



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

Budget Update and AFY2017 and FY2018 Requests



Presentation to: Department of Community Health Board

Presented by: Elizabeth K. Brady, CFO

August 25, 2016



Mission

The Georgia Department of Community Health

We will provide Georgians with access to affordable, quality health care through effective planning, purchasing and oversight.

We are dedicated to A Healthy Georgia.

Agenda

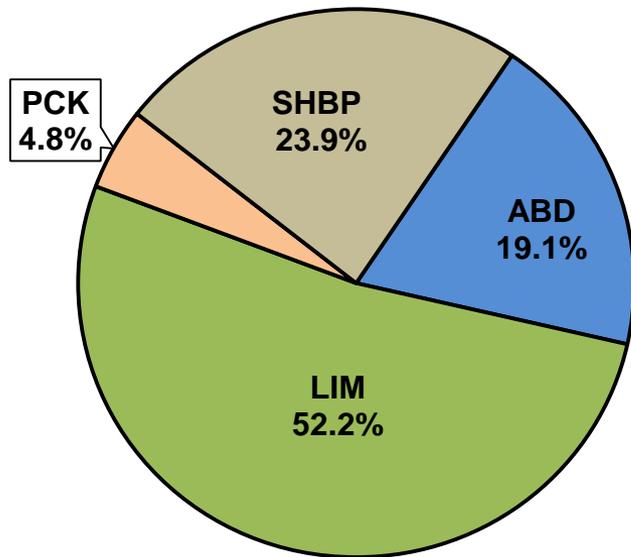
- FY2016 Budget Highlights
- FY2017 Current Budget
- FY2017 Amended Budget Request
- FY2018 Budget Request
- State Health Benefit Plan (SHBP) Financial Status



FY2016 Budget Highlights

FY2016 Budget Highlights

Georgia Beneficiaries of DCH Programs



Programs	2016 YTD	%
Medicaid	1,876,709	71.3%
<i>Aged, Blind and Disabled (ABD)</i>	503,500	19.1%
<i>Low-Income Medicaid (LIM)</i>	1,373,209	52.2%
PeachCare (PCK)	127,262	4.8%
Subtotal	2,003,971	76.1%
State Health Benefit Plan (SHBP)	628,062	23.9%
Total Beneficiaries	2,632,033	100.0%

One in four Georgians is a direct beneficiary of DCH Programs

FY2016 Budget Highlights

Georgia Beneficiaries of DCH Programs

52% of Georgia's children (ages 0 to 19) have access to health insurance through a DCH Program.

DCH Program	GA Children Population*	DCH Beneficiaries (ages 0-19)	%
Medicaid and PeachCare		1,319,811	48%
State Health Benefit Plan		123,273	4%
Total Children	2,784,116	1,443,084	52%



