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**HOUSE BILL NO. 759**

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Education and Health  
on February 16, 2006)

(Patron Prior to Substitute—Delegate Hamilton)

*A BILL to amend and reenact § 32.1-325 of the Code of Virginia, relating to Medicaid; the development of a public-private long-term care partnership program.*

**Be it enacted by the General Assembly of Virginia:**

**1. That § 32.1-325 of the Code of Virginia is amended and reenacted as follows:**

§ 32.1-325. Board to submit plan for medical assistance services to Secretary of Health and Human Services pursuant to federal law; administration of plan; contracts with health care providers.

A. The Board, subject to the approval of the Governor, is authorized to prepare, amend from time to time and submit to the Secretary of the United States Department of Health and Human Services a state plan for medical assistance services pursuant to Title XIX of the United States Social Security Act and any amendments thereto. The Board shall include in such plan:

1. A provision for payment of medical assistance on behalf of individuals, up to the age of 21, placed in foster homes or private institutions by private, nonprofit agencies licensed as child-placing agencies by the Department of Social Services or placed through state and local subsidized adoptions to the extent permitted under federal statute;

2. A provision for determining eligibility for benefits for medically needy individuals which disregards from countable resources an amount not in excess of \$3,500 for the individual and an amount not in excess of \$3,500 for his spouse when such resources have been set aside to meet the burial expenses of the individual or his spouse. The amount disregarded shall be reduced by (i) the face value of life insurance on the life of an individual owned by the individual or his spouse if the cash surrender value of such policies has been excluded from countable resources and (ii) the amount of any other revocable or irrevocable trust, contract, or other arrangement specifically designated for the purpose of meeting the individual's or his spouse's burial expenses;

3. A requirement that, in determining eligibility, a home shall be disregarded. For those medically needy persons whose eligibility for medical assistance is required by federal law to be dependent on the budget methodology for Aid to Families with Dependent Children, a home means the house and lot used as the principal residence and all contiguous property. For all other persons, a home shall mean the house and lot used as the principal residence, as well as all contiguous property, as long as the value of the land, exclusive of the lot occupied by the house, does not exceed \$5,000. In any case in which the definition of home as provided here is more restrictive than that provided in the state plan for medical assistance services in Virginia as it was in effect on January 1, 1972, then a home means the house and lot used as the principal residence and all contiguous property essential to the operation of the home regardless of value;

4. A provision for payment of medical assistance on behalf of individuals up to the age of 21, who are Medicaid eligible, for medically necessary stays in acute care facilities in excess of 21 days per admission;

5. A provision for deducting from an institutionalized recipient's income an amount for the maintenance of the individual's spouse at home;

6. A provision for payment of medical assistance on behalf of pregnant women which provides for payment for inpatient postpartum treatment in accordance with the medical criteria outlined in the most current version of or an official update to the "Guidelines for Perinatal Care" prepared by the American Academy of Pediatrics and the American College of Obstetricians and Gynecologists or the "Standards for Obstetric-Gynecologic Services" prepared by the American College of Obstetricians and Gynecologists. Payment shall be made for any postpartum home visit or visits for the mothers and the children which are within the time periods recommended by the attending physicians in accordance with and as indicated by such Guidelines or Standards. For the purposes of this subdivision, such Guidelines or Standards shall include any changes thereto within six months of the publication of such Guidelines or Standards or any official amendment thereto;

7. A provision for the payment for family planning services on behalf of women who were Medicaid-eligible for prenatal care and delivery as provided in this section at the time of delivery. Such family planning services shall begin with delivery and continue for a period of 24 months, if the woman continues to meet the financial eligibility requirements for a pregnant woman under Medicaid. For the purposes of this section, family planning services shall not cover payment for abortion services and no funds shall be used to perform, assist, encourage or make direct referrals for abortions;

8. A provision for payment of medical assistance for high-dose chemotherapy and bone marrow

60 transplants on behalf of individuals over the age of 21 who have been diagnosed with lymphoma, breast  
61 cancer, myeloma, or leukemia and have been determined by the treating health care provider to have a  
62 performance status sufficient to proceed with such high-dose chemotherapy and bone marrow transplant.  
63 Appeals of these cases shall be handled in accordance with the Department's expedited appeals process;

64 9. A provision identifying entities approved by the Board to receive applications and to determine  
65 eligibility for medical assistance;

66 10. A provision for breast reconstructive surgery following the medically necessary removal of a  
67 breast for any medical reason. Breast reductions shall be covered, if prior authorization has been  
68 obtained, for all medically necessary indications. Such procedures shall be considered noncosmetic;

