QUARTERLY REPORT ON THE STATUS OF THE

FAMILY ACCESS TO MEDICAL INSURANCE SECURITY PLAN (FAMIS)

Second Quarter 2006

April 1, 2006 – June 30, 2006

Virginia Department of Medical Assistance Services

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EXECUTIVE SUMMARY

The Family Access to Medical Insurance Security (FAMIS) program is Virginia's State Child Health Insurance program (SCHIP) for low-income children funded under Title XXI of the Social Security Act. This quarterly report conveys the status of the FAMIS program during the second quarter of calendar year 2006 – April, May and June 2006.

During the second quarter of 2006:

- Enrollment in Virginia's SCHIP program (including the separate FAMIS program and the SCHIP Medicaid Expansion program) reached **78,745** representing a net increase of 2,036 children since the end of the previous quarter on March 31, 2006;

- Approximately **99.5%** of children estimated to be eligible for FAMIS Plus (Medicaid) or FAMIS were enrolled; an increase of 0.5% from the end of the previous quarter;

- The FAMIS Central Processing Unit (CPU) received 45,139 calls this quarter with an average abandonment rate of 3.6%.

- During the second quarter, 11,323 applications were received at the FAMIS CPU and 3,135 FAMIS cases were transferred from local departments of social services.

- The FAMIS MOMS program for pregnant women was implemented on August 1, 2005 and 708 applications were received during this quarter; overall, since its inception, **631** women have received prenatal care through FAMIS MOMS.

- In the second quarter, **12,892** children and **225** pregnant women were approved or renewed by the CPU and local Departments of Social Services for FAMIS and FAMIS MOMS respectively;

- Approximately **78%** of enrolled children received FAMIS or Medicaid Expansion benefits through a Managed Care Organization (MCO);

- Second quarter expenditures for medical services for children in Virginia's SCHIP program were **$35,427,895**, an increase of $674,387 from the previous quarter.

- The revamped program providing premium assistance for employer based or private insurance, FAMIS *Select,* ended the quarter with **250** children enrolled in this voluntary option. This represents a significant increase over the highest number of participants (100) ever enrolled in the former Employer Sponsored Health Insurance (ESHI) program.

I. PURPOSE

Item I of Section 32.1-351 of the Code of Virginia requires the Department of Medical Assistance Services (DMAS) to provide quarterly reports of the FAMIS program to the Virginia General Assembly. This report is distributed to the chairs of the following committees: House Appropriations; House Health, Welfare and Institutions; Senate Finance; Senate Education and Health; and the Joint Commission on Health Care.

DMAS must report on the following topics:

- enrollment, and policies affecting enrollment (such as the exceptions that apply to the prior insurance coverage limitation, and the provisions and impact of the premium and co-payment requirements),
- benefit levels,
- outreach efforts, and
- other topics (such as expenditure of the funds authorized for the program).

II. BACKGROUND

The Family Access to Medical Insurance Security (FAMIS) Plan was implemented as Virginia's State Child Health Insurance (SCHIP) program on August 1, 2001. The total enrollment in FAMIS and the SCHIP Medicaid Expansion group as of June 30, 2006 was **78,745** children, an increase of 2,036 over the 76,709 children who were enrolled as of the last day of the previous quarter. As of June 30, 2006, FAMIS Plus (Medicaid) and FAMIS covered an estimated **99.5% (430,878)** of children living below 200% of poverty in Virginia who are likely to be eligible for state-supported coverage (432,773 children). FAMIS, the SCHIP Medicaid Expansion group, and all Medicaid Families & Children groups are collectively referred to as the Virginia Child Health Insurance Program. (See Section III B for information on the estimate of uninsured children).

Virginia's State Child Health Insurance Program (SCHIP or Title XXI), includes the following program components:

- Coverage of eligible children from birth through age 18 in families with income too high for Medicaid but at or below 200% of the Federal Poverty Level (FPL).
- A combined program consisting of both the separate FAMIS program and the SCHIP Medicaid Expansion. The Medicaid Expansion program was created in September 2002 for uninsured children ages 6 through 18 with income greater than 100% FPL but less than or equal to 133% FPL; thereby allowing all children in most families to be covered by the same program (FAMIS Plus or FAMIS) regardless of age.
- A simplified and coordinated application process for children applying for FAMIS Plus or FAMIS.
- "No wrong door" application processing and eligibility determination to increase access to the programs through the FAMIS Central Processing Unit and all local departments of social services.

- Comprehensive benefits including well-child and preventive services.
- Health care delivery system that utilizes managed care organizations where available.
- Subsidized health insurance premiums of eligible children with access to employer-sponsored or private health insurance, which may enable coverage of entire families.
- As of August 1, 2005, comprehensive coverage for pregnant women through the FAMIS MOMS program with family income above the Medicaid limit (133% FPL) and equal to or below 150% FPL.

III. NUMBER OF CHILDREN & PREGNANT WOMEN ENROLLED

A. Current Enrollment

Information on the number of children enrolled in the Children's Health Insurance Program and the number of pregnant women enrolled in Medicaid and in the FAMIS MOMS program as of June 30, 2006, is shown in the table below.

PROGRAM	INCOME	# Enrolled as of 06-30-06	% of Total Enrollment
FAMIS - Children < 19 years	> 133%, ≤ 200% FPL	43,804	10%
MEDICAID Expansion – Children 6-18 years	> 100%, ≤ 133% FPL	34,941	8%
	SCHIP Subtotal	78,745	18%
MEDICAID - Children < 21 years	≤ 133% FPL	352,133	82%
	Total Children	**430,878**	**100%**
MEDICAID for Pregnant Women	≤ 133% FPL	17,148	98%
FAMIS MOMS	133%, ≤ 150% FPL	408	2%
	Total Pregnant Women	**17,556**	**100%**

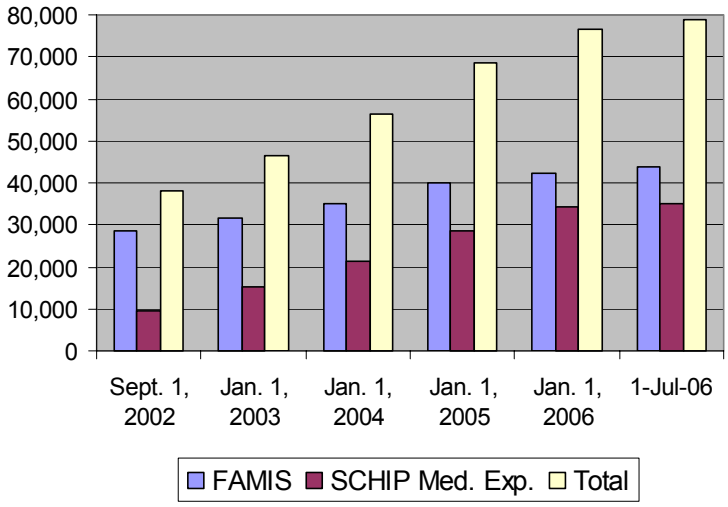
Source: VaMMIS (Virginia Medicaid Management Information System) 07-01-06

In previous FAMIS Quarterly Reports a table was attached displaying the end-of-quarter enrollment of children by each city and county in Virginia as well as the estimated number of remaining uninsured children eligible for coverage. However, due to an opinion by the Attorney General's Office that reporting such locality specific enrollment data was a violation of the Health Insurance Portability and Accountability Act (HIPAA), this table will no longer be reported.

Enrollment of new children into Virginia's Title XXI program (FAMIS and SCHIP Medicaid Expansion) has been increasing steadily since September 1, 2002. The steady increase in enrollment is the result of aggressive outreach efforts at the State and local level, as well as the implementation of programmatic improvements outlined in Section V.

Below is a graph that compares FAMIS and SCHIP Medicaid Expansion enrollment of children from September 1, 2002 (implementation of program changes), January 1, 2003, January 1, 2004, January 1, 2005, January 1, 2006, and July 1, 2006.

ENROLLMENT GROWTH



B. Progress Toward Enrolling All Eligible Uninsured Children

The estimated number of children potentially eligible for FAMIS and FAMIS Plus was revised in December 2003, using actual poverty level data by locality instead of estimated poverty level data. The new estimate showed that **432,773** children living in Virginia are potentially eligible for coverage. As of June 30, 2006, FAMIS Plus and FAMIS covered approximately **99.5%** (430,878) of these uninsured children. Approximately 1,895 children in Virginia are potentially eligible for FAMIS or FAMIS Plus but are not yet enrolled and do not have other health insurance. The Virginia Health Care Foundation is currently working with the Urban Institute, The Joint Legislative Audit and Review Commission (JLARC), the Department of Medical Assistance Services, and other entitles to update the estimate of uninsured Virginians. When completed, this will likely result in a revised percentage of enrolled children.

