THE WAY FORWARD

2016 Medallion 3.0 Annual Report:
Member Care, Operations, Performance Management, & Innovation

VIRGINIA'S MEDICAID PROGRAM

DMAS

INNOVATION • QUALITY • VALUE

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Letter from the Director

Dear Stakeholders,

The Medallion program is a fundamental service delivery pillar for the Department of Medical Assistance Services (DMAS) and was the first statewide Medicaid managed care program in Virginia. The managed care delivery system adds significant value to Virginians by offering upfront cost savings, budget predictability, broader provider networks, quality accountability, and support to help members navigate the health care system. However, at the heart of managed care is the principle that coordinating care improves both the experience and outcomes for individuals while controlling cost to the health care system and taxpayers.

Each year, DMAS builds upon the mature and successful Medallion program to continuously drive health care improvements for over 750,000 Virginians who receive Medicaid and Family Access to Medical Insurance Security (FAMIS). The achievements and advancements of Medallion 3.0 can be attributed to the **strong programs, operations, and performance management** conducted by DMAS and its contractors. This Annual Report will highlight features of these three areas and will discuss upcoming program innovations.

In 2017, DMAS will move the remaining Medicaid populations into managed care under the new Commonwealth Coordinated Care Plus Program (CCC Plus). DMAS is committed to aligning CCC Plus and the Medallion Program and will therefore transition individuals who qualify as Aged, Blind and Disabled (ABD) or receive managed care through the Health and Acute Care Services Program (HAP) from Medallion 3.0 to CCC Plus.

This population redesign will initiate a procurement of what will be known as the **Medallion 4.0 Program** to serve pregnant women, parents and children. DMAS is restructuring, procuring and launching Medallion 4.0 to reach new heights of excellence as we build **"The Way Forward"** with ongoing support from our trusted stakeholders. Together, CCC Plus and Medallion 4.0 will design, develop and implement the vision to improve health outcomes and bend the health care cost curve!

Sincerely,

Cindi B. Jones
Director

> *"At the heart of managed care is the principle that coordinating care improves both the experience and outcomes for individuals while controlling cost to the health care system and taxpayers."*
>
> - Cindi B. Jones, Director
> DMAS

About Medicaid

MEDICAID

Medicaid plays a critical role in the lives of over a million Virginians, providing access to health care for the most vulnerable. The impact of Medicaid extends far beyond traditional health coverage to include comprehensive services such as behavioral health and long-term supports and services (LTSS). Medicaid coverage is primarily available to Virginians who meet specific income requirements and other eligibility criteria, including: children, pregnant women, parents, older adults, and individuals with disabilities. The Department of Medical Assistance Services (DMAS) is the administering agency for Virginia Medicaid.

MEDALLION 3.0: SERVING VIRGINIANS FOR 20 YEARS

The original Medallion program was Virginia's first managed care program and dates back to 1996. Over the past 20 years, the Medallion program provided acute and primary care services for enrolled members including: pregnant women, low income families with children (LIFC), those receiving temporary assistance for needy families (TANF), the aged, blind and disabled (ABD), and children. The Medallion program established a commitment to continuous improvement and is now in its third and best evolution yet, Medallion 3.0.

