



To: Board of Community Health

CC: Dr. Rhonda M. Medows

From: Carie Summers  
Chief Financial Officer

RE: Final FY 2010 Budget

Date: April 16, 2009

The following items highlight the final FY 2010 budget.

**OVERVIEW:** The final budget for FY 2010 increases the Department's FY 2009 total funds appropriation by \$800,205,315 or 7.0%; however, state fund appropriations decreased by \$225,900,067 or -9.0%. These dramatic changes can primarily be explained by:

- Reflection of S.B. 433 (2008 General Assembly) and H.B. 228 (2009 General Assembly), which transfers the functions of the Office of Regulatory Services and the Division of Public Health from the Department of Human Resources (+\$704,217,940 in total funds and +\$224,822,725 in state funds); and
- Recognition of enhanced federal financial participation in the Medicaid benefits programs due to the American Recovery and Reinvestment Act (ARRA) (-\$507,918,821 in state funds);

Changes are grouped by additions, reductions, fund source adjustments, transfers, and other legislative instruction, and are listed below with the state fund impact, unless otherwise noted. These items do not include \$2,696,281 in reductions to the Attached Agencies' budgets.

#### **Additions (General State Funds):**

##### Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

1. Increase funds for Medicaid and PeachCare for Kids growth and the depletion of prior year reserves. - \$283,758,863
2. Add 100 Independent Care Waiver Slots for Money Follows the Person. - \$1,572,750
3. Implement the following nursing home reimbursement changes:
  - a. Fair Rental Value - \$7,000,000
  - b. Nursing Home Quality Incentive program - \$1,793,000
4. Provide family planning services to women at 200% FPL via a waiver - \$225,000

##### Administration/Health Care Access and Improvement

5. Provide funds to apply for a family planning services waiver for women at 200% FPL - \$25,000

**Reductions (General State Funds):**

Administration/Health Care Access and Improvement

1. Defer state salary increases. (\$230,899)
2. Reflect allocation of telecommunication expenses resulting from the GTA GAIT outsourcing project. (\$180,323)
3. Reduce contract funding. (\$11,159,425)
4. Reduce funds for personal services and eliminate 8 vacant FTEs. (\$1,064,215)
5. Reduce operating expenditures. (\$1,389,179)
6. Eliminate funds for the Health Information Exchange Contract. (\$1,000,000)
7. Reduce Merit System assessments – (\$1,103)
8. Reduce funds for the Southeastern Firefighters Burn Foundation (\$250,000)
9. Defer funds for the:
  - a. Wellness Incentive Pilot Program (\$150,000)
  - b. Safety Net Clinics (\$950,000)
  - c. Rural Health Initiative (\$10,600,000 Tobacco Funds)
10. Eliminate funds for the:
  - a. Georgia Marketplace Authority (\$2,000,000)
  - b. Office of Rural Health matching funds for Community Service Grants. (\$500,000)
  - c. Hughes Spalding Children's Hospital (\$1,500,000)

Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

11. Reduce state general funds provided in FY 2009 for provider rate increases. (\$59,075,232)
12. Use 80% of the 2007 Medicare fee schedule to reimburse providers of durable medical equipment and physician-administered injectable drugs. (\$6,200,000)
13. Reflect savings from the public assistance reporting information system (PARIS) initiative through identification of Medicaid members eligible for health coverage through other payers. (\$3,586,000)
14. Perform expedited eligibility reviews of Ex Parte Medicaid members. (\$8,918,253)
15. Recognize additional savings from fraud and abuse recoveries, including savings from S.B. 165 (2009 legislative session). (\$10,115,291)
16. Reflect savings from relocating 10% of long stay ventilator patients out of acute care settings. (\$3,800,000)

**Fund Source Adjustments**

Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

17. Replace state general funds with federal funds from enhanced federal financial participation in the Medicaid program due to the ARRA. [\$507,918,821 reduction in state funds and \$507,918,821 increase in federal funds]
18. Replace state general funds with tobacco funds. [\$214,358,069 reduction in state funds and \$214,358,069 increase in tobacco funds]
19. Replace state general funds with prior year reserves from Indigent Care Trust Fund. [\$2,700,000 reduction in state funds and \$2,700,000 increase in other funds]
20. Reduce funds to reflect revised Care Management Organization (CMO) fee projections. [\$110,835,364 reduction in CMO Fees]
21. Increase nursing home provider fee collections to reflect updated projection. [\$1,722,981 increase in NH Fees]

## Transfers

### Administration/Health Care Access and Improvement

22. Transfer funds for regulatory services from DHR to reflect implementation of SB 433 from the 2008 legislative session and HB 228 from the 2009 legislative session. - \$7,027,599
23. Transfer funds for public health services from DHR to reflect implementation of HB 228 from the 2009 legislative session. - \$217,795,126

## Other

### Administration/Health Care Access and Improvement

24. Evaluate the cost effectiveness of the new Medicaid Management Information System (MMIS) contract.

### Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

25. Eliminate the Budget Program Nursing Home Provider Fees and instead show nursing home provider fees as a fund source in the Medicaid: Aged, Blind, and Disabled Budget Program.
26. Reduce the CMO Quality Assessment Fee from 5.5% to 0% effective October 1, 2009.

### State Health Benefit Plan

27. Make the following revenue adjustments in the State Health Benefit Plan:
  - a. Increase member premiums by 5% on January 1, 2010 for those members in the non-Consumer Directed Health Care Plans (HMO, PPO) - \$17,122,353
  - b. Utilize FY 2009 net assets - \$168,620,098
  - c. Set Employer Contribution rates based on the following:
    - i. State Employees – 22.165% of payroll with no OPEB contribution
    - ii. Teachers – 18.534% of payroll with no OPEB contribution
    - iii. DOE Quarterly Contributions – reduced from \$248,864,058 to \$82,216,077
    - iv. Continue the same monthly PMPM contributed on behalf of participating school employees by local boards of education
28. Implement a Direct Bill revenue collection system, effective January 1, 2010
29. Act as the sole administrator of COBRA for the purposes of providing the COBRA subsidy made available through ARRA.

