



COMMONWEALTH of VIRGINIA  
*Department of Medical Assistance Services*

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DIRECTOR

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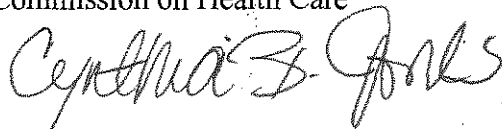
**MEMORANDUM**

**TO:** The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable Walter A. Stosch  
Chairman, Senate Finance Committee

The Honorable Lacey E. Putney  
Chairman, House Appropriations Committee

The Honorable Linda T. Puller  
Chairman, Joint Commission on Health Care

**FROM:** Cynthia B. Jones 

**Subject:** Report on the Status of the Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund

Section § 32.1-352 of the *Code of Virginia* requires DMAS to report annually to the Governor, the General Assembly, and the Joint Commission on Health Care on the status of the Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund, the number of children served by this program, the costs of such services, and any issues related to FAMIS that may need to be addressed.

I have enclosed for your review a copy of the report for Fiscal Year 2012. Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

Enclosure

cc: The Honorable William A. Hazel, Jr., MD

**Report on the Status of the  
Virginia Family Access to Medical Insurance Security Plan Trust Fund**



Virginia Department of Medical Assistance Services  
December 2012

## FAMIS TRUST FUND

The Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund was established in the state treasury as a special non-reverting fund in 1997 (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, beginning with the 2005 Acts of the Assembly, budget 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 Children's Health Insurance Program under Title XXI of the Social Security Act. Table 1 provides a history of deposits into and expenditures out of the Trust Fund for FY 1998 through FY 2012. Table 2 provides the appropriated amounts for the 2012-2014 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	\$14,065,812	(\$14,065,563)	\$249
FY 2008	\$14,065,876	(\$14,065,627)	\$249
FY 2009	\$14,065,876	(\$14,065,627)	\$249
* FY 2010	\$14,065,876	(\$14,065,876)	\$0
FY 2011	\$14,065,627	(\$14,065,627)	\$0
FY 2012	\$14,065,627	(\$14,065,627)	\$0

\*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. In FY 2010, the appropriation was increased by \$249 to expense the entire fund balance but then decreased in FY 2011 back to the original amount funded for the year.

