



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

FY2016 Budget Recommendations



Presentation to: Senate Appropriations Community Health Subcommittee

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

Date: February 27, 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.



FY2016 Budget Recommendations

FY2016 Budget Recommendations*

Medicaid Non-ACA Items		Governor's Recommendations	House	Senate Tracking Sheet Number	
1	Aged Blind Disabled, Low-Income Medicaid, PeachCare for Kids	Program growth in ABD, LIM, and PeachCare (1.6% Increase).	\$33,090,747	\$33,090,747	87.1, 88.1, 89.1
2	Aged Blind Disabled, Low-Income Medicaid, PeachCare for Kids	Restore legislative cuts (Cost Settlements, ABD Care Coordination, PARIS).	\$9,373,500	\$9,373,500	87.6-8, 88.8, 88.11, 89.3-4
3	Low-Income Medicaid	Replace tobacco funds transferred to the Department of Public Health (DPH) for the Georgia Center for Oncology Research and Education (CORE).	\$225,000	\$225,000	88.7
4	Aged Blind Disabled	Reflect additional funds needed to support operating costs of nursing homes changing ownership on or after January 1, 2012.	\$8,749,685	\$8,749,685	87.4
5	Aged Blind Disabled	Nursing Home Provider Fee Revenue Projection Update.	\$212,713	\$212,713	87.9
6	Aged Blind and Disabled, Low-Income Medicaid	Reduce funds to reflect an increase in the projected Federal Medical Assistance Percentage (FMAP).	(\$60,320,777)	(\$62,688,377)	87.2, 88.9
7	Aged Blind and Disabled	Provide funding for initial cost for ABD Care Coordination.	\$12,111,228	\$0	87.5

FY2016 Budget Recommendations (cont'd)*

Medicaid Non-ACA Items (cont'd)			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
8	Low-Income Medicaid	Remove one-time funding for foster care run out.	(\$4,800,000)	(\$4,800,000)	88.6
9	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Hepatitis C drugs.	\$22,832,100	\$0	87.3
10	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	87.10
11	Aged Blind and Disabled	Provide skilled nursing services in the Independent Care Wavier Program.	Yes	Yes	87.11
12	Aged Blind and Disabled	Increase funds to provide a \$.50 per hour rate increase for Personal Support Services covered under the independent Care Waiver Program (ICWP).	\$0	\$1,329,428	87.12

FY2016 Budget Recommendations (cont'd)*

Medicaid Non-ACA Items (cont'd)			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
13	Low-Income Medicaid	Transfer funds to the Georgia Board for Physician Workforce - Morehouse School of Medicine Grant Program to increase the operating grant for medical education.	(\$8,038,227)	(\$8,038,227)	88.12
14	Low-Income Medicaid	Increase funds to reflect projected FY2016 Hospital Provider Payment revenue.	\$8,038,227	\$8,038,227	88.13
15	Low-Income Medicaid	Provide funds to increase reimbursement rates for select OBGYN codes to the 2014 Medicare fee schedule.	\$0	\$2,957,049	88.14
16	Low-Income Medicaid	Increase funds to provide reimbursement for rotary wing air ambulance adult transports at the pediatric rate.	\$0	\$500,000	88.15
17	Low-Income Medicaid	Provide funds to increase reimbursement rates for select primary care codes.	\$0	\$1,552,973	88.16

FY2016 Budget Recommendations (cont'd)*

Medicaid ACA Items			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
18	Low-Income Medicaid, PeachCare for Kids	Reduce funds to reflect an increase in the projected Enhanced Federal Medical Assistance Percentage (eFMAP).	(\$93,593,829)	(\$93,593,829)	88.10, 89.2
19	Low-Income Medicaid	Cover increased cost due to ACA Presumptive Eligibility rules.	\$15,194,943	\$15,194,943	88.2
20	Low-Income Medicaid	Provide additional funds needed for ACA woodwork effect.	\$2,844,224	\$2,844,224	88.4
21	Low-Income Medicaid	Provide additional funds needed for 12 month eligibility reviews.	\$37,858,099	\$37,858,099	88.3
22	Low-Income Medicaid	Remove one-time funding for CMO state insurance premium tax liability due to the ACA.	(\$1,100,000)	(\$1,100,000)	88.5

FY2016 Budget Recommendations (cont'd)*

Operations Items			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
23	Healthcare Facility Regulation	Replace the loss of federal funds resulting from updates to the cost allocation plan.	\$2,895,661	\$2,895,661	85.4
24	Healthcare Facility Regulation	Increase funds for eight additional nurse surveyors.	\$410,922	\$410,922	85.5
25	Healthcare Access and Improvement	Eliminate one-time start-up funds for Federally Qualified Health Centers (FQHC).	(\$1,000,000)	(\$1,000,000)	84.4
26	Administration	Eliminate funds for a consulting contract.	\$0	(\$2,000,000)	81.6
27	Administration	Reduce funds for operations	(\$82,725)	\$0	81.5
28	Administration	Reduce Funds	\$0	(\$25)	81.7
29	Georgia Board of Dentistry, Georgia State Board of Pharmacy	Reduce funds for operations	(\$9,998)	\$0	82.4, 83.4