IV. FAMIS OPERATIONS

The FAMIS Central Processing Unit (CPU) was established in August 2001 to provide a statewide call center and application-processing site and is administered by ACS Inc., under contract to DMAS. A one-year extension of the FAMIS CPU contract was implemented on January 1, 2006.

A. Call Center Activity

The following table shows the call volume at the CPU for the second quarter of 2006:

MONTH	Incoming Calls Received	Incoming Calls Answered	Abandon Rate	Total Outbound Calls
April 2006	13,707	13,188	3.8%	4,487
May 2006	16,112	15,663	3.6%	4,466
June 2006	15,320	14,799	3.4%	5,778
Totals	**45,139**	**43,648**	**3.6%**	**14,731**

Source: ACS Monthly Report June 2006.

The average number of calls received per month for the second quarter was 15,046 with an average abandon rate of 3.6% per month. The average call volume decreased 6% from last quarter's average monthly volume of 15,985.

The second quarter abandon rate of 3.6% is a decrease from the previous quarter's abandon rate, and well within the 5% contract standard.

B. Application Processing

The contractor (ACS) received a total of 11,323 applications (electronic, mailed and faxed combined) for the second quarter, with an average monthly volume of 3,774 new, redetermination and renewal applications. E-applications averaged 708 per month, which represents 18% of all application sources. In addition, the CPU received an average of 1,045 cases transferred from local DSS offices monthly and 1,964 verification documents per month during the second quarter of 2006. Total applications received by the CPU in the second quarter of 2006 decreased by 4.1% from the previous quarter.

The CPU Eligibility Team ended the quarter processing applications in an average of 11 business days from receipt of the completed application.

The following table shows the number of applications reviewed for eligibility by the CPU in the second quarter of 2006 by type of application:

Month	New	Re-app	Redetermin -ation	Renewal	TOTAL
April 2006	1,629	541	130	1,117	3,417
May 2006	1,964	696	158	1,318	4,136
June 2006	1,730	761	144	1,135	3,770
Total	**5,323**	**1,998**	**432**	**3,570**	**11,323**

Source: ACS Monthly Report June 2006.

Application type definitions for the above table follow:

- New – A "new" application is one received from an applicant who has never applied, or from an applicant more than 93 days after FAMIS coverage was canceled.
- Re-app – A "re-application" is one received from an applicant within 93 days after FAMIS coverage was canceled.
- Redetermination – A "redetermination" application is one received from an enrolled applicant family that reports a change in the family's income and/or size.
- Renewal – A "renewal" application is the annual application filed by an enrolled family to certify their eligibility for another twelve-month coverage period.

The following table shows the number of applications (families) and number of children approved for FAMIS by the CPU and DSS combined, and the number of applications (families) and number of children denied FAMIS by the CPU:

MONTH	Applications Approved	Children Approved	Applications Denied	Children Denied
April 2006	2,746	4,418	2,117	2,560
May 2006	2,585	4,150	2,105	2,691
June 2006	2,713	4,324	2,398	3,179
Totals	**8,044**	**12,892**	**6,620**	**8,430**

Source: ACS Monthly Report – June 2006.

In addition, 3,813 children were ineligible for FAMIS because they appeared eligible for FAMIS Plus (Medicaid) and were referred to the FAMIS Plus unit for processing. Actions on FAMIS Plus referrals appear below in the DMAS FAMIS Plus unit section of this report.

The following table shows the number of children denied FAMIS by the CPU in the second quarter of 2006, by denial reason:

DENIAL REASONS	April	May	June	TOTALS
Ineligible immigration status	47	56	61	**164**
Income is over the limit	594	666	728	**1,988**
Unauthorized applicant	6	4	5	**15**
Currently has other health insurance	169	143	139	**451**
Other insurance within past 4 months	10	3	11	**24**
FAMIS Plus/Medicaid enrolled	232	200	238	**670**
Not a Virginia resident	2	3	0	**5**
Over age 19	34	24	14	**72**
State employee benefits available	5	13	14	**32**
New & Re-app – Incomplete application	1,133	1,223	1,624	**3,980**
Renewal – Incomplete application	328	356	345	**1,029**
Total denial reasons	**2,560**	**2,691**	**3,179**	**8,430***

* Denial reason eliminated August 2005; FAMIS Plus/Medicaid enrolled children previously counted as denied for other insurance.

Source: ACS Monthly Report June 2006.

The following table shows the number of children disenrolled from FAMIS by month and disenrollment reason. In the second quarter of 2006, 9,095 children were disenrolled.

DISENROLLMENT REASON	April	May	June	TOTAL
Renewal incomplete	1,623	1,645	1,811	**5,079**
Ineligible immigration status	0	4	0	**4**
Income is over the limit	259	280	238	**777**
Child moved out of home	6	4	1	**11**
Has other health insurance	19	31	19	**69**
No longer a Virginia resident	73	17	35	**125**
Over age 19	84	90	83	**257**
State employee benefits available	5	2	2	**9**
Requested by applicant	25	16	12	**53**
Appeal denied	0	8	12	**20**
Death	1	0	0	**1**

DISENROLLMENT REASON	April	May	June	TOTAL
Fraud	0	0	0	**0**
Cannot locate family	11	0	2	**13**
DMAS request	17	6	2	**25**
Child incarcerated	0	0	1	**1**
FAMIS Plus application incomplete	8	7	9	**24**
Child in institution for treatment of mental diseases	0	0	0	**0**
*FAMIS Plus/Medicaid enrolled**	*736*	*961*	*930*	*2,627*
# Disenrolled for more than one reason	0	0	0	0
Number of children disenrolled	**2,867**	**3,071**	**3,157**	**9,095**

* Children enrolled in FAMIS who were found eligible for FAMIS Plus were disenrolled from FAMIS and enrolled in FAMIS Plus; they did not lose coverage during this process.

Source: ACS Monthly Report June 2006.

C. FAMIS MOMS

The FAMIS MOMS program for pregnant women continues to successfully provide health insurance to a vulnerable population. During this second quarter of 2006, 225 women were enrolled into the program. Overall, since it's inception in August 2005, 631 women have received benefits under FAMIS MOMS.

The total number of applications received at the FAMIS CPU with a pregnant woman applying for FAMIS MOMS during this second quarter was 708, which was an increase of 20% over the previous quarter. The number processed is greater than the number received due to the applications received in a previous quarter and processed in this quarter.

The following table shows the number of pregnant women approved for FAMIS MOMS by the CPU and DSS combined, and the number of pregnant women denied FAMIS MOMS by the CPU.

MONTH	FAMIS MOMS Approved	FAMIS MOMS Denied	Applicants Referred to Medicaid	Total
April 2006	68	100	92	260
May 2006	72	82	87	241
June 2006	85	92	67	244
Totals	**225**	**274**	**246**	**745**

Source: ACS Monthly Report June 2006.

The following table shows the number of pregnant women denied FAMIS MOMS by the CPU in the second quarter of 2006, by denial reason:

DENIAL REASONS	April	May	June	TOTALS
Ineligible immigration status	10	6	5	**21**
Income is over the limit	26	24	16	**66**
Unauthorized applicant	0	0	0	**0**
Has or dropped other health insurance	16	9	15	**40**
FAMIS Plus/Medicaid enrolled	0	2	0	**2**

DENIAL REASONS	April	May	June	TOTALS
Not a Virginia resident	0	0	0	**0**
State employee benefits available	0	0	1	**1**
New & Re-app – Incomplete application	48	41	55	**144**
Total denial reasons	**100**	**82**	**92**	**274**
FAMIS Plus Likely (Pregnant teen)	*6*	*7*	*6*	*19*
Medicaid Pregnant Woman Likely	*86*	*80*	*61*	*227*
Total referred	**92**	**87**	**67**	**246**

Source: ACS Monthly Report June 2006.

An additional 227 pregnant women were denied FAMIS MOMS because they appeared eligible for Medicaid and were referred to the FAMIS Plus unit for processing. A total of 19 applicants were also referred to the DMAS FAMIS Plus unit for evaluation as FAMIS Plus because they were under age 19. Actions on these referred cases appear in Section D of this report.

