

INDIGENT CARE TRUST FUND

Presentation to
HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON CERTIFICATE OF NEED
FEBRUARY 19, 2007



Indigent Care Trust Fund (ICTF) Purposes

Enacted in 1990 via a Constitutional Amendment

- Article III, Section IX, Paragraph VI (i)

OCGA 31-8-154 requires ICTF funds to be used for any one or a combination of the following:

- (1) To expand Medicaid eligibility and services;
- (2) For programs to support rural and other healthcare providers, primarily hospitals and nursing homes, who serve the medically indigent; and/or
- (3) For primary healthcare programs for medically indigent citizens and children of this state.
- (4) Any combination of purposes specified in paragraphs (1) through (3) of this Code section.

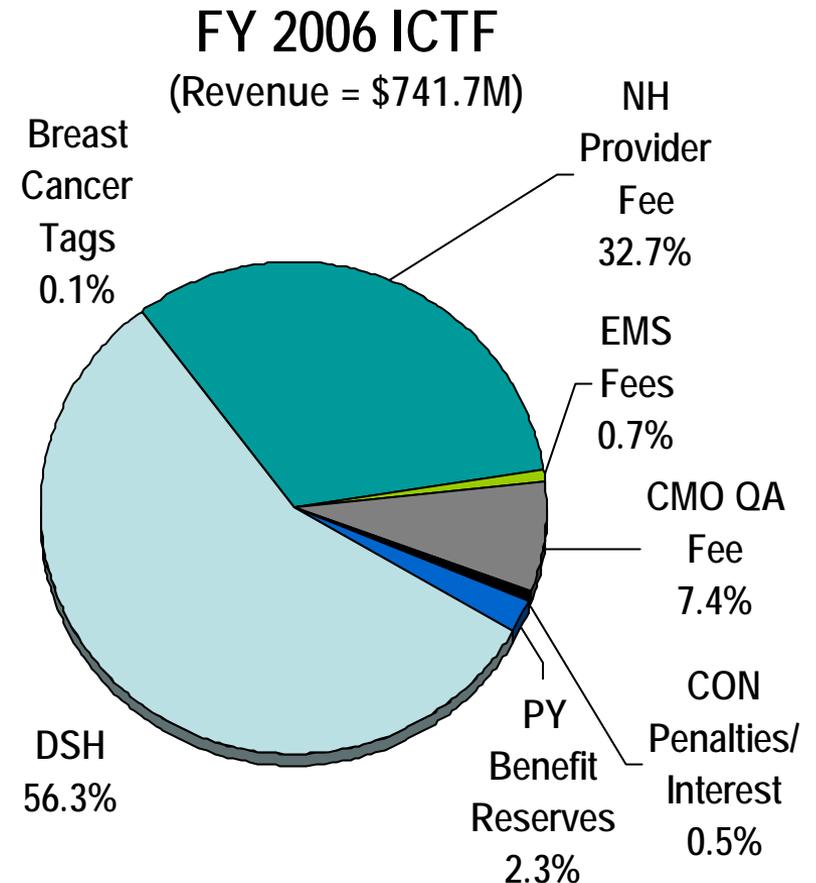




ICTF Structure

ICTF – Umbrella over multiple revenue sources earmarked for specific purposes:

- Disproportionate Share Hospital (DSH)
- Nursing Home Provider Fee
- CMO Quality Assessment Fee
- Ambulance/EMS Licensing Fees
- CON Penalties
- Breast Cancer Tags
- Intergovernmental Transfers
- Federal Funds



Disproportionate Share Hospital Program

States must make additional payments to qualified hospitals that provide inpatient services to a disproportionate number of Medicaid beneficiaries and/or to other low-income or uninsured persons under what is known as the "disproportionate share hospital" (DSH) adjustment.

