

# Amended FY 2011 and FY 2012 Program Budgets – Governor's Recommendations

Presentation to  
The Board of Community Health  
February 10, 2011



# AFY11 and FY12 Governor's Recommendations Highlights

- Provider Rate Cuts – 1% rate cut to all providers except hospitals and home and community based services (FY 2012)
- Optional Services – eliminate optional benefit coverage for adult vision, dental and podiatry in Medicaid (FY 2012)
- Co-Pays – Increase existing member co-pays and implement new co-pays for members enrolled in TEFRA (FY 2012)
- Stimulus Funds – the reduction and expiration of enhanced matching rate federal stimulus dollars will be restored with state general funds (AFY 2011 and FY 2012)
- Medicaid Management Information System – state funds are recommended to fully fund the new MMIS conversion at a 50:50 match rate until the system is certified in FY 2012 when the match returns to 75:25 (AFY 2011)
- State Health Benefit Plan – the Governor's recommendations conform to the department's request and reflects an increase in receipts from the federal Early Retiree Reinsurance Program (AFY 2011 and FY 2012)
- General Obligation Bonds - \$10 million in bonds are recommended to act as 10% matching funds for federal funds to develop and implement a new Medicaid eligibility system (FY 2012)

# Department Administration

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$85,823,213	AFY11 Changes	FY12 Changes
1. Transfer state funds related to the Department of Human Resources reorganization from the Department of Human Services to the Department of Community Health for Public Health telecommunications (\$2,295,090) and software licensing (\$237,186).	2,532,276	2,532,276
2. Reflect an adjustment in telecommunications expenses.	901,615	1,266,253
3. Transfer funds from the Low Income Medicaid program to fully fund the Medicaid Management Information System (MMIS) conversion costs.	15,127,330	-
4. Reduce funds for computer contracts to reflect savings from transition to a new MMIS vendor.	(5,380,887)	(5,815,788)
5. Other reductions.	(1,336,142)	(1,142,618)
<b>Net Change</b>	<b>11,844,192</b>	<b>(3,159,877)</b>
<b>Revised Amount</b>	<b>97,667,405</b>	<b>82,663,336</b>
<b>% Change</b>	<b>13.8%</b>	<b>(3.7%)</b>

# Adolescent and Adult Health Promotion AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$9,591,492	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services.	(174,670)	(118,697)
2. Reduce Operating Expenses.	(365,427)	(358,461)
3. Other reductions.	(23,553)	(177,168)
<b>Net Change</b>	<b>(563,650)</b>	<b>(654,326)</b>
<b>Revised Amount</b>	<b>9,027,842</b>	<b>8,937,166</b>
<b>% Change</b>	<b>(5.9%)</b>	<b>(6.8%)</b>

# Adult Essential Health Treatment Services AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$7,809,846	AFY11 Changes	FY12 Changes
1. Recognize contract savings from moving high cost Hemophilia clients into the federal Pre-Existing Condition Insurance Plan (PECIP).	(47,864)	(680,263)
2. Other changes.	-	4,579
<b>Net Change</b>	<b>(47,864)</b>	<b>(675,684)</b>
<b>Revised Amount</b>	<b>7,761,982</b>	<b>7,134,162</b>
<b>% Change</b>	<b>(1.0%)</b>	<b>(8.7%)</b>



# Emergency Preparedness/ Trauma System Improvement AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,082,935	AFY11 Changes	FY12 Changes
1. Reduce funds for Trauma Registry Contracts.	(377,000)	(754,000)
2. Other changes.	-	17,090
<b>Net Changes</b>	<b>(377,000)</b>	<b>(736,910)</b>
<b>Revised Amount</b>	<b>2,705,935</b>	<b>2,346,025</b>
<b>% Change</b>	<b>(12.2%)</b>	<b>(23.9%)</b>