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

**Table 2**  
*FAMIS Trust Fund Appropriation FY 2013 – FY 2014*

	Total
FY 2013	\$14,065,627
FY 2014	\$14,065,627

*Source: Chapter 3, 2012 Acts of the Assembly*

**ENROLLMENT**

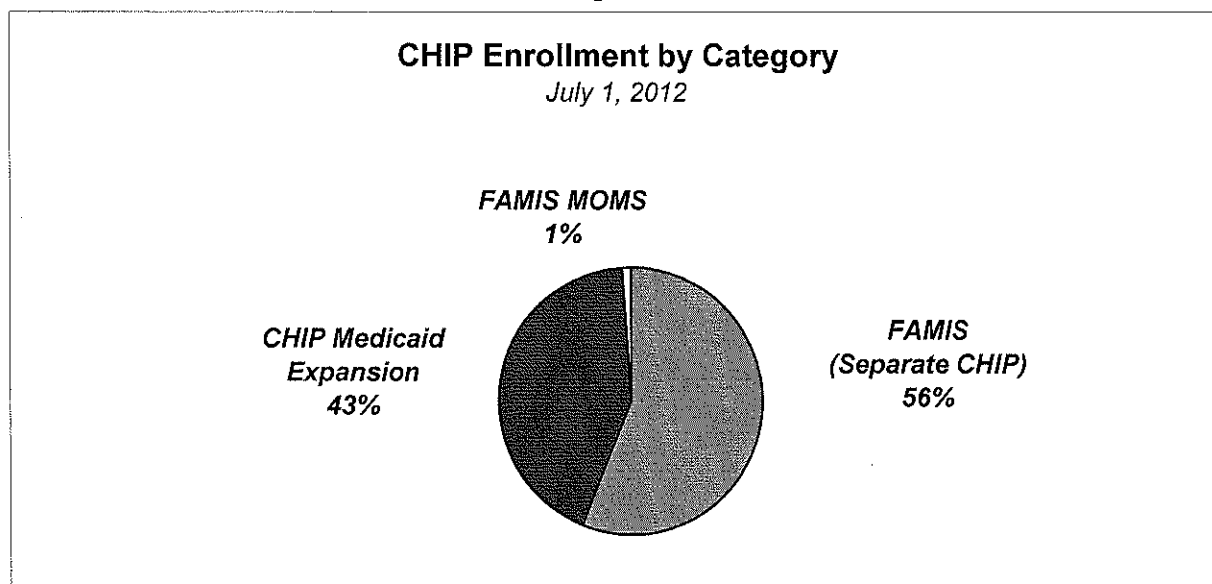
The FAMIS program was established in the summer of 2001 as Virginia’s Title XXI Children’s Health Insurance Program (CHIP), replacing the Children’s Medical Security Insurance Plan (CMSIP). Prior to FY 2003, all of the children enrolled in Virginia’s Title XXI plan were enrolled in the FAMIS program (or previously the CMSIP program). Beginning in FY 2003, children age six through age 18 and in families with income between 100% and 133% of the federal poverty level (FPL) were enrolled in the Medicaid program. This change was to make the eligibility criteria for Medicaid standard for children of all ages and prevent families from having children enrolled in two different programs (children under the age of six 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, they are still authorized through and Virginia continues to receive enhanced federal funding under the federal CHIP program for this population. The Title XXI CHIP program provides health care coverage for approximately 5% of children in the Commonwealth.

Virginia’s CHIP program was expanded under a demonstration waiver to include coverage of pregnant women not eligible for Medicaid and with family income less than or equal to 150% FPL on August 1, 2005. The intent of this program expansion, called FAMIS MOMS, was to provide vital prenatal care to uninsured women living within the CHIP income range and likely to give birth to a child eligible for FAMIS. The income eligibility limit for the FAMIS MOMS program increased incrementally over the years to 200% FPL effective July 1, 2009.

Also under the demonstration waiver, FAMIS *Select* provides an alternative for families with children enrolled in 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 per child to help pay for the cost of covering the child in a private or employer’s health plan instead of the standard FAMIS program. Less than 1% children enrolled in FAMIS received services under the FAMIS *Select* option.

Over half (56%) of the individuals covered by Virginia’s Title XXI CHIP program are children enrolled in the FAMIS program. An additional 43% are children enrolled in the CHIP Medicaid Expansion. The remaining 1% are pregnant and postpartum women enrolled in the FAMIS MOMS program. See Figure 1.

**Figure 1**



*Source: VaMMIS (Virginia Medicaid Management Information System) 07-01-12.*

During FY 2012, the monthly enrollment in the CHIP program overall increased by 5.3%, from 109,043 children at the beginning of the fiscal year to 114,782 children at the end of the fiscal year. FAMIS enrollment increased by 5.0% while the CHIP Medicaid Expansion enrollment increased by 5.6%. FAMIS MOMS enrollment increased by 18.6%, from 1,333 to 1,581 women. Information on the number of children and pregnant women enrolled in the Children's Health Insurance Program on July 1 of 2011 and 2012 is shown in Table 3 below.