FY 2006 Payments: \$417.7 m

DSH Eligibility Criteria

Federal Criteria (BOTH)

- Medicaid inpatient utilization rate of at least 1%; AND
- 2 Obstetricians providing Medicaid Services
 - Rural Hospital Exception

State Criteria (ONE)

- Medicaid inpatient utilization rate at certain level
- Low Income Utilization > 25%

State Criteria (ONE) - continued

- Medicaid/PCK Charges > 15% Total Charges
- Largest Medicaid hospital in MSA
- Children's Hospital
- Regional Perinatal Center
- Medicare rural referral center
- Regents Hospital
- Rural, public hospital < 250 beds



Nursing Home Provider Fees

- Statutorily Created in 2003
 - OCGA 31-8-161 through 31-8-169
- Assesses nursing homes for each bed day subject to the fee; currently at \$13.11 per bed day
 - Federal maximum equivalent to 6% of NH revenue
 - Top 10 NH's with the most Medicaid days; Continuing Care Retirement Centers; and charitable NH's exempt from paying fee
 - Medicare days not subject to fee
- Fees deposited into the ICTF and used to draw down matching federal funds for Medicaid payments to nursing homes

FY 2006 Payments = \$242.7 m

CMO Quality Assessment Fees

- Statutorily Created in 2005
 - OCGA 31-8-170 through 31-8-177
- Assesses Medicaid Care Management Organizations 6% of total revenue received
 - Currently at the Federal maximum
 - No exemptions
- Fees deposited into the ICTF and used to draw down matching federal funds for Medicaid payments on behalf of Low Income Medicaid and PeachCare for Kids members.

FY 2006 Payments - \$54.7 m

Ambulance Licensure Fees

- Ambulances must pay a licensing fee to the Department of Human Resources to operate in the state
 - Currently licensure fees are:
 - \$2,500 Base Rate PLUS \$1,400 per licensed ambulance
 - Licensure fees are deposited into the ICTF and used to draw down matching federal funds for Medicaid payments to Emergency Medical Service Providers
- FY 2006 Payments – \$5.2 m

Certificate of Need Penalties

31-8-153.1. Irrevocable transfer of funds to trust fund; provision for indigent patients

“...The department is authorized to transfer to the trust fund moneys paid to the state by a health care facility as a monetary penalty for the violation of an agreement to provide a specified amount of clinical health services to indigent patients pursuant to a certificate of need held by such facility. Such transfers shall be irrevocable and shall be used only for the purposes contained in Code Section 31-8-154.”

FY 2006 Penalties collected: \$3.0 million

Breast Cancer Tag Funds



- \$25.00 additional fee to purchase and renew Breast Cancer Tag
- Per OCGA 40-2-86.8 (f)(1), fee proceeds to be deposited to ICTF
- Fees should be used for programs that may include:
 - education,
 - breast cancer screening,
 - grants-in-aid to breast cancer victims,
 - pharmacy assistance programs for breast cancer victims, and
 - other projects to encourage public support for the special license plate and the activities which it funds.

FY 2006 Tag Fee Collections – \$1.1 m

FY 2006 ICTF Financial Overview

Funding Source	Total Funds	Federal Funds	State Funds	Provider Fees	Other Funds
Disproportionate Share Hospital*	\$417,724,430	\$253,141,005	\$14,000,000	-	\$150,583,425
Nursing Home Provider Fees	242,656,678	147,049,947	-	\$95,606,731	-
CMO Quality Assessment Fees	54,655,317	33,121,122	-	21,534,195	-
Medicaid Benefit Reserves**	17,032,277	10,321,560	-	-	6,710,717
Ambulance Licensing Fees	5,179,394	3,137,020	-	-	2,042,374
CON Penalties	2,956,216	-	-	-	2,956,216
Breast Cancer Tag	1,058,689	-	-	-	1,058,689
Interest	464,296	-	-	-	464,296
TOTAL	\$741,727,297	\$446,770,654	\$14,000,000	\$117,140,926	\$163,815,717

* ½ of payments made in July 2006 (FY 2007); ** to cover prior year incurred but not reported benefit expenses for Right from the Start pregnant women and their children; program ended in FY 2005, however, not all FY 2005 expenditures paid by June 2005