D. DMAS FAMIS Plus Unit

The DMAS FAMIS Plus Unit consists of an Eligibility Supervisor, five Eligibility Workers, and three clerical workers, and is located at the FAMIS CPU. The Unit receives Child and Pregnant Woman Health Insurance applications from the CPU after the CPU screens the applications and finds that the applicants are likely to be eligible for FAMIS Plus or Medicaid for Pregnant Woman. The Unit determines the eligibility for FAMIS Plus or Medicaid and sends approved and enrolled cases to the appropriate local Departments of Social Services.

In addition to their normal eligibility determination workload, the five Eligibility Workers in the Unit serve as liaisons to local Departments of Social Services, assisting with various quality assurance measures.

Below is a table that shows the FAMIS Plus Unit's activities in the second quarter of 2006:

ACTIVITY	Apr 2006	May 2006	June 2006	Total	Average per Month
Referrals received	1,117	1,048	764	**2,929**	976
FAMIS Plus Approved	930	1,311	839	**3,080**	1,027
FAMIS Approved	56	109	61	**226**	75
Medicaid PG Woman Approved	60	77	53	**190**	63
FAMIS MOMS Approved	7	2	31	**40**	13
FAMIS/FAMIS Plus Denied	76	112	75	**263**	88
Total Applications Processed	1,129	1,611	1,059	**3,799**	1,266
Applications on Active DSS Cases (sent to LDSS for processing)	138	118	98	**354**	118
Total Cases Reviewed	1,267	1,729	1,157	**4,153**	**1,384**

E. FAMIS Website and E-Application

The FAMIS website, at www.FAMIS.org, is accessible in both English and Spanish. The website is updated weekly and provides information on eligibility, health plans, outreach, notices, training opportunities, enrollment statistics, how to order materials, related programs, and links to important information. On February 1, 2005 an on-line version of the Children's Health Insurance Application was made available on the FAMIS website and on August 1, 2005 the e-application was modified to allow pregnant women to apply. This interactive e-application leads the applicant through a series of questions resulting in a completed application, which can be submitted electronically. See section IV B for further information on the electronic application.

This quarter, we had 61,052 visits to the FAMIS public website at www.famis.org, averaging 670 visits a day for an average visit of 9:19 minutes. This represented 32,767 unique visitors to the FAMIS website during this time period. May had the highest number of visits to the website since the Back-to-School campaign in September. This increase corresponds with the Cover The Uninsured Week publicity and activities.

Web site statistics for the last quarter of FY 2006 are:

April	May	June
Visits = 17,792 Average per Day = 593 Average Visit Length = 9:32	Visits = 23,226 Average per Day = 794 Average Visit Length = 9:00	Visits = 20,034 Average per Day = 667 Average Visit Length = 9:29

Also during this quarter several new or revised Spanish web pages were activated and the On-line Order Form was developed and tested. The new on-line system of ordering FAMIS materials will be implemented and available to the public early in the coming quarter.

V. POLICIES AFFECTING ENROLLMENT

A. "No Wrong Door"

At the start of the FAMIS program on August 1, 2001, applications were processed and eligibility was determined for FAMIS only by a Central Processing Unit (CPU). On September 1, 2002, DMAS expanded access to the program by simplifying the application process and by implementing a "No Wrong Door" policy. This policy allows children to apply for, and be enrolled in, FAMIS Plus or FAMIS through the CPU or through their local Department of Social Services (DSS). The steady increase in enrollment since implementing this and other policies shows that families' access to the program has improved.

With the implementation of the new FAMIS MOMS program this "No Wrong Door" policy was extended to pregnant women as well. As of August 1, 2005, a pregnant woman applying for Medicaid or FAMIS MOMS can apply either through their local office of social services or through the CPU by phone, mail, fax or the electronic application.

B. Four-Months "Waiting Period"

Applicants are asked if the child had health insurance coverage in the four months prior to application. If so, and there was no "good cause" for canceling the insurance, the child is not eligible for FAMIS for four months from the date the insurance was canceled.

The intent of shortening the "waiting period" from six to four months in August 2003 was to deny fewer children FAMIS benefits because of prior insurance coverage. The average number of children per quarter who were denied FAMIS when the waiting period was six months was 82 (average per quarter from January 1, 2002 to July 1, 2003). In the second quarter of 2006, only 24 children (.28% of all denied children) were denied because the child's parent had canceled private health insurance coverage without good cause within four months of applying for FAMIS. This decrease in denials due to prior insurance shows that shortening the waiting period is succeeding in making more children eligible for FAMIS.

In order to encourage early prenatal care, there is no waiting period since prior insurance imposed on pregnant women applying for FAMIS MOMS or on a pregnant child applying for FAMIS.

The following table presents denials of children for current or prior insurance by month.

Month	# Children Denied	# Denied for Current Insurance	# Denied for Insurance Dropped within 4 months
April 2006	2,560	169	10
May 2006	2,691	143	3
June 2006	3,179	139	11
Totals	**8,430**	**451**	**24**

Source: ACS Monthly Report June 2006

C. Impact of Premiums and Co-payments

Monthly premiums were eliminated from the FAMIS program in April 2002. However, limited co-payments are required for most services received by children who are enrolled in a FAMIS MCO. No co-payments are required for preventive care services.

The chart below presents examples of co-payments for medical services. Title XXI places limits on cost-sharing requirements for families whose income is above or below 150% of the federal poverty level (FPL), and Virginia's yearly family co-payment cap is within the federal limits.

Service	Equal to or below 150% FPL*	Above 150% FPL*
Outpatient Hospital or Doctor	$2 per visit	$5 per visit
Prescription Drugs	$2 per prescription	$5 per prescription
Inpatient Hospital	$15 per admission	$25 per admission
Non-emergency use of Emergency Room	$10 per visit	$25 per visit
Preventive Health Services	$0	$0
Yearly Co-payment Limit per Family	$180	$350

*See Table #1 of this report for the 150% and 200% FPL income limits.

No co payments are imposed on pregnancy related services for women enrolled in FAMIS MOMS. Limited co payments for other medical services may be imposed as are allowed by Medicaid for pregnant women.

VI. COVERED SERVICES

A. Type of Access

Children who are enrolled in FAMIS access covered medical services by either 1) fee-for-service, or 2) a managed care organization (MCO). "Fee-for-service" access means receiving services from a medical or dental provider who participates in Virginia's Medicaid Program. Children who live in localities where there is no contracted MCO, access services through fee-for-service. Children who live in localities where there is a MCO available access services through fee-for-service for the first one or two months of FAMIS enrollment, and then are enrolled in a MCO.

The fee-for-service benefit package is identical to the Medicaid benefit package, but also includes substance abuse services. Fee-for-service does not impose any co-pays for services. The MCOs provide the FAMIS benefit package, which is modeled on the State Employee health care plan, and does not include some of the Medicaid covered services, such as EPSDT and non-emergency transportation for medical care. Nominal co-pays of $2.00 or $5.00 are required for most services, but there are no co-pays required for preventive care.

All children covered by Medicaid or FAMIS receive dental services through the Smiles for Children program administered by a single statewide contracted dental administrator.

B. Delivery System

As of June 30, 2006, AMERIGROUP Virginia, Anthem HealthKeepers Plus, CareNet, Optima, and Virginia Premier were the contracted managed care organizations (MCOs) providing provider access to medical care to most FAMIS and FAMIS Plus children throughout Virginia.

C. Managed Care Enrollment

At the end of the second quarter 2006, 61,403 FAMIS and Medicaid Expansion children were enrolled in managed care plans. Below is a table showing the numbers of FAMIS and Medicaid Expansion children enrolled in each managed care plan.

Managed Care Organization	FAMIS	Medicaid Expansion	Localities & MCO Enrollment Effective June 30, 2004
Optima Family Care	8,204	7,024	69 localities (focused in Tidewater, Central Virginia, Charlottesville, Danville and Halifax)
Anthem HealthKeepers Plus	16,223	9,946	80 localities (focused in Tidewater, Central Virginia and Halifax)
Southern Health – CareNet	1,004	767	30 localities (Central VA)
Virginia Premier Health Plan	9,260	5,767	73 localities (focused in Tidewater, Central Virginia, Charlottesville and Roanoke)
AMERIGROUP	1,683	1,525	10 localities (focused in northern Virginia)
Total MCO Enrollment	**36,374**	**25,029**	

VII. MARKETING & OUTREACH

During the second quarter of 2006, the DMAS Maternal and Child Health (MCH) marketing and outreach team participated in activities throughout the Commonwealth including attending events and conferences; developing and strengthening outreach partnerships; coordinating Child Health Insurance Program Advisory Committee (CHIPAC) meetings; and overseeing public relations and marketing activities.

