



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# AFY2014 and FY2015 Budget Update and Request



Presentation to: DCH Board

Presented by: Tim Connell, CFO

Date: August 22, 2013



# 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

- FY2013 Budget Highlights
- FY2014 Current Budget
- Amended FY2014 and FY2015 Budget Instructions
- FY2014 Proposed Amended Budget Request
- FY2015 Proposed Budget Request
- State Health Benefit Plan Summary

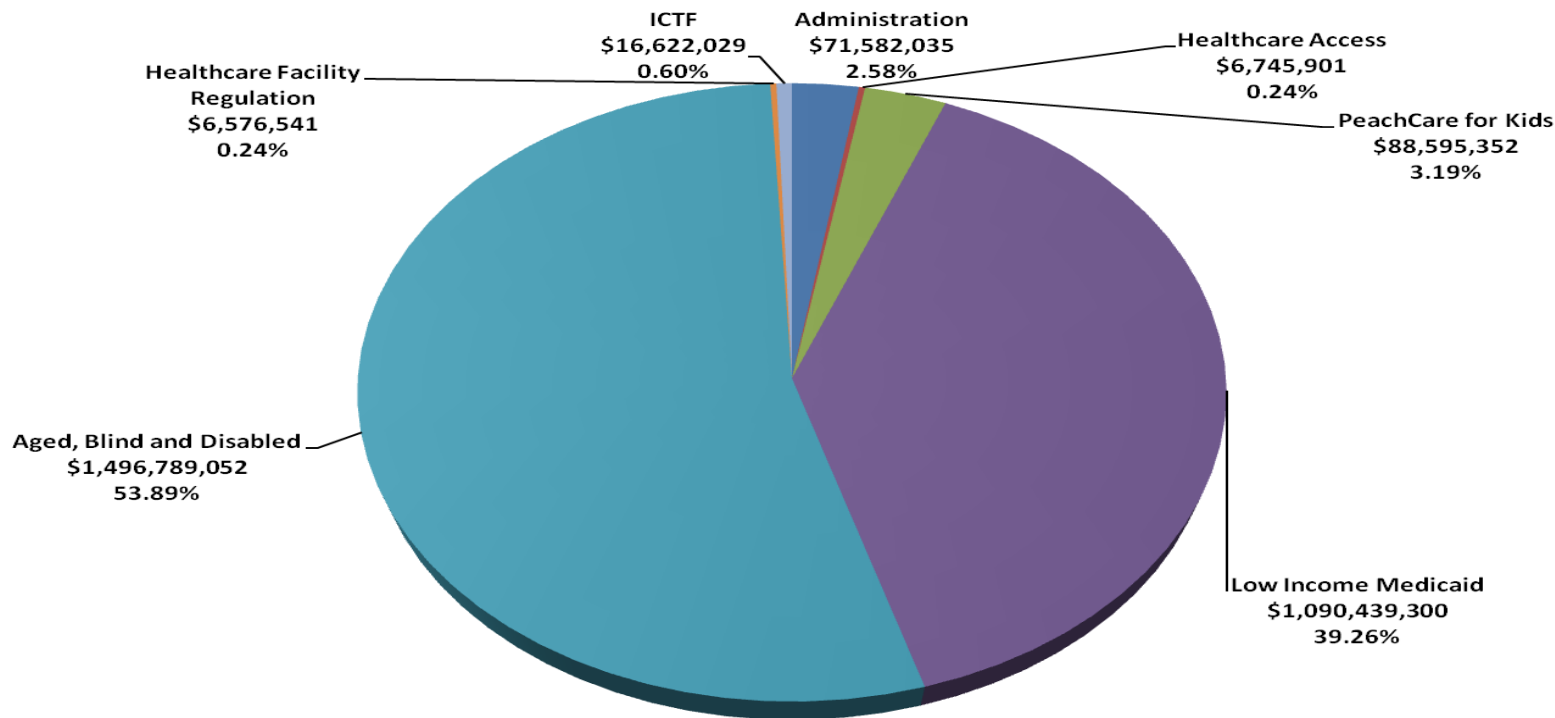


# FY2013 Budget Highlights

# FY2013 Budget Highlights

## State Funds Expended by Program\*

Total Funds Expended: \$12,724,152,261  
 State Funds Expended: \$ 2,823,641,862



96.94% of all DCH State Funds were expended directly on behalf of beneficiaries



# FY2013 Budget Highlights

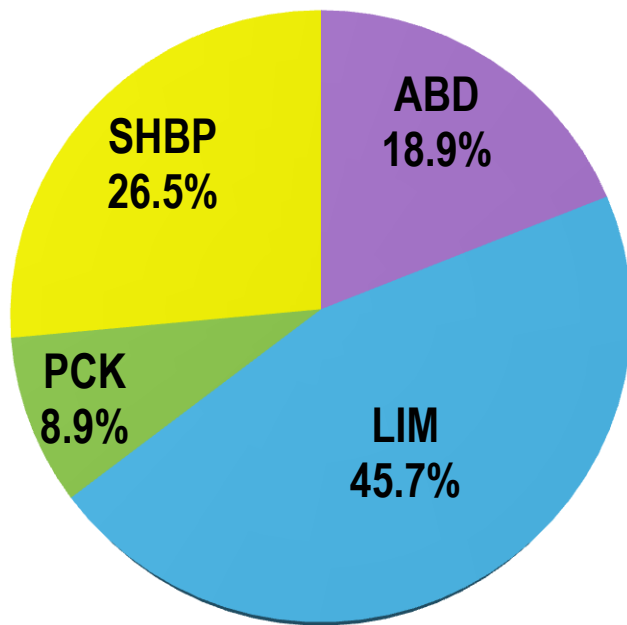
## State Funds Expended by Attached Agencies

	<b>Programs</b>	<b>FY2013 Expenditures*</b>
1.	Georgia Composite Medical Board	\$ 1,929,334
2.	Georgia Board for Physician Workforce	\$ 44,362,318
3.	<i>Board Administration</i>	\$ 547,978
4.	<i>Graduate Medical Education</i>	\$ 8,695,727
5.	<i>Mercer School of Medicine</i>	\$ 20,969,911
6.	<i>Morehouse School of Medicine</i>	\$ 10,671,474
7.	<i>Physicians for Rural Areas</i>	\$ 830,000
8.	<i>Undergraduate Medical Education</i>	\$ 2,647,228
9.	<b>Total</b>	<b>\$ 46,291,652</b>

\* Expenditures are unaudited.