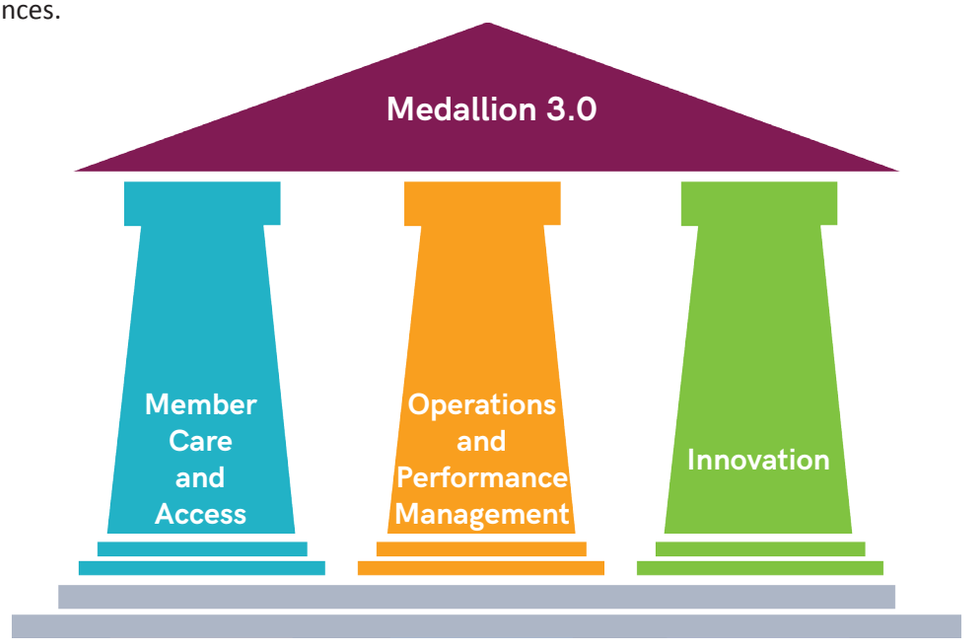
MEDALLION 3.0 MANAGED CARE ORGANIZATIONS

Managed care is a service delivery model where contracted private health plans coordinate care to ensure member needs are met. It controls costs through full-risk, capitated contracts. The six Medallion 3.0 Managed Care Organizations (MCOs) are:

- Aetna Better Health
- Anthem Healthkeepers Plus
- INTotal Health
- Kaiser Permanente
- Optima Family Care
- Virginia Premier

Managed care provides budgetary predictability. It also delivers benefits not available in the fee-for-service (FFS) model, such as: a call center with 24/7 access, care coordination, innovative technologies, and enhanced provider networks.

Over 100,000 providers of all types are serving members at more than 300,000 sites across the Commonwealth, including Virginia's thirteen major health systems. When building their networks, MCOs ensure provider enrollment meets population needs including the option to create single case agreements with out-of-network providers for special member circumstances.



Who and How We Help

Over a million Virginians are enrolled in Medicaid and FAMIS and **75%,** or approximately **750,000** of those enrollees, **receive managed health care services through Medallion 3.0 MCOs.**

Maternity

- Early Prenatal Care
- Case Management
- Post Partum Care
- Support for Full-term Deliveries
- Breast Feeding Care
- Family Planning
- Outreach and Education

Infants (0-3)

- Immunizations
- Well Visits
- Early Assessments
- Safe Sleep Education
- Support for Neonatal Abstinence Syndrome
- Preventing Infant Death (Three Branch Workgroup)
- Early Intervention

Children (3-18)

- Oral Health
- Vision
- Well Visits
- Early and Periodic Screening, Diagnosis and Treatment
- Support for Special Needs
- Foster Care Services
- Focus on Trauma Informed Care
- Community Mental Health Services
- Adolescent Focused Care

ABD/Adults

- Wellness
- Chronic Disease Support
- Family Planning/LARC
- Addiction Recovery Treatment Services
- Behavioral Health & Community Mental Health Rehabilitative Services

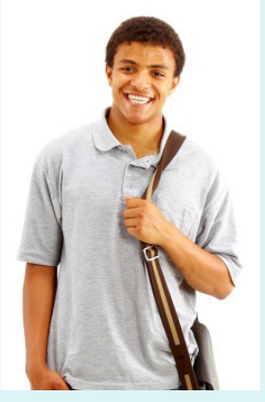
Who and How We Help

CARE THROUGH STRONG PROGRAMS

Medallion 3.0 members meet different eligibility criteria to qualify for Medicaid. Service delivery is necessarily different for these diverse populations. Therefore, Medallion 3.0 has diverse programs designed to administer and monitor service delivery in a way that is tailored to different populations. The chart below illustrates which Medallion 3.0 programs are available to different members.

Medallion 3.0 Populations	Foster Care	Health and Acute Care Program	Oral Health	Disease Case Management
Infants	✓		✓	✓
Children	✓	✓	✓	✓
Pregnant Women		✓	✓	✓
Adults	✓	✓		✓
Aged, Blind and Disabled	✓	✓	✓	✓

Kyler's Success Story



Kyler is a creative and engaging young person who recently began struggling to manage his hemophilia. Kyler found himself frequently seeking care through the emergency room, which often led to several days in the hospital. Kyler is enrolled in a Medallion 3.0 health plan and a plan representative reached out to him and his family for more individualized case management. The case manager quickly established strong rapport with Kyler and his family and met with them often to discuss medication, physical therapy and behavioral health needs. The case manager connected Kyler with a behavioral health clinician to address psychosocial needs, and an interdisciplinary care team was formed with a medical director, behavioral health providers, and health plan representation. The improved communication and increased access to preventive services have reduced emergency room visits, but more importantly, Kyler is receiving the holistic care he needs to live his optimal life.

