

FY 2013 Governor's Budget Recommendations



Presentation to the House Appropriations Health Sub-Committee
Presented by Commissioner David Cook

Mission

The Georgia Department of Community Health

We will provide access to affordable, quality health care to Georgians through effective planning, purchasing and oversight.

We are dedicated to a healthy Georgia.

Department of Community Health (DCH)

Fast Facts

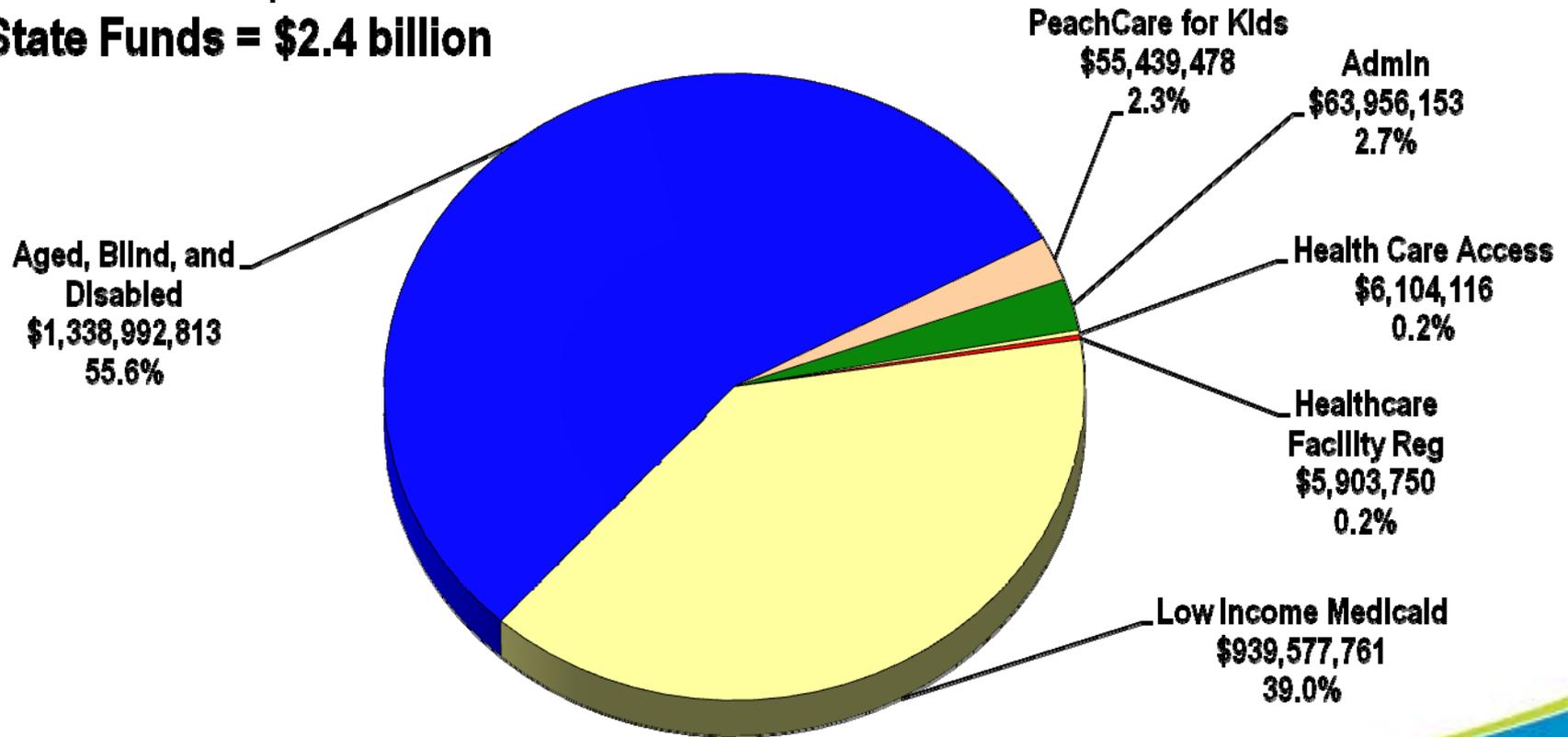
- **Manage 2 large health plans**
 - Medicaid/PeachCare and the State Health Benefit Plan (SHBP)
 - Rate of growth is well below the national average
- **DCH manages the healthcare needs of 1 in 4 Georgians**
- **License and inspect more than 14,000 Georgia health care facilities**
- **Lead agency for health information technology in Georgia**
- **Total Funding:** \$11.2 billion (including SHBP and Federal matching funds.)

DCH Highlights

- Stand Up New Department of Public Health
- Put SHBP on Sound Financial Footing
 - Reduced projected deficit for FY12 and FY13 of \$815 million by 92% to \$62 million
 - Largest wellness plan in the country
 - Reduced OPEB liability by \$11 billion (18%)
 - From \$62 billion to \$51 billion
- Reducing Bureaucracy
 - Quicker Credentialing: reduced from several months to 15 days
 - Eliminating 80% of forms in Katie Beckett
 - Reducing co-pays to even dollars
 - Removing barriers to telemedicine