# FY2013 Budget Highlights

## Georgia Beneficiaries of DCH Programs



Programs	Total Beneficiaries (FY2013 Average Monthly Members)	Percentage of Beneficiaries
Medicaid	1,581,209	64.60%
• ABD	463,569	18.94%
• LIM	1,117,640	45.66%
PeachCare for Kids	218,265	8.92%
Sub-Total	1,799,474	73.51%
SHBP	648,343	26.49%
Total Beneficiaries	2,447,817	100.00%

One in four Georgians are direct beneficiaries of DCH Programs!

# FY2013 Budget Highlights

## Georgia Beneficiaries of DCH Programs

Almost 50% of all of Georgia's children (age 0-19) have access to health insurance through a DCH Program.

Age Group	Ga. Children Population*	DCH Beneficiaries*	%
Medicaid and PeachCare Children	2,848,327	1,203,722	42.26%
SHBP Children	2,848,327	<u>135,290</u>	<u>4.75%</u>
Total Children	2,848,327	1,339,012	47.01%





# FY2013 Budget Highlights

- All DCH programs ended FY2013 with a positive fund balance.
- DCH had a year-end state funds cash balance in excess of \$100 million (this represents approximately 3.4% of total state funds appropriated). These funds will be returned to the state Treasury.
- The majority of the appropriated savings (\$81 million) occurred in the ABD program. These savings are attributable to a combination of slower growth in the number of new members plus moderation in the utilization of services by members.
- The State Health Benefit Plan also ended a very positive year with a year-end cash balance of \$227,239,429.





