



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

FY2015 Amended Budget Recommendations



Presentation to: Senate Appropriations Community Health
Subcommittee

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

Date: February 3, 2015



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.



FY2015 Amended Budget Recommendations

FY2015 Amended Budget Recommendations*

Medicaid Non-ACA Items			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
1	Aged Blind and Disabled, Low-Income Medicaid, PeachCare for Kids	Available funds in current FY2015 Medicaid and PeachCare budgets.	(\$24,222,317)	(\$24,222,317)	87.1, 88.1, 89.1
2	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Hepatitis C drugs.	\$19,708,761	\$19,708,761	87.2
3	Aged Blind and Disabled, Low-Income Medicaid	Provide funding for refund of federal share of Medicaid collections as a result of Federal Office of Inspector General audit.	\$3,368,692	\$3,368,692	87.3, 88.2
4	Aged Blind and Disabled, Low-Income Medicaid, PeachCare for Kids	Restore legislative cuts (Hospital Cost Settlements: \$4,500,000 , ABD Care Coordination: \$4,150,677, PARIS: \$863,000).	\$9,513,677	\$9,513,677	87.4, 87.5, 87.6, 88.6, 88.7, 89.2, 89.3
5	Aged Blind and Disabled, Low-Income Medicaid	Nursing Home Provider Fee and Hospital Provider Fee revenue projection update.	(\$2,603,819)	(\$2,603,819)	87.7, 88.8



FY2015 Amended Budget Recommendations (cont'd)*

Medicaid Non-ACA Items (cont'd)			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
6	Aged Blind and Disabled	Utilize enhanced federal participation rate to increase Medicaid reimbursement rates for personal support services by 5% in the Independent Care Waiver Program (ICWP).	Yes	Yes	87.8
7	Low-Income Medicaid	Replace tobacco settlement funds transferred to the Georgia Center for Oncology Research and Education (CORE) in HB744 (2014 Session) with state funds.	\$225,000	\$225,000	88.5
8	Indigent Care Trust Fund	Increase funds to provide matching funds for all private deemed and non-deemed hospitals eligible for the Disproportionate Share Hospital (DSH) program.	\$14,133,296	\$14,133,296	86.1
9	Indigent Care Trust Fund	Increase funds in the Ambulance Licensing Fee activity to reflect funds available. <i>(H: Increase funds in the Ambulance Licensing Fee activity to reflect actual funds available and utilize funds to pay claims for adult rotary wing emergency transport as directed by HB 744 (2014 Session).</i>	Yes	Yes	86.3
10	Indigent Care Trust Fund	Use prior year reserve funds to provide matching funds for all private deemed and non-deemed hospital eligible for the DSH program. Prior Year Funds = \$1,805,402.	Yes	Yes	86.2



FY2015 Amended Budget Recommendations (cont'd)*

Medicaid ACA Items			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
11	Low-Income Medicaid	Increase funds for projected costs due to ACA Presumptive Eligibility rules.	\$2,354,550	\$2,354,550	88.3
12	Low-Income Medicaid	Provide additional funds needed for 12 month eligibility reviews.	\$14,126,603	\$14,126,603	88.4
Operations Items					
13	Administration	Reduced funds for operations.	(\$82,725)	(\$82,725)	81.1
14	Georgia Board of Dentistry	Reduced funds for operations.	(\$4,999)	\$0	82.1
15	Georgia State Board of Pharmacy	Reduced funds for operations.	(\$4,999)	\$0	83.1
16	Healthcare Facility Regulation	Replace federal funds lost as a result of updates to the cost allocation plan.	\$2,895,661	\$2,895,661	85.1
17	Healthcare Facility Regulation	Increase funds for eight additional nurse surveyors effective April 1, 2015.	\$102,731	\$0	85.2

FY2015 Amended Budget Recommendations (cont'd)*

Attached Agencies			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
18	Georgia Board for Physician Workforce: Administration	Eliminate two vacant positions. <i>(H: Eliminate one vacant position.)</i>	(\$96,006)	(\$45,006)	91.1
19	Georgia Board for Physician Workforce: Morehouse	Reflect a change in the program purpose statement.	Yes	Yes	94.99
20	Georgia Board for Physician Workforce: Rural Areas	Realign program activities to provide additional Physician Rural Area Assistance (PRAA) loan repayment awards.	Yes	Yes	95.1
21	Georgia Composite Medical Board	Increase funds for Cosmetic Laser Services Act implementation (Includes savings from contractual services).	\$13,110	\$13,110	97.1
22	Georgia Composite Medical Board	Utilize savings from contractual services (\$21,890) for the Cosmetic Laser Services Act implementation.	Yes	Yes	97.3
23	Georgia Drugs and Narcotics Agency	Reduce funds for operations.	(\$19,110)	\$0	
Grand Total			\$39,408,106	\$39,385,483	





