



# FY2015 Governor's Budget Recommendations



Presentation to: House Appropriations Community Health  
Subcommittee Members

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.*

# Agenda

- FY2014 Current Budget
- Medicaid and PeachCare Trends
- FY2015 Budget Recommendations
- State Health Benefit Plan



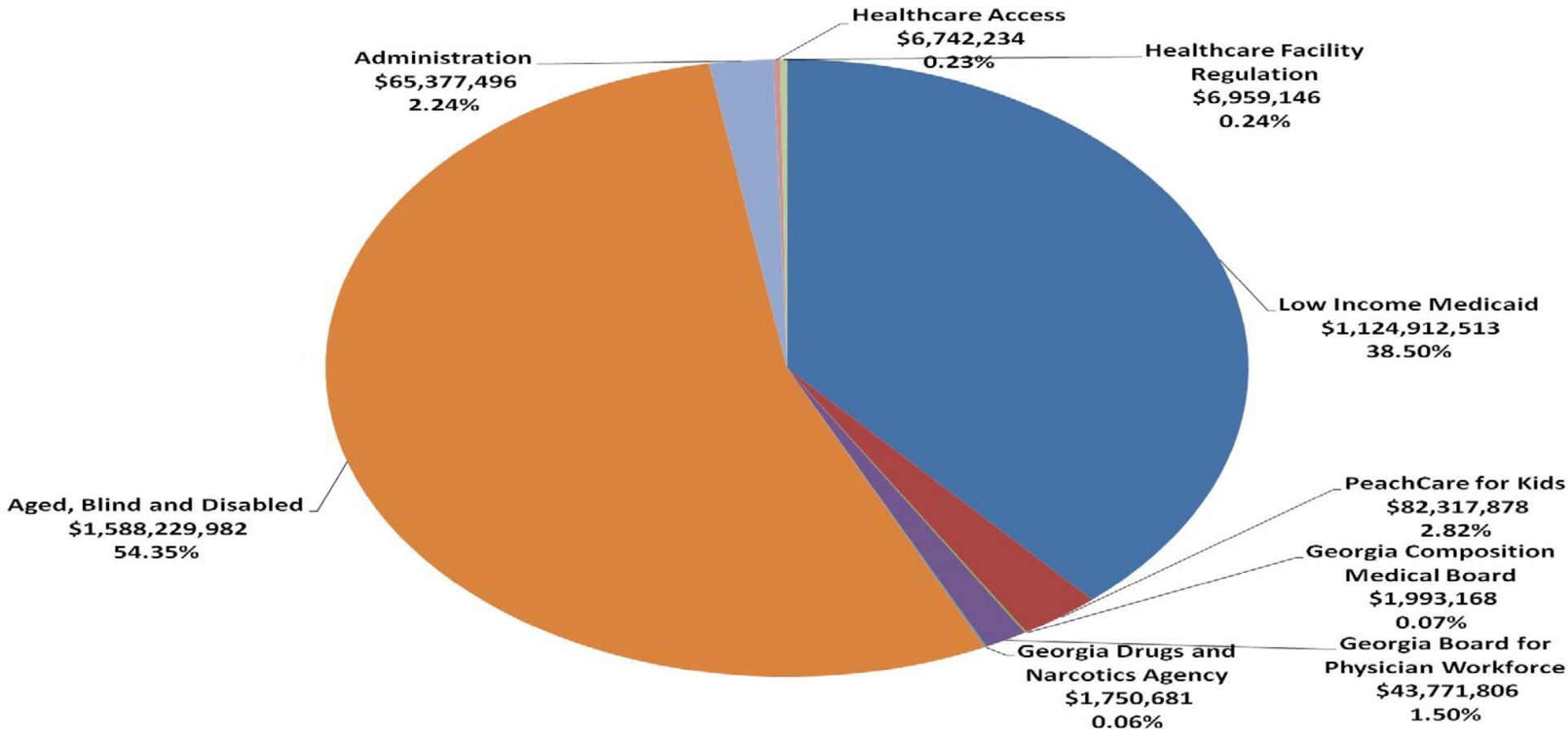
# FY2014 Current Budget

# FY2014 Budget

## State Funds Budget by Program\*

Total Funds Appropriated: \$12,887,971,250

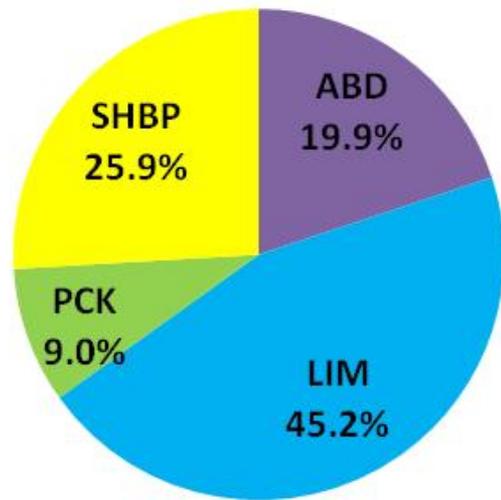
State Funds Appropriated: \$2,922,054,904



**95.67% of all DCH State Funds are budgeted directly on behalf of beneficiaries.**

# FY2014 Budget Highlights

## Georgia Beneficiaries of DCH Programs



Programs	Total Beneficiaries (FY2014 Projected Average Monthly Members)	Percentage of Beneficiaries
Medicaid	1,593,094	65.08%
<i>ABD</i>	<i>486,841</i>	<i>19.89%</i>
<i>LIM</i>	<i>1,106,253</i>	<i>45.19%</i>
PeachCare for Kids	<u>219,943</u>	<u>8.98%</u>
Sub-Total	1,813,037	74.06%
SHBP	<u>634,896</u>	<u>25.94%</u>
Total Beneficiaries	2,447,933	100.00%

One in four Georgians are direct beneficiaries of DCH programs

# FY2014 Budget Highlights

## Georgia Beneficiaries of DCH Programs

Almost half of all of Georgia's children (age 0-19) have access to health insurance through a DCH program.

