

BACKGROUND ON FAMIS TRUST FUND

The Virginia Family Access to Medical Insurance Security (FAMIS) Plan Trust Fund was established in the state treasury as a special non-reverting fund in 1997 (though it was originally named the *Virginia Children's Medical Security Insurance Plan Trust Fund*). The State Corporation Commission annually calculates the tax revenue that is deposited into the trust fund. The *Code of Virginia* mandates that any moneys remaining in the Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. From the beginning of the Fund until the middle of Fiscal Year 2002, the interest earned on the cash balances of the Fund was deposited into the Fund. However, language has been included in the Appropriation Act since 2003 that mandates that interest earned from the trust fund shall remain in the state General Fund.

Furthermore, in Chapter 951 of the 2005 Acts of the Assembly (§3-1.01 M.1 on Page 612 of Chapter 951), the language limits the 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 the criteria set forth in the *Code of Virginia*) were to exceed the limit, the amount exceeding the limit is deposited in the General Fund. The moneys in the Trust Fund are used, in lieu of state general funds, to draw down federal funds to cover costs incurred in the Commonwealth's Title XXI program. Table 1 provides a history of deposits into and expenditures out of the Trust Fund for FY 1998 through FY 2007. Table 2 provides the appropriated amounts for the 2006-2008 biennium.

Table 1
History of Deposits and Payments from the Trust Fund

Fiscal Year	Deposits into Fund	Expenditures from Fund	Balance at the end of the Fiscal Year
FY 1998	\$239,503	\$0	\$239,503
FY 1999	\$8,072,030	(\$4,726,038)	\$3,585,496
FY 2000	\$9,449,406	(\$9,326,338)	\$3,708,564
FY 2001	\$12,421,643	(\$9,670,920)	\$6,459,287
FY 2002	\$14,680,907	(\$16,936,664)	\$4,203,530
FY 2003	\$14,065,627	(\$18,211,360)	\$57,797
* FY 2004	\$14,025,229	(\$14,001,661)	\$81,365
* FY 2005	\$13,995,237	(\$14,065,627)	\$11,128
* FY 2006	\$13,984,302	(\$13,995,245)	\$185
FY 2007	\$14,065,812	(\$14,065,563)	\$249
FY 2008	\$14,065,876	(\$14,065,627)	\$249

*The deposits in FY 2004, FY 2005, and FY 2006 were reduced due to language in the Appropriation Act which transferred \$40,456, \$70,390, and \$81,325 respectively, in cash from the trust fund to the General Fund to cover expenses incurred by central service agencies.

Source: DMAS Staff Analysis, Commonwealth Accounting and Reporting System (CARS)

Table 2
FAMIS Trust Fund Appropriation FY 2007 – FY 2008

	Total
FY 2007	\$14,065,627
FY 2008	\$14,065,627

Source: Chapter 847, 2007 Acts of the Assembly

FAMIS/SCHIP PROGRAM INFORMATION: FY 2008

The FAMIS program was established in the summer of 2001 as Virginia’s Title XXI SCHIP program, replacing the Children Medical Security Insurance Program (CMSIP). Prior to state FY 2003, all of the children enrolled in Virginia’s Title XXI plan were enrolled in the FAMIS program (or previously the CMSIP program). Beginning in FY 2003, children age 6 through age 19 and in families with income between 100% and 133% of the federal poverty level are enrolled in the Medicaid program. This is intended to make the eligibility criteria for Medicaid standard for children of all ages and prevent families having children enrolled in two different programs (children under the age of 6 being enrolled in Medicaid and children age six and over in the same family being enrolled in FAMIS). While these children were transitioned to Medicaid, Virginia continues to receive enhanced federal funding under the federal SCHIP program for this population. The Commonwealth’s SCHIP program is funded with a combination of state general funds, the FAMIS trust fund (which is used in lieu of state General Funds) and federal funds. During FY 2008, the federal matching rate was 65 percent. Table 3 illustrates the expenditures for the SCHIP program by fund source for FY 2008 incurred by DMAS.