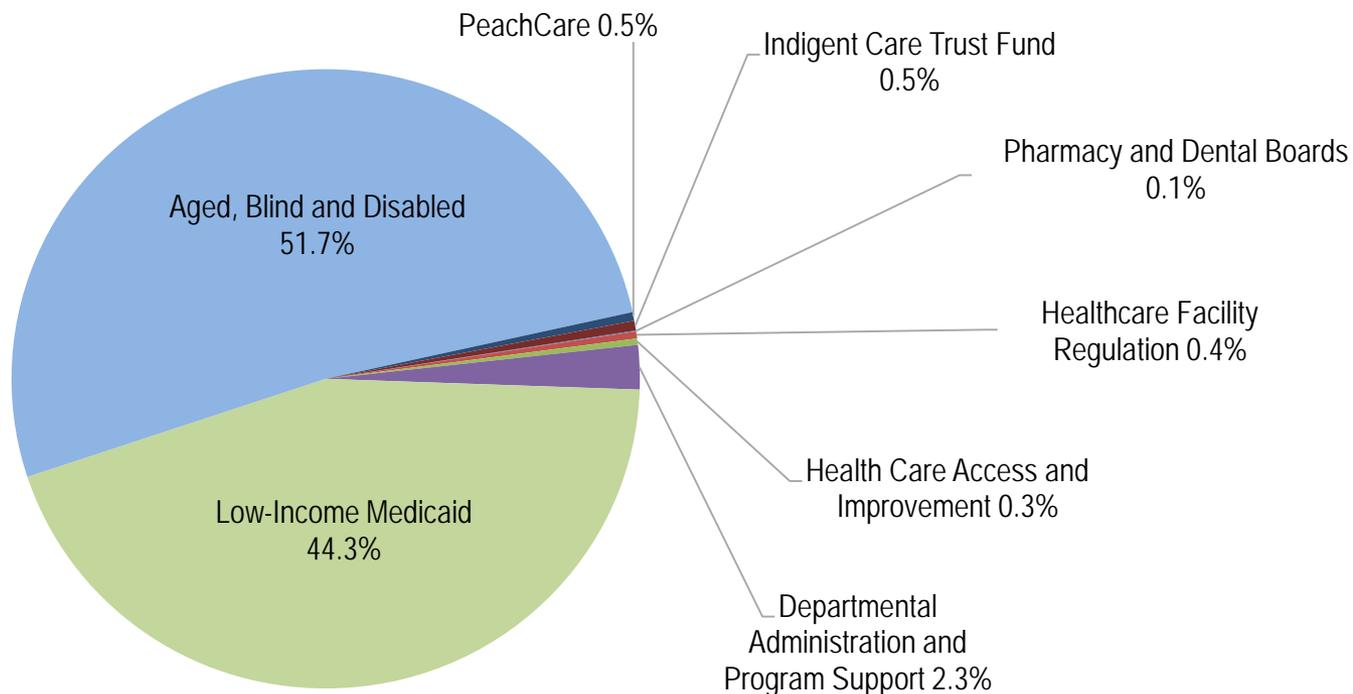
FY2016 Budget Highlights

- \$3 million appropriated for Rural Hospital Stabilization Committee grants to four pilot sites: Union General Hospital, Appling Healthcare System, Crisp Regional Hospital, and Emanuel Medical Center.
- \$23.1 million in state funds added to increase reimbursement rates for select OB/GYN and primary care codes.
- Reduction of \$74.7 million in state funds to reflect an increase in the federal matching rate for PeachCare as authorized by the Affordable Care Act.
- Projected surplus is \$149.6 million state funds (unaudited) on a budgetary basis.

FY2016 Budget Highlights

State Fund Expenditures by Program*

Total Funds: \$12,905,282,914
State Funds: \$2,924,760,380



97% of all DCH State Funds were expended directly in Medicaid

FY2016 Budget Highlights

Projected State Funds Surplus by Program*

Programs	FY2016 Final Budget	Projected FY2016 Surplus
Departmental Administration and Program Support	\$69,260,820	\$1,938,490
Aged, Blind and Disabled Medicaid	\$1,595,625,175	\$84,182,555
Low-Income Medicaid	\$1,357,395,657	\$61,234,186
PeachCare	\$14,342,914	\$1,064,804
Indigent Care Trust Fund	\$14,688,976	\$0
Healthcare Facility Regulation	\$10,810,096	\$76,094
Health Care Access and Improvement	\$10,662,932	\$1,034,336
Pharmacy and Dental Boards	\$1,563,455	\$59,180
Total	\$3,074,350,025	\$149,589,645



