



AFY2014 Governor's Budget Recommendations



Presentation to: Senate Appropriations Community Health Subcommittee
House Appropriations Health Subcommittee

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



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.



FY2014 Amended Budget Recommendations

FY2014 Amended Budget Recommendations - Medicaid*

Patient Protection and Affordable Care Act (PPACA) Related Mandates				Tracking Sheet Reference #
1	Low Income Medicaid	Increase funds to account for the transition to 12-month eligibility reviews as required by the Patient Protection and Affordable Care Act (PPACA).	\$9,700,000	17.8.9
2	Low Income Medicaid	Increase funds for the additional state insurance premium tax liability of the care management organization (CMOs) as a result of the PPACA's primary care reimbursement rate increase.	\$2,100,000	17.8.8
3	Low Income Medicaid, PeachCare for Kids	Increase funds for the increased percentage of Medicaid-eligible children enrolling due to the PPACA (also known as the "Woodwork Effect").	\$14,300,000	17.8.7; 17.9.3
4	Administration	Increase funds for Medicaid Management Information System (MMIS) contractual services for new members enrolled due to the PPACA.	\$755,000	17.1.2

FY2014 Amended Budget Recommendations - Medicaid*

Medicaid Budget Non-PPACA Related				Tracking Sheet Reference #
5	Aged, Blind and Disabled	Reduce funds to recognize savings due to Medicaid Management Information System (MMIS) improvements allowing for successful monitoring of inconsistencies between units billed and appropriate dosages for physician injectable drugs.	(\$342,000)	17.7.3
6	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Adjust funds for growth in Medicaid and PeachCare based on projected need.	(\$20,149,999)	17.7.2; 17.8.5; 17.9.2
7	Indigent Care Trust Fund	Provide matching funds for all private deemed and non-deemed hospitals eligible for the Disproportionate Share Hospital (DSH) Program .	\$14,445,532	17.6.2
8	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Increase Hospital Provider Payment revenue to fund Upper Payment Limit (UPL) payments to private hospitals pursuant to Senate Bill 24.	\$12,696,252	17.7.1; 17.8.1; 17.9.1
9	Aged, Blind and Disabled	Increase funds to reflect cost of medically fragile inmates paroled to private nursing homes.	\$500,000	17.7.4
10	Low Income Medicaid	Transfer funds from the Department of Behavioral Health and Developmental Disabilities and Department of Juvenile Justice for foster care and adoption assistance members who will be served through a Care Management Organization (CMO).	\$8,446,403	17.8.2; 17.8.4
11	Administration, Low Income Medicaid	Increase funds to cover the remaining cost of Fee-for-Service (FFS) claims for foster care and adoption assistance members being transitioned to managed care .	\$3,602,667	17.8.6 ;17.1.1

FY2014 Amended Budget Recommendations - Operations*

Operations Budget Recommendation				Tracking Sheet Reference #
12	Pharmacy/Dentistry	Provide operating funds for the Pharmacy and Dentistry Boards.	\$1,400,000	17.2.1; 17.3.1
13	Attached Agencies	Implement Pain Management Clinic Licensure by the Composite Medical Board.	\$129,741	17.17.1
Total for All Amended FY2014 Budget Items			\$47,583,596	



State Health Benefit Plan

SHBP Background

- The SHBP is a self-funded insurance plan that provides coverage to 650,000 state employees, teachers, school personnel, retirees and dependents.
- The SHBP pays an average of more than \$10 million a day in claims.
- The SHBP strives to offer high-quality, efficient, and affordable health insurance options to members while concurrently operating in a fiscally sound manner and being mindful of taxpayer dollars.

SHBP Background (cont'd)

- For the plan year beginning in January 2014, the SHBP had reached the end of its contract cycle with its current vendors and was required to follow an open bid process to procure new vendors.
- Through a competitive bid process, Blue Cross Blue Shield of Georgia has been awarded the contract to provide health plan administration and medical management for the SHBP.



SHBP Plan Goals for 2014

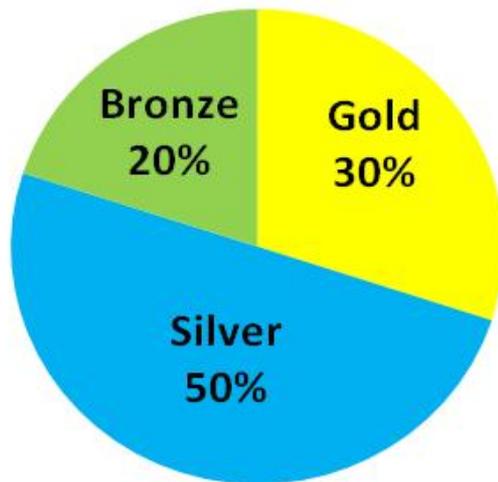
■ 2014 Goals

- Offer high-quality, efficient, and affordable health care options to its members.
- Ensure compliance with the Patient Protection and Affordable Care Act (PPACA).
- Offer employees choices of PPACA-compliant plan designs (Gold/Silver/Bronze).
- Include a Health Reimbursement Account (HRA) feature to all plans to more easily support current and future Wellness strategies.
- Promote more shared responsibility and consumerism through greater employee consequences for health and/or utilization choices.
- Seek to minimize premium increases for employees and for employers.

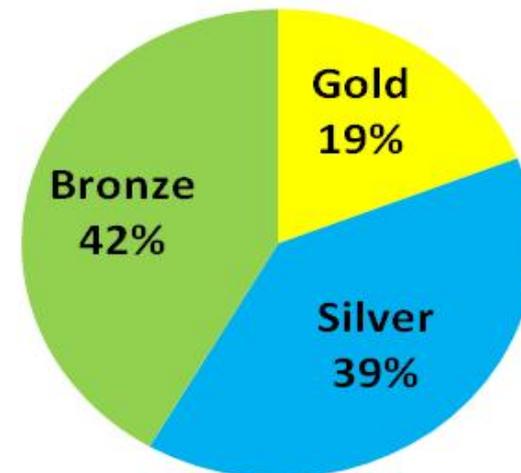


SHBP Open Enrollment Results

Projected:



Actual:



- Core Plan is the Silver Plan
- Lower than projected enrollment in the Silver Plan should result in a net financial gain to SHBP
- Gold and Bronze are dollar for dollar buy-up/buy-down



SHBP Financial Summary – No non-cert increase in FY 2015

	FY14	FY15	FY16	FY17
Baseline Revenue	3,127,797,566	3,148,587,607	3,104,058,309	3,075,182,053
Baseline Expense	2,924,042,000	3,229,614,000	3,502,898,000	3,836,590,000
Procurement Savings	(99,334,000)	(283,221,000)	(314,545,000)	(342,485,000)
ACA Impacts	41,248,000	117,846,000	160,280,000	162,504,000
Medicare Advantage	31,787,000	70,741,000	83,734,000	99,126,000
Plan Design Changes	(3,260,000)	(44,583,000)	(91,512,000)	(105,055,000)
Revised Expense	<u>2,894,483,000</u>	<u>3,090,397,000</u>	<u>3,340,855,000</u>	<u>3,650,680,000</u>
Net Surplus/(Deficit)	179,042,566	58,190,607	(236,796,691)	(575,497,947)
Prior Year Fund Balance	<u>217,002,261</u>	<u>396,044,827</u>	<u>454,235,433</u>	<u>217,438,742</u>
Reserve Fund Balance	396,044,827	454,235,434	217,438,742	(358,059,205)

AFY2014 Governor's Budget Recommendations

Additional Information on DCH
Website

www.dch.georgia.gov