A. Events, Conferences, Presentations, and Trainings

The marketing and outreach team attended more than 40 events, conferences, and meetings throughout the Commonwealth during the second quarter of 2006. Some noteworthy events include: The Governor's Early Childhood Initiatives Kick-Off Event, the re-launch of the New Parent Took-Kit; Optima Regional Advisory Panels for Central and Southwest Virginia; Chesterfield County Head Start Registration; Cinco de Mayo Health Fair in Culpeper; 28th Annual Health Fair in Eastville; Hampton Roads Regional Transit Health Fair; Henrico Child Health Coalition; King & Queen Elementary School Fair in Mattaponi; Woodrow Wilson High School Fair in Portsmouth; Richmond YMCA Healthy Kids Day; Health Fair at Arca De Salvation, a Hispanic church in Richmond; "Alcanzando Nuevos Horizontes" ("Reaching New Horizons") in Richmond; Richmond area Hispanic Health Care Conference Program Committee; Richmond's ESL Public School Coalition; "Calaborando Juntos" meetings; Eastern Virginia Association of Health Underwriters meetings; Covering Kids and Families (CKF) Hispanic Outreach Task Force; the CKF Value, Access, Utilization Task Force; and a meeting with the Hispanic Institute for Blindness Prevention at the Salvadorian Embassy in Woodbridge.

DMAS also continues to contract with *SignUpNow* to provide local Maternal and Child Health Insurance enrollment training sessions across the state. This quarter *SignUpNow* (SUN) held four regular DMAS-sponsored community workshops in Abingdon, Lynchburg, Richmond, and at Prince William Hospital with170 people attending. *SignUpNow* also held three special workshops marketed to HR professionals and insurance brokers in Harrisonburg, Lynchburg, and Richmond. Twenty-two people attended these workshops.

B. Continuing and Expanded Partnerships

This quarter, a new partnership with Hampton Regional Transit (HRT) and their advertising agency Gateway Outdoor Advertising was developed to take advantage of unused advertising space on the buses in the Hampton Roads area and to promote FAMIS. The "Meet Julia" FAMIS poster was used to fill empty advertising space inside the buses. The Marketing Department at HRT worked with the FAMIS staff to match up the areas of the greatest uninsured with the most FAMIS advertising and to determine whether English or Spanish ads should be displayed on the selected bus routes.

Also during this quarter, DMAS staff, in collaboration with state DSS, the Virginia Health Care Foundation, and VISSTA, presented eight training sessions during April and May for local eligibility workers. The sessions were held in Bristol, Chesapeake, Fairfax, Middletown, Newport News, Richmond, Roanoke, and Staunton. The purpose of the training was to acknowledge the significant role that the eligibility workers play in FAMIS enrollment and retention; review FAMIS policies; highlight promising practices in enrollment and renewal; and offer eligibility workers

opportunities to ask questions of policy experts. The programs were well-received throughout the state and nearly 900 eligibility workers were trained.

Marketing and outreach staff collaborated with the Consortium for Infant & Child Health (CINCH) and the Eastern Virginia Association of Health Underwriters (EVAHU) to hold special events in Hampton and Virginia Beach as part of the Cover The Uninsured Week Campaign. These events were designed to raise awareness about "the uninsured" and provide information on both public and private health insurance options, through special seminars that targeted nonprofit, charitable, interfaith, educational, and other civic leaders.

C. Child Health Insurance Program Advisory Committee (CHIPAC)

The marketing and outreach team continues to provide staff support to the Children's Health Insurance Program Advisory Committee (CHIPAC). At the quarterly meeting in June, two presentations were made regarding data available from DMAS, focusing on encounter data and HEDIS measures. The committee also discussed upcoming policy changes resulting from the Deficit Reduction Act of 2005 (DRA), which was signed by the President on February 8, 2006. The new federal law requires all citizens who apply for Medicaid (including FAMIS Plus) to provide proof of citizenship and proof of identity. The committee discussed how this might impact enrollment and retention for Virginia's programs. In addition, the Committee voted to recommend that an invitation be extended to the League of Social Services Executives to serve on CHIPAC.

Also this quarter, subcommittee meetings were held for the Executive, Access, and Utilization subcommittees to continue to examine and refine priority areas of interest.

D. Public Relations and Marketing

During this quarter, the marketing and outreach staff worked on the annual *Cover The Uninsured Week* (CTUW) campaign, held May 1st through 7th. Special marketing and outreach efforts for CTUW included: creating a special CTUW web page for the FAMIS website; mailing FAMIS MOMS/FAMIS *Select* informational postcards to targeted key community partners; distributing press releases about FAMIS and FAMIS MOMS as well as the Smiles For Children program; and a media buy.

FAMIS ads aired on television stations in the Norfolk and Richmond areas while Spanish radio ads ran in Fredericksburg, Norfolk, and Richmond. The television ad buy in Norfolk also included a television interview on WVEC-TV, Channel 13's "Dialogue" news program as well as information about FAMIS during the Health Report segment of the nightly news. Spanish language ads were also run in La Voz Hispana, a Spanish language magazine, and in El Eco, a Spanish language newspaper.

E. Project Connect Grantees

During the second quarter**,** *Project Connect* has helped to enroll 691 children and pregnant women and to renew 158 children. An additional 284 new applications are pending approval and 68 applications are pending renewal. Overall, *Project Connect* grantees achieved 89% of their quarterly new enrollment goal and 94% of the quarterly renewal goal, taking into account pending cases and denial rates. Of the nine projects, five will have exceeded their overall annual goals when pending cases have cleared. Those projects are: ANHSI, CHIP of Roanoke, Cumberland Plateau Health District, Johnson Health Center, and REACH.

In general, the projects have found that as the need for enrollment and renewal decreases, the need for assistance with access to and utilization of services increases. Still, the projects report a continued need for enrollment assistance. All of the projects have begun to report on requests for increased assistance with enrollment as a result of new citizenship and identity documentation requirements of the Deficit Reduction Act of 2005 (DRA).

As many projects came to a close during this quarter, the outreach workers spent time contacting community partners to emphasize the need to take ownership of FAMIS outreach and enrollment assistance. Several projects have secured funding for continuing to provide assistance with FAMIS enrollment for the coming year. Bon Secours has committed to employing two outreach workers. CHIP of Roanoke has secured funding to continue as an independent project and will maintain one FTE for Child and Maternal Health Insurance enrollment. The Johnson Health Center (JHC) will continue to fund one full time case manager, whose duties will include assistance with enrollment in all forms of state sponsored health insurance. INOVA Partnership for Healthier Kids (PHK) will continue school-based assistance and will also continue to be involved with Virginia Covering Kids & Families Coalition.

Overall 22,210 children have been enrolled in FAMIS/FAMIS Plus and an additional 2,906 children have been assisted with renewals by *Project Connect* since the beginning of DMAS funding.

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Alexandria Neighborhood Health Services	Alexandria and Arlington	61	97	158
Blue Ridge AHEC *Blue Ridge AHEC did not submit a Fourth Quarter Report. Their outreach worker left her position and there have been minimal enrollments over the past two quarters. Two of their five grant payments have been withheld as a result.*	*Page, Augusta, Rockingham, Staunton, Harrisonburg & Waynesboro*	0	0	0
Bon Secours Richmond Health System	Metro Richmond with a specific emphasis on Richmond City	9	16	25
CHIP of Roanoke Valley	*Bedford, Botetourt, Craig, Franklin, Roanoke City/County and Salem*	19	45	64
Consortium for Infant and Child Health (CINCH)*	Chesapeake, Portsmouth, Suffolk, and Virginia Beach only (DMAS supported expansion) Project also serves other Tidewater localities with RWJ funds	17	69	86
Cumberland Plateau Health District	Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise Counties	48	114	162

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Inova Partnership for Healthier Kids	*Fairfax City/County and Loudoun*	51	155	206
Johnson Health Center	*Cities of Bedford, Lynchburg, Danville, Martinsville, and Amherst, Appomattox, Bedford, Buckingham, Campbell, Charlotte, Henry and Pittsylvania Counties*	14	82	96
REACH	*Richmond City and surrounding area.*	2	50	52
TOTAL	*All Projects*	**221**	**628**	**849**

VIII. COORDINATION WITH THE DEPARTMENT OF SOCIAL SERVICES

A. Application Procedures

Applicants can file their FAMIS applications with the FAMIS CPU or their local Department of Social Services. If filed with a local Department of Social Services, the local agency determines FAMIS Plus (Medicaid) eligibility first. If the children are not eligible for FAMIS Plus, the agency determines their FAMIS eligibility. If eligible, the agency enrolls the children in the applicable program. After the children are enrolled in FAMIS, the local Department of Social Services transfers the case record to the FAMIS CPU for case maintenance.