Table 3
Total SCHIP Expenditures in FY 2008

	General Fund	Trust Fund	Federal Fund	Total
FAMIS Medical	\$ 21,415,218	\$14,065,627	\$ 66,292,947	\$101,773,792
FAMIS Administrative*	\$ 4,534,392		\$ 8,419,285	\$12,953,677
Medicaid SCHIP	\$ 26,516,874		\$ 49,273,728	\$75,790,602
Total	\$52,466,484	\$14,065,627	\$123,985,960	\$190,518,071

Source: DMAS Staff Analysis, Commonwealth Accounting and Reporting System (CARS) of expenditures and revenue transfers
* FAMIS Administrative expenditures include \$1.9 million General Fund expenditures incurred by DSS for eligibility determinations.

UPDATE ON SCHIP RE-AUTHORIZATION & FEDERAL ALLOTMENT

The federal authorization for the State Child Health Insurance Program (SCHIP), Virginia’s FAMIS program, expired on September 30, 2007. Congress passed two one month extensions of SCHIP on October 13 and September 29 of 2008. During reauthorization debate issues discussed included: who should be covered under SCHIP; how funds should be distributed across states; how best to reach eligible but un-enrolled children; and, what the scope of SCHIP benefits should be. A bipartisan compromise SCHIP bill, the “Children’s Health Insurance Program Reauthorization Act” (CHIPRA), was passed in early fall. This bill would have increased SCHIP funding by \$35 billion to

keep current children who are already covered under the State Children’s Health Insurance Program, as well as extend coverage to 3.8 million currently uninsured children. The bill was vetoed by the President without enough support in Congress override.

In December 2007, Congress passed Senate Bill 2499, which extended SCHIP through March 2009 and included additional funding to ensure that states will be able to maintain current SCHIP coverage levels. Virginia’s federal allotment for FFY 2008 was \$90.3 but only expended \$65.6 million of the allotment due to the availability of carry over funds from previous years’ allotments. Virginia carried over a balance of \$24.7 million of the 2008 allotment into FFY 2009. The federal allotment for FFY 2009 is \$96.8 million. This amount combined with the carry over from the previous year provides Virginia with \$127.5 million of federal funding going forward in FFY 2009. Based on the most recent forecasts, DMAS estimates it will need \$152.2* million in federal funding, or \$30.6 million over Virginia’s current federal allotment to operate our current program through the end of FFY 2009. Congressional leaders have indicated that the reauthorization of SCHIP will be a top priority when Congress reconvenes in January.

UPDATE ON CURRENT ENROLLMENT

During state fiscal year 2008, enrollment in the SCHIP program increased from approximately 82,700 children at the beginning of the fiscal year to approximately 90,100 children at the end of the fiscal year. During FY 2008, medical expenditures for the SCHIP program equated to approximately \$162 per enrollment month, or approximately \$1,941 for a child enrolled for the entire year. The cost per enrollee increased approximately 6.3% compared to FY 2007. Information on the number of children enrolled in the Children’s Health Insurance Program as of June 1, 2008, is shown in the table below:

Table 4
SCHIP Enrollment

PROGRAM	INCOME	# Enrolled As of 06-01-07	# Enrolled As of 06-01-08	Total Growth	% Growth
FAMIS (Children <19 years)	>133% to ≤ 200% FPL	47,351	53,451	6,100	13%
MEDICAID EXPANSION (Children 6- 19 years)	>100% to ≤ 133%FPL	35,081	36,612	1,531	4%
TOTAL SCHIP Children		82,432	90,063	7,631	9%

Source: VaMMIS (Virginia Medicaid Management Information System) 07-01-08.

More than 155,000 children were covered by SCHIP at some point in FFY 2008. That is an 8% increase over the previous year. The Table below displays the total unduplicated ever enrolled figures for FFY 2008:

* Based on October 2008 DMAS enrollment forecasts.