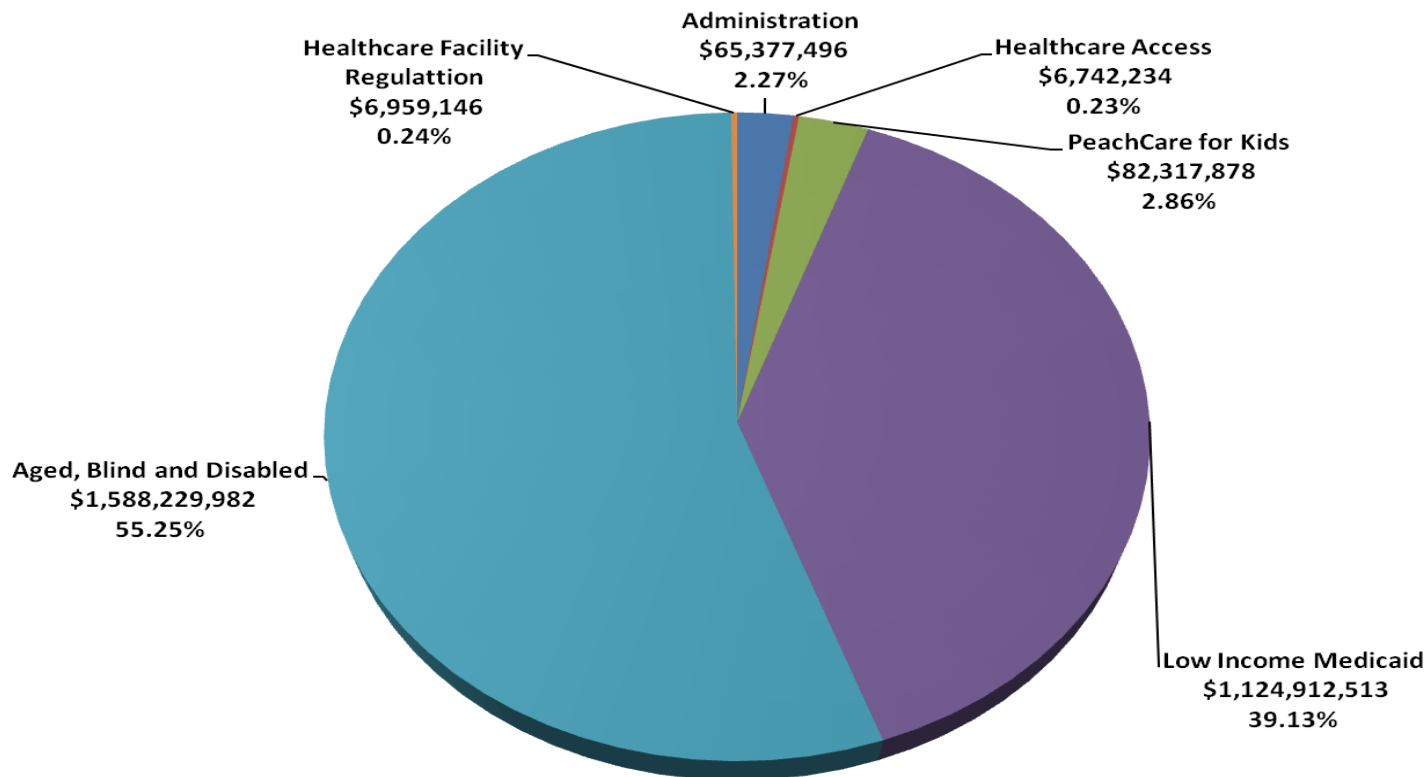
# FY2014 Current Budget

# FY2014 Budget

## State Funds Budget by Program\*

Total Funds Appropriated: \$12,886,220,569

State Funds Appropriated: \$2,920,304,223



97.24% of all DCH State Funds are budgeted directly on behalf of beneficiaries.



**GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH**

\* Chart does not include the attached agencies (see next slide) and the State Health Benefit Plan

# FY2014 Budget Attached Agencies Summary\*

	<b>Programs</b>	<b>FY2014 Base Budget</b>
1.	Georgia Composite Medical Board	\$ 1,993,168
2.	Georgia Board for Physician Workforce	\$ 43,771,806
3.	<i>Board Administration</i>	\$ 678,277
4.	<i>Graduate Medical Education</i>	\$ 8,264,543
5.	<i>Mercer School of Medicine</i>	\$ 20,969,911
6.	<i>Morehouse School of Medicine</i>	\$ 10,933,643
7.	<i>Physicians for Rural Areas</i>	\$ 870,000
8.	<i>Undergraduate Medical Education</i>	\$ <u>2,055,432</u>
9.	<b>Totals</b>	<b>\$ 45,764,974</b>

\* State Funds Only



# FY2014 Budget Highlights

- Implements a policy for eliminating hospital reimbursements for preventable admissions.
- Eliminates reimbursement for elective births prior to the 39<sup>th</sup> gestational week.
- Funds added for 20 additional Independent Care Waiver slots.
- Beginning on January 1, 2014, children 6-18 years old with a federal poverty level of 100-138% will be moved from PeachCare for Kids to Medicaid per ACA.
- Funds \$223.9 million of expected growth in ABD, LIM and PeachCare for Kids.





