

# Healthy Living / Health Services Subcommittee

## FAMIS Eligibility Levels

September 7, 2010

**Co-Chairs:**

**Senator Patricia S. Ticer**  
**Delegate John M. O'Bannon, III**

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## Authority for Study

- ▶ Senate Bill 266 was introduced by Senator Whipple to increase eligibility levels in the Family Access to Medical Insurance Security (FAMIS) program, Virginia's health insurance program for children.
- ▶ SB 266 was adopted by the Senate with the proviso that it take effect only if funded in the biennial budget.
  - ▶ Because funding was not provided in the Senate budget, HWI continued the bill to 2011, and requested by letter that JCHC review the issues surrounding changing eligibility levels in the FAMIS program from 200% to 225%.

## Agenda

- ▶ *Background*
- ▶ Impact of CHIPRA on FAMIS
- ▶ Impact of Federal Health Reform on FAMIS
- ▶ Adjusting FAMIS eligibility levels
- ▶ Policy Options

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## Current Coverage/Eligibility Levels of Low-Income Children in Virginia

Children Ages	Medicaid (FAMIS PLUS)	CHIP Medicaid Expansion	FAMIS
< 6	≤ 133% FPL	N/A	>133% to ≤ 200% FPL
≥ 6 to <19	≤100% FPL	>100% to ≤133% FPL	>133% to ≤ 200% FPL

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## CHIP Background

- ▶ The State Children's Health Insurance Program (CHIP) was created in 1997 to provide health coverage to low-income families that earn too much to qualify for Medicaid but too little to afford private insurance.
- ▶ CHIP is a state-federal partnership.
- ▶ All states have a CHIP program, and design their own programs and determine policies and eligibility requirements within broad federal guidelines.
- ▶ FAMIS, Virginia's CHIP, is administered and managed by the Department of Medical Assistance Services (DMAS).

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## FAMIS Eligibility

- ▶ Children are eligible if they:
  - Live in Virginia
  - Are under age 19
  - Currently have no health insurance, and have not had it for 4 months (Although some exceptions to the waiting period exist)
  - Are not eligible for any Virginia state employee health insurance plan
  - Are not eligible for FAMIS Plus (Children's Medicaid)
  - Live in families meeting the FAMIS income guidelines
  - Are U.S. citizens or qualified aliens.

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## FAMIS Income Eligibility

- ▶ Income guidelines are based on the Federal Poverty Level (FPL) which is adjusted annually. The FAMIS income limit is 200% of the FPL.
- ▶ As shown below:

Family Size	Monthly	Yearly
1	\$1,805	\$21,660
2	\$2,429	\$29,140
3	\$3,052	\$36,620
4	\$3,675	\$44,100
5	\$4,299	\$51,580

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## Passage of CHIPRA

- ▶ CHIP was originally authorized for 10 years (1997–2007).
- ▶ Congress passed stop-gap legislation to continue the program through March 2009.
- ▶ In January 2009, Congress passed the Children’s Health Insurance Program Reauthorization Act (CHIPRA) that formally reauthorized the program through the end of September 2013.

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## CHIPRA Funding

- ▶ States pay a share of all CHIP expenditures, and that state funding is matched by federal CHIP dollars, up to a capped allotment.
- ▶ Within the capped allotment, states receive an “enhanced” federal matching rate that is higher than the matching rate for their Medicaid program.
  - In Virginia, there is a 65% matching rate for CHIP and a 50% matching rate for Medicaid.
  - Under CHIPRA, in FY 2009, Virginia received an allotment of \$175.6 million, an 81% increase over the previous year.

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## CHIPRA Funding

- ▶ Under CHIPRA, states now have 2 years to spend their annual CHIP allotment. Any amounts not used will revert back and be redistributed to other states that demonstrate a need for more CHIP funds.
- ▶ Annual allotments are distributed to states according to a formula that takes into account how much each state actually spends on CHIP.

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## CHIPRA Funding Formula

- ▶ In FY 2010 and 2012, the allotment will be increased over the previous year's according to an inflation factor.
- ▶ In FY 2011 and 2013, allotments will be rebased according to how much each state actually spent the previous year, as well as increased to account for medical inflation and the growth in the number of children in the state.
- ▶ States that want to expand CHIP and need more funding can request additional funds through CMS.