69 11. A provision for payment of medical assistance for annual pap smears;

70 12. A provision for payment of medical assistance services for prostheses following the medically  
71 necessary complete or partial removal of a breast for any medical reason;

72 13. A provision for payment of medical assistance which provides for payment for 48 hours of  
73 inpatient treatment for a patient following a radical or modified radical mastectomy and 24 hours of  
74 inpatient care following a total mastectomy or a partial mastectomy with lymph node dissection for  
75 treatment of disease or trauma of the breast. Nothing in this subdivision shall be construed as requiring  
76 the provision of inpatient coverage where the attending physician in consultation with the patient  
77 determines that a shorter period of hospital stay is appropriate;

78 14. A requirement that certificates of medical necessity for durable medical equipment and any  
79 supporting verifiable documentation shall be signed, dated, and returned by the physician or nurse  
80 practitioner and in the durable medical equipment provider's possession within 60 days from the time the  
81 ordered durable medical equipment and supplies are first furnished by the durable medical equipment  
82 provider;

83 15. A provision for payment of medical assistance to (i) persons age 50 and over and (ii) persons  
84 age 40 and over who are at high risk for prostate cancer, according to the most recent published  
85 guidelines of the American Cancer Society, for one PSA test in a 12-month period and digital rectal  
86 examinations, all in accordance with American Cancer Society guidelines. For the purpose of this  
87 subdivision, "PSA testing" means the analysis of a blood sample to determine the level of prostate  
88 specific antigen;

89 16. A provision for payment of medical assistance for low-dose screening mammograms for  
90 determining the presence of occult breast cancer. Such coverage shall make available one screening  
91 mammogram to persons age 35 through 39, one such mammogram biennially to persons age 40 through  
92 49, and one such mammogram annually to persons age 50 and over. The term "mammogram" means an  
93 X-ray examination of the breast using equipment dedicated specifically for mammography, including but  
94 not limited to the X-ray tube, filter, compression device, screens, film and cassettes, with an average  
95 radiation exposure of less than one rad mid-breast, two views of each breast;

96 17. A provision, when in compliance with federal law and regulation and approved by the Centers  
97 for Medicare & Medicaid Services (CMS), for payment of medical assistance services delivered to  
98 Medicaid-eligible students when such services qualify for reimbursement by the Virginia Medicaid  
99 program and may be provided by school divisions;

100 18. A provision for payment of medical assistance services for liver, heart and lung transplantation  
101 procedures for individuals over the age of 21 years when (i) there is no effective alternative medical or  
102 surgical therapy available with outcomes that are at least comparable; (ii) the transplant procedure and  
103 application of the procedure in treatment of the specific condition have been clearly demonstrated to be  
104 medically effective and not experimental or investigational; (iii) prior authorization by the Department of  
105 Medical Assistance Services has been obtained; (iv) the patient selection criteria of the specific  
106 transplant center where the surgery is proposed to be performed have been used by the transplant team  
107 or program to determine the appropriateness of the patient for the procedure; (v) current medical therapy  
108 has failed and the patient has failed to respond to appropriate therapeutic management; (vi) the patient is  
109 not in an irreversible terminal state; and (vii) the transplant is likely to prolong the patient's life and  
110 restore a range of physical and social functioning in the activities of daily living;

111 19. A provision for payment of medical assistance for colorectal cancer screening, specifically  
112 screening with an annual fecal occult blood test, flexible sigmoidoscopy or colonoscopy, or in  
113 appropriate circumstances radiologic imaging, in accordance with the most recently published  
114 recommendations established by the American College of Gastroenterology, in consultation with the  
115 American Cancer Society, for the ages, family histories, and frequencies referenced in such  
116 recommendations;

117 20. A provision for payment of medical assistance for custom ocular prostheses;

118 21. A provision for payment for medical assistance for infant hearing screenings and all necessary  
119 audiological examinations provided pursuant to § 32.1-64.1 using any technology approved by the  
120 United States Food and Drug Administration, and as recommended by the national Joint Committee on  
121 Infant Hearing in its most current position statement addressing early hearing detection and intervention

programs. Such provision shall include payment for medical assistance for follow-up audiological examinations as recommended by a physician, nurse practitioner, or audiologist and performed by a licensed audiologist to confirm the existence or absence of hearing loss;

