QUARTERLY REPORT ON THE STATUS OF THE

FAMILY ACCESS TO MEDICAL INSURANCE SECURITY PLAN (FAMIS)

Second Quarter 2007

April 1, 2007 – June 30, 2007

Virginia Department of Medical Assistance Services

TABLE OF CONTENTS

SECTION **PAGE NUMBER**

EXECUTIVE SUMMARY **1**

I. PURPOSE **2**

II. BACKGROUND **2**

III. NUMBER OF CHILDREN & PREGNANT WOMEN ENROLLED **3**

A. CURRENT ENROLLMENT 3
B. PROGRESS TOWARD ENROLLING ALL ELIGIBLE UNINSURED CHILDREN 4

IV. FAMIS OPERATIONS **4**

A. CALL CENTER ACTIVITY 5
B. APPLICATION PROCESSING 5
C. FAMIS MOMS 7
D. FAMIS PLUS UNIT 9
E. FAMIS WEBSITE 9

IV. POLICIES AFFECTING ENROLLMENT **10**

A. "NO WRONG DOOR" 10
B. FOUR-MONTHS WAITING PERIOD 10
C. IMPACT OF PREMIUMS AND CO-PAYMENTS 11
A. DEFICIT REDUCTION ACT OF 2005 12

VI. COVERED SERVICES **13**

A. TYPE OF ACCESS 13
B. DELIVERY SYSTEM 13
C. MANAGED CARE ENROLLMENT 13

VII. MARKETING AND OUTREACH **14**

A. EVENTS, CONFERENCES, PRESENTATIONS AND TRAINING 14
B. NEW & CONTINUING OUTREACH PARTNERSHIPS 14
C. CHILD HEALTH INSURANCE PROGRAM ADVISORY COMMITTEE 15
D. PUBLIC RELATIONS AND MARKETING 15
E. *PROJECT CONNECT* GRANTEES 16

VIII. COORDINATION WITH THE DEPARTMENT OF SOCIAL SERVICES 16

A. APPLICATION PROCEDURES 16
B. DSS CASES PROCESSED 17
C. CHILD SUPPORT ENFORCEMENT OUTREACH 17

IX. PREMIUM ASSISTANCE PROGRAM 17

X. SCHIP EXPENDITURES OF FUNDS 19

TABLES

TABLE #1 – FAMIS FPL (Federal Poverty Level) Income Limits 20
TABLE #2 – FAMIS Expenditures by Type of Service 21
TABLE #3 – Medicaid Expansion Expenditures by Type of Service 23

APPENDICES

Appendix I – Joint Legislative Audit and Review Commission Recommendations 25
Appendix II – 2002, 2003, 2004, and 2005 General Assembly Legislation 27
A. 2002 Legislation 27
B. 2003 Legislation 27
C. 2004 Legislation 29
D. 2005 Legislation 30
E. 2006 Legislation 30
F. 2006 Legislation 30

EXECUTIVE SUMMARY

The Family Access to Medical Insurance Security (FAMIS) program is Virginia's State Child Health Insurance program (SCHIP) for low-income children funded under Title XXI of the Social Security Act. This quarterly report conveys the status of the FAMIS program during the second quarter of calendar year 2007 – April, May and June.

During the second quarter of 2007:

- Enrollment in Virginia's SCHIP program (including the separate FAMIS program and the SCHIP Medicaid Expansion program) was **82,731** as of the end of the quarter. This represents a net increase of 1,289 children since the end of the previous quarter on March 31, 2007;

- The FAMIS Central Processing Unit (CPU) received 48,491 calls this quarter and experienced an average abandonment rate of 6.4%. 11,827 applications were received at the FAMIS CPU and 3,561 FAMIS enrolled cases were transferred from local departments of social services. **14,140** 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, **757** pregnant women were actively enrolled. On July 1, 2007, eligibility for the FAMIS MOMS program was increased from 166% FPL to 185% FPL as mandated by the 2007 General Assembly;

- Approximately **80%** of enrolled children received FAMIS or Medicaid Expansion benefits through a Managed Care Organization (MCO);

- Second quarter expenditures for medical services for children in Virginia's SCHIP program were **$40,952,260,** an increase of $1,526,885 from the prior quarter's expenditures of $39,425,375. Administrative costs represented 5.5% of all SCHIP expenditures; and

- The revamped program providing premium assistance for employer based or private insurance, FAMIS *Select,* declined slightly in enrollment for the second quarter since its inception in August 2005. At the end of the second quarter of 2007, there were 383 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. As of July 1, 2007, eligibility for FAMIS MOMS was raised to 185% FPL as mandated by the 2007 Virginia General Assembly.

