



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

MEMORANDUM

December 10, 2019

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TO: The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
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: Karen Kimsey *KK*
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, 2019

This report is submitted in compliance with Section 32.1-352 C. of the *Code of Virginia*, which states:

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.

KEK/hjr

Enclosure

Pc: The Honorable Daniel Carey, 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 – FY2019

A Report to the Virginia General Assembly

December 1, 2019

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 shall remain in the Fund. However, since 2003, language has been included in the Appropriation Act mandating that interest earnings on the Trust Fund's balance shall 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 854 of the 2019 Acts of Assembly appropriated \$14,065,627 for each year of the biennium.

About DMAS and Medicaid

DMAS's mission is to improve the health and well-being of Virginians through access to high-quality health care coverage.

DMAS administers Virginia's Medicaid and CHIP programs. Through the Medallion 4.0 and Commonwealth Coordinated Care (CCC) Plus managed care programs, more than 1 million Virginians access primary and specialty health services, inpatient care, behavioral health, and addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage available to close to 400,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives a dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90 percent for newly eligible adults, generating cost savings that benefit the overall state budget.

Overview of Virginia's Title XXI / CHIP Programs

FAMIS

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 uninsured 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).

CHIP Medicaid expansion, or M-CHIP

In the early years of FAMIS, there were different income thresholds depending on a child's age. Families sometimes had children 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 CHIP Medicaid expansion, or M-CHIP population. M-CHIP is a group of approximately 65,000 children ages 6 through 18 and between 109 and 143 percent of the 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 for Medicaid.

FAMIS MOMS

On August 1, 2005, Virginia's FAMIS program was expanded under a federal CHIP 1115 demonstration to include coverage of income-eligible pregnant women. This program, 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

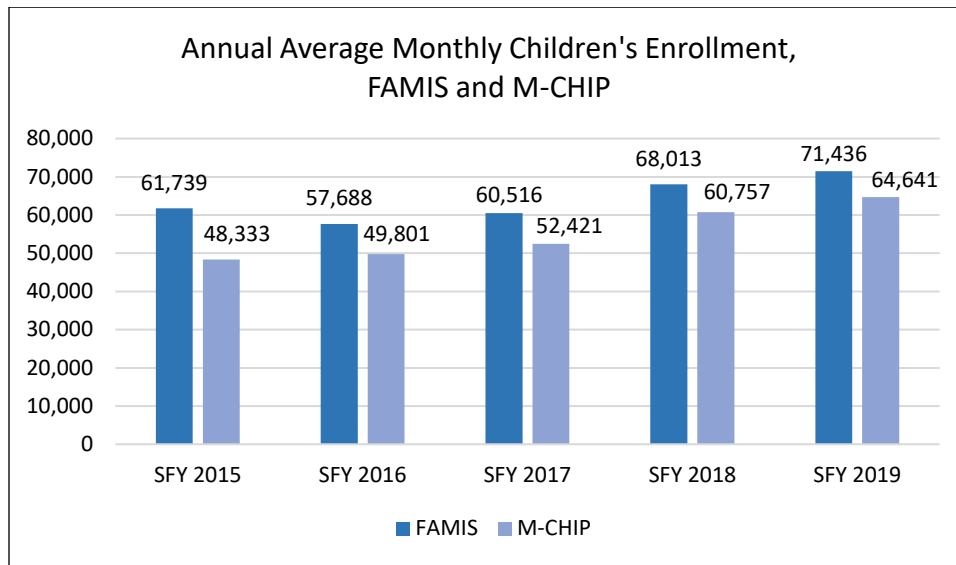
In state fiscal year 2019, approximately 21 percent of all children covered by the Department of Medical Assistance Services (DMAS) were covered with Title XXI/CHIP federal funds. Over half (52 percent) of the individuals covered by Virginia's Title XXI CHIP dollars are children enrolled in the FAMIS 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 3.1 percent between July 1, 2018, and July 1, 2019. Information on the number of children and pregnant women enrolled in CHIP/Title XXI-funded programs on July 1 of 2017, 2018, and 2019 is displayed in the table below.

