

Amended FY 2008 and FY 2009 Program Budgets

Presentation to
Joint Appropriations Committee
January 24, 2008



Agenda

- Fiscal Status
 - Medicaid
 - PeachCare for Kids
 - State Health Benefit Plan
- Governor's Budget Report
 - Amended FY 2008 (pp. 40-41)
 - FY 2009 (pp. 119 -124)
- Georgia Families Managed Care Update



Overview

- Medicaid Benefits
 - FY 2007 – \$36.3 million in state funds Returned to Treasury
 - FY 2008 – no additional funding needed
 - FY 2009 – no request for Medicaid growth
- PeachCare for Kids
 - FY 2007 – \$17.5 million in state funds Returned to Treasury
 - FY 2008/2009 – additional state funding needed for growth
 - Sufficient federal funds available through March 2009
- State Health Benefit Plan
 - FY 2007 – FY 2008 – annual operating surplus
 - FY 2009 – SHBP fund balance and projected revenue sufficient

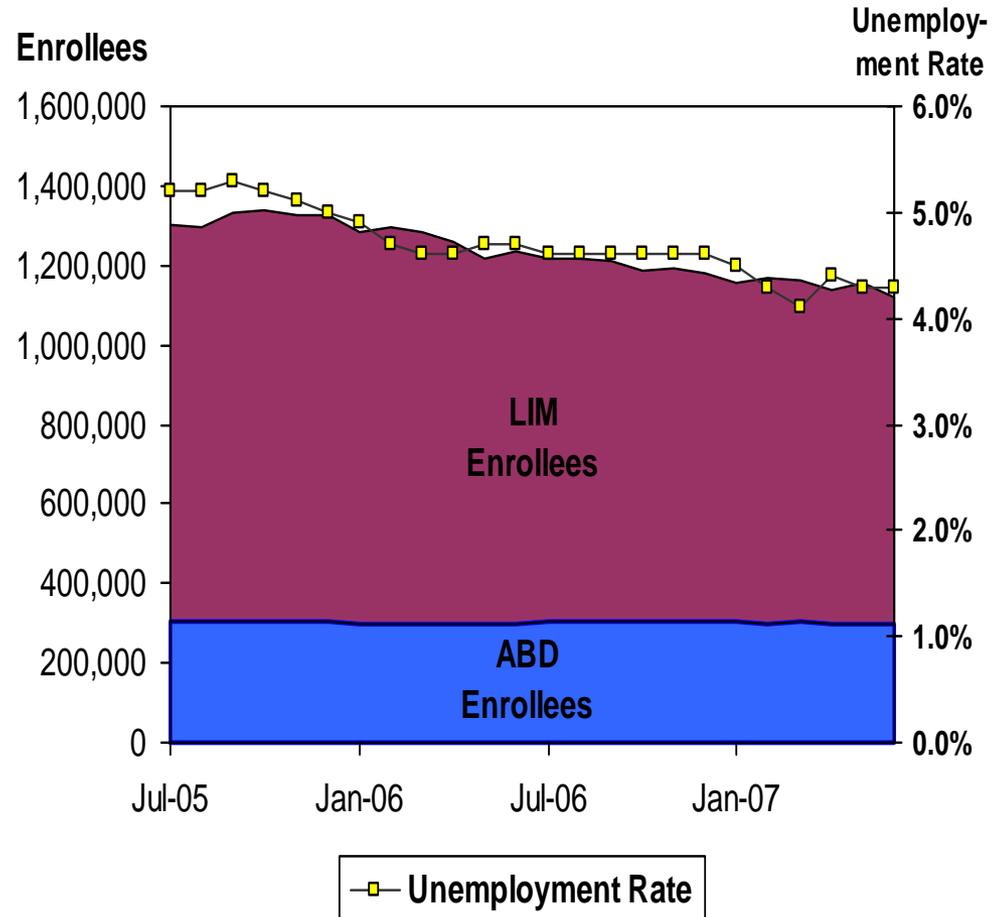
Medicaid: Enrollment in FY 2007

Medicaid enrollment decreased in FY 2007 as compared to FY 2006

7.8% reduction from 1.37 million to 1.27 million average monthly members, a reduction of 100k members.

WHY?

- More stringent eligibility document requirements and new third party verification process;
- Katrina enrollees from September 2005 declined in FY 2007, from 15,360 in December 2005 to 3,225 in March 2007; and
- Declining unemployment rate from 4.7% to 4.3%.



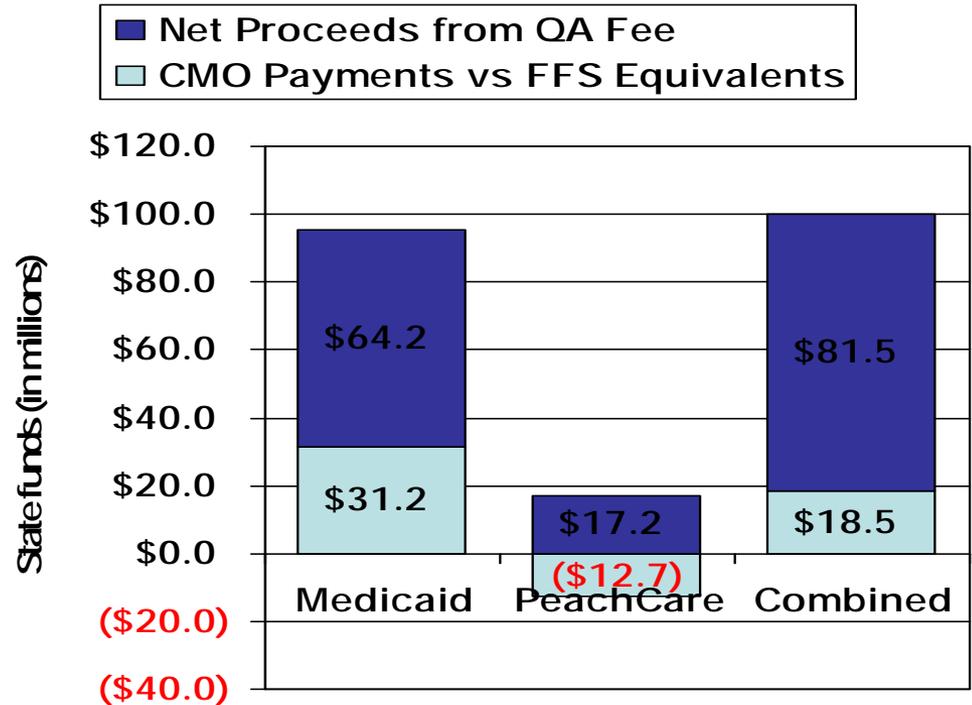
Medicaid: CMO Savings & Earnings FY 2007

The Georgia Families program for PeachCare & Medicaid in FY 2007:

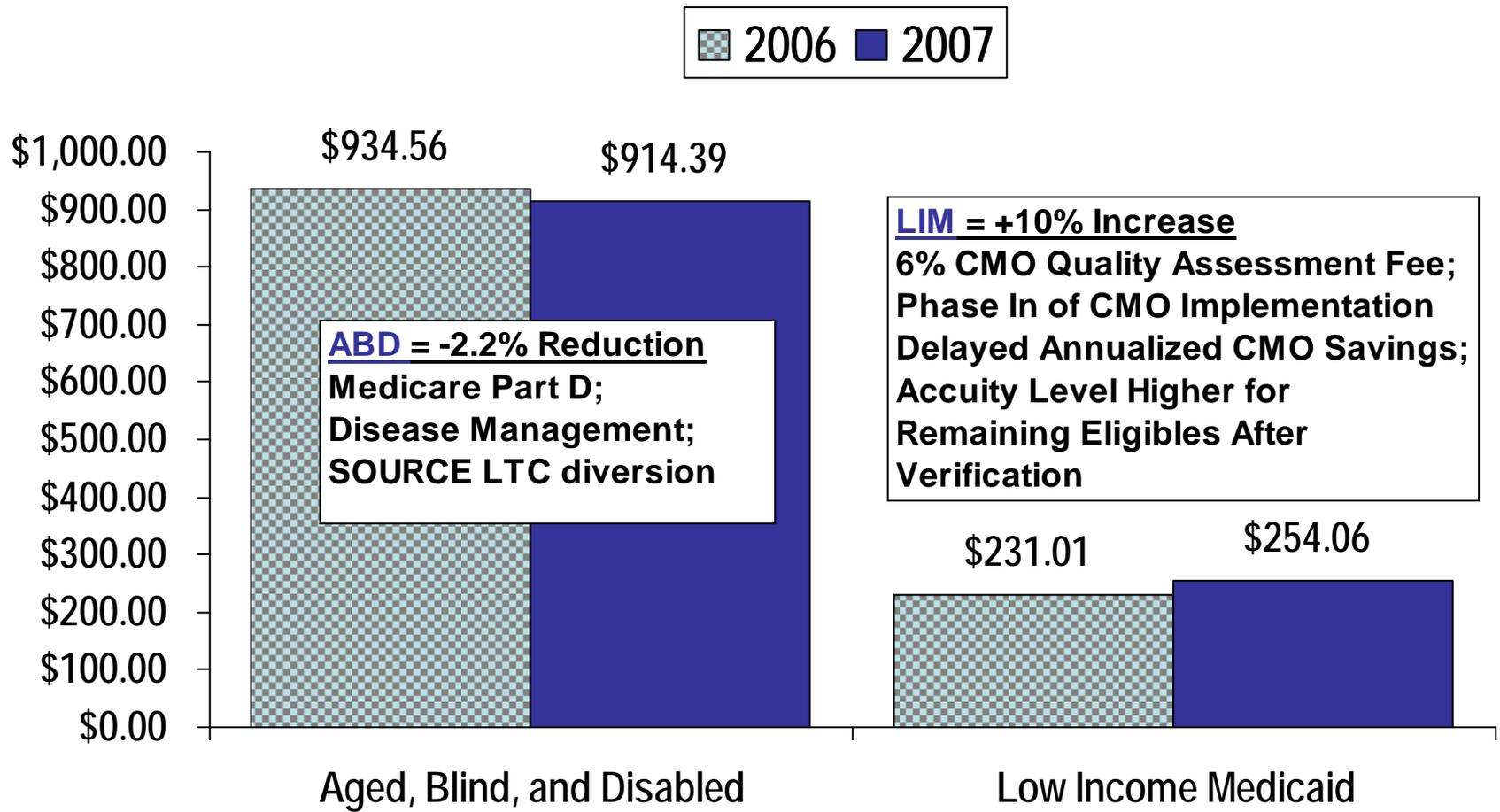
Saved \$18.5 million in state funds as compared to what Fee-For-Service would have cost.