III. NUMBER OF CHILDREN & PREGNANT WOMEN ENROLLED

A. Current Enrollment

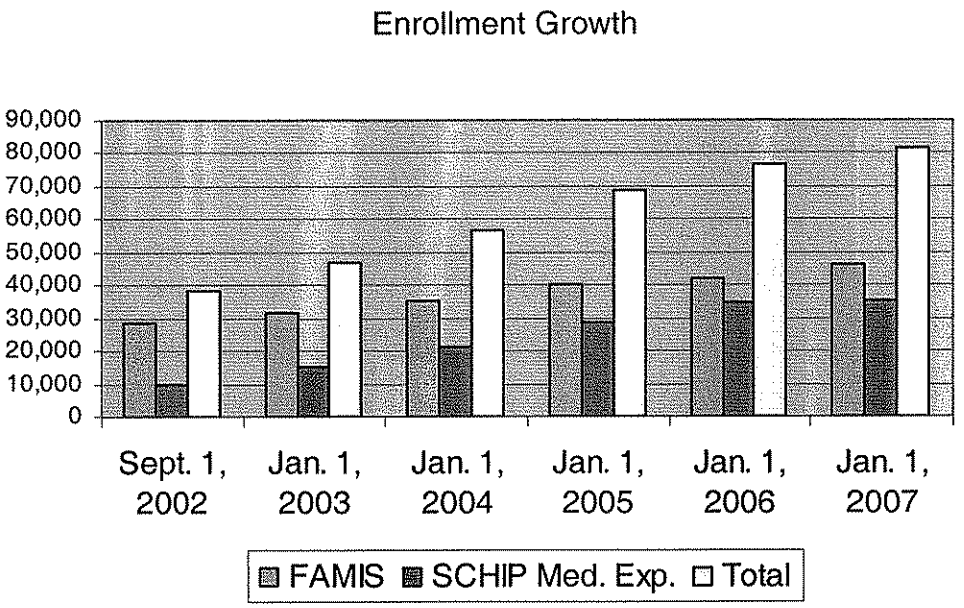
Information on the number of children enrolled in the Children's Health Insurance Program and the number of pregnant women enrolled in Medicaid and in the FAMIS MOMS program as of March 31, 2007, is shown in the table below.

PROGRAM	INCOME	# Enrolled as of 6-30-07	% of Total Enrollment
FAMIS - Children < 19 years	> 133%, ≤ 200% FPL	47,622	11%
MEDICAID Expansion – Children 6-18 years	> 100%, ≤ 133% FPL	35,109	8%
	SCHIP Subtotal	82,731	19%
MEDICAID - Children < 21 years	≤ 133% FPL	342,438	81%
	Total Children	**425,169**	**100%**
MEDICAID for Pregnant Women	≤ 133% FPL	16,107	96%
FAMIS MOMS	133%, ≤ 150% FPL	757	4%
	Total Pregnant Women	**16,864**	**100%**

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

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. The current contract period will end on July 31st, 2007. The RFP process was completed during this quarter and ACS State Healthcare has been awarded the contract to continue performing administrative services for the SCHIP program as the FAMIS CPU.

The new contractual agreement with ACS State Healthcare was officially signed in May and the implementation process began immediately. Under the new agreement, the following are a few of the changes that will be implemented under the new contract:

- New operations location in Chesterfield County
- Enhanced telecomm technology
  - Interactive Voice Response System – caller can receive automated program information, check their application status and report changes.
  - CATs Survey – random survey to collect caller information about level of service and customer satisfaction.
  - Phone Tree – automated outbound calls for renewal reminders and other actions required by recipients for continued eligibility.
  - Voice Print – software that records 100% of all inbound calls for call monitoring
  - ODM – Online Documentation Management – this system will allow the CPU operational center to become a fully paperless processing environment.
  - Website updates – capabilities for recipients to report changes and make their MCO selection through the FAMIS.org website.
- DSS Electronic Transfers – in cooperation with the Department of Social Services, the CPU now receives electronic transfers of applications approved for FAMIS from the local DSS offices. This eliminates the need for paper transfers and ensures receipt of all approved cases in a timely manner.

A. Call Center Activity

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

MONTH	Incoming Calls Received	Incoming Calls Answered	Abandon Rate	Total Outbound Calls
April 2007	17,169	16,436	4.3%	4,595
May 2007	16,605	15,006	9.6%	5,519
June 2007	14,717	13,926	5.4%	3,743
Totals	**48,491**	**45,368**	**6.4%**	**13,857**

Source: ACS Monthly Report June 2007.

In response to the increased number of calls received in regards to citizenship and identity on applications referred to FAMIS Plus, the CPU established a second helpline with specific workers trained to answer C&I calls. The separate C&I helpline received an additional 8,722 calls this quarter with an average abandonment rate of 12.5%. The average monthly number of calls received for the combined help lines for the second quarter was 19,071, which represents a 4.8% increase from last quarter's average monthly volume of 18,200. The average combined abandonment rate of 9.5% (6.4% and 12.5%) for both help lines is a slight increase from the previous quarter's abandon rate of 7.7%.

B. Application Processing

The contractor (ACS) received a total of 11,827 applications (electronic, mailed and faxed) for the second quarter, with an average monthly volume of 3,942 applications. Electronic (web)

applications averaged 26% of all application sources. In addition, the CPU received an average of 1,187 cases transferred from local DSS offices per month during the second quarter of 2007. Total applications received by the CPU in this quarter decreased by 5% from the previous quarter.

The CPU Eligibility Team ended the quarter processing applications in an average of 10 business days from receipt of the completed application.

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

Month	New	Re-app	Redetermination	Renewal	TOTAL
April 2007	2,049	576	176	1,394	4,195
May 2007	1,966	532	206	1,382	4,086
June 2007	1,629	537	179	1,201	3,546
Total	**5,644**	**1,645**	**561**	**3,977**	**11,827**

Source: ACS Monthly Report – June 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
April 2007	2,843	4,529	2,438	2,863
May 2007	2,967	4708	2,440	2,756
June 2007	3,115	4,903	2,517	3,054
Totals	**8,925**	**14,140**	**7,395**	**8,673**

Source: ACS Monthly Report – June 2007.