FY2016 Budget Recommendations (cont'd)*

Operations Items (cont'd)			Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
30	All Operations	Increase funds to reflect an adjustment in the employer share of the Employees' Retirement System.	\$317,869	\$317,869	81.1, 82.1, 83.1, 84.1, 85.1,
31	All Operations	Provide funds for merit-based pay adjustments and employee recruitment and retention initiatives effective July 1, 2015.	\$171,355	\$171,355	81.2, 82.2, 83.2, 84.2, 85.2
32	All Opeartions	Reflect and adjustment to agency premiums for Department for Administrative Services administered self insurance programs.	\$14,472	\$14,472	81.3, 82.3, 83.3, 84.3, 85.3
33	Administration	Reflect an adjustment in Teamworks billings.	\$37,378	\$37,378	81.4
34	Healthcare Access and Improvement	Provide funds for one Federally Qualified Health Center community start-up grant (Wheeler County).	\$0	\$250,000	84.5
35	Healthcare Access and Improvement	Provide funds for the Rural Hospital Stabilization Committee's grants to critical access hospitals and other rural health care providers.	\$0	\$3,000,000	84.6
Total			(\$14,567,433)	(\$44,196,213)	

* State Funds Only

** Does not include Attached Agencies



FY2016

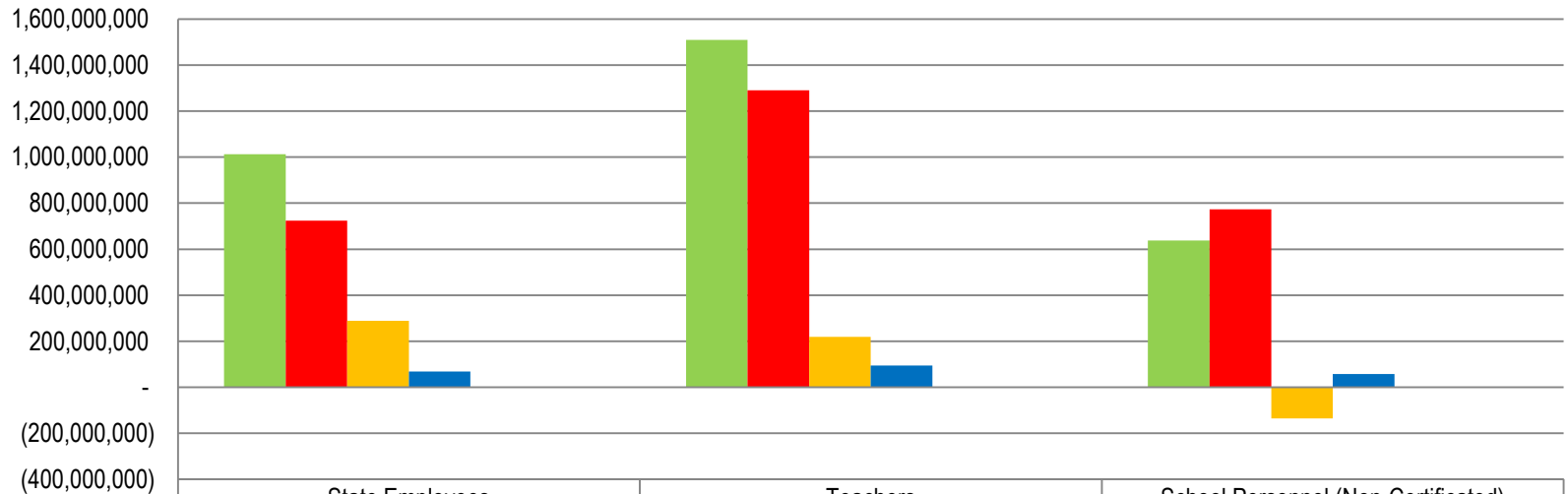
Governor's SHBP Budget Recommendations

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

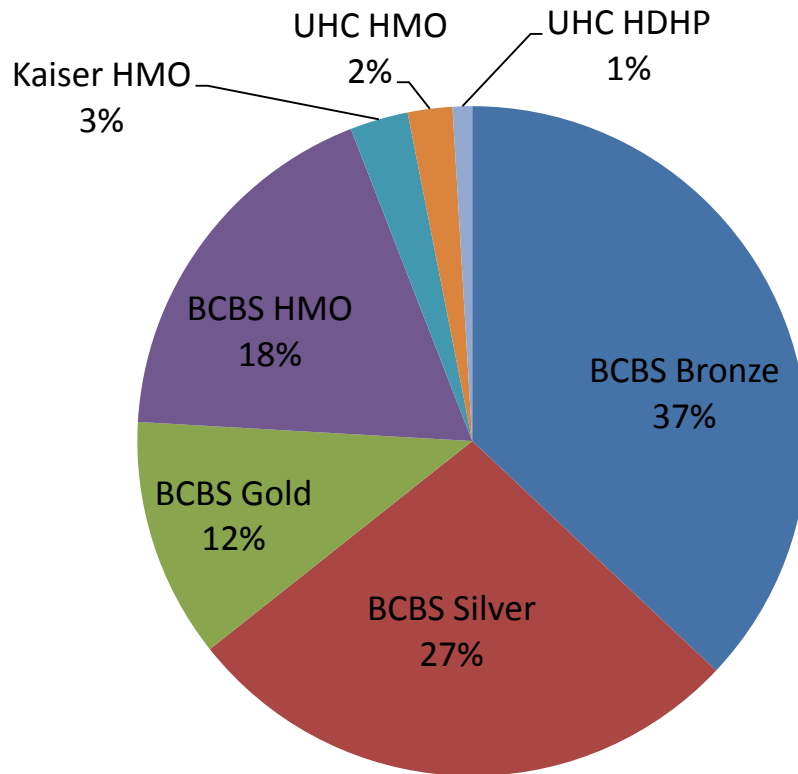


	State Employees	Teachers	School Personnel (Non-Certificated)
Revenue	1,012,000,366	1,508,714,114	637,293,792
Expense	723,945,926	1,290,007,315	772,865,320
Surplus (Deficit)	288,054,440	218,706,799	(135,571,528)
IBNR Liability	68,596,400	93,984,324	56,912,276
# of Active Members	55,582	102,298	65,219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



FY2016 Governor's SHBP Budget Recommendations*

SHBP Non-ACA Items		Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
1	Increase funds to annualize the cost for providing coverage for hearing aids for children effective January 1, 2015.	\$853,980	\$853,980	90.2
2	Increase funds to annualize the cost of a pilot program to provide coverage for the treatment of autism spectrum disorders (ASDs) effective January 1, 2015.	\$2,410,661	\$2,410,661	90.1
3	Reduce funds to reflect savings from removing copayments from health reimbursement arrangement (HRA) plans.	(\$58,000,000)	(\$58,000,000)	90.8
4	Reduce funds to reflect updated projections for membership, medical services utilization, and medical trend changes.	(\$174,853,282)	(\$174,853,282)	90.9
