

BACKGROUND ON FAMIS TRUST FUND

The Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund was established in the state treasury as a special nonreverting fund in 1997 (though it was originally named the *Virginia Children's Medical Security Insurance Plan Trust Fund*). The State Corporation Commission annually calculates the tax revenue that is deposited into the trust fund. The *Code of Virginia* mandates that any moneys remaining in the Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. From the beginning of the Fund until the middle of Fiscal Year 2002, the interest earned on the cash balances of the Fund was deposited into the Fund. However, language has been included in the Appropriation Act since 2003 that mandates that interest earned from the trust fund shall remain in the state General Fund.

Furthermore, in Chapter 951 of the 2005 Acts of the Assembly (§3-1.01 M.1 on Page 612 of Chapter 951), the language limits the deposits into the fund to \$14,065,627 in each year of the biennium. If the amount to be deposited into the fund (based on the criteria set forth in the *Code of Virginia*) were to exceed the limit, the amount exceeding the limit is deposited in the General Fund.

The moneys in the Trust Fund are used, in lieu of state general funds, to draw down federal funds to cover costs incurred in the Commonwealth's Title XXI program. Table 1 provides a history of deposits into and expenditures out of the Trust Fund for FY 1998 through FY 2007. Table 2 provides the appropriated amounts for the 2006-2008 biennium.

Table 1
History of Deposits and Payments from the Trust Fund

Fiscal Year	Deposits into Fund	Expenditures from Fund	Balance at the end of the Fiscal Year
FY 1998	\$239,503	\$0	\$239,503
FY 1999	\$8,072,030	(\$4,726,038)	\$3,585,496
FY 2000	\$9,449,406	(\$9,326,338)	\$3,708,564
FY 2001	\$12,421,643	(\$9,670,920)	\$6,459,287
FY 2002	\$14,680,907	(\$16,936,664)	\$4,203,530
FY 2003	\$14,065,627	(\$18,211,360)	\$57,797
* FY 2004	\$14,025,229	(\$14,001,661)	\$81,365
* FY 2005	\$13,995,237	(\$14,065,627)	\$11,128
* FY 2006	\$13,984,302	(\$13,995,245)	\$185
FY 2007	\$14,065,627	(\$14,065,563)	\$249

*The deposits in FY 2004, FY 2005, and FY 2006 were reduced due to language in the Appropriation Act which transferred \$40,456, \$70,390, and \$81,325 respectively, in cash from the trust fund to the General Fund to cover expenses incurred by central service agencies.

Source: DMAS Staff Analysis

Table 2
FAMIS Trust Fund Appropriation FY 2007 – FY 2008

	Total
FY 2007	\$14,065,627
FY 2008	\$14,065,627

Source: Chapter 847, 2007 Acts of the Assembly

FAMIS/SCHIP PROGRAM INFORMATION: FY 2007

The FAMIS program was established in the summer of 2001 as Virginia’s Title XXI SCHIP program, replacing the Children Medical Security Insurance Program (CMSIP). Prior to state FY 2003, all of the children enrolled in Virginia’s Title XXI plan were enrolled in the FAMIS program (or previously the CMSIP program). Beginning in FY 2003, children age 6 through age 19 and in families with income between 100% and 133% of the federal poverty level are enrolled in the Medicaid program. This is intended to make the eligibility criteria for Medicaid standard for children of all ages and prevent families having children enrolled in two different programs (children under the age of 6 being enrolled in Medicaid and children age six and over in the same family being enrolled in FAMIS). While these children were transitioned to Medicaid, Virginia continues to receive enhanced federal funding under the federal SCHIP program for this population. The Commonwealth’s SCHIP program is funded with a combination of state general funds, the FAMIS trust fund (which is used in lieu of state General Funds) and federal funds. During FY 2007, the federal matching rate was 65 percent. Table 3 illustrates the expenditures for the SCHIP program by fund source for FY 2007 incurred by DMAS. (The Department of Social Services incurs some costs for eligibility determinations related to the programs; however, these costs are not included in Table 3.)