In addition, 4,825 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 second quarter of 2007, by denial reason:

DENIAL REASONS	April	May	June	TOTALS
Ineligible immigration status	45	69	82	**196**
Income is over the limit	678	826	815	**2,319**
Unauthorized applicant	7	8	7	**22**
Currently has other health insurance	142	190	231	**563**
Other insurance within past 4 months	7	5	3	**15**
FAMIS Plus/Medicaid enrolled	166	245	188	**599**
Not a Virginia resident	0	0	0	**0**
Over age 19	38	22	21	**81**
State employee benefits available	35	18	37	**90**
New & Re-app – Incomplete application	1,288	1,003	1,298	**3,589**
Renewal – Incomplete application	457	370	372	**1,199**
Total denial reasons	2,863	2,756	3,054	**8,673**

Source: ACS Monthly Report June 2007.

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

DISENROLLMENT REASON	April	May	June	TOTAL
Renewal incomplete	2,006	1,502	1,600	**5,108**
Ineligible immigration status	4	4	6	**14**
Income is over the limit	215	252	259	**726**
Child moved out of home	10	0	0	**10**
Has other health insurance	23	22	39	**84**
No longer a Virginia resident	57	119	56	**232**
Over age 19	93	82	108	**283**
State employee benefits available	3	16	5	**24**
Requested by applicant	6	6	7	**19**
Appeal denied	7	0	0	**7**
Death	0	0	1	**1**
Fraud	0	0	0	**0**
Cannot locate family	0	11	3	**14**
DMAS request	0	1	2	**3**
Child incarcerated	0	0	0	**0**
FAMIS Plus application incomplete	11	40	264	**315**
Child in institution for treatment of mental diseases	0	0	0	**0**
*FAMIS Plus/Medicaid enrolled**	*692*	*296*	*514*	*1,502*
# Disenrolled for more than one reason	11	12	6	29
Number of children disenrolled	**3,138**	**2,363**	**2,870**	**8,371**

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

Source: ACS Monthly Report June 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 second quarter of 2007, 341 women were enrolled into the program, which is a 6% decrease from the previous quarter. Overall, since it's inception in August 2005, 1,669 women have received benefits under FAMIS MOMS.

The total number of applications received at the FAMIS CPU with a pregnant woman applying for FAMIS MOMS during this second quarter was 1,085. The number processed is greater than the number received due to the applications received in a previous quarter and processed in this quarter.

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

MONTH	FAMIS MOMS Approved	FAMIS MOMS Denied	Applicants Referred to Medicaid	Total
April 2007	102	145	147	394
May 2007	101	132	106	339
June 2007	116	148	88	352
Totals	**319**	**425**	**341**	**1,085**

Source: ACS Monthly Report June 2007.

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

DENIAL REASONS	April	May	June	TOTALS
Ineligible immigration status	15	19	20	**54**
Income is over the limit	17	23	31	**71**
Unauthorized applicant	0	0	0	**0**
Has or dropped other health insurance	36	30	20	**86**
FAMIS Plus/Medicaid enrolled	0	0	0	**0**
Not a Virginia resident	0	0	0	**0**
State employee benefits available	2	0	0	**2**
New & Re-app – Incomplete application	75	60	77	**212**
Total denial reasons	**145**	**132**	**148**	**425**
FAMIS Plus Likely (Pregnant teen)	*5*	*5*	*2*	*12*
Medicaid Pregnant Woman Likely	*142*	*101*	*86*	*329*
Total referred	**147**	**106**	**88**	**341**

Source: ACS Monthly Report June 2007.

The additional 329 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 12 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 original proof of citizenship and identity, the FAMIS Plus unit processed to completion a total of 8,724 applications in this second quarter. This is more than double the cases processed to completion during the previous quarter. Many operational changes have been implemented during this quarter in an effort to provide relief to the unit from the impacts of increased calls, increased mail/fax volume, file storage issues and increased workloads. A separate C&I helpline was established to answer status questions 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 second quarter of 2007:

ACTIVITY	April 2007	May 2007	June 2007	Total	Average per Month
Referrals received	1,172	1,207	1,231	**3,610**	1,203
FAMIS Plus Approved	994	835	750	**2,579**	860
FAMIS Approved	98	70	52	**220**	73
Medicaid PG Woman Approved	64	63	56	**183**	61
FAMIS MOMS Approved	23	33	19	**75**	25
FAMIS/FAMIS Plus Denied	258	477	1,322	**2,057**	686
Total Applications Processed	2,609	2,685	3,430	**8,724**	2,908
Applications on Active DSS Cases (sent to LDSS for processing)	78	93	75	**246**	82
Total Cases Reviewed	2,687	2,778	3,505	**8,970**	**2,990**

Source: ACS Monthly Report June 2007

E. FAMIS Website and E-Application

This quarter, 92,718 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 51 seconds. This represented 77,263 unique visitors to the FAMIS website during this time period.

In comparison, during the same quarter last year, there were 61,052 total visits to the FAMIS website, averaging 670 visits per day, and an average visit length of 9 minutes and 19 seconds. Although the length of time each visitor viewed the website was less, this quarter there were 52% more visits than during the same quarter a year ago.

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

April 2007	May 2007	June 2007
Visits = 32,947 Average per Day = 1,098 Average Visit Length = 8:55	Visits = 30,399 Average per Day = 980 Average Visit Length = 8:57	Visits = 29,372 Average per Day = 979 Average Visit Length = 8:41

There were more total visits to the website during April 2007 than during any other previous month. The most active day during that month was Monday, April 23 — corresponding to the start of *Cover the Uninsured Week*, when publicity was at its height.