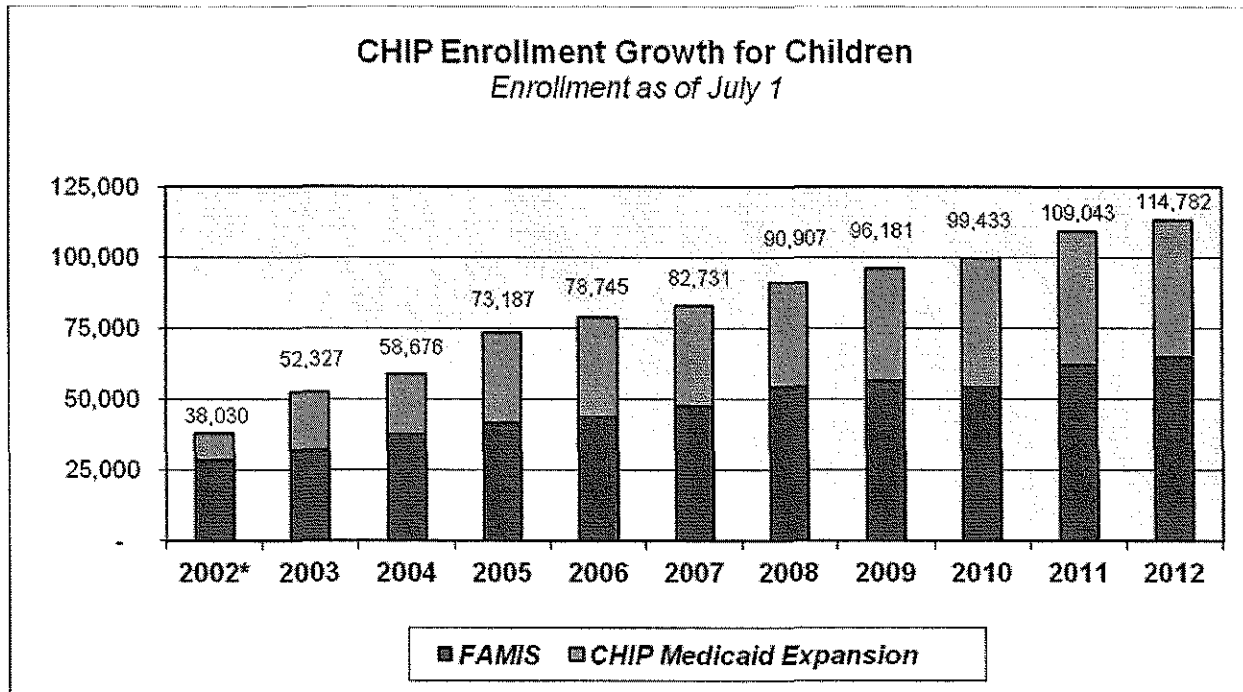
**Table 3**  
*CHIP Monthly Point-in-time Enrollment*

PROGRAM	INCOME	# Enrolled As of 07-01-11	# Enrolled As of 07-01-12	Total Growth	% Growth
FAMIS (Children ≤18 years)	>133% to ≤ 200% FPL	61,907	65,027	3,120	5.0%
CHIP MEDICAID EXPANSION (Children 6 - 18 years)	>100% to ≤ 133%FPL	47,136	49,755	2,619	5.6%
<b>TOTAL CHIP Children</b>		<b>109,043</b>	<b>114,782</b>	<b>5,739</b>	<b>5.3%</b>
FAMIS MOMS (Pregnant women)	>133% to ≤ 200% FPL	1,333	1,581	248	18.6%
<b>TOTAL CHIP</b>		<b>110,376</b>	<b>116,363</b>	<b>5,987</b>	<b>5.4%</b>

*Source: VaMMIS (Virginia Medicaid Management Information System)*

Figure 2 shows the CHIP monthly enrollment growth for children from July 1, 2003 (first year of program changes) through July 1, 2012. CHIP enrollment has grown at a greater rate than that of the Commonwealth's total child population or subpopulation of children in families with low income. However, according to recent analysis of the American Community Survey (ACS) data by the Urban Institute, there still are an estimated 91,000 uninsured children living in families with incomes at or below 200% in Virginia.

**Figure 2**



\* As of September 1, 2002

Source: DMAS staff analysis, VaMMIS (Virginia Medicaid Management Information System).