Produced \$81.5 million in revenue from the Quality Assessment Fee Paid by the CMOs and used in lieu of state funds for Medicaid and PCK to draw down federal matching funds

TOTAL STATE FUND SAVINGS & EARNINGS:
\$100.0 million



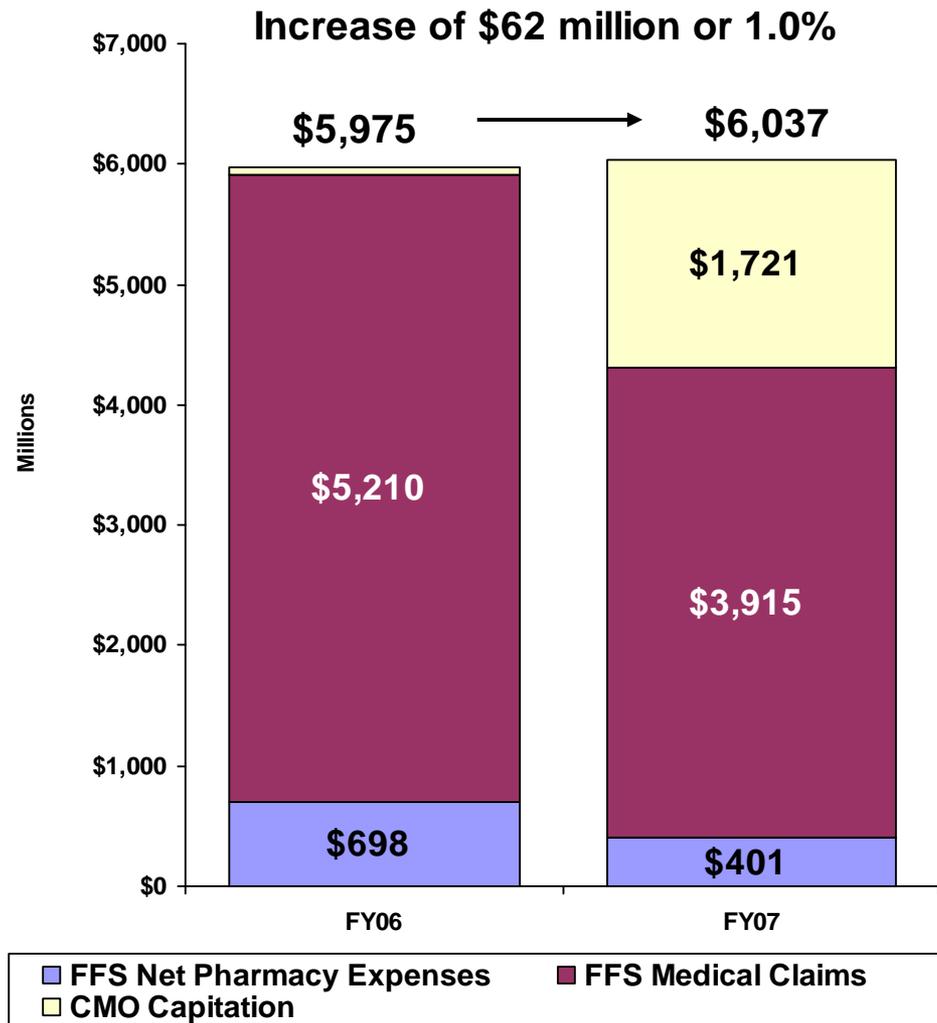
Medicaid: Incurred Per Member Per Month Expenditures



Medicaid: Incurred Fiscal Status: FY 2007

FY 2007

- Incurred expense **\$62 million or 1.0% higher** as compared to FY 2006
- FY 2007 IBNR fully funded for use in FY 2008 (\$235.6 million in state funds)
- Return of Surplus to Treasury = \$36.4 million in state funds

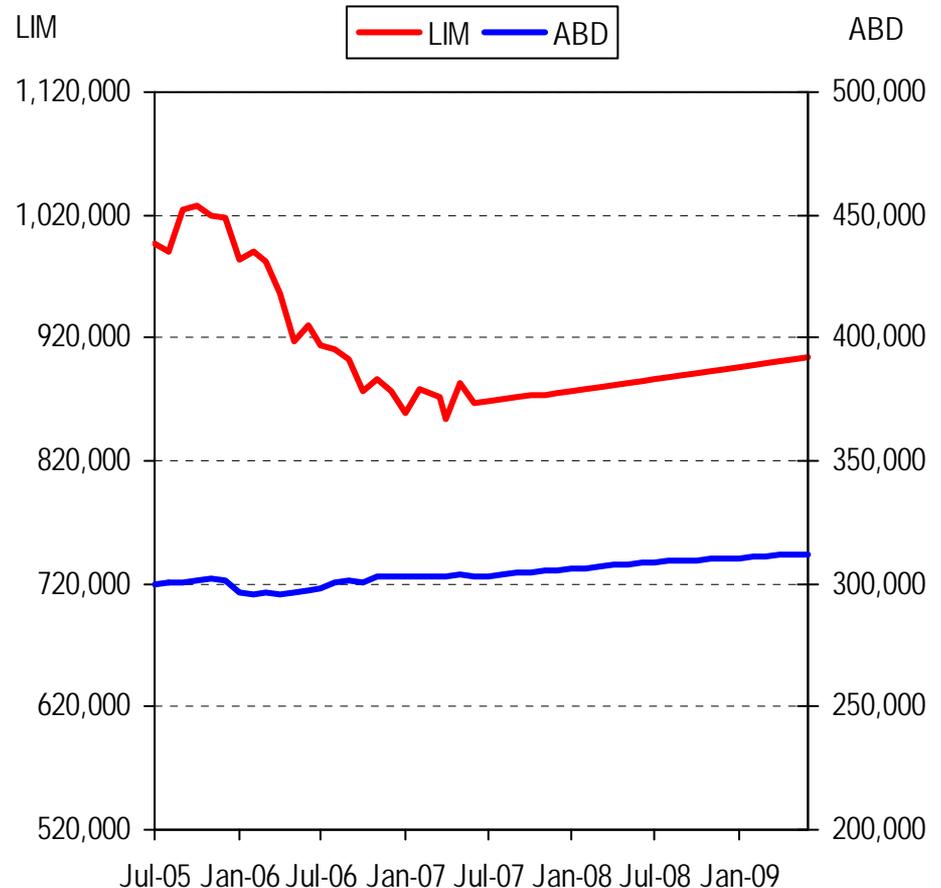


Medicaid: AFY 2008 and FY 2009: Expenditure Growth Assumptions

- Enrollment trends begin to increase

based on the projected population growth rates for the State of Georgia by age group. Projected Medicaid growth rate is **2.0%** annually.

- In FY 2008, monthly enrollment changes from 1.17 million in July 2007 to 1.19 million in June 2008.
- In FY 2009, monthly enrollment changes from 1.20 million in July 2008 to 1.22 in June 2009.



Medicaid: FY 2008 and 2009 Projected Fee-for-Service PMPM

Inflationary growth based on Global Insight Quarterly Health Care Cost Review.

- Inflation index for Medical Services
 - 3.1% for FY 2008
 - 3.6% for FY 2009
- Applied to the previous year PMPM by program group.
- Projected PMPM's consider FY 2008 ABD rate increases approved by the General Assembly
 - Adds 2.2% to ABD PMPM

Medicaid: FY 2008 and 2009 Projected Georgia Families CMO PMPM

FY 2008:

CMO Rate Update:

- Actuaries used FY 2005-FY2006 FFS data
- Inflation index of 3.1%
- Fixed administrative costs increased for Medicaid (but reduced for PCK)
- Projected **net increase of 4.0%** based on expected FY 2008 enrollment
- Pending CMS approval

FY 2009:

- Assume medical inflationary growth based on Global Insight Quarterly Health Care Cost Review.