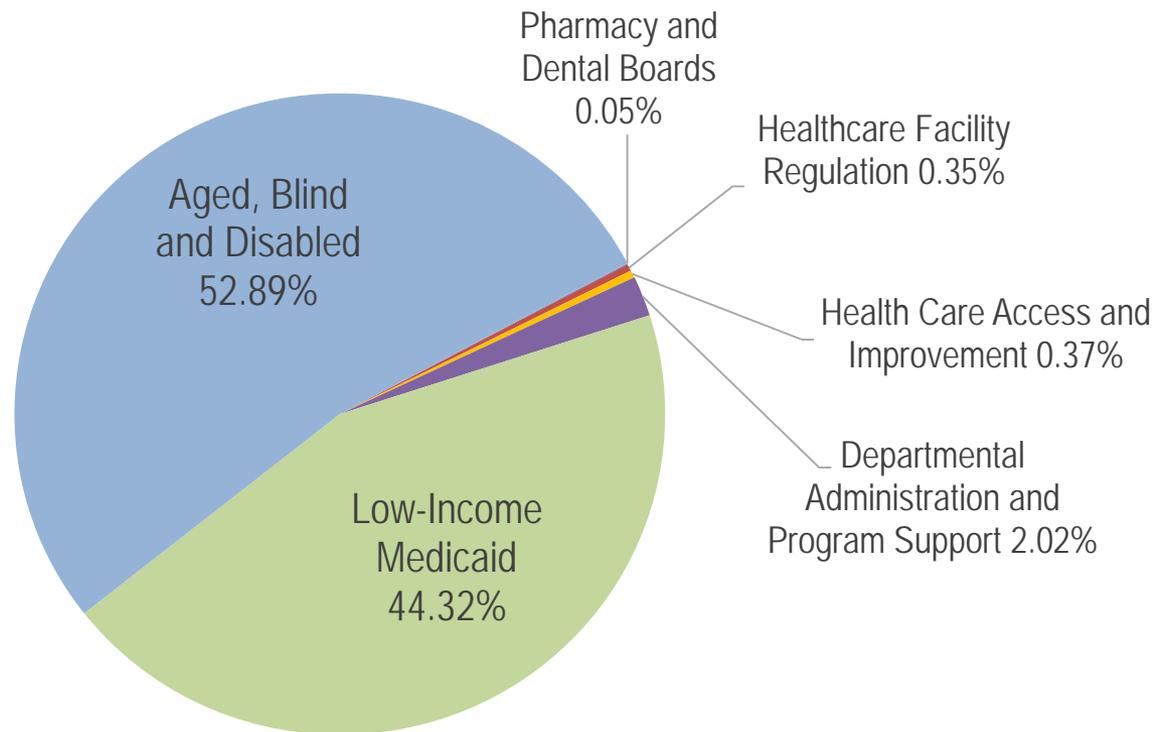
FY2017 Current Budget

FY2017 Budget

State Funds Budget by Program*

Total Funds Appropriated: \$14,365,986,322

State Funds Appropriated: \$3,135,879,366



97% of all DCH State Funds are budgeted in Medicaid and PeachCare



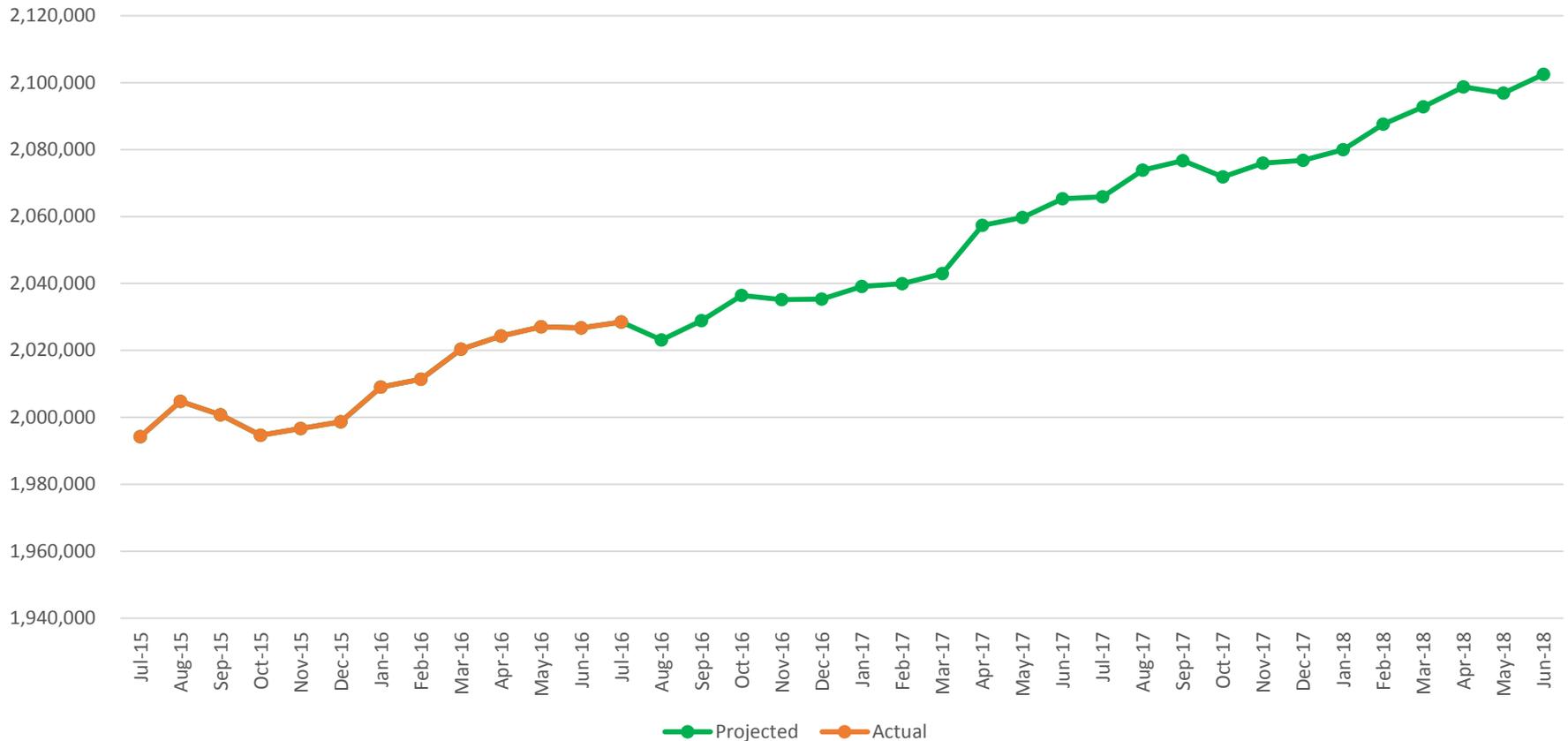
GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

* Slide does not include attached agencies or the State Health Benefit Plan. In 2017, PeachCare will receive 100% federal funding.