QUICK FACTS

- DMAS covers 1 in 3 births in Virginia
- 50% of Medicaid enrollees are children
- Medicaid is the primary payer for behavioral health services in Virginia

Who and How We Help

The chart below explains the features and benefits of the strong Medallion 3.0 programs and highlights 2016 achievements of each program.

Program	Features	Benefits	SFY 2016 Highlights
Foster Care	Medallion 3.0 serves 82% of the 13,362 Foster Care and Adoption Assistance (FC/AA) members	FCAA members are assigned a Foster care professional from their MCOs who will work collaboratively with DMAS and the Department of Social Services to address member needs	Interventions have resulted in increased PCP-member engagement and lower rates of teen pregnancy
Health and Acute Care Program	HAP provides integrated care coordination for 9,600 members enrolled in both Medallion 3.0 and a home and community-based waiver	DMAS offers Intra-Disciplinary Team (IDT) case management for problem resolution with medical, pharmacy, or long-term care services	Increased HAP case management participation, promoting stable MCO enrollment and continuity of care
Oral Health	Medallion 3.0 collaborates with DentaQuest as the Dental Benefits Administrator	Medallion 3.0 connects members to oral health providers, raising awareness of oral health issues, and providing quality dental care for Medicaid and FAMIS members	This program year, DentaQuest raised awareness of oral health issues and provided quality dental care to over 908,000 Medicaid and FAMIS members
Disease Case Management	Each MCO offers disease case management programs to promote active member participation in managing chronic medical or behavioral health conditions	MCOs offer members support and education to improve their health condition. Intervention includes disease prevention using tailored educational materials, nurse assessments, or intervention and home monitoring if needed	The hemophilia case management program was enhanced by incorporating community resources and family education components. Involvement of community resources, such as Virginia schools, has significantly improved member care and experience. This model has been so widely successful that it will soon be adopted nationwide.

Who and How We Help

THE WAY FORWARD: CONTINUOUSLY IMPROVING MEMBER CARE

MATERNITY AND INFANT IMPROVEMENT PROJECT (MIIP)

The Maternal and Infant Improvement Project (MIIP) was created by DMAS in 2014 to improve the effectiveness and efficiency of strategies, policies and procedures for maternity care. A diverse DMAS team develops and implements rapid cycle improvement strategies to increase enrollment and maximize access to maternal care for Medicaid and FAMIS MOMS.

MIIP Strategies:

1. Improve data analysis and birth outcomes focused study

2. Streamline eligibility policies and regulations

3. Ensure consistent and straight-forward communication to providers and members

4. Offer collaborative opportunities between the agency, MCOs and providers

5. Enhance consistency between fee-for-service and managed care

EXPANDED FAMILY PLANNING SERVICES

Studies suggest that longer spacing between pregnancies can have a positive impact on neonatal complications and death. To help prevent women from conceiving too soon after giving birth, members of MIIP are working to increase the postpartum and outpatient use of birth control and Long-Acting Reversible Contraceptives (LARC) among Medallion 3.0 enrollees. The team is conducting research and focusing on the teen and recent mother populations through social media and Home Visiting consortium education. The MIIP team will work with DMAS and MCO on “buy and bill” payment methods. With education and reasonable payment options, pediatricians and other providers can promote LARC use upon delivery.

FOSTERING FUTURES

The Fostering Futures Initiative, implemented July 1, 2016, enables foster children and some adoptive children over the age of 16 to remain in foster care until the age of 21. This initiative took five years to pass in the General Assembly and 2016 marked the year of approval. Another exciting feature of Fostering Futures is the “Great Expectations” program that partners with community colleges to help former foster care children enroll in one of Virginia’s Community Colleges.

Operations and Performance Management

The DMAS Medallion 3.0 team ensures members receive high-quality care in the most appropriate setting by monitoring MCO operations and providing direct support to providers and members who may need assistance.

