

Virginia Secretary of Health and Human Resources Dr. Bill Hazel Announces Virginia Health Reform Initiative

May 14, 2010

RICHMOND – Virginia Secretary of Health and Human Resources Dr. Bill Hazel announced today the establishment of a statewide health reform initiative.

The intent of the Health Care Reform Initiative, which will be within the Health and Human Resources Secretariat, is to prepare Virginia for the implementation of federal health reform by planning for the expansion of Medicaid eligibility. It is estimated that this expansion will increase the number of Medicaid enrollees in Virginia from 270,000 to 425,000, at a cost of \$1.5 billion dollars between 2017 and 2022. There exists a pressing need for the Commonwealth to begin planning for the implementation of federal Health Care Reform, while also implementing other innovative healthcare solutions.

Speaking about the Health Care Reform Initiative, Secretary Hazel remarked, "Expanding access to reasonably priced high quality and safe healthcare is a bipartisan goal. The Commonwealth must make it easier for Virginians to be healthier and to purchase and retain health insurance. Virginia is one of many states challenging the Patient Protection and Affordable Care Act and the Healthcare and Education Affordability Reconciliation Act. However this lawsuit could take two to three years to be settled. As we wait for court decisions, the Commonwealth must comply with the acts and begin preparing for implementation of federal health care reform."

Secretary Hazel continued, "In Virginia, we will work to provide incentives for health promotion and disease prevention and encourage individuals to remain healthy. We will also encourage individuals to make informed decisions in purchasing healthcare by promoting consumer directed healthcare. We will study our medical delivery systems with the objective of reforming them to work better for our citizens and ensuring that we have a strong healthcare workforce. We will be aggressive in finding every way to continue providing care to our most vulnerable citizens, while identifying ways by which we can reduce the cost of our Medicaid system, which has grown 1,600% in the past 25 years and is unsustainable in its current structure"

Secretary Hazel also remarked, "The Health Reform Initiative will not be limited to federal health reform. It will also pursue reforms to ensure a safe, effective, and high quality health care delivery system while reducing costs. The Initiative will promote innovation, quality and cost-effectiveness within Virginia's health care delivery system and seek to reduce the regulatory burden on all Virginians."

Health Care Reform Initiative

The Health Care Reform Initiative shall be established within the Office of the Secretary of Health and Human Resources. The Health Care Reform Initiative will manage activities related to federal health care reform. The Health Care Reform Initiative will serve as the liaison between the Governor's office, agencies and entities affected by health care reform, lead development of the required Health Insurance Exchange and identify and coordinate grants to fund health care reform.

The Health Care Reform Initiative will consider the impact and requirements of the Patient Protection and Affordable Care Act, the Healthcare and Education Affordability Reconciliation Act, explore the current state of the Department of Medical Assistance Services, best practices for Medicaid programs across the nation, pursue other independent reforms to ensure a safe effective, and high quality health care delivery system while reducing costs, and will make findings and recommendations for addressing the following priorities:

Medicaid Reform:

- Plan for the expansion of Medicaid to cover all Virginians under the age of 65 up to 133% of the Federal Poverty Level by 2014;
- Consider implementing best practices for Medicaid programs across the nation;
- Examine the audit, when completed, of the Department of Medical Assistance Services and recommend reforms and improvements to the Medicaid program; and
- Explore consumer driven reforms to Virginia's Medicaid program.

Insurance Reform:

- Plan for the organization and creation of a Health Insurance Exchange for implementation in 2014;
- Prepare for required insurance reforms, including the requirements for guaranteed issue and renewability; prohibition on pre-existing conditions, rating bands that include age, family structure, geography, actuarial value and tobacco use;
- Examine alternatives to the required insurance reforms; and
- Explore avenues to improve competition among health insurers.

Healthcare Delivery Reform:

- Propose reforms to Virginia's health care delivery system to make it more effective and efficient;
- Plan for implementation of near term and long term federal requirements for Health Care Reform;
- Evaluate Virginia's existing health care infrastructure to handle mandated federal

programs;

- Determine existing resources in state government for implementation of Health Care Reform and gaps that need to be addressed;
- Examine timelines associated with federal legislation and ensure there is ample time to enact legislative and regulatory action to comply with federal deadlines for implementation;
- Address the current and anticipated health care workforce shortage;
- Develop a communications plan for stakeholders, the general public and state agencies on the effects of Health Care Reform;
- Propose market incentives to lower costs and improve efficiencies and effectiveness; and
- Reduce the regulatory burden on businesses and individuals.

The Health Care Reform Initiative will set forth a comprehensive strategy for implementing health care reform. The Health Care Reform Initiative will establish an advisory workgroup of stakeholders and interested parties to provide input and advice. The membership of the advisory workgroup will be appointed by the Secretary of Health and Human Resources.

The Health Care Reform Initiative will submit to the Governor its findings and recommendations on matters potentially impacting the development of the Executive Budget no later than September 30, 2010. The Health Care Reform Initiative will submit to the Governor reports of its activities, findings and recommendations no later than January 10, 2011, January 10, 2012, January 10, 2013, and a final report no later than January 10, 2014.

The Health Care Reform Initiative will be funded from existing resources. Staff support as necessary for the conduct of the Health Care Reform Initiative's work during the term of its existence will be provided by the Office of the Secretary of Health and Human Resources, the Department of Planning and Budget, the Department of Medical Assistance Services, and such other agencies as may be necessary with the approval of the Chief of Staff.

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