QUARTERLY REPORT ON THE STATUS OF THE

FAMILY ACCESS TO MEDICAL INSURANCE SECURITY PLAN (FAMIS)

First Quarter 2006

January 1, 2006 – March 31, 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 first quarter of calendar year 2006 – January, February and March 2006.

During the first quarter of 2006:

- Enrollment in Virginia's SCHIP program (including the separate FAMIS program and the SCHIP Medicaid Expansion program) reached **76,709** representing a net increase of 192 children since the end of the previous quarter on December 31, 2005;

- Approximately **99%** of children estimated to be eligible for FAMIS Plus (Medicaid) or FAMIS were enrolled; an increase of 1% from the end of the previous quarter;

- The FAMIS Central Processing Unit (CPU) received 47,956 calls this quarter with an average abandonment rate of 3.9%.

- During the first quarter, 11,812 applications were received at the FAMIS CPU and 3,321 FAMIS cases were transferred from local departments of social services.

- The FAMIS MOMS program for pregnant women was implemented on August 1, 2005 and 577 applications were received during this quarter; overall, since its inception, **414** women have received prenatal care through FAMIS MOMS.

- In the first quarter, **13,586** children and **175** 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);

- First quarter expenditures for medical services for children in Virginia's SCHIP program were **$34,753,508**, an increase of $2,878,014 from the previous quarter.

- The revamped program providing premium assistance for employer based or private insurance, FAMIS *Select,* ended the quarter with **183** 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 March 31, 2005 as **76,709** children, an increase of 192 over the 76,517 children who were enrolled as of the last day of the previous quarter. As of March 31, 2006, FAMIS Plus (Medicaid) and FAMIS covered an estimated **99% (428,245)** 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 March 31, 2006, is shown in the table below.

PROGRAM	INCOME	# Enrolled as of 12-31-05	% of Total Enrollment
FAMIS - Children < 19 years	> 133%, ≤ 200% FPL	42,978	10%
MEDICAID Expansion – Children 6-18 years	> 100%, ≤ 133% FPL	33,731	8%
	SCHIP Subtotal	76,709	18%
MEDICAID - Children < 21 years	≤ 133% FPL	351,536	82%
	Total Children	**428,225**	**100%**
MEDICAID for Pregnant Women	≤ 133% FPL	16,331	98%
FAMIS MOMS	133%, ≤ 150% FPL	254	2%
	Total Pregnant Women	**16,585**	**100%**

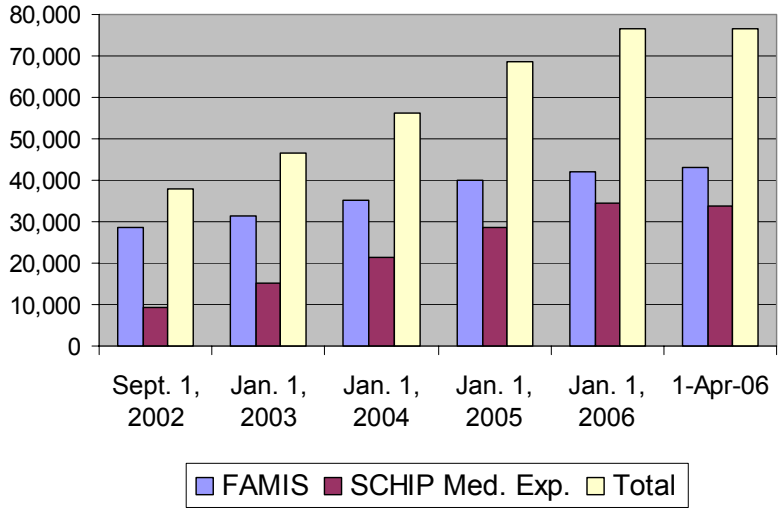
Source: VaMMIS (Virginia Medicaid Management Information System) 04-01-06

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 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 April 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 March 31, 2006, FAMIS Plus and FAMIS covered approximately **99%** (428,245) of these uninsured children. Approximately 4,528 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 first quarter of 2006:

MONTH	Incoming Calls Received	Incoming Calls Answered	Abandon Rate	Total Outbound Calls
January 2006	15,449	14,953	3.2%	4,566
February 2006	14,312	13,769	3.8%	2,779
March 2006	18,195	17,361	4.6%	5,241
Totals	**47,956**	**46,083**	**3.9%**	**12,586**

Source: ACS Monthly Report March 2006.

The average number of calls received per month for the first quarter was 15,985 with an average abandon rate of 3.9% per month. The average call volume increased 3.1% from last quarter's average monthly volume of 15,504.