There are five main functions of Medallion 3.0 Operations and Performance Management:

- **Contracts and Administration** ensures MCO operations are consistent with the Medallion 3.0 contract requirements
- **Member and Provider Solutions** resolves service and care management concerns identified by members and providers
- **Quality Improvement** measures MCO performance against standard criteria and facilitates focused quality projects to improve care for all Medallion 3.0 members
- **Compliance** oversees, develops and monitors MCO corrective action plans and sanctions
- **Systems and Reporting** manages data submissions from the MCOs in accordance with the DMAS Managed Care Technical Manual

MEDALLION 3.0 COMMITMENT TO QUALITY AND PERFORMANCE MANAGEMENT

DMAS prioritizes quality improvement as a fundamental tenet of the Medallion 3.0 program. The Medallion 3.0 contract requires each MCO complete federal and state mandated quality improvement activities, such as: participation in a quarterly collaborative; reporting of Healthcare Effectiveness Data and Information Set (HEDIS®) and Consumer Assessment of Healthcare Providers and Systems (CAHPS) data; participation in performance improvement projects; participation in measurement validation activities; and participation in a performance incentive award program.

In July 2015, DMAS established a new Managed Care Compliance Program to ensure appropriate service delivery to Medicaid and FAMIS members and to enforce MCO contract parameters. The Compliance program was designed to detect and respond to program compliance and remedy contractual violations if necessary. DMAS conducts compliance oversight of the MCOs in four major areas: deliverables; quality; systems and reporting; and contracts. Since its implementation, the Compliance Program has strengthened the timeliness and accuracy of MCO reporting.

Compliance oversight works best when embedded in all operations; therefore, Medallion 3.0 has strategically embedded compliance activities into all business operations to ensure daily preventive procedures and a proactive environment. This clear, effective and broadly communicated compliance program is further evidence of the significant value DMAS places on program quality and demonstrates the Agency's commitment to program compliance and continuous improvement.

Operations and Performance Management

CARE THROUGH STRONG PROGRAMS

Monitoring

PROGRAM INTEGRITY

State and federal regulations require MCOs to have vigilant program integrity systems in place to prevent, detect and investigate allegations of fraud, waste, and abuse. DMAS and MCOs met quarterly this program year to collaborate on program integrity issues. Through the first three quarters of SFY 2016, MCO program integrity activities avoided or recovered almost $898 million including $841 million in prevented payments for items such as non-covered services, ineligible recipients, and improper claims. Special investigation activity and vendor audits prevented or recovered $10.6 million in improper payments.

REPORTING

Virginia's Joint Legislative Audit and Review Committee (JLARC) recognized DMAS's development of the Managed Care Reporting Technical Manual (MCTM) as a national best practice to standardize and automate MCO reporting. The MCTM was created as a companion document to the Medallion 3.0 contract to describe standard reporting formats and guide MCO reporting submission.

The Systems and Reporting team contributed several major improvements in 2016, including new:

1. Automated and standardized data collection processes

2. Dashboards and metrics to support compliance functions

3. Encounter Data Quality (EDQ) program: This program identifies encounter data quality issues and enforces the resolution of these issues via the compliance process

QUALITY MONITORING

To align with the latest National Committee for Quality Assurance (NCQA) recommendations, DMAS updated HEDIS® reporting requirements for certain labor intensive measures, allowing MCOs to reallocate those resources towards other quality improvement activities.

QUICK FACTS

- For 7 key HEDIS measures related to well-child visits, diabetes care, and access to preventive screening and services, Medallion 3.0 ranked above national averages

- 24 of 29 MCO dashboard metrics improved in SFY 2016

Operations and Performance Management

Compliance

The new Managed Care Compliance Program implemented an eight step process (Figure 1) and a tiered point system to manage and enforce MCO contractual compliance. This Compliance Enforcement System has six levels of classification based on the number of compliance infractions (Figure 2). Levels two through six include associated financial penalties. Interested stakeholders will find additional details in Section 13.2 of the Medallion 3.0 contract. Figure 3 below illustrates the types of compliance infractions detected and remedied through the Compliance Enforcement System.