During this quarter the new *Staying Healthy* section of the FAMIS website in English was launched to serve as a resource for FAMIS enrolled families and promote utilization of preventive care services. This new section features seven new pages with information for parents and parents-to-be on well-child checkups, prenatal care, prevention, immunizations, safety, nutrition, developmental milestones, parenting, dental care, and more. The *Staying Healthy* section of the FAMIS website contains over 200 health related links and resources for parents and parents-to-be.

The *Staying Healthy* section on the Spanish FAMIS website is scheduled to be implemented for the Back-to-School campaign along with distribution of a bi-lingual poster promoting the *Staying Healthy* site.

V. POLICIES AFFECTING ENROLLMENT

A. "No Wrong Door"

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

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

B. Four-Months "Waiting Period"

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

The intent of shortening the "waiting period" from six to four months in August 2003 was to deny fewer children FAMIS benefits because of prior insurance coverage. The average number of children per quarter who were denied FAMIS when the waiting period was six months was 82 (average per quarter from January 1, 2002 to July 1, 2003). In the second quarter of 2007, only 15 children (0.17% of all denied children) were denied because the child's parent had canceled private health insurance coverage without good cause within four months of applying for FAMIS. This decrease in denials due to prior insurance shows that shortening the waiting period is succeeding in making more children eligible for FAMIS.

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

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

Month	# Children Denied	# Denied for Current Insurance	# Denied for Insurance Dropped within 4 months
April 2007	2,863	142	7
May 2007	2,756	190	5
June 2007	3,054	231	3
Totals	**8,673**	**563**	**15**

Source: ACS Monthly Report June 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.

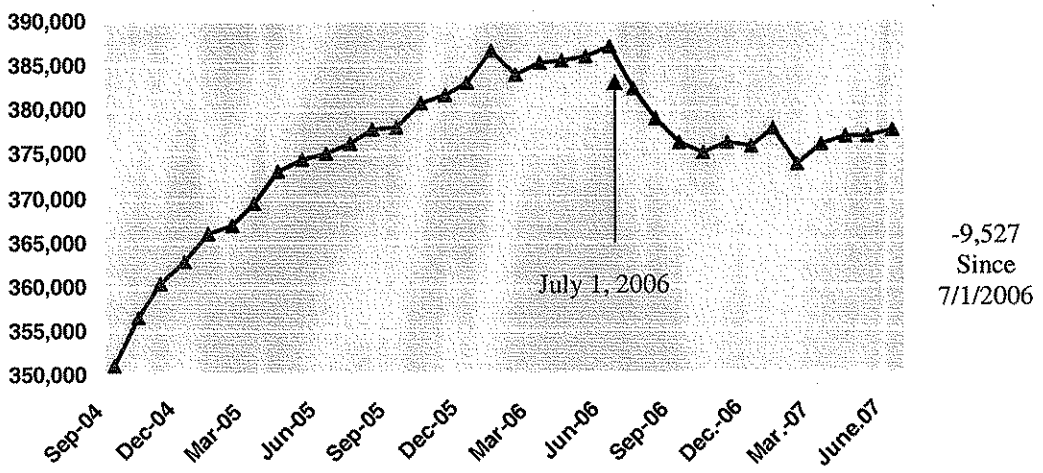
No co payments are imposed on pregnancy related services for women enrolled in FAMIS MOMS. Limited co payments for other medical services may be imposed as are allowed by Medicaid for pregnant women.

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 second quarter of 2007 there were 9,527 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 June 30, 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 second quarter 2007, 66,469 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	8,980	7,210	69 localities (focused in Tidewater, Central Virginia, Charlottesville, Danville and Halifax)
Anthem HealthKeepers Plus	17,412	10,517	80 localities (focused in Tidewater, Central Virginia and Halifax)
Southern Health – CareNet	1,107	791	30 localities (Central VA)
Virginia Premier Health Plan	9,979	6,209	77 localities (focused in Tidewater, Central Virginia, Charlottesville and Roanoke)
AMERIGROUP	2,572	1,692	11 localities (focused in northern Virginia)
Total MCO Enrollment	**40,050**	**26,419**	

VII. MARKETING & OUTREACH

During the second 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

This quarter the Marketing and Outreach Unit attended more than 30 events, conferences, and meetings throughout the Commonwealth. The team hosted tables and displayed FAMIS materials at several noteworthy events that included: DuPont Village Apartments in Richmond as part of National Public Health Week; Kids Connections Fair for special needs children at the Children's Museum in Richmond; Resource Mothers Enrollment Fair in Woodbridge; Partnership for Healthier Kids (PHK) Celebration and grand opening of the Annandale Neighborhood Center; Medical Society of Virginia Alliance (MSVA) Annual Convention in Richmond; Governor's Business Appreciation Week Breakfast in Richmond; *Dia de la Salud* in Woodbridge; and Special Olympics at the University of Richmond Robbins Center.

During this quarter, the team delivered presentations to various groups. A presentation of the FAMIS program was given to employees of Richmond Public Schools as part of the Virginia Employment Commission's Rapid Response Team. Also, a presentation was given at the School Nurse Coordinator Meeting in Staunton to introduce the new *Staying Healthy* section of the FAMIS website.

Marketing and Outreach staff participated in numerous meetings and workgroups, working with members from many different agencies and organizations, including: an Amerigroup sponsored luncheon to discuss healthcare issues in Northern Virginia; a Covering Kids and Families (CKF) Coalition meeting; a Henrico County Child Health Coalition meeting; a Virginia State Head Start Health Advisory Committee meeting, and several Colaborando Juntos health event planning committee meetings in Richmond.