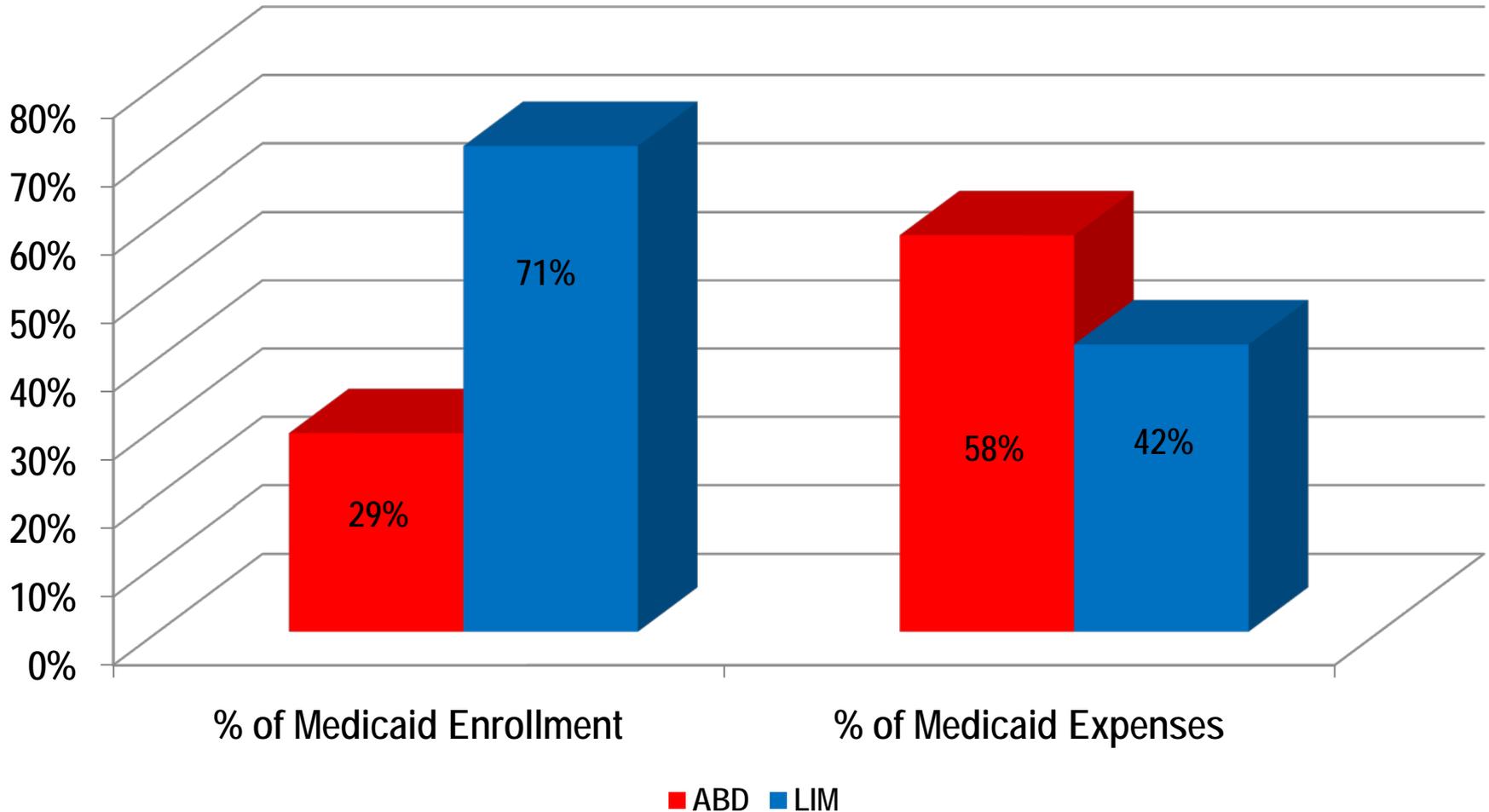
Age Group	Georgia Child Population*	DCH Beneficiaries*	%
Medicaid and PeachCare Children	2,848,327	1,207,721	42.40%
SHBP Children	2,848,327	<u>127,554</u>	<u>4.48%</u>
Total Children	2,848,327	1,335,275	46.88%



