QUARTERLY REPORT ON THE STATUS OF THE

FAMILY ACCESS TO MEDICAL INSURANCE SECURITY PLAN (FAMIS)

First Quarter 2007

January 1, 2007 – March 31, 2007

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 2007 – January, February and March.

During the first quarter of 2007:

- Enrollment in Virginia's SCHIP program (including the separate FAMIS program and the SCHIP Medicaid Expansion program) was **81,442** as of the end of the quarter. This represents a net increase of 142 children since the end of the previous quarter on December 31, 2006.

- The FAMIS Central Processing Unit (CPU) received an exceedingly high volume of calls this quarter (54,599) and experienced an average abandonment rate of 7.7%. 12,636 applications were received at the FAMIS CPU and 3,606 FAMIS enrolled cases were transferred from local departments of social services. **13,584** children were approved or renewed for FAMIS this quarter;

- The FAMIS MOMS program for pregnant women was implemented on August 1, 2005 and during this quarter 261 women were approved for coverage. As the quarter ended, **664** pregnant women were actively enrolled. Overall, since its inception, 1,454 women have received prenatal care through FAMIS MOMS;

- Approximately **80%** 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 **$39,425,375,** an increase of $1,262,796 from the previous quarter. Administrative costs represented 0.48% of all SCHIP expenditures; and

- The revamped program providing premium assistance for employer based or private insurance, FAMIS *Select,* continued to increase enrollment and ended the quarter with **409** children enrolled in this voluntary option;

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, 2007 was 81,442 children, an increase of 142 from the 81,300 children who were enrolled as of the last day of the previous quarter. As of March 31, 2007, FAMIS Plus (Medicaid) and FAMIS covered **422,394** children living below 200% of poverty in Virginia.

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.
- Comprehensive coverage for pregnant women through the FAMIS MOMS program with family income above the Medicaid limit (133% FPL) and equal to or below 166% FPL.

III. NUMBER OF CHILDREN & PREGNANT WOMEN ENROLLED

A. Current Enrollment

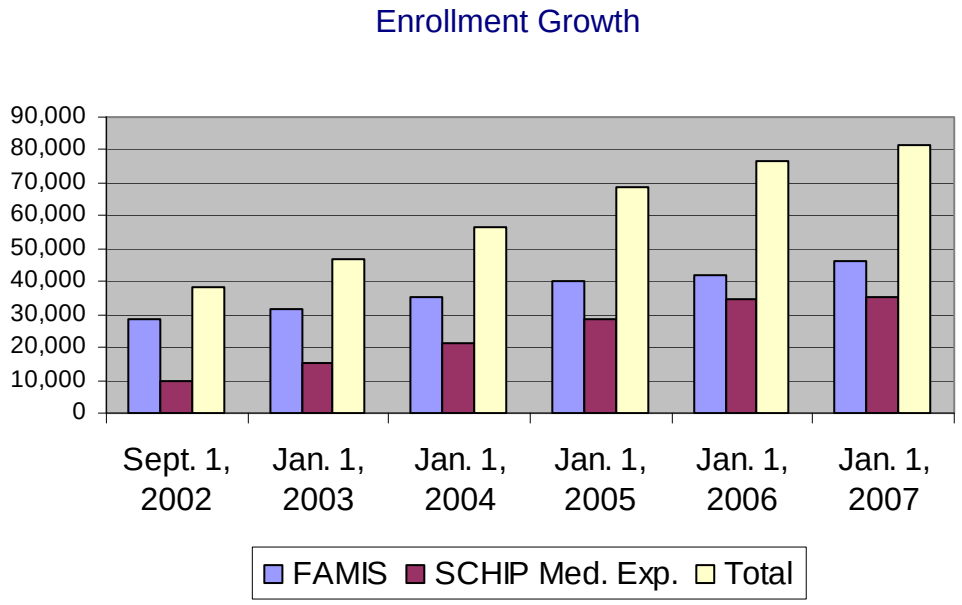
Information on the number of children enrolled in the Children's Health Insurance Program and the number of pregnant women enrolled in Medicaid and in the FAMIS MOMS program as of March 31, 2007, is shown in the table below.

PROGRAM	INCOME	# Enrolled as of 3-31-07	% of Total Enrollment
FAMIS - Children < 19 years	> 133%, ≤ 200% FPL	46,428	11%
MEDICAID Expansion – Children 6-18 years	> 100%, ≤ 133% FPL	35,014	8%
	SCHIP Subtotal	81,442	19%
MEDICAID - Children < 21 years	≤ 133% FPL	340.952	81%
	Total Children	**422,394**	**100%**
MEDICAID for Pregnant Women	≤ 133% FPL	15,938	96%
FAMIS MOMS	133%, ≤ 150% FPL	664	4%
	Total Pregnant Women	**16,602**	**100%**

Source: VaMMIS (Virginia Medicaid Management Information System) 04-02-07

Enrollment of new children into Virginia's Title XXI program (FAMIS and SCHIP Medicaid Expansion) had been increasing steadily since September 1, 2002. The steady increase in enrollment was the result of aggressive outreach efforts at the State and local level, as well as the implementation of programmatic improvements outlined in Section V. However, the Deficit Reduction Act of 2005 (DRA) contained new federal requirements that applicants for Medicaid and SCHIP Medicaid Expansion programs prove their citizenship and identity prior to enrollment. These new federal requirements were implemented on July 1, 2006 and there has been a subsequent decline in net enrollment. See Section V.D. for more information.

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 January 1, 2007.



