



*Commonwealth of Virginia*

*Virginia Department of Medical Assistance Services*

**FOR IMMEDIATE RELEASE**

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## **Virginia Medicaid Agency Announces Emergency Relief for Providers**

*~ Estimated \$30 million in support has no impact  
on the state budget ~*

**Richmond** – The Virginia Department of Medical Assistance Services (DMAS) announced today that Governor Ralph Northam has approved an estimated \$30 million in emergency support for primary care doctors, pediatricians and other providers who offer general health care services to Virginia Medicaid members during the COVID-19 public health crisis.

The initiative enables swift relief for struggling health care providers without the need for new expenditures from the state budget. The plan redirects existing dollars in the FY 2020 state budget to fund a 29% rate increase for patient office visits related to the evaluation and management of chronic conditions and other health needs.

“By taking action to support these frontline providers, we can ensure access to care for our Medicaid members and preserve the health care network that is so critical for the well-being of families, children, low-income older adults, persons with disabilities, and individuals who have lost their jobs,” said Karen Kimsey, DMAS Director.

The rate increase is retroactive to March 1, 2020, and extends through June 30, 2020. The six health insurance companies that serve Virginia Medicaid members through Medallion 4, the state's largest Medicaid managed care program, will pay out this emergency funding using existing dollars provided to them under their FY 2020 contracts.

The initiative targets relief to health care providers who have struggled financially during the COVID-19 health crisis as patients delayed routine medical care because of concerns about infection. More than 450 health care providers who served Medicaid members have closed their doors at some point during the emergency.

“As our Commonwealth reopens, these primary care physicians and other health care providers play an essential role in making sure that testing and treatment are available as we continue our work to reduce the spread of COVID-19,” said Secretary of Health and Human Resources Daniel Carey, MD, MHCM.

An analysis by Virginia Medicaid shows steep declines in technically termed “evaluation and management” office visits for routine care of illnesses and injuries, ranging from 35% to 40% during this public health emergency. These declines are consistent with the experiences of states around the country.

“This assistance for our providers is a wise investment that allows much-needed public dollars to stay in Virginia and support our critical health care needs rather than returning those funds to the federal government,” said Deputy Secretary of Health and Human Resources Vanessa Walker Harris, MD.

Negotiated before the COVID-19 health emergency, Virginia's contracts with managed care plans assumed higher volumes of medical services for Medicaid members than have occurred because of social distancing requirements and a temporary ban on nonessential medical care that has now expired.

Profit margins for managed care plans have increased due to lower-than-anticipated payments to providers. Virginia is directing its managed care plans to use these excess funds to pay providers in the form of a 29% rate increase for evaluation and management services. The Centers for Medicare and Medicaid Services recently granted states permission to retain some unspent dollars by directing managed care plans to make payments to providers in order to aid in the response to the novel coronavirus.