

Fiscal Year 2011 Program Budget

Presentation to
Board of Community Health
June 10, 2010



DCH Mission

ACCESS



Access
to affordable,
quality health
care in our
communities

RESPONSIBLE



Responsible
health planning
and use of
health care
resources

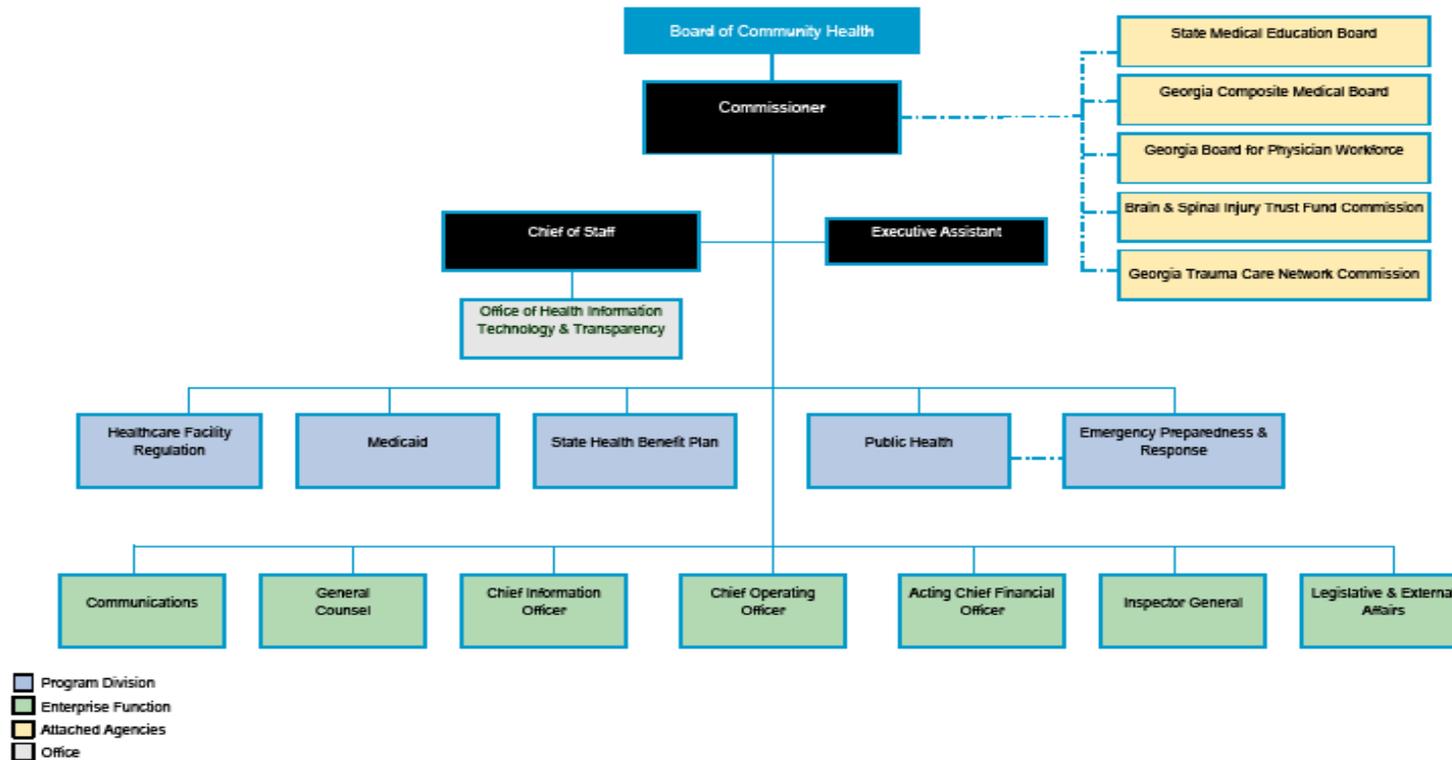
HEALTHY



Healthy
behaviors and
improved
health
outcomes

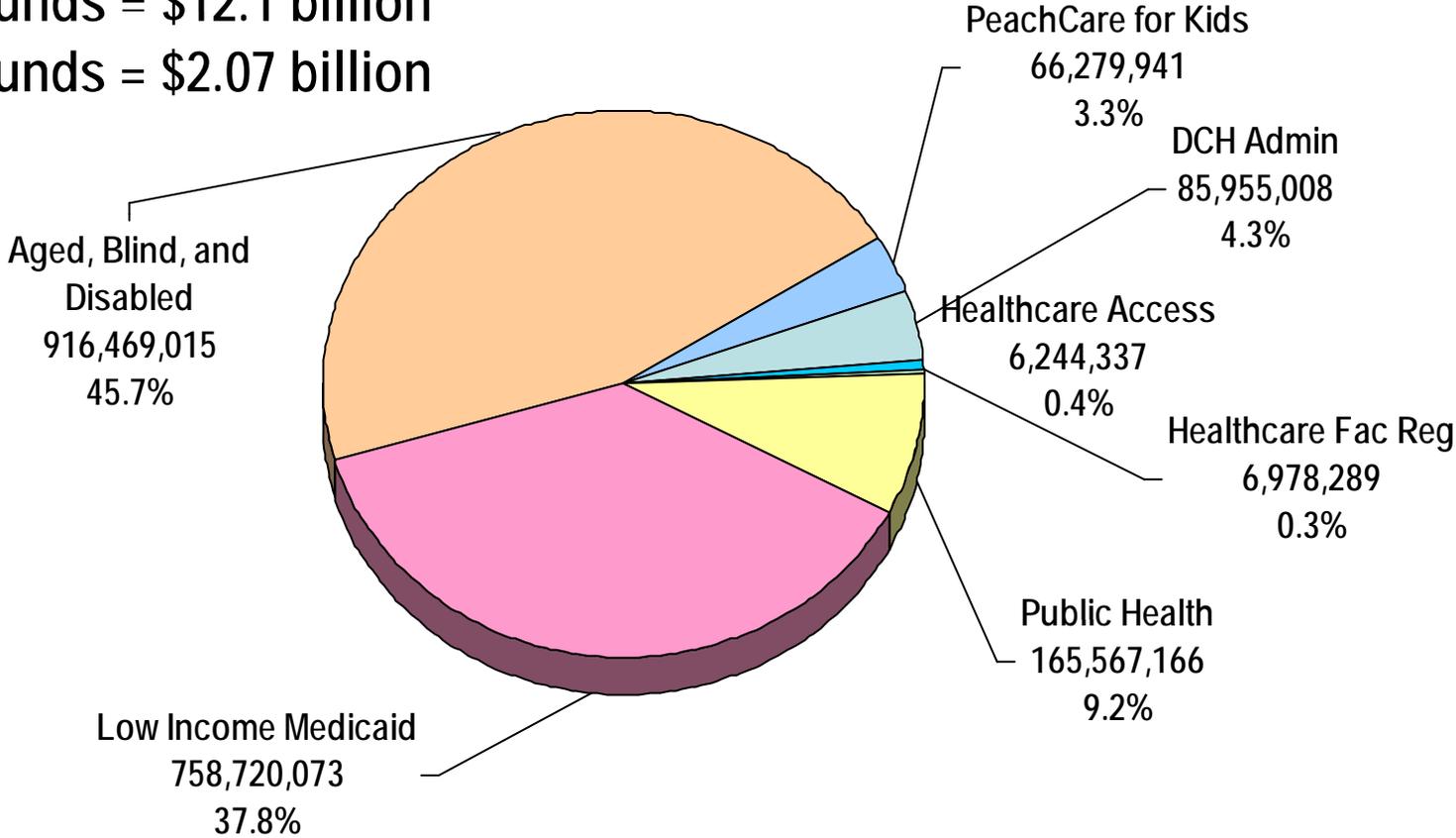
Department of Community Health Organization Chart

Georgia Department of Community Health



DCH FY 2011 State Fund Budget

Total Funds = \$12.1 billion
 State Funds = \$2.07 billion



*State funds for Medicaid & PCK Benefits include tobacco funds and provider fees

DCH Administration: Final Budget

| Administration | FY 2011 |
|-----------------------------|-----------------------|
| FY 2010 Base | \$111,332,070 |
| Conference Committee | (\$25,377,062) |
| Percent Reduction | (23%) |