B. Progress Toward Enrolling All Eligible Uninsured Children

Since 2002 DMAS has reported both the number of children enrolled and the resulting percentage of the estimated eligible population covered. Although the original estimate was revised twice as new data became available, the formula developed to estimate the number of low-income uninsured children eligible for FAMIS or FAMIS Plus relied on 2000 Census data and rates of uninsurance compiled from the 2001 Health Access Survey. Because this data had become dated, The Virginia Health Care Foundation, in collaboration with the Joint Legislative Audit and Review Commission (JLARC), contracted with the Urban Institute to analyze the current rates of uninsurance in the Commonwealth. However, as a result of this process, DMAS has been advised to discontinue reporting the percentage of eligible children covered.

Every day there are new children born or moving into the Commonwealth who are uninsured and, like most states, there is a continuing erosion of the employer-sponsored insurance market. The result is that the number of uninsured children in Virginia is a dynamic and constantly changing landscape. Therefore, because the target is so fluid and the data sources are different, it is not credible to measure growth in the percentage of children covered by a simple comparison of current DMAS enrollment data to a static number of eligible children. DMAS will continue to report the number of children enrolled each month but will no longer report the percentage of eligible children covered.

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, 2007.

FAMIS operations at the CPU have been significantly impacted by the DRA even though applicants for the FAMIS program are not subject to the new requirements. Because the Health

Insurance for Children and Pregnant Woman application is a dual application form, many applicants applying through the CPU are determined to be likely eligible for Medicaid. These applicants must now provide proof of citizenship and identity. These new requirements have resulted in an extremely high call volume at the CPU and resulted in a tremendous backlog of pending cases in the co-located FAMIS Plus unit (See Section IV.D.) A number of operational changes have been implemented during this quarter to address these issues:

- Increased staffing;
- Implemented an informational call tree to allow callers to receive general program information;
- Trained designated call center staff to answer specific C&I inquires and status updates;
- Initiated a FAMIS Plus unit (1-800) helpline for customer inquiries; and
- Instituted an additional fax line to handle the increased volume due to C&I requirements of certified original documents.

A. Call Center Activity

The following table shows the call volume at the CPU for the first quarter of 2007:

Month	Incoming Calls Received	Incoming Calls Answered	Abandon Rate	Total Outbound Calls
January 2007	19,858	17,531	11.7%	5,676
February 2007	15,233	14,265	6.4%	4,464
March 2007	19,508	18,607	4.6%	4,814
Totals	**54,599**	**50,403**	**7.7%**	**14,954**

Source: ACS Monthly Report March 2007.

The average number of calls received per month for the first quarter was 18,200 which represent a 9% decrease from last quarter's average monthly volume of 20,071. The first quarter abandon rate of 7.7% is a dramatic decrease from the previous quarter's abandon rate of 32.6%. This abandoned rate is still above the contractual standard; however, it shows a marked improvement as a result of the aggressive changes noted above.

B. Application Processing

The contractor (ACS) received a total of 12,636 applications (electronic, mailed and faxed combined) for the first quarter, with an average monthly volume of 4,212 applications. Electronic (web) applications averaged 22% of all application sources. In addition, the CPU received an average of 1,202 cases transferred from local DSS offices per month during the first quarter of 2007. Total applications received by the CPU in this quarter increased by 9% from the previous quarter.

The CPU Eligibility Team ended the quarter processing applications in an average of 12 business days from receipt of the completed application.

The following table shows the number of applications received by the CPU in the first quarter of 2007 by type of application:

Month	New	Re-app	Redetermination	Renewal	TOTAL
January 2007	2,073	720	194	1,550	4,537
February 2007	1,725	622	145	1,350	3,842
March 2007	1,853	623	166	1,615	4,257
Total	**5,651**	**1,965**	**505**	**4,515**	**12,636**

Source: ACS Monthly Report – March 2007.

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 2007	2,549	3,992	2,319	2,846
February 2007	3,121	4,873	2,080	2,411
March 2007	2,950	4,719	2,665	3,053
Totals	**8,620**	**13,584**	**7,064**	**8,310**

Source: ACS Monthly Report – March 2007.

In addition, 4,452 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 in Section IV.D. on the DMAS FAMIS Plus unit.

The following table shows the number of children denied FAMIS by the CPU in the first quarter of 2007, by denial reason:

DENIAL REASONS	January	February	March	TOTALS
Ineligible immigration status	59	52	59	**170**
Income is over the limit	711	575	702	**1,988**
Unauthorized applicant	2	0	3	**5**
Currently has other health insurance	171	165	141	**477**
Other insurance within past 4 months	17	6	2	**25**
FAMIS Plus/Medicaid enrolled	252	262	209	**723**
Not a Virginia resident	0	0	0	**0**
Over age 19	17	8	18	**43**
State employee benefits available	24	10	19	**53**

DENIAL REASONS	January	February	March	TOTALS
New & Re-app – Incomplete application	1,266	976	1,460	**3,702**
Renewal – Incomplete application	327	357	440	**1,124**
Total denial reasons	2,846	2,411	3,053	**8,310**

Source: ACS Monthly Report March 2007.

The following table shows the number of children disenrolled from FAMIS by month and disenrollment reason. In the first quarter of 2007, 8,275 children were disenrolled.