If the applicant files the application with the FAMIS CPU, the CPU screens the application for Medicaid eligibility. If the applicants appear to be "FAMIS Plus-likely," the application is transferred to the DMAS FAMIS Plus Unit located at the CPU. If determined eligible for FAMIS Plus, the FAMIS Plus Unit enrolls the child and then transfers the case to the appropriate local Department of Social Services for case maintenance. This process takes place "behind the scenes" and does not require another application or any further action by the family. DMAS has implemented quality assurance procedures at the CPU and the FAMIS Plus Unit that check and double-check FAMIS Plus referrals to be sure that no application is lost.

The process is similar for applications from pregnant women. If an application is received at the CPU, it is screened and if determined Medicaid-likely is forwarded to the DMAS unit for determination. If the application is received at a local DSS, eligibility is determined for Medicaid coverage and if the woman is denied due to excess income, eligibility is determined for FAMIS MOMS.

B. DSS Cases Processed

During the second quarter of 2006, the CPU received **3,135** FAMIS approved cases from the local Departments of Social Services throughout Virginia. This is a decrease of 185 from the 3,321

cases received in the first quarter of 2006. The efforts of the Department of Social Services have been instrumental in the steady increase in SCHIP enrollment.

During the second quarter of 2006, the DMAS FAMIS Plus Unit at the CPU forwarded **3,080** approved FAMIS Plus cases to local Departments of Social Services for case maintenance. This was an increase of 374 from the 2,706 FAMIS Plus cases the Unit transferred to local DSS agencies during the first quarter of 2006. In addition, 190 pregnant women were enrolled in Medicaid by the FAMIS Plus unit and forwarded to local offices for maintenance.

C. Child Support Enforcement Outreach

A partnership with the Child Support Enforcement Division (DCSE) of DSS began in early 2004. The DCSE Customer Service Unit continues to send out FAMIS brochures each month with their application packets. DCSE agreed again this year to have a special message about FAMIS and FAMIS MOMS printed on child support checks distributed during the month of May.

IX. PREMIUM ASSISTANCE PROGRAM

Premium assistance for employer-sponsored insurance is available through the FAMIS program. The former premium assistance program, ESHI, was replaced with the new FAMIS *Select* program on August 1, 2005 following approval of Virginia's HIFA Waiver by the Centers for Medicare and Medicaid Services July 1, 2005.

FAMIS *Select* is a voluntary option available to families with children approved for FAMIS coverage who have access to an employer-sponsored or private health insurance plan. Instead of covering the child through the FAMIS plan, DMAS pays the policyholder $100 per month for each FAMIS *Select* child, up to the total cost of the family premium, to help cover the cost of the family policy. This amount is less than the average capitated rate that would be paid to enroll a child in a FAMIS Managed Care Organization and is therefore cost-effective for the Commonwealth.

If the family chooses FAMIS *Select* the child will:

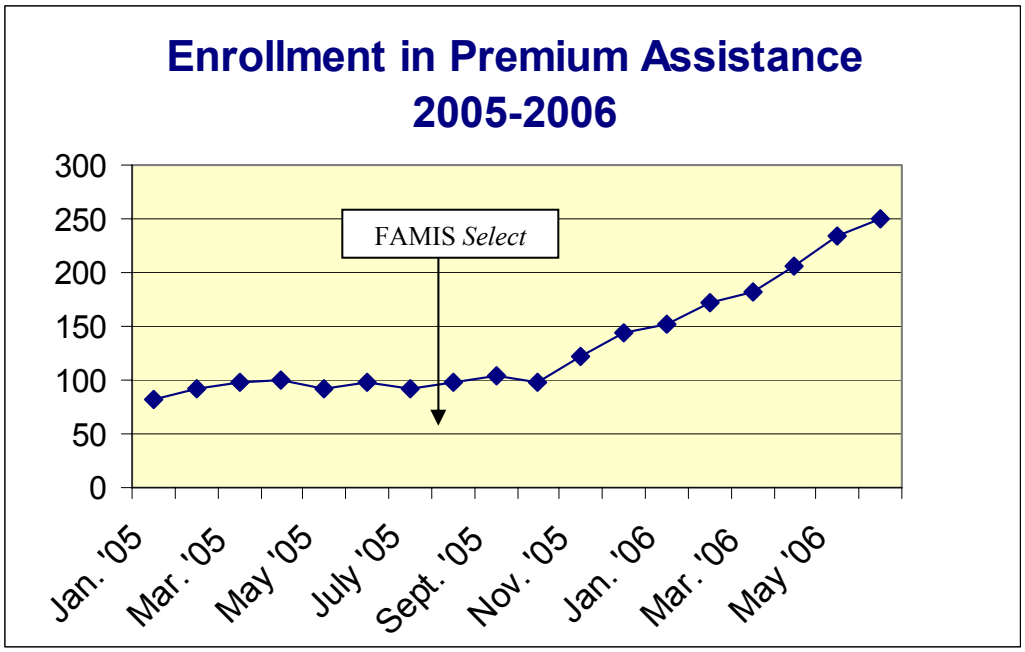
- Receive the health care benefits included in the employer-sponsored or private policy;
- Pay the out-of-pocket expenses required by the employer-sponsored or private policy;
- Receive coverage for childhood immunizations from FAMIS if not covered by the employer-sponsored or private policy;
- Receive $100 premium assistance per month/per child up to the total cost of the family policy;
- Remain in FAMIS Select as long as they remain eligible for FAMIS and provide monthly proof of premium payments for the employer-sponsored or private policy; and
- Be able to return to full FAMIS coverage at any time their parents decide to end participation in FAMIS *Select*.

Because of the premium assistance available through FAMIS *Select*, some families may be able to afford employer-sponsored or private health insurance for the entire family. At the end of the second quarter of 2006, FAMIS Select provided coverage for **250** FAMIS eligible children and helped families afford the family coverage for an additional **199** adults and children who were not eligible for FAMIS.

The following tables show the premium assistance activity in the second quarter of 2006:

FAMIS Select Activity	April 2006	May 2006	June 2006	Total for Quarter
New applications received	19	14	21	54
Application disposition				
Approved	17	7	21	45
Denied	3	5	5	13
Active Cases				
Children enrolled for month	204	235	250	
Families enrolled for month	94	110	118	
FAMIS Select payments made	$21,822	$24,029	$25,774	$71,625

Implementation of the more streamlined and family-friendly FAMIS *Select* program is resulting in increased enrollment in this cost-effective option as illustrated in the graph below.



X. SCHIP EXPENDITURES OF FUNDS

Expenditures for medical services received by FAMIS enrollees for the second quarter of 2006 totaled **$20,051,120,** an increase of $887,724 over the prior quarter's expenditures of $19,163,396. Expenditures for medical services received by SCHIP Medicaid Expansion enrollees for the second quarter of 2006 totaled **$15,376,775,** a decrease of 213,337 over the prior quarter's expenditures of $15,590,112. Total second quarter Title XXI expenditures for medical services were **$35,427,895,** an increase of $674,387 over the prior quarter's expenditures of $34,753,508.

Administrative expenditures for FAMIS and SCHIP Medicaid Expansion in the second quarter totaled **$2,317,805**, an increase of $1,130,841 from the prior quarter's administrative expenditures of $1,186,964. Administrative expenses accounted for **6.1%** of all SCHIP expenditures during the second quarter. Administrative expenditures cover the cost of the FAMIS Central Processing Unit administered by ACS Inc., payments to DSS for local eligibility determinations, personnel costs for DMAS staff in the Division of Maternal & Child Health, processing of medical claims for enrolled children, media services and materials to support program outreach, grant funds to community programs and local departments of social services to assist families, and other related expenses.

Total second quarter expenditures for children enrolled in Virginia's State Child Health Insurance Program, including the administrative expenses, was **$37,745,701**, an increase of $1,805,229 from the prior quarter's expenditures of $35,940,472.

As demonstrated by the following table, total SCHIP Expenditures continue to rise as enrollment increases. See tables #2 and #3 for second quarter 2006 expenditures by type of service.