Department of Community Health Current FY 2012 State Funds Budget

Total Funds = \$11.2 billion
State Funds = \$2.4 billion



*State funds include tobacco funds and provider fees

Medicaid Benefits Financial Status

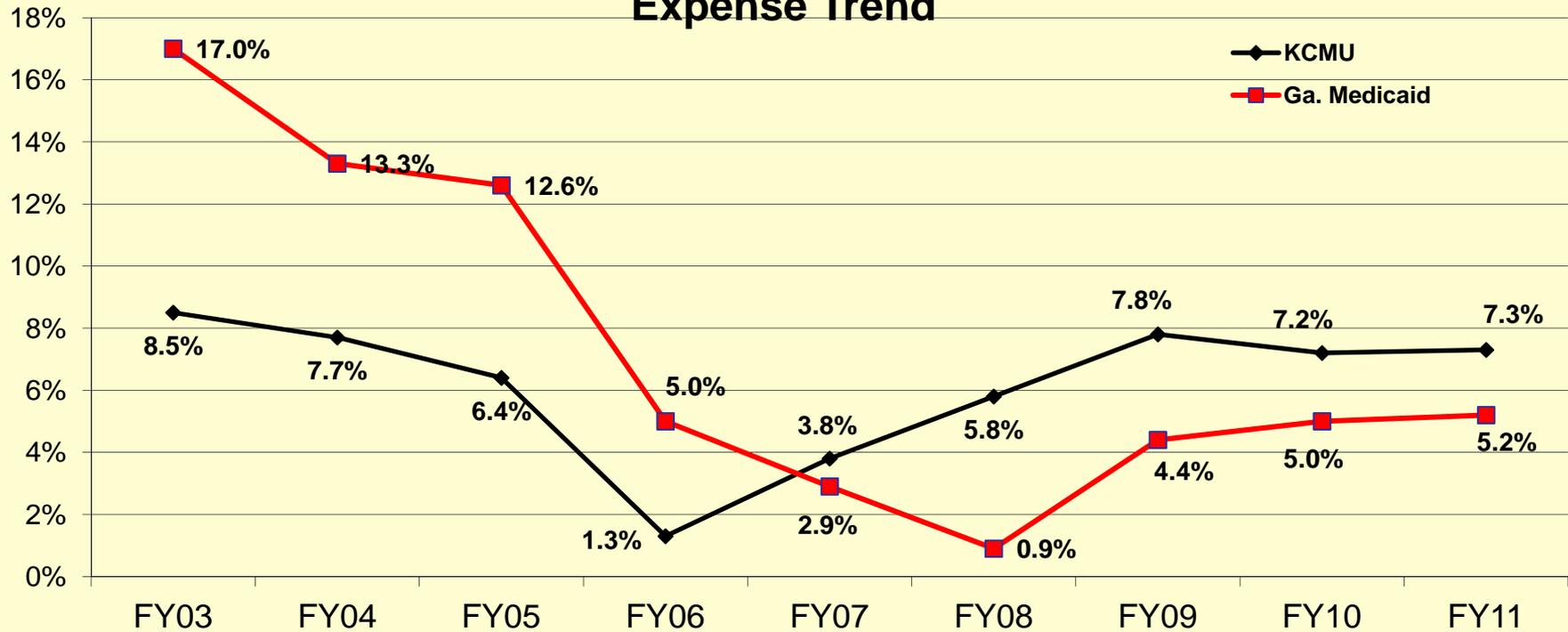


Medicaid Fast Facts

- **Covered Lives:** Medicaid and PeachCare cover 1.7 million Georgia citizens, 1.2 million (70%) of which are in managed care. 63% covered are children. Medicaid pays for 59% of all births in Georgia.
- **Total Funding:** \$7.8 billion (State and Federal Funds)
- **Claims Paid:** DCH pays out \$31.6 million for Medicaid and PeachCare benefits per day.
- **Claims Processed:** DCH processes over 176,000 Medicaid and PeachCare claims a day.

Medicaid Expense Trend

GA. Medicaid vs. National Medicaid Averages Expense Trend



KCMU – Kaiser Commission on Medicaid and the Uninsured
GA = Average 42% lower than National trend (past 5 years)

Medicaid Cost Per Member

Medicaid: Medicaid Personal Health Care Spending Per Enrollee (CY 2009)

	GA	AL	TN	FL	SC	NC	U.S.
Total	\$4,835	\$6,050	\$5,150	\$5,855	\$6,606	\$7,275	\$6,826

Source: CMS Medicare and Medicaid Research Review (2011, Vol. 1, No. 4)