# Epidemiology

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,859,926	AFY11 Changes	FY12 Changes
1. Reduce funds for personal services and grant-in-aid and increase ERS contributions.	(188,881)	(279,949)
2. Reduce funds for the Georgia Poison Control Center.	(51,705)	-
3. Discontinue laboratory testing that is available through the private sector.	(13,946)	(21,890)
4. Reflect the discontinuation of the increased ARRA FMAP funds available to the Georgia Poison Control Center, and replace with state funds.	-	212,195
<b>Net Changes</b>	<b>(254,532)</b>	<b>(89,644)</b>
<b>Revised Amount</b>	<b>3,605,394</b>	<b>3,770,282</b>
<b>% Change</b>	<b>(7%)</b>	<b>(2%)</b>



# Health Care Access and Improvement AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$6,244,337	AFY11 Changes	FY12 Changes
1. Recognize savings from the integration of health improvement and public health programs.	-	(623,829)
2. Reduce one-time funds for Erlanger Life Force Air Ambulance program.	-	(600,000)
3. Other reductions.	(70,549)	(82,835)
<b>Net Change</b>	<b>(70,549)</b>	<b>(1,306,664)</b>
<b>Revised Amount</b>	<b>6,173,788</b>	<b>4,937,673</b>
<b>% Change</b>	<b>(1.1.%)</b>	<b>(20.9.%)</b>



# Healthcare Facility Regulation

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget funds \$6,978,289	AFY11 Changes	FY12 Changes
1. Reduce state funds for 6 new state licensure positions provided for in the FY2011 Appropriations Act (HB 948) and funds for Adult Day Care licensure.	(569,102)	(569,102)
2. Reduce funds for travel.	-	(128,727)
3. Other changes.	-	1,161
<b>Net Change</b>	<b>(569,102)</b>	<b>(696,668)</b>
<b>Revised Amount</b>	<b>6,409,187</b>	<b>6,281,621</b>
<b>% Change</b>	<b>(8.2%)</b>	<b>(10.0%)</b>



# Immunization

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,673,093	AFY11 Changes	FY12 Changes
1. Reflect a reduction in operating expenses (\$1,867,720) and other changes (\$1,920).	(1,867,720)	1,960
<b>Net Change</b>	<b>(1,867,720)</b>	<b>1,960</b>
<b>Revised Amount</b>	<b>805,373</b>	<b>2,675,053</b>
<b>% Change</b>	<b>(70.0%)</b>	<b>0.01%</b>



# Indigent Care Trust Fund

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$0	AFY11 Changes	FY12 Changes
1. Provide state matching funds for private hospitals deemed eligible by federal standards for the Disproportionate Share Hospital (DSH) program.	7,796,255	-
Net Change	7,796,255	-
Revised Amount	7,796,255	-

# Infectious Disease Control

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$30,083,175	AFY11 Changes	FY12 Changes
1. Discontinue lab testing available through private sector.	(268,689)	(421,736)
2. Other changes.	-	57,129
<b>Net Change</b>	<b>(268,689)</b>	<b>(364,607)</b>
<b>Revised Amount</b>	<b>29,814,486</b>	<b>29,718,568</b>
<b>% Change</b>	<b>(1.0%)</b>	<b>(1.2%)</b>

# Infant and Child Essential Health Treatment Services AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$26,058,688	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services, programmatic grant-in-aid, and other changes .	(372,960)	(639,686)
2. Reflect savings from the phase out of the Babies Born Healthy program.	(339,605)	(2,915,006)
<b>Net Change</b>	<b>(712,565)</b>	<b>(3,554,692)</b>
<b>Revised Amount</b>	<b>25,346,123</b>	<b>22,503,996</b>
<b>% Change</b>	<b>(2.7%)</b>	<b>(13.6%)</b>