B. New and Continuing Outreach Partnerships

A great deal of time this quarter was spent on a study of the impact of citizenship and identity requirements on Virginia's children in cooperation with the Virginia Health Care Foundation (VHCF). This VHCF funded study included focus groups of eligibility workers, primary data analysis, and telephone surveys of families who had applied for coverage through the FAMIS Central Processing Unit and had been screened as eligible for FAMIS Plus or enrolled in FAMIS Plus. Findings showed that the new citizenship and identity requirements caused significant increases in administrative burdens and costs, delayed care and coverage for eligible children, and caused significant increases in emergency room usage.

The Virginia Health Care Foundation released a summary report of the study called **"Unintended Consequences:** *The Impact of New Medicaid Citizenship Documentation Requirements on Virginia's Children"* in late May. As part of this release, the Marketing and Outreach staff contacted a number of families who participated in the survey to identify who would be willing to speak to the media about their experiences. Subsequently, an article highlighting the findings of the study and one of the participants of the study ran in the Washington Post on June 7th.

DMAS continues to contract with *SignUpNow* (SUN) to provide local Maternal and Child Health Insurance enrollment training sessions across the state. During this quarter, three sessions were held – one in Richmond, one in Lynchburg, and another in Alexandria. Altogether, 119 new SUN Tool Kits and 41 "contents only" packets were distributed this quarter.

Also during the quarter, *SignUpNow* developed a draft of new on-line SUN training modules as part of their contract with DMAS. This new on-line training will increase access and flexibility for people wishing to learn about how to help families enroll in the FAMIS health insurance programs for children and pregnant women. The software will include visual effects that will "enliven" the slide presentation and voice-over capability of the content that can be changed easily as changes occur. The plans are to launch the new on-line training on the SUN website before the end of 2007.

The Marketing and Outreach staff also worked this quarter to develop a new partnership Virginia Department of Business Assistance in an effort to strengthen outreach to the business community.

C. Child Health Insurance Program Advisory Committee (CHIPAC)

The Marketing and Outreach staff 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 June, four main topics were covered: (1) outcome and next steps for the child health data warehouse project, (2) update on SCHIP reauthorization, (3) the impact of citizenship and identity requirements on Virginia's children due to the Deficit Reduction Act (DRA) of 2005, and (4) future direction of the CHIPAC Committee. 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

During this quarter, the Marketing and Outreach staff worked on the annual *Cover The Uninsured Week* (CTUW) campaign, held April 23-29. Special marketing and outreach efforts for CTUW included:

- Creating a special CTUW web page for the FAMIS website;
- Designing and mailing a new "Staying Healthy-Check it Out!" postcards to FAMIS enrolled families to announce the new preventive care section of the FAMIS website;
- Coordinating media interviews for our FAMIS spokesperson, Julia;
- Distributing press releases about the new *Staying Healthy* website as well as FAMIS and SCHIP reauthorization; and
- Coordinating a combination English and Spanish print, radio, and TV media buy in Richmond, Tidewater, and Fredericksburg.

As a result of this campaign, Julia, the spokesperson for FAMIS, appeared on CBS affiliate WTVR's *Virginia This Morning*, as well as a Spanish-language program, *Chesterfield al Dia*, on the public access channel of Comcast Cable in Chesterfield County. Two articles also appeared in print in Spanish-language newspapers: Neuvas Raices and the Washington Hispanic.

Also as part of *Cover The Uninsured Week* activities, the Marketing and Outreach staff participated in the "FAMIS Faces" event in Norfolk, sponsored by *Project Connect* grantee, Consortium for Infant & Child Health (CINCH). Marketing and Outreach staff also coordinated with *Project Connect* grantee, REACH, to place a Spanish language ad in Nuevas Raices during *Cover The Unisured Week.*

In addition, much of the campaign planning for *Back-to-School 2007* took place during this quarter. The 2007 Back-to-School flyers and inserts were developed and printed. Also development on a new campaign targeting pre-teens and teens began. New drawstring backpacks with new messaging were created as a first step in this new marketing and outreach campaign and a search began for a teen spokesperson for FAMIS.

E. Project Connect

During the second quarter, DMAS funded *Project Connect* organizations helped to enroll or renew coverage for 895 children and pregnant women. An additional 181 children and pregnant women are pending approval on new applications and 12 children are pending approval on renewal applications. Overall, *Project Connect* grantees achieved 131% of their quarterly new enrollment goal taking into account pending cases and denial rates. Of the five grantees, all five 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
Alexandria Neighborhood Health Services	Alexandria and Arlington	57	86	143
Consortium for Infant and Child Health (CINCH)	Chesapeake, Portsmouth, Suffolk, Virginia Beach, Franklin, Poquoson, and York County	44	101	145
Cumberland Plateau Health District	Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise Counties	51	114	165
Inova Partnership for Healthier Kids (PHK)	Fairfax City/County and Loudoun	116	210	326
REACH	*Richmond City and surrounding area.*	2	114	116
TOTAL	***All Projects***	**270**	**625**	**895**

For the fiscal year 2006-07, DMAS funded *Project Connect* organizations helped to enroll or renew coverage for 3,402 children and pregnant women. Overall, *Project Connect* grantees achieved 102% of their annual new enrollment goal and 127% of their annual renewal goal.