Medicaid: FY 2008 Financing

FY2007 Projected Year End

Appropriations	\$2,638M
Cash Expense	-\$2,141M
Surplus	\$497M

Reserve FY08 Prefund	\$225M
Reserve Against FY07 IBNR	\$236M
Surplus to Treasury	\$36M

FY2008 Projected Use of Funds

Appropriations	\$2,434
Proj. Cash Expense	<u>(\$2,394)</u>
Surplus	\$40
FY07 IBNR	<u>\$236</u>
Reserve for Use in FY 2009 (FY 08 IBNR)	\$276

No New Medicaid Funding Needed in the Amended FY 2008 Budget



Medicaid: FY 2009 Financing

FY2008 Projected Use of Funds

Appropriations	\$2,434
Proj. Cash Expense	<u>(\$2,394)</u>
Surplus	\$40
FY07 IBNR	<u>\$236</u>
Reserve for Use in FY 2009 (FY 08 IBNR)	\$276

FY2009 Projected Use of Funds

Appropriations	\$2,214
Proj. Cash Expense	<u>(\$2,405)</u>
Deficit	<u>(\$191)</u>
FY08 IBNR	<u>\$276</u>
Reserve for Use in FY 2010 (FY09 IBNR)	\$85

No New Medicaid Funding Needed in the FY 2009 Budget;

HOWEVER, use of prior year funding in FY 2009 creates a hole in the FY 2010 Base because there is not sufficient prior year funding (i.e., IBNR) that will not be available in FY 2010.

PEACHCARE FOR KIDS



PeachCare for Kids: Factors Impacting Expenditures

Uncertainty of federal program's continuation

- Need for Congress to reauthorize SCHIP by September 30, 2007
- Continuing funding resolutions on month-to-month basis

FY 2007

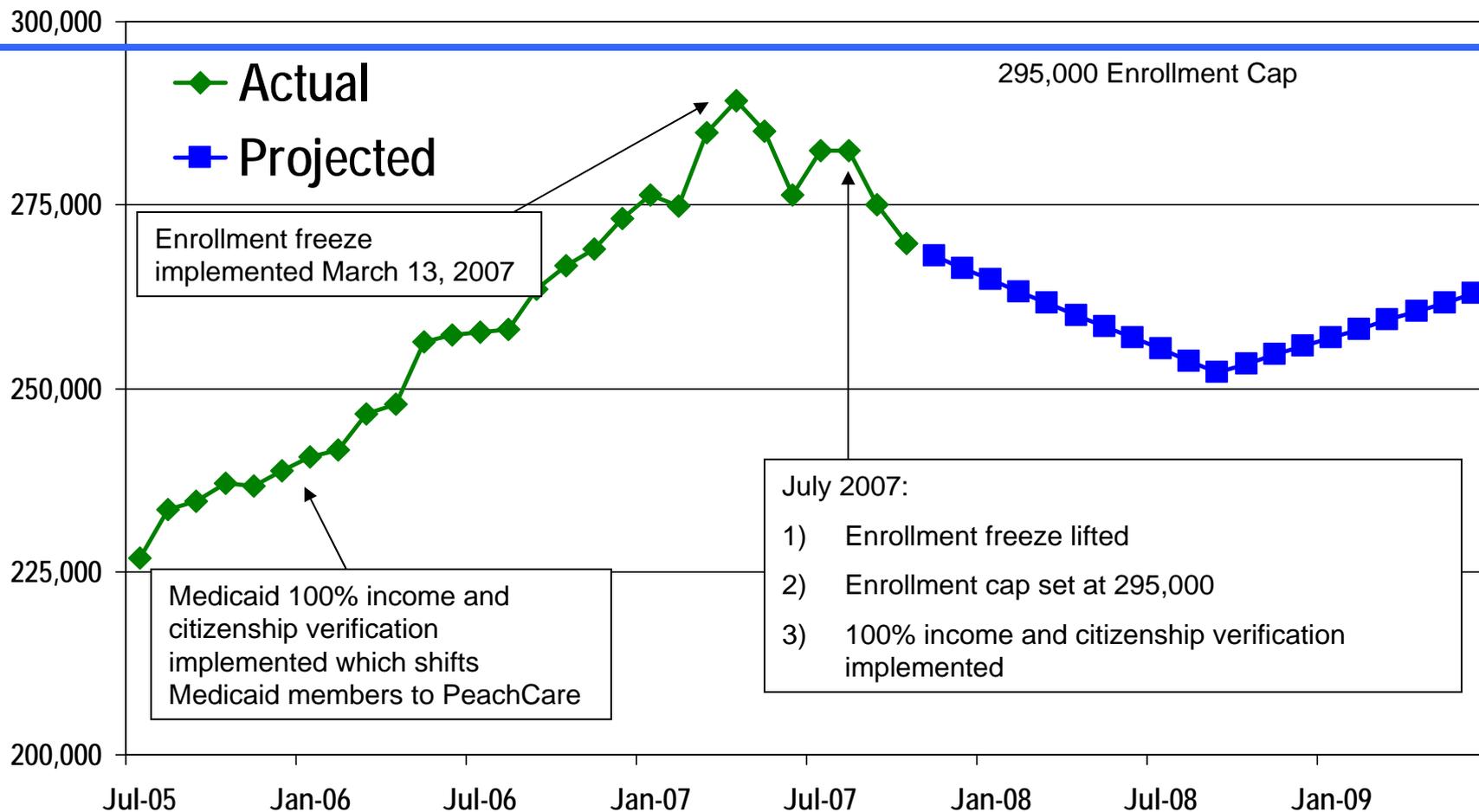
- Enrollment freeze in effect between March 2007 to June 2007

FY 2008

- Effective July 1, 2007, instituted verification of income and citizenship status on 100% of member applications
- Ended enrollment freeze, but implemented an enrollment cap of 295,000 members in July 2007
- Renegotiated lower CMO Rates
 - Reduced the administrative component of the CMO capitation payment
 - Pending CMS approval

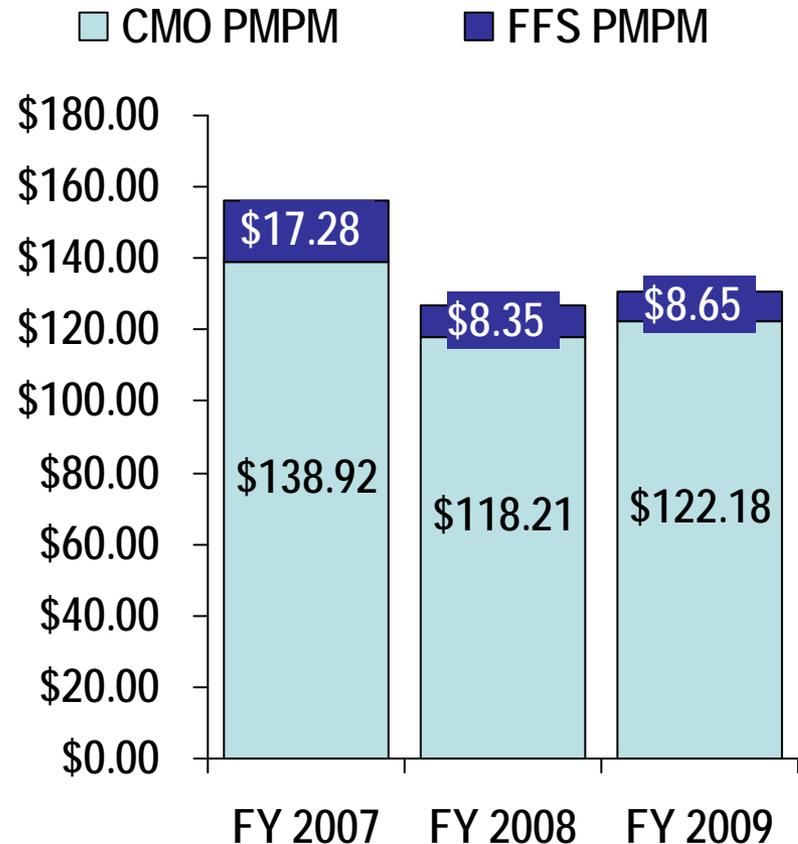


PeachCare for Kids: Enrollment



PeachCare for Kids: FY 2008 and FY 2009 Expenditure Growth Assumptions

- FFS payments reduced in FY 2008
 - FY 2007 – FFS part of the year as Georgia Families was implemented
 - FY 2008 and FY 2009 – FFS only for members in CMO choice period.
- Renegotiated lower CMO rates for FY 2008 – saves 14.9%
 - Reduction of administrative CMO costs in CMO capitation rates – saves 7%
 - Inflationary growth based on Global Insight Quarterly Health Care Cost Review.
 - More recent historical data considered



PeachCare for Kids: Projected State Fund Need

In millions	FY 2007	FY 2008	FY 2009
State Fund Revenue:			
State Appropriations	\$75.4	\$58.9	\$58.9
CMO QA Fees	23.5	20.7	19.6
PY Reserves	<u>27.4</u>	<u>0.4</u>	-
Total	\$126.3	\$80.0	\$78.5
State Fund Expense	\$108.4	\$95.9	\$95.8
Surplus/(Deficit)	\$17.9	(\$15.9)	(\$17.3)
Reserve for IBNR	\$0.4		



PeachCare for Kids: Federal Fund Availability

	Federal Funds (in millions)
Georgia's Base Allotment – FFY 2008	\$167.9
Shortfall Coverage – FFY 2008	Up to \$157.6
Total	Up to \$325.5
Projected FFY 2008 Expenditures*	\$271.5
<p>*Based on 270K average monthly membership during FFY 2008 and lower CMO rates for FY 2008; CMO rates are currently pending CMS approval. Federal shortfall coverage based on projections using CMO rates paid in FY 2007.</p>	

STATE HEALTH BENEFIT PLAN



SHBP: Financial Status

FY 2007

- Ended the year with an annual operating **surplus** of \$147.8 million
- Surplus will be added to the SHBP fund balance to cover ~ 1 month in claims expense

FY 2008

- * Project \$141.1 m operating **surplus** to be added to fund balance

Fiscal Year:	<u>2006</u>	<u>2007</u>	<u>2008</u>
Pay As You Go (PAYG) Revenue	\$2,165.0	\$2,454.6	\$2,682.2
<u>OPEB Revenue</u>	\$0.0	\$0.0	\$122.1
Total Revenue	\$2,165.0	\$2,454.6	\$2,804.3
Growth in Revenue		13%	14%
PAYG Expense	\$2,181.8	\$2,306.8	\$2,541.0
% Growth in Expense		6%	10%
\$ Growth in Expense		\$125.0	\$234.2
PAYG Surplus/(Deficit)	(\$16.8)	\$147.8	\$141.1
Fund Balance*	\$62.3	\$264.3	\$405.5

* \$54.2 is also included in the FY 2007 fund balance due to the deletion of prior year encumbrances and a reduction in IBNR.