DCH - Administration FY 2011 Final Budget

| Recommendations | | State Funds |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1. | Reflect an adjustment in Telecommunications expenses for GTA. | (1,299,868) |
| 2. | Reflect an adjustment in Workers' Compensation premiums. | 125,744 |
| 3. | Reduce funding for the following contracts: actuarial services (\$200,000), computer systems (\$3,146,216), Georgia Medicaid Management Program (GAAMP) (\$13,157,400), and child support recovery (\$250,000). | (16,753,616) |
| 4. | Reduce funding for Equipment (\$18,969), Real Estate (\$70,000), Regular Operating Expenses (\$70,000) and temporary staffing (\$100,000). | (258,969) |
| 5. | Eliminate consultant contracts with Nichols Cauley for services related to the health and human services agency restructuring. | (760,000) |
| 6. | Reduce funds for Personal Services to reflect projected expenditures. | (1,046,794) |
| 7. | Recognize prior year restricted funds from Nursing Home Civil Monetary Penalties collected by DCH, and redirect to the Long-Term Care Ombudsman and Adult Protective Services programs administered by the Department of Human Services (\$1,611,520). | Other Funds |

DCH - Administration FY 2011 Final Budget

| Recommendations | | State Funds |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 8. | Reduce funding for legal assistance with Medicaid and PeachCare issues. | (\$175,000) |
| 9. | Transfer tobacco funds from the Department of Human Services to accurately reflect the health and human services agencies restructuring. | 131,795 |
| 10. | Implement new cost allocation plan. | (3,307,941) |
| 11. | Reduce funds to reflect the revised revenue estimate. | (592,555) |
| 12. | Eliminate Level of Care contract. | (48,000) |
| 13. | Increase funds for unemployment insurance assessments. | 7,814 |
| 14. | Reduce funds to reflect the revised revenue estimate including a reduction of \$50,000 for the Albany Resource Center. | (1,799,672) |
| 15. | Implement an online eligibility processing system for Medicaid determination, beginning with nursing home eligibility. | 400,000 |
| TOTAL FY 2011 Budget Reduction | | (\$25,377,062) |

Healthcare Access: Final Budget

| Healthcare Access | FY 2011 |
|-----------------------------|----------------------|
| FY 2010 Base | \$9,627,211 |
| Conference Committee | (\$3,382,874) |
| Percent Reduction | (35%) |



DCH – Healthcare Access FY 2011 Final Budget

| Recommendations | | State Funds |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. | Reflect an adjustment in Telecommunications expenses for GTA. | (\$989) |
| 2. | Reduce funds for personal services to reflect projected expenditures. | (405,034) |
| 3. | Eliminate the following grants/contracts: Chatham County Board of Health (\$223,602), Rural Health Association (\$30,000), Southeastern Firefighters Burn Foundation (\$250,000), Floyd Health Management (\$17,769) and the Georgia Partnership for Caring (\$150,000) and reduce funding for St. Joseph Mercy Care (\$14,244) and Area Health Education Centers (\$191,236). | (876,851) |
| 4. | Reduce funding for Federally Qualified Health Center Startup (\$500,000) and Behavioral Health Integration (\$1,000,000) sites. | (1,500,000) |
| 5. | Provide funds for operating costs of the Erlanger Life Force Air Ambulance Program offering critical trauma care services in Northwest Georgia. | 600,000 |
| 6. | Transfer transparency transformation web site maintenance to grant funds. | (1,200,000) |
| Total FY 2011 Budget Reduction | | (\$3,382,874) |

Healthcare Facility Regulation: Final Budget

| Healthcare Facility Regulation | FY 2011 |
|---------------------------------------|--------------------|
| FY 2010 Base | \$6,542,404 |
| Conference Committee | \$435,885 |
| Percent Increase | 7% |



DCH – Healthcare Facility Regulation FY 2011 Final Budget

| Recommendations | | State Funds |
|-----------------|---------------------------------------------------------------|-------------|
| 1. | Provide funding for six new inspector positions. | \$478,181 |
| 2. | Adjust Workers Compensation premiums. | 210 |
| 3. | Reflect an adjustment in Telecommunications expenses for GTA. | (42,506) |
| | Total FY 2011 Budget Addition | \$435,885 |

Public Health Programs

- Adolescent and Adult Health Promotion
- Adult Essential Health Treatment Services
- Epidemiology
- Immunization
- Infant and Child Essential Health Treatment Services
- Infant and Child Health Promotion
- Infectious Disease Control
- Injury Prevention
- Inspections and Environmental Hazard Control
- Vital Records

- Emergency Preparedness/Trauma System

- Public Health Formula Grants to Counties



Public Health Programs: Final Budgets

| Public Health Programs | FY 2011 |
|-------------------------------|----------------------|
| FY 2010 Base | \$102,418,788 |
| Conference Committee | (\$3,581,970) |
| Percent Reduction | (4%) |