The first quarter abandon rate of 3.9% is an increase from the previous quarter's abandon rate, however, well within the 5% contract standard.

B. Application Processing

The contractor (ACS) received a total of 11,812 applications (electronic, mailed and faxed combined) for the first quarter, with an average monthly volume of 3,937 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 1,107 cases transferred from local DSS offices monthly and 2,000 verification documents per month during the first quarter of 2006. Total applications received by the CPU in the first quarter of 2006 increased by 4.2% from the previous quarter..

The CPU Eligibility Team ended the quarter processing applications in an average of 12.1 business days from receipt of the completed application.

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

Month	New	Re-app	Redetermin-ation	Renewal	TOTAL
January 2006	1,760	621	120	1,472	3,973
February 2006	1,666	584	109	1,110	3,469
March 2006	1,949	733	142	1,546	4,370
Total	**5,375**	**1,938**	**371**	**4,128**	**11,812**

Source: ACS Monthly Report March 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
January 2006	2,220	3,628	2,213	2,724
February 2006	2,337	3,892	2,267	2,511
March 2006	3,595	6,066	3,114	3,268
Totals	**8,152**	**13,586**	**7,594**	**8,503**

Source: ACS Monthly Report – March 2006.

In addition, 4,958 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 first quarter of 2006, by denial reason:

DENIAL REASONS	January	February	March	TOTALS
Ineligible immigration status	49	38	103	**190**
Income is over the limit	610	491	903	**2,004**
Unauthorized applicant	2	2	4	**8**
Has or dropped other health insurance	156	156	215	**527**
FAMIS Plus/Medicaid enrolled	307	281	308	**896**
Not a Virginia resident	2	0	4	**6**
Over age 19	23	18	35	**76**
State employee benefits available	8	14	24	**46**
New & Re-app – Incomplete application	1,229	1,109	1,221	**3,559**
Renewal – Incomplete application	338	402	451	**1,191**
Total denial reasons	**2,724**	**2,511**	**3,268**	**8,503***

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

Source: ACS Monthly Report March 2006.

The following table shows the number of children disenrolled from FAMIS by month and disenrollment reason. In the first quarter of 2006, 8,656 children were disenrolled.

DISENROLLMENT REASON	January	February	March	TOTAL
Renewal incomplete	1,536	2,232	1,685	**5,453**
Ineligible immigration status	0	0	0	**0**
Income is over the limit	210	260	224	**694**
Child moved out of home	2	9	1	**12**
Has other health insurance	9	13	10	**32**
No longer a Virginia resident	63	34	152	**249**
Over age 19	96	77	109	**282**
State employee benefits available	4	5	4	**13**
Requested by applicant	15	34	44	**93**
Appeal denied	0	0	0	**0**
Death	1	0	0	**1**
Fraud	0	0	0	**0**
Cannot locate family	2	13	8	**23**

DISENROLLMENT REASON	January	February	March	TOTAL
DMAS request	1	2	4	**7**
Child incarcerated	0	0	0	**0**
Child in institution for treatment of mental diseases	0	0	0	**0**
*FAMIS Plus/Medicaid enrolled**	*646*	*724*	*416*	*1,786*
# Disenrolled for more than one reason	0	0	0	0
Number of children disenrolled	**2,589**	**3,409**	**2,658**	**8,656**

* 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 March 2006.

C. FAMIS MOMS

The FAMIS MOMS program for pregnant women continues to successfully provide health insurance to a vulnerable population. During this first quarter, 175 women were enrolled into the program. Overall, since it's inception in August 2005, 414 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 first quarter was 590, which was an increase of 15% over the previous quarter. The number processed is greater than the number received due to the applications processed by DSS and transferred to the CPU.

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
January 2006	36	101	71	208
February 2006	53	86	68	207
March 2006	86	110	83	279
Totals	**175**	**297**	**222**	**694**

Source: ACS Monthly Report March 2006.

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

DENIAL REASONS	January	February	March	TOTALS
Ineligible immigration status	8	13	10	**31**
Income is over the limit	26	25	26	**77**
Unauthorized applicant	0	0	0	**0**
Has or dropped other health insurance	9	11	17	**37**
FAMIS Plus/Medicaid enrolled *	6	3	0	**9**
Not a Virginia resident	0	0	0	**0**
State employee benefits available	0	0	0	**0**
New & Re-app – Incomplete application	52	34	57	**143**

DENIAL REASONS	January	February	March	TOTALS
Total denial reasons	**101**	**86**	**110**	**297**
FAMIS Plus Likely (Pregnant teen)	*6*	*8*	*5*	*19*
Medicaid Pregnant Woman Likely	*65*	*60*	*78*	*203*
Total referred	**71**	**68**	**83**	**222**

Source: ACS Monthly Report March 2006.

