessments. This booklet was extremely well received and provided a quick reference for criteria for long-term care services, including waiver services. Since that time, programs have changed, and the booklet is in the process of being updated. DMAS plans to finalize and distribute the guides by December 2007, as well as having it available on the DMAS website.