Division of Public Health FY 2011 Final Budgets

| Recommendations | | In State Funds |
|-----------------|--------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | Reduce funds for Personal Services to reflect projected expenditures and the elimination of vacant positions. | (\$605,916) |
| 2. | Reflect an adjustment in telecommunications expenses Georgia Technology Authority. | (92,089) |
| 3. | Reduce Operating expenses. | (616,458) |
| 4. | Reduce funds for the Georgia Poison Control Center to reflect a change in the Medicaid federal participation rate. | (357,796) |
| 5. | Reduce funds for the Georgia Rural Water Association. | (8,897) |
| 6. | Reduce programmatic grant-in-aid to public health districts. | (205,744) |
| 7. | Reduce administrative allocations to Regional Tertiary Care Centers. | (196,680) |
| 8. | Reduce funding to the Babies Born Healthy program. | (387,396) |

Division of Public Health FY 2011 Final Budgets

| Recommendations | | In State Funds |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------|
| 9. | Cancel implementation of the hearing aid loan program. | (297,187) |
| 10. | Reduce funds for the American Academy of Pediatrics contract. | (23,653) |
| 11. | Eliminate funds for health education and training provided through the Maternal Child Health Population-Based Project. | (150,000) |
| 12. | Reduce funds for grant-in-aid for the School Health Programs. | (39,782) |
| 13. | Replace state funds with federal funds in the Healthy Mothers/Healthy Babies program. | (324,000) |
| 14. | Transfer grant responsibilities for the Injury Prevention program to the Emergency Preparedness program. | (276,372) |
| 15. | Effective July 1, 2010, increase the fee for the first copy of all certificates to \$25. | Yes |
| 16. | \$3.8 million in bond funds for a new vital records system | Bonds |
| 17. | \$1 million in bond funds for repairs and renovations to Public Health buildings. | Bonds |
| Total FY 2011 Budget Reduction | | (\$3,581,970) |

Public Health Grant-in-Aid: Final Budget

| Public Health Programs | FY 2011 |
|-------------------------------|----------------------|
| FY 2010 Base | \$68,154,008 |
| Conference Committee | (\$6,467,443) |
| Percent Reduction | (10%) |



Division of Public Health – Grant In Aid FY 2011 Final Budget

| Recommendations | | In State Funds |
|-----------------|----------------------------------------------------------------------------|----------------|
| 1. | Reduce funds for general grant-in-aid to County Boards of Health. | (\$5,993,555) |
| 2. | Increase funds to reflect an adjustment in Workers' Compensation premiums. | 347,958 |
| 3. | Reduce funds to reflect the revised revenue estimate. | (821,846) |
| | Total FY 2011 Budget Reduction | (\$6,467,443) |



Emergency Preparedness: Final Budget

| Public Health Programs | FY 2011 |
|-------------------------------|-----------------------|
| FY 2010 Base | \$26,238,183 |
| Conference Committee | (\$23,155,248) |
| Percent Reduction | (88%) |



Division of Emergency Preparedness & Response FY 2011 Final Budget

| Recommendations | | In State Funds |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. | Reduce Personal Services to reflect projected expenditures. | (\$77,624) |
| 2. | Reduce operating expenses. | (77,624) |
| 3. | Transfer funds for the Georgia Trauma Care Network Commission from Emergency Preparedness to reflect creation of the attached agency. | (23,000,000) |
| 4. | Transfer funds from the Injury Prevention program (\$1,141,025 in federal funds only). | 0 |
| | Total FY 2011 Budget Reduction | (\$23,155,248) |



Indigent Care Trust Fund



FY 2011 Final Budget

| Recommendations for the Indigent Care Trust Fund | | In State Funds |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | Request a state plan amendment to add a third pool to DSH. The pool will be equivalent to the amount of UPL paid to private, non-deemed DSH eligible hospitals; an amount equivalent to what they would have received in DSH had they continued to be eligible. Allocating the remaining funds to deemed hospitals, Level I, Level II and Level III trauma hospitals and rural hospitals. Rural hospitals defined by DCH classification, having less than 60 beds and having a Medicaid Utilization Rate of at least 5%. | (\$0) |
| | Total FY 2011 Budget Reduction | (\$0) |



