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Overview of the Virginia 1115 Medicaid Waiver Application

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On November 20, 2018, Virginia submitted an application to CMS for a Section 1115 demonstration program entitled Virginia COMPASS (Creating Opportunities for Medicaid Participants to Achieve Self-Sufficiency). The application comes after Virginia voted in June 2018 to expand its Medicaid program to cover newly eligible non-disabled, non-pregnant adults ages 19 to 64 with income up to 138 percent of the federal poverty level (FPL), on the condition that the expansion include a work requirement and other measures. This waivers implements work requirements and other provisions linked to the state's Medicaid expansion.

The new waiver application seeks to extend a portion of the Commonwealth's current demonstration authority as well as implement new requirements. Under Virginia COMPASS, the state will continue to provide substance use disorder (SUD) services to all enrollees through its Addiction and Recovery Treatment Services (ARTS) program, as well as maintain authority for coverage of former foster care youth who aged out of foster care in another state. As noted above, it will implement a new work and community engagement program for certain adult populations, as well as effectuate a Health and Wellness program for certain adult populations between 100 and 138 percent of the FPL, and create a new housing and employment supports benefit for high-need populations. Summaries of these new provisions included in the waiver submission are below.

Key Waiver Elements

Work Requirements

As a condition of Medicaid coverage under Virginia COMPASS, adults ages 19 to 64 with incomes up to 138 percent of the FPL, who do not otherwise qualify for an exemption, must engage in qualifying work or community engagement activities. These include employment, self-employment, job training or job search activities, participation in a state workforce program, education and vocational training, and community service.

The hour requirement will gradually increase over time. It begins at 20 hours per month for the first three months and increases to 40 hours per month six months after enrollment, 60 hours per month nine months after enrollment, and 80 hours per month 12 months after enrollment.

Non-exempt enrollees who fail to comply with their work requirements for three consecutive or non-consecutive months within a 12-month period will have their coverage suspended. Enrollees whose coverage is suspended as a result of non-compliance may have their coverage re-instated upon the end of the 12-month period of an enrollee's coverage year, demonstrating compliance with the requirements for one month, qualifying for another Medicaid eligibility category not subject to work requirements, qualifying for a standard or hardship/good cause exemption, or turning age 65. The Commonwealth estimates 120,000 individuals will be subject to the work requirement.

The waiver will build on Virginia's existing workforce programs, including the Virginia Workforce Centers and the VEC, to extend available employment supports services to participants. Employment supports will include education supports, pre-vocational supports, and individual and small group supports.

Health and Wellness Program

The waiver will also implement a Health and Wellness Program. As part of this program, non-exempt individuals with incomes from 100 to 125 percent of the FPL will be required to pay a $5 per month premium, and individuals with incomes from 126 to 138 percent FPL will pay $10 per month. Premiums will be used to help fund health and wellness accounts (HWAs) and will constitute a fulfillment of the HWA deductible obligation. Enrollees with incomes between 100 and 125 percent of the FPL are required to meet a $50 deductible obligation while enrollees with income between 126 and 138 percent of the FPL must meet a $100 deductible obligation. These individuals will also be required to pay a $5 co-payment for each non-emergent or avoidable ED visit which will be deducted from the individual's HWA.

Enrollees will have their coverage suspended if they fail to pay their premiums after a three-month grace period. Coverage will be reactivated at any time after making one premium payment, meeting an

exemption, or reporting a change in circumstances that reduces family income to less than 100 percent of the FPL.

However, individuals who are subject to premiums and who complete at least one healthy behavior during the coverage year will have their premiums reduced by 50 percent in the following coverage year. Examples of healthy behaviors may include, but are not limited to: an annual wellness exam, mammograms, pap smears/cervical cancer screenings, colon cancer screenings, flu vaccinations, nutrition counseling, tobacco cessation counseling or medications, and SUD treatment. In addition, enrollees who meet their deductible obligation and engage in at least one healthy behavior will receive a rebate from their HWA in the form of a limited-use Health Rewards gift card distributed at the start of the following coverage year. Individuals may use the card to pay for non-covered medical or other health-related services.

Housing and Employment Support Benefit for High Need Enrollees

Finally, Virginia COMPASS proposes a housing and employment supports benefit for a targeted group of high-need Medicaid enrollees. Eligibility for housing supports services is available to Medicaid enrollees ages 18 or older who have a behavioral health need, such as mental illness or SUD, and a history of at least one of the following: chronic homelessness, a history of frequent or lengthy stays in an institutional setting, frequent ED visits or hospitalizations, a of involvement with the criminal justice system, or frequent turnover or loss of housing as a result of behavioral health symptoms. Employment supports will also be available to enrollees 18 or older who meet the same behavioral health criteria and who have been unable to obtain or maintain employment due to behavioral health factors.

ML Strategies will continue to monitor the progress of Virginia's waiver request through the CMS approval process.

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