SHBP: High Level Strategy

CY 2008

- Consumer Directed Healthcare Plan option available statewide (4.3% enrollment)
- No new enrollment in the Indemnity Plan
- Reduction in HMO Options from 4 to 3 plans
- 10% increase in employee premiums

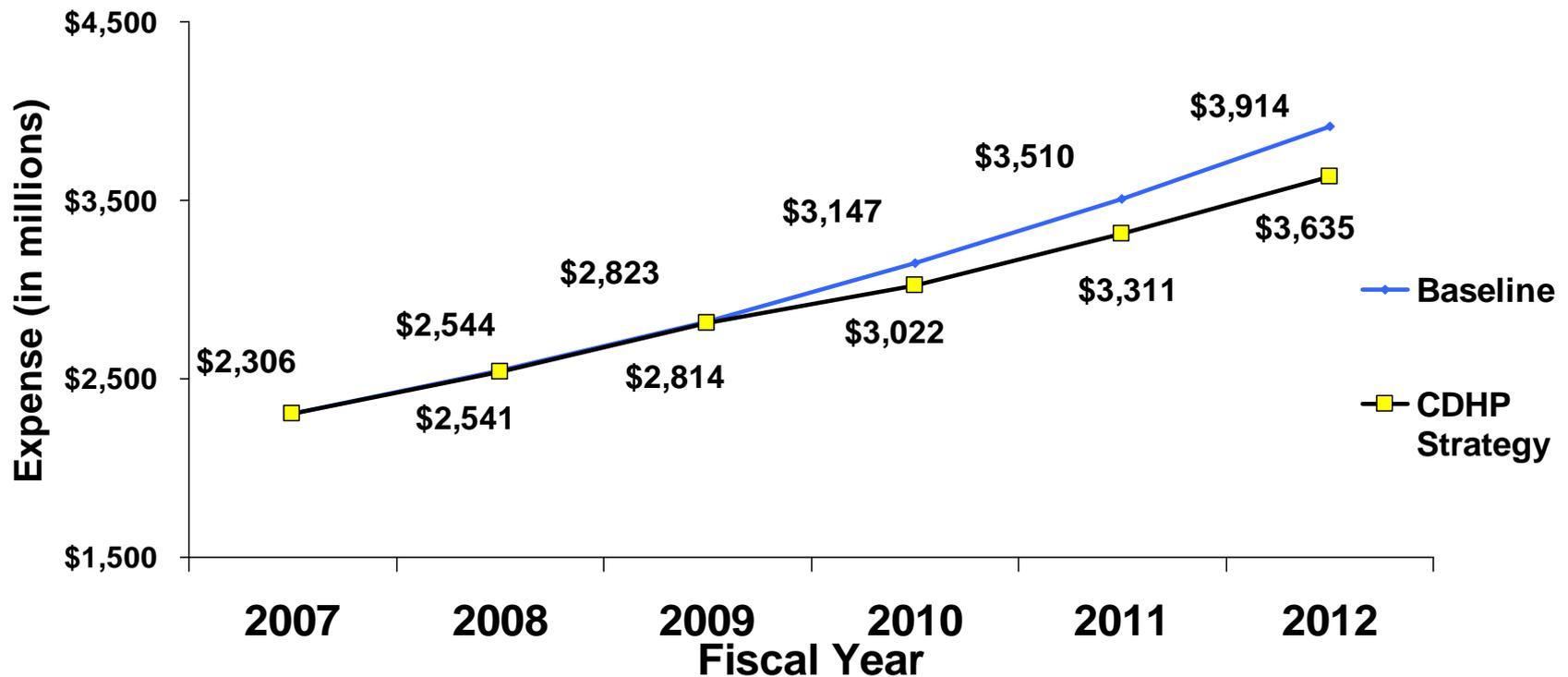
CY 2009

- Major procurement moving to two statewide health plan vendors, each offering the following choices:
 - Health Reimbursement Account-based (HRA) Plan
 - High Deductible Health Plan (HDHP)
 - PPO
 - HMO
 - Medicare Advantage (Only for members age 65 or over with Medicare Eligibility)
- Strategic premium pricing utilized to provide incentives to enroll in CDH plans



SHBP: Impact of Changes on Trend on Expense

The CY 2008 implementation of the SHBP 5-year CDHP strategy is expected to reduce expenditures by over \$600 million between FY 2008 and FY 2012.



SOURCE: Aon Projections, Oct 2007



Governor's Recommended Budget

Amended FY 2008 – pages 40-41



AFY 2008: Other Agency Funds

Programs and Services Funded by Other Agencies

- State-Owned Nursing Homes (DHR)
- Community Care Services Program (DHR)
- Mental Retardation Waiver Programs (DHR)
- Targeted Case Management Programs (DHR, DJJ)
- Community Mental Health Services (DHR)
- Diagnostic, Preventive, and Screening Services (DHR)
- School Based Medicaid (DOE)

Items [ABD #1, p. 40](#) and [LIM #1, p. 41](#) are accounting entries to:

- Represent updated projections of amounts other agencies will contribute in state matching funds to Medicaid
 - (Net Increase of \$6,564,586)
- Re-align the budget to reflect the receipt of other agencies' state matching funds in the correct programmatic budgets
 - Reduces ABD by \$96,173,107 (ABD #1)
 - Increases LIM by \$113,829,336 (LIM #1)



AFY 2008: Aged, Blind, and Disabled Financing State Funds (in millions)

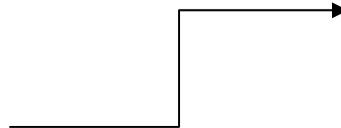
FY2007 Year End

Appropriation	\$1,501.2
Cash Expense	(\$1,187.6)
Surplus	\$313.6

Reserve FY08 Prefund	\$145.6
Reserve Against FY07 IBNR	\$164.9
Surplus to Treasury	\$3.1

FY2008 Projected Use of Funds

Appropriation	\$1,404.4
Proj. Cash Expense	(\$1,334.6)
Surplus	\$69.8
FY07 IBNR (Item ABD #2, p. 40)	\$164.9
Governor's Reduction (Item ABD #3, p. 40)	(\$70.4)
To Roll to 09	\$164.3



AFY 2008: Indigent Care Trust Fund

Disproportionate Share Hospital Program

48 Private Hospitals Qualify for a FY 2008 DSH Payment; however, they cannot finance the state share of the payment like public hospitals (state share = \$13,123,425)

10 Considered Deemed, which means they have a:

- Medicaid inpatient utilization rate of at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the State; and a
- Low-income utilization rate that exceeds 25 percent.

Federal Regulations (Social Security Act, Title XIX, Section 1923) require payments to hospitals “deemed” as disproportionate.

Item ICTF #1, p. 41 - \$6,660,093 in state funds recommended for deemed hospitals only



AFY 2008: DSH Eligible Private Hospitals

Deemed	Not Deemed		
<p>Atlanta Medical Center Barrow Community Hospital Children's Healthcare of Atlanta at Egleston Children's Healthcare of Atlanta at Scottish Rite Donalsonville Hospital, Inc. Memorial Hospital of Adel Minnie G. Boswell Memorial Hospital Phoebe Worth Medical Center South Fulton Medical Center Walton Medical Center</p>	<p>Berrien County Hospital Candler Hospital Cartersville Medical Center Chestatee Regional Hospital Cobb Memorial Hospital Coliseum Medical Centers Crawford Long Hospital of Emory University Doctor's Hospital Doctor's Hospital of Augusta East Georgia Regional Medical Center Emory Eastside Medical Center Emory University Hospital Emory-Adventist Hospital</p>	<p>Fairview Park Hospital Fayette Community Hospital Flint River Community Hospital Gordon Hospital Hamilton Medical Center Hughston Orthopedic Hospital Mountain Lakes Medical Center Newnan West Hospital North Fulton Regional Hospital North Georgia Medical Center Palmyra Medical Centers Piedmont Hospital Piedmont Mountainside Hospital</p>	<p>Redmond Regional Medical Center Shepherd Center Smith Northview Hospital Spalding Regional Hospital St. Francis Hospital St. Joseph Hospital-Atlanta St. Joseph Hospital-Augusta Stewart Webster Hospital Tattnall Community Hospital Taylor Regional Hospital Taylor Telfair Regional Hospital Wheeler County Hospital</p>

AFY 2008: Low Income Medicaid Financing State Funds (in millions)