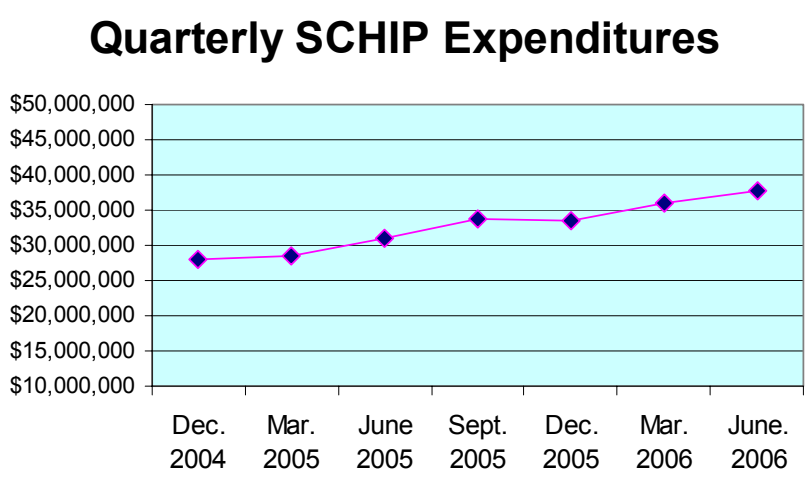


TABLE #1

FAMIS FPL (Federal Poverty Limit) INCOME LIMITS
(Effective January 24, 2006)

Size of Family	133% FPL Monthly Income Limit (eligibility for FAMIS Plus/Medicaid)	150% FPL Monthly Income Limit (for lower FAMIS co-pays and FAMIS MOMS eligibility)	200% FPL Monthly Income Limit (for FAMIS)
1	$1,087	$1,226	$1,634
2	1,463	1,650	2,200
3	1,840	2,075	2,767
4	2,217	2,500	3,334
5	2,594	2,925	3,900
6	2,971	3,350	4,467
7	3,348	3.775	5,034
8	3,724	4,200	5,600
For each additional person, add	377	425	567

TABLE #2

FAMIS EXPENDITURES BY TYPE OF SERVICE – April, May & June 2006

	SERVICE TYPE	APRIL	MAY	JUNE	TOTAL
1	**Health Care Insurance Premiums**	**2,631,357**	**2,669,956**	**2,703,034**	**8,004,348**
123757	HMO-Options Capitation Payments				0
123758	HMO-MEDALLION II Capitation Payments	2,631,357	2,669,956	2,703,034	8,004,348
2	**Inpatient Hospital Services**	**131,039**	**138,352**	**201,585**	**470,976**
123350	General Hospital	130,903	138,352	201,585	470,840
123352	Rehabilitation Hospital	136	0	0	136
3	**Inpatient MH - Regular Payments**	**65,367**	**128,540**	**60,575**	**254,483**
123303	Psych.Resident Inpatient Facility	48,370	98,230	60,575	207,175
123357	Inpatient Psychology Under 21 (Private)	1,842	0	0	1,842
123358	Long Stay Inpatient Hospital (MH)	0	0	0	0
123363	Inpatient Psychology Under 21 (MHMR)	15,155	30,310	0	45,465
4	**Nursing Care Services**				
123554	Skilled Nursing Facilities				
123559	Miscellaneous Nursing Home				
5	**Physician and Surgical Services**	**198,828**	**189,916**	**179,130**	**567,874**
123424	Physicians	198,828	189,916	179,130	567,874
123425	MC Providers - FFS Payments				
6	**Outpatient Hospital Services**	**141,265**	**134,633**	**124,806**	**400,704**
123116	Outpatient Hospital	141,265	134,633	124,806	400,704
123321	CORF				
7	**Outpatient Mental Health Facility Services**	**557,395**	**621,875**	**707,697**	**1,886,968**
123115	Mental Health Clinic	9,608	8,960	10,986	29,554
123420	MH Community Services	101,186	99,351	87,829	288,366
123421	MR Community Services	653	1,306	327	2,286
123422	Private MH & SA Community	445,948	512,258	608,556	1,566,762
8	**Prescribed Drugs**	**299,887**	**291,379**	**324,500**	**915,766**
123426	Prescribed Drugs	299,887	291,379	324,500	915,766
9	**Dental Services**	**724,221**	**692,168**	**843,868**	**2,260,257**
123205	Dental	718,779	686,715	837,593	2,243,087
123206	Dental Clinic	5,442	5,454	6,275	17,170
10	**Vision Services**	**16,165**	**19,224**	**14,567**	**49,955**
123455	Optometrists	16,165	19,224	14,567	49,955
11	**Other Practitioner's Services**	**17,368**	**19,207**	**20,193**	**56,769**
123437	Podiatrists	1,265	1,367	1,595	4,227
123438	Psychologists	3,829	5,809	4,929	14,567
123439	Nurse Practitioners	2,998	3,709	4,500	11,207
123440	Miscellaneous Practitioners	9,276	8,322	9,170	26,768
12	**Clinic Services**	**73,300**	**81,760**	**77,638**	**232,699**
123117	Other Clinic	833	747	1,149	2,729
123118	Ambulatory Surgical Clinic	1,797	3,018	4,091	8,906
123124	Rural Health Clinic	19,460	22,039	16,652	58,151
123462	School Rehab Services	40,893	42,559	46,328	129,779
123463	School Health Clinic Services	0	126	329	455
123471	Federally Qualified Health Center	10,316	13,272	9,091	32,679
13	**Therapy Clinic Services**	**5,017**	**8,803**	**9,888**	**23,708**
123119	Physical Therapy Clinic	5,017	8,803	9,888	23,708
14	**Laboratory and Radiological Services**	**22,832**	**22,393**	**24,121**	**69,346**
123651	Lab and X-ray	22,832	22,393	24,121	69,346
15	**Durable and Disposable Medical Equipment**	**18,762**	**15,161**	**15,065**	**48,988**

123472	Medical Appliances	18,762	15,161	15,065	48,988
18	**Screening Services**	**9,108**	**9,072**	**14,088**	**32,268**
123123	EPSDT Screening	9,108	9,072	14,088	32,268
19	**Home Health**	**9,202**	**7,829**	**4,012**	**21,042**
123466	Home Health	1,911	879	1,838	4,629
123467	Community MR Services Waiver	7,290	6,950	2,174	16,414
21	**Home/CBC Services**	**10,748**	**11,595**	**23,224**	**45,568**
123476	Developmental Disabilities Waiver	2,849	2,496	18	5,363
123481	Developmental Disability Support Coordinator	175	702	175	1,052
123552	CD Facilitator Services	427	191	0	618
123553	Private Duty Nursing	5,763	5,665	7,904	19,332
123560	Personal Care	1,534	2,541	1,704	5,779
123592	Respite Care	0	0	13,423	13,423
123802	Day Support	0	0	0	0
22	**Hospice**				
123470	Hospice Care				
23	**Medical Transportation**	**1,950**	**3,348**	**5,041**	**10,339**
128651	Transportation	1,950	3,348	5,041	10,339
24	**Case Management**	**9,289**	**6,159**	**9,269**	**24,717**
123468	Maternal Infant Care	3,029	3,789	4,752	11,571
123469	Treatment Foster Care Case Mgmt.	6,260	2,370	4,517	
	Total Expenditures for Medical Services	**4,943,101**	**5,071,372**	**5,362,302**	**15,376,775**
	Administrative Expenditures	**26,015**	**26,390**	**26,679**	**79,084**
	Total MEDICAID EXPANSION Expenditures	**4,969,116**	**5,097,762**	**5,388,982**	**15,455,860**

