



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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January 13, 2024

MEMORANDUM

TO: The Honorable Glenn Youngkin
Governor of Virginia

The Honorable Louise L. Lucas
Chair, Senate Finance and Appropriations Committee

The Honorable Luke Torian
Chair, House Appropriations Committee

FROM: Cheryl J. Roberts
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, 2023

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)664-2660.

CJR/hjr

Enclosure

Pc: The Honorable John Littel, Secretary of Health and Human Resources

Annual Report on the Status of the Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund – FY2023

A Report to the Virginia General Assembly

January 13, 2024

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, FAMIS MOMS, and FAMIS Prenatal Coverage 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. Any amounts in excess of the appropriated amount will be deposited into the general fund.

Status of the Fund

Chapter 1 of the 2023 Special Session I Virginia Acts of Assembly appropriated \$14,065,627 to the FAMIS Plan Trust Fund for each year of the 2022-2024 biennium.

The mission of the Virginia Medicaid agency is to improve the health and well-being of Virginians through access to high-quality health care coverage.

The Department of Medical Assistance Services (DMAS) administers Virginia's Medicaid and CHIP programs for over 2 million Virginians. Members have access to primary and specialty health services, inpatient care, dental, and 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 600,000 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 an approximate 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% 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. 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, also known as 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

In 2005, Virginia’s FAMIS program 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 postpartum coverage to uninsured women who are within the CHIP/FAMIS income range (between 143 and 200 percent of FPL). Effective July 1, 2022, FAMIS MOMS coverage is continuous through 12 months postpartum.

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 meet FAMIS MOMS and Medicaid Pregnant Women income, state residency, and other eligibility criteria, but previously were ineligible due to immigration status. FAMIS Prenatal Coverage ends at 60 days postpartum.

Table 1: Historical CHIP Enrollment

In FY23, approximately 21% of children in Virginia’s Medicaid and FAMIS programs were covered with Title XXI/CHIP federal funds. The table below summarizes July 1 historical enrollment in CHIP-funded programs over the past three years.

Program	Income	# Enrolled as of 07/01/21	# Enrolled as of 07/01/22	# Enrolled as of 07/01/23	# Change from FY22	% Change from FY22
FAMIS (Age 0-18 yrs)	>143% to 200% FPL	80,556	78,850	83,330	4,480	5.7%
M-CHIP (Age 6-18 yrs)	>109% to 143% FPL	83,237	95,450	102,046	6,596	6.9%
Total CHIP Children		163,793	174,300	185,376	11,076	6.4%
FAMIS MOMS	>143% to 200% FPL	1,737	2,097	3,222	1,125	53.6%
FAMIS Prenatal	<200% FPL	--	4,211	4,770	559	13.3%
Total CHIP Pregnant/Postpartum Members		1,737	6,308	7,992	1,684	26.7%
Total CHIP Enrollees		165,530	180,608	193,368	12,760	7.1%

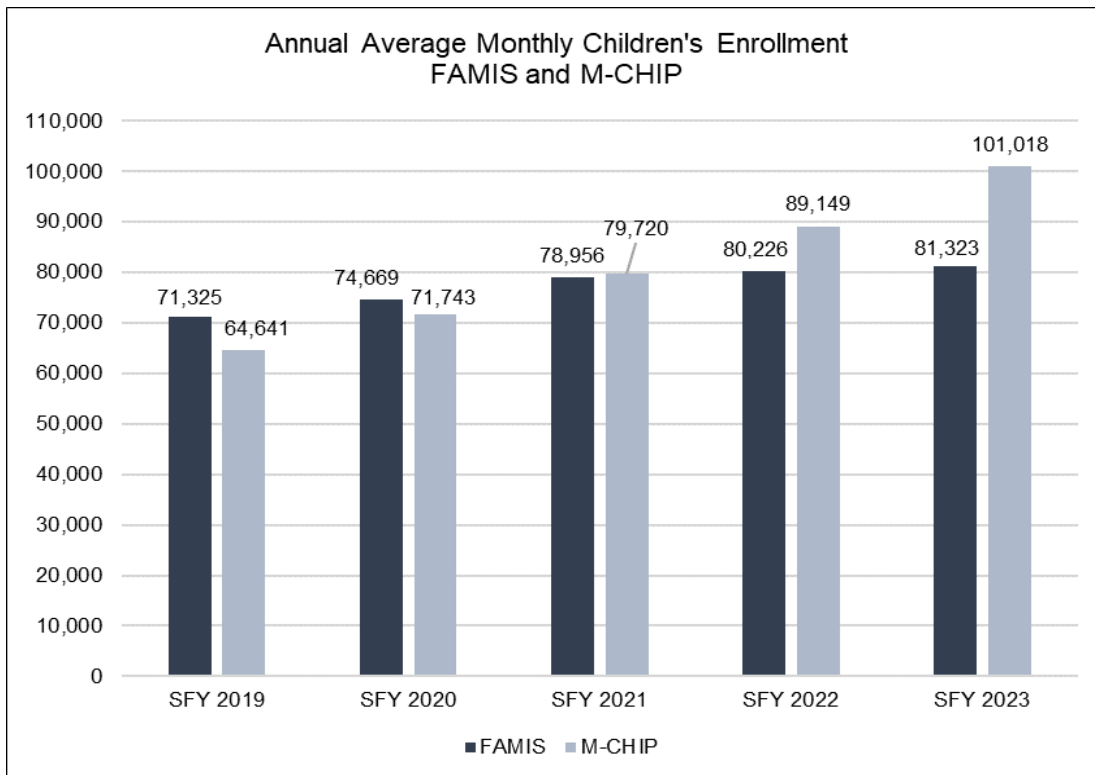
Enrollment in the Title XXI children’s programs grew 6.4% between July 1, 2022, and July 1, 2023. Enrollment grew by 5.7% in FAMIS and 6.9% in M-CHIP. Some of the growth in enrollment was driven by Virginia’s compliance with the maintenance of effort (MOE) requirement put in place during the federal COVID-19 public health emergency (PHE), which resulted in members remaining in the program for longer as new members continued to enroll. The MOE was in place through March 31, 2023, when Virginia began the process of “unwinding” continuous coverage and redetermining the eligibility of all enrolled members.