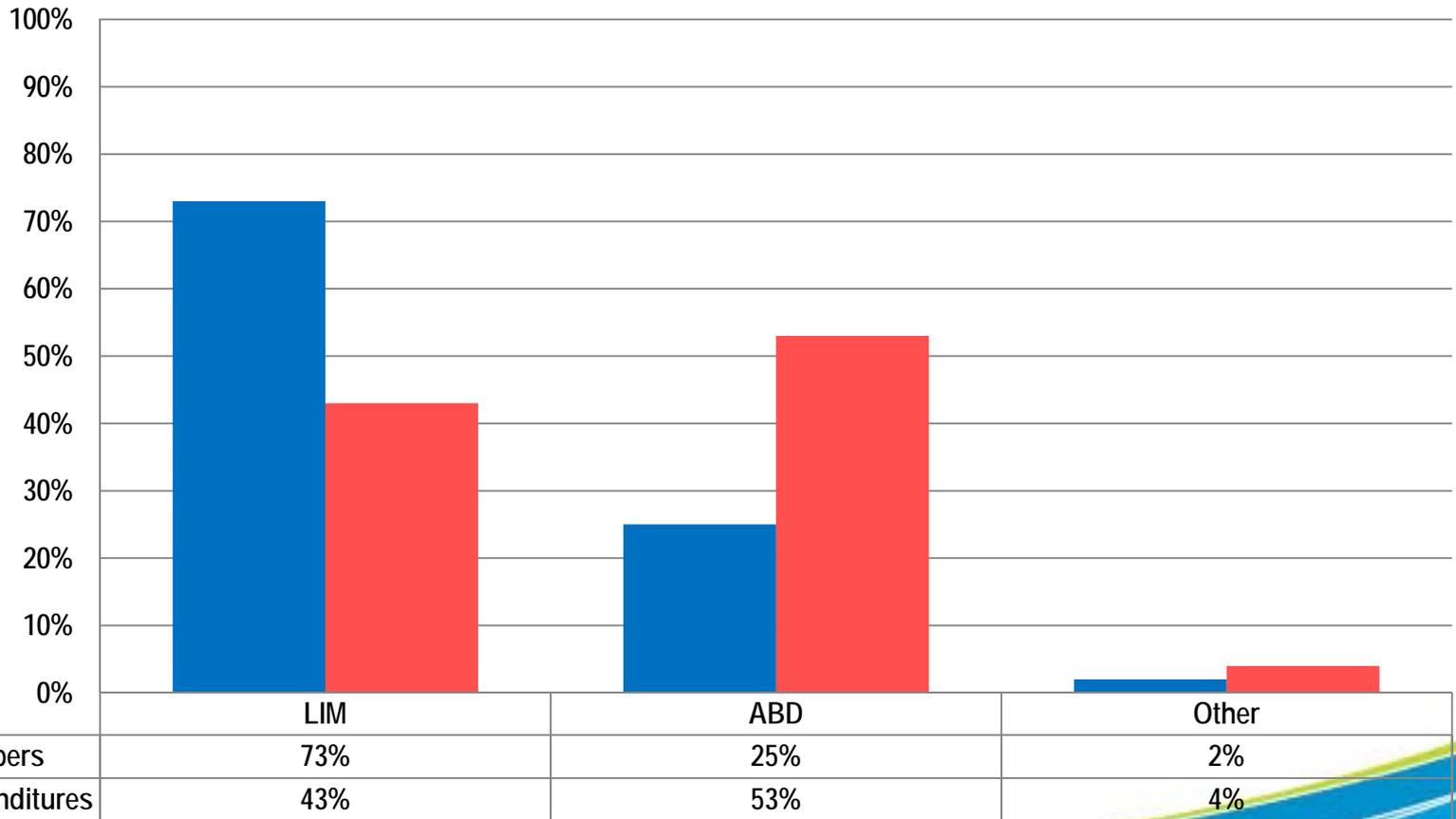
Medicaid: FFY2008 Average Payment Per Recipient (from Southern Legislative Conference, Council of State Governments)

	<u>GA</u>	<u>AL</u>	<u>TN</u>	<u>FL</u>	<u>SC</u>	<u>NC</u>
Total	\$4,009	\$4,227	\$4,324	\$4,606	\$4,990	\$5,000

Of the 16 states included in the study, Georgia had the 2nd lowest Average Payment Per Recipient.

ABD: 25% Medicaid Population 53% Medicaid Expenditures

Enrollment vs. Expenditures



Other includes - Foster Care, Katie Beckett, Mental Retardation

Medicaid Aged, Blind, Disabled (ABD) FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
	FY12 Current State Budget	\$1,338,992,813
17.5.1	Provide funds for growth in Medicaid	19,435,473
17.5.2	Reflect federal funds from the Balancing Incentive Payment Program and invest in Medicaid long term services and supports (\$19,086,355)	-
17.5.3	Increase the Nursing Home Provider Fee and use funds to update the nursing home reimbursement to reflect 2009 cost reports	21,516,878
17.5.4	Provide funds to maintain provider reimbursement and remove the 0.5% provider rate cut	1,539,444
17.5.5	Provide funds to adjust member copayments down to the nearest whole or half dollar	1,451,485
17.5.6	Reflect savings from increased efforts to identify inappropriate and medically unnecessary service utilization	(4,165,200)

Medicaid Aged, Blind, Disabled (ABD) FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.5.7	Increase Nursing Home Provider Fee to reflect The preliminary projections for FY13 revenue	\$35,563
17.5.8	Increase funds to reflect a decrease in the Federal Medical Assistance Percentage (FMAP) from 65.95% to 65.71%	9,039,313
	Net Change	\$48,852,956
	Revised Amount	\$1,387,845,769
	% Change	3.6%

Medicaid Low Income Medicaid (LIM) FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
	FY12 Current State Budget	\$939,577,761
17.6.1	Provide funds to maintain provider reimbursement and remove the 0.5% provider rate cut	3,189,513
17.6.2	Provide funds to adjust member copayments down to the nearest whole or half dollar	360,465
17.6.3	Replace state general funds with Tobacco Settlement Funds (\$8,000,000)	-
17.6.4	Increase funds to reflect a decrease in the Federal Medical Assistance Percentage (FMAP) from 65.95% to 65.71%	7,904,988
17.6.5	Restore funds reduced from Low Income Medicaid in FY2012	77,555,551
17.6.6	Reflect preliminary projection of FY 2013 Hospital Provider Payment revenue	11,163,979

Medicaid Low Income Medicaid (LIM) FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.6.7	Increase funds to reflect projected benefit expense	\$3,028,251
17.6.8	Increase funds to maintain 12 months of care management organization (CMO) payments	75,612,649
	Net Change	\$178,815,396
	Revised Amount	\$1,118,393,157
	% Change	19.0%

PeachCare for Kids



PeachCare for Kids

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
	FY12 Current State Budget	\$55,439,478
17.7.1	Provide funds to maintain provider rates and remove the 0.5% provider rate cut	349,622
17.7.2	Provide funds to adjust member copayments to the nearest whole or half dollar	229,550
17.7.3	Provide funds for a provider rate increase to ensure provider access for children of state employees newly eligible and enrolled in PeachCare	4,688,225
17.7.4	Increase funds to reflect a decrease in the federal financial participation rate from 76.17% to 76.00%	475,979
17.7.5	Provide funds for projected enrollment increase from removing the PeachCare eligibility exemption for qualifying children of state employees	8,027,728