Table 3
Total SCHIP Expenditures in FY 2007

	General Fund	Trust Fund	Federal Fund	Total
FAMIS Medical	\$15,215,279	\$14,065,563	\$54,757,404	\$84,038,246
FAMIS Administrative	\$2,434,933		\$4,525,483	\$6,960,416
Medicaid SCHIP	\$23,732,796		\$44,087,722	\$67,820,518
Total	\$41,383,008	\$14,065,563	\$103,370,609	\$158,819,179

Source: DMAS Staff Analysis, Commonwealth Accounting and Reporting System (CARS)

During fiscal year 2007, enrollment in the SCHIP program increased from approximately 78,700 children at the beginning of the fiscal year to approximately 82,400 children at the end of the fiscal year. During FY 2007, medical expenditures for the SCHIP program equated to approximately \$158 per enrollment month, or approximately \$1,898 for a child enrolled for the entire year. The cost per enrollee increased approximately 8.5% compared to FY 2006.

PROGRAM ISSUES

The FAMIS program replaced the former CMSIP program on August 1, 2001. At that time, there were 32,587 children enrolled. One year later, with enrollment at 38,030, Governor Warner with the assistance of the General Assembly, instituted numerous programmatic improvements and policy enhancements. These changes had a dramatic effect on enrollment, which grew by almost 42% to 53,863 by September 1, 2003.

Since then, enrollment in both components of Virginia's SCHIP program (FAMIS and Medicaid Expansion) has continued to grow. Currently, enrollment is just under 84,000 children statewide. However, implementation of new citizenship and identity requirements for Medicaid applicants and enrollees effective July 1, 2006 had an impact on enrollment growth in Virginia's SCHIP Medicaid Expansion covered group. The new requirements mandated by the federal Deficit Reduction Act of 2005 (DRA) to provide original documents proved to be an additional barrier for enrollment and retention of many eligible children over the last year. It also significantly increased workloads at the FAMIS Central Processing Unit and local Departments of Social Services (DSS).

To help reduce these barriers, DMAS worked with DSS and Virginia Department of Health's Bureau of Vital Records to implement procedures for Virginia birth verifications to assist applicants with citizenship documentation. DMAS also redesigned the child health application to incorporate an affidavit of identity for children under 16 to assist with the identity verification. These two changes have helped reduce enrollment barriers for many children, but for families with children age sixteen and older or with children born out-of-state, providing original citizenship and identity documents continue to be obstacles for enrollment.

Table 4
Enrollment in SCHIP Program

	FAMIS	SCHIP Medicaid Expansion	Total SCHIP
August 1, 2001	32,587	N/A	32,587
September 1 2002	28,603	9,427	38,030
September 1, 2003	32,684	21,179	53,863
September 1, 2004	38,532	23,362	61,894
September 1, 2005	42,210	32,201	74,411
September 1, 2006	44,004	34,576	78,580
September 1, 2007	48,066	35,625	83,691

Source: DMAS Staff Analysis

On August 1, 2005, as authorized by the 2005 Appropriations Act, Virginia's SCHIP program was expanded to include coverage of pregnant women with family income above the Medicaid limit of 133% FPL but less than or equal to 150% FPL. The intent of this new program expansion was to provide vital prenatal care to uninsured women living within the SCHIP income range and likely to give birth to FAMIS eligible children. The 2006 General Assembly increased the income limit for the FAMIS MOMS program to 166% FPL and this change was implemented September 1, 2006. The 2007 General Assembly increased the income limit again for the FAMIS MOMS program to

185% FPL which was implemented on July 1, 2007. As of November 1, 2007, 922 women were enrolled in the program.

In addition to implementing the new FAMIS MOMS program, the optional premium assistance program available under FAMIS was also revised. FAMIS *Select* replaced the former ESHI program on August 1, 2005 and provides an alternative for families with children approved for FAMIS who have access to private or employer-sponsored coverage. If the family elects to participate in FAMIS *Select*, they receive up to a \$100 per month to help pay for the cost of covering the child in a private or employer's health plan instead of through FAMIS. The child then receives the health care services provided by the private/employer-sponsored health plan and the family is responsible for any costs associated with that policy. The premium assistance payment provided by SCHIP funds often helps the family afford coverage for the entire family while remaining a cost-effective way for the Commonwealth to provide coverage for the FAMIS eligible child. As of November 1, 2007, there were 373 children participating in FAMIS *Select*. These private/employer based policies funded through a combination of employer, family and SCHIP funds also cover an additional 278 adults and non-FAMIS eligible children in these families.