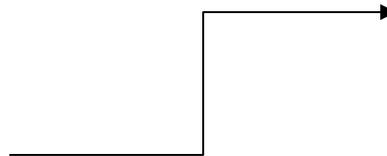
FY2007 Year End

Revenue	\$1,136.3M
Expense	(\$952.4M)
Surplus	\$183.9M

Reserve FY08 Prefund	\$79.8M
Reserve Against FY07 IBNR	\$70.8M
Surplus to Treasury	\$33.3M

FY2008 Projected Use of Funds

Revenue	\$1,029.6
Expense	(\$1,059.6)
Deficit	(\$30.0)
FY07 IBNR Item LIM #2, p. 41	<u>\$70.8</u>
To Roll to 09	\$40.8

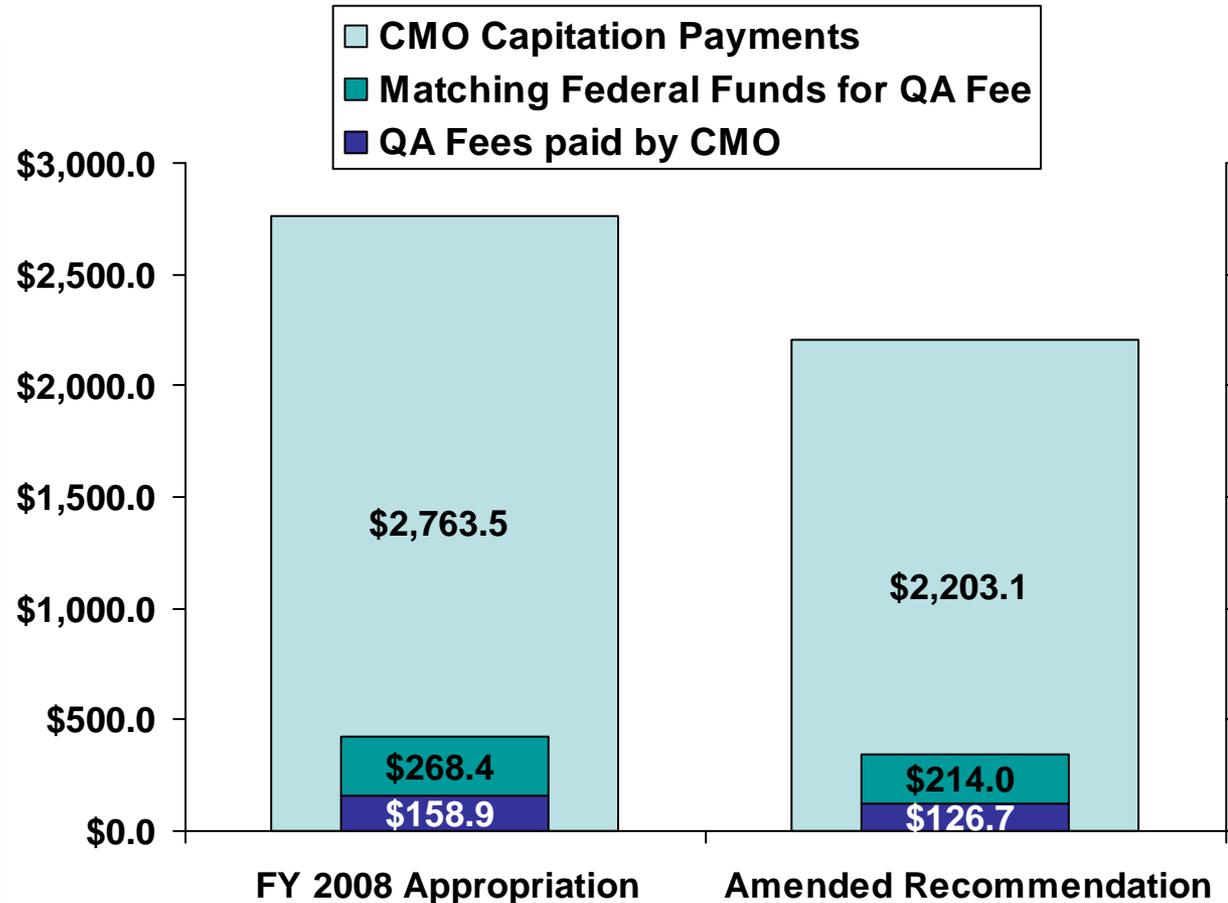


AFY 2008: CMO Quality Assessment Fees - LIM

Item LIM #3, p. 41

The FY 2008 QA fee revenues are projected to **decrease by \$32.2 million** due to lower CMO capitation payments as a result of projected lower CMO enrollment.

A change in federal regulations reduced the QA assessment fee from 6% of CMO revenue to 5.5% effective January 1, 2008.



AFY 2008: PeachCare for Kids

Provide state funds to cover projected benefit expenditures.

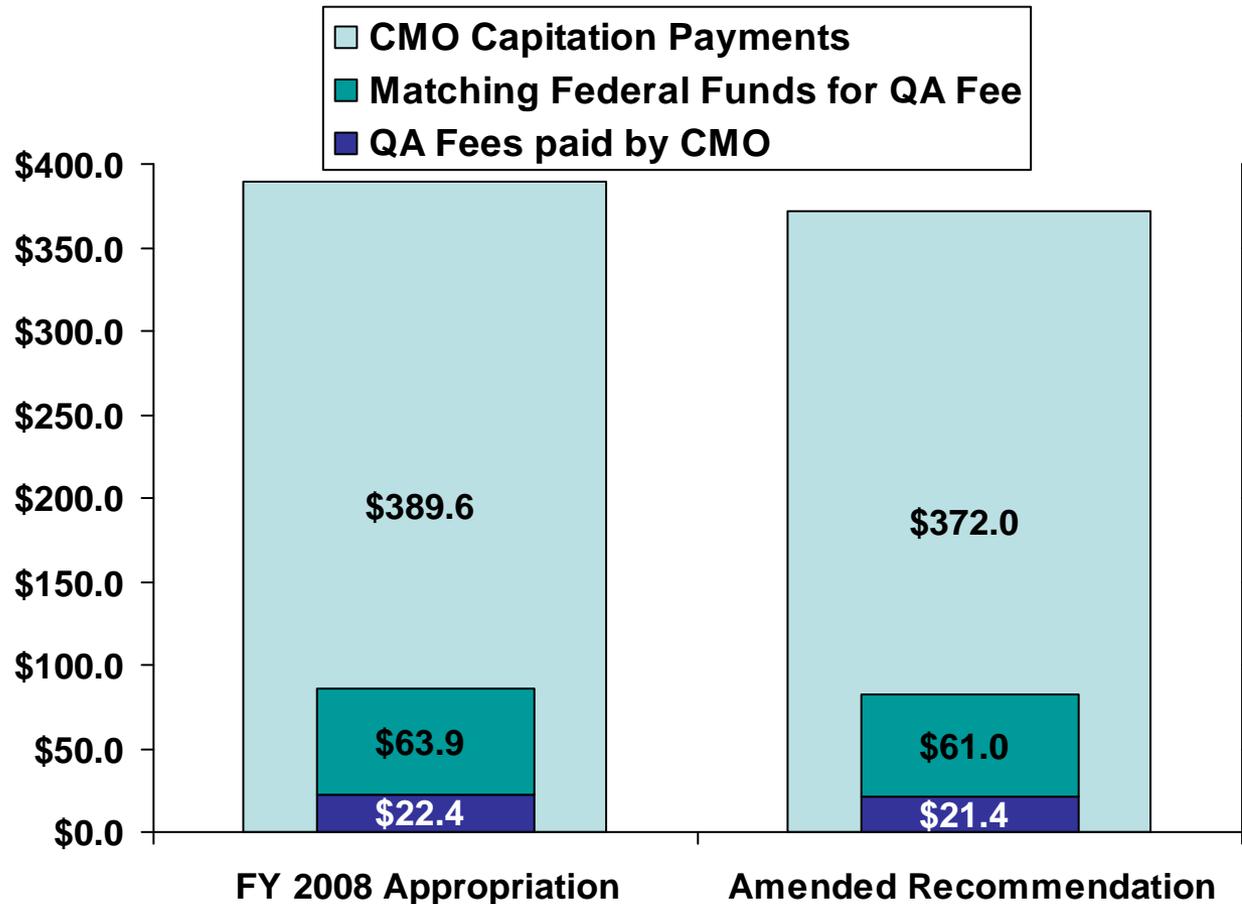
In millions	SFY 2008
State Fund Revenue:	
State Appropriations	\$58.9
CMO QA Fees	20.7
PY Reserves	<u>0.4</u>
Total	\$80.0
State Fund Expense	\$95.9
(Deficit) Item: PCK #1, p. 41	(\$15.9)

AFY 2008: CMO Quality Assessment Fees - PCK

Item PCK #2, p. 41

The FY 2008 QA fee revenues are projected to **decrease by \$1.0 million** due to lower CMO capitation payments as a result of projected lower CMO enrollment.

A change in federal regulations reduced the QA assessment fee from 6% of CMO revenue to 5.5% effective January 1, 2008.



Governor's Recommended Budget

FY 2009 – pages 119 - 124



FY 2009: Administration

Programmatic Realignment

- Two FTE's and related expenses transferring from Administration (Item: Admin #6, p. 119) to Health Care Access and Improvement (HCAI #4, p. 120) - \$171,426.
- Replace loss of one-time funds in Administration (Item: Admin # 7, p. 119) by transferring funds from Aged, Blind, and Disabled (ABD #1, p. 119) - \$14,130,000.



