



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

KAREN KIMSEY
DIRECTOR

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
804/343-0634 (TDD)
www.dmas.virginia.gov

October 27, 2021

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

Jeff Lunardi,
Executive Director, 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, 2021

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 – FY2021

A Report to the Virginia General Assembly

December 1, 2021

About DMAS and Medicaid

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 certain Medicaid-enrolled children known as the M-CHIP population.

The General Assembly established the FAMIS Plan 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

Chapter 1289 of the 2020 Acts of Assembly 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 1.8 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, 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 500,000 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 the FAMIS program, there were different income thresholds depending on a child's age. As a result, 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. These children are enrolled in children's Medicaid, called FAMIS Plus, and receive the Medicaid benefit package, but their participation is funded with Title XXI dollars at the higher CHIP federal match rate. M-CHIP children are ages 6 through 18 with household income between 109 and 143 percent of the FPL.

FAMIS MOMS

On August 1, 2005, Virginia's FAMIS program was expanded under a federal CHIP Section 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.

FAMIS Prenatal Coverage

Effective July 1, 2021, Virginia amended the CHIP State Plan to establish FAMIS Prenatal Coverage, in accordance with the 2021 Special Session I Appropriation Act. The FAMIS Prenatal Coverage population is comprised of pregnant individuals who otherwise meet FAMIS MOMS and Medicaid Pregnant Women income, state residency, and other eligibility criteria, but previously were ineligible due to immigration status. Because the program launched after the close of FY 2021, enrollment and expenditures data for FAMIS Prenatal Coverage are not included in this year's FAMIS Trust Fund report; year 1 data for this new population will be included in next year's legislative report.

Title XXI Enrollment

In state fiscal year 2021, approximately 21 percent of all children in Virginia's Medicaid and FAMIS programs were covered with Title XXI/CHIP federal funds. Overall monthly enrollment in Title XXI programs grew by 5.8 percent between July 1, 2020, and July 1, 2021. Enrollment growth in the children's programs was likely driven by the economic impacts of COVID-19 as well as the maintenance of effort (MOE) and other 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 more new members also continued to enroll.

In contrast, FAMIS MOMS saw a 10 percent drop in enrollment between July 1, 2020 and July 1, 2021, after growing by 37 percent the previous year. DMAS received federal guidance after the onset of the COVID-19 public health emergency that FAMIS MOMS individuals reaching the end of their 60 days postpartum were not subject to the MOE; therefore FAMIS MOMS members, unlike Medicaid pregnant women, were reassessed at 60 days postpartum and either transitioned to other coverage or their coverage ended. Despite a decline over the course of SFY 2021, FAMIS MOMS enrollment remains 23 percent higher than at the start of SFY 2020, prior to the onset of the COVID-19 pandemic.

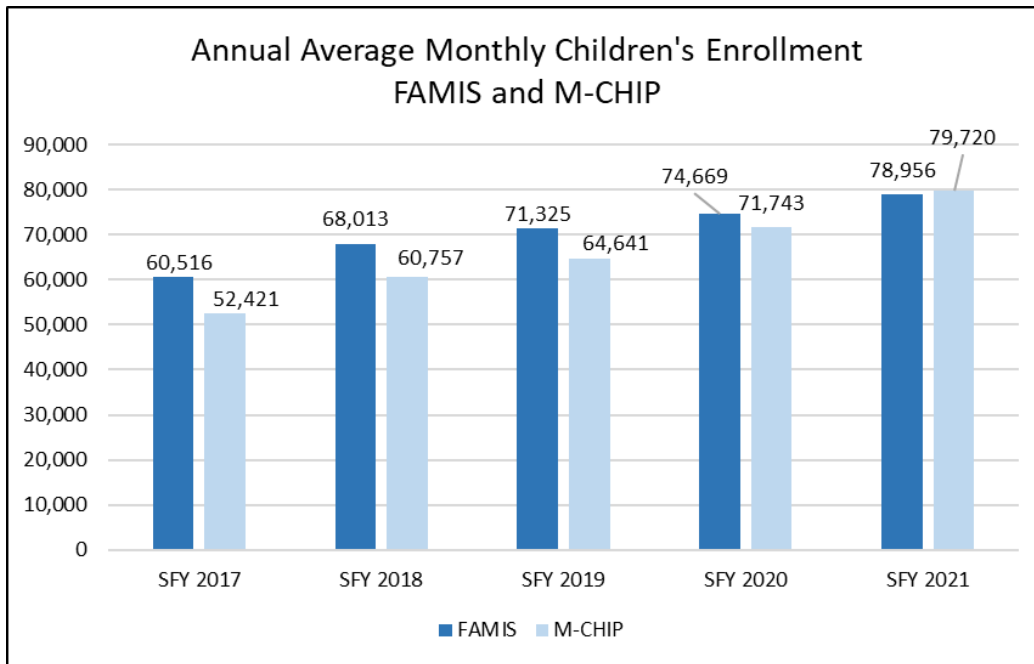
Information on the number of children and pregnant women enrolled in CHIP/Title XXI-funded programs on July 1 of 2019, 2020, and 2021 is displayed in the table below.