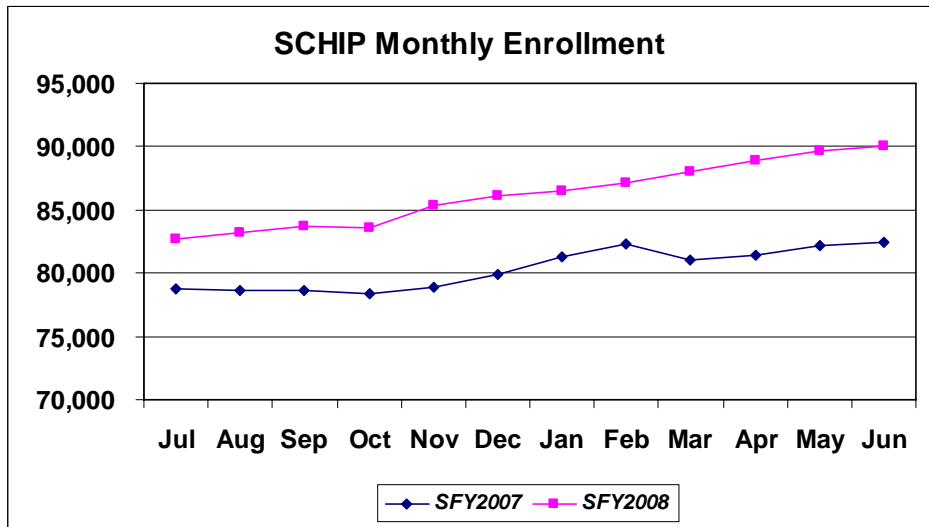
Table 5
SCHIP Unduplicated Ever Enrolled

PROGRAM	INCOME	FFY 2007 Unduplicated Ever Enrolled	FFY 2008 Unduplicated Ever Enrolled	Total Growth	% Growth
FAMIS (Children <19 years)	>133% to ≤ 200% FPL	76,088	84,574	8,486	11%
MEDICAID EXPANSION (Children 6- 19 years)	>100% to ≤ 133%FPL	68,075	70,715	2,640	4%
TOTAL SCHIP Children		144,163	155,289	11,126	8%

Source: DMAS staff analysis, CMS Statistical Enrollment Database System (SEDS).

Enrollment of new children into Virginia’s Title XXI program (FAMIS and SCHIP Medicaid Expansion) has continued to grow. By the end of SFY 2008, more than 90,000 children were covered by SCHIP state wide. The chart below shows SCHIP monthly enrollment growth for SFY 2007 and SFY2008.