Medicaid and PeachCare



FY 2011 Final Budget

| Recommendations for Medicaid and PeachCare | | In State Funds |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | Fund projected expenditures and align funding between ABD (\$50,800,579) and LIM (\$37,460,836). | \$88,261,415 |
| 2. | Use provider payment agreement act funds (hospital provider fee) to increase inpatient and outpatient hospital reimbursement rates by 12% and hold critical access hospitals harmless – ABD \$25,488,041; LIM \$29,846,581; PeachCare \$1,627,249. | 82,449,912 |
| 3. | Increase the nursing home provider fee to maintain fair rental value (\$7,000,000) and quality incentive initiative (\$1,793,000) and reduce state funds by a similar amount. | 0 |
| 4. | Eliminate one-time tobacco funds and replace with hospital provider payment agreement funds. | 169,345,538 |
| 5. | Provide funds for benefit needs from the removal of the Medicaid CMO premium tax exemption. | 19,809,642 |
| 6. | Replace one-time Indigent Care Trust Fund prior year reserves with hospital provider payment agreement funds. | 2,700,000 |

FY 2011 Final Budget

| Recommendations for Medicaid and PeachCare | | In State Funds |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------|
| 7. | Provide funds for the family planning Medicaid demonstration waiver. | \$1,275,000 |
| 8. | Reflect changes in the Medicaid federal participation rate from 64.95% to 65.27% | (22,097,356) |
| 9. | Renegotiate specialty pharmaceutical reimbursement. | (646,439) |
| 10. | Reflect savings from transitioning long-term acute pulmonary care patients from hospitals to skilled nursing facilities. | (11,000,000) |
| 11. | Reflect federal clawback payment credits by reducing state funds. | (86,339,260) |
| 12. | Eliminate Medicaid reimbursement for hospital acquired conditions. | (1,488,912) |
| 13. | Reflect savings from enrolling adoptive foster care children in the Georgia Families program. | (2,940,919) |
| 14. | Use reserves carried over from FY 2010. | (12,889,316) |
| 15. | Eliminate one-time tobacco funds and replace with hospital provider payment funds. | (212,233,696) |

FY 2011 Final Budget

| Recommendations for Medicaid and PeachCare | | In State Funds |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------|
| 16. | Reflect the discontinuation of the Care Management Organization (CMO) quality assessment fee effective October 1, 2009. | (42,524,901) |
| 17. | Reflect savings from capping CMO risk adjustments at 50% of the rate range. | (2,542,931) |
| 18. | Reflect savings from the family planning Medicaid demonstration waiver. | (2,489,034) |
| 19. | Defer the June 2011 CMO capitation payment until July 2011. | (82,188,929) |
| 20. | Reduce contracts with CMOs to reduce per member per month rate reimbursements. | (8,007,161) |
| 21. | Reflect changes in the Children's Health Insurance Program federal participation rate from 75.46% to 75.69%. | (720,286) |
| 22. | Increase Medicaid reimbursement rate for the newborn metabolic screening fee by \$10. | Yes |



FY 2011 Final Budget

| Recommendations for Medicaid and PeachCare | | In State Funds |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 23. | Effective July 1, 2010, CMOs are required to increase their FY 2010 per unit reimbursement rates for their contracted non-critical access hospitals by at least the percent mandated in HB 948, 2010 Session. | Yes |
| | Total Changes | (\$124,267,633) |



State Health Benefit Plan



FY 2011 Final Budget

| Recommendations for State Health Benefit Plan | | In State Funds |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | Adjust FY 2009 net assets to reflect FY 2009 expenditures (reduction of \$123,334,874). | 0 |
| 2. | Reflect FY 2009 Incurred But Not Reported (IBNR) reserve funds (increase of \$237,631,000). | 0 |
| 3. | Utilize partial IBNR reserves of \$222,556,127 to cover projected expenses. | 0 |
| 4. | Increase funds by \$30,470,040 to reflect a 10% increase in employee premiums in Plan Year 2011. | 0 |
| 5. | Increase funds by \$50,100,339 to reflect a 10% increase in employee premiums and spousal and tobacco (\$10 and \$20) surcharge increases in Plan Year 2010. | 0 |
| 6. | Increase funds by \$105,039,482 to reflect projected revenue. | 0 |
| 7. | Implement plan design changes to reduce expenses in Plan Year 2011. | Yes |
| 8. | Implement direct billing for revenue collection for the employer share of premium costs for all participating employers effective July 1, 2011. | 0 |

Thank You

