



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

AFY 2016 and FY 2017 Governor's Budget Recommendations



Presentation to: Joint House and Senate Appropriations
Committee

Presented by: Clyde L. Reese, III, Esq.

Date: January 19, 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

- FY 2016 Current Budget
- AFY 2016 and FY 2017 Cost Drivers
- AFY 2016 Governor's Budget Recommendation
- FY 2017 Governor's Budget Recommendation



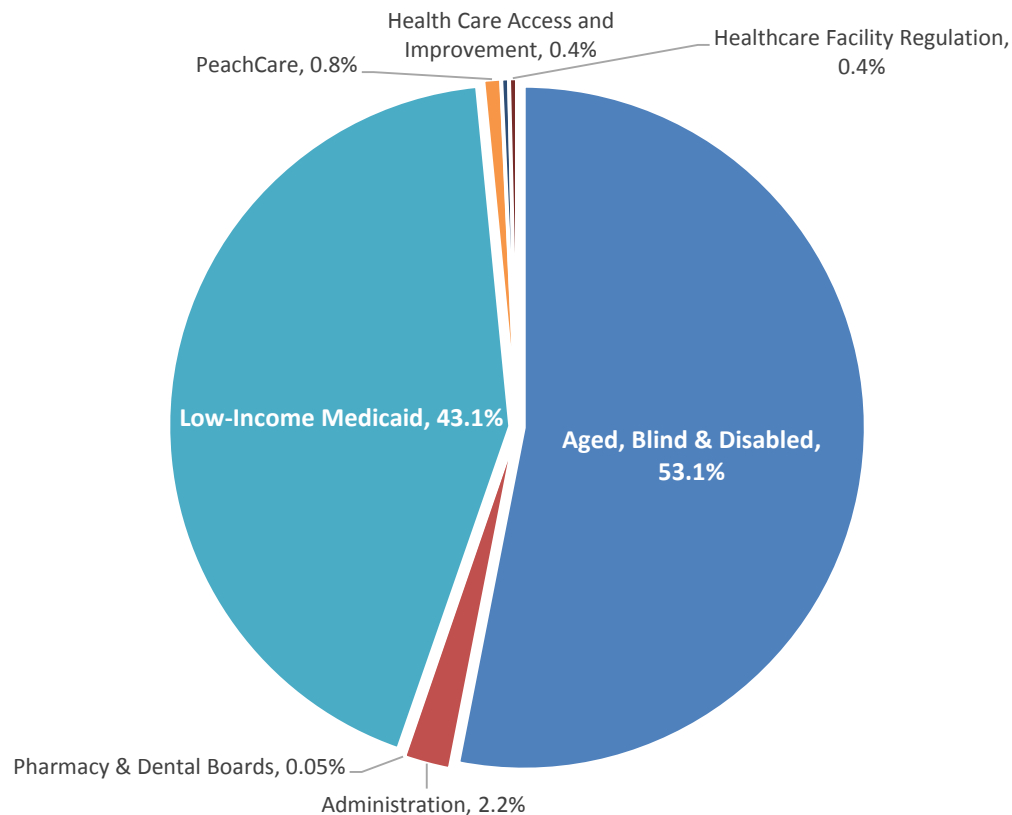
FY 2016 Current Budget

FY 2016 Budget

State Funds Budget by Program*

Total Funds Appropriated: \$13,642,102,230

State Funds Appropriated: \$2,979,649,363



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



**GEORGIA DEPARTMENT
OF COMMUNITY HEALTH**

* Chart includes state funds only and does not include attached agencies.

FY 2016 State Funds Budget Highlights

- Departmental Administration budget cut of \$2 million.
- \$3.3 million was appropriated in the Healthcare Facility Regulation program to hire additional nurse surveyors and address a structural deficit.
- \$8.7 million increase in rate calculations for nursing facility ownership changes from January 1, 2012 to June 30, 2014.
- \$5.9 million to increase reimbursement rates for select OB/GYN codes to the 2014 Medicare fee schedule.
- \$17.2 million added for increased reimbursement rates for select primary care codes.