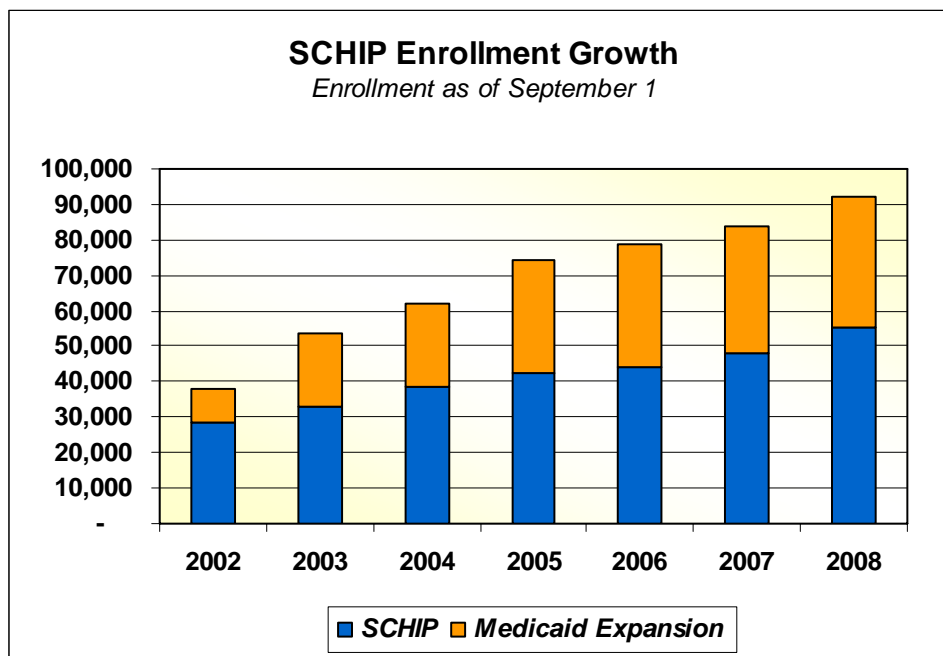
Chart: 1



Source: DMAS staff analysis, VaMMIS (Virginia Medicaid Management Information System).

The FAMIS program replaced the former CMSIP program on August 1, 2001. At that time, there were 32,587 children enrolled. One year later, with enrollment at 38,030, Governor Warner, with the assistance of the General Assembly, instituted numerous programmatic improvements and policy enhancements. These changes had a dramatic effect on enrollment, which grew by almost 42% to 53,863 by September 1, 2003. The steady increase in enrollment was the result of aggressive outreach efforts at the State and local level, as well as the implementation of program and policy improvements in 2002. The chart and table below show the SCHIP enrollment growth from September 1, 2002 (implementation of program changes) through September 1, 2008:

Chart: 2



Source: DMAS staff analysis, VaMMIS (Virginia Medicaid Management Information System).

Table 4
Enrollment in SCHIP Program

	FAMIS	SCHIP Medicaid Expansion	Total SCHIP
August 1, 2001	32,587	N/A	32,587
September 1 2002	28,603	9,427	38,030
September 1, 2003	32,684	21,179	53,863
September 1, 2004	38,532	23,362	61,894
September 1, 2005	42,210	32,201	74,411
September 1, 2006	44,004	34,576	78,580
September 1, 2007	48,066	35,625	83,691
September 1, 2008	55,165	37,148	92,306