CHIP Monthly Enrollment

| PROGRAM | INCOME | # Enrolled as of 7-1-17 | # Enrolled as of 7-1-18 | # Enrolled as of 7-1-19 | # Change from SFY18 | % Change from SFY18 |
|--|----------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
| FAMIS (Age 0–18 years) | >143% to 200% FPL | 63,158 | 70,858 | 72,196 | 1,338 | 1.9% |
| M-CHIP (Age 6–18 years) | >100% to 143% FPL | 55,896 | 63,813 | 66,477 | 2,664 | 4.2% |
| TOTAL CHIP Children | | 119,054 | 119,054 | 134,671 | 4,002 | 3.0% |
| FAMIS MOMS (Pregnant women) | >143% to 200% FPL | 1,160 | 1,157 | 1,413 | 256 | 22.1% |
| TOTAL CHIP Enrollees | | 120,214 | 135,828 | 140,086 | 4,258 | 3.1% |

Source: Monthly enrollment data from Virginia Medicaid Management Information System

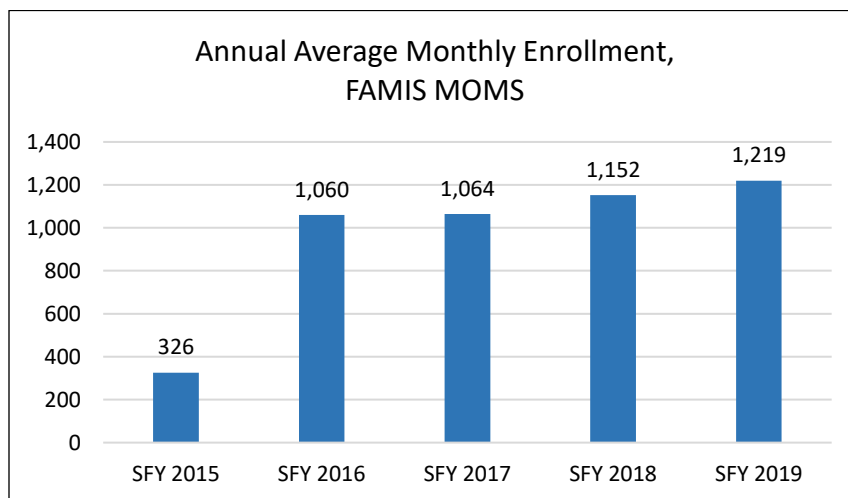
Enrollment in Virginia’s Title XXI/CHIP programs has seen significant growth in recent years. The chart below shows trends in annual average monthly children’s enrollment in CHIP-funded programs for SFY 2015 through 2019.



Source: Analysis of monthly enrollment data from Virginia Medicaid Management Information System

FAMIS MOMS Recent Enrollment Trends

New enrollment in the FAMIS MOMS program was closed between January and November 2014, per the 2013 Appropriation Act. During this time, FAMIS MOMS enrollment dropped to a low of seven participants. The 2014 Appropriation 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 SFY2016.



Source: Analysis of 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 is 65 percent. (Medicaid is matched at 50 percent.) The Affordable

Care Act (ACA) authorized an additional 23-percentage-point increase in federal match for federal fiscal years (FFY) 2016 through 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 extended, but phased out, the higher match rate. Virginia’s CHIP match rate tapered to 76.5 percent in FFY 2020 and will 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 2019, the FAMIS Trust Fund provided 28 percent of the Commonwealth’s share of costs, and 3 percent of total costs, for the CHIP program. The table below shows expenditures for the CHIP program by source for SFY 2019.

Total CHIP Expenditures in SFY 2019

| Expenditure Category | FAMIS Trust Fund | General Fund | Federal Funds | Total |
|----------------------|---------------------|---------------------|----------------------|----------------------|
| FAMIS Medical | \$14,065,627 | \$8,085,640 | \$166,717,473 | \$188,868,740 |
| FAMIS MOMS | | \$1,793,559 | \$13,152,763 | \$14,946,322 |
| FAMIS Administrative | | \$3,794,219 | \$27,824,276 | \$31,618,495 |
| M-CHIP Medical | | \$21,758,919 | \$169,141,158 | \$190,900,077 |
| Total | \$14,065,627 | \$30,432,337 | \$376,835,670 | \$426,333,634 |

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

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 140,000 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.