PeachCare for Kids

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.7.6	Increase funds for projected benefits expense	\$3,791,481
17.7.7	Increase funds to maintain 12 months of care management organization (CMO) payments	6,576,280
	Net Change	\$24,138,865
	Revised Amount	\$79,578,343
	% Change	43.5%

State Health Benefit Plan Changes

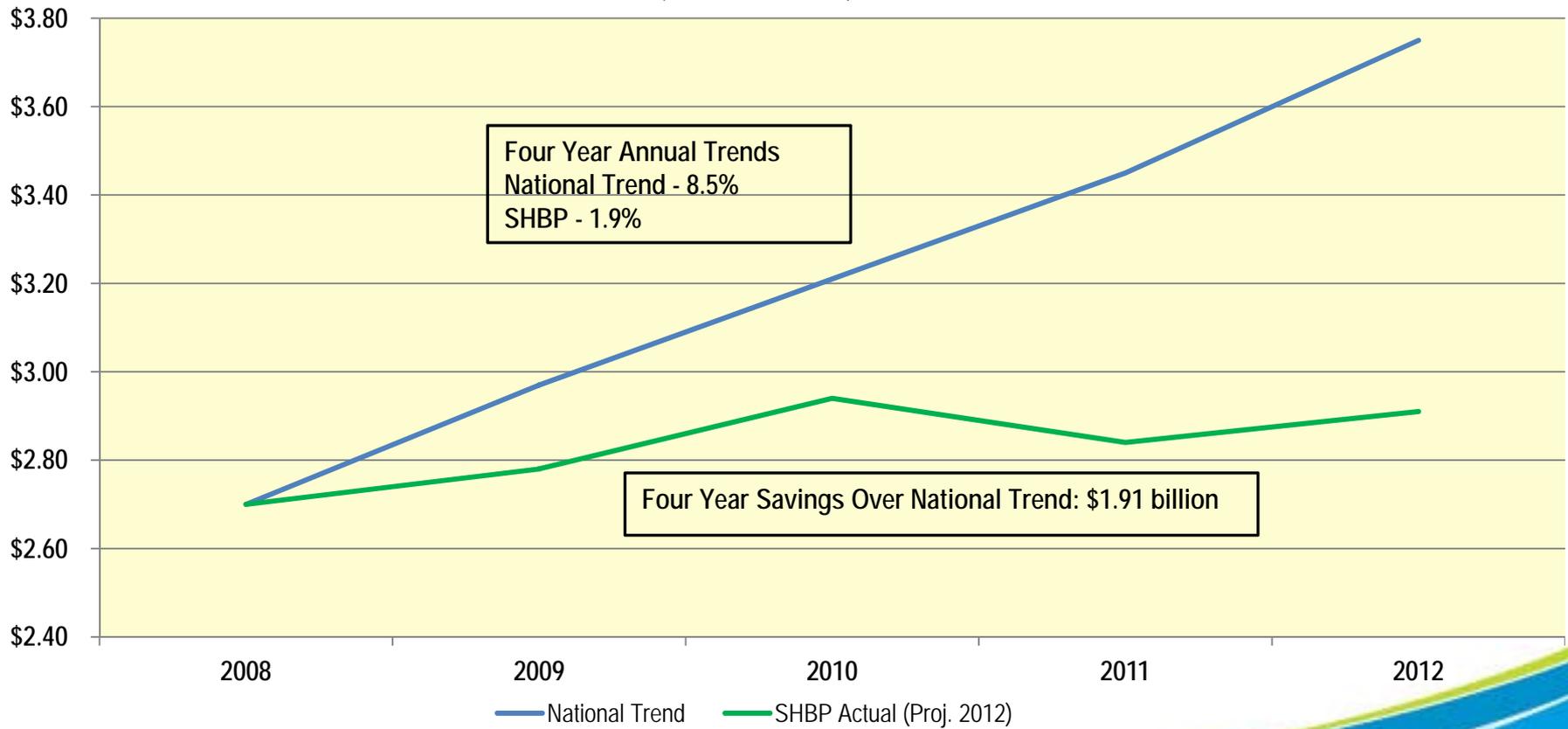


SHBP Fast Facts

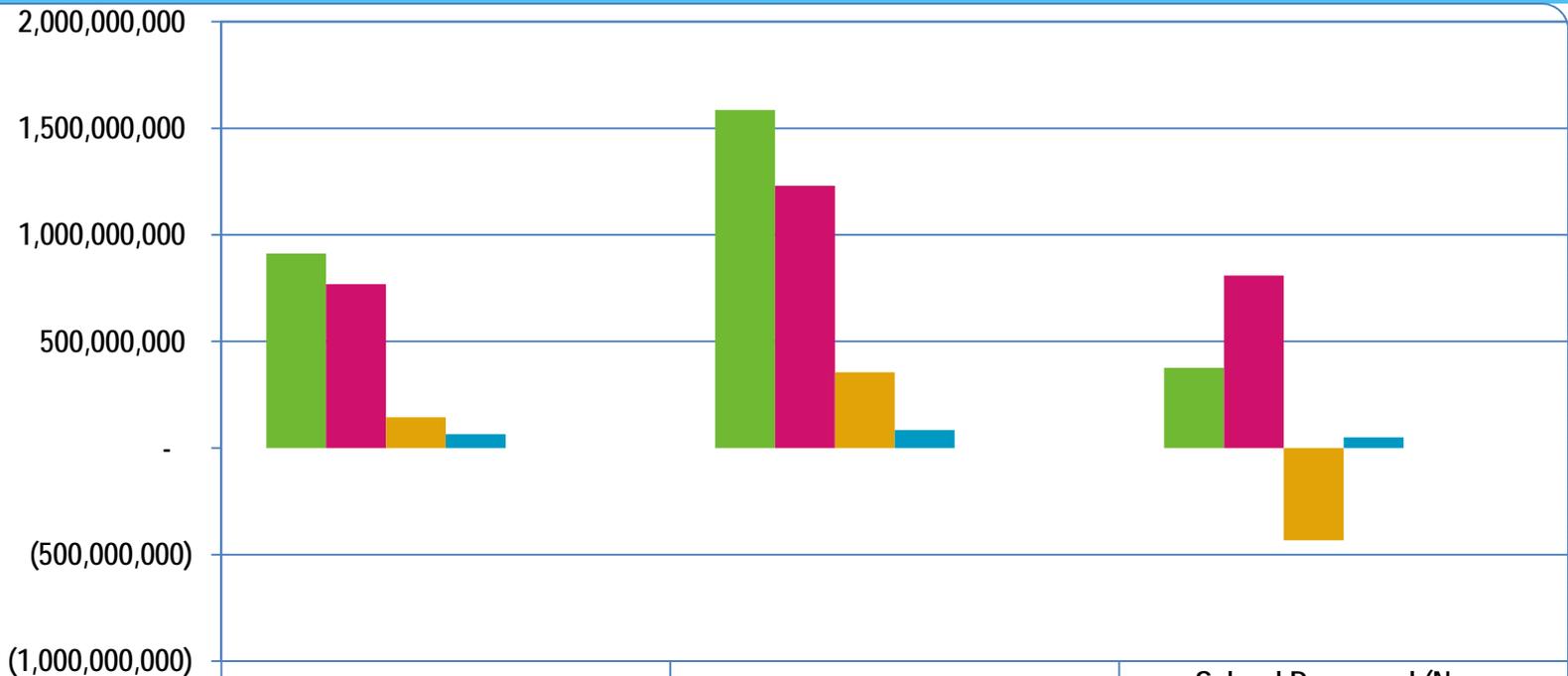
- **Covered Lives:** The SHBP covers 678,377 Georgians
 - Active Employees – 237,989
 - Retired Employees – 102,387
 - Dependents – 338,001
