

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

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**12 VAC 30-141 Family Access to Medical Insurance Security Plan**  
**Department of Medical Assistance Services**  
**Town Hall Action/Stage: 4350 / 7380**  
February 22, 2017

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### **Summary of the Proposed Amendments to Regulation**

On behalf of the Board of Medical Assistance Services, the Director (Director) of the Department of Medical Assistance Services (DMAS) proposes to amend this regulation to allow low income state employees, their spouses, or their dependents to participate in the Family Access to Medical Insurance Security (FAMIS) MOMs program. In practice, DMAS has already implemented this change.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

The Children's Health Insurance Program (CHIP) is the federal program under Title XXI of the Social Security Act that provides funds to states to enable them to initiate and expand the provision of child health insurance to uninsured, low-income children. In Virginia CHIP is known as the Family Access to Medical Insurance Security (FAMIS) Plan and the CHIP waiver program for pregnant women is known as FAMIS MOMS. FAMIS MOMS is only available to uninsured pregnant women whose household meets the family size and income limits in the following table.

FAMIS MOMS INCOME LIMITS* (GROSS INCOME) - EFFECTIVE JANUARY 31, 2017		
Family Size	Monthly	Yearly
2	\$2,775	\$33,292
3	\$3,490	\$41,861
4	\$4,203	\$50,430
5	\$4,917	\$58,999
6	\$5,632	\$67,568
7	\$6,345	\$76,137
8	\$7,060	\$84,706

\* includes 5% standard disregard.

\*\* gross income is household income before taxes and deductions

\*\*\* counts the unborn child/ren as additional family members

This regulation (12 VAC 30 141 Family Access to Medical Insurance Security Plan) sets out provisions regarding FAMIS and FAMIS MOMS. The current regulation excludes state employees who have access to employer subsidized health coverage from enrolling themselves or their dependents in the FAMIS MOMS program, even if they are otherwise eligible by income, residency, and family size. The Director proposes to remove this exclusion from the regulation. Removing the exclusion allows the Commonwealth's employees to be treated the same as other families with access to employer-sponsored health insurance.

While the Commonwealth of Virginia subsidizes health insurance for full-time state employees, some lower-earning employees may still believe they cannot afford to enroll in one of the state sponsored plans. There are no premiums, copayments, or other charges associated with FAMIS MOMS participation. Thus, the proposal to remove the exclusion for state employees and their dependents may result in some pregnant women enrolling in FAMIS MOMS and receiving prenatal care who otherwise would not have. For these women and their babies there would be reduced risk of adverse health outcomes.<sup>1</sup> For example, a study done for DMAS by the Delmarva Foundation found that in 2013, 7.1% of babies born to FAMIS MOMS were of low birth weight, compared to 8% of all births in Virginia; and 7.9% of babies born to FAMIS MOMS were delivered preterm, compared to 11% of all births in Virginia.

The federal government pays 88 percent of the cost of FAMIS MOMS. Each Virginia participant costs the Commonwealth approximately \$5,000.

<sup>1</sup> US Department of Health and Human Services, National Institutes of Health.

Additionally, some low-income state employee families who participate in one of the state sponsored plans may choose to drop coverage for a pregnant member of the family, and have her enroll in FAMIS MOMS during the pregnancy. This would enable the family to save on premiums and copayments, while still maintaining pregnancy-related care. Pursuing this strategy may result in gaps in health coverage though. Employees and their family members cannot rejoin the state health plan at any time of the year. There is a 60-day open enrollment period each year where the state employee can change the coverage. Thus there would likely not be many state employee families who would drop state coverage for FAMIS MOMS. To the extent that some do, there would be some cost savings for Virginia. The Commonwealth agencies that currently cover a pregnant woman on the state health plan might be able to reduce their benefit option to that of an employee only, or employee plus spouse (depending on their family size and situation), thus reducing the state's share of premium for family coverage.

In practice, DMAS has accepted and encouraged low-income pregnant state employees to enroll in FAMIS MOMS since the 2015 enrollment period. In order to alert potentially eligible employees about this policy change, DMAS and the Department of Human Resources Management implemented communication strategies to include: agency website postings of a Fact Sheet, electronic newsletters to state benefit administrators, inclusion in the annual notice to all state employees about premium assistance, and the state employee open enrollment newsletter for 2015. DMAS has not formally tracked the number of state employees that have enrolled, but specifically knows of only a couple who did so in 2015, and is not aware of how many have enrolled since.<sup>2</sup>

### **Businesses and Entities Affected**

The proposed amendment potentially affects all state employees and their families with household income that qualifies for FAMIS MOMS (see previous table), and have a household member who could become pregnant.

### **Localities Particularly Affected**

The proposed amendment does not disproportionately affect particular localities.

### **Projected Impact on Employment**

The proposed amendment does not significantly affect employment.

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<sup>2</sup> DMAS tracks the number of FAMIS MOMS enrollees, but does not know how many are state employees.

## **Effects on the Use and Value of Private Property**

The proposed amendment does not significantly affect the use and value of private property.

## **Real Estate Development Costs**

The proposed amendment does not affect real estate development costs.

## **Small Businesses:**

### **Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

### **Costs and Other Effects**

The proposed amendment does not affect costs for small businesses.

### **Alternative Method that Minimizes Adverse Impact**

The proposed amendment does not adversely affect small businesses.

## **Adverse Impacts:**

### **Businesses:**

The proposed amendment does not adversely affect businesses.

### **Localities:**

The proposed amendment does not adversely affect localities.

### **Other Entities:**

The proposed amendment does not adversely affect other entities.

## **Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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