VIII. COORDINATION WITH THE DEPARTMENT OF SOCIAL SERVICES

A. Application Procedures

Applicants can file their FAMIS applications with the FAMIS CPU or their local Department of Social Services. If filed with a local Department of Social Services, the local agency determines

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

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

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

B. DSS Cases Processed

During the second quarter of 2007, the CPU received 3,561 FAMIS approved cases from the local Departments of Social Services throughout Virginia. This is a decrease of 45 from the cases received in the first quarter of 2007.

During the second quarter of 2007, the DMAS FAMIS Plus Unit at the CPU forwarded 860 approved FAMIS Plus cases to local Departments of Social Services for case maintenance. This was the fourth 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, 61 pregnant women were enrolled in Medicaid by the FAMIS Plus unit and forwarded to local offices for maintenance.

C. Child Support Enforcement Outreach

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

IX. PREMIUM ASSISTANCE PROGRAM

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

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

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

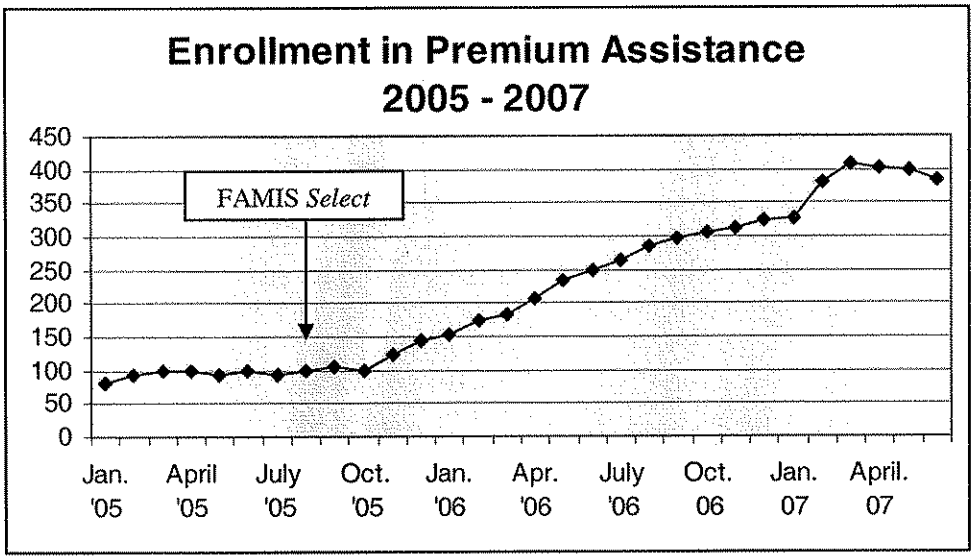
- Receive the health care benefits included in the employer-sponsored or private policy;
- Pay the out-of-pocket expenses required by the employer-sponsored or private policy;
- Receive coverage for childhood immunizations from FAMIS if not covered by the employer-sponsored or private policy;
- Receive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

Because of the premium assistance available through FAMIS *Select*, some families may be able to afford employer-sponsored or private health insurance for the entire family. At the end of the second quarter of 2007 FAMIS *Select* provided coverage for **383** FAMIS eligible children. An additional **293** 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 second quarter of 2007:

FAMIS Select activity	April 2007	May 2007	June 2007	Total for Quarter
Applications received	12	15	16	43
Application disposition				
Approved	8	9	10	27
Denied	4	6	6	16
Active Cases				
Children enrolled for month	401	400	383	
Families enrolled for month	177	177	168	
FAMIS Select payments made	**$38,132.19**	**$36,659.72**	**$34,170.00**	**$108,961.91**

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



X. SCHIP EXPENDITURES OF FUNDS

Expenditures for medical services received by FAMIS enrollees for the second quarter of 2007 totaled $22,991,107, an increase of $940,042 from the prior quarter's expenditures of $22,051,065. Expenditures for medical services received by SCHIP Medicaid Expansion enrollees for the second quarter of 2007 totaled $17,961,153, an increase of $586,843 over the prior quarter's expenditures of $17,374,310. Total second quarter Title XXI expenditures for medical services were **$40,952,260,** an increase of $1,526,885 from the prior quarter's expenditures of $39,425,375.

Administrative expenditures for FAMIS and SCHIP Medicaid Expansion in the second quarter totaled **$2,405,540**. Administrative expenses accounted for **5.5%** of all SCHIP expenditures during the second quarter. Administrative expenditures cover the cost of the FAMIS Central Processing Unit administered by ACS Inc., payments to DSS for local eligibility determinations, personnel costs for DMAS staff in the Division of Maternal & Child Health, processing of medical claims for enrolled children, media services and materials to support program outreach, grant funds to community programs to assist families, and other related expenses.

Total second quarter expenditures for children enrolled in Virginia's State Child Health Insurance Program, including the administrative expenses, was **$43,357,801,** an increase of $3,741,818 from the prior quarter's expenditures of $39,615,983.