An additional 203 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 first quarter of 2006:

ACTIVITY	Jan 2006	Feb 2006	Mar 2006	Total	Average per Month
Referrals received	867	949	1673	**3489**	1,163
FAMIS Plus Approved	731	659	1316	**2706**	902
FAMIS Approved	69	54	90	**213**	71
Medicaid PG Woman Approved	49	36	70	**155**	51
FAMIS MOMS Approved	30	9	41	**80**	26
FAMIS/FAMIS Plus Denied	36	48	105	**189**	63
Total Applications Processed	915	806	1,622	**3,343**	1,114
Applications on Active DSS Cases (sent to LDSS for processing)	125	116	146	**387**	129
Total Cases Reviewed	1040	922	1768	**3730**	**1,243**

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 61,436 visits to the FAMIS public website at www.famis.org, averaging 682 a day for an average visit of 9:14 minutes. This represented 31,660 unique visitors to the FAMIS website during this time period. In March, we received the most number of visits to our website since our Back-to-School campaign in September. This increase corresponds with the FAMIS MOMS and FAMIS *Select* postcard mailing.

Web site statistics at the end of the first quarter for 2006 are:

January	February	March
Visits = 21,318 Average per Day = 687 Average Visit Length = 10:22	Visits = 18,206 Average per Day = 650 Average Visit Length = 8:41	Visits = 21,912 Average per Day = 706 Average Visit Length = 8:35

Also during this quarter a plan for implementing an on-line order form for materials was created. And should be available in the second 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 first quarter of 2006, only 42 children (.49% 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
January 2006	2,724	139	17
February 2006	2,511	141	15
March 2006	3,268	205	10
Totals	**8,503**	**485**	**42**

Source: ACS Monthly Report March 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 January 1, 2006, AMERIGROUP Virginia, Anthem HealthKeepers Plus, CareNet, Optima, and Virginia Premier were the contracted managed care organizations (MCOs) providing access to medical care to most FAMIS and FAMIS Plus children throughout Virginia. On January 1, 2006, Anthem HealthKeepers Plus assumed UniCare Health Plan of Virginia business in northern Virginia. All UniCare enrollees transitioned to Anthem. Anthem HealthKeepers Plus and AMERIGROUP are the two MCOs available in northern Virginia. UniCare no longer exists as a MCO choice.

C. Managed Care Enrollment

At the end of the first quarter 2006, 60,006 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	7,995	6,822	69 localities (focused in Tidewater, Central Virginia, Charlottesville, Danville and Halifax)
Anthem HealthKeepers Plus	16,119	9,819	80 localities (focused in Tidewater, Northern Virginia, Central Virginia and Halifax)
Southern Health – CareNet	1,021	739	30 localities (focused in Central Virginia)

Managed Care Organization	FAMIS	Medicaid Expansion	Localities & MCO Enrollment Effective June 30, 2004
Virginia Premier Health Plan	9,108	5,562	73 localities (focused in Tidewater, Central Virginia, Charlottesville and Roanoke)
AMERIGROUP	1,331	1,490	10 localities (focused in northern Virginia)
Total MCO Enrollment	**35,574**	**24,432**	

VII. MARKETING & OUTREACH

During the first 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; supporting retention initiatives; coordinating the first-quarter Child Health Insurance Program Advisory Committee (CHIPAC) meeting; and overseeing public relations and marketing activities.

A. Events, Conferences, Presentations, and Trainings

The marketing and outreach team attended more than 25 events, conferences, and meetings throughout the Commonwealth during the first quarter of 2006. Some noteworthy events include: Eastern Shore Rural Health Center's annual Health Fair, Trevett Elementary School Health & Resource fair in Henrico, Piedmont Early Childhood Education Workshop in Farmville, VEC Dislocated Workers Rapid Response Information Fair for laid-off Interbake Foods workers in Richmond, Hopewell Parent Resource Center's Annual Family Resource Gala, Tierra Madre Health Fair in Fredericksburg, Dia de la Communidad in Winchester, VA CAN, Optima Regional Advisory Panel for Central Virginia, City Coalition (addressing issues facing the Hispanic community in Richmond), Richmond area Hispanic Health Care Conference Committee, New Parent Tool Kit committeee, Henrico Child Health Coalition, Tidewater Hispanic Chamber of Commerce's Business After Hours event, The Governor's Latino Advisory Commission, Eastern Virginia's Association of Health Underwriters meetings, Richmond's ESL Coalition, and the Virginia Covering Kids and Families statewide coalition meeting.