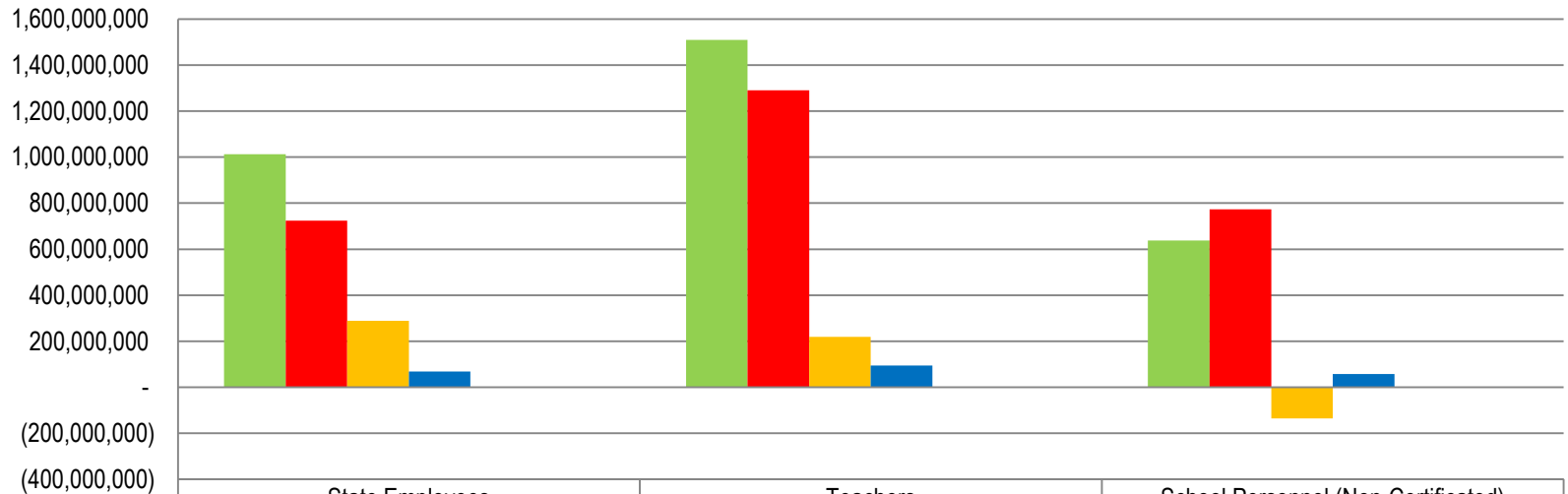
FY2015 Amended SHBP Budget Recommendations

SHBP Financial Status

	FY14 (Actual)	FY15	FY16	FY17
FINANCIAL STATUS				
Baseline Revenue	3,139,864,637	3,090,645,693	3,133,827,088	3,116,934,655
Baseline Expense	2,744,326,949	3,021,668,000	3,271,348,000	3,585,293,000
Revenue				
<i>Revenue Impacts</i>				
<i>Net Change to Revenue</i>				
Expense				
<i>Reprocurement Impacts</i>				
Procurement Savings	(98,230,000)	(281,065,000)	(313,486,000)	(342,782,000)
2014 Medicare Advantage Rate Increase	55,809,000	124,212,000	147,036,000	174,080,000
2014 Renegotiated Medicare Advantage Rates	(23,614,000)	(52,558,000)	(62,215,000)	(73,659,000)
2015 Medicare Advantage Procurement Savings		(104,434,000)	(221,554,000)	(235,080,000)
Termination fees (UHC/Cigna)	55,989,000			
<i>Plan Design Impacts</i>				
2014/2015 Plan Design Changes	(29,022,000)	(88,248,000)	(117,806,000)	(128,411,000)
Additional HRA incentives ¹	22,000,000	49,015,000	43,994,000	44,715,000
<i>ACA Impacts</i>				
ACA mandates 1/1/2013 eff date	17,556,000	17,523,000	17,675,000	17,919,000
ACA Reinsurance Fee		22,641,000	18,541,000	11,490,000
Effects of ACA Individual Mandate	25,735,000	53,737,000	64,162,000	77,494,000
Limit on Out-of-Pocket Maximum		31,431,000	71,597,000	78,041,000
<i>Net Change to Expense</i>	26,223,000	(227,746,000)	(352,056,000)	(376,193,000)
Revised Revenue	3,139,864,637	3,090,645,693	3,133,827,088	3,116,934,655
Revised Expense	2,770,549,949	2,793,922,000	2,919,292,000	3,209,100,000
Net Surplus/(Deficit)	369,314,688	296,723,693	214,535,088	(92,165,345)

- The Other Post-Employment Benefit (OPEB) liability is \$14.4 Billion.
- The Annual Required Contribution for the two OPEB funds (State and School Personnel) is \$1.1 billion.
- There are currently no funds set aside for future retiree claims; the SHBP is operating on a “Pay as you go” basis.