DISENROLLMENT REASON	January	February	March	TOTAL
Renewal incomplete	1,428	2,272	2,011	**5,711**
Ineligible immigration status	0	1	3	**4**
Income is over the limit	221	249	185	**655**
Child moved out of home	1	6	2	**9**
Has other health insurance	10	22	28	**60**
No longer a Virginia resident	52	65	42	**159**
Over age 19	101	89	93	**283**
State employee benefits available	2	8	3	**13**
Requested by applicant	15	20	14	**49**
Appeal denied	1	5	2	**8**
Death	1	0	0	**1**
Fraud	0	0	0	**0**
Cannot locate family	0	0	0	**0**
DMAS request	2	6	3	**11**
Child incarcerated	0	0	0	**0**
FAMIS Plus application incomplete	16	27	38	**81**
Child in institution for treatment of mental diseases	0	0	0	**0**
*FAMIS Plus/Medicaid enrolled**	*286*	*570*	*373*	*1,229*
# Disenrolled for more than one reason	1	0	1	2
Number of children disenrolled	**2,137**	**3,340**	**2,798**	**8,275**

* 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 2007

C. FAMIS MOMS

The FAMIS MOMS program provides comprehensive medical care to low income pregnant women not eligible for Medicaid. As directed by the 2006 Virginia General Assembly, on September 1, 2006 DMAS increased eligibility for the program from 150% FPL up to and including 166% FPL. During the first quarter of 2007, 341 women were enrolled into the program, which is a 31% increase from the previous quarter . Overall, since it's inception in August 2005, 1,454 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 990. 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
January 2007	115	119	112	346
February 2007	139	137	131	407
March 2007	87	116	104	307
Totals	**341**	**372**	**347**	**1,060**

Source: ACS Monthly Report March 2007.

The following table shows the number of pregnant women denied FAMIS MOMS by the CPU in the first quarter of 2007, by denial reason:

DENIAL REASONS	January	February	March	TOTALS
Ineligible immigration status	15	20	10	**45**
Income is over the limit	20	17	17	**54**
Unauthorized applicant	0	0	0	**0**
Has or dropped other health insurance	22	24	13	**59**
FAMIS Plus/Medicaid enrolled	0	2	0	**2**
Not a Virginia resident	0	0	0	**0**
State employee benefits available	0	1	0	**1**
New & Re-app – Incomplete application	62	73	76	**211**
Total denial reasons	**119**	**137**	**116**	**372**
FAMIS Plus Likely (Pregnant teen)	*6*	*13*	*7*	*26*
Medicaid Pregnant Woman Likely	*106*	*118*	*97*	*321*
Total referred	**112**	**131**	**104**	**347**

Source: ACS Monthly Report March 2007.

The additional 321 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 26 pregnant 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 the following section of this report.

D. DMAS FAMIS Plus Unit

The FAMIS Plus Unit consists of DMAS staff 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 full-time Eligibility Workers in the Unit serve as liaisons to local Departments of Social Services, assisting with various quality assurance measures.

This unit has experienced a direct impact from the DRA 2005 requirements. Although, a majority of cases received are delayed pending receipt of proof of citizenship and identity, the FAMIS Plus unit processed to completion a total of 3,487 applications in this first quarter. Many operational changes have been implemented during this quarter in an effort to address t negative impact of increased calls, increased mail/fax volume, file storage issues and increased workloads. A separate helpline was established to answer questions regarding proof of citizenship and identity from callers that come through the FAMIS helpline. This has proven to be successful for the customers, the FAMIS helpline and the FAMIS Plus workers.

Below is a table that shows the FAMIS Plus Unit's activities in the first quarter of 2007:

ACTIVITY	January 2007	February 2007	March 2007	Total	Average per Month
Referrals received	1,218	1,191	1,305	**3,714**	1,238
FAMIS Plus Approved	843	692	1,032	**2,567**	856
FAMIS Approved	60	63	100	**223**	74
Medicaid PG Woman Approved	40	68	101	**209**	70
FAMIS MOMS Approved	31	33	61	**125**	42
FAMIS/FAMIS Plus Denied	81	141	141	**363**	121
Total Applications Processed	1,055	997	1,435	**3,487**	1,162
Applications on Active DSS Cases (sent to LDSS for processing)	97	101	78	**276**	92
Total Cases Reviewed	1,152	1,098	1,513	**3,763**	**1,254**

Source: ACS Monthly Report March 2007

E. FAMIS Website and E-Application

This quarter, 92,689 total visits to the FAMIS public website at www.famis.org were recorded. They averaged 1,029 visits a day with an average visit length of 8 minutes and 43 seconds. This represented 49,166 unique visitors to the FAMIS website during this time period.

In comparison, during the same quarter last year, there were 61,436 total visits to the FAMIS website, averaging 682 visits per day, and an average visit length of 9 minutes and 14 seconds. Although the length of time each visitor viewed the website did not substantially change, this quarter there were 51% more visits than during the same quarter a year ago.

Web site statistics for the individual months of the first quarter of FY 2007 are:

January 2007	February 2007	March 2007

Visits = 32,555 Average per Day = 1,050 Average Visit Length = 8:47	Visits = 27,644 Average per Day = 987 Average Visit Length = 9:18	Visits = 32,490 Average per Day = 1,048 Average Visit Length = 8:08

Also during this quarter, the new *Staying Healthy* section of the FAMIS website was previewed for the Maternal and Child Health Division staff and the DMAS management team. This new section will serve as a resource for FAMIS enrolled families and promote utilization of preventive care services. The new *Staying Healthy* section is scheduled to go live and will be available for public viewing during *Cover The Uninsured Week* in April.

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 2007, only 25 children (0.30% 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 2007	2,846	171	17
February 2007	2,411	165	6
March 2007	3,063	141	2
Totals	**8,310**	**477**	**25**

Source: ACS Monthly Report March 2007

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.