22. A provision for payment of medical assistance, pursuant to the Breast and Cervical Cancer Prevention and Treatment Act of 2000 (P.L. 106-354), for certain women with breast or cervical cancer when such women (i) have been screened for breast or cervical cancer under the Centers for Disease Control and Prevention (CDC) Breast and Cervical Cancer Early Detection Program established under Title XV of the Public Health Service Act; (ii) need treatment for breast or cervical cancer, including treatment for a precancerous condition of the breast or cervix; (iii) are not otherwise covered under creditable coverage, as defined in § 2701 (c) of the Public Health Service Act; (iv) are not otherwise eligible for medical assistance services under any mandatory categorically needy eligibility group; and (v) have not attained age 65. This provision shall include an expedited eligibility determination for such women;

23. A provision for the coordinated administration, including outreach, enrollment, re-enrollment and services delivery, of medical assistance services provided to medically indigent children pursuant to this chapter, which shall be called Family Access to Medical Insurance Security (FAMIS) Plus and the FAMIS Plan program in § 32.1-351. A single application form shall be used to determine eligibility for both programs; and

24. A provision, ~~consistent when authorized by and in compliance~~ with federal law, to establish a public-private long-term care partnership program ~~between the Commonwealth of Virginia and private insurance companies that shall encourage the private~~ be established through the filing of an amendment to the state plan for medical assistance services by the Department of Medical Assistance Services. The purpose of the program shall be to reduce Medicaid costs for long-term care by delaying or eliminating dependence on Medicaid for such services through encouraging the purchase of private long-term care insurance policies that have been designated as qualified state long-term care insurance partnerships and may be used as the ~~primary first~~ source of ~~funding~~ benefits for the participant's long-term care. Such Components of the program, including the treatment of assets for Medicaid eligibility and estate recovery, shall ~~provide protection from estate recovery as authorized by~~ be structured in accordance with federal law and applicable federal guidelines.

B. In preparing the plan, the Board shall:

1. Work cooperatively with the State Board of Health to ensure that quality patient care is provided and that the health, safety, security, rights and welfare of patients are ensured.

2. Initiate such cost containment or other measures as are set forth in the appropriation act.

3. Make, adopt, promulgate and enforce such regulations as may be necessary to carry out the provisions of this chapter.

4. Examine, before acting on a regulation to be published in the Virginia Register of Regulations pursuant to § 2.2-4007, the potential fiscal impact of such regulation on local boards of social services. For regulations with potential fiscal impact, the Board shall share copies of the fiscal impact analysis with local boards of social services prior to submission to the Registrar. The fiscal impact analysis shall include the projected costs/savings to the local boards of social services to implement or comply with such regulation and, where applicable, sources of potential funds to implement or comply with such regulation.

5. Incorporate sanctions and remedies for certified nursing facilities established by state law, in accordance with 42 C.F.R. § 488.400 et seq. "Enforcement of Compliance for Long-Term Care Facilities With Deficiencies."

6. On and after July 1, 2002, require that a prescription benefit card, health insurance benefit card, or other technology that complies with the requirements set forth in § 38.2-3407.4:2 be issued to each recipient of medical assistance services, and shall upon any changes in the required data elements set forth in subsection A of § 38.2-3407.4:2, either reissue the card or provide recipients such corrective information as may be required to electronically process a prescription claim.

C. In order to enable the Commonwealth to continue to receive federal grants or reimbursement for medical assistance or related services, the Board, subject to the approval of the Governor, may adopt, regardless of any other provision of this chapter, such amendments to the state plan for medical assistance services as may be necessary to conform such plan with amendments to the United States Social Security Act or other relevant federal law and their implementing regulations or constructions of these laws and regulations by courts of competent jurisdiction or the United States Secretary of Health and Human Services.

In the event conforming amendments to the state plan for medical assistance services are adopted, the Board shall not be required to comply with the requirements of Article 2 (§ 2.2-4006 et seq.) of Chapter 40 of Title 2.2. However, the Board shall, pursuant to the requirements of § 2.2-4002, (i) notify the Registrar of Regulations that such amendment is necessary to meet the requirements of federal law or

183 regulations or because of the order of any state or federal court, or (ii) certify to the Governor that the  
184 regulations are necessitated by an emergency situation. Any such amendments that are in conflict with  
185 the Code of Virginia shall only remain in effect until July 1 following adjournment of the next regular  
186 session of the General Assembly unless enacted into law.

187 D. The Director of Medical Assistance Services is authorized to:

188 1. Administer such state plan and receive and expend federal funds therefor in accordance with  
189 applicable federal and state laws and regulations; and enter into all contracts necessary or incidental to  
190 the performance of the Department's duties and the execution of its powers as provided by law.