Department of Community Health  
FY 2010 Appropriations

<u>Budget Program</u>	<u>Base</u>	<u>FY 2010 Final</u>	<u>Changes</u>	<u>% Change</u>
Departmental Administration - DCH*	\$ 431,809,973	\$ 398,207,632	\$ (33,602,341)	-7.8%
Medicaid: Aged, Blind, and Disabled	\$ 3,998,933,946	\$ 4,125,341,336	\$ 126,407,390	3.2%
Healthcare Access and Improvement	\$ 26,272,898	\$ 10,316,049	\$ (15,956,849)	-60.7%
Indigent Care Trust Fund	\$ 398,662,493	\$ 407,526,188	\$ 8,863,695	2.2%
Medicaid: Low Income Medicaid	\$ 3,154,813,458	\$ 3,408,512,930	\$ 253,699,472	8.0%
Nursing Home Provider Fee	\$ 335,870,759	\$ -	\$ (335,870,759)	-100.0%
PeachCare for Kids	\$ 393,671,223	\$ 382,528,329	\$ (11,142,894)	-2.8%
State Health Benefit Plan	\$ 2,704,743,166	\$ 2,811,029,108	\$ 106,285,942	3.9%
<b>Subtotal Original DCH</b>	<b>\$ 11,444,777,916</b>	<b>\$ 11,543,461,572</b>	<b>\$ 98,683,656</b>	<b>0.9%</b>
Planning and Regulatory Services	\$ -	\$ 15,076,853	\$ 15,076,853	n/a
Adolescent & Adult Health Promotion	\$ -	\$ 43,956,913	\$ 43,956,913	n/a
Adult Essential Health Treatment Services	\$ -	\$ 11,262,853	\$ 11,262,853	n/a
Emergency Preparedness/Trauma System Improvement	\$ -	\$ 68,964,849	\$ 68,964,849	n/a
Epidemiology	\$ -	\$ 10,976,335	\$ 10,976,335	n/a
Immunization	\$ -	\$ 19,513,246	\$ 19,513,246	n/a
Infant & Child Essential Health Treatment	\$ -	\$ 55,644,560	\$ 55,644,560	n/a
Infant & Child Health Promotion	\$ -	\$ 280,731,284	\$ 280,731,284	n/a
Infectious Disease Control	\$ -	\$ 89,738,795	\$ 89,738,795	n/a
Injury Prevention	\$ -	\$ 1,759,534	\$ 1,759,534	n/a
Inspections & Environmental Hazard Control	\$ -	\$ 5,699,736	\$ 5,699,736	n/a
Public Health Formula Grants to Counties	\$ -	\$ 70,600,519	\$ 70,600,519	n/a
Vital Records	\$ -	\$ 4,191,247	\$ 4,191,247	n/a
Brain and Spinal Injury Trust Fund	\$ -	\$ 2,069,639	\$ 2,069,639	n/a
Departmental Administration - Public Health*	\$ -	\$ 24,031,577	\$ 24,031,577	n/a
<b>Subtotal Public Health</b>	<b>\$ -</b>	<b>\$ 689,141,087</b>	<b>\$ 689,141,087</b>	<b>n/a</b>
Composite Board of Medical Examiners	\$ 2,394,849	\$ 2,117,581	\$ (277,268)	-11.6%
State Medical Education Board	\$ 1,439,892	\$ 1,328,641	\$ (111,251)	-7.7%
GBPW - Board Administration	\$ 855,498	\$ 677,827	\$ (177,671)	-20.8%
GBPW - Graduate Medical Education	\$ 9,853,061	\$ 9,353,061	\$ (500,000)	-5.1%
GBPW - Mercer School of Medicine Grant	\$ 24,560,862	\$ 23,494,877	\$ (1,065,985)	-4.3%
GBPW - Morehouse School of Medicine Grant	\$ 12,997,293	\$ 12,433,187	\$ (564,106)	-4.3%
GBPW - Undergraduate Medical Education	\$ 3,538,484	\$ 3,538,484	\$ -	0.0%
<b>Subtotal Attached Agencies</b>	<b>\$ 55,639,939</b>	<b>\$ 52,943,658</b>	<b>\$ (2,696,281)</b>	<b>-4.8%</b>
<b>Total</b>	<b>\$ 11,500,417,855</b>	<b>\$ 12,300,623,170</b>	<b>\$ 800,205,315</b>	<b>7.0%</b>
<u>Fund Source</u>	<u>Base</u>	<u>FY 2010 Final</u>	<u>Changes</u>	<u>% Change</u>
State Funds	\$ 2,514,291,820	\$ 2,288,391,753	\$ (225,900,067)	-9.0%
Federal Funds	\$ 5,556,721,455	\$ 6,667,201,582	\$ 1,110,480,127	20.0%
Agency Funds	\$ 77,203,464	\$ 399,414,387	\$ 322,210,923	417.4%
Intra-State Government Transfers	\$ 3,352,201,116	\$ 2,945,615,448	\$ (406,585,668)	-12.1%
<b>Total</b>	<b>\$ 11,500,417,855</b>	<b>\$ 12,300,623,170</b>	<b>\$ 800,205,315</b>	<b>7.0%</b>

\* The combination of these two line items comprise the Departmental Administration and Program Support Budget.