# FY2014 Amended and FY2015 Budget Instructions

# AFY14 and FY15 Budget Instructions

- Issued each year by the Governor's Office of Planning and Budget.
- Informs agencies on how to structure their budget requests and includes any fiscal guidelines for agencies to follow.
- For the first time in six years, the budget instructions DIDN'T include:

# AFY14 and FY15 Budget Instructions

## **BUDGET CUTS!!!**







# FY2014 Budget Proposed Amended Budget Request

# FY2014 Budget

## Proposed Amended Budget Requests\*

<b>Affordable Care Act</b>		
1.	ACA requires that eligibility for Medicaid recipients be reviewed on a 12 month basis. This requirement changes DCH's current policy of eligibility reviews every 6 months for adults and children in LIM. ABD and PeachCare for Kids members are already reviewed every 12 months. This requirement begins January 1, 2014 and is still required even though Georgia is not participating in the ACA Medicaid expansion.	\$ 9,700,000
2.	ACA requires that primary care physician rates match Medicare rates from January 1, 2013 through December 31, 2014. The additional funds required for the rate increase are 100% funded by the federal government. However, there is one portion of the increase not covered by federal funds. This request for state funds represents the increase in the capitation rate for the state insurance premium tax caused by increasing the provider rates.	\$ 2,100,000
3.	DCH is planning on an increase in the number of individuals who qualify for and actually enroll in Medicaid and PeachCare. This increase is called the Woodwork Effect and will occur even with Georgia opting out of the ACA Medicaid expansion. The increase is due to: <ul style="list-style-type: none"> <li>• Implementation of the ACA required Modified Adjusted Gross Income Standards (MAGI) which are intended to streamline and simplify the enrollment process.</li> <li>• Identification of additional Medicaid and PeachCare members via the Federal Insurance Exchange as individuals seek to comply with the federal mandate to have health coverage or face a financial penalty.</li> <li>• And the increase in advertising and awareness of ACA including outreach and enrollment efforts.</li> </ul> DCH estimates an additional 46,000 children will enroll in FY2014.	\$ 14,300,000
4.	Administrative increase in the Medicaid Management Information System (MMIS) contract for new members enrolled from ACA.	\$ 755,000
5.	<b>Subtotal - Request Related to the Affordable Care Act</b>	<b>\$ 26,855,000</b>



# FY2014 Budget

## Proposed Amended Budget Requests\*

<b>Additional Budget Requests</b>		
6.	Continuation funding for Planning for Healthy Babies (extend to June 30, 2014) services including family planning and prenatal care for Medicaid eligible members at risk of delivering a low or very low birth weight baby (also includes \$500,000 for Modified Adjusted Gross Income (MAGI) compliant modifications for the P4HB system).	\$ 4,100,000
7.	Additional funds needed to fund the move of Foster Care and Adoption Assistance members to managed care starting January 1, 2014. This cost primarily represents run-out of fee for service claims. (also includes \$147,000 for staffing)	\$ 3,647,000
8.	Restore funding for the Medicaid program with the Department of Corrections for paroling prisoners who qualify for medical reprieves to nursing homes. (restores legislative cut).	\$ 350,000
9.	Provide funding for funds owed to the Care Management Organizations (CMO) from FY2012.	\$ 69,913,691
10.	Reflect savings from updating the supplemental drug rebates to include CMO claims. Currently supplemental drug rebates are collected on fee for service claims, however, CMO claims have not been previously included.	\$ (640,500)
11.	Reflects savings associated with MMIS improvements to successfully monitor inconsistencies with units billed compared to appropriate dosages for Physician Injectable Drug Lists (PIDL).	\$ (342,000)
12.	Provide administrative funds required for Pharmacy and Dentistry Boards.	\$ 1,400,000
13.	Available funds in current FY2014 Medicaid and PeachCare budgets.	\$ (30,000,000)
14.	<b>Subtotal - Non-ACA Related Items</b>	<b>\$ 48,428,191</b>
15.	<b>Total for All Amended FY2014 Budget Items</b>	<b>\$ 75,283,191</b>