- **Total Funding:** \$2.9 billion (other funds)
- **Claims Paid:** On an average business day DCH pays out \$11.5 million for SHBP benefits.

SHBP Managed Well

5 Year Health Care Strategy (in \$billions)



SHBP Financial Plan Overview

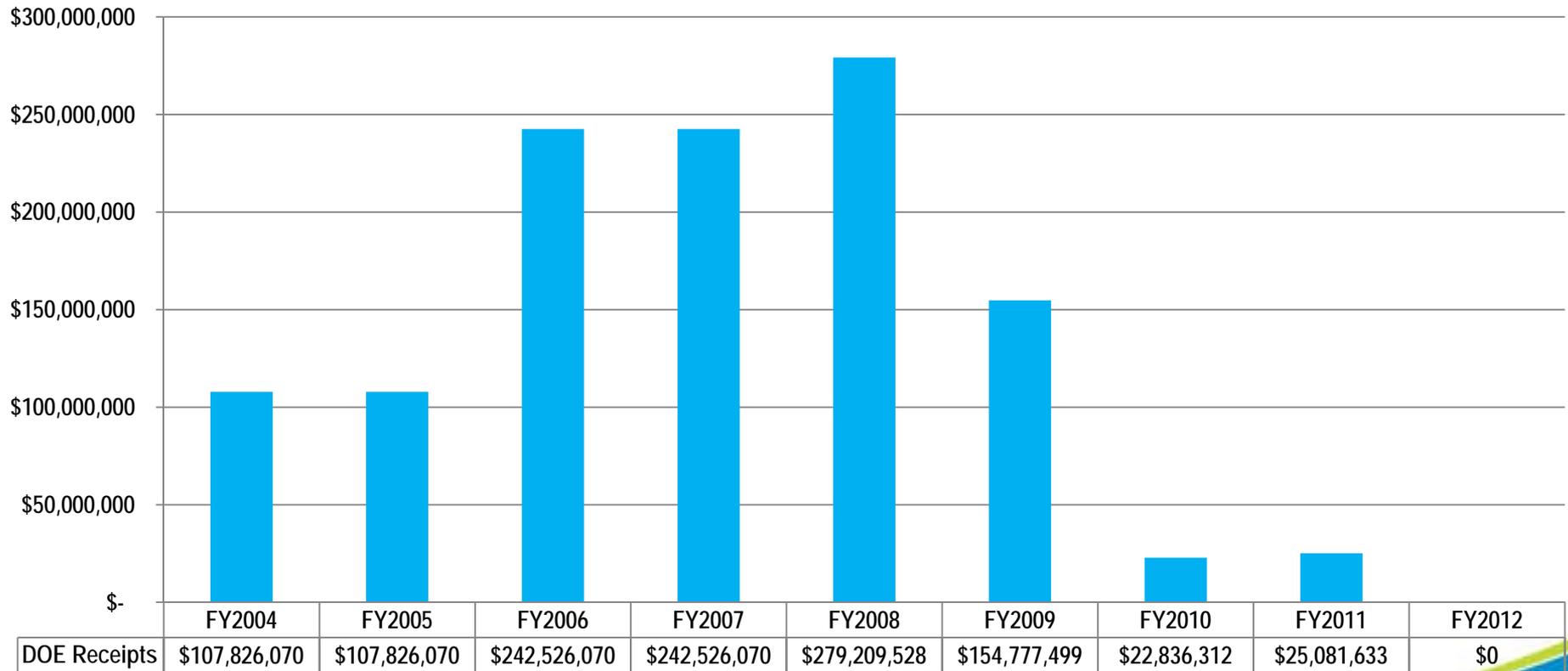


	State Employees	Teachers	School Personnel (Non-certificated)
■ Revenue	912,409,730	1,585,491,551	375,727,220
■ Expense	768,573,301	1,229,936,342	808,626,201
■ Surplus/(Deficit)	143,836,429	355,555,209	(432,898,981)
■ IBNR Liability	64,693,392	84,378,007	50,133,601
# of Active Members	60,733	106,668	71,197
# of Retiree Members	31,662	48,043	19,495

