QUARTERLY REPORT ON THE STATUS OF THE

FAMILY ACCESS TO MEDICAL INSURANCE SECURITY PLAN (FAMIS)

Fourth Quarter 2006

October 1, 2006 – December 31, 2006

Virginia Department of Medical Assistance Services

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EXECUTIVE SUMMARY

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

During the fourth quarter of 2006:

- Enrollment in Virginia's SCHIP program (including the separate FAMIS program and the SCHIP Medicaid Expansion program) was **81,300** as of the end of the quarter. This represents a net increase of 2,976 children since the end of the previous quarter on September 30, 2006.

- The FAMIS Central Processing Unit (CPU) received an exceedingly high volume of calls this quarter (60,212) and experienced an average abandonment rate of 32.6%. 11,486 applications were received at the FAMIS CPU and 3,470 FAMIS enrolled cases were transferred from local departments of social services. **13,663** 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, **641** pregnant women were actively enrolled. Overall, since its inception, 1,105 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);

- Fourth quarter expenditures for medical services for children in Virginia's SCHIP program were **$37,694,211,** an increase of $3,282,867 from the previous quarter. Administrative costs represented 3.6% 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 **324** 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 December 31, 2006 was 81,300 children, an increase of 2,976 from the 78,324 children who were enrolled as of the last day of the previous quarter. As of December 31, 2006, FAMIS Plus (Medicaid) and FAMIS covered **421,902** 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

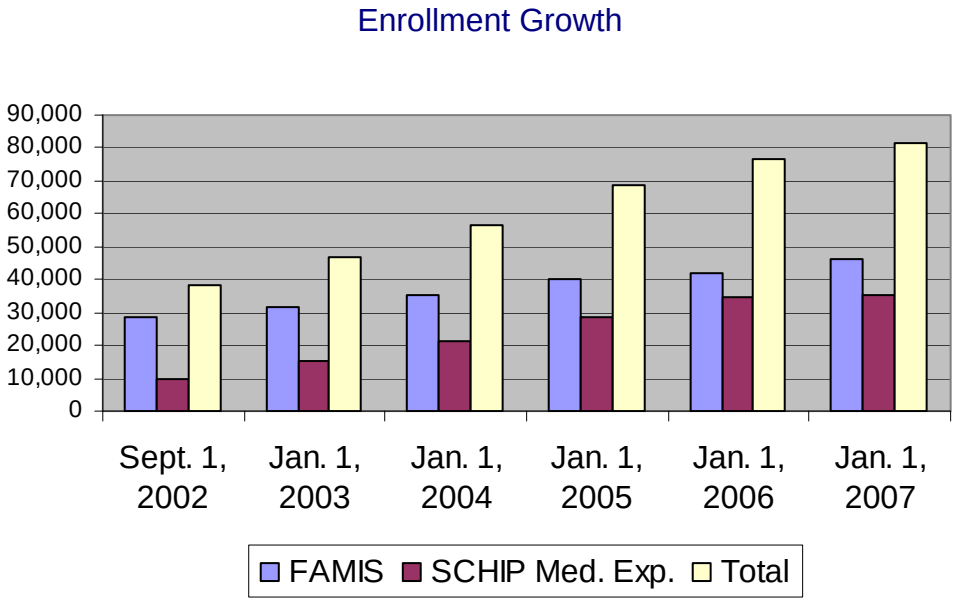
Information on the number of children enrolled in the Children's Health Insurance Program and the number of pregnant women enrolled in Medicaid and in the FAMIS MOMS program as of December 31,, 2006, is shown in the table below.

PROGRAM	INCOME	# Enrolled as of 12-31-06	% of Total Enrollment
FAMIS - Children < 19 years	> 133%, ≤ 200% FPL	46,030	11%
MEDICAID Expansion – Children 6-18 years	> 100%, ≤ 133% FPL	35,270	8%
	SCHIP Subtotal	81,300	19%
MEDICAID - Children < 21 years	≤ 133% FPL	340.602	81%
	Total Children	**421,902**	**100%**
MEDICAID for Pregnant Women	≤ 133% FPL	16,414	96%
FAMIS MOMS	133%, ≤ 150% FPL	671	4%
	Total Pregnant Women	**17,139**	**100%**

Source: VaMMIS (Virginia Medicaid Management Information System) 10-01-06

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, 2006. 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.) In addition, during this quarter, the CPU experienced increased calls due to the annual Back-to-School outreach efforts.

A. Call Center Activity

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

Month	Incoming Calls Received	Incoming Calls Answered	Abandon Rate	Total Outbound Calls
October 2006	23,830	15,455	35.1%	2,359
November 2006	19,578	11,548	41.0%	3,121
December 2006	16,804	13,595	19.1%	4,398
Totals	**60,212**	**40,598**	**32.6%**	**9,878**

Source: ACS Monthly Report December 2006.

The average number of calls received per month for the fourth quarter was 20,071 which represent a 5.1% increase from last quarter's average monthly volume of 19,096.