FY2017 State Funds Budget Highlights

- \$30.5 million in state funds removed from budget to reflect 100% federal funding for PeachCare on October 1, 2015 per the Affordable Care Act.
- \$26.2 million in state funds added to provide increase in reimbursement rates for select primary care and OB/GYN codes to 100% of 2014 Medicare levels.
- \$11.3 million in state funds added to provide a 3% inflation adjustment on 2012 nursing home cost reports.
- \$6.8 million in state funds added for rate increases affecting the Independent Care Waiver program, Adult Day Health Centers, occupational and physical therapy in Medicaid Children's Intervention Services, and emergency transport codes for EMS providers.
- \$52.7 million in state funds transferred from the Department of Human Services to DCH for the Community Care Services Program.
- The Hospital Medicaid Financing Program Act sunsets on June 30, 2017.

Projected Enrollment Growth in Medicaid and PeachCare



Projection

- Enrollment is projected to increase 2% from an average of 2.01 million in FY2016 to 2.05 million in FY2017.
- Enrollment is projected to increase 2% from an average of 2.05 million in FY2017 to 2.08 million in FY2018.



FY2017 Amended Budget Request

FY2017 Amended Budget Request*

Medicaid Items			
1	Aged, Blind and Disabled, Low-Income Medicaid	Increase funds for growth in Medicaid based on projected need.	\$82,843,089
2	Aged, Blind and Disabled	Increase funds to reflect a projected increase in the Medicare Part D Clawback payment.	\$3,701,499
3	Indigent Care Trust Fund	Provide funding for state match for DSH payments for private deemed and non-deemed hospitals.	\$14,668,976
4	Aged, Blind and Disabled	Increase funds to cover increase in Medicare Part B Premiums.	\$13,720,148
5	Aged, Blind and Disabled	Transfer funds to the Aged, Blind and Disabled program from the Administration program to help reduce the waiting list in the Community Care Services Program (CCSP) waiver.	\$1,377,969
Operations Items			
6	Departmental Administration and Program Support	Transfer funds from the Administration program to the Aged, Blind and Disabled program to help reduce the waiting list in the CCSP waiver.	(\$1,377,969)
Grand Total			\$114,933,712

FY2017 Amended Budget Request Financial Summary

	Programs	FY2017 Budget	FY2017 Amended Request	FY2017 Proposed Amended Budget
1	Departmental Administration and Program Support	\$63,264,314	(\$1,377,969)	\$61,886,345
2	Health Care Access and Improvement	\$11,609,372	\$0	\$11,609,372
3	Healthcare Facility Regulation	\$11,010,519	\$0	\$11,010,519
4	Indigent Care Trust Fund	\$0	\$14,668,976	\$14,668,976
5	Aged, Blind and Disabled	\$1,658,525,268	\$85,455,696	\$1,743,980,964
6	Low-Income Medicaid	\$1,389,894,790	\$16,187,009	\$1,406,081,799
7	PeachCare	\$0	\$0	\$0
8	State Health Benefit Plan	\$0	\$0	\$0
9	Pharmacy & Dental Boards	\$1,575,103	\$0	\$1,575,103
10	Attached Agencies	\$68,940,177	\$0	\$68,940,177
Totals		\$3,204,819,543	\$114,933,712	\$3,319,753,255





FY2018 Budget Request

FY2018 Budget Request*

Medicaid Items			
1	Aged, Blind and Disabled, Low-Income Medicaid	Increase funds for growth in Medicaid based on projected need.	\$121,397,467
2	Aged, Blind and Disabled, Low-Income Medicaid	Increase funds to reflect a projected decline in the Federal Medical Assistance Percentage (FMAP).	\$8,588,878
3	Aged, Blind and Disabled	Increase funds to reflect a projected increase in the Medicare Part D Clawback payment.	\$11,258,932
4	Low-Income Medicaid	Increase funds to comply with federal hepatitis C treatment access requirements in Georgia Families.	\$1,700,000
5	Low-Income Medicaid	Increase funds to implement a Value-Based Purchasing strategy in Georgia Families beginning 1/1/18.	\$29,765,809

FY2018 Budget Request* (cont'd)