Represents FY11 Financial Activity

Department of Education Interagency Transfer

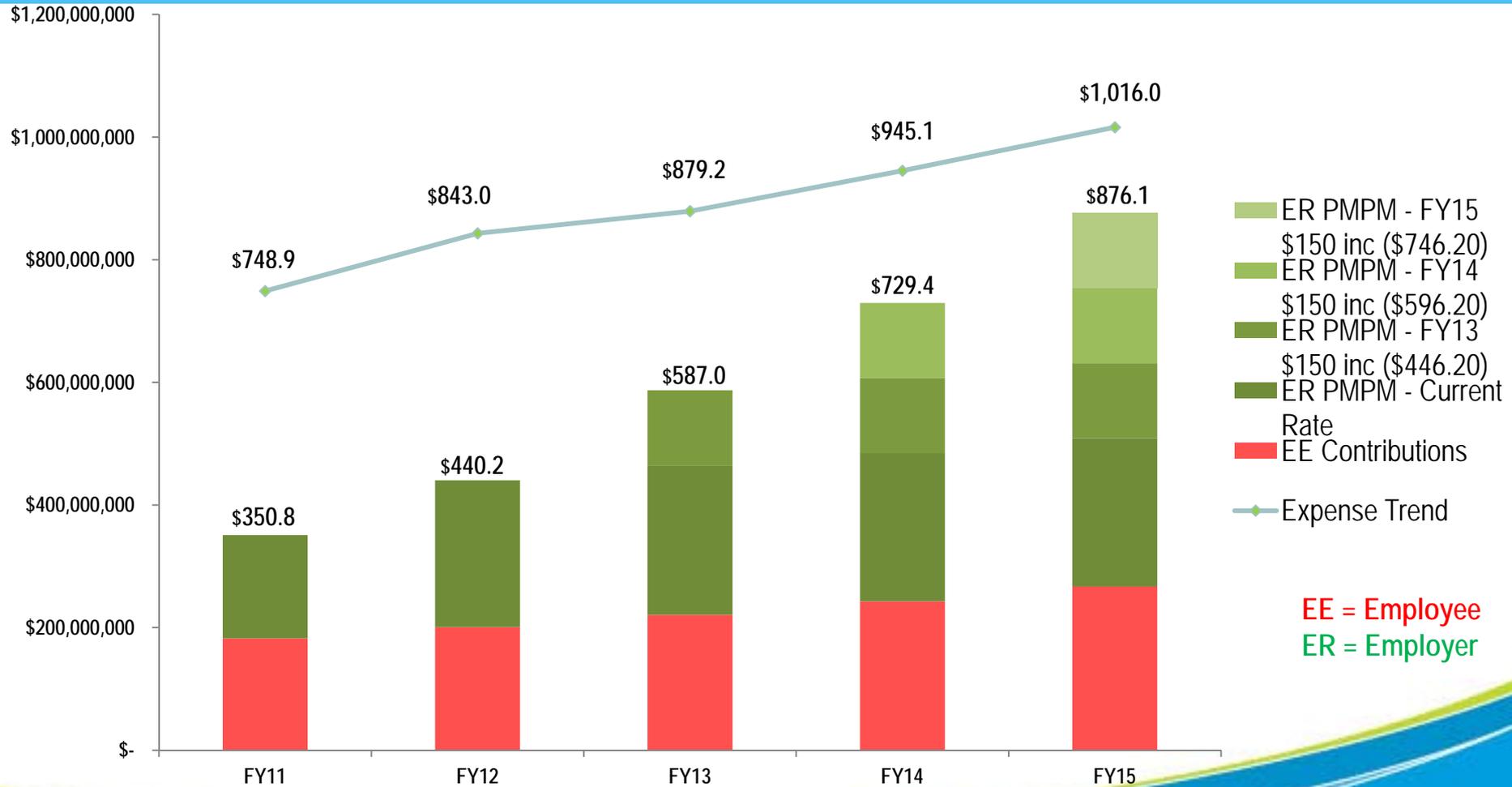
Department of Education Receipts



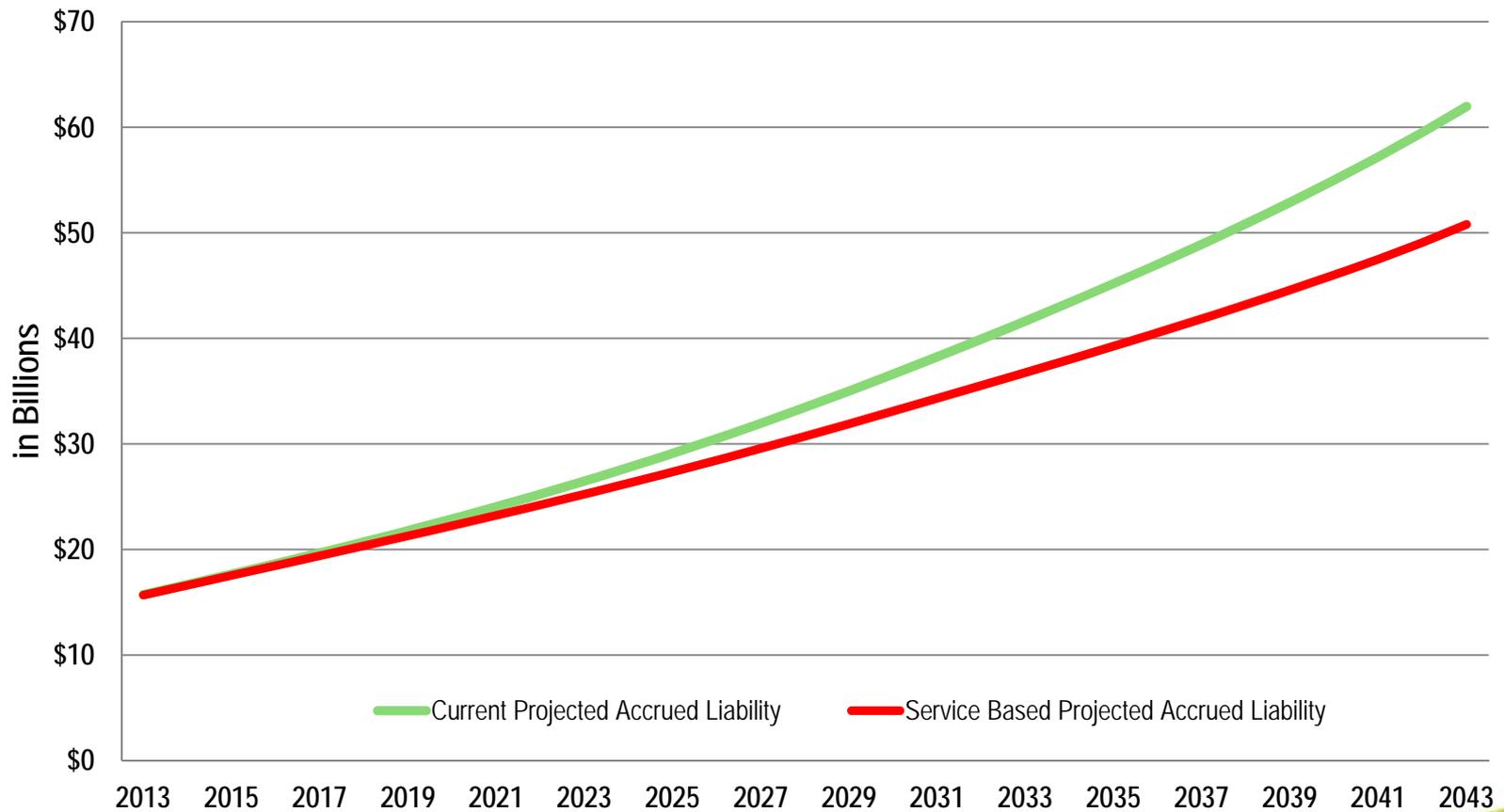
Action Taken to Address the \$815 million Deficit

- | | |
|---|-----|
| 1. Plan Design Changes | 45% |
| • Largest Wellness Plan in Nation | |
| 2. 3 Year Plan to Support Non-Certificated ("Classified") Employees by Increasing the Employer Contribution | 38% |
| 3. Increase Employee Premiums 11-17% | 17% |
| • PPACA = 6% | |

3 Year Classified (Non-Cert) Plan FY13-FY15 Employer Contributions



Other Post Employment Benefits



State Health Benefit Plan

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
	FY12 Current Budget (Other Funds)	\$3,084,954,412
17.8.1	Implement direct billing for employer contributions for certified personnel by setting a per member per month contribution that generates revenue equivalent to the percent of payroll amount	-
17.8.2	Increase employee premiums 6.2% due to increased costs as a result of the requirements of the Patient Protection and Affordable Care Act (PPACA)	35,800,000
17.8.3	Reflect savings from plan change design changes in the Medicare Advantage plans	(2,989,289)
17.8.4	Reflect savings from eliminating the vision benefit in the HMO plan	(4,722,689)
17.8.5	Reflect savings from implementing tiers for prescriptions in the HRA plan	(68,968,374)
17.8.6	Reflect expense savings from decreasing reimbursement rate for out-of-network providers	(33,100,000)