The fourth quarter abandon rate of 32.6% is a dramatic increase from the previous quarter's abandon rate of 13.7%. The average talk time per call increased 29% in the fourth quarter, which has a direct impact on the actual number of calls answered. This abandoned rate is well above contractual standards; however, due to the combined impact of the DRA requirements and the back to school campaign, contract standards were temporarily relaxed.

B. Application Processing

The contractor (ACS) received a total of 11,486 applications (electronic, mailed and faxed combined) for the fourth quarter, with an average monthly volume of 3,829 new, redetermination and renewal applications. E-applications averaged 919 per month, which represents 24% of all application sources (42% of all new applications). In addition, the CPU received an average of 1,157 cases transferred from local DSS offices per month during the fourth quarter of 2006.

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 fourth quarter of 2006 by type of application:

Month	New	Re-app	Redetermination	Renewal	TOTAL
October 2006	2,545	584	155	1,247	4,531
November 2006	1,919	567	146	1,126	3,758
December 2006	1,538	531	162	966	3,197
Total	**6,002**	**1,682**	**463**	**3,339**	**11,486**

Source: ACS Monthly Report – December 2006.

Application type definitions for the above table follow:

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

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

Month	Applications Approved	Children Approved	Applications Denied	Children Denied
October 2006	2,740	4,295	3,347	4,689
November 2006	2,572	4,174	2,670	3,216
December 2006	3,256	5,194	3,141	3,892
Totals	**8,568**	**13,663**	**9,158**	**11,797**

Source: ACS Monthly Report – December 2006.

In addition, 4,875 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.

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

DENIAL REASONS	October	November	December	TOTALS
Ineligible immigration status	65	58	60	**183**
Income is over the limit	669	699	893	**2,261**
Unauthorized applicant	6	2	5	**13**
Currently has other health insurance	202	254	224	**680**
Other insurance within past 4 months	13	4	14	**31**
FAMIS Plus/Medicaid enrolled	246	271	255	**772**
Not a Virginia resident	0	2	1	**3**
Over age 19	20	26	20	**66**
State employee benefits available	10	18	16	**44**
New & Re-app – Incomplete application	2,881	1,397	1,968	**6,246**
Renewal – Incomplete application	577	485	436	**1,498**
Total denial reasons	4,689	3,216	3,892	**11,797**

Source: ACS Monthly Report September 2006.

The following table shows the number of children disenrolled from FAMIS by month and disenrollment reason. In the fourth quarter of 2006, 8,212 children were disenrolled.

DISENROLLMENT REASON	October	November	December	TOTAL
Renewal incomplete	2,127	1,906	1,857	**5,890**
Ineligible immigration status	0	3	2	**5**
Income is over the limit	178	169	188	**535**
Child moved out of home	1	4	0	**5**
Has other health insurance	38	10	12	**60**
No longer a Virginia resident	37	63	23	**123**
Over age 19	83	81	96	**260**
State employee benefits available	8	2	3	**13**
Requested by applicant	38	22	23	**83**
Appeal denied	1	0	2	**3**
Death	0	0	0	**0**
Fraud	0	0	0	**0**
Cannot locate family	2	0	0	**2**
DMAS request	0	1	5	**6**
Child incarcerated	0	0	0	**0**
FAMIS Plus application incomplete	1	0	10	**11**
Child in institution for treatment of mental diseases	0	0	0	**0**
*FAMIS Plus/Medicaid enrolled**	*376*	*474*	*363*	*1,213*
# Disenrolled for more than one reason	0	0	3	3
Number of children disenrolled	**2,890**	**2,735**	**2,587**	**8,212**

* 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 December 2006.

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 fourth quarter of 2006, 261 women were enrolled into the program, which is a 43% increase from the previous quarter. Overall, since it's inception in August 2005, 1,105 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 fourth quarter was 997, which was a 32% increase over the previous quarter. The number processed is greater than the number received due to the applications received in a previous quarter and processed in this quarter.

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

Month	FAMIS MOMS Approved	FAMIS MOMS Denied	Applicants Referred to Medicaid	Total
October 2006	78	136	115	329
November 2006	77	128	108	313
December 2006	106	144	110	360
Totals	**261**	**408**	**333**	**1,002**

Source: ACS Monthly Report December 2006.

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

DENIAL REASONS	October	November	December	TOTALS
Ineligible immigration status	13	11	12	**36**
Income is over the limit	20	15	17	**52**
Unauthorized applicant	0	0	0	**0**
Has or dropped other health insurance	17	30	15	**62**
FAMIS Plus/Medicaid enrolled	0	2	0	**2**
Not a Virginia resident	0	0	0	**0**
State employee benefits available	0	0	0	**0**
New & Re-app – Incomplete application	86	70	100	**256**
Total denial reasons	**136**	**128**	**144**	**408**
FAMIS Plus Likely (Pregnant teen)	*8*	*9*	*5*	*22*
Medicaid Pregnant Woman Likely	*107*	*99*	*105*	*311*
Total referred	**115**	**108**	**110**	**333**

Source: ACS Monthly Report December 2006.

