



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

April 23, 2019

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MEMORANDUM

TO: The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment
The Honorable Emmett W. Hanger, Jr.
Co-Chairmen, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

The Honorable Rosalyn R. Dance.
Chair, Joint Commission on Health Care

FROM: Jennifer S. Lee, M.D. 
Director, Virginia Department of Medical Assistance Services

Subject: Report on the Status of the Family Access to Medical Insurance Security
(FAMIS) Plan Trust Fund Due December 1, 2018

Section 32.1-352 of the *Code of Virginia* requires with regard to the Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund:

C. The Director of the Department of Medical Assistance Services shall report annually on December 1 to the Governor, the General Assembly, and the Joint Commission on Health Care on the status of the Fund, the number of children served by this program, the costs of such services, and any issues related to the Virginia Family Access to Medical Insurance Security Plan that may need to be addressed.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

JSL/

Enclosure

pc: The Honorable Daniel Cary, M.D., Secretary of Health and Human Resources

Annual Report on the Status of the Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund – FY2018

A Report to the Virginia General Assembly

December 1, 2018

Report Mandate:

Section 32.1-352 C of the Code of Virginia requires, with regard to the Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund, that the Director of the Department of Medical Assistance Services shall report annually on December 1 to the Governor, the General Assembly, and the Joint Commission on Health Care on the status of the Fund, the number of children served by this program, the costs of such services, and any issues related to the Virginia Family Access to Medical Insurance Security Plan that may need to be addressed.

Background

The monies in the Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund are used, in lieu of state general funds, to draw down federal Title XXI funds to cover costs incurred in the Children's Health Insurance Program (CHIP). Virginia's CHIP program is called FAMIS. The Commonwealth's federal Title XXI/CHIP dollars support the FAMIS and FAMIS MOMS programs as well as a portion of Medicaid-enrolled children, known as the M-CHIP population.

The General Assembly established the Trust Fund in the state treasury as a special non-reverting fund in 1997. The State Corporation Commission annually calculates the tax revenue that is deposited into the Trust Fund. The *Code of Virginia* mandates that any monies remaining in the Fund at the end of each fiscal year shall not revert to the general fund but remain in the Fund. Language has been included in the Appropriation Act since 2003, mandating that interest earnings on the Trust Fund's balance remain in the state general fund.

Status of the Fund

Beginning with the 2005 Acts of Assembly, budget language limits 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 criteria set forth in the *Code of Virginia*) were to exceed the limit, the amount exceeding the limit would be deposited in the general fund.

Chapter 2 of the 2018 Acts of Assembly (Special Session I) appropriated \$14,065,627 for each year of the biennium.

About DMAS and Medicaid

DMAS' mission is to ensure Virginia's Medicaid enrollees receive high quality and cost effective health care.

Medicaid plays a critical role in the lives of over a million Virginians, providing health care for those most in need. Medicaid enrollees include children, pregnant women, parents and care takers, older adults and individuals with disabilities. Virginians must meet income thresholds and other eligibility criteria before qualifying to receive Medicaid benefits.

Medicaid covers primary and specialty health care, inpatient care, and behavioral health and addiction and recovery treatment services. Medicaid also covers long term services and supports, making it possible for thousands of Virginians to remain in their homes or to access residential and nursing home care.

Quick Medicaid facts:

- Covers 1 in 8 Virginians
- Covers 1 in 3 births and 33% of children
- Supports 2 in 3 nursing facility residents

Virginia Medicaid and Children's Health Insurance Program (CHIP) are administered by the Department of Medical Assistance Services (DMAS) and are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives \$1 of federal matching funds for every \$1 Virginia spends on Medicaid.

Eligibility in Virginia's Title XXI/CHIP Programs

- The FAMIS program was established in 2001 as Virginia's Title XXI CHIP program, replacing the Children's Medical Security Insurance Plan (CMSIP). FAMIS provides health care coverage for children in households with incomes too high to qualify for Medicaid, but too low to otherwise afford high quality coverage. Currently, children age 18 and younger qualify for FAMIS if household income is between 143 and 200 percent of the federal poverty level (FPL).
- In the early years of FAMIS, there were different income thresholds depending on a child's age. Families sometimes had children of different ages enrolled in two different programs: younger children in the state's Medicaid program, and older children in FAMIS. In FY 2003, the Medicaid income eligibility ceiling for children ages 6 through 18 was raised to match the limit for younger children. The children who became newly eligible for Medicaid as a result of this change are referred to as the M-CHIP population. M-CHIP is a group of approximately 60,000 children ages 6 through 18 and between 100 and 143 percent of FPL. These children are enrolled in Virginia's child Medicaid program, called FAMIS Plus, but their participation is funded with Title XXI CHIP dollars at a higher federal match rate than Medicaid.
- On August 1, 2005, Virginia's FAMIS program was expanded under a demonstration waiver to include coverage of income-eligible pregnant women. This program expansion, called FAMIS MOMS, provides vital prenatal and perinatal coverage to previously uninsured women who are within the CHIP/FAMIS income range (between 143 and 200 percent of FPL) and are likely to give birth to a child eligible for FAMIS.