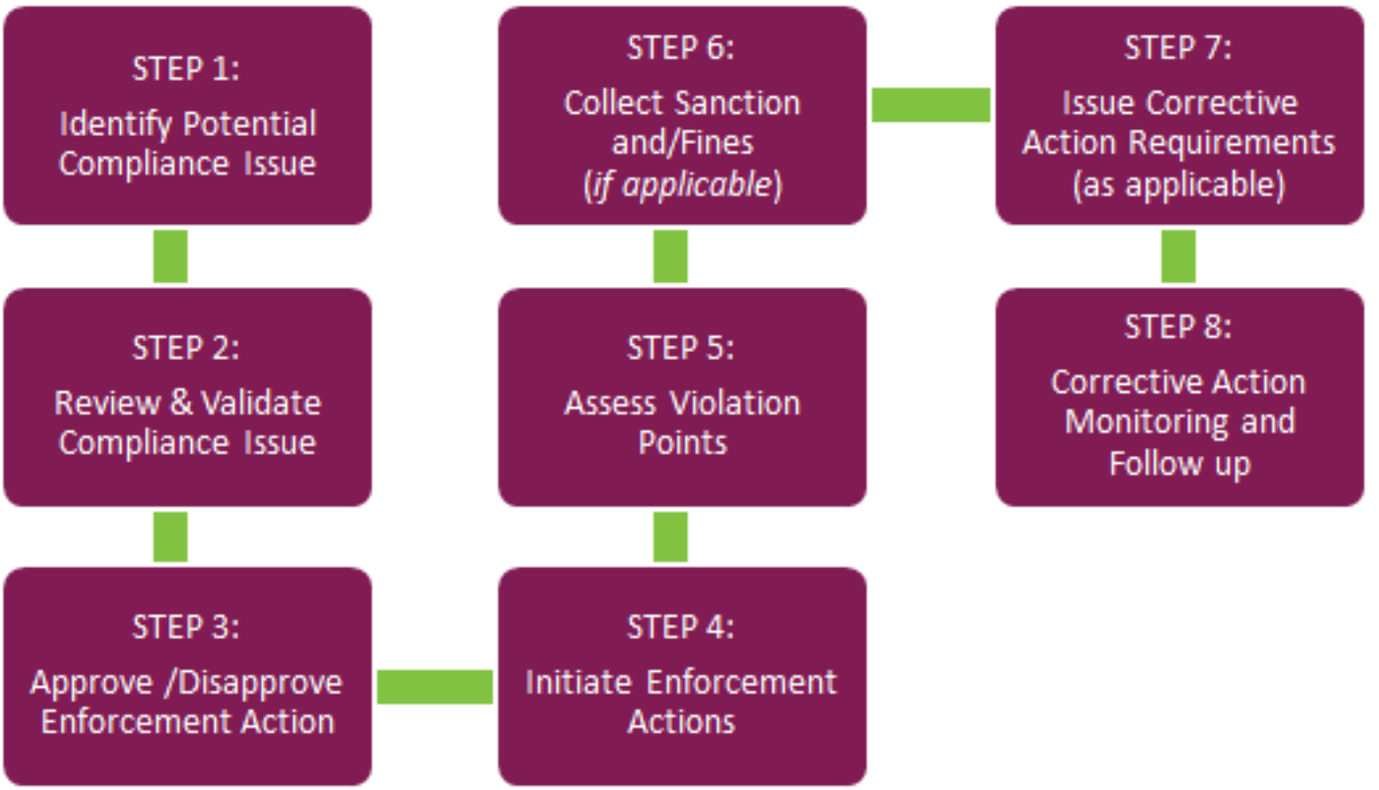


Fig. 1

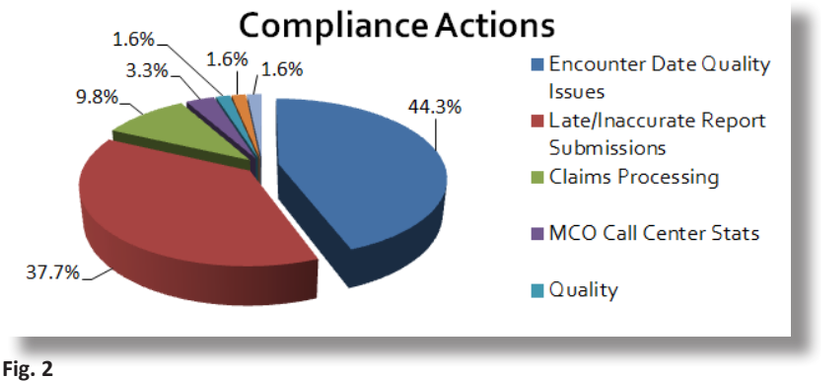


Fig. 2

Level	Points	Action	Fine
1	0-15	MIP	No Fine
2	16-25	CAP	5,000
3	26-50	CAP	10,000
4	51-70	CAP	20,000
5	71-100	CAP	30,000
6	100+	Possible Contract Termination	-