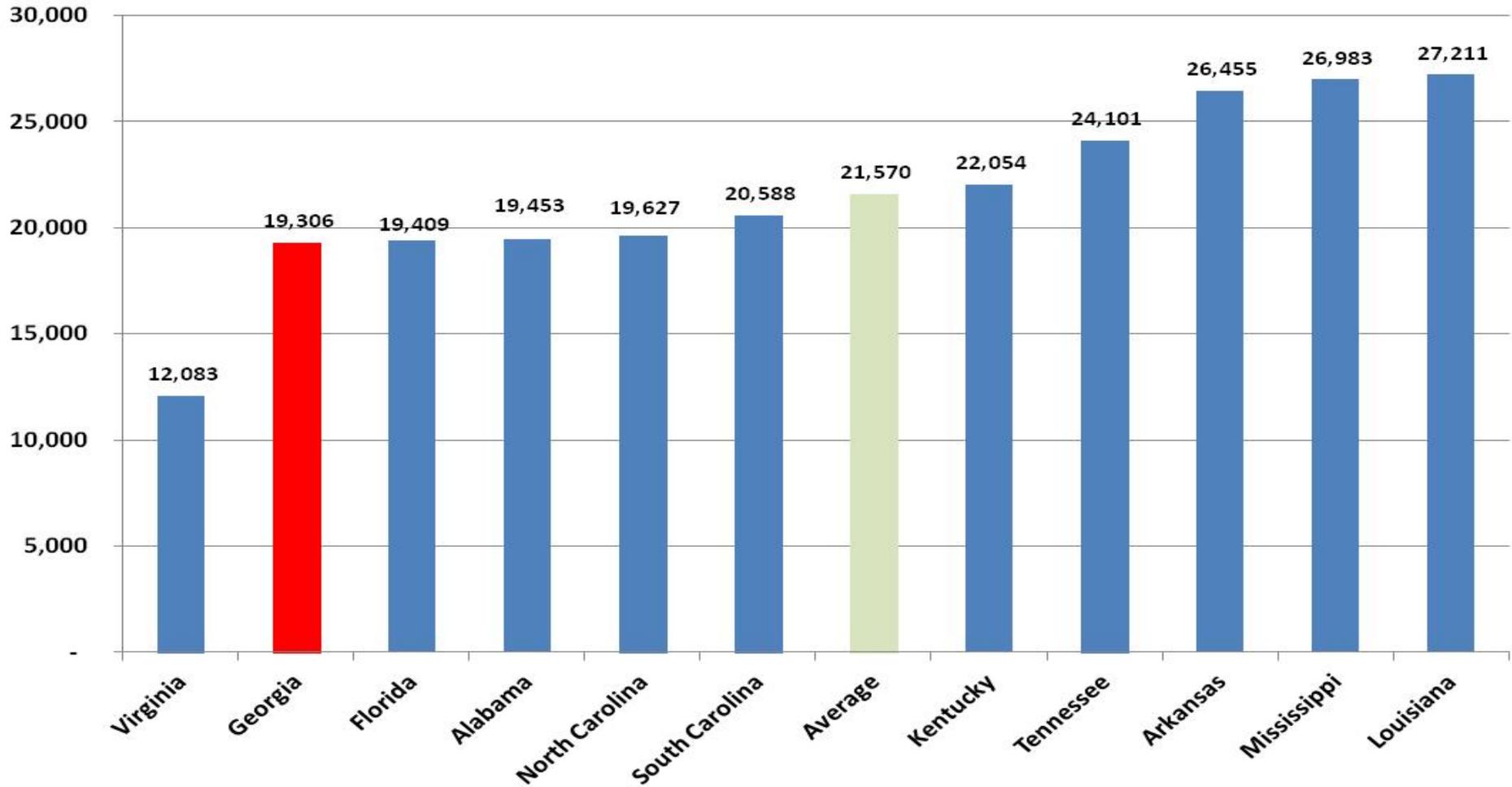


# Medicaid and PeachCare Trends

# Aged, Blind and Disabled Versus Low Income Medicaid



# Medicaid Recipients per 100,000 Population (FFY10)



(Average of all 11 states)



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# Medicaid Expenditure per Capita (FFY10)



# FY2014 Budget Highlights

- Implementation of Managed Care for Foster Care, Adoptive Assistance, and Juvenile Justice – go live March 3, 2014.
- Care Coordination for Aged, Blind and Disabled Medicaid Members – go live October 1, 2014.
- Begin implementation of required components of Patient Protection and Affordable Care Act (PPACA):
  - Federal Premium Tax (begins in FY 2014 not paid until FY 2015).
  - Transfer of kids aged 6-18 year old with a federal poverty level of 100%-138% from PeachCare to Medicaid.
  - Primary Care Physician provider rate increases to match Medicare rates (January 1, 2013 – December 31, 2014).
  - Change from six month to twelve month eligibility reviews for Low Income Medicaid enrollees.