5	Delay the implementation of the scheduled increase of the employer contribution rate for non-certificated school service employees from \$596.20 per member per month to \$746.20 per member per month, deferring the collection of an estimated \$102,825,000 in revenue for the SHBP. (H:No; Implement the scheduled increase of the employer contribution rate for non-certificated school service employees from \$596.20 to \$746.20 per member per month.)	\$0	\$102,825,000	90.11
6	Effective January 1, 2016, eliminate SHBP coverage for non-certificated public school employees, as defined in O.C.G.A. §20-2-910, who work, on average, fewer than 30 hours per week. (H:No; Maintain SHBP coverage for non-certificated public school employees as defined in O.C.G.A. 20-2-910.)	\$0	\$0	90.12

FY2016 Governor's SHBP Budget Recommendations (cont'd)*

SHBP Non-ACA Items (cont'd)		Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
7	Increase funds for members requiring treatment with the new Hepatitis C drugs. (H:Yes; Utilize existing funds for members requiring treatment with the new Hepatitis C drugs.)	\$15,400,000	\$0	90.4
8	Increase funds for reserves to fund future claims and Other Post-Employment Benefits (OPEB) liabilities. (H:Yes; Increase funds for reserves to fund future claims and Other Post-Employment Benefits (OPEB) liabilities.)	\$98,212,114	\$115,012,114	90.10
9	Increase funds to annualize the cost of the bariatric surgery pilot program effective January 1, 2015. (H:No; Annualize funds at the current level for the bariatric surgery pilot program.)	\$5,400,000	\$3,000,000	90.3
10	The State Health Benefit Plan shall adopt an emerging technology program allowing members to receive routine episodic care through a consumer oriented telemedicine vendor. (H:Yes)	\$0	\$0	90.13

SHBP ACA Items		Governor's Recommendations	House Recommendations	Senate Tracking Sheet Number
11	Increase funds to account for limits imposed on cost sharing by the PPACA.	\$46,470,000	\$46,470,000	90.6
12	Increase funds to account for the projected increased enrollment due to the individual mandate and auto-enrollment of new employees as required by the PPACA.	\$14,155,000	\$14,155,000	90.7
13	Reduce funds due to a scheduled reduction in the Transitional Reinsurance Fee imposed by the Patient Protection and Affordable Care Act (PPACA).	(\$4,924,000)	(\$4,924,000)	90.5