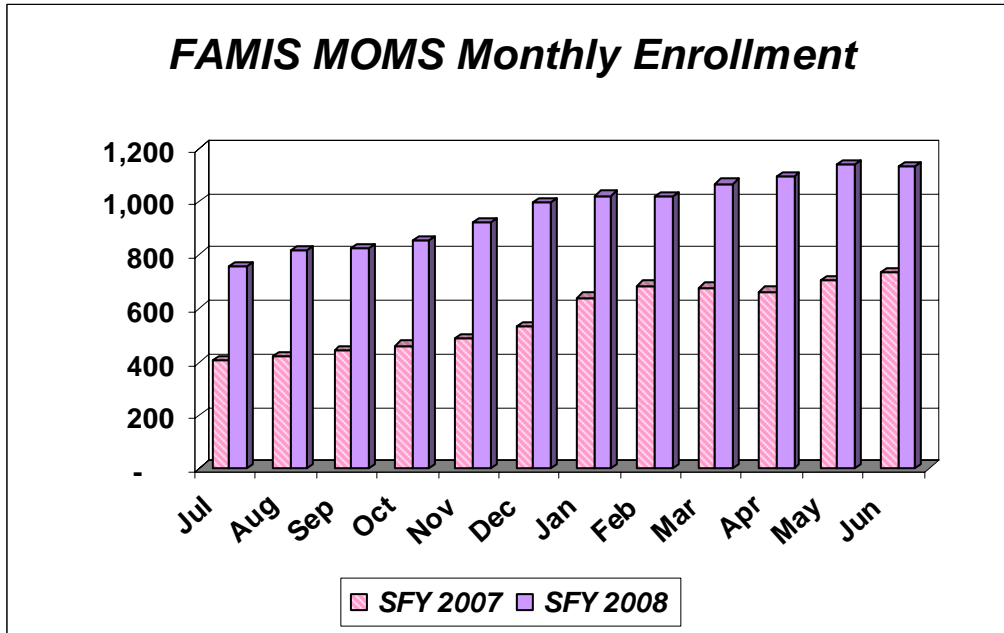
Source: DMAS Staff Analysis

SCHIP WAIVER PROGRAMS

On August 1, 2005, as authorized by the 2005 Appropriations Act, Virginia’s SCHIP program was expanded to include coverage of pregnant women with family income above the Medicaid limit of 133% FPL but less than or equal to 150% FPL. The intent of this new program expansion was to provide vital prenatal care to uninsured women living within the SCHIP income range and likely to give birth to FAMIS eligible children. In 2006, the Governor proposed increasing the income limit for the FAMIS MOMS program to 166% FPL in his budget. This change was approved by the General Assembly and was implemented September 1, 2006. In 2007, the Governor proposed an additional increase of the income limit for the FAMIS MOMS program to 185% FPL

which was also approved by the General Assembly and implemented on July 1, 2007. In 2008, Governor Kaine proposed increasing eligibility for FAMIS MOMS to 200% FPL. This increase was also approved by the General Assembly with a July 1, 2009 implementation date. As of November 1, 2008, 1,141 pregnant women were enrolled in the program. The chart below shows the growth in enrollment over the previous year:

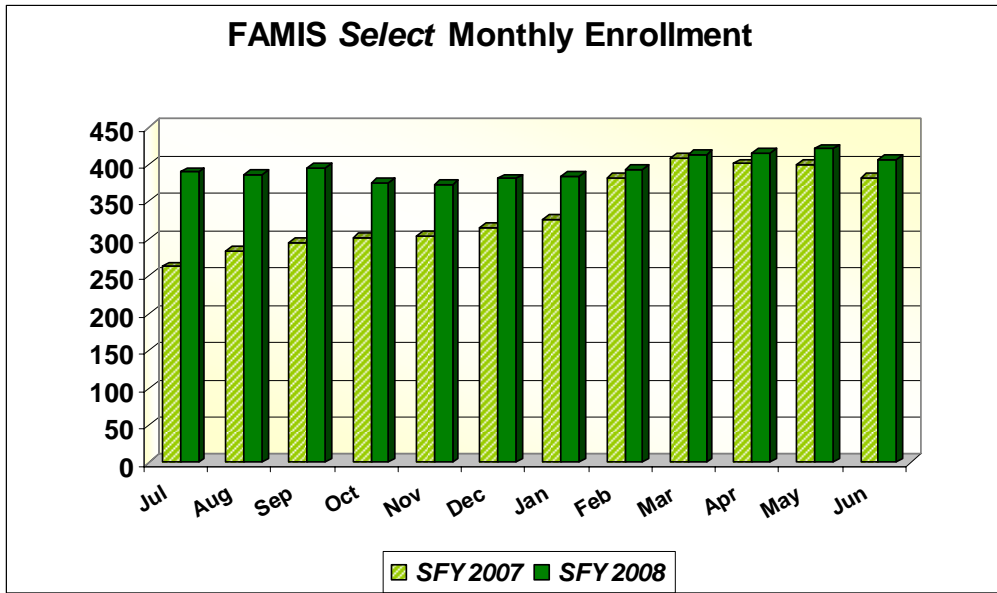
Chart: 3



Source: DMAS staff analysis, VaMMIS (Virginia Medicaid Management Information System).