# FY2015 Budget Recommendations

# FY2015 Budget Recommendations - Medicaid\*

Patient Protection and Affordable Care Act (PPACA) Related Mandates				Tracking Sheet Reference #
1	Low Income Medicaid, PeachCare for Kids	Provide Funds for new federal premium tax imposed on the care management organization (CMOs) by the Patient Protection Affordable Care Act (PPACA).	\$29,300,000	17.8.13; 17.9.7
2	Low Income Medicaid	Increase funds to account for transition to 12-month eligibility review as required by the PPACA.	\$28,275,569	17.8.12
3	Low Income Medicaid	Increase funds for additional state insurance premium tax liability of the care management organizations (CMOs) caused by the PPACA's primary care reimbursement rate increase.	\$1,100,000	17.8.11
4	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").	\$40,900,000	17.8.10; 17.9.6
5	Administration	Increase funds for Medicaid Management System (MMIS) contractual services for new members enrolled due to the PPACA.	\$1,690,000	17.1.5

\* State Funds Only

# FY2015 Budget Recommendations - Medicaid\*

Medicaid Budget Non-PPACA Related				Tracking Sheet Reference #
6	Aged, Blind and Disabled	Increase funds to reflect cost of medically fragile inmates paroled to private nursing homes.	\$500,000	17.7.10
7	Aged, Blind and Disabled	Increase funds to update nursing home reimbursement rates and fair rental value to reflect 2012 cost reports.	\$13,568,322	17.7.3
8	Aged, Blind and Disabled	Reduce funds to recognize savings due to Medicaid Management System (MMIS) improvements allowing for successful monitoring of inconsistencies between units billed and appropriate dosage for physician injectable drugs.	(\$680,000)	17.7.6
9	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Reduce funds to recognize savings due to the increased utilization of the Public Assistance Reporting Information System (PARIS) by monitoring eligible members from Medicaid to the Veterans Administration (VA).	(\$2,600,000)	17.7.7; 17.8.8; 17.9.4
10	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Restore funds for one-time reduction for prior year (FY2011) Hospital Cost Settlements collected in FY 2014.	\$5,000,000	17.7.9; 17.8.6; 17.9.5

# FY2015 Budget Recommendations - Medicaid\*

Medicaid Budget Non-PPACA Related (Cont'd)				Tracking Sheet Reference #
11	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Increase funds for growth based on projected need.	\$44,025,433	17.7.8; 17.8.7; 17.9.3
12	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Reduce funds to reflect an increase in the Federal Medical Assistance Percentage (FMAP) from 65.84% to 66.69% for Medicaid and 76.09% to 76.68% for PeachCare for Kids.	(\$69,089,774)	17.7.5; 17.8.5; 17.9.2
13	Aged, Blind and Disabled, Low Income Medicaid, PeachCare for Kids	Increase Hospital Provider Payment revenue based on 2012 Hospital Financial Surveys and to fund Upper Payment Limit (UPL) payments to private hospitals pursuant to Senate Bill 24.	\$22,542,793	17.7.4; 17.8.1; 17.9.1
14	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).	\$25,339,209	17.8.2; 17.8.3
15	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 (CMO) (also includes \$308,000 for staffing).	\$5,108,000	17.1.4; 17.8.9

# FY2015 Budget Recommendations - Operations\*

<b>Operations Budget Recommendations</b>				Tracking Sheet Reference #
16	Administration	Adjustment for TeamWorks billings.	(\$19,969)	17.1.3
17	Healthcare Access	Eliminate one-time start-up funds for Federally Qualified Health Centers.	(\$500,000)	17.4.3
18	Pharmacy and Dentistry Boards	Provide operational funds required for Pharmacy and Dentistry Boards.	\$1,400,000	17.2.3; 17.3.3
19	All Programs	Provide funds for merit-based adjustments and employee recruitment and retention initiatives effective July 1, 2014.	\$198,836	17.1.1; 17.2.1; 17.3.1; 17.4.1; 17.5.1; 17.11.1; 17.17.1; 17.18.1
20	All Programs	Increase funds to reflect an adjustment in the employer share of Employees' Retirement System.	\$479,864	17.1.2; 17.2.2; 17.3.2; 17.4.2; 17.5.2; 17.11.2; 17.17.2; 17.18.2
21	Attached Agencies		\$204,718	17.11.3; 17.12.2; 17.15.1; 17.17.3;
<b>Total of All Budget Items</b>			<b>\$146,743,001</b>	



