



# COMMONWEALTH of VIRGINIA

## *Department of Medical Assistance Services*

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November 9, 2020

### MEMORANDUM

**TO:** The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Janet D. Howell  
Chair, Senate Finance and Appropriations Committee

The Honorable Luke E. Torian  
Chair, House Appropriations Committee

The Honorable George L. Barker  
Chair, Joint Commission on Health Care

**FROM:** Karen Kimsey  
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, 2020

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.

KK/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 – FY2020

A Report to the Virginia General Assembly

December 1, 2020

## 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, along with state general funds, to draw down federal Title XXI matching dollars to cover costs incurred in the State Children's Health Insurance Program (SCHIP). Virginia's SCHIP 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 Trust Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Trust 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. 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.

## Status of the Fund

The 2019 Appropriation Act appropriated \$14,065,627 for each year of the biennium.

***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 for more than 1.6 million Virginians. Members have access to primary and specialty health services, inpatient care, behavioral health as well as 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 more than 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 Populations

### **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 health insurance. 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 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 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

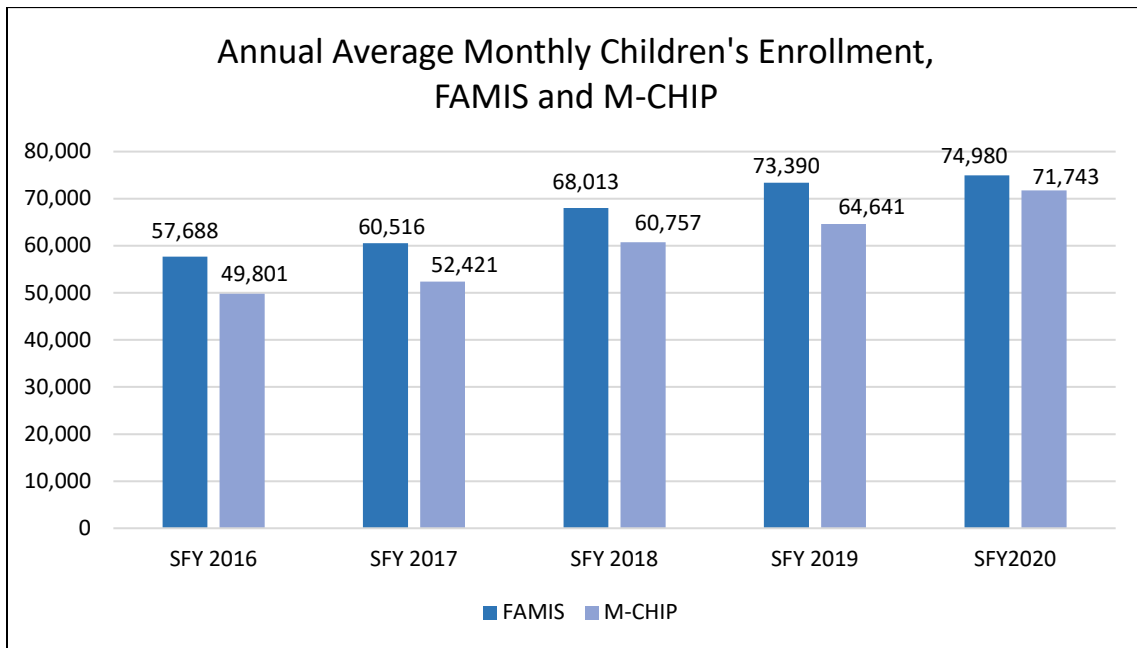
In state fiscal year 2020, approximately 22 percent of all children covered by the Department of Medical Assistance Services (DMAS) were covered with Title XXI/CHIP federal funds. Monthly enrollment in Title XXI programs grew by 11.7 percent between July 1, 2019, and July 1, 2020. This enrollment growth was likely driven by the economic impacts of COVID-19 as well as provisions of the Families First Coronavirus Response Act (FFCRA) and Virginia’s CHIP Disaster Relief State Plan Amendment that reduced churn in the FAMIS and M-CHIP programs, with members remaining in the program for longer as new members also enrolled. Information on the number of children and pregnant women enrolled in CHIP/Title XXI-funded programs on July 1 of 2018, 2019, and 2020 is displayed in the table below.

### **CHIP Monthly Enrollment**

PROGRAM	INCOME	# Enrolled as of 7-1-18	# Enrolled as of 7-1-19	# Enrolled as of 7-1-20	# Change from SFY19	% Change from SFY19
<b>FAMIS (Age 0–18 years)</b>	>143% to 200% FPL	70,858	72,196	76,574	4,378	6.1%
<b>M-CHIP (Age 6–18 years)</b>	>109% to 143% FPL	63,813	66,477	77,996	11,519	17.3%
<b>TOTAL CHIP Children</b>		<b>134,671</b>	<b>138,673</b>	<b>154,570</b>	<b>15,897</b>	<b>11.5%</b>
<b>FAMIS MOMS (Pregnant women)</b>	>143% to 200% FPL	1,157	1,413	1,936	523	37.0%
<b>TOTAL CHIP Enrollees</b>		<b>135,828</b>	<b>140,086</b>	<b>156,506</b>	<b>16,420</b>	<b>11.7%</b>

*Source: Monthly enrollment data from Virginia Medicaid Management Information System*