Additionally, the marketing and outreach team coordinated some key trainings and conducted presentations during the quarter and DMAS continued to contract with *SignUpNow* to provide local Maternal and Child Health Insurance enrollment training sessions across the state. This quarter *SignUpNow* (SUN) held six DMAS sponsored community workshops in Fairfax, Norfolk, Farmville, Fredericksburg, Charlottesville, and Chesapeake. In addition, they held four special workshops marketed to HR professionals and insurances brokers in Fairfax, Roanoke, Charlottesville, and Chesapeake. Approximately 300 people attended the SUN trainings.

B. Continuing and Expanded Partnerships

DMAS, in partnership with CVS Pharmacy, mailed 69 coupon incentives for FAMIS MOMS enrollees to submit an application for their newborn as soon as the child is born. Additional coupons were mailed to moms who submitted an application within the month that the child was born.

In collaboration with state DSS, the Virginia Health Care Foundation, and VISSTA, DMAS developed a workshop for local Eligibility Workers to be delivered in 8 sessions across the state.

The training, *Making the Pieces Fit*, will focus on a review of eligibility policy for FAMIS, FAMIS Plus, FAMIS MOMS, and Medicaid for pregnant women as well as related programs.

Also during the quarter, marketing and outreach staff participated in the Southern Institute on Children and Families' Children's Hospitals Eligibility Process Improvement Collaborative with staff from VCU Medical Center, the Virginia Health Care Foundation, REACH, and the Virginia Healthcare and Hospital Association. As part of this ongoing collaborative, staff traveled to Philadelphia to attend a conference for collaborative projects across the country.

The partnership with Department of Taxation also continued with Taxation adding the FAMIS informational message to their hotline again this tax season.

C. Retention Activities

The *Keep 'Em Covered* grantees submitted their final reports during the quarter. A draft report is being produced and highlights and lessons learned from the grants were incorporated into the retention presentation developed for the *Making the Pieces Fit* training for local Department of Social Services Eligibility Workers.

D. Child Health Insurance Program Advisory Committee (CHIPAC)

The quarterly Children's Health Insurance Program Advisory Committee (CHIPAC) meeting was held in March. Mary Alice Lee, Ph.D., of *Connecticut Voices for Children* was a guest speaker at the March meeting. Dr. Lee gave a presentation entitled *Using Data to Improve Child Health Services* to the committee. The presentation gave a brief overview of Connecticut's Husky program, and the work of the Children's Health Council. The Children's Health Council was Connecticut's multi-disciplinary oversight council with a mission similar to that of Virginia's CHIPAC committee. Also at the March meeting, Diane Horvath of Virginia Information Technologies Agency gave a presentation on the Freedom of Information Act (FOIA) rules for public bodies.

E. Public Relations and Marketing

A new postcard promoting both the FAMIS MOMS and FAMIS *Select* programs was developed in English and Spanish during this period. The postcard, mailed to all FAMIS enrolled households, had a positive effect on enrollment in both programs. Following the four-week mailing, both FAMIS MOMS and FAMIS *Select* programs experienced their largest enrollment month since the inception of the programs.

With the annual change in income guidelines, the FAMIS brochures, FAMIS MOMS flyer, and the FAMIS handbooks as well as the website were updated to reflect the change. A brochure income insert was also developed in English and Spanish to use with the existing brochures until new brochures could be printed. An editorial article was also submitted and ran in the Richmond *Community Weekly* newspaper highlighting the new income guideline changes.

Efforts to increase awareness of the FAMIS programs in the Spanish speaking community continued during the quarter. The Latino Outreach Coordinator was interviewed by a number of Spanish language media outlets including: ECO, a Spanish language newspaper; Horizonte, a Spanish language newspaper; Union Radio 1350 AM La Positiva, a Fredericksburg Spanish language radio station; and Chesterfield's Cablevision, Channel 17.

F. Project Connect Grantees

During the first quarter**,** *Project Connect* has helped to enroll 786 uninsured children/pregnant women and to renew 217 children. An additional 404 applications are pending approval, and 83 applications are pending renewal. Overall, *Project Connect* grantees achieved 109% of their quarterly enrollment goal and 125% of the quarterly renewal goal, taking into account pending cases and denial rates. Some projects have struggled to meet renewal goals, and other projects have far exceeded projected renewal goals. It is notable that the projects that have been most successful with institutionalization activities in their communities have had the most difficulty reaching their enrollment goals, and this is most likely due to their success in training other local agencies to assist families. As the need for enrollment and renewal decreases, the need for assistance with access and utilization increases. The projects have begun to report on requests for assistance with concerns other than enrollment.