The additional 311 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 22 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 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. By the end of this quarter over 3,700 cases were pending enrollment awaiting receipt of original proof of citizenship and/or identity. Although, a majority of cases received are delayed for this reason, the FAMIS Plus unit processed to completion a total of 2,663 applications in this fourth 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.

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

Activity	October 2006	November 2006	December 2006	Total	Average per Month
Referrals received	1,278	1,063	1,241	**3,582**	1,194
FAMIS Plus Approved	660	857	589	**2,106**	702
FAMIS Approved	54	65	36	**155**	52
Medicaid PG Woman Approved	37	54	37	**128**	43
FAMIS MOMS Approved	26	43	19	**88**	29
FAMIS/FAMIS Plus Denied	31	59	96	**186**	62
Total Applications Processed	808	1,078	777	**2,663**	888
Applications on Active DSS Cases (sent to LDSS for processing)	129	99	95	**323**	108
Total Cases Reviewed	937	1,177	872	**2,986**	**995**

E. FAMIS Website and E-Application

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

This quarter, 83,773 total visits to the FAMIS public website at www.famis.org were recorded. They averaged 910 visits a day with an average visit length of 9 minutes and 41 seconds. This represented 42,171 unique visitors to the FAMIS website during this time period.

In comparison, during the same quarter last year, there were 55,510 total visits to the FAMIS website, averaging 603 visits per day, and an average visit length of 9 minutes and 49 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, averaging 51% more visits per day than during the same quarter a year ago.

Web site statistics for the fourth quarter of 2006 are:

October 2006	November 2006	December 2006
Visits = 29,292 Average per Day = 944 Average Visit Length = 10:07	Visits = 28,199 Average per Day = 939 Average Visit Length = 9:33	Visits = 26,282 Average per Day = 847 Average Visit Length = 9:13

There were more total visits to the website during October 2006 than during any other month of the calendar year, topping September's record by an additional 809 visits. This is most-likely the result of the successful Back-to-School campaign. As we moved farther from the Back-to-School campaign, FAMIS website traffic correspondingly decreased.

As more families get access to the Internet and more FAMIS materials and ads promote the FAMIS website, we are seeing a corresponding growth in website traffic on www.famis.org . A comparison of the statistics from calendar years 2004, 2005, and 2006 shows an increasing number of visits to the FAMIS website and an increasing number of average visits per day.

2004	2005	2006
Visits = 159,782 Average per Day = 437 Average Visit Length = 8:58	Visits = 215,035 Average per Day = 588 Average Visit Length = 10:33	Visits = 278,832 Average per Day = 766 Average Visit Length = 9:19

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 fourth quarter of 2006, only 31 children (0.26% 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
October 2006	4,689	202	13
November 2006	3,216	254	4
December 2006	3,892	224	14
Totals	**11,797**	**680**	**31**

Source: ACS Monthly Report December 2006

C. Impact of Premiums and Co-payments

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

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

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

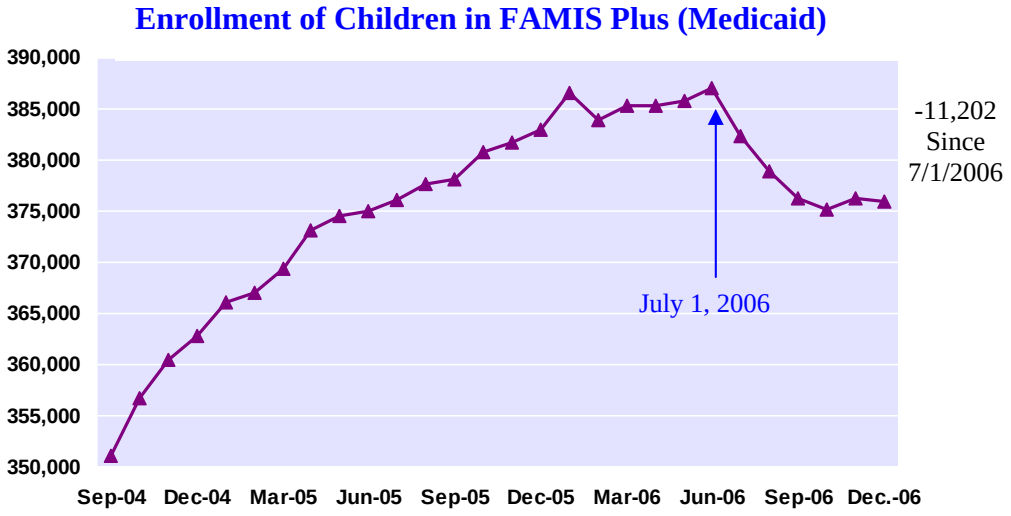
*See Table #1 of this report for the 150% and 200% FPL income limits.