# FY2014 Proposed Budget Request Financial Summary\*

	Budget Item	Programs				Total
		ABD	LIM	PeachCare	Administration	
1.	ACA - Move to 12 month reviews	\$ -	\$ 9,700,000	\$ -	\$ -	\$ 9,700,000
2.	ACA – State Insurance Premium Tax	\$ -	\$ 2,100,000	\$ -	\$ -	\$ 2,100,000
3.	ACA - Woodwork impact	\$ -	\$ 9,700,000	\$ 4,600,000	\$ -	\$ 14,300,000
4.	ACA - MMIS contract increase	\$ -	\$ -	\$ -	\$ 755,000	\$ 755,000
<b>5.</b>	<b>Sub-total ACA</b>	<b>\$ -</b>	<b>\$ 21,500,000</b>	<b>\$ 4,600,000</b>	<b>\$ 755,000</b>	<b>\$ 26,855,000</b>
6.	Planning for Health Babies continuation	\$ -	\$ 3,600,000	\$ -	\$ 500,000	\$ 4,100,000
7.	Foster Care and Adoption Assistance to managed care	\$ -	\$ 3,500,000	\$ -	\$ 147,000	\$ 3,647,000
8.	Department of Corrections parole of medical reprieves	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000

# FY2014 Proposed Budget Request Financial Summary\*

Budget Item	Programs				Total
	ABD	LIM	PeachCare	Administration	
9. Funds owed to CMOs from FY2012	\$ -	\$ 69,913,691	\$ -	\$ -	\$ 69,913,691
10. Supplemental drug rebates for CMO claims	\$ -	\$ (629,993)	\$ (10,507)	\$ -	\$ (640,500)
11. PIDL savings from MMIS changes to catch billing inconsistencies	\$ (342,000)	\$ -	\$ -	\$ -	\$ (342,000)
12. Administrative funds for Pharmacy and Dentistry Boards	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
13. Available funds in current FY2014 Medicaid and PeachCare budgets	\$ (24,394,395)	\$ (9,493,673)	\$ 3,888,068	\$ -	\$ (30,000,000)
<b>14. Sub-total Non-ACA Items</b>	<b>\$ (24,386,395)</b>	<b>\$ 66,890,026</b>	<b>\$ 3,877,561</b>	<b>\$ 2,047,000</b>	<b>\$ 48,428,191</b>
<b>15. Total for All Amended FY2014 Budget Items</b>	<b>\$ (24,386,395)</b>	<b>\$ 88,390,026</b>	<b>\$ 8,477,561</b>	<b>\$ 2,802,000</b>	<b>\$ 75,283,191</b>

# FY2014 Proposed Budget Request Financial Summary\*

	<b>Programs</b>	<b>FY2014 Base Budget</b>	<b>FY2014 Amended Request</b>	<b>FY2014 Proposed Amended Budget</b>
1.	Departmental Administration	\$ 65,377,496	\$ 2,802,000	\$ 68,179,496
2.	Healthcare Access and Improvement	\$ 6,742,234	\$ -	\$ 6,742,234
3.	Healthcare Facility Regulation	\$ 6,959,146	\$ -	\$ 6,959,146
4.	Indigent Care Trust Fund	\$ -	\$ -	\$ -
5.	Aged, Blind and Disabled	\$ 1,588,229,982	\$ (24,386,395)	\$ 1,563,843,587
6.	Low Income Medicaid	\$ 1,124,912,513	\$ 88,390,026	\$ 1,213,302,539
7.	PeachCare for Kids	\$ 82,317,878	\$ 8,477,561	\$ 90,795,439
8.	State Health Benefit Plan	\$ -	\$ -	\$ -
9.	Attached Agencies	\$ 45,764,974	\$ -	\$ 45,764,974
10.	<b>Totals</b>	<b>\$ 2,920,304,223</b>	<b>\$ 75,283,191</b>	<b>\$ 2,995,587,414</b>