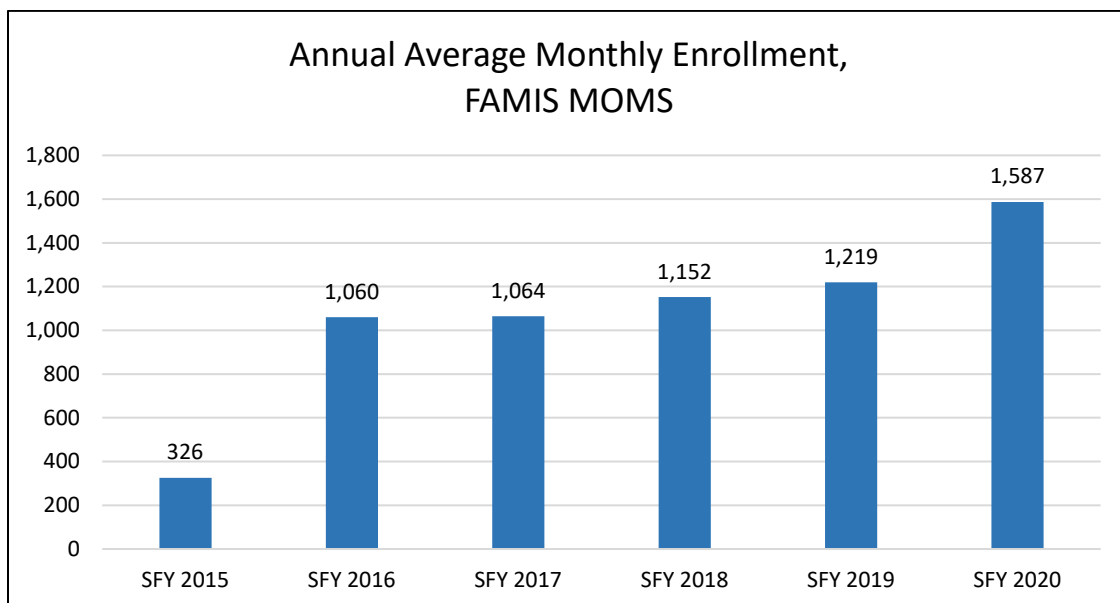
Virginia's Title XXI/CHIP programs have seen significant enrollment growth in recent years. The chart below shows trends in annual average monthly children's enrollment in CHIP-funded programs for SFY 2016 through 2020.



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 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 continued to grow since SFY2016.



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

## Cost of Services

FAMIS, FAMIS MOMS, and M-CHIP are supported by a combination of federal and state funds. Historically, the enhanced federal medical assistance percentage (e-FMAP) for Title XXI/CHIP funding for Virginia is 65 percent. (Medicaid is federally 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 during that period. 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 base CHIP match rate tapered to 76.5 percent for FFY 2020 and returned to the regular e-FMAP of 65 percent in FFY 2021 (beginning October 1, 2020). However, a 4.34 percentage point boost was added to this CHIP matching rate effective retroactively to January 1, 2020, the calendar quarter in which the COVID-19 federal public health emergency (PHE) was declared, as provided in the FFCRA. Therefore a federal matching rate of 80.84% was effective from January 1 through September 30, 2020, and a total rate of 69.34% is now effective from October 1, 2020 until the end of the calendar quarter in which the PHE expires (through at least March 31, 2021, based on the January 23, 2021 expiration date of the PHE as of the writing of this report).

### Virginia’s Title XXI e-FMAP, FFY2016 through FFY2027

Dates effective	FMAP	Explanation
10-1-15 through 9-30-19	88%	Virginia’s CHIP e-FMAP included 23 percentage point boost under Affordable Care Act, effective FFY2016-2019
10-1-19 through 12-31-19	76.5%	Virginia’s CHIP e-FMAP begins to taper down in FFY2020
1-1-20* through 9-30-20	80.84%	76.5% CHIP e-FMAP for FFY2020 + 4.34% FFCRA CHIP FMAP boost
10-1-20 through 3-31-21	69.34%	65% e-FMAP for FFY2021 + 4.34% FFCRA FMAP boost through the end of the quarter in which the PHE is currently scheduled to expire (1/23/20)
4-1-21 through 9-30-27	Unknown	e-FMAP continues at 69.34% or goes back down to 65%, depending upon whether the PHE is renewed again. Will drop to 65% after the end of the quarter in which the PHE, including any renewals, expires.

\* Effective date for the rate is retroactive to the beginning of the quarter in which the PHE was declared

The Commonwealth’s share of program funding comes from the FAMIS Trust Fund and the state’s general fund. In SFY 2020, the FAMIS Trust Fund provided 17 percent of the Commonwealth’s share of costs, and 3 percent of total costs, for Virginia’s CHIP program. The table below shows expenditures for the CHIP program by source for SFY 2020.

### Total CHIP Expenditures in SFY 2020

Expenditure Category	FAMIS Trust Fund	General Fund	Federal Funds	Total
FAMIS Medical	\$14,065,627	\$21,967,340	\$163,497,703	\$199,530,670
FAMIS MOMS		\$4,265,682	\$18,423,066	\$22,688,748
FAMIS Administrative		\$4,602,030	\$28,486,618	\$33,088,648
M-CHIP Medical		\$36,077,669	\$163,292,347	\$199,370,016
<b>Total</b>	<b>\$14,065,627</b>	<b>\$66,912,721</b>	<b>\$373,699,734</b>	<b>\$454,678,082</b>

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 150,000 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.