FAMIS MOMS saw a 53.6% increase in enrollment between July 1, 2022 and July 1, 2023. This growth is partly attributable to the implementation of 12 months postpartum continuous coverage for FAMIS MOMS effective July 1, 2022. Members now remain in the FAMIS MOMS coverage group through 12 months postpartum and are included in the program’s enrollment count for the prenatal and postpartum periods.

FAMIS Prenatal Coverage grew by 13.3% between July 1, 2022 and July 1, 2023, with most of the enrollment growth occurring in the first few months of the fiscal year. FAMIS Prenatal Coverage is still limited to 60 days postpartum.

Table 2: Enrollment Trends in the FAMIS and M-CHIP Programs

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



Source: Monthly enrollment data from Virginia Medicaid Management Information System

Table 3: Enrollment in the FAMIS MOMS and FAMIS Prenatal Coverage Programs

The chart below shows trends in FAMIS MOMS average monthly enrollment over the past five years. As explained above, implementation of 12 months postpartum continuous coverage for FAMIS MOMS drove a large increase in enrollment in FY23.

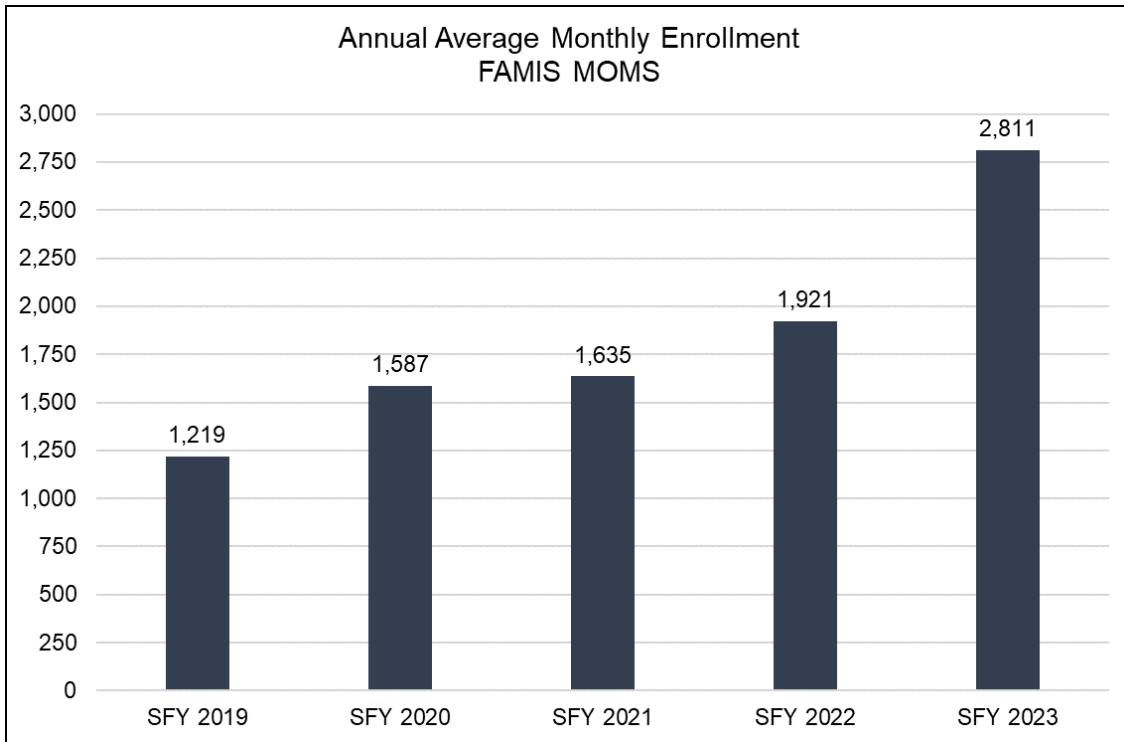
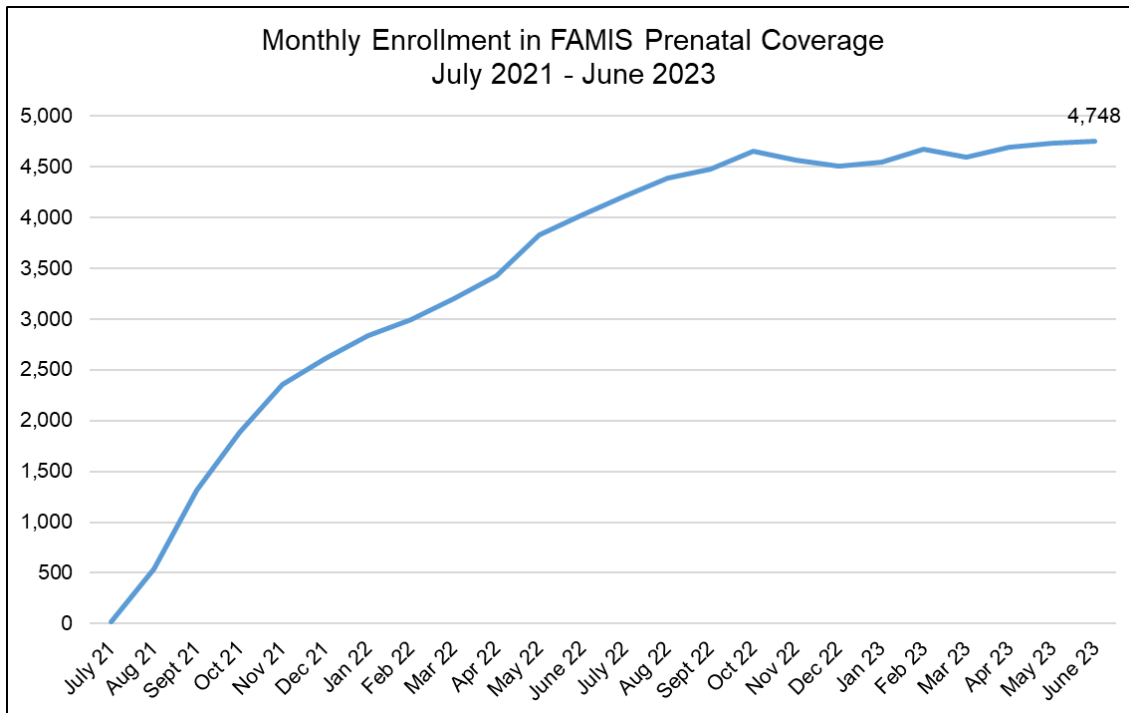