Fig. 3

Operations and Performance Management

THE WAY FORWARD: CONTINUOUSLY IMPROVING OPERATIONS & PERFORMANCE MANAGEMENT

ENROLLMENT

An updated managed care enrollment broker contract will bring new technology-driven and member-focused process improvements for managed care members. Members can still make MCO choices and changes telephonically, but if they choose, members can now do so through an automated telephonic system. A new online member portal also offers fast and accurate options including how to:

- Look up MCOs and participating providers by location
- Enroll or change plans during allowable periods
- Complete Health Status Assessment via website

RAPID CYCLE PIP PROCESS

DMAS is transitioning away from the traditional performance improvement project (PIP) process to a more proactive and outcome-oriented model of improvement. This new PIP process is called rapid cycle PIP and is a unique, collaborative approach to quality improvement. This approach produces better outcomes by piloting small changes and responding quickly to real-time feedback.

PATIENT UTILIZATION MANAGEMENT AND SAFETY PROGRAM (PUMS)

Patient Utilization Management Services (PUMS) is a patient safety program that tracks and monitors efficient and appropriate use of medical and pharmacy services. The PUMS program can alert DMAS and MCOs if utilization data indicates a member may need case management or other support to safely utilize services or medications. Effective April 1, 2016, each Medallion 3.0 and FAMIS MCO was required to operate a PUMS program as an additional safeguard to ensure quality member care.

PRESCRIPTION MONITORING PROGRAM (PMP)

New 2016 legislation allows clinicians employed by an MCO to access the Prescription Monitoring Program (PMP) database. MCOs may access this database to obtain specific member information to determine service eligibility and to coordinate care for members participating in the PUMS or a similar program.

MANAGED CARE REGULATIONS

The Centers for Medicare & Medicaid Services (CMS) released final revisions to the Medicaid managed care regulations (the “Final Rule”). The Final Rule updates and expands the federal regulation of Medicaid managed care operations, contracting, oversight, and payment. As emphasized by this regulatory update, DMAS will be exploring opportunities to create further consistency between Medicaid MCOs, Medicare plans and commercial health plans to promote value-based, patient-centered care.

Innovation

MEDALLION 4.0 – THE VEHICLE DRIVING DELIVERY SYSTEM CHANGE

DMAS is currently designing the next phase of program improvements set to launch in calendar year 2018. This updated delivery model will be called Medallion 4.0 and DMAS will open a competitive bidding process for MCOs that want to contract with the new program. The new Medallion 4.0 program with its contracted MCOs will be the vehicle through which DMAS will drive innovations in service delivery and payment models for a projected 712,000 Medicaid and FAMIS members.

The new program will build on the strengths and experience of the twenty year Medallion program and will closely align with the new Commonwealth Coordinated Care Plus (CCC Plus) program. Together, Medallion 4.0 and CCC Plus will streamline policies and processes related to the core formulary, data, and quality.

Medallion 4.0 will:

- Continue serving children, pregnant women and parents, but will transition ABD eligible members to another managed care program, called CCC Plus
- Cover new services like the Addiction Recovery Treatment Services (ARTS) benefit
- Begin covering and coordinating services, such as Early Intervention and non-traditional behavioral health services, that were previously "carved out" and paid through traditional fee for service Medicaid
- Change the way health care is paid for in Virginia

PAYMENT

VALUE BASED PAYMENT (VBP)

Payment models that realign health care incentives to pay for high quality care over high volume of care are called value-based payment (VBP) models. Medallion 3.0 currently requires MCOs to include value-based payment programs in their provider contracts. Medallion 4.0 will continue to drive VBP proliferation and sophistication to achieve better health outcomes and greater efficiencies in care delivery. The new Medallion 4.0 contracts will require MCOs to advance existing alternative payment models, pilot new payment models, and progressively increase the percentage of provider payments that qualify as VBP arrangements. As a result, MCOs will collaborate with providers across the delivery system to test innovative incentive programs that reward efficient, high-quality care.