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

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.



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 2006 there were 11,202 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 December 31, 2006, 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 fourth quarter 2006, 64,748 (80%) 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	8,744	7,301	69 localities (focused in Tidewater, Central Virginia, Charlottesville, Danville and Halifax)
Anthem HealthKeepers Plus	16,615	10,510	80 localities (focused in Tidewater, Central Virginia and Halifax)
Southern Health – CareNet	1,073	828	30 localities (Central VA)
Virginia Premier Health Plan	9,629	6,342	77 localities (focused in Tidewater, Central Virginia, Charlottesville and Roanoke)
AMERIGROUP	2,147	1,559	11 localities (focused in northern Virginia)
Total MCO Enrollment	**38,208**	**26,540**	

VII. MARKETING & OUTREACH

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

A. Events, Conferences, Presentations, and Training

The Marketing and Outreach team attended a dozen events or conferences throughout the Commonwealth during this quarter. Some noteworthy outreach opportunities attended were: the two-day Latino Health Summit in Richmond, the second annual Resource Fair with the Mexican Consulate in Fredericksburg, the bi-annual Colaborando Juntos Conference in Richmond, the Second Hispanic Health Fair of the Salvadorian Embassy in Woodbridge, the Chesterfield County Public Schools Head Start Fall Festival and Resource Fair, the Blue Ridge Care Connection for Children "Insurance Day" in Charlottesville, and the statewide Virginia PTA Conference in Roanoke.

Team members also delivered presentations to community organizations or business groups including: a presentation on FAMIS and FAMIS *Select* to the Leadership Bedford class sponsored by the Bedford Chamber of Commerce, presentations on FAMIS *Select* to two different groups of employees at A Grace Place in Richmond, a FAMIS update to the statewide Virginia Head Start Health Advisory Committee meeting in Ashland, and a FAMIS presentation to 20 laid-off employees of Luxottica-Lenscrafters in Chesterfield; in collaboration with the Virginia Employment Commission (VEC) Rapid Response Team.

DMAS also continues to contract with *SignUpNow* to provide local Maternal and Child Health Insurance enrollment training sessions across the state. During this quarter, seven sessions were held in the following locations: Woodbridge, Richmond, Roanoke, Albemarle, Hampton, Fairfax, and Williamsburg. Altogether, 289 Tool Kits were distributed this quarter.

B. New and Continuing Outreach Partnerships

Again this quarter, a great deal of time was spent working with other divisions, agencies, and outreach partners to respond to the Deficit Reduction Act (DRA) requirements and to develop consistent messages about the new policies and procedures that have come about as a result of the DRA. In addition, Marketing & Outreach staff worked with the Virginia Health Care Foundation (VHCF) to develop a questionnaire for a new joint project to survey FAMIS Plus applicants at the Central Processing Unit who have been impacted by these new proof of citizenship and identity requirements.

There has been interest from other states, about how Virginia is coping with the DRA. Copies of the newly-revised FAMIS application that includes language that serves as an affidavit of identity for children under age 16 were requested by and sent to the states of New Hampshire, New Mexico, and Michigan.

Also this quarter, staff consulted on and contributed funds to develop a new FAMIS calendar. This project was lead by VHCF's Virginia Covering Kids and Families Coalition workgroup and is

being printed in English and Spanish. It will be distributed to FAMIS enrolled families in the Richmond and Fairfax areas in the first month of 2007. The calendar is designed to promote wellness and inform families about FAMIS programs, benefits, and policies.

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.

Part of the focus of the quarterly CHIPAC meeting in December was on updating CHIPAC members on new estimates of the uninsured in Virginia as well as the impact of the proof of citizenship and identity requirements legislated by the Deficit Reduction Act (DRA). These requirements have negatively affected enrollment and retention for Virginia's FAMIS Plus and Medicaid for Pregnant Women programs.

In addition to the quarterly meeting of the full committee, a CHIPAC Executive Subcommittee meeting was also held this quarter. Meetings for the three other standing subcommittees (Access, Utilization, and Retention) have been temporarily postponed.

D. Public Relations and Marketing

Increased call volume and application volume was experienced into October due primarily to the annual Back-to-School campaign. Analysis of available statistics shows that in September almost 35% of the callers who started a new application through the CPU indicated they heard about FAMIS through the schools. This is a distinct peak in school referrals, not seen since the last Back-to-School campaign. Although school referrals declined in October, numbers still remained high enough that "schools" still tied for first place (with "DSS") as the "top referral source" for new applicants that month. WebTrend reports also show the number of visits to the FAMIS website "peaked" in October, setting a record for any one-month period of 29,292 visits.

In November, the ABC affiliate in Lynchburg (Channel 13) aired a news story on FAMIS. Also in this quarter, "El Pueblito," a bimonthly Spanish-language newsletter published by the Student Initiative for Latino Public Health at William & Mary College, printed a drop-in article on FAMIS (entitled FAMIS: "Get It, Use It, Keep It"), which was developed for the Back-to-School campaign.