FY 2009: Administration

Health Information Exchange

Item: Admin #9, p. 119 -
\$750,000 in state funds

Health Information Technology & Transparency Advisory Council

Council: Providers, Plans, Public Health, Employers,
Federal Govt, Consumers, Labs, Rural Health

- Established Health Information Exchange Matching Grants
- Year 2: Monitor progress of HIE grantees, prioritize statewide HIE activities & align with Federal initiatives, further develop the "value proposition" and sustainability model for HIE, Participate in national and regional coalitions and collaboratives related to HIE

DCH Publicly Funded Health Plans: Health Information Exchange Programs

- SHP
- Medicaid CMOs
- Medicaid FFS Disease Management Programs

Opportunities to Implement Interoperable HIE across State Programs

- e- Prescribing (Physician-Patient-Pharmacy-Payers)
- Personal Health records – Patient/Consumer portable record & health info
- Electronic Medical Records (Provider – Provider)
- Electronic Health Records (Provider-Payer, Aggregate data for Public Health, etc)

HIE Matching Fund Grants awarded November 1, 2007 to 4 of the 11 partnerships applying:

Chatham County Safety Net - \$272,588
Sumter Regional Hospital - \$250,000
East Georgia Healthcare Center - \$250,000
Washington County Regional Medical Center - \$80,500

Governor's FY 2009 recommendation is for the second year in the matching grant program supporting the development of e-prescribing, electronic medical record programs, and patient health records



FY 2009: Aged, Blind, and Disabled Financing

FY2008 Projected Use of Funds

Appropriations	\$1,404.4
Proj. Cash Expense	<u>(\$1,334.6)</u>
Surplus	\$69.8
FY07 IBNR	\$164.9
Governor's Reduction	<u>(\$70.4)</u>
To Roll to 09	\$164.3

FY2009 Projected Use of Funds

Appropriations	\$1,258.7
Transfer to Admin (Item: ABD #1, p. 119)	<u>(\$14.1)</u>
Governor's Adjustment (Item: ABD #2, p. 119)	<u>(\$9.0)</u>
Revised ABD Appropriation	\$1,235.6
Proj. Cash Expense	<u>(\$1,308.5)</u>
Governor's Adjustment (Item: ABD #2, p. 119)	<u>\$9.0</u>
Revised Projected Cash Expense	<u>(\$1,299.5)</u>
Deficit	<u>(\$63.9)</u>
FY08 IBNR after realignment (ABD #10, p. 120)	<u>\$63.9</u>
Reserve for Use in FY 2010	\$0

FY 2009: Enhancements – Medicaid Benefits

Independent Care Waiver Program (ICWP)

- Add 100 slots to move eligible members from institutions to the community (Money Follows the Person Initiative).
Cost: \$4.0 million total funds; \$1.4 million state funds
Item: ABD #3, p. 120 - \$1.4 million state funds
Item: LIM #1, p. 121 - \$3.7 thousand state funds
- Add 50 slots to address community based waiting list.
Cost: \$2.2 million total funds; \$0.8 million state funds
Item: ABD #4, p. 120 - \$0.8 million state funds
Item: LIM #2, p. 121 - \$2.0 thousand state funds

Date of last rate increase for ICWP was FY 2003.

FY 2009: Enhancements – Medicaid Benefits

Physician and Physician Related Services

Change the maximum allowable reimbursement to 88.5% of 2007 RBRVS as specified by Medicare for Georgia Area 1 (Atlanta).

- Services provided by a physician's assistant and advanced nurse practitioner will be limited to no more than 90% of the maximum allowable amount paid to a physician.
- Covers the following practitioners and services:
Physician, Physician Assistant, Nurse Midwife, Advanced Nurse Practitioner, Family Planning, Podiatry, Oral Surgery, Children's Intervention Services, Children's Intervention School Services, Psychology, Dialysis Professional Services and Vision.

Currently based on the 84.6% of 2000 RBRVS with the date of last increase in FY 2003 with a 10% rate reduction in FY 2004.

Cost: \$29.0 million total funds; \$10.3 million state funds

Item: ABD #5a, p. 120 - \$3.4 million state funds

Item: LIM #3a, p. 121 - \$6.6 million state funds

Item: PCK #1a, p. 122 - \$230.3 thousand state funds



FY 2009: Enhancements – Medicaid Benefits Comparison of Georgia Rates to Medicare

Examples of Codes Frequently Billed by Practitioners

Code	Descriptor	Current	Proposed	Difference
99214	Office/Outpatient Visit	62.71	68.16	9%
99232	Subsequent Hospital Care	48.02	65.41	36%
99283	Emergency Department Visit	54.80	61.96	13%
92004	Eye Exams	90.69	85.73	-6%

*Note - Certain nurse practitioners and physician assistants are reimbursed at 90% of these rates.



FY 2009: Enhancements – Medicaid Benefits

Inpatient Hospital Services

Using FY 2005 cost reports:

- **Increase** cost coverage from **95.1% to 98.6%** for **Levels I – III Trauma hospitals**.
- **Increase** cost coverage from **90.1% to 92.6%** for **all other hospitals**.

Date of last increase for Inpatient Hospital was FY 2003 with rate reductions in FY 2004 and FY 2006.

Cost: \$43.8 million total funds; \$15.6 million state funds

Item: ABD #5b, p. 120 - \$6.6 million state funds

Item: LIM #3b, p. 121 - \$8.8 million state funds

Item: PCK #1b, p. 122 - \$224.1 thousand state funds



FY 2009: Enhancements – Medicaid Benefits

Outpatient Hospital Services

Use facility-wide Cost-to-Charge ratios to determine cost:

- 100% of cost for **Levels I – III Trauma hospitals**
- 95% of cost for **all other hospitals**
- **Increase triage fee** for non-emergent use of the ER from \$50 to \$60
- **Increase cap** on outpatient services based on increases in inpatient services

Date of last increase for Outpatient Hospital was FY 2002 with rate reductions in FY 2005 and FY 2006.

Cost: \$18.9 million total funds; \$6.6 million state funds

Item: ABD #5c, p. 120 - \$2.1 million state funds

Item: LIM #3c, p. 121 - \$4.1 million state funds

Item: PCK #1c, p. 122 - \$389.2 thousand state funds



FY 2009: Enhancements – Medicaid Benefits

Home Health Services

- Update to FY 2006 cost reports
- Increase cap from \$75.00 to \$90.00 per visit
- Pay the lesser of the cap or 100% cost

Date of last rate increase for home health was FY 2002 with a 10% rate cut applied in FY 2004.

	FY 2003	FY 2007	% Change
Patients	10,135	6,124	-40%
Units per Patient	21	22	5%
Cost per Unit	\$69.94	\$41.77	-40%
Net Payment	\$15,054,756	\$5,610,651	-63%

Cost: \$3.8 million total funds; \$1.4 million state funds

Item: ABD #5d, p. 120 - \$1.1 million state funds

Item: LIM #3d, p. 121 - \$232.9 thousand state funds

Item: PCK #1d, p. 122 - \$17.0 thousand state funds



FY 2009: Enhancements – Medicaid Benefits

Increase EPSDT HealthCheck rates by 2.5%.

Date of last increase in FY 2007, but only for healthchecks for children up to age 8.

Cost: \$1.6 million total funds; \$0.6 million state funds

Item: ABD #5e, p. 120 - \$18.3 thousand state funds

Item: LIM #3e, p. 121 - \$491.4 thousand state funds

Item: PCK #1e, p. 122 - \$47.7 thousand state funds

FY 2009: Enhancements – Medicaid Benefits

Outpatient Hospital and Physician Services

Recognize RBRVS rates for digital mammography

- Currently reimbursement is based on the analog mammography rate
 - Analog: \$66.51 to \$83.09 depending on code
 - Digital: \$108.73 to \$134.94 depending on code

Cost: \$1.0 million total funds; \$0.4 million state funds

Item: ABD #5f, p. 120 - \$113.5 thousand state funds

Item: LIM #3f, p. 121 - \$223.8 thousand state funds

Item: PCK #1f, p. 122 - \$21.1 thousand state funds



FY 2009: Enhancements – Medicaid Benefits

Physician

Increase rates for global maternity delivery codes by 2.5%.

Cost: \$2.6 million total funds; \$0.9 million state funds

Item: ABD #5g, p. 120 - \$218.3 thousand state funds

Item: LIM #3g, p. 121 - \$622.9 thousand state funds

Item: PCK #1g, p. 122 - \$52.0 thousand state funds



FY 2009: Enhancements – Medicaid Benefits

Nursing Homes

- Provide an additional **1% add-on** to the nursing services component of the per diem for facilities that meet the requirements of the **Quality Incentive Program**.
- Currently, facilities meeting QIP requirements receive a 2% add-on.

Date of last rate increase for nursing homes was FY 2008.

Cost: \$5.0 million total funds; \$1.8 million state funds

Item: ABD #6, p. 120 - \$1.8 million state funds

Item: LIM #4, p. 121 - \$372 state funds



FY 2009: Enhancements – Medicaid Benefits

Nursing Homes

- Increase funding for the nursing home per diem rate to align with current **fair rental value indices** and recognize **capital expenditures** associated with facility upgrades.
- Currently, Medicaid reimbursement methodology utilizes a 1982 Dodge Index to determine the capital cost component of the NH per diem.
- DCH will work with the Georgia Healthcare Association to convert to the fair rental value index.

Date of last rate increase for nursing homes was FY 2008.