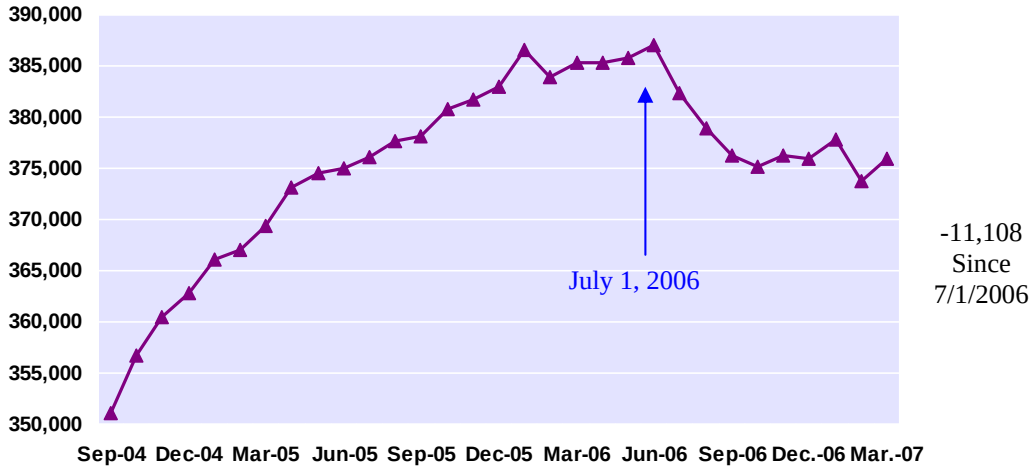
No co payments are imposed on pregnancy related services for women enrolled in FAMIS MOMS. Limited co payments for other medical services may be imposed as are allowed by Medicaid for pregnant women.

D. Deficit Reduction Act of 2005

On July 1, 2006 DMAS implemented new requirements contained in the Deficit Reduction Act of 2005 (DRA) that had been signed into law by President Bush in February 2006. Among many other provisions contained in the DRA was a new requirement that US citizens applying for or renewing Medicaid coverage provide proof of both their citizenship and their identity. The Centers for Medicare and Medicaid Services issued guidelines in June 2006 requiring that applicants and recipients establish such proof by providing original documents from a mandated list of acceptable documents. The most common forms of acceptable documentation include a US Passport (proving both citizenship and identity) or an original US birth record (to prove citizenship) and a drivers license for those over age 16 or an affidavit for those under age 16 (to prove identity).

These new requirements proved to be a significant barrier for many families and had an immediate and dramatically negative impact on enrollment of children and pregnant women in FAMIS Plus (Medicaid and SCHIP Medicaid Expansion) and Medicaid for Pregnant Women. The chart below shows enrollment growth for the last two years and the impact of the July 1 policy change.

Enrollment of Children in FAMIS Plus (Medicaid)



DMAS took immediate steps to assist families, including allowing extended time frames for submission of these documents and assistance to families seeking original birth certificates from the Bureau of Vital Records. However, many families experienced difficulty in meeting these new requirements and the net enrollment of children in Medicaid and the SCHIP Medicaid Expansion program declined dramatically. As of the end of the first quarter of 2007 there were 11,108 fewer children enrolled than on July 1, 2006.

DMAS continues to work with the Administration, the Department of Social Services and partner organizations to mitigate the negative impact of this policy on the enrollment of eligible US citizen children.

VI. COVERED SERVICES

A. Type of Access

Children who are enrolled in FAMIS access covered medical and dental 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 have 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.

B. Delivery System

As of March 31, 2007, AMERIGROUP Community Care, Anthem HealthKeepers Plus (HealthKeepers Plus, Priority Health Care and Peninsula Health Care), CareNet, Optima Family Care, 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 first quarter 2007, 74,004 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	8,766	7,190	69 localities (focused in Tidewater, Central Virginia, Charlottesville, Danville and Halifax)
Anthem HealthKeepers Plus	16,857	17,556	80 localities (focused in Tidewater, Central Virginia and Halifax)
Southern Health – CareNet	1,092	770	30 localities (Central VA)
Virginia Premier Health Plan	9,825	7,960	77 localities (focused in Tidewater, Central Virginia, Charlottesville and Roanoke)
AMERIGROUP	2,367	1,621	11 localities (focused in northern Virginia)
Total MCO Enrollment	**38,907**	**35,097**	

VII. MARKETING & OUTREACH

During the first quarter of FY 2007, 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 Children's Health Insurance Program Advisory Committee (CHIPAC) meetings; and overseeing public relations and marketing activities.

A. Events, Conferences, Presentations, and Training

Although the first quarter of the year typically has fewer events and conferences, the team took part in approximately 20 health fairs, conferences, presentations, and workgroups during this quarter.

The team hosted vendor tables and displayed FAMIS materials at several noteworthy events that drew enormous crowds: the two-day Northern Virginia Mission of Mercy held at the Dental College in Franconia, the Eleventh Annual Family Resource Gala in Hopewell, the Fourth Annual

Richmond Kids Expo, and the inaugural ceremony of the "(Window) of Health Services" hosted by the Mexican Embassy in Washington, D.C.

During this quarter, the team delivered presentations to diverse audiences, ranging from laid-off workers to doctors, nurses and other healthcare professionals. A presentation on FAMIS and FAMIS MOMS was made to 50 laid-off workers at BrownGreer in Richmond as part of Virginia Employment Commission (VEC) Rapid Response Team. Brief FAMIS updates were made at the annual luncheon of the Statewide Head Start Health Advisory Committee at the Virginia Head Start Association's Spring Conference and also at the quarterly meeting of the Henrico Child Health Coalition. In March, the Marketing and Outreach Manager was the keynote speaker at the *Pediatric Grand Rounds: Maternal Child Health Symposium* held at Prince William Hospital.