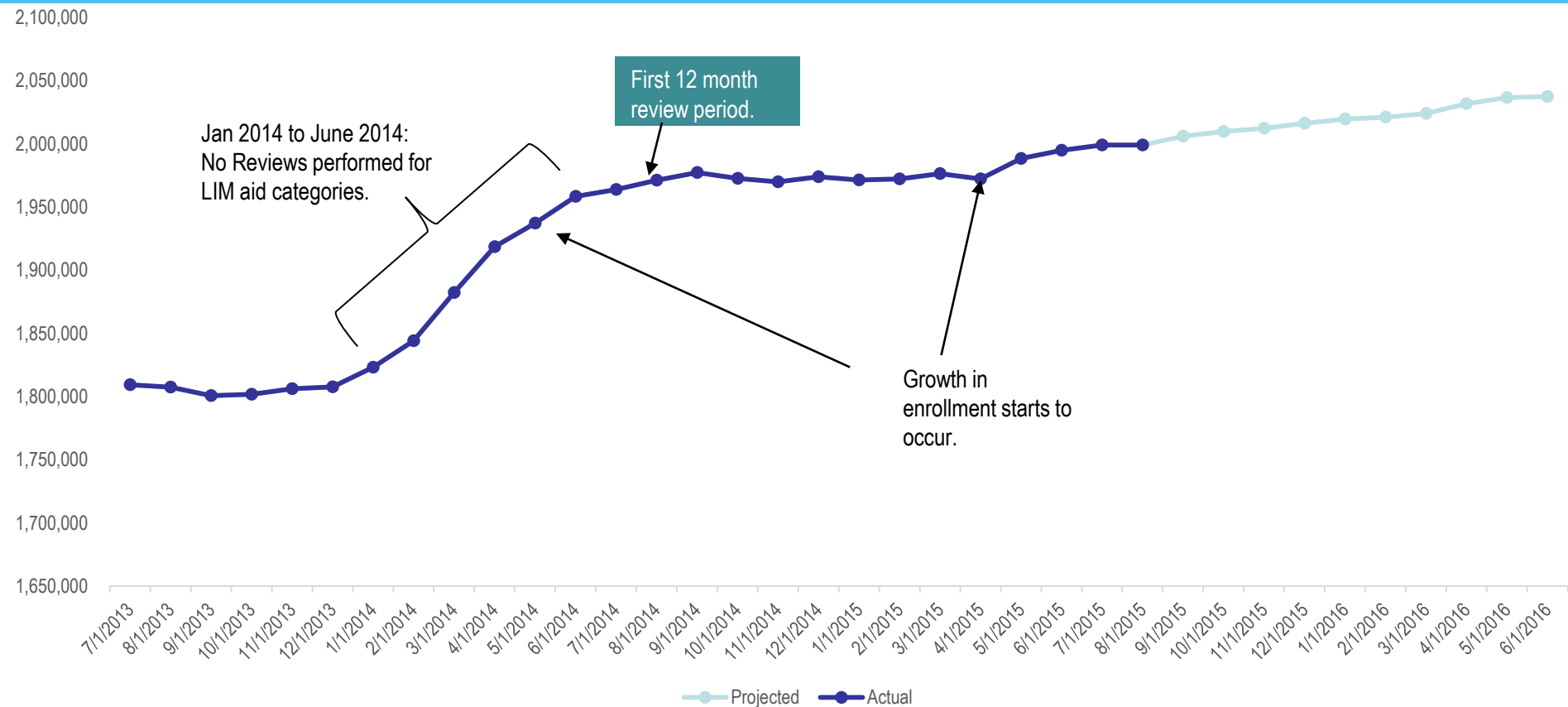
AFY 2016 and FY 2017 Cost Drivers

AFY 2016 and FY 2017 Cost Drivers

- Growth
 - CMO Rates
 - Enrollment Growth
- Prescription drugs
 - Hepatitis C
 - Cystic Fibrosis
 - Medicare Part D clawback payments
- Federal Directives
 - 1095-B reporting
 - Part B premium increases
 - Change in matching rate for certain MMIS activities



Projected Growth in Medicaid and PeachCare



- Enrollment is projected to increase from an average of 1.975 million in FY2015 to 2.018 million in FY2016.