# Infant and Child Health Promotion AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$11,370,121	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services and operating expenses and other reductions.	(874,036)	(1,316,612)
2. Recognize contract savings from moving high cost Hemophilia clients into the federal PECIP.	(482,041)	(653,124)
<b>Net Change</b>	<b>(1,356,077)</b>	<b>(1,969,736)</b>
<b>Revised Amount</b>	<b>10,014,044</b>	<b>9,400,385</b>
<b>% Change</b>	<b>(11.9%)</b>	<b>(17.3%)</b>



# Inspections and Environmental Hazard Control AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,699,910	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services, regular operating and other changes.	(185,679)	(235,965)
2. Discontinue laboratory testing available through the private sector.	(35,478)	(55,686)
<b>Net Change</b>	<b>(221,157)</b>	<b>(291,651)</b>
<b>Revised Amount</b>	<b>3,478,753</b>	<b>3,408,259</b>
<b>% Change</b>	<b>(6.0%)</b>	<b>(7.9%)</b>



# Public Health Formula Grants to Counties AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$61,686,565	AFY11 Changes	FY12 Changes
1. Reduce general grant-in-aid to County Boards of Health.	(2,467,462)	(2,484,328)
2. Increase funds for employee share of the Employee's Retirement System.	-	1,708,921
Net Change	(2,467,462)	(775,407)
Revised Amount	59,219,103	60,911,158
% Change	(4.0%)	(1.3%)





# Vital Records

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,690,567	AFY11 Changes	FY12 Changes
1. Reduce personal services and other changes.	(97,118)	(133,516)
Net Change	(97,118)	(133,516)
Revised Amount	3,593,449	3,557,051
% Change	(2.6%)	(3.6%)



# Medicaid and PeachCare for Kids



# Medicaid

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
1. Reflect reduced federal stimulus funds and replace with state funds.	131,065,089	683,983,329
2. Reflect estimated savings from drug company settlements.	(10,000,000)	(10,000,000)
3. Provide funds to reflect revised federal policies in the Patient Protection and Affordable Care Act that increase Medicaid rebates.	(3,954,459)	(4,971,943)
4. Reflect savings from the elimination of underperforming contracts.	(5,440,661)	(10,425,225)
5. Transfer funds from Low Income Medicaid (\$48,969,859) to Aged, Blind and Disabled Medicaid (\$44,561,900) and PeachCare (\$4,407,959) to align with projected expenditures.	(4,407,959)	-
6. Reflect FY 2010 reserves (\$86,584,960) and use to fund expenses.	Yes	-
7. Replace the June 2011 care management organization (CMO) payment to maximize federal financial participation and defer CMO payment in FY 2012.	54,904,935	-
8. Transfer funds from Low Income Medicaid to Administration to fully fund MMIS conversion costs. (FY12 - funds were eliminated not transferred)	(15,127,330)	(15,127,330)
9. Reflect projected hospital provider payment collections.	(13,241,355)	(4,869,361)

# Medicaid cont.

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
10. Restore funds from one-time reduction in FY11 to Medicare Part D clawback payment.	-	86,339,260
11. Reflect an increase in the federal financial participation rate from 65.80% to 65.95%.	-	(9,729,380)
12. Reduce Medicaid reimbursement by 1% for all providers excluding hospital and home and community based services.	-	(13,126,674)
13. Increase existing member co-payments and implement new co-payments for members enrolled in the TEFRA option.	-	(3,496,591)
14. Transfer funds from the Department of Corrections to reflect the relocation of medically fragile offenders to community nursing homes.	-	1,030,300
15. Eliminate optional benefit coverage for adult vision, dental and podiatry services.	-	(7,027,908)
16. Remove the CMO outpatient hospital reimbursement floor.	-	(4,541,378)

# Medicaid cont.

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
17. Reflect savings from the implementation of the Planning for Healthy Babies program.	-	(9,339,200)
18. Reflect anticipated performance bonus payment authorized in the Children's Health Insurance Program Reauthorization Act.	-	(6,032,030)
<b>Net Change</b>	<b>133,798,260</b>	<b>672,665,869</b>
<b>Revised Amount</b>	<b>1,808,987,348</b>	<b>2,347,854,957</b>
<b>% Change</b>	<b>8.0%</b>	<b>40.2%</b>