# 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

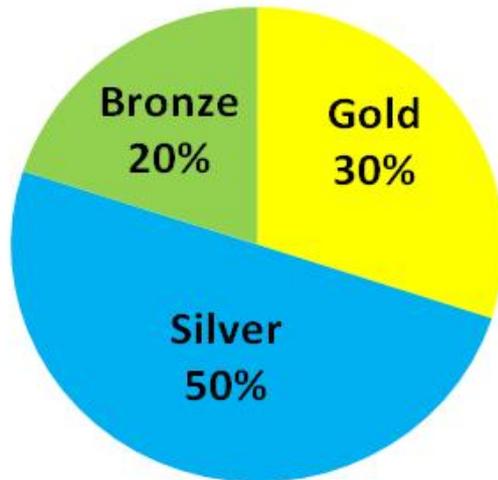
## ■ 2014 Goals

- 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 by increasing the HRA incentive dollars members can earn and by increasing member cost-sharing.
- Seek to minimize premium increases for employees and for employers.

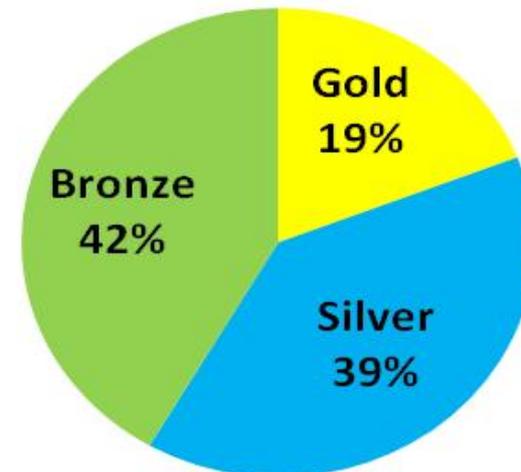


# SHBP Open Enrollment Results

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



# Amendments to 2014 Plan Design

- On January 27, 2014 the DCH Board approved:
  - Office Visit Co-pays
    - Primary Care - \$35
    - Specialty Care - \$45
    - Rehab Services - \$25
    - Urgent Care - \$35
    - Emergency Room - \$150
    - Projected Cost: AFY14: \$46.9 million/FY2015: \$94.5 million
  - Pharmacy Co-pays
    - Tier 1 - \$20
    - Tier 2 - \$50
    - Tier 3 - \$80
    - Projected Cost: AFY14: \$9.9 million/FY2015: \$20.5 million



# SHBP Financial Summary – Amended plan design and no non-cert increase in FY 2015

	FY14	FY15	FY16	FY17
Revenue	3,113,069,262	3,131,856,194	3,089,026,367	3,060,085,561
Baseline Expense*	2,927,444,000	3,151,457,000	3,417,906,000	3,743,943,000
Procurement Savings	(98,230,000)	(281,065,000)	(313,485,000)	(342,783,000)
ACA Impacts	40,421,000	114,835,000	154,031,000	156,155,000
Medicare Advantage	32,195,000	71,654,000	84,821,000	100,421,000
Initial Plan Design Changes	(3,525,000)	(44,451,000)	(90,481,000)	(103,823,000)
Amended Plan Design Changes (Medical and Rx copays)	57,000,000	115,000,000	115,000,000	115,000,000
Revised Expense	<u>2,955,305,000</u>	<u>3,127,430,000</u>	<u>3,367,792,000</u>	<u>3,668,913,000</u>
<b>Net Surplus/(Deficit)</b>	157,764,262	4,426,194	(278,765,633)	(608,827,439)
Prior Year Fund Balance	217,002,261	374,766,523	379,192,717	100,427,084
<b>Reserve Fund Balance</b>	374,766,523	379,192,717	100,427,084	(508,400,356)

\* Includes PPACA cost of extended dependent coverage to age 26

# FY2015 Governor's Budget Recommendations

Additional Information on DCH  
Website

[www.dch.georgia.gov](http://www.dch.georgia.gov)