

**The Virginia Family Access to Medical Insurance Security  
(FAMIS) Plan Trust Fund**



**Department of Medical Assistance Services**

**December 1, 2004**

## BACKGROUND ON TRUST FUND

The Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund was established in the state treasury as a special nonreverting fund in 1997 (though it was originally named the *Virginia Children's Medical Security Insurance Plan Trust Fund*). The State Corporation Commission annually calculates the tax revenue that is deposited into the trust fund. The *Code of Virginia* mandates that any moneys remaining in the Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. From the beginning of the Fund until the middle of Fiscal Year 2002, the interest earned on the cash balances of the Fund was deposited into the Fund. However, language included in Chapter 814, Chapter 899 and Chapter 4 of the Acts of the Assembly mandated that interest earned from the trust fund shall remain in the state general fund.

Furthermore, in Chapter 4 of the 2004 Acts of the Assembly (§3-1.01 M.1 on Page 477 of Chapter 4) the language limits the deposits into the fund to \$14,065,627 in each year of the biennium. If the amount to be deposited into the fund (based on the criteria set forth in the *Code of Virginia*) were to exceed the limit, the amount exceeding the limit is deposited in the General Fund.

The moneys in the Trust Fund are used, in lieu of state general funds, to draw down federal funds to cover costs incurred in the Commonwealth's Title XXI program; in addition a portion of the funds each year has gone to pay the costs incurred by Medicaid for children who applied for the Title XXI program but were screened as eligible for Medicaid. Table 1 provides a history of deposits into and expenditures out of the FAMIS Trust Fund for FY 1998 through FY 2005 (YTD). Table 2 provides the appropriated amounts for the 2004-2006 biennium.

Table 1  
History of Deposits and Payments from the Trust Fund

	Deposits In the Fund	Expenditures/ Payments Out of Fund	Balance at the End of the Fiscal Year
FY 1998	\$239,503	\$0	\$239,503
FY 1999	\$8,072,030	(\$4,726,038)	\$3,585,496
FY 2000	\$9,449,406	(\$9,326,338)	\$3,708,564
FY 2001	\$12,421,643	(\$9,670,920)	\$6,459,287
FY 2002	\$14,680,907	(\$16,936,664)	\$4,203,530
FY 2003	\$14,065,627	(\$18,211,360)	\$57,797
FY 2004 *	\$14,025,229	(\$14,001,661)	\$81,365
FY 2005 YTD	\$12,659,193	(\$9,052,219)	\$3,688,339**

\* The deposits in FY 2004 were reduced due to language in the Appropriation Act which transferred \$40,456 in cash from the trust fund to the General Fund to cover expenses incurred by central service agencies. \*\* Balance as of December 1, 2004.

Source: DMAS Staff Analysis

Table 2  
FY 2005 & 2006 Appropriation for Trust Fund – Chapter 4

	FAMIS	Medicaid	Total
FY 2005	\$12,548,382	\$1,517,245	\$14,065,627
FY 2006	\$12,548,382	\$1,517,245	\$14,065,627

Source: Chapter 4, 2004 Acts of the Assembly

### FAMIS/SCHIP PROGRAM INFORMATION: FY 2004

The FAMIS program was established in the summer of 2001 as Virginia's Title XXI SCHIP program, replacing the Children Medical Security Insurance Program (CMSIP). Prior to state FY 2003, all of the children enrolled in Virginia's Title XXI plan were enrolled in the FAMIS program (or previously the CMSIP program). Beginning in FY 2003, children age 6 through age 19 and who are in families between 100% and 133% of the federal poverty level are enrolled in the Medicaid program. This is intended to make the eligibility criteria for Medicaid standard for children of all ages and prevent families having children enrolled in two different programs (children under the age of 6 being enrolled in Medicaid and children age 6 and over in the same family being enrolled in FAMIS). While these children were transitioned to Medicaid, Virginia continues to receive enhanced federal funding under the federal SCHIP program for this population. The Commonwealth's SCHIP program is funded with a combination of state general funds, the FAMIS trust fund (which is used in lieu of state General Funds) and federal funds. During FY 2004, the federal matching rate was sixty five percent. Table 3 illustrates the expenditures for the SCHIP program by fund source for FY 2004 incurred by DMAS. (The Department of Social Services incurs some costs for eligibility determinations related to the programs; however, these costs are not included in Table 3.)

Table 3  
Total SCHIP Expenditures in FY 2004

	General Fund	Trust Fund	Federal Fund	Total
FAMIS Medical	\$6,154,620	\$12,606,179	\$35,228,404	\$53,989,203
FAMIS Administrative	\$1,590,329	\$0	\$2,960,640	\$4,550,969
Medicaid SCHIP	\$10,156,079	\$0	\$19,080,124	\$29,236,203
Total	\$17,901,028	\$12,606,179	\$57,269,168	\$87,776,375

Source: DMAS Staff Analysis

During fiscal year 2004, enrollment in the SCHIP program increased from approximately 52,800 children at the beginning of the fiscal year to approximately 58,800 children at the end of the fiscal year. During FY 2004, medical expenditures for the SCHIP program equated to approximately \$126 per enrollment month, or approximately \$1,511 for a child enrolled for the entire year. The cost per enrollee increased approximately 5% compared to FY 2004 and is expected to increase approximately 8.8% in FY 2005.

## PROGRAM ISSUES

Enrollment in both components of Virginia's SCHIP program (FAMIS and Medicaid Expansion) continues to grow at an aggressive pace. When the FAMIS program replaced the former CMSIP program on August 1, 2001 there were 32,587 children enrolled. One year later, with enrollment at 38,030, Governor Warner with the assistance of the General Assembly, instituted numerous programmatic improvements and policy enhancements. These changes had a dramatic effect on enrollment, which grew by almost 42% to 53,863 by September 1, 2003. Since that time, minor modifications have been made to the program and enrollment has continued to grow, currently reaching over 66,000. In fact, an additional 100,000 children are now covered by FAMIS Plus (Medicaid) or FAMIS since January 2002.

Table 4  
Enrollment in S-CHIP Program

	FAMIS	SCHIP Medicaid Expansion	Total SCHIP
August 1, 2001	32,587	N/A	32,587
September 1 2002	28,603	9,427	38,030
September 1, 2003	32,684	21,179	53,863
September 1, 2004	38,532	23,362	61,894
Current to Date	39,515	26,522	66,037

Source: DMAS Staff Analysis

It is now estimated that approximately 90% of uninsured eligible children with family income below 200% of poverty are enrolled. Both nationally and in Virginia, the new challenge being addressed by SCHIP programs is to keep children covered as long as they remain continuously eligible. Every month several thousand children are dropped from the program for failure to appropriately renew coverage. While many children have aged out of the program, found private coverage, moved out of the Commonwealth, or otherwise become ineligible, many others are in fact still eligible. Too many families simply fail to understand or comply with renewal procedures, and while many reapply at a later date, this creates a break in coverage for the child, possible interruption of their medical care, and costly labor intensive work for DSS, DMAS and managed care organizations. DMAS and DSS have several initiatives underway to improve retention and ensure that all children are appropriately enrolled and remain covered as long as they are eligible for the health care program.