Virginia Department of Medical Assistance Services

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Department of Medical Assistance Services
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Virginia Medicaid Agency Announces Financial Management Reforms

~ An external review will initiate a series of steps to improve transparency and strengthen managed care oversight ~

RICHMOND – The Virginia Department of Medical Assistance Services (DMAS) today announced that it will seek a top-to-bottom review of the agency's forecasting and rate-setting processes to be conducted by an independent organization with health care finance expertise. A firm will be selected in early 2019 and given 90 days to complete the review and provide recommendations.

Implementation of the recommendations will be overseen by a new internal cross-agency financial review unit, led by the agency's Chief Financial Officer and answerable to the Director. The financial review unit will act as an internal watchdog, responsible for continuous monitoring of the agency's forecasting and rate-setting procedures to provide real-time evaluations of each step in the decision-making process and advanced notice of necessary adjustments.

"Our agency recognizes the need for a sound financial map that provides the Commonwealth with increased certainty and steady directions to guide budgetary decisions," said Dr. Jennifer Lee, DMAS director. "We have a strong leadership team with the vision and the commitment necessary to transform our financial management structure."

This new framework will support the integration of leadership across program, policy and financial divisions into a multi-disciplinary unit that provides a 360-degree assessment of each component of the forecasting and rate-setting processes.

“I applaud the DMAS leadership for their openness to the unflinching scrutiny of an external review,” said Secretary of Health and Human Resources Daniel Carey, M.D. “Just as important, I am impressed with the concrete strategies and goals they have already embraced. I have faith in this team to tackle this mission, and I look forward to results that will bring new efficiencies and innovations designed to improve the delivery of care for our citizens.”

“Medicaid expansion remains a cost-saving factor in our state budget,” said Secretary of Finance Aubrey Layne. “The recent adjustment in the Medicaid forecast is a separate issue, but the timing of this occurrence is a reminder of the significant role that this program plays in our Commonwealth’s finances. The agency is positioning itself well to conduct a thorough review of its financial management structure, and I look forward to being a part of this important process.”

Stepped Up Reporting and Transparency

As part of its top-to-bottom review of the forecasting and rate-setting processes, the independent review organization will review all data elements used in the agency’s forecasting and rate-setting models to assess the quality of the existing data and to identify information gaps.

The development of high-quality data supports the agency’s goal for more rigorous forecasting and rate-setting processes; enables agency leaders to be more responsive to the needs of executive and legislative branch leaders; and ultimately leads to a more transparent organization that delivers clear and consistent information to its members and state taxpayers.

Action steps identified as priorities for achieving these goals include the following:

- Publicly accessible dashboards with health outcomes, quality metrics and financial benchmarks will be available later this year following the launch of DMAS’s new data warehouse.
- A new quarterly forecasting report will be published to ensure that state leaders have timely information on forecasting targets throughout the budget development process.
- A retooled calendar for next year’s forecasting and rate-setting processes, developed in partnership with executive and legislative budget officials, will build in additional time for multi-level reviews.

Strengthened Oversight of Health Plans

DMAS leaders also announced plans to update and strengthen the agency’s contracts with managed care organizations that provide services to a majority of Virginia Medicaid members. The new health plan contracts will include clear expectations for quality compliance, requirements for prompt responses to deficiencies and active supervision for remediation.

The agency will publish an annual report detailing the new contractual requirements, compliance activities and results in a readable format that will be accessible to the general public on the DMAS website.

DMAS will initiate a three-part plan to devise a new and sustainable oversight structure for its managed care programs:

- A new Office of Quality and Population Health within the agency will be responsible for monitoring health outcomes of members in the managed care programs.
- DMAS will hire a Director for Value Based Purchasing to implement systematic payment and contract policy innovations.
- The agency will establish a managed care oversight committee that will include external stakeholders in its membership.

To support improved oversight, DMAS leaders will synchronize the rate-setting processes for its two managed care programs, Medallion 4.0 and Commonwealth Coordinated Care Plus (CCC Plus). Currently, rate setting is staggered, with Medallion 4.0 rates based on fiscal years and CCC Plus rates based on calendar years.

Other Reforms

This spring, DMAS will implement a new fraud and abuse detection system, a state-of-the-art data analytics platform using powerful statistical profiling and finely tuned analysis of trend anomalies to safeguard against improper claims across all Medicaid programs.

The agency is also employing a national firm to conduct specialized audits to bolster defense mechanisms within the enrollment system.

Also this spring, a new member advisory board will be created and tasked with guiding a cross-agency review of DMAS policies to assess their contribution to a patient-focused system of care.

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