E. Project Connect

During the fourth quarter**,** DMAS funded *Project Connect* organizations helped to enroll or renew coverage for 432 children and pregnant women. An additional 172 children and pregnant women are pending approval on new applications and 11 children are pending approval on renewal applications. Overall, *Project Connect* grantees achieved 101% of their quarterly new enrollment goal taking into account pending cases and denial rates. Of the four grantees, two (Cumberland Plateau Health District and REACH) will have exceeded their quarterly goals when pending cases have cleared.

All of the projects have actively assisted families to gather newly required US citizenship and identity documentation for both new and renewal applications as needed. Projects have begun to report specific case scenarios documenting barriers resulting from these DRA regulations.

PROJECT GRANTEE	LOCALITIES SERVED	FAMIS/ FAMIS MOMS Enrolled	FAMIS Plus /Medicaid PW Enrolled	Total Enrolled
Alexandria Neighborhood Health Services	Alexandria and Arlington	46	78	124
Consortium for Infant and Child Health (CINCH)*	Chesapeake, Portsmouth, Suffolk, Virginia Beach, Franklin, Poquoson, and York County	N/A	N/A	70
Cumberland Plateau Health District	Buchanan, Dickenson, Lee, Russell, Scott, Smyth, Tazewell, Washington, and Wise Counties	38	72	110
REACH	*Richmond City and surrounding area.*	3	125	128
TOTAL	*All Projects*	**N/A**	**N/A**	**432**

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 fourth quarter of 2006, the CPU received 3,470 FAMIS approved cases from the local Departments of Social Services throughout Virginia. This is an increase of 614 from the cases received in the third quarter of 2006.

During the fourth quarter of 2006, the DMAS FAMIS Plus Unit at the CPU forwarded 702 approved FAMIS Plus cases to local Departments of Social Services for case maintenance. This was the second quarter in a row showing a decrease in 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, 43 pregnant women were enrolled in Medicaid by the FAMIS Plus unit and forwarded to local offices for maintenance. Again, this represents a significant decrease from previous quarters in the number of women enrolled in Medicaid by the FAMIS Plus unit and transferred to social services.

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;

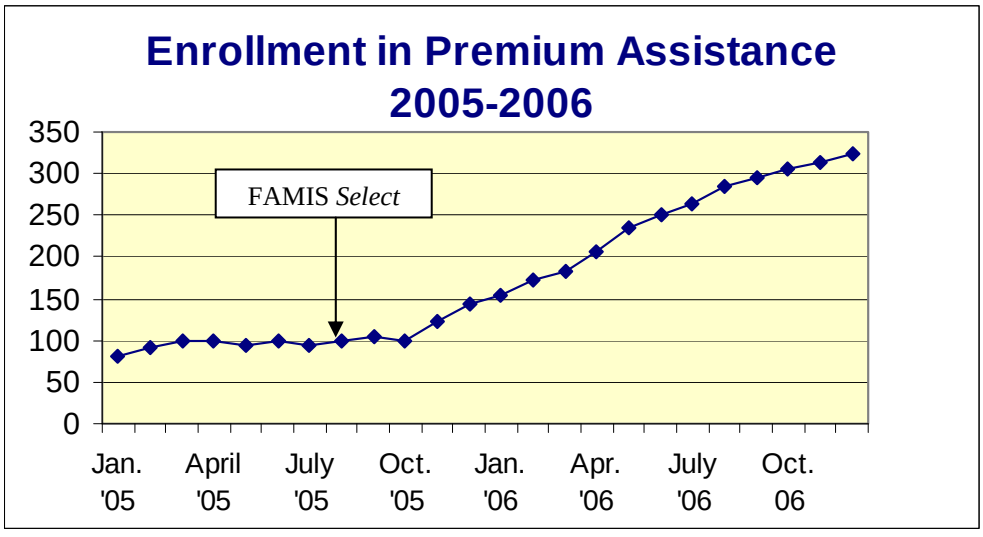
- Remain in FAMIS Select as long as they remain eligible for FAMIS and provide monthly proof of premium payments for the employer-sponsored or private policy; and
- Be able to return to full FAMIS coverage at any time their parents decide to end participation in FAMIS *Select*.

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 fourth quarter of 2006 FAMIS *Select* provided coverage for **315** FAMIS eligible children. An additional **237** 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 fourth quarter of 2006:

FAMIS Select activity	October 2006	November 2006	December 2006	Total for Quarter
Applications received	14	15	13	42
Application disposition				
Approved	12	12	9	33
Denied	2	3	4	9
Active Cases				
Children enrolled for month	301	305	315	
Families enrolled for month	138	136	139	
FAMIS Select payments made	$29,761.60	31,080.13	$29,852.44	$90,694.17

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 fourth quarter of 2006 totaled $20,788,269**,** an increase of $1,937,906 from the prior quarter's expenditures of $18,840,363. Expenditures for medical services received by SCHIP Medicaid Expansion enrollees for the fourth quarter of 2006 totaled $16,915,942, an increase of $1,344,961 over the prior quarter's expenditures of $15,570,981. Total fourth quarter Title XXI expenditures for medical services were **$37,694,211,** an increase of $3,282,867 from the prior quarter's expenditures of $34,411,344.