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

TABLE #1

FAMIS FPL (Federal Poverty Limit) INCOME LIMITS
(Effective January 24, 2007)

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	$1,132	$1,277	$1,702
2	1,518	1,712	2,282
3	1,904	2,147	2,862
4	2,289	2,582	3,442
5	2,675	3,017	4,002
6	3,061	3,452	4,602
7	3,446	3.887	5,182
8	3,832	4,322	5,762
For each additional person, add	386	435	580

TABLE #2

FAMIS EXPENDITURES BY TYPE OF SERVICE – April, May & June 2007

SERVICE TYPE	APRIL	MAY	JUNE	QTR TOTAL
Health Care Insurance Premiums	**4,337,223**	**4,437,942**	**4,475,940**	**13,251,106**
ESHI Premiums	37,732	35,848	34,170	107,751
HMO-Options Capitation Payments	0	0	0	0
HMO-MEDALLION II Capitation Payments	4,299,491	4,402,094	4,441,769	13,143,355
FAMIS Premium Refunds	0	0	0	0
Inpatient Hospital Services	**464,248**	**386,423**	**810,804**	**1,661,475**
Long Stay Inpatient Hospital	0	0	0	0
General Hospital	464,248	386,423	797,147	**1,647,818**
Rehabilitation Hospital	0	0	13,657	13,657
Inpatient Mental Health	**0**	**0**	**0**	**0**
Inpatient MH Services	0	0	0	0
Nursing Care Services	**0**	**0**	**0**	**0**
Nurses Aides	0	0	0	0
Skilled Nursing Facilities	0	0	0	0
Miscellaneous Nursing Home	0	0	0	0
Physician and Surgical Services	**277,968**	**253,831**	**207,995**	**739,795**
Physicians	277,968	253,831	207,995	739,795
MC Providers - FFS Payments	0	0	0	0
Outpatient Hospital Services	**152,967**	**159,350**	**163,726**	**476,043**
Outpatient Clinic	152,967	159,350	163,726	476,043
CORF	0	0	0	0
Outpatient Mental Health Facility Services	**521,123**	**583,966**	**860,463**	**1,965,552**
Community Mental Health Clinic	5,469	5,231	8,324	19,024
Psych Residential Inpatient Services	0	0	0	0
MH Community Services	90,116	90,116	101,870	282,103
MR Community Services	0	0	0	0
Private MH & SA Community	425,538	488,619	750,269	1,664,426
Prescribed Drugs	**346,884**	**317,610**	**328,329**	**992,824**
Prescribed Drugs	346,884	317,610	328,329	0
Dental Services	**1,026,847**	**979,924**	**1,132,470**	**3,139,241**
Dental	1,020,718	970,335	1,122,887	3,113,940
Dental Clinic	6,129	9,589	9,583	25,301
Vision Services	**13,706**	**11,592**	**9,211**	**34,508**
Optometrists	13,706	11,592	9,211	34,508
Other Practitioner's Services	**16,812**	**10,823**	**16,917**	**44,552**
Podiatrists	180	396	607	1,183
Psychologists	2,768	1,764	2,187	6,719
Nurse Practitioners	8,019	4,395	7,866	20,281
Miscellaneous Practitioners	5,845	4,267	6,257	16,369
Clinic Services	**96,369**	**87,454**	**124,371**	**308,194**
Other Clinic	396	649	572	1,617
Ambulatory Surgical Clinic	11,513	6,798	9,352	27,663
Rural Health Clinic	18,521	18,119	14,077	50,718
Federally Qualified Health Center	15,027	11,687	9,527	36,240
School Rehab Services	50,811	50,078	90,499	191,388
School Health Clinic Services	101	124	344	569
Therapy Clinic Services	**12,463**	**12,728**	**21,932**	**47,123**
Physical Therapy Clinic	12,463	12,728	21,932	47,123
Laboratory and Radiological Services	**39,441**	**34,353**	**36,334**	**110,129**
Lab and X-ray	39,441	34,353	36,334	110,081

Durable and Disposable Medical Equipment	**18,295**	**8,978**	**12,438**	**39,711**
Medical Appliances	18,295	8,978	12,438	39,711
Medical Appliances	0	0	0	0
Screening Services	**47,342**	**51,537**	**51,816**	**150,696**
EPSDT Screening	47,342	51,537	51,816	150,696
Home Health	**262**	**1,180**	**3,249**	**4,692**
Home Health	262	1,086	2,923	4,271
Facilitator Services	0	95	327	421
Home/CBC Services	**0**	**0**	**0**	**0**
Private Duty Nursing	0	0	0	0
Personal Care	0	0	0	0
Hospice	**0**	**0**	**0**	**0**
Hospice Care	0	0	0	0
Medical Transportation	**4,454**	**3,187**	**1,768**	**9,408**
Transportation	4,454	3,187	1,768	9,408
Case Management	**5,987**	**5,958**	**4,113**	**16,058**
Maternal Infant Care	5,987	5,958	4,113	16,058
Treatment Foster Care Case Mgmt.	0	0	0	0
Total Expenditures for FAMIS Medical Services	**7,382,392**	**7,346,837**	**8,261,877**	**22,991,107**
Administrative Expenditures	**490,363**	**341,480**	**1,491,650**	**2,323,493**
Total FAMIS Expenditures	**7,872,756**	**7,688,318**	**9,753,527**	**25,314,601**