In addition to implementing the new FAMIS MOMS program, the optional premium assistance program available under FAMIS was also revised. FAMIS *Select* replaced the former Employer Sponsored Health Insurance (ESHI) program on August 1, 2005, and provides an alternative for families with children enrolled in FAMIS who have access to private or employer-sponsored coverage. If the family elects to participate in FAMIS *Select*, they receive up to a \$100 per month per child to help pay for the cost of covering the child in a private or employer's health plan instead of through FAMIS. The child then receives the health care services provided by the private/employer-sponsored health plan and the family is responsible for any costs associated with that policy. By the end of SFY 2008, these private/employer based policies funded through a combination of employer, family and SCHIP funds provided coverage to more than 400 children. Enrollment in FAMIS *Select* has increased by more than 120 children from the beginning of SFY 2007 to 2008. FAMIS *Select* enrollment is displayed in the chart below:

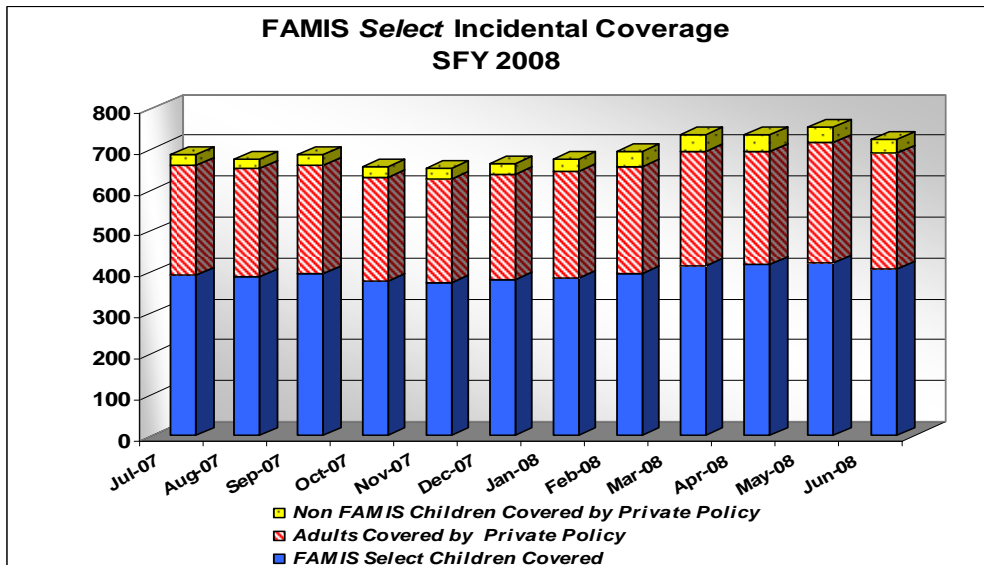
Chart: 4
SFY 2007-2008 FAMIS *Select*
Monthly Enrollment



Source: DMAS staff analysis, FAMIS Select Specialist monthly tracking.

The premium assistance payment provided by SCHIP funds often helps the family afford coverage for the entire family while remaining a cost-effective way for the Commonwealth to provide coverage for the FAMIS eligible child. By the end of SFY 2008, this incidental coverage provided healthcare to an additional 282 adults and 35 non-FAMIS eligible children. The chart below displays the incidental coverage provided by the FAMIS *Select* program:

Chart: 5
FAMIS *Select* SFY 2008
Incidental Coverage



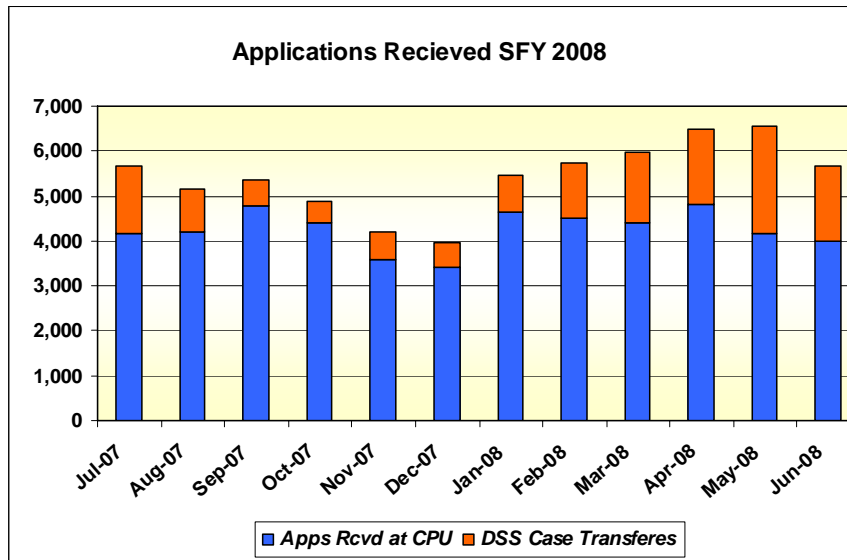
Source: DMAS staff analysis, FAMIS Select Specialist's monthly tracking.

FAMIS OPERATIONS

The FAMIS Central Processing Unit (CPU) was established in August 2001 to provide a statewide call center and application-processing site and is administered by Affiliated Computer Services Inc., under contract to DMAS. A new CPU contract was awarded to ACS August 1, 2007. The FAMIS CPU received 294,972 calls in SFY 2008, with an average monthly call volume of 29,497.

More than 51,000 applications were received at the CPU (electronic, mailed and faxed combined) in SFY 2008, with an average monthly volume of 4,256 applications. Electronic (web) applications represented 45% of all applications received at the CPU. In addition, the CPU received an average of 1,170 cases transferred from local DSS offices per month during SFY 2008. The total number of applications received at the FAMIS CPU with a pregnant woman applying for FAMIS MOMS during this fiscal year was 3,437, with an average monthly volume of 286. An additional 1,458 applications for FAMIS MOMS were transferred to the CPU from local DSS offices over the year. Below is a chart detailing the volume of applications received at the FAMIS CPU:

Chart: 6
Monthly Application Volume

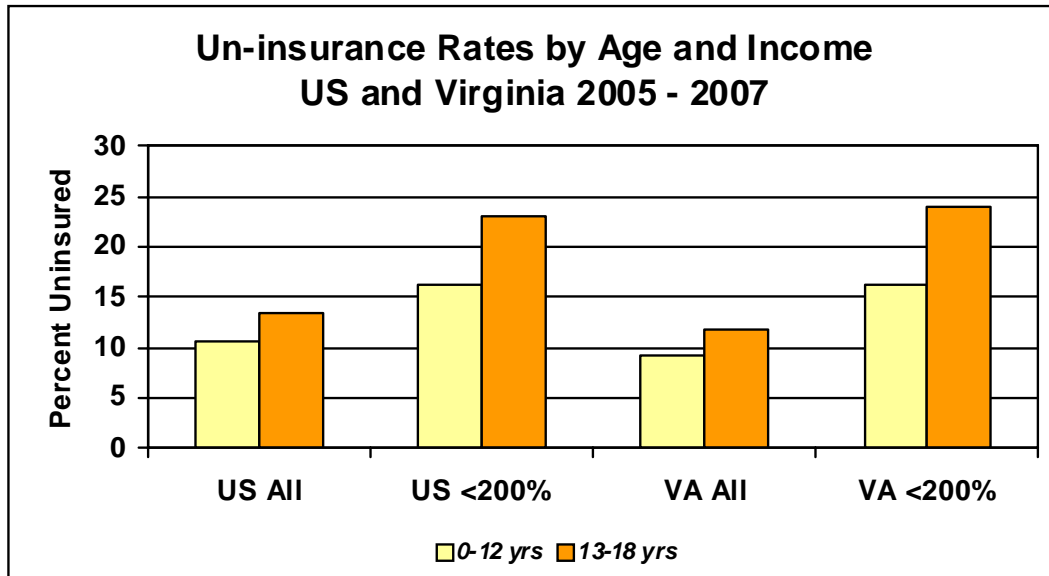


Source: DMAS staff analysis, ACS monthly reports.