Administrative expenditures for FAMIS and SCHIP Medicaid Expansion in the fourth quarter totaled **$1,395,153**, an increase of $329,229 from the prior quarter's administrative expenditures of $1,065,924. Administrative expenses accounted for **3.6%** of all SCHIP expenditures during the fourth 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 fourth quarter expenditures for children enrolled in Virginia's State Child Health Insurance Program, including the administrative expenses, was **$39,089,364**, an increase of $3,612,096 from the prior quarter's expenditures of $35,477,268.

See tables #2 and #3 for fourth quarter 2006 expenditures by type of service.

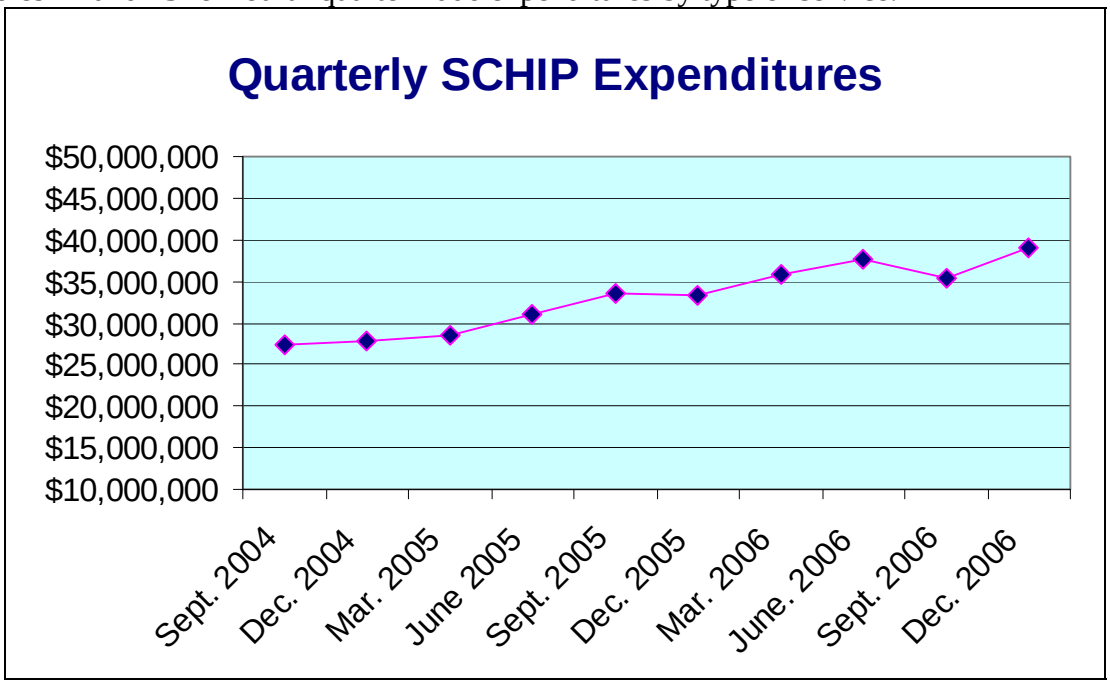


TABLE #1

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

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

TABLE #2

FAMIS EXPENDITURES BY TYPE OF SERVICE – October, November & December 2006

	SERVICE TYPE	OCTOBER	NOVEMBER	DECEMBER	QTR TOTAL
1	**Health Care Insurance Premiums**	**3,926,692**	**3,996,371**	**4,065,938**	**11,989,002**
123744	ESHI Premiums	29,762	31,080	29,852	90,694
123747	HMO-Options Capitation Payments	0	0	0	0
123748	HMO-MEDALLION II Capitation Payments	3,896,931	3,965,291	4,036,086	11,898,307
123749	FAMIS Premium Refunds	0	0	0	0
2	**Inpatient Hospital Services**	**283,956**	**605,446**	**377,700**	**1,267,103**
123319	Long Stay Inpatient Hospital	0	0	0	0
123341	General Hospital	283,711	605,446	377,700	1,266,857
123348	Rehabilitation Hospital	245	0	0	245
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**	**809,667**	**262,139**	**311,771**	**1,383,577**
123441	Physicians	809,667	262,139	311,771	1,383,577
123457	MC Providers - FFS Payments	0	0	0	0
6	**Outpatient Hospital Services**	**133,273**	**156,034**	**156,244**	**445,551**
123141	Outpatient Clinic	133,273	156,034	156,244	445,551
123349	CORF	0	0	0	0
7	**Outpatient Mental Health Facility Services**	**452,159**	**430,325**	**576,980**	**1,459,464**
123143	Community Mental Health Clinic	3,038	2,797	3,719	9,554
123340	Psych Residential Inpatient Services	7,540	0	0	7,540
123449	MH Community Services	87,829	81,625	99,583	269,036
123451	MR Community Services	0	0	0	0
123461	Private MH & SA Community	353,753	345,903	473,678	1,173,335
8	**Prescribed Drugs**	**295,080**	**302,620**	**403,538**	**1,001,238**