TABLE #3

MEDICAID EXPANSION EXPENDITURES BY TYPE OF SERVICE – April, May & June 2007

SERVICE TYPE	APRIL	MAY	JUNE	QTR TOTAL
Health Care Insurance Premiums	**2,809,200**	**2,818,068**	**2,827,195**	**8,454,464**
HMO-Options Capitation Payments	0	0	0	0
HMO-MEDALLION II Capitation Payments	2,809,200	2,818,068	2,827,195	8,454,464
Inpatient Hospital Services	**150,084**	**216,715**	**91,110**	**457,908**
General Hospital	150,084	191,803	91,110	432,996
Rehabilitation Hospital	0	24,912	0	24,912
Inpatient MH - Regular Payments	**111,425**	**68,529**	**32,283**	**212,237**
Psych.Resident Inpatient Facility	107,283	63,936	9,801	181,020
Inpatient Psychology Under 21 (Private)	0	0	0	0
Long Stay Inpatient Hospital (MH)	0	0	0	0
Inpatient Psychology Under 21 (MHMR)	4,141	4,594	22,482	31,217
Nursing Care Services	**0**	**0**	**0**	**0**
Skilled Nursing Facilities	0	0	0	0
Miscellaneous Nursing Home	0	0	0	0
Physician and Surgical Services	**190,057**	**157,896**	**174,806**	**522,760**
Physicians	190,057	157,896	174,806	522,760
MC Providers - FFS Payments	0	0	0	0
Outpatient Hospital Services	**152,418**	**122,662**	**127,325**	**402,405**
Outpatient Hospital	152,418	122,662	127,325	402,405
CORF	0	0	0	0
Outpatient Mental Health Facility Services	**804,410**	**938,654**	**1,273,062**	**3,016,126**
Mental Health Clinic	9,038	7,668	7,652	24,358
MH Community Services	119,502	116,237	119,175	354,914
MR Community Services	980	1,306	980	3,265
Private MH & SA Community	674,890	813,443	1,145,256	2,633,590
Prescribed Drugs	**313,250**	**326,738**	**353,370**	**993,358**
Prescribed Drugs	313,250	326,738	353,370	993,358
Dental Services	**1,219,429**	**874,364**	**1,087,792**	**3,181,585**
Dental	1,214,162	861,204	1,078,624	3,153,991
Dental Clinic	5,267	13,159	9,168	27,594
Vision Services	**15,030**	**11,533**	**12,319**	**38,882**
Optometrists	15,030	11,533	12,319	38,882
Other Practitioner's Services	**20,480**	**17,767**	**19,732**	**57,979**
Podiatrists	628	729	1,693	3,050
Psychologists	4,553	2,894	2,879	10,326
Nurse Practitioners	4,207	5,174	4,906	14,287
Miscellaneous Practitioners	11,091	8,971	10,255	30,317
Clinic Services	**72,565**	**63,566**	**79,330**	**215,461**
Other Clinic	1,761	541	1,221	3,523
Ambulatory Surgical Clinic	5,008	2,991	1,934	9,933
Rural Health Clinic	18,463	18,102	10,447	47,011
School Rehab Services	36,788	30,239	56,142	123,169
School Health Clinic Services	216	1,089	1,323	2,627
Federally Qualified Health Center	10,329	10,605	8,263	29,197
Therapy Clinic Services	**14,222**	**16,697**	**16,915**	**47,834**
Physical Therapy Clinic	14,222	16,697	16,915	47,834
Laboratory and Radiological Services	**25,480**	**21,723**	**23,762**	**70,965**
Lab and X-ray	25,480	21,723	23,762	70,965
Durable and Disposable Medical Equipment	**19,746**	**38,799**	**20,600**	**79,145**

Medical Appliances	19,746	38,799	20,600	79,145
Screening Services	**12,776**	**12,434**	**11,646**	**36,856**
EPSDT Screening	12,776	12,434	11,646	36,856
Home Health	**5,289**	**8,880**	**3,215**	**17,384**
Home Health	2,054	6,458	376	8,888
Community MR Services Waiver	3,236	2,422	2,839	8,496
Home/CBC Services	**38,728**	**31,930**	**64,738**	**135,395**
Developmental Disabilities Waiver	0	0	0	0
Developmental Disability Support Coordinator	0	877	0	877
CD Facilitator Services	763	68	805	1,637
Private Duty Nursing	25,971	22,170	57,784	105,925
Personal Care	2,584	4,639	4,197	11,420
Respite Care	9,409	4,175	1,952	15,535
Day Support	0	0	0	0
Hospice	**0**	**0**	**0**	**0**
Hospice Care	0	0	0	0
Medical Transportation	**2,443**	**1,564**	**2,848**	**6,855**
Transportation	2,443	1,564	2,848	6,855
Case Management	**5,376**	**5,830**	**2,348**	**13,554**
Maternal Infant Care	3,675	5,503	2,022	11,200
Treatment Foster Care Case Mgmt.	1,701	327	327	2,354
Total Expenditures for Medical Services	**5,982,407**	**5,754,351**	**6,224,396**	**17,961,153**
Administrative Expenditures	**27,335**	**27,359**	**27,353**	**82,047**
Total MEDICAID EXPANSION Expenditures	**6,009,742**	**5,781,710**	**6,251,749**	**18,043,200**

APPENDIX I

Joint Legislative and Audit Review Commission (JLARC) Recommendations

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

Recommendation number 1 stated that the Medicaid enrollment data should be reported whenever FAMIS enrollment data is reported. DMAS added the Medicaid children enrollment figures to the Monthly Child Health Insurance Program Enrollment Report beginning with October 2002 data. The enrollment data in this report includes the Medicaid child enrollment numbers for the second quarter of 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 second quarter of 2007, there were 35,019 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

House Bill 2299

The General Assembly eliminated the requirement that the Department of Medical Assistance Services provide quarterly reports on the FAMIS program to include information on enrollment, policies affecting enrollment, benefit levels, outreach efforts, and other topics. The requirement for an annual report on the FAMIS program is maintained.

As a result, beginning with the third quarter of 2007 in July 2007, DMAS will no longer produce FAMIS quarterly reports as formerly directed by the Code of Virginia.

Budget Item 301 1c

The General Assembly authorized DMAS to increase the income level for pregnant women in FAMIS MOMS from 166% FPL to 185% FPL. This increase in eligibility will be implemented on July 1, 2007.