TABLE #3

SCHIP MEDICAID EXPANSION EXPENDITURES BY TYPE OF SERVICE – April, May & June 2006

	APRIL	MAY	JUNE	TOTAL
Health Care Insurance Premiums	**4,131,414**	**4,219,484**	**4,261,186**	**12,612,083**
ESHI Premiums	21,822	24,029	25,774	71,625
HMO-Options Capitation Payments	0	0	0	0
HMO-MEDALLION II Capitation Payments	4,109,592	4,195,455	4,235,412	12,540,458
FAMIS Premium Refunds	0	0	0	0
Inpatient Hospital Services	**248,184**	**574,200**	**213,160**	**1,035,543**
Long Stay Inpatient Hospital	0	0	0	0
General Hospital	248,184	574,200	213,160	1,035,543
Rehabilitation Hospital	0	0	0	0
Inpatient Mental Health	**0**	**0**	**0**	**0**
Inpatient MH Services	0	0	0	0
Nursing Care Services				
Nurses Aides				
Skilled Nursing Facilities				
Miscellaneous Nursing Home				
Physician and Surgical Services	**242,685**	**220,094**	**249,967**	**712,746**
Physicians	242,685	220,094	249,967	712,746
MC Providers - FFS Payments	0	0	0	0
Outpatient Hospital Services	**165,603**	**151,468**	**155,937**	**473,008**
Outpatient Clinic	165,603	151,468	155,937	473,008
CORF	0	0	0	0
Outpatient Mental Health Facility Services	**388,034**	**409,447**	**525,343**	**1,322,824**
Community Mental Health Clinic	4,506	5,895	6,849	17,250
Psych Residential Inpatient Services	0	10,252	0	10,252
MH Community Services	95,719	82,212	77,707	255,638
MR Community Services	0	0	0	0
Private MH & SA Community	287,809	311,088	440,786	1,039,683
Prescribed Drugs	**270,904**	**281,111**	**302,428**	**854,444**
Prescribed Drugs	270,904	281,111	302,428	854,444
Dental Services	**710,983**	**784,044**	**929,037**	**2,424,065**
Dental	703,151	779,113	918,363	2,400,627
Dental Clinic	7,832	4,932	10,673	23,437
Vision Services	**10,021**	**12,747**	**9,511**	**32,279**
Optometrists	10,021	12,747	9,511	32,279
Other Practitioner's Services	**13,368**	**12,549**	**15,822**	**41,738**
Podiatrists	873	1,043	992	2,908
Psychologists	1,036	1,622	1,650	4,309
Nurse Practitioners	5,924	4,098	6,275	16,297
Miscellaneous Practitioners	5,534	5,785	6,905	18,224
Clinic Services	**85,181**	**85,690**	**73,810**	**244,681**
Other Clinic	270	249	458	976
Ambulatory Surgical Clinic	7,504	4,923	8,715	21,142
Rural Health Clinic	23,422	22,492	19,028	64,942
Federally Qualified Health Center	13,736	13,127	9,000	35,863
School Rehab Services	40,249	44,774	36,162	121,185
School Health Clinic Services	0	126	447	573
Therapy Clinic Services	**10,164**	**11,393**	**14,728**	**36,284**
Physical Therapy Clinic	10,164	11,393	14,728	36,284
Laboratory and Radiological Services	**28,138**	**27,553**	**28,414**	**84,104**
Lab and X-ray	28,138	27,553	28,414	84,104

Durable and Disposable Medical Equipment	**9,774**	**12,790**	**13,197**	**35,760**
Medical Appliances	9,774	12,790	13,197	35,760
Medical Appliances	0	0	0	0
Screening Services	**31,956**	**37,097**	**46,293**	**115,346**
EPSDT Screening	31,956	37,097	46,293	115,346
Home Health	**544**	**2,394**	**2,075**	**5,013**
Home Health	544	2,394	2,075	5,013
Home/CBC Services	**0**	**0**	**0**	**0**
Private Duty Nursing	0	0	0	0
Personal Care				
Hospice				
Hospice Care				
Medical Transportation	**2,153**	**2,583**	**2,990**	**7,726**
Transportation	2,153	2,583	2,990	7,726
Case Management	**4,229**	**5,326**	**3,920**	**13,476**
Maternal Infant Care	4,229	5,326	3,920	13,476
Treatment Foster Care Case Mgmt.	0	0	0	0
Total Expenditures for FAMIS Medical Services	**6,353,333**	**6,849,970**	**6,847,817**	**20,051,120**
Administrative Expenditures	**564,054**	**794,765**	**879,902**	**2,238,721**
Total FAMIS Expenditures	**6,917,386**	**7,644,735**	**7,727,719**	**22,289,841**

APPENDIX I

Joint Legislative and Audit Review Commission (JLARC) Recommendations

Senate Joint Resolution 441 from the 2001 General Assembly Session directed the Joint Legislative and Audit Review Commission (JLARC) to conduct an evaluation of the development, management, utilization, and funding for the health and mental health services provided through the Department of Medical Assistance Services (DMAS). JLARC's report, *A Review of Selected Programs in the Department of Medical Assistance Services* (Senate Document 22, 2002), focused on four program areas, including the Child Health Insurance Program (Section II of the report). JLARC made six recommendations in the report.

Recommendation number 1 stated that the Medicaid enrollment data should be reported whenever FAMIS enrollment data is reported. DMAS added the Medicaid children enrollment figures to the Monthly Child Health Insurance Program Enrollment Report beginning with October 2002 data. The enrollment data in this report includes the Medicaid child enrollment numbers for the second quarter of 2006. (See Section III A of this report for current enrollment information).

Recommendation number 2 in the JLARC report recommended that DMAS, in conjunction with the FAMIS Outreach Oversight Committee, develop a telephone and/or mail survey to track the reasons why children drop out of the FAMIS program. DMAS has undertaken several initiatives to learn more about why children drop out of the FAMIS and FAMIS Plus programs. In addition to ongoing analysis of data from VaMMIS, during the second quarter of 2005 telephone surveys were conducted with 400 families whose children had recently failed to renew FAMIS and 400 families whose children had failed to renew FAMIS Plus. Responses from the surveys show that approximately 40% of families chose not to renew coverage as they had private health insurance and many others assumed they now earned too much income. DMAS continues to gather information and data on barriers to renewal identified by families and advocates and modify policies, adjust procedures and improve materials to retain eligible children in the program.

Recommendation number 3 directed DMAS to develop an up-to-date projection of the total number of uninsured children in Virginia, the number of children potentially eligible for Medicaid, and the number of children potentially eligible for FAMIS. DMAS worked with the Community Health Resource Center (consultant), the Virginia Health Care Foundation, the Virginia Hospital & Health Care Association, and the Virginia Poverty Law Center, to update the estimated number of children remaining uninsured in Virginia who are potentially eligible for Medicaid or FAMIS. The revised estimate was based on the 2001 Virginia Health Access Survey, the 2000 census data, and other indicators of rates of insurance. The estimates were completed in December 2002. The figures showed that 411,642 children living in Virginia are potentially eligible for Medicaid or FAMIS because their family income is below 200% of poverty, and they do not have health insurance coverage. Medicaid and FAMIS covered approximately 76% (315,128) of these children as of December 31, 2002. The projection methodology was updated in December 2003 and will be revised again in the fall of 2006. See Section III B for details.

Recommendation number 4 in the JLARC report recommended that DMAS adopt a single eligibility level of 133 percent of the federal poverty level for all medically indigent children under age 19 in the Medicaid program. The 2002 General Assembly authorized DMAS to make this change, which was effective on September 1, 2002. Approximately 9,000 children were transferred from FAMIS to Medicaid as a result of implementing the SCHIP Medicaid Expansion group that increased the Medicaid income limit for all children under age 19 to 133 percent of the Federal Poverty Level (FPL).

These children are funded by Title XXI funds (state child health insurance dollars) at the higher federal match rate. As of the end of the second quarter of 2006, there were 34,941 children enrolled in the Medicaid Expansion group.

Recommendation number 5 of the JLARC report directed the Department of Medical Assistance Services, in cooperation with the Virginia Department of Social Services (DSS), to develop a detailed plan to improve ongoing communication and coordination between the Medicaid and FAMIS programs. DMAS staff met with state and local DSS staff to develop policies and procedures to improve communication and work flows between local DSS agencies, the DMAS FAMIS Plus Unit and the FAMIS CPU. Detailed procedures were developed by the two departments' staff to implement the single Children's Health Insurance application form for Medicaid and FAMIS, uniform verification procedures and the "No Wrong Door" policy.

The sixth recommendation directed DMAS to expand the quarterly report to include information about how it is implementing the recommendations in the report. This information is included in the subject sections of this report.

APPENDIX II

2002, 2003, 2004, 2005, and 2006 General Assembly Legislation

A. 2002 Legislation

The 2002 General Assembly passed legislation that improved the access and outreach for the FAMIS program. These actions included:

1. House Bill 1062

This bill directed DMAS to work with the Departments of Health and Education to identify children in the Women, Infants, and Children (WIC) and school lunch programs who may also be eligible for FAMIS or Medicaid. DMAS continued to implement these interdepartmental initiatives during the fourth quarter of 2005.