Staff participated in numerous meetings and workgroups throughout the quarter, working with members from many different agencies and organizations, including: the Colaborando Juntos Health Committee in Richmond; FACES Coalition on the Peninsula (Families Achieving Community Economic Stability); the Latino Health Summit Post-conference Planning Committee; Northern Virginia Access to Health Care Consortium; Richmond City Coalition at Southwood Apartments; Richmond Enhancing Access to Community Healthcare (REACH) and the Central Virginia Planning Agency; Richmond Public Schools, English as a Second Language (ESL) Program; Virginia Family Planning Task Force; and Virginia Covering Kids and Families Coalition.

DMAS continues to contract with *SignUpNow* to provide local Maternal and Child Health Insurance enrollment training sessions across the state. During this quarter, two sessions were held – one in Lynchburg for the Central Virginia Insurance Underwriters Association focusing on FAMIS Select and one in Radford focusing on all of the FAMIS and FAMIS Plus programs. Altogether, 30 new Tool Kits and 20 "contents only" packets were distributed this quarter.

B. New and Continuing Outreach Partnerships

In January, the new FAMIS calendar was distributed to many FAMIS and FAMIS Plus enrolled families in the Richmond and Fairfax areas. This project was lead by Virginia Health Care Foundation's (VHCF) Virginia Covering Kids and Families Coalition workgroup. The calendar, printed in both English and Spanish, is designed to promote utilization of well-child services and inform families about FAMIS programs, benefits and policies.

The Marketing and Outreach Unit also worked with VHCF on a special research project to survey 800 new FAMIS Plus applicants who applied through the FAMIS Central Processing Unit. The survey was designed to assess the impact of the new citizen and identity documentation requirements on enrollment and access to needed medical services during the application process. The survey was completed during this quarter. A final report will be released by VHCF during the first quarter of 2007.

C. Child Health Insurance Program Advisory Committee (CHIPAC)

The Marketing and Outreach Team continues to support the Children's Health Insurance Program Advisory Committee (CHIPAC) by coordinating meetings, posting public notices and minutes, assisting with the development of agendas and presentations, and working with members to ensure a quorum at meetings.

At the quarterly CHIPAC meeting in March, three main topics were covered: (1) SCHIP reauthorization, (2) proposed recommendations to create a data warehouse, and (3) updates on the impact of the new proof of citizenship and identity requirements for U.S. citizens applying for or renewing Medicaid coverage. In addition to the quarterly meeting of the full committee, a CHIPAC Executive Subcommittee meeting was also held this quarter.

D. Public Relations and Marketing

This is quarter of the year when new federal income guidelines are released and the Marketing and Outreach Unit updates all FAMIS print materials and the FAMIS website with the new income guidelines. Also during this quarter new materials were developed including: a series of age-range specific EPSDT newsletters that can be sent to families on their children's birthdays; a BabyCare program flyer for pregnant women; age-range specific well-child schedules; and a postcard to promote the new *Staying Healthy* section of the FAMIS website.

Much of the planning for *Cover The Uninsured Week 2007* took place during this quarter. New five, ten, and fifteen second radio spots featuring Julia, the FAMIS spokesperson, were developed and recorded for use in the *Cover The Uninsured Week* campaign media buy.

In February, an article entitled "Help with Health Care" appeared on the front of the Metro Section of the Richmond Times Dispatch. For that article, Marketing and Outreach staff worked with the newspaper's health reporter to develop a story angle and identify families to interview. Two FAMIS families were featured—one chosen to help promote FAMIS *Select* and the other to promote FAMIS MOMS. In March, an article drafted by Marketing and Outreach staff, entitled "Medicaid Enrollment Delays Due to New Federal Law," appeared in the NAME TAG newsletter, a publication of the National Alliance for Medicaid in Education. Also in March, staff gave a half-hour radio interview in Spanish about FAMIS on Richmond's WRIR (97.3FM).

E. Project Connect

During the first quarter**,** DMAS funded *Project Connect* organizations helped to enroll or renew coverage for 873 children and pregnant women. An additional 473 children and pregnant women are pending approval on new applications and 11 children are pending approval on renewal applications. Overall, *Project Connect* grantees achieved 169% of their quarterly new enrollment goal taking into account pending cases and denial rates. Of the five grantees, four (with the exception of CINCH) will have exceeded their quarterly goals when pending cases have cleared.

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Alexandria Neighborhood Health Services	Alexandria and Arlington	57	100	157
Consortium for Infant and Child Health (CINCH)*	Chesapeake, Portsmouth, Suffolk, Virginia Beach, Franklin, Poquoson, and York County	8	37	45
Cumberland Plateau Health District	Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise Counties	70	137	207
Inova Partnership for Healthier Kids	Fairfax City/County and Loudoun	85	211	296
REACH	*Richmond City and surrounding area.*	8	160	168
TOTAL	***All Projects***	**228**	**645**	**873**

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 2007, the CPU received 3,606 FAMIS approved cases from the local Departments of Social Services throughout Virginia. This is an increase of 136 from the cases received in the last quarter of 2006.

During the first quarter of 2007, the DMAS FAMIS Plus Unit at the CPU forwarded 856 approved FAMIS Plus cases to local Departments of Social Services for case maintenance. This was the third quarter in a row showing a reduced number of FAMIS Plus cases transferred to local DSS agencies. The sharp reduction in the number of cases approved for FAMIS Plus is again primarily due to the impact of the new requirement to document both citizenship and identity. In addition, 209 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*.