As most projects come to a close, several outreach workers have expressed concern about permanent employment. There have been staff changes in both the PHK project and ANHSI. While this is to be expected, it has caused some fluctuations in enrollments. Blue Ridge AHEC has not submitted a quarterly report as yet, but has committed to do so.

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Alexandria Neighborhood Health Services	Alexandria and Arlington	68	123	191
Blue Ridge AHEC	*Page, Augusta, Rockingham, Staunton, Harrisonburg & Waynesboro*	0	0	0
Bon Secours Richmond Health System	Metro Richmond with a specific emphasis on Richmond City	12	23	35
CHIP of Roanoke Valley	*Bedford, Botetourt, Craig, Franklin, Roanoke City/County and Salem*	28	63	91
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	12	52	64
Cumberland Plateau Health District	Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise Counties	70	130	200
Inova Partnership for Healthier Kids	*Fairfax City/County and Loudoun*	86	178	264

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Johnson Health Center	*Cities of Bedford, Lynchburg, Danville, Martinsville, and Amherst, Appomattox, Bedford, Buckingham, Campbell, Charlotte, Henry and Pittsylvania Counties*	27	90	117
REACH	*Richmond City and surrounding area.*	4	37	41
TOTAL	*All Projects*	**307**	**696**	**1003**

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 first quarter of 2006, the CPU received **3,321** FAMIS approved cases from the local Departments of Social Services throughout Virginia. This is a decrease of 126 from the 3,429 cases received in the fourth quarter of 2005. The efforts of the Department of Social Services have been instrumental in the steady increase in SCHIP enrollment.

During the first quarter of 2006, the DMAS FAMIS Plus Unit at the CPU forwarded **2,706** approved FAMIS Plus cases to local Departments of Social Services for case maintenance. This was a decrease of 442 from the 3,148 FAMIS Plus cases the Unit transferred to local DSS agencies during the fourth quarter of 2005. In addition, 155 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 approximately 700 brochures each month with their application packets.

D. DSS Retention Grants

The nine *Keep 'Em Covered* retention grants awarded by DMAS to local departments of social services reached the end of their funding cycle in December 2005. Final reports were submitted to DMAS in this quarter and are being summarized into a final report. The agencies that received funding are: Albemarle, Arlington, Fairfax, Greensville/Emporia, Hanover, Henry Co./Martinsville, James City County, Norfolk, and Westmoreland. See Section VII D for more information on retention activities this quarter.

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:

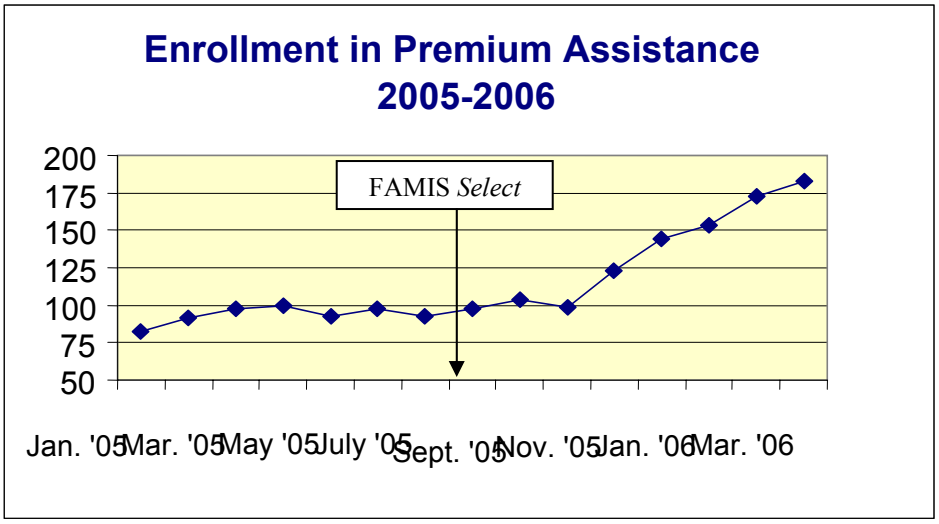
- Receive the health care benefits included in the employer-sponsored or private policy;
- Pay the out-of-pocket expenses required by the employer-sponsored or private policy;
- Receive coverage for childhood immunizations from FAMIS if not covered by the employer-sponsored or private policy;
- Receive $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.