2. House Bill 790

This bill allows an adult caretaker relative to submit a FAMIS application on behalf of a child. DMAS implemented this provision on July 1, 2002.

3. Budget language

Language in the Budget bill directed DMAS to:

a. Provide an exception to the six-month waiting period for dropping insurance for reasons of affordability. DMAS implemented this provision on July 1, 2002.

b. Allow a caretaker relative to apply on behalf of a child (same as House Bill 790). DMAS implemented this provision on July 1, 2002.

c. Adopt a single income level for Medicaid eligibility at 133 percent of the federal poverty limit for all children under age 19. DMAS implemented this provision on September 1, 2002. See Section III A of this report for information on the SCHIP Medicaid Expansion.

The continued increase in numbers of children enrolled in Virginia's Child Health Insurance Program attests to the success of this legislation in improving families' access to the program.

B. 2003 Legislation

The 2003 General Assembly passed legislation that improved the access to FAMIS and the retention of enrolled children. DMAS implemented these changes on August 1, 2003. Several provisions to create an "umbrella program" for Child Health Insurance in Virginia were passed, including the name change for the medically indigent Medicaid-enrolled children to "FAMIS Plus," and the coordination of administration of the FAMIS and FAMIS Plus programs. The legislation included:

1. House Bill 2287 & Senate Bill 1218

This legislation amended the FAMIS law for the following items, which were implemented on August 1, 2003:

a. Coordination with "FAMIS Plus", the new name for the medically indigent groups of Medicaid-enrolled children, and provided for a single application form for FAMIS and FAMIS Plus. In order to start phasing-in an umbrella program of Child Health Insurance, children who meet medically indigent criteria under the Medicaid program rules are covered under the new name, "FAMIS Plus", effective August 1, 2003.

   FAMIS Plus children continue to receive the full Medicaid benefit package and have no cost-sharing responsibilities. As stocks were depleted, the Medicaid and FAMIS member handbooks, the FAMIS brochures, the FAMIS MCO contracts, the managed care organizations' member handbooks, and mailings from DMAS were revised to reference "FAMIS Plus" as the new name for children's Medicaid. The enrollee eligibility verification systems used by service providers was changed to reference "FAMIS Plus" instead of "Medicaid" for children who are enrolled in the medically indigent aid categories. The system change was partially completed in May 2004 and the remainder was completed in the second quarter of 2005.

   DMAS staff meets regularly with Department of Social Services (DSS) staff to discuss administrative procedures that will make the administration of both FAMIS and FAMIS Plus efficient and seamless for the families, and to discuss computer systems-related issues. The procedures for coordinating administration, including outreach, enrollment, re-enrollment and services delivery, of the FAMIS and FAMIS Plus programs were developed by DMAS in partnership with DSS and the FAMIS contractor.

   The combined Child Health application form was implemented on September 1, 2002, and is a single application form currently used to determine eligibility for both FAMIS and Medicaid medically indigent children. This application form was revised to reference FAMIS Plus, and will continue to be used for both programs, FAMIS and FAMIS Plus.

   In August 2005, the application was further revised to allow pregnant women applying for Medicaid or FAMIS MOMS coverage to use the same form.

b. Co-payments for FAMIS benefits will not be decreased from the amounts in effect as of January 1, 2003. Co-payments for FAMIS children enrolled in managed care are based on the family's income. The co-payments that were in effect as of January 1, 2003, are outlined in Section V. C.

c. The six months prior insurance coverage limitation ("waiting period") changed to four months. Beginning August 1, 2003, families are asked if the child had health insurance coverage in the four months prior to application. If so, and there was no "good cause" for dropping the insurance, the child is ineligible for FAMIS for four months from the date the insurance was canceled. The revised eligibility policy was implemented on August 1, 2003. See Section V. B for more information on the impact of the four-month waiting period.

d. Specific mental health services were added to the FAMIS benefit package. Effective August 1, 2003, the following community mental health services are covered for FAMIS recipients:

- intensive in-home services,
- case management services,
- day treatment, and
- 24-hour emergency response.

Enrollees and service providers were notified of these new covered services in July 2003. The services are provided in the same manner and with the same coverage and service limitations as they are provided to children under the state plan for Medicaid. These services are "carved out" of the managed care plans and are reimbursed directly to the service provider by DMAS. Coverage of these services under FAMIS should reduce the general fund dollars utilized by the Comprehensive Services Act Program.

2. House Bill 2594

This legislation amended the FAMIS law by adding the sentence "Eligible children, residing in Virginia, whose family income does not exceed 200 percent of the federal poverty level during the enrollment period shall receive 12 continuous months of coverage as permitted by Title XXI of the Social Security Act."

For FAMIS, families are required to report a change in their income only when the family's gross monthly income increases to an amount that is over the 200% federal poverty level for the family size. Families of enrolled FAMIS children were notified of this change in the reporting requirements prior to the August 1, 2003, implementation of the change. Effective August 1, 2003, enrollment in FAMIS is for 12 continuous months, unless one of the following events occurs before the annual renewal:

a. an increase in gross monthly income to above 200% FPL,
b. a child moves out of state,
c. a child turns age 19,
d. a child dies,
e. the family requests cancellation, or
f. the family applies for Medicaid and the child is determined eligible for Medicaid.

Families must report the following changes before the annual renewal:

- increase in gross monthly income only if it goes above 200% FPL,
- change in the family size, and
- move to an out-of-state address.

If none of the above changes is reported, FAMIS eligibility will be renewed annually.

C. 2004 Legislation

House Bill 836

This legislation revises the name, purpose, membership, and responsibilities of the current Outreach Oversight Committee to Family Access to Medical Insurance Security (FAMIS) to create the Children's Health Insurance Program Advisory Committee and declares the purpose of the committee to be to assess policies, operations and outreach for FAMIS and FAMIS Plus (Medicaid for children) and to evaluate various enrollment, utilization, and outcomes of children for these programs. The committee's membership is limited to 20 members and will

include the Joint Commission on Health Care, the Department of Social Services, the Department of Health, the Department of Education, the Department of Mental Health, Mental Retardation and Substance Abuse Services, the Virginia Health Care Foundation, various provider associations and children's advocacy groups, and other individuals with significant knowledge and interest in children's health insurance. The committee will make recommendations on FAMIS and FAMIS Plus to the Director of the Department of Medical Assistance Services and the Secretary of Health and Human Resources. See Section VII D for further information about committee activity during this quarter.

D. 2005 Legislation

The 2005 General Assembly authorized the expansion of the FAMIS program to pregnant women with income up to 150% of the Federal Poverty Level and modification of the current premium assistance program currently know as ESHI (Employer Sponsored Health Insurance).

House Bill 2284

This legislation removed the requirement that the Family Access to Medical Insurance Security (FAMIS) plan provide wraparound benefits through supplemental insurance when benefits equivalent to the Virginia Medicaid program are not included in the employer-sponsored health insurance benefit plan.

In August 2005, the new FAMIS *Select* premium assistance program was implemented and it eliminated coverage for full wraparound FAMIS benefits for children enrolled in this premium assistance program and covered by employer-sponsored or private policies.

Budget Item 324 L

This budget item gave the Department of Medical Assistance Services the authority to amend the Family Access to Medical Insurance Security Plan and related regulations to expand medical coverage to pregnant women who are over the age of 19 with annual family income in excess of the Medicaid limit but less than or equal to 150 percent of the Federal Poverty Level and to simplify the administration of the premium assistance program available to families with children eligible for FAMIS who have access to an employer-sponsored health insurance program. It also gave the department authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment date of the act.

DMAS submitted a waiver to the Centers for Medicare and Medicaid Services (CMS) to implement the two programs provided for by the 2005 General Assembly. On July 1, 2005 CMS approved the Virginia waiver. On August 1, 2005, both the FAMIS MOMS program for pregnant women with income between the Medicaid limit and 150% FPL, and the revised premium assistance program FAMIS Select were implemented. See section IV C and section IX for further information on these new programs.

E. 2006 Legislation

House Bill 831

This legislation requires that, insofar as feasible, individuals eligible for the Family Access to Medical Insurance Security (FAMIS) Plan must be enrolled in health maintenance organizations.

DMAS policy already required children enrolled in FAMIS to receive services through a contracted MCO if one was available in their locality. HB 831 codifies this requirement.

Budget Item 301 D

The General Assembly authorized DMAS to increase the income level for pregnant women in FAMIS MOMS from 150% FPL to 166% FPL. This increase in eligibility will be implemented in the fall of 2006.