Title XXI Enrollment

In SFY 2018, approximately 21 percent of all children covered by the Department of Medical Assistance Services (DMAS) were covered with Title XXI/CHIP federal funds. Over half (52 percent) of the individuals covered by Virginia's Title XXI CHIP dollars are children enrolled in the FAMIS program, and 47 percent are children in the M-CHIP group enrolled in FAMIS Plus/Medicaid. The remaining one percent of participants are pregnant and postpartum women in the FAMIS MOMS program.

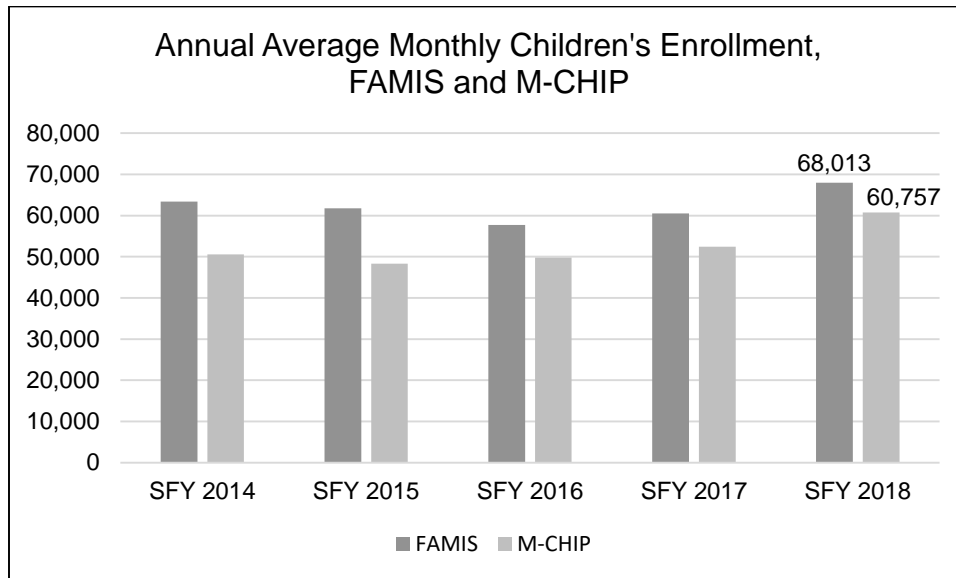
Monthly enrollment in Title XXI programs grew by 13.0 percent, or more than 15,000 participants, between July 1, 2017, and July 1, 2018. Information on the number of children and pregnant women enrolled in CHIP/Title XXI-funded programs on July 1 of 2016, 2017, and 2018 is displayed in the table below.

CHIP Monthly Enrollment

PROGRAM	INCOME	# Enrolled as of 7-1-16	# Enrolled as of 7-1-17	# Enrolled as of 7-1-18	# Change from SFY17	% Change from SFY17
FAMIS (Age 0–18 years)	>143% to 200% FPL	59,597	63,158	70,858	7,700	12.2%
M-CHIP (Age 6–18 years)	>100% to 143% FPL	51,468	55,896	63,813	7,917	14.2%
TOTAL CHIP Children		111,065	119,054	134,671	15,617	13.1%
FAMIS MOMS (Pregnant women)	>143% to 200% FPL	1,086	1,160	1,157	-3	-0.3%
TOTAL CHIP Enrollees		112,151	120,214	135,828	15,614	13.0%

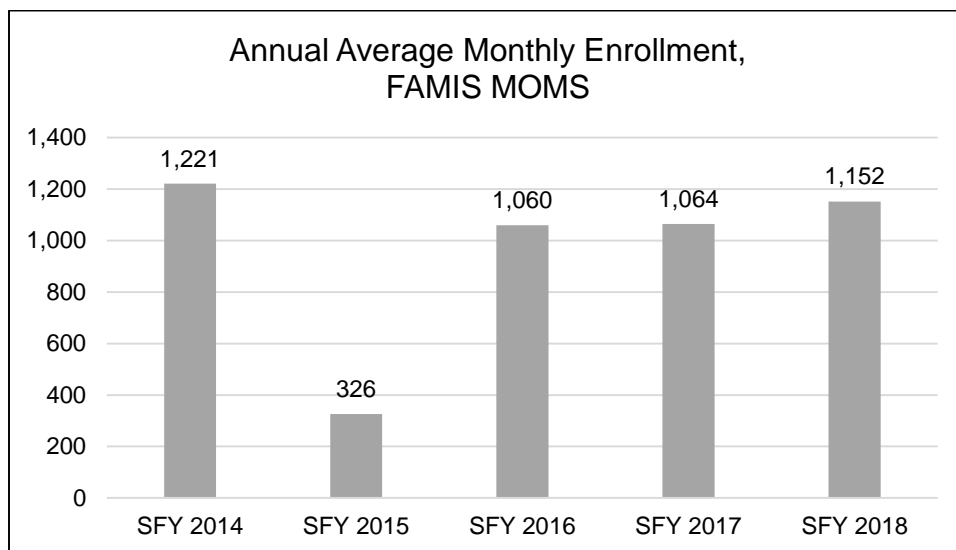
Source: Monthly enrollment data from Virginia Medicaid Management Information System