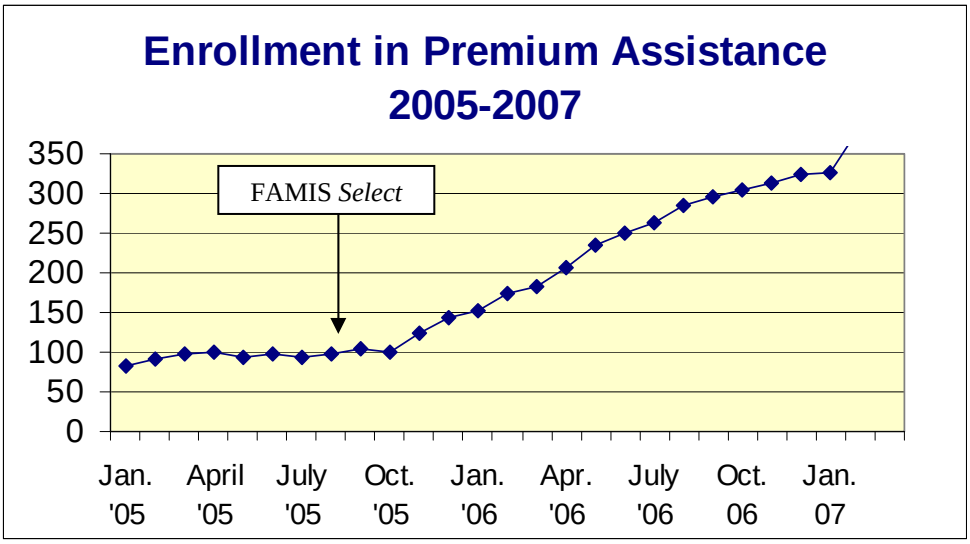
Because of the premium assistance available through FAMIS *Select*, some families may be able to afford employer-sponsored or private health insurance for the entire family. At the end of the first

quarter of 2007 FAMIS *Select* provided coverage for **409** FAMIS eligible children. An additional **313** adults and non-FAMIS eligible children were also covered by the health insurance policies funded in part by FAMIS *Select* premium assistance.

The following tables show the premium assistance activity in the first quarter of 2007:

FAMIS Select activity	January 2007	February 2007	March 2007	Total for Quarter
Applications received	32	27	16	75
Application disposition				
Approved	29	24	11	
Denied	3	3	5	11
Active Cases				
Children enrolled for month	326	382	409	
Families enrolled for month	140	164	179	
FAMIS Select payments made	$29,464.44	$39,950.81	$39,621.03	$109,036.28

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 2007 totaled $22,051,065**,** an increase of $1,262,796 from the prior quarter's expenditures of $20,788,269. Expenditures for medical services received by SCHIP Medicaid Expansion enrollees for the first quarter of 2007 totaled $17,374,310, an increase of $458,368 over the prior quarter's expenditures of $16,915,942. Total first quarter Title XXI expenditures for medical services were **$39,425,375,** an increase of $1,731,164 from the prior quarter's expenditures of $37,694,211.

Administrative expenditures for FAMIS and SCHIP Medicaid Expansion in the first quarter totaled **$190,608**. Administrative expenses accounted for **0.48%** 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 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 **$39,615,983** an increase of $526,619 from the prior quarter's expenditures of $39,089,364.

See tables #2 and #3 for first quarter 2007 expenditures by type of service.