\* State Funds Only





# FY2015 Budget Proposed Budget Request

# FY2015 Budget Proposed Budget Requests\*

<b>Affordable Care Act</b>		
1.	Part of ACA funding mechanisms is a new federal premium tax on all managed care companies including those who provide Medicaid services. The tax is based on the national total book of business not just the work in Medicaid. This new tax will increase the capitation rates paid to the three CMOS participating in the traditional Georgia Families program and the new Foster Care and Adoption Assistance managed care program. These additional tax funds are due annually in September.	\$ 29,300,000
2.	As mentioned in the FY2014 Proposed Amended Budget Request, ACA requires that eligibility for Medicaid recipients be reviewed on a 12 month basis. This requirement begins January 1, 2014 and is still required even though Georgia is not participating in the Medicaid expansion.	\$ 28,700,000
3.	ACA requires that primary care physician rates match Medicare rates from January 1, 2013 through December 31, 2014. Most of the increase is 100% federally funded except for an increase in the capitation rate for the state insurance premium tax caused by the increase in the provider rates.	\$ 1,100,000
4.	DCH is planning on an increase in the number of individuals who qualify for and actually enroll in Medicaid and PeachCare (referred to as the Woodwork Effect). DCH is planning on 65,000 additional children in FY2015.	\$ 40,900,000
5.	Administrative increase to the MMIS contract for new members enrolled due to ACA.	\$ 1,690,000
6.	<b>Subtotal - Request Related to the Affordable Care Act</b>	<b>\$ 101,690,000</b>

\* State Funds Only





# FY2015 Budget Proposed Budget Requests\*

## Additional Budget Requests

7.	Continuation funding for Planning for Healthy Babies (extend to June 30, 2014) services including family planning and prenatal care for Medicaid eligible members at risk of delivering a low or very low birth weight baby. DCH is working with CMS on the extension of this program into State Fiscal Year 2015.	\$ 3,600,000
8.	Additional funds needed to fund the move of Foster Care and Adoption Assistance members to managed care starting January 1, 2014. These costs will cover the run out of fee for service claims (also includes \$308,000 for staffing).	\$ 5,108,000
9.	Restore funding for the Medicaid program related to the Department of Corrections paroling prisoners who qualify for medical reprieves to nursing homes. (restores legislative cut).	\$ 650,000
10.	Annualize the single-dose vials wastage policy. Funds added to the FY2014 budget only included a partial year of funding. This item annualizes the cost for the full fiscal year.	\$ 2,000,000
11.	Savings from the expansion of the INTEGRUS M3 (PARIS) program. The INTEGRUS M3 project will identify Medicaid members who may be eligible for other health insurance. For example, DCH will identify Medicaid members who may be eligible for VA (veteran) benefits.	\$ (2,600,000)
12.	Reflect savings from updating the supplemental drug rebates to include CMO claims. Currently supplemental drug rebates are collected only on fee for service claims; however, CMO claims have not previously been included.	\$ (1,281,000)



# FY2015 Budget Proposed Budget Requests\*

<b>Additional Budget Requests</b>		
13.	Add back one-time reduction for prior year (FY2011 and FY2012) Hospital Cost Settlements collected in FY2014. This was a one-time collection of additional revenue for the Department.	\$ 5,000,000
14.	Reflects savings associated with MMIS improvements to monitor inconsistencies with units billed compared to appropriate dosages for Physician Injectable Drug Lists (PIDL).	\$ (680,000)
15.	Program Growth in ABD, LIM and PeachCare.	\$ 39,700,000
16.	Provide administrative funds required for Pharmacy and Dentistry Boards.	\$ 1,400,000
17.	<b>Subtotal - Non-ACA Related Items</b>	<b>\$ 52,897,000</b>
18.	<b>Total of All Budget Items</b>	<b>\$ 154,587,000</b>

# FY2015 Proposed Budget Request Financial Summary\*

Budget Item	Programs				Total
	ABD	LIM	PeachCare	Administration	
1. ACA - Federal premium tax	\$ -	\$ 26,300,000	\$ 3,000,000	\$ -	\$ 29,300,000
2. ACA - Move to 12 month reviews	\$ -	\$ 28,700,000	\$ -	\$ -	\$ 28,700,000
3. ACA – State premium tax increase	\$ -	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000
4. ACA - Woodwork impact	\$ -	\$ 29,000,000	\$ 11,900,000	\$ -	\$ 40,900,000
5. ACA - MMIS contract increase	\$ -	\$ -	\$ -	\$ 1,690,000	\$ 1,690,000
6. <b>Sub-total ACA</b>	<b>\$ -</b>	<b>\$ 85,100,000</b>	<b>\$ 14,900,000</b>	<b>\$ 1,690,000</b>	<b>\$ 101,690,000</b>
7. Planning for Health Babies continuation	\$ -	\$ 3,600,000	\$ -	\$ -	\$ 3,600,000
8. Foster Care and Adoption Assistance to managed care	\$ -	\$ 4,800,000	\$ -	\$ 308,000	\$ 5,108,000
9. Department of Corrections parole of medical reprieves	\$ 650,000	\$ -	\$ -	\$ -	\$ 650,000
10. Annualize the single-dose vials wastage policy	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000