The Commonwealth's *A Healthy Virginia* plan, launched in September 2014, set ambitious goals for increasing enrollment of children in FAMIS and Medicaid. DMAS implemented enhanced marketing and outreach activities to address these goals, including the development of a new media advertising campaign for FAMIS. Enrollment in Title XXI CHIP programs has seen significant growth since the inception of *A Healthy Virginia*. The chart below shows trends in annual average monthly children's enrollment in CHIP-funded programs for SFY 2014 through 2018.



Source: Annual average monthly enrollment data from Virginia Medicaid Management Information System

Beginning January 1, 2014, steps were taken to phase out the FAMIS MOMS program, per the 2013 Appropriation Act. New enrollment remained closed until December 2014, and during this time FAMIS MOMS dropped to a low of seven participants. The 2014 Appropriations Act reinstated funding for FAMIS MOMS and, following receipt of appropriate federal approvals, eligibility was reinstated December 1, 2014. As shown in the chart below, FAMIS MOMS enrollment grew quickly in the year following reinstatement of the program and has remained stable since SFY 2016.



Source: Annual average monthly enrollment data from Virginia Medicaid Management Information System

Cost of Services

FAMIS, FAMIS MOMS, and FAMIS Plus are supported by a combination of federal and state funds. Historically, the federal share of Title XXI/CHIP funding for Virginia was 65 percent (Medicaid is matched at 50 percent). The Affordable Care Act (ACA) authorized an additional 23-percentage point increase in federal match for FFY 2016 through FFY 2019, bringing Virginia's "super-enhanced" federal CHIP match rate to 88 percent as of October 2016. In January 2018, Congress passed the Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act (HEALTHY KIDS Act), which extends, but phases out, the higher match rate. Virginia's CHIP match rate will taper to 76.5 percent in FFY 2020 and return to the regular enhanced federal match rate of 65 percent in FFY 2021.

The Commonwealth's share of program funding comes from the FAMIS Trust Fund and the state's general fund. In SFY 2018, the FAMIS Trust Fund provided 32 percent of the Commonwealth's share of costs, and 4 percent of total costs, for the CHIP program. The table below shows expenditures for the CHIP program by source for SFY 2018.

Total CHIP Expenditures in SFY 2018

Expenditure Category	FAMIS Trust Fund	General Fund	Federal Funds	Total
FAMIS Medical	\$14,065,627	\$7,317,833	\$161,742,751	\$183,126,212
FAMIS MOMS		\$1,821,009	\$13,354,070	\$15,175,079
FAMIS Administrative		\$2,602,008	\$19,081,394	\$21,683,402
M-CHIP Medical		\$18,602,863	\$147,075,244	\$165,678,107
Total	\$14,065,627	\$30,343,714	\$341,253,459	\$385,662,800

Source: Cardinal Journal Download, DMAS staff analysis of expenditures and revenue transfers

Program Changes and Challenges

The Affordable Care Act (ACA) authorized the CHIP program through FFY2015, but required states to maintain current eligibility and enrollment policies, a "maintenance of effort" through FFY 2019. The 2015 Medicare Access and CHIP Reauthorization Act (MACRA) then extended federal funding and all expiring ACA CHIP provisions through FFY 2017. In 2017, Congress failed to pass a new funding extension by the deadline, and federal funding for CHIP expired on September 30 of that year. The uncertainty of federal action to extend CHIP funding presented significant challenges for the Commonwealth in SFY 2018. DMAS initiated contingency planning for a possible wind-down of the FAMIS and FAMIS MOMS programs, including sending letters to families of the nearly 68,000 children and more than 1,000 pregnant women affected to keep them informed about the possibility that they could lose coverage.

On January 22, 2018, Congress passed the HEALTHY KIDS Act as part of a Continuing Resolution to fund government operations. This legislation contained six years of CHIP funding. On February 9, 2018, an additional four years of CHIP funding was signed into law in the Bipartisan Budget Act of 2018, extending federal funding for the CHIP program through FFY2027.

Summary

The FAMIS Plan Trust Fund provides monies in lieu of general funds to draw down federal funds, covering a portion of the costs incurred by the Commonwealth's CHIP programs. These programs ensure that more than 135,000 low-income children and pregnant women in the Commonwealth receive high-quality and cost-effective health care. FAMIS, FAMIS MOMS, and M-CHIP are vital components of Virginia's efforts to promote access to affordable health care for the state's most vulnerable residents.