Cost: \$49.2 million total funds; \$17.7 million state funds

Item: ABD #7, p. 120

FY 2009: Aged, Blind, and Disabled Financing

FY2008 Projected Use of Funds

Appropriations	\$1,404.4
Proj. Cash Expense	<u>(\$1,334.6)</u>
Surplus	\$69.8
FY07 IBNR	\$164.9
Governor's Reduction	<u>(\$70.4)</u>
Reserved for use in FY 2009 (FY 2008 IBNR)	\$164.3

FY2009 Projected Use of Funds

Appropriations	\$1,258.7	
Transfer to Admin (Item: ABD #1, p. 119)	<u>(\$14.1)</u>	
Governor's Adjustment (Item: ABD #2, p. 119)	<u>(\$9.0)</u>	
Revised ABD Appropriation		\$1,235.6
Proj. Cash Expense	<u>(\$1,308.5)</u>	
Governor's Adjustment (Item: ABD #2, p. 119)	<u>\$9.0</u>	
Revised Projected Cash Expense		<u>(\$1,299.5)</u>
Deficit	<u>(\$63.9)</u>	
FY08 IBNR after realignment (Item: ABD #10, p. 120)	<u>\$63.9</u>	
Reserve for Use in FY 2010	\$0	



FY 2009: Healthcare Access and Improvement

Programmatic Realignment

- Two FTE's and related expenses transferring from Administration (Item: Admin #6, p. 119) to Health Care Access and Improvement (Item: HCAI #4, p. 120) - \$171,426.



FY 2009: Healthcare Access and Improvement

Health Insurance Partnership (Item: HCAI #5, p. 120)

- Eligibility
 - Georgia Businesses with less than 50 employees or sole proprietors
 - Related employees with incomes \leq 300% FPL working at least 20 hours per week; must be legal resident of Georgia and uninsured the most recent 6 months
- 3 plan options: High Deductible; Basic; Benchmark to SHBP
- Funding: 3 share model (employer; employee; state/federal government)
- \$16.9 million in state funds

FY 2009: Healthcare Access and Improvement

Health Information Transparency Website

Item: HCAI #6, p. 120 - \$750,000 in state funds

The web site will **feature service, cost, quality and educational information** regarding pharmacies, nursing homes, personal care homes, home health and other long term care services, health insurers, hospitals and ambulatory care centers. RFP Release; November 19, 2007

Consumers will be able to use the web site to **identify and compare** providers, services, charges, quality and other factors with regard to certain health care services.

The department was **awarded a federal CMS Medicaid Transformation grant totaling \$3.9 million** over two years to support advertising for the site, create decision tools, enhance educational features, hire consultant personnel and provide the ability to develop new quality measures for comparison purposes.

Medicaid funding comes with limitations and restrictions regarding activities and costs associated members of the general public who are not Medicaid recipients.

The \$750,000 requested will aid our work in creating a Transparency Website for all Georgians. State funding will permit for activities and consumer outreach to the general public and to **expand the web site's information data bases** to include additional providers, health care services and health plans outside of Medicaid.

FY 2009: Healthcare Access and Improvement

GOAL: Creation and economic development of a non-traditional regional health delivery systems.

Phase I (FY 2008): Planning Grants for the Rural Health Safety Net

In FY 2008, DCH awarded \$1.5 million to 6 regional community groups – 5 of which include FQHCs

Central Georgia's Regional System of Health	\$321,500
Community Health Works, Lead Applicant, convening serving <u>seven</u> counties.	
Ty Cobb Health Care System	\$302,500
Ty Cobb Health Care System, Lead Applicant, convening <u>three</u> counties.	
West Georgia Rural Community Health Network	\$250,000
Higgins General, Lead Applicant, convening <u>three</u> counties.	
Spring Creek Health Cooperative	\$225,000
Spring Creek Health Cooperative, Lead Applicant, convening <u>eleven</u> counties.	
Rural Eastern Access Consortium for Health (REACH)	\$201,000
Tendercare Health Care, Lead Applicant, convening <u>three</u> counties.	
Three Ring Health Care Consortium	\$200,000
Liberty County Public Health, Lead Applicant, convening <u>three</u> counties	

Phase II (FY 2009) Grant Applicants will:

- Implement regionalization of services
- Integration of the health care delivery system,
- Provide for the provision of timely emergency care,
- Ensure the long-term viability of the state's health care safety net.

Phase II Funding = \$9,250,000 in tobacco settlement funds (Item: HCAI #1, p. 121)

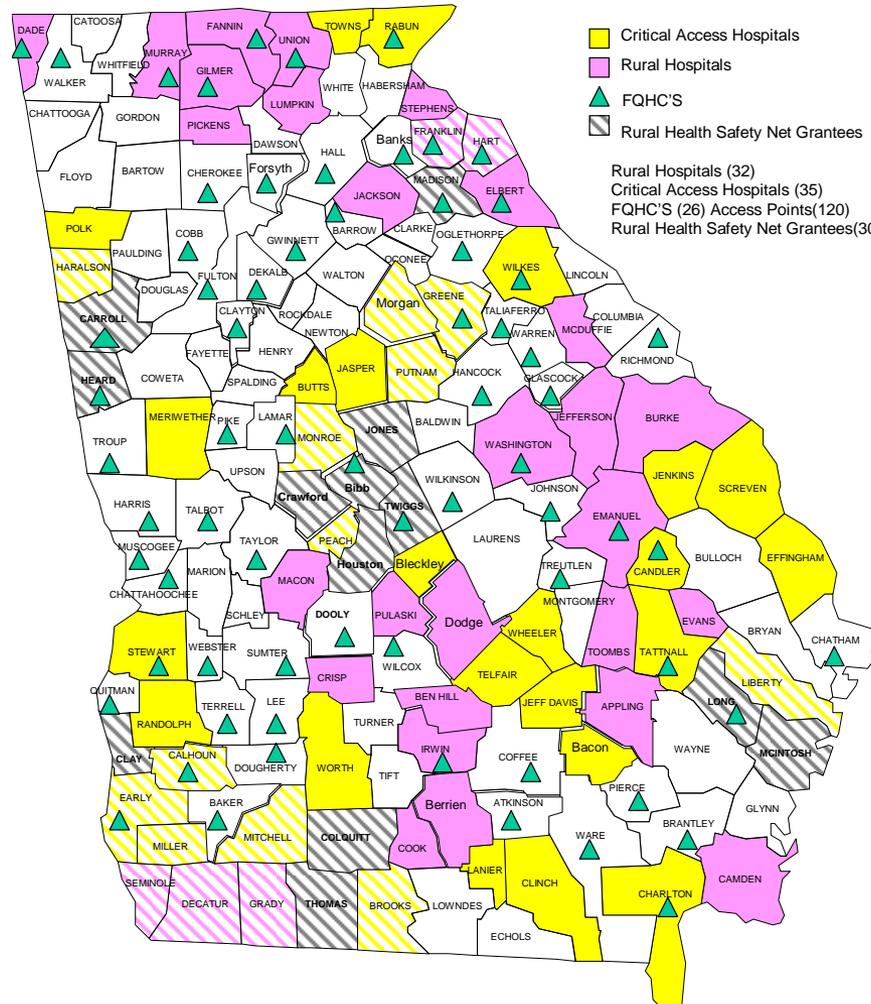
Required Level of Integration

Formalized written agreements between lead applicant and the other partners within the system and formalized agreement between primary, secondary, and tertiary care providers focused on building coordinated entry points, referrals, and services provided within the system.



FY 2009: Healthcare Access and Improvement

State of Georgia
Rural Hospitals, CAH's, and FQHC's



Primary Health Care sites:

KEY:

PINK: County with Rural Hospital

Yellow: County with Critical Access Hospital

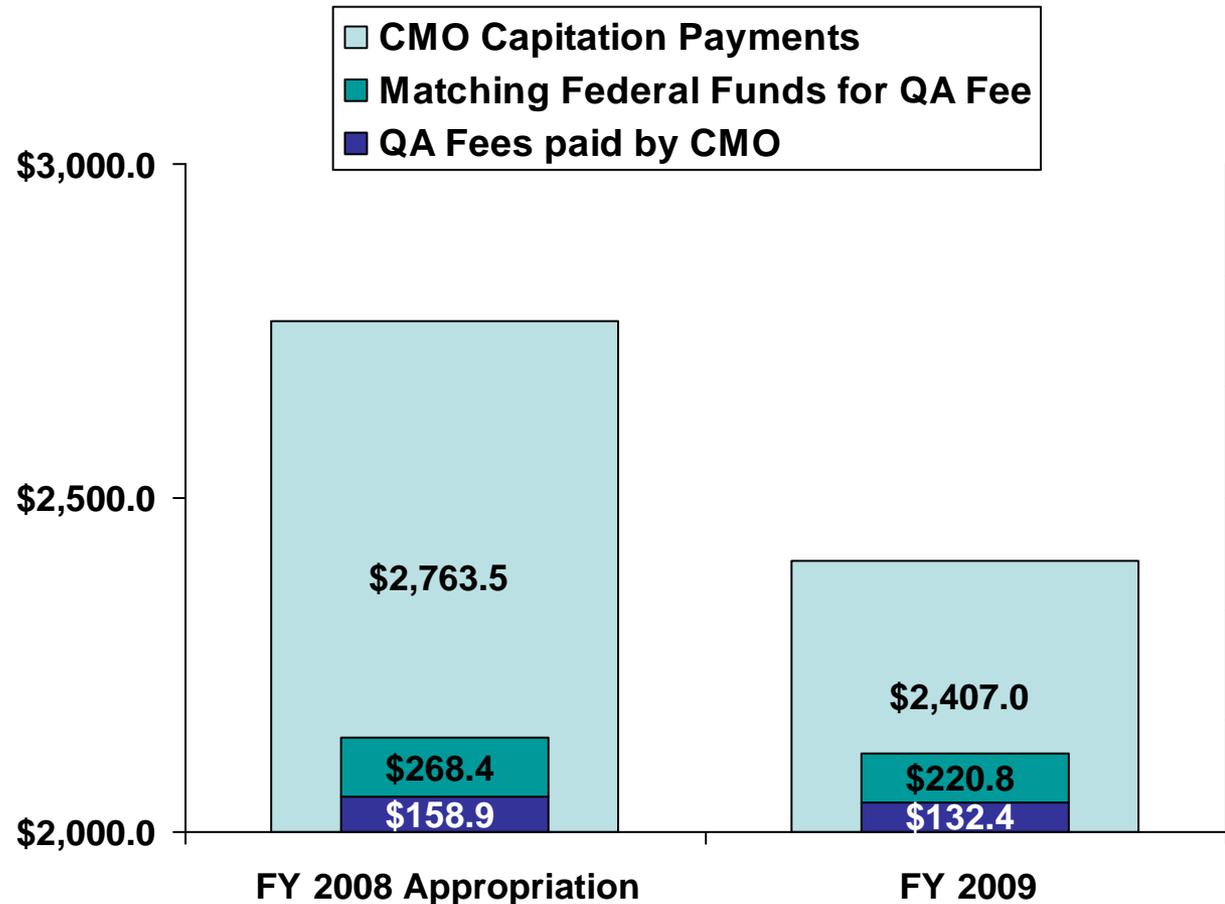
Green Triangle: Location of FQHC

Diagonal Stripes: Phase I FY 2008 Grantees

FY 2009: CMO Quality Assessment Fees - LIM

Item LIM #5, p. 122

The FY 2009 QA fee revenues are projected to **decrease by \$26.5 million** due to lower CMO capitation payments as a result of projected lower CMO enrollment and a change in federal regulations that reduced the QA assessment fee from 6% of CMO revenue to 5.5% effective January 1, 2008.



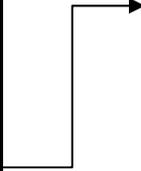
FY 2009: Low Income Medicaid Financing

FY2008 Projected Use of Funds

Appropriations	\$1,029.6
Proj. Cash Expense	<u>(\$1,059.6)</u>
Deficit	<u>(\$30.0)</u>
FY07 IBNR	<u>\$70.8</u>
Reserved for use in FY 2009 (FY 2008 IBNR)	\$40.8

FY2009 Projected Use of Funds

Appropriations	\$955.3
Proj. Cash Expense	<u>(\$1,096.3)</u>
Deficit	<u>(\$141.0)</u>
FY08 IBNR after realignment (Item: LIM #8, p. 122)	<u>\$141.0</u>
Reserve for Use in FY 2010	\$0



FY 2009: PeachCare for Kids

Provide state funds to cover projected benefit expenditures.

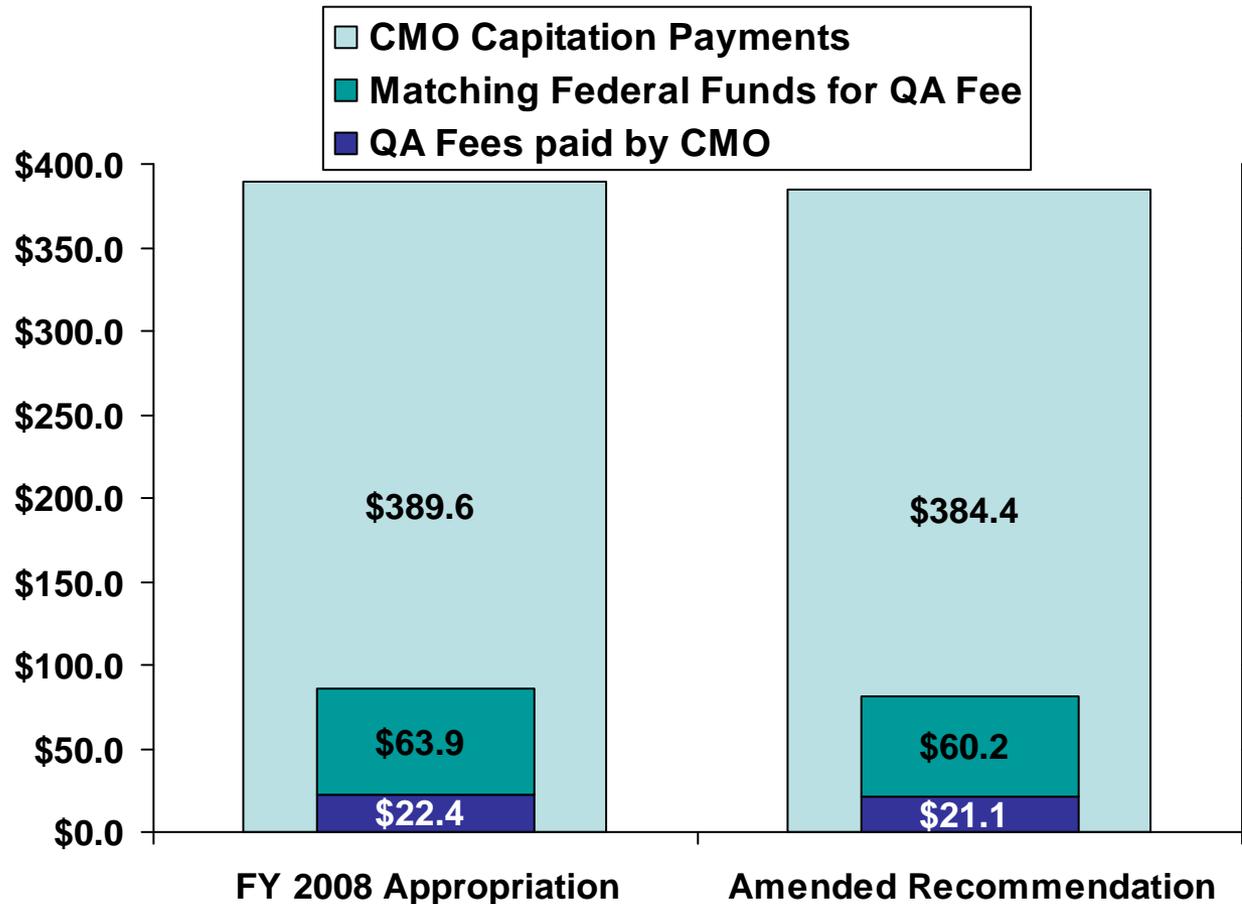
In millions	FY 2009
State Fund Revenue:	
State Appropriations	\$58.9
CMO QA Fees	19.6
PY Reserves	-
Total	\$78.5
State Fund Expense	\$95.8
(Deficit) Item: PCK #2, p. 122	(\$17.3)



FY 2009: CMO Quality Assessment Fees - PCK

Item: PCK #3, p.122

The FY 2009 QA fee revenues are projected to **decrease by \$1.3 million** due to lower CMO capitation payments as a result of projected lower CMO enrollment and a change in federal regulations that reduced the QA assessment fee from 6% of CMO revenue to 5.5% effective January 1, 2008.



FY 2009: SHBP Employee Premiums

Keys to SHBP Financial Success in CY 2009

Flexibility to set premiums to:

- Drive enrollment in the CDHP options
- Recover cost for more costly plan options
- Create fiscal incentives to get retirees to enroll in Medicare

Item: SHBP #1, p. 122 – Implement optimal pricing strategies to incentivize member enrollment in Consumer Driven Health Plans while increasing employee premiums by an average of 7.5%.

- CY 2009 Member premiums may vary from no growth to double digit growth depending on the plan.

FY 2009: SHBP Projected Financial Status

FY 2009

- Increase in employee premiums (7.5% on average)
- Increase in OPEB contributions for state employees (Items: SHBP #2 and #3, p. 123)
- Annual operating deficit of \$54.0 million
- Use of Fund Balance to Cover Annual Operating Deficit

	Fiscal Year:	
	<u>2008</u>	<u>2009</u>
PAYG Revenue	\$2,682.2	\$2,763.7
OPEB Revenue	\$122.1	\$172.3
Total Revenue	<u>\$2,804.3</u>	<u>\$2,936.0</u>
Growth in Revenue	14%	4.7%
PAYG Expense	\$2,541.0	\$2,814.8
% Growth in Expense	10%	11%
\$ Growth in Expense	\$234.2	\$273.7
PAYG Surplus/(Deficit)	<u>\$141.1</u>	<u>(\$54.0)</u>
Fund Balance	<u>\$405.5</u>	<u>\$351.5</u>

PAYG = Pay As You Go



DCH Budget Summary

FY 2007 – Surplus in Medicaid, PCK, and SHBP; **\$69.3 million returned to Treasury**

FY 2008/FY2009 – no new funding needed for Medicaid or SHBP growth; new state funding needed for PCK

FY 2009 Enhancements –

- Medicaid/PCK provider rate increases
- Georgia's Health Insurance Partnership Program
- Health Information Exchange grants
- Health Transparency Website
- Rural Health Safety Net Grants (phase II)

Department of Community Health Budget Summary		
Budget (in millions)	(H.B. 95) FY2008	FY2009
Total Funds	\$11,457.3	\$12,435.5
State Funds	\$2,482.1	\$2,540.6
Net Change in State Funds		\$58.4
Percent Change in State Funds		2.4%