123445	Prescribed Drugs	295,080	302,620	403,538	0
9	**Dental Services**	**898,658**	**894,820**	**792,141**	**2,585,620**
123241	Dental	889,208	885,221	787,811	2,562,240
123242	Dental Clinic	9,451	9,599	4,330	23,380
10	**Vision Services**	**12,053**	**15,297**	**17,646**	**44,996**
123443	Optometrists	12,053	15,297	17,646	44,996
11	**Other Practitioner's Services**	**16,177**	**13,989**	**18,327**	**48,493**
123444	Podiatrists	1,160	1,000	251	2,411
123446	Psychologists	1,440	1,756	2,650	5,846
123447	Nurse Practitioners	6,864	5,509	8,506	20,879
123491	Miscellaneous Practitioners	6,713	5,724	6,920	19,357
12	**Clinic Services**	**42,730**	**59,967**	**75,490**	**178,188**
123142	Other Clinic	249	111	711	1,071
123147	Ambulatory Surgical Clinic	5,480	4,205	6,996	16,680
123148	Rural Health Clinic	23,810	28,735	29,698	82,244
123460	Federally Qualified Health Center	12,794	15,666	18,930	47,390
123473	School Rehab Services	397	11,032	18,931	30,361
123474	School Health Clinic Services	0	218	224	442
13	**Therapy Clinic Services**	**10,991**	**16,356**	**11,362**	**38,709**
123144	Physical Therapy Clinic	10,991	16,356	11,362	38,709
14	**Laboratory and Radiological Services**	**25,801**	**34,002**	**40,496**	**100,298**
123641	Lab and X-ray	25,801	34,002	40,496	100,298

15	**Durable and Disposable Medical Equipment**	**16,008**	**27,524**	**29,247**	**72,779**
123484	Medical Appliances	16,008	27,524	29,247	72,779
134241	Medical Appliances	0	0	0	0
18	**Screening Services**	**42,946**	**44,801**	**47,833**	**135,580**
123145	EPSDT Screening	42,946	44,801	47,833	135,580
19	**Home Health**	**689**	**2,830**	**2,398**	**5,918**
123442	Home Health	689	2,830	2,398	5,918
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**	**2,000**	**3,413**	**2,501**	**7,914**
128641	Transportation	2,000	3,413	2,501	7,914
24	**Case Management**	**1,898**	**5,237**	**6,706**	**13,841**
123448	Maternal Infant Care	1,898	5,237	6,706	13,841
123465	Treatment Foster Care Case Mgmt.	0	0	0	0
	Total Expenditures for FAMIS Medical Services	**6,970,780**	**6,871,171**	**6,936,318**	**20,778,269**
	Administrative Expenditures	**140,329**	**684,506**	**489,253**	**1,314,087**
	Total FAMIS Expenditures	**7,111,109**	**7,555,677**	**7,425,570**	**22,092,356**

TABLE #3

MEDICAID EXPANSION EXPENDITURES BY TYPE OF SERVICE – October, November & December 2006