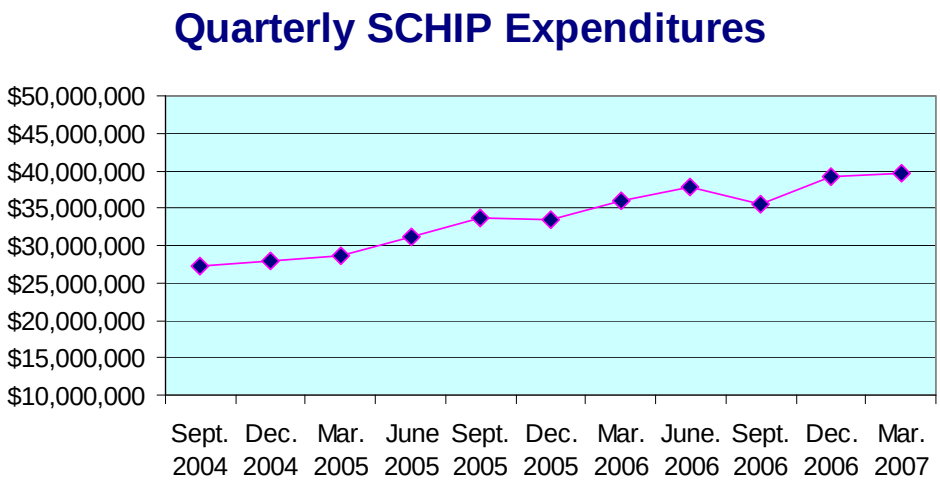


TABLE #1

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 2007

	SERVICE TYPE	JANUARY	FEBRUARY	MARCH	QTR TOTAL
1	**Health Care Insurance Premiums**	**4,178,602**	**4,282,656**	**4,340,425**	**12,801,682**
123744	ESHI Premiums	29,464	(447)	79,572	108,589
123747	HMO-Options Capitation Payments	0	0	0	0
123748	HMO-MEDALLION II Capitation Payments	4,149,138	4,283,103	4,260,853	12,693,093
123749	FAMIS Premium Refunds	0	0	0	0
2	**Inpatient Hospital Services**	**203,459**	**431,573**	**549,689**	**1,184,720**
123319	Long Stay Inpatient Hospital	0	0	0	0
123341	General Hospital	203,459	431,573	549,689	1,184,720
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**	**0**	**0**	**0**	**0**
123416	Nurses Aides	0	0	0	0
123541	Skilled Nursing Facilities	0	0	0	0
123591	Miscellaneous Nursing Home	0	0	0	0
5	**Physician and Surgical Services**	**217,539**	**288,497**	**415,860**	**921,895**
123441	Physicians	217,539	288,497	415,860	921,895
123457	MC Providers - FFS Payments	0	0	0	0
6	**Outpatient Hospital Services**	**164,828**	**194,803**	**193,691**	**553,322**
123141	Outpatient Clinic	164,828	194,803	193,691	553,322
123349	CORF	0	0	0	0
7	**Outpatient Mental Health Facility Services**	**437,493**	**488,557**	**722,629**	**1,648,678**
123143	Community Mental Health Clinic	4,333	3,954	7,233	15,520
123340	Psych Residential Inpatient Services	0	2,543	2,066	4,609
123449	MH Community Services	92,073	85,178	110,814	288,065
123451	MR Community Services	0	0	0	0
123461	Private MH & SA Community	341,086	396,881	602,516	1,340,484
8	**Prescribed Drugs**	**283,474**	**328,192**	**467,329**	**1,078,995**
123445	Prescribed Drugs	283,474	328,192	467,329	1,078,995
9	**Dental Services**	**958,994**	**1,069,449**	**1,158,777**	**3,187,220**
123241	Dental	952,403	1,066,136	1,154,529	3,173,067
123242	Dental Clinic	6,591	3,314	4,248	14,153
10	**Vision Services**	**10,407**	**13,048**	**16,798**	**40,252**
123443	Optometrists	10,407	13,048	16,798	40,252
11	**Other Practitioner's Services**	**10,804**	**14,763**	**22,374**	**47,940**
123444	Podiatrists	447	504	575	1,526
123446	Psychologists	2,392	2,432	5,092	9,916
123447	Nurse Practitioners	4,298	6,396	9,131	19,825
123491	Miscellaneous Practitioners	3,667	5,430	7,576	16,673
12	**Clinic Services**	**48,447**	**67,292**	**95,151**	**210,890**
123142	Other Clinic	489	175	695	1,360
123147	Ambulatory Surgical Clinic	5,378	5,874	8,853	20,105
123148	Rural Health Clinic	20,633	23,540	33,067	77,240
123460	Federally Qualified Health Center	11,960	15,339	21,582	48,881
123473	School Rehab Services	9,987	22,036	30,953	62,976
123474	School Health Clinic Services	0	329	0	329
13	**Therapy Clinic Services**	**10,490**	**16,094**	**19,097**	**45,682**
123144	Physical Therapy Clinic	10,490	16,094	19,097	45,682
14	**Laboratory and Radiological Services**	**30,314**	**37,832**	**45,354**	**113,500**
123641	Lab and X-ray	30,314	37,832	45,354	113,500

15	**Durable and Disposable Medical Equipment**	**15,474**	**29,268**	**14,642**	**59,383**
123484	Medical Appliances	15,474	29,268	14,642	59,383
134241	Medical Appliances	0	0	0	0
18	**Screening Services**	**30,117**	**48,536**	**55,347**	**134,000**
123145	EPSDT Screening	30,117	48,536	55,347	134,000
19	**Home Health**	**1,170**	**988**	**244**	**2,402**
123442	Home Health	1,170	988	244	2,402
21	**Home/CBC Services**	**0**	**0**	**0**	**0**
123545	Private Duty Nursing	0	0	0	0
123566	Personal Care	0	0	0	0
22	**Hospice**	**0**	**0**	**0**	**0**
123435	Hospice Care	0	0	0	0
23	**Medical Transportation**	**1,755**	**2,538**	**4,270**	**8,562**
128641	Transportation	1,755	2,538	4,270	8,562
24	**Case Management**	**2,536**	**4,071**	**5,333**	**11,940**
123448	Maternal Infant Care	2,536	4,071	5,333	11,940
123465	Treatment Foster Care Case Mgmt.	0	0	0	0
	Total Expenditures for FAMIS Medical Services	**6,605,903**	**7,318,154**	**8,127,007**	**22,051,065**
	Administrative Expenditures	**35,784**	**36,309**	**35,907**	**108,000**
			39,309		
	Total FAMIS Expenditures	**6,641,687**	**7,354,463**	**8,162,915**	**22,159,065**

TABLE #3

MEDICAID EXPANSION EXPENDITURES BY TYPE OF SERVICE – January, February & March 2007