17.8.7	Reflect expense savings from implementing a voluntary mail order program for maintenance drugs	(1,581,792)

State Health Benefit Plan

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.8.8	Reflect expense savings from implementing a mandatory specialty drug benefit	(\$3,817,392)
17.8.9	Reflect reduced expense from the transition of eligible members to PeachCare	(32,000,000)
17.8.10	Reflect reduced expense from offering Tricare supplement plan to SHBP members who are former military personnel	(3,600,000)
17.8.11	Implement a tobacco cessation program	2,800,000
17.8.12	Eliminate the bariatric surgery benefit	(3,500,000)
17.8.13	Reflect savings from second year of EnGAgement wellness program implementation	(28,968,166)
17.8.14	Identify additional plan design and/or revenue strategies to cover projected FY13 expenses	(62,619,460)
17.8.15	Reflect updated revenue and expense projections	(116,306,875)

State Health Benefit Plan

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.8.16	Increase employer funding to the State Health Benefit Plan	\$68,956,408
17.8.17	Increase per member per month billings for non-certificated school service personnel from \$296.20 to \$446.20, effective July 2012	114,106,407
17.8.18	Reflect revenue from increased per member per month billings for non-certificated school service personnel from \$246.20 to \$296.20, effective September 2011	41,541,769
	Net Change	(\$98,969,453)
	Revised Amount	\$2,985,984,959
	% Change	(3.2%)