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## Federal Health Reform

- ▶ The Patient Protection and Affordable Care Act (ACA) (“Health Reform”) was signed into law in March 2010.
  - Requires states to maintain their eligibility levels and enrollment policies, as of March 23, 2010.
  - Extends CHIP through 2019, but provides 2 years of federal funding through September 30, 2015.
  - Calls for 23 percentage point increase in federal funding for each state’s CHIP matching rate between 2016 and 2019, which will bring the federal matching rate for CHIP to at least 88% in every state.

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## Federal Health Reform

- ▶ In 2014, all children with family incomes below 133% of FPL will be eligible for Medicaid.
  - Some low-income children who are currently eligible for CHIP will become eligible for Medicaid.
- ▶ For children in families with incomes of less than 400% of FPL who are not eligible for Medicaid or CHIP, the premium tax credits and cost sharing protections offered in the state exchanges are expected to help them purchase private coverage.

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## Increasing FAMIS Eligibility Levels as Outlined in SB 266

- ▶ The family gross income limit would change as follows:

	Monthly Gross Income 200% FPL	Monthly Gross Income 225% FPL
Family of 3	\$3052	\$3433
Family of 4	\$3675	\$4135

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## Adjusting Eligibility Levels

- ▶ 42 states have income eligibility limits higher than Virginia.
  - Even during the recession, Alabama and West Virginia increased CHIP eligibility levels to 300% FPL and 250% FPL, respectively.
- ▶ According to Healthcare for All Virginians, an estimated 67,000 uninsured children in Virginia have gross family income higher than 200% FPL.

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## Adjusting Eligibility Levels

- ▶ The federal commitment to Virginia was approximately \$175 million in FFY 2009 and \$185 million in FFY 2010.
- ▶ Federal funding will be rebased in FFY 2011 and FFY 2013 based on prior year spending.
- ▶ States that maximize use of federal funds will receive a higher future allotment, and states that fail to spend allotments will receive a reduced federal allotment.

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## DMAS–Reported FAMIS Information

	SFY/FFY 2008	SFY/FFY 2009	SFY/FFY2010
Expended Federal Funds	\$120,419,421	\$141,318,350	\$162,555,292
Federal Grant Funding Received	\$90,860,630	\$175,860,300	\$184,454,740
<b>Difference</b>	<b>-\$29,558,791</b>	<b>\$34,541,950</b>	<b>\$21,899,448</b>
Expended State Funding*	\$ 64,611,667	\$ 75,631,052	\$ 85,402,089
Total FAMIS Expenditures	\$185,031,088	\$216,949,402	\$247,957,381

\*State funding includes FAMIS Trust Funds of approximately \$14 million each year and GFs.

Source: Staff analysis of DMAS report *Total Program Expenditures by State Fiscal Year*.

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## Adjusting Eligibility Levels

- ▶ Reports estimate an eligibility increase to 225% FPL would affect 7000 children.
- ▶ The estimated cost of increasing the FAMIS eligibility level to 225% FPL is \$7.3 million in the first year:
  - \$4.7 million in federal funding (65%) and
  - \$2.6 million in general funds (35%).
- ▶ Beyond that, costs would increase based on an estimated 5% enrollment growth rate.
- ▶ Between 2016–2019, the federal matching rate for Virginia could increase to 88%.

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## Policy Options

- ▶ Option 1: Take no action
- ▶ Option 2: By letter of the Chairman, to the Health, Welfare and Institutions Committee, indicate support for SB 266 to increase eligibility level for FAMIS to 225% of FPL.

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## Public Comment

- ▶ Written public comments on the proposed options may be submitted to JCHC by close of business on September 28, 2010.
- ▶ Comments may be submitted via:
  - E-mail: [jhoyle@jchc.virginia.gov](mailto:jhoyle@jchc.virginia.gov)
  - Fax: 804-786-5538
  - Mail: Joint Commission on Health Care  
P.O. Box 1322  
Richmond, Virginia 23218
- ▶ Comments will be summarized and reported during the October 6<sup>th</sup> HL/HS meeting.

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