	SERVICE TYPE	JANUARY	FEBRUARY	MARCH	QTR TOTAL
1	**Health Care Insurance Premiums**	**2,845,613**	**2,860,538**	**2,829,338**	**8,535,488**
123757	HMO-Options Capitation Payments	0	0	0	0
123758	HMO-MEDALLION II Capitation Payments	2,845,613	2,860,538	2,829,338	8,535,488
2	**Inpatient Hospital Services**	**166,420**	**93,564**	**172,626**	**432,610**
123350	General Hospital	166,420	93,564	172,626	432,610
123352	Rehabilitation Hospital	0	0	0	0
3	**Inpatient MH - Regular Payments**	**126,399**	**122,867**	**159,766**	**409,032**
123303	Psych.Resident Inpatient Facility	112,919	112,218	141,138	366,275
123357	Inpatient Psychology Under 21 (Private)	12,297		6,916	19,213
123358	Long Stay Inpatient Hospital (MH)	0	0	0	0
123363	Inpatient Psychology Under 21 (MHMR)	1,183	10,649	11,711	23,544
4	**Nursing Care Services**	**0**	**0**	**0**	**0**
123554	Skilled Nursing Facilities	0	0	0	0
123559	Miscellaneous Nursing Home	0	0	0	0
5	**Physician and Surgical Services**	**144,863**	**191,004**	**272,348**	**608,216**
123424	Physicians	144,863	191,004	272,348	608,216
123425	MC Providers - FFS Payments	0	0	0	0
6	**Outpatient Hospital Services**	**128,255**	**144,101**	**159,039**	**431,394**
123116	Outpatient Hospital	128,255	144,101	159,039	431,394
123321	CORF	0	0	0	0
7	**Outpatient Mental Health Facility Services**	**661,638**	**815,475**	**1,063,462**	**2,540,576**
123115	Mental Health Clinic	8,153	7,965	9,598	25,717
123420	MH Community Services	100,583	98,256	131,580	330,418
123421	MR Community Services	653	653	1,633	2,939
123422	Private MH & SA Community	552,249	708,601	920,652	2,181,503
8	**Prescribed Drugs**	**305,445**	**322,116**	**441,996**	**1,069,557**
123426	Prescribed Drugs	305,445	322,116	441,996	1,069,557
9	**Dental Services**	**884,354**	**971,891**	**821,524**	**2,677,768**
123205	Dental	876,448	967,284	817,449	2,661,181
123206	Dental Clinic	7,906	4,607	4,075	16,587
10	**Vision Services**	**13,762**	**21,167**	**26,299**	**61,228**
123455	Optometrists	13,762	21,167	26,299	61,228
11	**Other Practitioner's Services**	**16,611**	**22,262**	**24,988**	**63,861**
123437	Podiatrists	1,933	1,523	498	3,953
123438	Psychologists	3,780	4,957	5,472	14,208
123439	Nurse Practitioners	3,627	6,926	6,596	17,149
123440	Miscellaneous Practitioners	7,271	8,857	12,422	28,550
12	**Clinic Services**	**31,072**	**58,794**	**75,672**	**165,538**
123117	Other Clinic	807	501	1,417	2,725
123118	Ambulatory Surgical Clinic	1,996	3,393	4,863	10,252
123124	Rural Health Clinic	10,873	16,370	27,410	54,653
123462	School Rehab Services	8,693	23,198	25,784	57,675
123463	School Health Clinic Services	53	26	163	242
123471	Federally Qualified Health Center	8,650	15,307	16,033	39,991
13	**Therapy Clinic Services**	**9,452**	**11,389**	**12,541**	**33,382**
123119	Physical Therapy Clinic	9,452	11,389	12,541	33,382
14	**Laboratory and Radiological Services**	**22,368**	**27,055**	**37,589**	**87,012**
123651	Lab and X-ray	22,368	27,055	37,589	87,012

15	**Durable and Disposable Medical Equipment**	**12,545**	**15,233**	**32,502**	**60,280**
123472	Medical Appliances	12,545	15,233	32,502	60,280
18	**Screening Services**	**7,551**	**11,559**	**15,725**	**34,835**
123123	EPSDT Screening	7,551	11,559	15,725	34,835
19	**Home Health**	**5,610**	**7,705**	**9,762**	**23,077**
123466	Home Health	2,156	4,470	6,547	13,172
123467	Community MR Services Waiver	3,454	3,236	3,216	9,905
21	**Home/CBC Services**	**28,163**	**41,103**	**51,219**	**120,486**
123476	Developmental Disabilities Waiver	0	81	0	81
123481	Developmental Disability Support Coordinator	0	351	1,579	1,929
123552	CD Facilitator Services	53	696	736	1,484
123553	Private Duty Nursing	24,680	30,210	40,404	95,294
123560	Personal Care	3,431	5,055	4,639	13,125
123592	Respite Care		4,710	3,862	8,571
123802	Day Support	0	0	0	0
22	**Hospice**	**0**	**0**	**0**	**0**
123470	Hospice Care	0	0	0	0
23	**Medical Transportation**	**2,321**	**1,123**	**3,331**	**6,775**
128651	Transportation	2,321	1,123	3,331	6,775
24	**Case Management**	**1,823**	**6,572**	**4,801**	**13,196**
123468	Maternal Infant Care	1,823	2,866	2,918	7,607
123469	Treatment Foster Care Case Mgmt.		3,706	1,883	5,589
	Total Expenditures for Medical Services	**5,414,265**	**5,745,518**	**6,214,528**	**17,374,310**
	Administrative Expenditures	**27,434**	**27,786**	**27,388**	**82,608**
	Total MEDICAID EXPANSION Expenditures	**5,441,699**	**5,773,304**	**6,241,916**	**17,456,918**

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 2007. (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 fourth 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 estimate the number of children remaining uninsured in Virginia who are potentially eligible for Medicaid or FAMIS. Although this estimate was revised twice as new data became available, the formula relied heavily on the 2001 Virginia Health Access Survey and the 2000 census data. Because this data had become dated, The Virginia Health Care Foundation, in collaboration with the Joint legislative Audit and Review Commission (JLARC), contracted with the Urban Institute to analyze the current rates of uninsurance in the Commonwealth. Rather than conduct an original survey, the Urban Institute examined relevant data sources and will produce their report in December 2006. However, as a result of this process, DMAS has been advised to discontinue reporting a percentage of eligible children covered.

Every day there are new children born or moving into the Commonwealth who are uninsured and, like most states, there is a continuing erosion of the employer-sponsored insurance market. The result is that the number of uninsured children in Virginia is a dynamic and constantly changing landscape. Therefore, because the target is so fluid and the data sources are different, it is not credible to measure growth in the percentage of children covered by a simple comparison of current DMAS enrollment

data to a static number of eligible children. DMAS will continue to report the number of children enrolled each month but will no longer report the percentage of eligible children covered.

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 2007, there were 35,014 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, 2006 and 2007 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 third 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 was implemented in on September 1, 2006.

D. 2007 Legislation

Budget Item 301 1c

The General Assembly authorized DMAS to increase the income level for pregnant women in FAMIS MOMS from 16% FPL to 185% FPL. This increase in eligibility will be implemented on July 1, 2007.