AFY 2016

Governor's Budget Recommendation

AFY 2016 Governor's Budget Recommendation*

Medicaid Benefits Items			Reference Number
1	Funds requested for AFY 2016 benefit growth.	\$32,507,590	ABD #2 LIM #1 PCK #1
2	Provide funding for pharmacy cost due to high cost of Hepatitis C and Cystic Fibrosis drugs.	26,520,266	ABD #4
3	Provide funding to cover increase in Part D clawback payments starting in January 2016.	4,157,276	ABD #1
4	Provide funding for state match for DSH payments for private deemed and non-deemed hospitals.	14,668,976	ICTF #1
5	Provide funding for an increase in the premiums for Part B Medicare for Medicaid members who are also eligible for Medicare ("dual eligible").	13,081,365	ABD #3
TOTAL BUDGET RECOMMENDATION FOR MEDICAID BENEFITS		\$90,935,473	

AFY 2016 Governor's Budget Recommendation (cont'd)*

Operations Items			Reference Number
6	Cover added expenses for 1095-B reporting required by the Patient Protection and Affordable Care Act (PPACA).	\$1,817,591	ADMIN #2
7	Increase funds to account for reduced matching rate for certain MMIS-related activities.	2,155,857	ADMIN #3
8	Increase funds for Teamworks to comply with new IRS reporting requirements of the Patient Protection and Affordable Care Act (PPACA).	3,520	ADMIN #1
TOTAL BUDGET RECOMMENDATION FOR OPERATIONS		\$3,976,968	

AFY 2016 Governor's Budget Recommendation		Governor's Budget Recommendation
	Medicaid Benefits Items	\$90,935,473
	Operations Items	3,976,968
TOTAL BUDGET RECOMMENDATION		\$94,912,441

AFY 2016 Governor's Budget Recommendation (cont'd)*

State Health Benefit Plan (SHBP) Items			Reference Number
9	Increase funds for Medicare Advantage plans effective January 1, 2016. (Total Funds: \$45,800,000)	Yes	SHBP #1
10	Increase funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: \$31,105,104)	Yes	SHBP #2
11	Reduce funds for the reduction in employee contribution rates effective January 1, 2016. (Total Funds: (\$5,550,000))	Yes	SHBP #3
12	Reflect the delay of the scheduled increase of the employer contribution rate for non-certificated school service employees from July 1, 2015 to January 1, 2016. (Total Funds: (\$56,763,150))	Yes	SHBP #4



FY 2017 Governor's Budget Recommendation

FY 2017 Governor's Budget Recommendation*

Medicaid Benefits Items			Reference Number
1	Funds requested for FY 2017 benefit growth.	\$102,896,756	ABD #3 LIM #3
2	FY2017 Federal Medical Assistance Percentage (FMAP) savings.	(38,443,460)	ABD #1 LIM #1
3	Provide funding for pharmacy cost due to high cost of Hepatitis C and Cystic Fibrosis drugs.	26,520,266	ABD #2
4	FY2017 Enhanced Federal Medical Assistance Percentage (eFMAP) savings.	(24,648,601)	PCK #1 PCK #2
5	Provide funding to cover increase in Part D clawback payments.	8,212,532	ABD #4
6	Provide funding for an increase in the premiums for Part B Medicare for Medicaid members who are also eligible for Medicare ("dual eligible").	21,039,788	ABD #5
7	Transfer administration of the Community Care Services Program (CCSP) waiver program to the Department of Community Health	52,680,775	ABD #6 ABD #7
8	Additional revenue from hospital provider payments.	13,564,771	ABD #8 LIM #5 LIM #6
TOTAL BUDGET RECOMMENDATION FOR MEDICAID BENEFITS		\$161,822,827	