PERFORMANCE INCENTIVE AWARDS (PIA)

The Joint Legislative Audit and Review Commission (JLARC) recognized Virginia as one of only a few states to design and implement a PIA program. Under the DMAS PIA, MCOs are reimbursed (or penalized) based on their performance around specific operational and member-focused quality improvement measures. The PIA was developed as a pay for performance program that will assess MCO performance based on measures DMAS determines instrumental to achieving the goals of managed care. Six clinical and administrative measures are used in this program, such as claims processing and timely data reporting. As the PIA program matures, additional quality measures will be added and more health plan payment will be tied to performance outcomes.

Innovation

SERVICES & MODELS OF CARE

ADDICTION AND RECOVERY TREATMENT SERVICES (ARTS)

In response to Virginia's opioid deaths and addiction epidemic, Governor McAuliffe created a bipartisan Task Force on Prescription Drug and Heroin Addiction. Together, the Governor's Task Force and DMAS conducted a study that found 216,555 of Virginia's 1.1 million Medicaid members were diagnosed with a substance use disorder in SFY15. In response, Virginia is pursuing a broad transformation of the Medicaid delivery system to ensure a comprehensive continuum of addiction treatment based on American Society of Addiction Medicine (ASAM) Patient Placement Criteria. DMAS partnered with the Department of Behavioral Health and Developmental Services (DBHDS) and other stakeholders, to develop and implement the new Addiction and Recovery Treatment Services (ARTS). Addiction treatment services that were formerly "carved-out" will now be covered and coordinated by MCOs for Medicaid, FAMIS MOMS and FAMIS members.

MEDALLION CARE SYSTEM PARTNERSHIPS (MCSP)

DMAS established the Medallion Care System Partnership (MCSP) to improve health outcomes and bend the cost curve, and all MCOs are required to form at least one MCSP. MCSP authorizes new service delivery models that integrate primary, acute, and complex health services. MCSP agreements allow MCOs the flexibility to test innovative payment models and incentive structures through Health Homes or other MCSP approved arrangements. MCSP models can be focused on a particular geographic area, population, or even a physician practice.

Under an MCSP arrangement, an MCO partners with providers to increase participation with integrated care models, improve member outcomes, and align administrative processes for better efficiency and member experience. MCO contract agreements with these provider partners may include: gain and risk sharing, performance-based incentives, or other incentive reforms tied to approved quality metrics and financial performance.

BEHAVIORAL HEALTH HOMES PILOT PROJECT (BHH)

As a part of Governor McAuliffe's *A Healthy Virginia* plan, DMAS collaborated with DBHDS and MCOs to establish BHHs that coordinate care for adults with Serious Mental Illness (SMI) or emotional disturbance. Five Medallion 3.0 MCOs have regional BHH pilots that serve more than 200 eligible members.

Individuals living with SMI often face challenges accessing care and managing medication regimens. BHHs work to ensure members can access needed services and offer care coordination from a dedicated BHH care manager. BHH pilots are seeing early success from care coordination with considerable outreach, education, and relationship building with members and their family.

As Medallion 3.0 BHHs finish their second year, MCOs have expressed interest to continue the pilots beyond the scheduled 2018 sunset. Some MCOs are also working to incorporate BHH features into future delivery models regardless of whether the pilot continues.

In Summary

Across its twenty years, the Medallion program has evolved and continuously improved service delivery, operations, and performance management. In 2016, Medallion 3.0 introduced a number of changes to improve the delivery of health care for members by increasing access to care like covering foster children longer, expanding family planning services and increasing case management services to HAP members.

Medallion 3.0 also improved operations and program performance management by improving the member enrollment process, implementing PUMS programs at the MCO level to improve patient safety monitoring, transitioning to a rapid cycle PIP process for quality improvement, and implementing a new compliance program to manage and enforce MCO contractual compliance.

DMAS will continue working with stakeholders as the next phase of Medallion develops and launches over the next year. Medallion 4.0 will be the vehicle for realizing the vision of advancing value-based payment and delivery system reform that will improve care outcomes for the more than 750,000 individuals receiving their health coverage from the Medallion program. The success of Medallion means more Virginians can access the care they need to live an optimal life. DMAS thanks the many stakeholders who partner with Medallion to build “The Way Forward” and together achieve high-quality and cost-effective care for Virginians.

> *"Ensuring that Virginia’s Medicaid enrollees have access to a health care delivery system that provides high quality care has been my mission and passion. The team at DMAS and our six MCO partners work tirelessly to create a healthier Commonwealth and are committed to innovations that move us forward."*
>
> -Cheryl Roberts, Deputy Director of Programs
> DMAS

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