Table 4: Monthly Enrollment in FAMIS Prenatal Coverage

Enrollment in the FAMIS Prenatal Coverage program, which launched in July of 2021, continued to increase during the first few months of FY23 but remained relatively flat after October 2022. (See chart below tracking enrollment by month.) As of June 2023, 4,748 individuals were enrolled in FAMIS Prenatal Coverage.



Source: Monthly enrollment data from Virginia Medicaid Management Information System

Cost of Services

FAMIS, FAMIS MOMS, FAMIS Prenatal Coverage, and M-CHIP are supported by a combination of federal and state funds. Historically, the enhanced federal medical assistance percentage (eFMAP), or federal share, of Title XXI/CHIP funding for Virginia was 65%. (Virginia's Medicaid FMAP has historically been 50%.) Effective October 1, 2022, Virginia's base FMAP for Medicaid and eFMAP for CHIP increased slightly; CHIP eFMAP increased by 0.46 percentage points. In addition, a 4.34 percentage point boost to Virginia's CHIP matching rate remained in place during the first three quarters of SFY2023, then began to step down during unwinding period starting in Q4.

The Commonwealth's share of program funding comes from the FAMIS Trust Fund and the state's general fund. In FY23, the FAMIS Trust Fund provided 7.2% of the Commonwealth's share of costs and 2.2% of total costs related to Virginia's CHIP program. The table below shows FY23 actual expenditures for the CHIP program by source.

Table 5: Total FY23 CHIP Expenditures by Program/Category

	FAMIS Trust Fund	General Fund	Federal Funds	Total
FAMIS Medical	\$14,065,627	\$66,137,302	\$186,987,862	\$267,190,791
FAMIS MOMS and FAMIS Prenatal		\$19,380,110	\$44,193,908	\$63,574,018
FAMIS Administrative		\$8,366,242	\$20,676,557	\$29,042,799
M-CHIP Medical		\$87,006,142	\$199,064,788	\$286,070,930
Total	\$14,065,627	\$180,889,796	\$450,923,115	\$645,878,538

Source: Cardinal Financials

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 190,000 low-income children and pregnant women in the Commonwealth receive high quality and cost-effective health care. FAMIS, FAMIS MOMS, FAMIS Prenatal, and M-CHIP are a vital component of Virginia's efforts to promote access to affordable health care for the state's most vulnerable residents.