SHBP FY2014 Financial Plan Overview

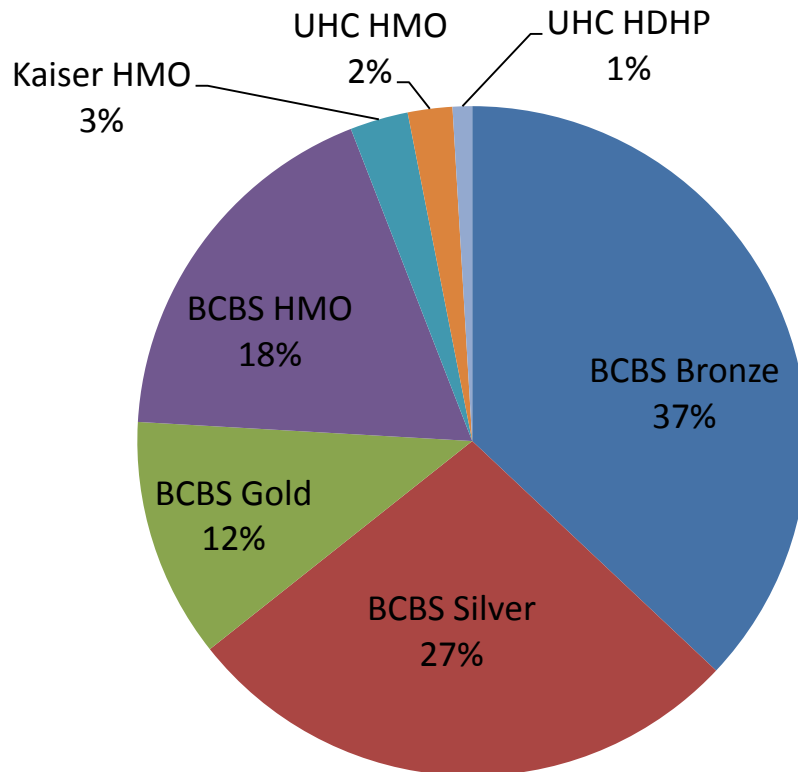


	State Employees	Teachers	School Personnel (Non-Certificated)
Revenue	1,012,000,366	1,508,714,114	637,293,792
Expense	723,945,926	1,290,007,315	772,865,320
Surplus (Deficit)	288,054,440	218,706,799	(135,571,528)
IBNR Liability	68,596,400	93,984,324	56,912,276
# of Active Members	55,582	102,298	65,219
# of Retiree Members	35,291	53,511	22,474

- This subsidy has been partially addressed by two \$150 annual Non-Cert employer contribution increases in FY 2013 and FY 2014.
- Employer contribution rates Per Member Per Month.
 - Non-Cert 596.20
 - Teacher 945.00
 - State 1,200.00 State employer contribution rate is assessed as a percentage of payroll. This is a projected PMPM equivalent.

Plan Year 2015 Open Enrollment Results

Self-Insured Options



- 19% of total eligibles waived coverage
- 94% of members chose BCBS options

Notes: 1) A "Member" is someone enrolled in SHBP - not all eligibles are members.
2) Does not include Medicare Advantage and Tricare



FY2015 Amended SHBP Budget Recommendations (cont'd)*

SHBP Non-ACA Items		Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
1	Increase funds to reflect the cost of the bariatric surgery pilot program effective January 1, 2015. (Total Funds: \$2,700,000)	Yes	Yes	90.1
2	Increase funds for members requiring treatment with new Hepatitis C drugs. (Total Funds: \$12,000,000)	Yes	Yes	90.5
3	Reduce funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: (\$292,157,041))	Yes	Yes	90.6
4	Increase funds for reserves to fund future claims and Other Post-Employment Benefits (OPEB) liabilities. (Total Funds: \$187,122,496)	Yes	Yes	90.7

FY2015 Amended SHBP Budget Recommendations (cont'd)*

SHBP ACA Items		Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
5	Submit a study to the Governor and General Assembly by June 30, 2015 that examines why SHBP's costs are higher than other comparable government employee health plans and describe a variety of options for reducing costs without further diminishing the value of health benefits received by members. <i>(H: Yes; Submit a study to the Governor and General Assembly by June 30, 2015 that examines why SHBP's costs are higher than other comparable government employee health plans and describe a variety of options for reducing costs without further diminishing the value of health benefits received by members. <u>The General Assembly also finds that non-certificated school employees are an essential part of the education delivery system and directs that any such report include an examination of options to provide health benefits for these workers.</u></i>	Yes	Yes	90.8
6	Increase funds to account for the projected increased enrollment due to the individual mandate and auto-enrollment of new employees as required by the Patient Protection and Affordable Care Act (PPACA). (Total Funds: \$3,675,000)	Yes	Yes	90.2
7	Increase funds to account for limits imposed on cost sharing by the PPACA. (Total Funds: \$5,946,000) <i>(PPACA mandates a combined medical and pharmacy out of pocket maximum).</i>	Yes	Yes	90.3
8	Reduce funds due to a scheduled reduction in the Transitional Reinsurance Fee imposed by the PPACA. (Total Funds: (\$1,029,000))	Yes	Yes	90.4