CHIP Monthly Enrollment

PROGRAM	INCOME	# Enrolled as of 7-1-19	# Enrolled as of 7-1-20	# Enrolled as of 7-1-21	# Change from SFY20	% Change from SFY20
FAMIS (Age 0–18 years)	>143% to 200% FPL	72,196	76,574	80,556	3,982	5.2%
M-CHIP (Age 6–18 years)	>109% to 143% FPL	66,477	77,996	83,237	5,241	6.7%
TOTAL CHIP Children		138,673	154,570	163,793	9,223	6.0%
FAMIS MOMS (Pregnant women)	>143% to 200% FPL	1,413	1,936	1,737	-199	-10.3%
TOTAL CHIP Enrollees		140,086	156,506	165,530	9,024	5.8%

Source: Monthly enrollment data from Virginia Medicaid Management Information System

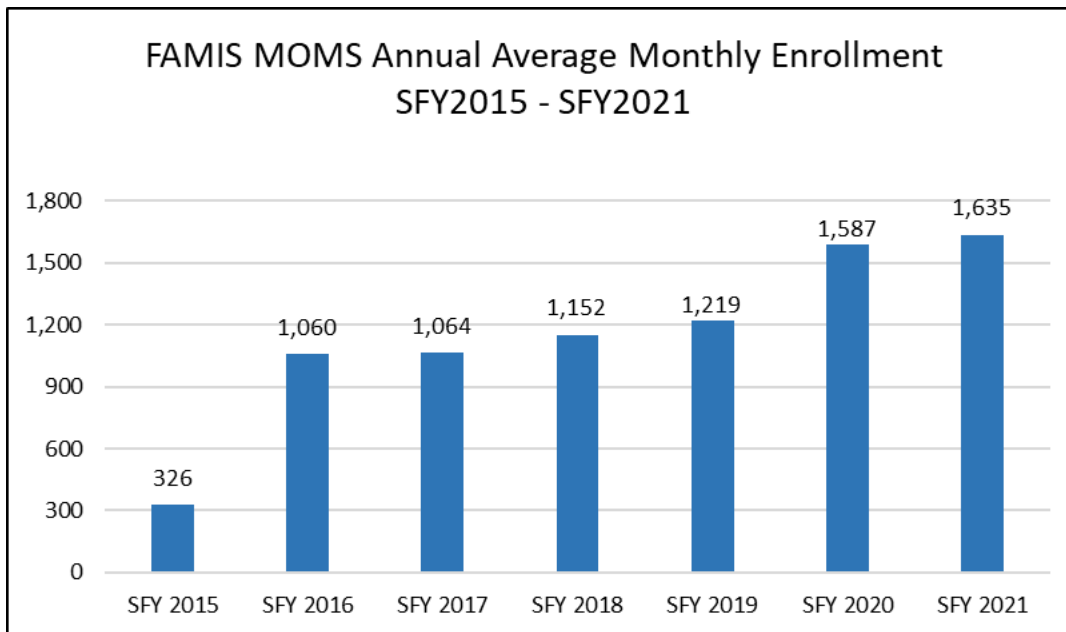
Virginia’s Title XXI programs have seen significant enrollment growth in recent years. The chart below shows trends in annual average monthly children’s enrollment in CHIP-funded programs over the past five years.



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 increase 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 those years. 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 match rate of 80.84 percent was effective from January 1 through September 30, 2020, and a total rate of 69.34 percent is now effective from October 1, 2020 until the end of the calendar quarter in which the PHE expires (through at least December 31, 2021, based on the current expiration date of the PHE as of the writing of this report).

The 80.84 percent federal match rate applied in the first quarter of SFY 2021, then the rate stepped down to 69.34 percent for the subsequent three quarters of the state fiscal year. When presented as a weighted average for SFY 2021, Virginia’s blended rate was 72.22 percent.

Virginia’s Title XXI Enhanced FMAP, FFY2016 through FFY2027

Dates effective	FMAP	Explanation
10-1-15 through 9-30-19	88.00%	Virginia’s CHIP e-FMAP included 23 percentage point boost under Affordable Care Act, effective FFY2016-2019
10-1-19 through 12-31-19	76.50%	Virginia’s CHIP e-FMAP began 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 12-31-21	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 (12-31-21)**
1-1-22 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.

** Reflects status as of the writing of this report.

The Commonwealth’s share of program funding comes from the FAMIS Trust Fund and the state’s general fund. In SFY 2021, the FAMIS Trust Fund provided 11.4 percent of the Commonwealth’s share of costs, and 3.1 percent of total costs, for Virginia’s CHIP program. The table below shows expenditures for the CHIP program by source for SFY 2021.

Total CHIP Expenditures in SFY 2021

Expenditure Category	FAMIS Trust Fund	General Fund	Federal Funds	Total
FAMIS Medical	\$14,065,627	\$42,196,977	\$150,563,179	\$206,825,783
FAMIS MOMS		\$5,674,397	\$14,976,631	\$20,651,028
FAMIS Administrative		\$7,200,128	\$20,288,642	\$27,488,770
M-CHIP Medical		\$54,615,312	\$139,957,134	\$194,572,446
Total	\$14,065,627	\$109,686,814	\$325,785,586	\$449,538,027

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 160,000 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.