# FY2015 Proposed Budget Request Financial Summary\*

Budget Item	Programs				Total
	ABD	LIM	PeachCare	Administration	
11. Savings from INTEGRUS M3 (PARIS)	\$ (1,500,000)	\$ (991,000)	\$ (109,000)	\$ -	\$ (2,600,000)
12. Supplemental drug rebates for CMO claims	\$ -	\$ (1,259,985)	\$ (21,015)	\$ -	\$ (1,281,000)
13. Add back of Hospital Cost Settlements	\$ 2,870,000	\$ 1,960,000	\$ 170,000	\$ -	\$ 5,000,000
14. PIDL savings from MMIS changes to catch billing inconsistencies	\$ (680,000)	\$ -	\$ -	\$ -	\$ (680,000)
15. Program Growth	\$ 16,286,511	\$ 25,514,669	\$ (2,101,180)	\$ -	\$ 39,700,000
16. Administrative funds for Pharmacy and Dentistry Boards	\$ -	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
<b>17. Sub-total Non-ACA Items</b>	<b>\$ 19,626,511</b>	<b>\$ 33,623,684</b>	<b>\$ (2,061,195)</b>	<b>\$ 1,708,000</b>	<b>\$ 52,897,000</b>
<b>18. Total for All FY2015 Budget Items</b>	<b>\$ 19,626,511</b>	<b>\$ 118,723,684</b>	<b>\$ 12,838,805</b>	<b>\$ 3,398,000</b>	<b>\$ 154,587,000</b>

\* State Funds Only

# FY2015 Proposed Budget Request Financial Summary\*

	Programs	FY2014 Base Budget	FY2015 Requested Funds	FY2015 Budget Request
1	Departmental Administration	\$ 65,377,496	\$ 3,398,000	\$ 68,775,496
2	Healthcare Access and Improvement	\$ 6,742,234	\$ -	\$ 6,742,234
3	Healthcare Facility Regulation	\$ 6,959,146	\$ -	\$ 6,959,146
4	Indigent Care Trust Fund	\$ -	\$ -	\$ -
5	Aged, Blind and Disabled	\$ 1,588,229,982	\$ 19,626,511	\$ 1,607,856,493
6	Low Income Medicaid	\$ 1,124,912,513	\$ 118,723,684	\$ 1,243,636,197
7	PeachCare for Kids	\$ 82,317,878	\$ 12,838,805	\$ 95,156,683
8	State Health Benefit Plan	\$ -	\$ -	\$ -
9	Attached Agencies	\$ 45,764,974	\$ -	\$ 45,764,974
	<b>Totals</b>	<b>\$ 2,920,304,223</b>	<b>\$ 154,587,000</b>	<b>\$ 3,074,891,223</b>

\* State Funds Only





# State Health Benefit Plan Summary

# SHBP FY2014 Summary

## FY2014

- Planning on conducting 423 audits of schools, libraries, and other SHBP participants to ensure all funds owed to SHBP have been remitted.
- Projected IBNR for FY14 = \$244,780,000.
- Projected cash balance carryover from FY13 = \$227,239,429.
- Implementation of new “Metal” plans.
- First year of two year plan to bring Library PMPM to near parity with the Teacher PMPM.
- Plan design changes do not require any net increases in employees’ contributions to SHBP.
- Projecting the Reserve Fund Balance at the end of FY2014 will rise to \$367,108,376



# SHBP FY2015 Summary

## FY2015

- Last year of three year plan to increase the non-certificated positions PMPM (despite the three year planned increase in the PMPM rate for non-certificated personnel, a \$200 gap will still remain in the PMPM rate between certificated and non-certificated positions).
- Plan design changes do not require any net increases in employees' contributions to SHBP.
- Projecting the Reserve Fund Balance at the end of FY2015 will rise to \$455,044,356
- The June 30, 2012 Report of the Actuary (Cavanaugh Macdonald) on the retiree medical valuations calculates current Other Post Employment Benefits (OPEB) liability at \$14,737,856,756.



# FY2014 and FY2015 Proposed Budget Requests

**Additional Information on DCH  
Website**

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