FY 2017 Governor's Budget Recommendation (cont'd)*

Operations Items			Reference Number
9	Cover added expenses for 1095-B reporting required by the Patient Protection and Affordable Care Act (PPACA).	\$1,817,591	ADMIN #6
10	Increase funds to account for reduced matching rate for certain MMIS-related activities.	2,155,857	ADMIN #7
11	Funds for merit-based pay adjustments.	686,031	ADMIN #1 GBD #1 GSBP #1 HCAI #1 HFR #1
12	Funds for merit system assessments, agency self-insurance premiums and an adjustment in TeamWorks billings.	11,796	ADMIN #2, 3,4 GBD #2,3 GSBP #2,3 HCAI #2,3 HFR #2,3
13	Reduce funds to reflect 100% federal match for PeachCare administrative expenses.	(7,669,673)	ADMIN #5
14	Additional General Obligation Bond request for the Integrated Eligibility System = \$3,000,000.		
TOTAL BUDGET RECOMMEDATION FOR OPERATIONS		(2,998,398)	

FY 2017 Governor's Budget Recommendation (cont'd)*

FY 2017 Budget Recommendation for DCH		Governor's Budget Recommendation
	Medicaid Benefits Items	\$161,822,827
	Operations Items	(2,998,398)
	Attached Agency Items	1,119,045
TOTAL BUDGET RECOMMENDATION		\$159,943,474

FY 2017 Governor's Budget Recommendation (cont'd)*

State Health Benefit Plan (SHBP) Items			Reference Number
15	Increase funds for Medicare Advantage plans effective January 1, 2016. (Total Funds: \$91,600,000)	Yes	SHBP #3
16	Increase funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: \$4,252,738)	Yes	SHBP #1
17	Reduce funds for the reduction in employee contribution rates effective January 1, 2016. (Total Funds: (\$11,100,000))	Yes	SHBP #2
18	Reduce funds by identifying future year plan design changes. (Total Funds: (\$32,784,000))	Yes	SHBP #4
19	Reduce funds due to a scheduled reduction in the Transitional Reinsurance Fee imposed by the Patient Protection and Affordable Care Act (PPACA). (Total Funds: (\$7,420,000))	Yes	SHBP #5
20	Increase funds for a scheduled increase of the employer contribution rate for non-certificated school service employees from \$746.20 to \$846.20 effective January 1, 2017. (Total Funds: \$30,405,700)	Yes	SHBP #6

SHBP Financial Status

		FY15 (A)	FY16	FY17	FY18
FINANCIAL STATUS					
	Baseline Revenue	3,067,510,922	3,171,684,268	3,152,809,002	3,155,311,217
	Baseline Expense	2,703,331,970	2,932,942,000	3,167,226,000	3,438,727,000
Revenue					
<i>Revenue Impacts</i>					
1	Employee Contribution Rate Reduction; Effective January 2016		(5,550,000)	(11,100,000)	(11,072,250)
2	Non Certificated Rate Increase; Effective January 2016		47,068,800	101,450,850	102,031,650
3	Non Certificated Rate Increase; Effective January 2017			30,405,700	74,178,700
4	<i>Net Change to Revenue</i>		41,518,800	120,756,550	165,138,100
Expense					
<i>Procurement/Plan Design Impacts</i>					
5	2016 Medicare Advantage UHC Rate Increase		45,800,000	91,600,000	97,709,720
6	2015 Medicare Advantage Procurement Savings		(233,295,000)	(264,262,000)	(298,660,720)
7	2015 Plan Design Changes from 2014 Plan Design		(30,520,000)	(32,784,000)	(35,146,000)
<i>ACA Impacts</i>					
8	Preventive Care & PCORI Fee		17,668,000	17,924,000	18,184,000
9	Individual Mandate/Auto Enrollment		57,720,000	62,247,000	67,246,000
10	Limit on Out-of-Pocket Maximum		71,014,000	76,879,000	83,152,000
11	Transitional Reinsurance Fee		18,402,000	11,395,000	4,645,000
12	<i>Net Change to Expense</i>		(53,211,000)	(37,001,000)	(62,870,000)
13	Revised Revenue	3,067,510,922	3,213,203,068	3,273,565,552	3,320,449,317
14	Revised Expense	2,703,331,970	2,879,731,000	3,130,225,000	3,375,857,000
15	Net Surplus/(Deficit)	364,178,953	333,472,068	143,340,552	(55,407,683)

Budget Update and AFY 2016 and FY 2017 Requests

**Additional Information on DCH
Website**

www.dch.georgia.gov