Healthcare Facility Regulation



Healthcare Facility Regulation Fast Facts

- Active facilities licensed: 14,732
- Annual/Periodic inspections: 2,674
- Complaints from the public: 2,605
- Initial and follow-up surveys: 2,712
- Incidents reported by facilities: 7,969
- Certificate of Need applications received for review: 97

Healthcare Facility Regulation FY13 Governor's Recommendation

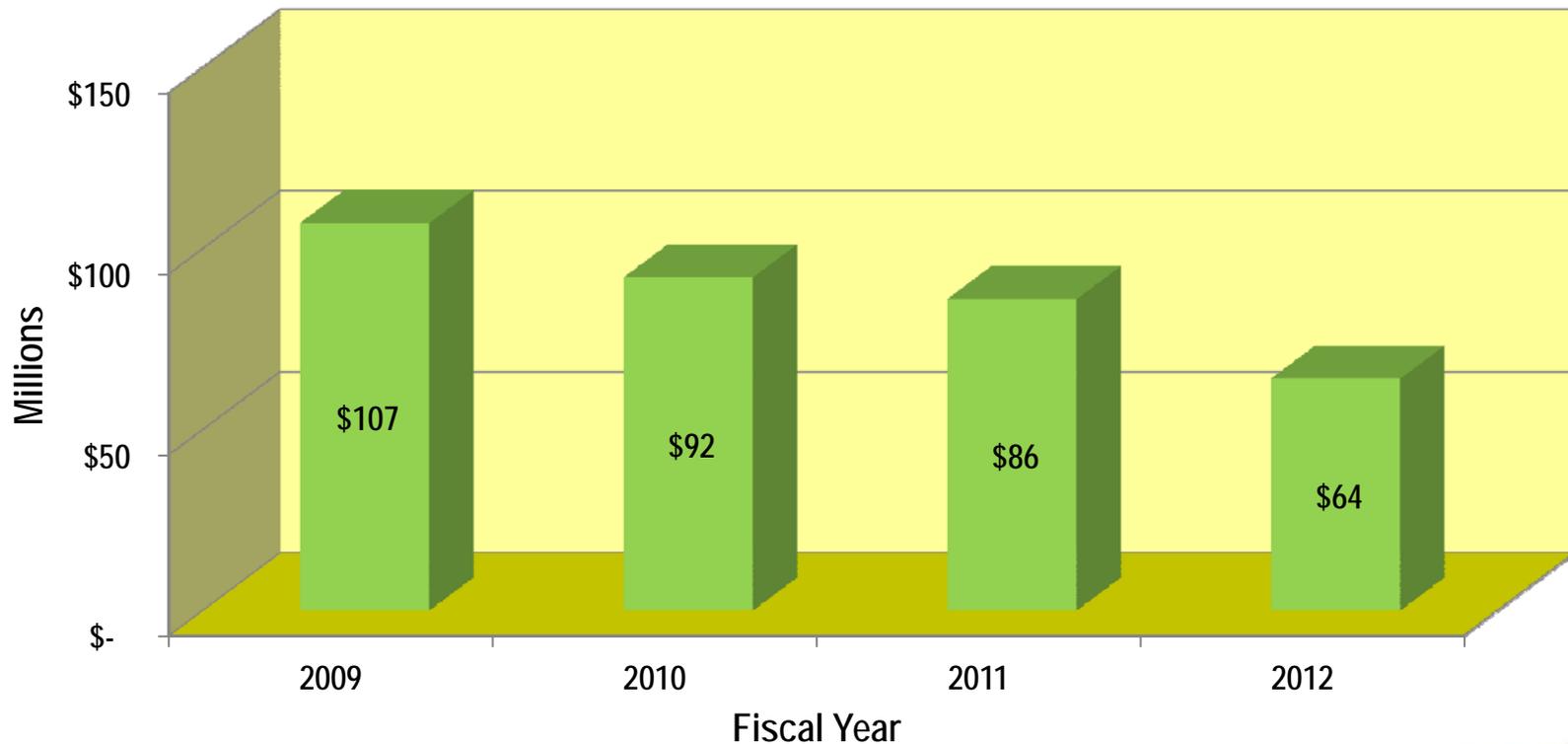
Tracking Sheet Reference		FY13 Changes
	FY12 Current State Budget	\$5,903,750
	Statewide Changes	193,677
17.3.1	Transfer funds for health planning from the Health Care Access and Improvement program to the Healthcare Facility Regulation program	1,026,719
	Net Change	\$1,220,396
	Revised Amount	\$7,124,146
	% Change	20.7%

DCH Administration



DCH Administration Budget by Fiscal Year

DCH Administration Budget - State Funds



Administration

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
	FY12 Current State Budget	\$63,956,153
	Statewide Changes	895,128
17.1.1	Transfer funds for the Office of Health Information Technology and Transparency to the Health Care Access and Improvement program to better align budget with program purpose.	(494,460)
17.1.2	Provide one-time funds to evaluate a new reimbursement methodology for outpatient services	600,000
17.1.3	Provide funds for the federally mandated implementation of expanded diagnosis and procedure codes for Medicaid billing (ICD-10)	1,663,396
17.1.4	Provide funds for consulting contract to assess the managed care program	650,000

Administration

FY13 Governor's Recommendation

Tracking Sheet Reference		FY13 Changes
17.1.5	Provide funds to expand efforts to identify inappropriate and medically unnecessary service utilization	\$2,000,000
17.1.6	Reduce funds for contractual services	(1,119,230)
17.1.7	Reduce funds for operating expenses	(164,050)
	Net Change	\$4,030,784
	Revised Amount	\$67,986,937
	% Change	6.3%

FY 2013 Budget Recommendations

Presentation on DCH Website

www.dch.georgia.gov

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