**COST OF SERVICES**

The Title XXI CHIP program is supported by a combination of federal and state funds. During FY 2012, the federal share was 65 percent. The Commonwealth's share of CHIP program funding came from the FAMIS Trust Fund, state general funds, the Robert Wood Johnson Foundation *Maximizing Enrollment* grant, and the Virginia Health Care Fund. The FAMIS Trust Fund provided 33% of the Commonwealth's share of costs for FAMIS medical services and 5.5% of the total costs for the CHIP program as a whole. Table 4 shows the expenditures for the CHIP program by source for FY 2012.

**Table 4**  
Total CHIP Expenditures in FY 2012

	FAMIS Trust Fund	Health Care Fund	General Fund	Federal Fund	Total
FAMIS Medical	\$14,065,627	\$2,004,563	\$26,546,143	\$81,025,030	\$123,641,363
FAMIS MOMS			\$5,076,617	\$9,428,003	\$14,504,620
FAMIS Administrative*			\$3,328,815	\$6,322,161	\$9,650,976
CHIP Medicaid Expansion Medical			\$38,092,256	\$72,145,412	\$110,237,668
Total	\$14,065,627	\$2,004,563	\$73,043,831	\$168,920,606	\$258,034,627

Source: DMAS Staff Analysis, Commonwealth Accounting and Reporting System (CARS) of expenditures and revenue transfers  
\*FAMIS Administrative expenditures include \$390,052 in General Fund expenditures incurred by DSS for eligibility determinations.

**POTENTIAL ISSUES DURING THE 2012-2014 BIENNIUM**

Several components of the Patient Protection and Affordable Care Act (ACA) will impact Virginia’s Title XXI CHIP program during the 2012–2014 biennium.

- In order to continue receiving federal Medicaid funds, the ACA requires that Virginia *maintain current income eligibility level of 200% FPL* for children in CHIP through September 30, 2019. Virginia has the *option* to expand the CHIP *income eligibility level up to 300% FPL, however, this expansion must take place before January 1, 2014*, as states will not be able to expand CHIP income eligibility limits after December 31, 2013.
- CHIP *enhanced FMAP will increase by 23 percentage points* starting October 1, 2015, through September 30, 2019. Thus, the *federal match rate for FAMIS starting October 1, 2015 is projected to be 88 percent*.
- The ACA gives states the *option* to expand CHIP eligibility to include qualified *children who are eligible to be covered under the state employees’ health plan*.

By January 1, 2014:

- Children currently covered under the *CHIP Medicaid Expansion will move to Medicaid*. The Centers for Medicare & Medicaid Services (CMS) anticipates that states will continue to receive the same enhanced federal funding match rate for this population as received under CHIP.
- States must determine eligibility for CHIP, and well as for Medicaid and subsidized health insurance coverage, using the same *modified adjusted gross income (MAGI) standard* that is based on the Department of Treasury definitions of household and countable income. While the proposed MAGI methodology is designed to be as comparable to Medicaid eligibility methodology as feasible, there will be some differences. The impact on FAMIS eligibility is undetermined, however, it is expected

that some children currently enrolled in FAMIS will move to Medicaid and some children currently eligible for Medicaid will enroll in FAMIS due to the new income methodology. In addition, in the first year, all Medicaid enrolled children who are determined ineligible for Medicaid at their annual review due to the change in disregards under MAGI will be enrolled in the FAMIS program for one year.

- Uninsured *parents* of children eligible for FAMIS will be able to obtain *subsidized health insurance coverage* through a Basic Health Plan or a Health Benefit Exchange. The Commonwealth will need to have a *single, streamlined application and process* for determining eligibility for Medicaid, FAMIS, and health insurance subsidies that includes use of electronic signatures via an on-line application and telephone signatures via a telephonic application.

These changes will allow the FAMIS program to continue providing appropriate and affordable health care to children in families with low income in an economically responsible manner.