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

FAMIS Select Activity	January 2006	February 2006	March 2006	Total for Quarter
Applications received	17	8	23	48
Application disposition				
Approved	17	7	21	45
Denied	0	1	2	3
FAMIS Select payments	**$13,630.00**	**$19,309.00**	**$18,004.00**	**$50,943.00**
FAMIS Select Caseload				**Avg. Enrolled for Quarter**
# Children enrolled	153	173	183	170
# Families enrolled	63	74	79	72
# Families disenrolled	4	3	5	

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 first quarter of 2006 totaled **$19,163,396,** an increase of $1,238,752 over the prior quarter's expenditures of $17,924,644. Expenditures for medical services received by SCHIP Medicaid Expansion enrollees for the first quarter of 2006 totaled **$15,590,112,** an increase of 1,639,262 over the prior quarter's expenditures of $13,950,850. Total first quarter Title XXI expenditures for medical services was **$34,753,508,** an increase of $2,878,014 over the prior quarter's expenditures of $31,875,494.

Administrative expenditures for FAMIS and SCHIP Medicaid Expansion in the first quarter totaled **$1,186,964**, a decrease of $362,030 from the prior quarter's administrative expenditures of $1,548,994. Administrative expenses accounted for **3.3%** of all SCHIP expenditures during the first 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 first quarter expenditures for children enrolled in Virginia's State Child Health Insurance Program, including the administrative expenses, was **$35,940,472**, an increase of $2,515,984 from the prior quarter's expenditures of $33,424,488.

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

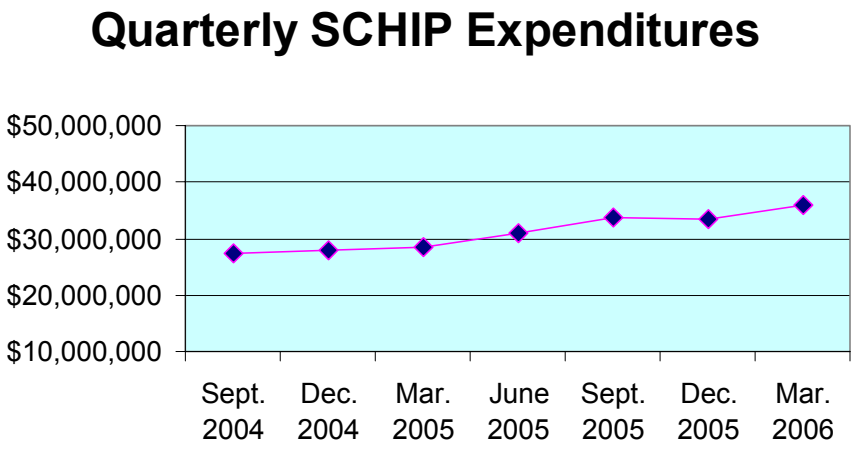


TABLE #1

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 – January, February & March 2006

SERVICE TYPE	JANUARY	FEBRUARY	MARCH	TOTAL
1 Health Care Insurance Premiums	**4,042,985**	**4,077,060**	**4,008,904**	**12,128,950**
123744 ESHI Premiums	13,630	19,309	18,004	50,942
123747 HMO-Options Capitation Payments	0	0	0	0
123748 HMO-MEDALLION II Capitation Payments	4,029,356	4,057,751	3,990,901	12,078,008
123749 FAMIS Premium Refunds	0	0	0	0
2 Inpatient Hospital Services	**460,068**	**303,975**	**266,323**	**1,030,366**
123319 Long Stay Inpatient Hospital	0	0	0	0
123341 General Hospital	460,068	303,975	266,323	1,030,366
123348 Rehabilitation Hospital	0	0	0	0
3 Inpatient Mental Health	**0**	**0**	**0**	**0**
123459 Inpatient MH Services	0	0	0	0
4 Nursing Care Services				
123416 Nurses Aides				
123541 Skilled Nursing Facilities				
123591 Miscellaneous Nursing Home				
5 Physician and Surgical Services	**175,506**	**238,979**	**298,721**	**713,206**
123441 Physicians	175,506	238,979	298,721	0
123457 MC Providers - FFS Payments	0	0	0	0
6 Outpatient Hospital Services	**91,016**	**152,011**	**194,643**	**437,670**
123141 Outpatient Clinic	91,016	152,011	194,643	437,670
123349 CORF	0	0	0	0
7 Outpatient Mental Health Facility Services	**229,809**	**329,699**	**499,081**	**1,058,589**
123143 Community Mental Health Clinic	3,322	4,358	4,422	12,101
123340 Psych Residential Inpatient Services	0	0	0	0
123449 MH Community Services	75,029	80,852	103,745	259,625
123451 MR Community Services	0	0	0	0
123461 Private MH & SA Community	151,459	244,489	390,914	786,863
8 Prescribed Drugs	**267,769**	**297,487**	**387,846**	**953,102**
123445 Prescribed Drugs	267,769	297,487	387,846	953,102
9 Dental Services	**733,095**	**608,295**	**929,756**	**2,271,146**
123241 Dental	728,702	604,954	920,012	2,253,669
123242 Dental Clinic	4,393	3,340	9,744	17,478
10 Vision Services	**10,878**	**13,096**	**12,590**	**36,564**
123443 Optometrists	10,878	13,096	12,590	36,564
11 Other Practitioner's Services	**8,623**	**12,877**	**15,221**	**36,721**
123444 Podiatrists	518	419	441	1,377
123446 Psychologists	801	892	2,370	4,063
123447 Nurse Practitioners	4,164	5,194	7,322	16,679
123491 Miscellaneous Practitioners	3,141	6,373	5,089	14,602
12 Clinic Services	**54,299**	**69,071**	**105,472**	**228,842**
123142 Other Clinic	213	181	732	1,127
123147 Ambulatory Surgical Clinic	3,200	6,174	9,844	19,217
123148 Rural Health Clinic	16,494	21,594	26,643	64,731
123460 Federally Qualified Health Center	11,794	15,593	18,181	45,568
123473 School Rehab Services	22,598	25,513	50,007	98,117
123474 School Health Clinic Services	0	16	66	82
13 Therapy Clinic Services	**6,214**	**9,306**	**10,760**	**26,280**
123144 Physical Therapy Clinic	6,214	9,306	10,760	26,280