# PeachCare

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$66,279,941	AFY11 Changes	FY12 Changes
1. Replace the June 2011 care management organization (CMO) payment to maximize federal financial participation and defer CMO payment in FY 2012.	6,576,280	-
2. Provide funds to reflect revised federal policies in the Patient Protection and Affordable Care Act that increase PeachCare rebates.	(6,531,064)	(6,591,743)
3. Transfer funds from Low Income Medicaid to PeachCare to align with projected expenses.	4,407,959	-
4. Recognize FY10 reserves (\$239,516) and use to fund expenses	Yes	-
5. Reflect increase in the federal financial participation rate from 76.06% to 76.17%	-	(305,566)
6. Implement new co-payments to PeachCare members 6 years of age and older	-	(1,503,409)
7. Reduce Medicaid reimbursements by 1% for all providers excluding hospital and home and community based services	-	(699,244)
8. Remove the CMO outpatient hospital reimbursement floor.	-	(590,123)
<b>Net Change</b>	<b>4,453,175</b>	<b>(9,690,085)</b>
<b>Revised Amount</b>	<b>70,733,116</b>	<b>56,589,856</b>
<b>% Change</b>	<b>6.7%</b>	<b>(14.6%)</b>

# State Health Benefit Plan

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,888,378,968 – Other Funds	AFY11 Changes	FY12 Changes
1. Reduce expense by eliminating the Open Access Plan (OAP) and implementing additional plan design changes and employee cost-share increases in Plan Year 2011.	(110,448,160)	(235,082,951)
2. Reflect reduction in employee premium revenue due to elimination of the OAP option.	(18,399,960)	(37,284,591)
3. Increase funds to reflect spousal and tobacco (\$10 and \$20) surcharge increases in Plan Year 2011.	8,279,974	16,553,348
4. Reflect projected reimbursement available through the Early Retiree Reinsurance Program component of federal health care reform.	69,800,000	110,000,000
5. Reflect the projected cost of the federal health care reform requirement to cover 100% of preventive coverage as defined by regulation under the Patient Protection and Affordable Care Act (PPACA).	4,995,741	10,335,923
6. Reflect the projected cost of changes to coverage of dependent children required by PPACA: to allow coverage up to age 26, regardless of marital or student status, employment, residency, or financial dependence.	54,421,666	113,197,064
7. Recognize projected revenue generated from employees with dependents up to age 26 changing premium tiers, as well as the premium add-on amount to cover part of the projected cost of the expanded coverage.	35,939,886	74,929,544

# State Health Benefit Plan cont.

## AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,888,378,968 – Other Funds	AFY11 Changes	FY12 Changes
8. Reflect depletion of prior year reserves.	(43,306,700)	(60,360,097)
9. Reflect updated revenue and expense projection.	(74,413,502)	(18,888,792)
10. Increase state appropriation to the Department of Education, State Interagency Transfer Program, to increase funds to support non-certificated school service personnel benefit expense.	56,468,639	0
11. Increase per member per month billings for non-certificated school service personnel from \$162.72 to \$218.20, effective December 2010.	25,000,000	49,080,795
12. Increase employee premiums 10% in Plan Year 2012.		29,686,345
13. Implement additional plan design changes to meet projected FY 2012 expense.		37,326,621
14. Delay implementation of direct billing for SHBP employer contribution.		Yes
<b>Revised Amount</b>	<b>\$2,896,716,552</b>	<b>\$2,977,872,177</b>
<b>% Change</b>	<b>0.3%</b>	<b>3.1%</b>



# General Obligation Bonds

Principal Amounts Authorized	AFY11 Changes	FY12 Changes
1. Provides funds for a new Medicaid eligibility system.	-	10,000,000
2. Facility repairs statewide.	-	500,000



# Amended FY 2011 & FY 2012 Program Budgets

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