Medicaid Items (Cont'd)

6	Aged, Blind and Disabled	Increase funds to cover increase in Medicare Part B Premiums.	\$4,988,498
7	Aged, Blind and Disabled	Transfer funds to the Aged, Blind and Disabled program from the Administration program to help reduce the waiting list in the Community Care Services Program (CCSP) waiver.	\$1,377,969
8	Aged, Blind and Disabled	Provide state funds to support increased waiver rates and slots previously funded by Balancing Incentive Payment Program (BIPP).	\$4,015,270

Operations Items

9	Departmental Administration and Program Support	Transfer funds from the Administration program to the Aged, Blind and Disabled program to help reduce the waiting list in the Community Care Services Program (CCSP) waiver.	(\$1,377,969)
---	-------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------

Attached Agencies

10	Georgia Board for Physician Workforce	Increase funds to add 83 new residency slots.	\$1,021,130
----	---------------------------------------	-----------------------------------------------	-------------

Grand Total

\$182,735,984

FY2018 Budget Request Financial Summary*

Programs		FY2017 Budget	FY2018 Budget Request	FY2018 Proposed Budget
1	Departmental Administration and Program Support	\$63,264,314	(\$1,377,969)	\$61,886,345
2	Health Care Access and Improvement	\$11,609,372	\$0	\$11,609,372
3	Healthcare Facility Regulation	\$11,010,519	\$0	\$11,010,519
4	Indigent Care Trust Fund	\$0	\$0	\$0
5	Aged, Blind and Disabled	\$1,658,525,268	\$108,942,950	\$1,767,468,218
6	Low-Income Medicaid	\$1,389,894,790	\$74,149,873	\$1,464,044,663
7	PeachCare	\$0	\$0	\$0
8	State Health Benefit Plan	\$0	\$0	\$0
9	Pharmacy & Dental Boards	\$1,575,103	\$0	\$1,575,103
10	Attached Agencies	\$68,940,177	\$1,021,130	\$69,961,307
Totals		\$3,204,819,543	\$182,735,984	\$3,387,555,527



State Health Benefit Plan (SHBP)

SHBP Financial Status

	FY16	FY17	FY18	FY19
Baseline Revenue	3,211,345,481	3,178,008,523	3,199,532,310	3,214,379,207
Baseline Expense	3,060,641,000	3,322,873,000	3,623,422,000	3,973,221,000
Revenue				
<i>Revenue Impacts</i>				
1 Employee Premium Rate Reduction; Eff. 1/1/16		(11,100,000)	(11,072,250)	(11,044,569)
2 Non Certificated Rate Increase; Eff. 1/1/16		101,450,850	102,031,650	102,031,650
3 Non Certificated Rate Increase; Eff. 1/1/17		30,405,700	74,178,700	74,178,700
4 Non Certificated Rate Increase; Eff. 1/1/18			29,557,564	73,752,887
5 Average 2.5% Increase on Non-MA Employee Premiums; Eff 1/1/17		7,200,000	14,400,000	14,400,000
6 Plan Year 2017 \$20 premium increase for the MA premium plan		5,283,000	10,566,000	10,566,000
7 <i>Net Change to Revenue</i>		133,239,550	219,661,664	263,884,668
Expense				
<i>Procurement/Plan Management Impacts</i>				
8 2015 Plan Design Changes	(30,520,000)	(33,009,000)	(35,596,000)	(38,626,000)
9 2015 MA Procurement Savings	(233,295,000)	(264,262,000)	(298,660,720)	(329,161,958)
10 2016 Medicare Advantage Rate Increase	45,800,000	91,600,000	97,709,720	104,226,958
11 2017 MA Procurement Savings		(8,836,000)	(19,420,000)	(22,586,000)
12 2017 Increase in Children's Hearing Aid Benefit Max from \$3,000 to \$6,000		4,736	9,471	9,471
13 Dependent Audit Savings		(17,607,871)	(27,655,000)	(30,006,000)
14 Recognized savings from enhanced PBM strategies	(35,045,000)	(39,113,000)	(42,295,000)	(45,892,000)
15 <i>Net Change to Expense</i>	(253,060,000)	(271,223,136)	(325,907,529)	(362,035,529)
16 Revised Revenue	3,211,345,481	3,311,248,073	3,419,193,974	3,478,263,875
17 Revised Expense	2,807,581,000	3,051,649,865	3,297,514,471	3,611,185,471
18 Net Surplus/(Deficit)	403,764,481	259,598,208	121,679,503	(132,921,596)

Budget Update and AFY2017 and FY2018 Requests

Additional Information on DCH
Website

www.dch.georgia.gov