SERVICE TYPE		OCTOBER	NOVEMBER	DECEMBER	QTR TOTAL
1	**Health Care Insurance Premiums**	**2,742,083**	**2,770,637**	**2,793,691**	**8,306,411**
123757	HMO-Options Capitation Payments	0	0	0	0
123758	HMO-MEDALLION II Capitation Payments	2,742,083	2,770,637	2,793,691	8,306,411
2	**Inpatient Hospital Services**	**237,621**	**125,902**	**639,800**	**1,003,324**
123350	General Hospital	237,621	125,902	639,800	1,003,324
123352	Rehabilitation Hospital	0	0	0	0
3	**Inpatient MH - Regular Payments**	**109,799**	**160,306**	**145,086**	**415,191**
123303	Psych.Resident Inpatient Facility	85,013	127,689	140,873	353,575
123357	Inpatient Psychology Under 21 (Private)	12,953	26,109	2,438	41,500
123358	Long Stay Inpatient Hospital (MH)	0	0	0	0
123363	Inpatient Psychology Under 21 (MHMR)	11,833	6,508	1,775	20,115
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**	**188,435**	**172,869**	**228,317**	**589,620**
123424	Physicians	188,435	172,869	228,317	589,620
123425	MC Providers - FFS Payments	0	0	0	0
6	**Outpatient Hospital Services**	**112,765**	**123,530**	**150,387**	**386,682**
123116	Outpatient Hospital	112,765	123,530	150,387	386,682
123321	CORF	0	0	0	0
7	**Outpatient Mental Health Facility Services**	**678,285**	**692,607**	**852,975**	**2,223,866**
123115	Mental Health Clinic	8,455	6,989	8,348	23,792
123420	MH Community Services	108,072	95,012	112,316	315,399
123421	MR Community Services	980	327	980	2,286
123422	Private MH & SA Community	560,778	590,280	731,331	1,882,390
8	**Prescribed Drugs**	**298,965**	**317,024**	**405,591**	**1,021,580**
123426	Prescribed Drugs	298,965	317,024	405,591	1,021,580
9	**Dental Services**	**803,666**	**809,186**	**749,327**	**2,362,179**
123205	Dental	799,567	802,725	747,089	2,349,382
123206	Dental Clinic	4,098	6,461	2,238	12,797
10	**Vision Services**	**20,639**	**20,917**	**20,699**	**62,256**
123455	Optometrists	20,639	20,917	20,699	62,256
11	**Other Practitioner's Services**	**19,753**	**20,045**	**24,485**	**64,283**
123437	Podiatrists	1,091	2,151	1,132	4,374
123438	Psychologists	3,853	5,006	6,488	15,347
123439	Nurse Practitioners	4,252	3,793	6,085	14,130
123440	Miscellaneous Practitioners	10,557	9,094	10,780	30,431
12	**Clinic Services**	**32,523**	**47,805**	**70,313**	**150,641**
123117	Other Clinic	869	153	1,695	2,717
123118	Ambulatory Surgical Clinic	3,006	3,586	3,162	9,754
123124	Rural Health Clinic	16,638	19,402	21,267	57,307
123462	School Rehab Services	3,187	12,741	25,994	41,922
123463	School Health Clinic Services	0	0	437	437
123471	Federally Qualified Health Center	8,823	11,923	17,758	38,504
13	**Therapy Clinic Services**	**6,707**	**10,801**	**16,659**	**34,167**
123119	Physical Therapy Clinic	6,707	10,801	16,659	34,167
14	**Laboratory and Radiological Services**	**20,094**	**24,798**	**31,786**	**76,677**
123651	Lab and X-ray	20,094	24,798	31,786	76,677

15	**Durable and Disposable Medical Equipment**	**19,517**	**18,280**	**32,174**	**69,970**
123472	Medical Appliances	19,517	18,280	32,174	69,970
18	**Screening Services**	**17,187**	**15,621**	**15,926**	**48,733**
123123	EPSDT Screening	17,187	15,621	15,926	48,733
19	**Home Health**	**4,486**	**3,752**	**9,046**	**17,284**
123466	Home Health	1,820	0	5,810	7,630
123467	Community MR Services Waiver	2,666	3,752	3,236	9,654
21	**Home/CBC Services**	**18,183**	**8,760**	**22,990**	**49,934**
123476	Developmental Disabilities Waiver	0	0	0	0
123481	Developmental Disability Support Coordinator	175	175	526	877
123552	CD Facilitator Services	980	440	488	1,908
123553	Private Duty Nursing	12,776	5,897	19,055	37,729
123560	Personal Care	2,298	1,229	2,921	6,447
123592	Respite Care	1,954	1,019	0	2,974
123802	Day Support	0	0	0	0
22	**Hospice**	**0**	**0**	**0**	**0**
123470	Hospice Care	0	0	0	0
23	**Medical Transportation**	**1,685**	**2,347**	**3,428**	**7,459**
128651	Transportation	1,685	2,347	3,428	7,459
24	**Case Management**	**7,397**	**8,463**	**9,827**	**25,687**
123468	Maternal Infant Care	2,627	3,180	4,708	10,515
123469	Treatment Foster Care Case Mgmt.	4,770	5,284	5,118	15,172
	Total Expenditures for Medical Services	**5,339,789**	**5,353,648**	**6,222,505**	**16,915,942**
	Administrative Expenditures	**26,671**	**27,064**	**27,331**	**81,066**
	Total MEDICAID EXPANSION Expenditures	**5,366,460**	**5,380,712**	**6,249,836**	**16,997,008**

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 fourth quarter of 2006. (See Section III A of this report for current enrollment information).

Recommendation number 2 in the JLARC report recommended that DMAS, in conjunction with the FAMIS Outreach Oversight Committee, develop a telephone and/or mail survey to track the reasons why children drop out of the FAMIS program. DMAS has undertaken several initiatives to learn more about why children drop out of the FAMIS and FAMIS Plus programs. In addition to ongoing analysis of data from VaMMIS, during the 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 fourth quarter of 2006, there were 35,270 children enrolled in the Medicaid Expansion group.

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

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

APPENDIX II

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

A. 2002 Legislation

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

1. House Bill 1062

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

2. House Bill 790

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

3. Budget language

Language in the Budget bill directed DMAS to:

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

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

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

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

B. 2003 Legislation

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

1. House Bill 2287 & Senate Bill 1218

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

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

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