191 2. Enter into agreements and contracts with medical care facilities, physicians, dentists and other  
192 health care providers where necessary to carry out the provisions of such state plan. Any such agreement  
193 or contract shall terminate upon conviction of the provider of a felony. In the event such conviction is  
194 reversed upon appeal, the provider may apply to the Director of Medical Assistance Services for a new  
195 agreement or contract. Such provider may also apply to the Director for reconsideration of the  
196 agreement or contract termination if the conviction is not appealed, or if it is not reversed upon appeal.

197 3. Refuse to enter into or renew an agreement or contract with any provider who has been convicted  
198 of a felony.

199 4. Refuse to enter into or renew an agreement or contract with a provider who is or has been a  
200 principal in a professional or other corporation when such corporation has been convicted of a felony.

201 E. In any case in which a Medicaid agreement or contract is denied to a provider on the basis of his  
202 interest in a convicted professional or other corporation, the Director shall, upon request, conduct a  
203 hearing in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) regarding the provider's  
204 participation in the conduct resulting in the conviction.

205 The Director's decision upon reconsideration shall be consistent with federal and state laws. The  
206 Director may consider the nature and extent of any adverse impact the agreement or contract denial or  
207 termination may have on the medical care provided to Virginia Medicaid recipients.

208 F. When the services provided for by such plan are services which a marriage and family therapist,  
209 clinical psychologist, clinical social worker, professional counselor, or clinical nurse specialist is licensed  
210 to render in Virginia, the Director shall contract with any duly licensed marriage and family therapist,  
211 duly licensed clinical psychologist, licensed clinical social worker, licensed professional counselor or  
212 licensed clinical nurse specialist who makes application to be a provider of such services, and thereafter  
213 shall pay for covered services as provided in the state plan. The Board shall promulgate regulations  
214 which reimburse licensed marriage and family therapists, licensed clinical psychologists, licensed clinical  
215 social workers, licensed professional counselors and licensed clinical nurse specialists at rates based  
216 upon reasonable criteria, including the professional credentials required for licensure.

217 G. The Board shall prepare and submit to the Secretary of the United States Department of Health  
218 and Human Services such amendments to the state plan for medical assistance services as may be  
219 permitted by federal law to establish a program of family assistance whereby children over the age of 18  
220 years shall make reasonable contributions, as determined by regulations of the Board, toward the cost of  
221 providing medical assistance under the plan to their parents.

222 H. The Department of Medical Assistance Services shall:

223 1. Include in its provider networks and all of its health maintenance organization contracts a  
224 provision for the payment of medical assistance on behalf of individuals up to the age of 21 who have  
225 special needs and who are Medicaid eligible, including individuals who have been victims of child abuse  
226 and neglect, for medically necessary assessment and treatment services, when such services are delivered  
227 by a provider which specializes solely in the diagnosis and treatment of child abuse and neglect, or a  
228 provider with comparable expertise, as determined by the Director.

229 2. Amend the Medallion II waiver and its implementing regulations to develop and implement an  
230 exception, with procedural requirements, to mandatory enrollment for certain children between birth and  
231 age three certified by the Department of Mental Health, Mental Retardation and Substance Abuse  
232 Services as eligible for services pursuant to Part C of the Individuals with Disabilities Education Act (20  
233 U.S.C. § 1471 et seq.).

234 I. The Director is authorized to negotiate and enter into agreements for services rendered to eligible  
235 recipients with special needs. The Board shall promulgate regulations regarding these special needs  
236 patients, to include persons with AIDS, ventilator-dependent patients, and other recipients with special  
237 needs as defined by the Board.

238 J. Except as provided in subdivision A 1 of § 2.2-4345, the provisions of the Virginia Public  
239 Procurement Act (§ 2.2-4300 et seq.) shall not apply to the activities of the Director authorized by  
240 subsection I of this section. Agreements made pursuant to this subsection shall comply with federal law  
241 and regulation.

242 **2. That, in anticipation of the passage in the near future of federal law authorizing the**  
243 **development of a long-term care partnership program between the Commonwealth and private**  
244 **insurance companies as described herein and in order to accelerate the implementation of this**

245 provision, the Department of Medical Assistance Services shall research the components of the  
246 existing programs in California, Connecticut, Indiana, and New York to identify the elements of  
247 the four programs that would best meet Virginia's needs.  
248 3. That, when implementing Virginia's long-term care partnership program, the Department of  
249 Medical Assistance Services shall collaborate with the Department of Human Resource  
250 Management to encourage Virginia state employees to participate in the partnership program.