Quarterly Report on the Status of the
Virginia Family Access to Medicaid Insurance Security Plan (FAMIS)
2006 First Quarter: January 1, 2006 through March 31, 2006

14 Laboratory and Radiological Services	**19,821**	**23,878**	**36,058**	**79,757**
123641 Lab and X-ray	19,821	23,878	36,058	79,757
15 Durable and Disposable Medical Equipment	**9,310**	**16,390**	**16,074**	**41,774**
123484 Medical Appliances	9,310	16,390	16,074	41,774
134241 Medical Appliances	0	0	0	0
18 Screening Services	**25,994**	**29,672**	**37,041**	**92,707**
123145 EPSDT Screening	25,994	29,672	37,041	92,707
19 Home Health	**1,190**	**875**	**524**	**2,589**
123442 Home Health	1,190	875	524	2,589
21 Home/CBC Services	**0**	**0**	**0**	**0**
123545 Private Duty Nursing	0	0	0	0
123566 Personal Care				
22 Hospice				
123435 Hospice Care				
23 Medical Transportation	**2,415**	**4,666**	**3,021**	**10,102**
128641 Transportation	2,415	4,666	3,021	10,102
24 Case Management	**3,762**	**6,588**	**4,681**	**15,031**
123448 Maternal Infant Care	3,762	6,588	4,681	15,031
123465 Treatment Foster Care Case Mgmt.	0	0	0	0
Total Expenditures for FAMIS Medical Services	**6,142,755**	**6,193,924**	**6,826,717**	**19,163,396**
Administrative Expenditures	**419,072**	**267,120**	**421,345**	**1,107,537**
Total FAMIS Expenditures	**6,561,827**	**6,461,044**	**7,248,962**	**20,270,933**

TABLE #3

SCHIP MEDICAID EXPANSION EXPENDITURES BY TYPE OF SERVICE – January, February & March 2006