MARKETING AND OUTREACH ACTIVITIES

The Maternal and Child Health Marketing and Outreach Unit continues to focus its efforts on reaching the remaining children eligible and pregnant women eligible to enroll in the FAMIS program. In SFY 2008, the unit utilized new strategies through the use of technology to reach pregnant women and children eligible but currently not enrolled in FAMIS.

The chart below compares the rates of un-insurance teens and children:



Source: SHADAC from US Census Bureau, Current Population Survey, 2006, 2007, 2008

In response to the high rates of un-insurance amongst teens, DMAS implemented a new FAMIS Teen Campaign. Multiple strategies were applied including:

- A partnership with FOX Television and the Virginia High School Basketball League (VHSL) to televise for the first time the 2008 Virginia State High School Basketball Championship. The event was televised live in 6 locations throughout the state on March 14 and 15, 2008. In addition to multiple references to FAMIS during the two-day event, the new FAMIS Teen TV commercial was aired 32 times throughout the broadcast.
- The development of a new Teen Section of the FAMIS website that was implemented in March 2008. The FAMIS Teen pages allow teens to read about our FAMIS teen spokesperson, tell us their FAMIS story, participate in the FAMIS poll question, download one of our 12 free ringtones to their computer or cell phone, and participate in the FAMIS Scavenger Hunt. There have been over 5,000 visits to the Teen section of the FAMIS website from March to October 2008.
- A partnership with a local school district to bring outreach directly into the middle and high schools. More than 11,000 promotional items were distributed during school lunch times over a three-week period in April and May 2008.

In addition to the successful implementation of the FAMIS Teen Campaign, the Maternal and Child Health Marketing and Outreach unit implemented enhancements to the Staying Healthy section of the FAMIS website through the addition of the new Spanish language pages. Comprised of seven new pages of information in English and Spanish specifically tailored to meet the needs of expectant mothers and parents of children from birth through age twenty-one, these pages provide online information and resources for Spanish speaking parents. To help focus attention on the new Staying Healthy section of

the FAMIS website, a double-sided Staying Healthy poster was created in English and Spanish. Ten copies of the poster were sent to 1,000 pediatricians in Virginia to be posted in waiting rooms and exam rooms. The poster is also available for order on the materials page of the FAMIS website.

In an effort to communicate with more FAMIS families interested in the FAMIS *Select* premium assistance program, the FAMIS *Select* brochure was translated into Spanish and a new FAMIS *Select* logo was created in English and Spanish. The new Spanish brochure is available for order on the materials page of the FAMIS website. DMAS also formed a partnership with the Department of Business Assistance Services (DBA) to specifically promote FAMIS *Select*. At the invitation of the DBA, Maternal and Child Health Marketing and Outreach staff attended several events organized for small business owners to promote the FAMIS *Select* program. As a result of the new relationships developed from the DBA partnership, outreach staff participated in seminars and trainings that provided information on the FAMIS programs to HR professionals.

CONCLUSIONS

DMAS expended \$14,065,627 from the FAMIS Trust Fund and \$52,466,484 from the General Fund which allowed Virginia to draw down \$123,985,960 in federal funding to support the operation of the FAMIS program. Enrollment in Virginia's FAMIS program continued to increase in 2008. The total number of children enrolled in SCHIP increased by 13% and the number of children enrolled in the SCHIP Medicaid Expansion program increased by 4% in SFY 2008. As of November 1, 2008, Virginia's SCHIP program provided health care coverage for 5% of the children in the Commonwealth. Enrollment in the SCHIP waiver programs has continued to increase as well. Enrollment in FAMIS MOMS grew by more than 54% in SFY 2008, increasing from 734 women enrolled at the end of SFY 2007, to 1,132 enrolled at the end of SFY 2008. FAMIS *Select* enrollment increased by more than 120 children from the beginning of SFY 2007 to 2008.