SERVICE TYPE	JANUARY	FEBRUARY	MARCH	TOTAL
1 Health Care Insurance Premiums	**2,680,797**	**2,719,028**	**2,676,473**	**8,076,299**
123757 HMO-Options Capitation Payments				0
123758 HMO-MEDALLION II Capitation Payments	2,680,797	2,719,028	2,676,473	8,076,299
2 Inpatient Hospital Services	**145,420**	**156,449**	**118,235**	**420,104**
123350 General Hospital	145,420	156,449	118,235	420,104
123352 Rehabilitation Hospital	0	0	0	0
3 Inpatient MH - Regular Payments	**130,466**	**176,761**	**140,255**	**447,481**
123303 Psych.Resident Inpatient Facility	102,655	148,153	120,049	370,856
123357 Inpatient Psychology Under 21 (Private)	11,533	16,820	0	28,354
123358 Long Stay Inpatient Hospital (MH)				0
123363 Inpatient Psychology Under 21 (MHMR)	16,278	11,787	20,207	48,272
4 Nursing Care Services				
123554 Skilled Nursing Facilities				
123559 Miscellaneous Nursing Home				
5 Physician and Surgical Services	**289,671**	**176,826**	**226,621**	**693,119**
123424 Physicians	289,671	176,826	226,621	693,119
123425 MC Providers - FFS Payments				
6 Outpatient Hospital Services	**136,069**	**148,784**	**135,194**	**420,047**
123116 Outpatient Hospital	136,069	148,784	135,194	420,047
123321 CORF				
7 Outpatient Mental Health Facility Services	**361,056**	**562,464**	**699,866**	**1,623,386**
123115 Mental Health Clinic	6,533	7,175	11,589	25,297
123420 MH Community Services	90,241	103,177	109,378	302,795
123421 MR Community Services	980	980	1,306	3,265
123422 Private MH & SA Community	263,302	451,133	577,593	1,292,028
8 Prescribed Drugs	**298,626**	**319,227**	**417,761**	**1,035,614**
123426 Prescribed Drugs	298,626	319,227	417,761	1,035,614
9 Dental Services	**705,681**	**625,492**	**907,028**	**2,238,200**
123205 Dental	702,107	621,424	899,739	2,223,270
123206 Dental Clinic	3,574	4,068	7,288	14,930
10 Vision Services	**13,935**	**20,918**	**25,803**	**60,656**
123455 Optometrists	13,935	20,918	25,803	60,656
11 Other Practitioner's Services	**15,697**	**24,936**	**25,665**	**66,299**
123437 Podiatrists	2,569	1,489	1,737	5,794
123438 Psychologists	1,395	3,478	5,526	10,399
123439 Nurse Practitioners	3,343	4,416	4,424	12,183
123440 Miscellaneous Practitioners	8,390	15,555	13,978	37,922
12 Clinic Services	**46,734**	**56,404**	**101,259**	**204,397**
123117 Other Clinic	836	6	1,702	2,544
123118 Ambulatory Surgical Clinic	2,595	2,090	7,754	12,439
123124 Rural Health Clinic	12,882	22,684	26,540	62,105
123462 School Rehab Services	20,702	18,717	46,420	85,839
123463 School Health Clinic Services	0	62	43	105
123471 Federally Qualified Health Center	9,719	12,845	18,800	41,364
13 Therapy Clinic Services	**6,570**	**11,100**	**9,666**	**27,335**
123119 Physical Therapy Clinic	6,570	11,100	9,666	27,335
14 Laboratory and Radiological Services	**21,218**	**22,508**	**31,201**	**74,927**

123651	Lab and X-ray	21,218	22,508	31,201	74,927
15	**Durable and Disposable Medical Equipment**	**10,956**	**9,207**	**26,576**	**46,739**
123472	Medical Appliances	10,956	9,207	26,576	46,739
18	**Screening Services**	**8,034**	**8,952**	**12,942**	**29,927**
123123	EPSDT Screening	8,034	8,952	12,942	29,927
19	**Home Health**	**8,564**	**10,830**	**11,166**	**30,560**
123466	Home Health	1,216	2,286	2,560	6,062
123467	Community MR Services Waiver	7,348	8,544	8,605	24,498
21	**Home/CBC Services**	**18,944**	**10,892**	**13,264**	**43,100**
123476	Developmental Disabilities Waiver	1,990	2,389	2,159	6,538
123481	Developmental Disability Support Coordinator	1,052	351	877	2,280
123552	CD Facilitator Services	9,074	586	547	10,207
123553	Private Duty Nursing	5,664	6,033	8,177	19,874
123560	Personal Care	1,001	1,238	834	3,073
123592	Respite Care	112	245	620	978
22	**Hospice**				
123470	Hospice Care				
23	**Medical Transportation**	**2,275**	**1,870**	**2,190**	**6,335**
128651	Transportation	2,275	1,870	2,190	6,335
24	**Case Management**	**5,196**	**23,505**	**16,885**	**45,585**
123468	Maternal Infant Care	5,196	6,210	6,107	17,513
123469	Treatment Foster Care Case Mgmt.	0	17,294	10,778	
Total Expenditures for Medical Services		**4,905,909**	**5,086,154**	**5,598,049**	**15,590,112**
Administrative Expenditures		**26,638**	**26,681**	**26,108**	**79,427**
Total MEDICAID EXPANSION Expenditures		**4,932,547**	**5,112,835**	**5,624,158**	**15,669,539**

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 first 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 first 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. 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 first quarter of 2006, there were 3,3731 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 first 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

HB 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.

2006 Appropriations Act

At the time this quarterly report was submitted, the General Assembly had not yet approved the biennial State Budget.