



FY2016 Governor's Budget Recommendations



Presentation to: House Appropriations Health Subcommittee

Presented by: Clyde L. Reese, III, Esq.



Mission

The Georgia Department of Community Health

We will provide Georgians with access to affordable, quality health care through effective planning, purchasing and oversight.

We are dedicated to A Healthy Georgia.



FY2016

Governor's Budget Recommendations

FY2016 Governor's Budget Recommendations*

Medicaid Non-ACA Items				Track Sheet Number
1	Aged Blind and Disabled, Low-Income Medicaid, PeachCare for Kids	Program growth in ABD, LIM, and PeachCare (1.6% Increase).	\$33,090,747	ABD 17.7.2 LIM 17.8.1 PCK 17.9.1
2	Aged Blind and Disabled, Low-Income Medicaid	Reduce funds to reflect an increase in the projected Federal Medical Assistance Percentage (FMAP).	(\$60,320,77)	ABD 17.7.7 LIM 17.8.9
3	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Hepatitis C drugs.	\$22,832,100	ABD 17.7.3
4	Aged Blind and Disabled	Reflect additional funds needed to support operating costs of nursing homes changing ownership on or after January 1, 2012.	\$8,749,685	ABD 17.7.1
5	Aged Blind and Disabled	Provide funding for initial cost for ABD Care Coordination.	\$12,111,228	ABD 17.7.4

FY2016 Governor's Budget Recommendations (cont'd)*

Medicaid Non-ACA Items (cont'd)				Track Sheet Number
6	Aged Blind and Disabled, Low-Income Medicaid, PeachCare for Kids	Restore legislative cuts (Hospital Cost Settlements, ABD Care Coordination, PARIS).	\$9,373,500	ABD 17.7.8-10 LIM 17.8.11-12 PCK 17.9.3-4
7	Aged Blind and Disabled	Nursing Home Provider Fee Revenue Projection Update.	\$212,713	ABD 17.7.5
8	Aged Blind and Disabled	Utilize enhanced federal participation rate to increase Medicaid reimbursement rates for personal support services by 5% in the Independent Care Waiver Program (ICWP).	Yes	ABD 17.7.11
9	Aged Blind and Disabled	Provide skilled nursing services in the Independent Care Waiver Program.	Yes	ABD 17.7.6
10	Low-Income Medicaid	Remove one-time funding for foster care run out.	(\$4,800,000)	LIM 17.8.6

FY2016 Governor's Budget Recommendations (cont'd)*

Medicaid Non-ACA Items (cont'd)				Track Sheet Number
11	Low-Income Medicaid	Replace tobacco settlement funds transferred to the Georgia Center for Oncology Research and Education (CORE) in HB744 (2014 Session) with state funds.	\$225,000	LIM 17.8.10
12	Low-Income Medicaid	Transfer funds to the Georgia Board for Physician Workforce – Morehouse School of Medicine Grant program to increase the operating grant for medical education.	(\$8,038,227)	LIM 17.8.13
13	Low-Income Medicaid	Increase funds to reflect projected FY 2016 Hospital Provider Payment revenue.	\$8,038,227	LIM 17.8.5
14	Indigent Care Trust Fund	Convene a task force to develop and submit a plan to the General Assembly by August 1, 2015 to continue supporting uncompensated hospital care for poor and uninsured Georgians once the federal DSH funds have been reduced.	Yes	ICTF 17.6.1
15	Indigent Care Trust Fund	Increase funds in the Ambulance Licensing Fee activity to reflect actual funds available.	Yes	ICTF 17.6.2

FY2016 Governor's Budget Recommendations (cont'd)*

Medicaid ACA Items				Track Sheet Number
16	Low-Income Medicaid	Cover increased cost due to ACA Presumptive Eligibility rules.	\$15,194,943	LIM 17.8.3
17	Low-Income Medicaid	Provide additional funds needed for 12 month eligibility reviews.	\$37,858,099	LIM 17.8.4
18	Low-Income Medicaid	Provide additional funds needed for ACA woodwork effect.	\$2,844,224	LIM 17.8.2
19	Low-Income Medicaid	Remove one-time funding for CMO state insurance premium tax liability due to the ACA.	(\$1,100,000)	LIM 17.8.7
20	Low Income Medicaid, PeachCare for Kids	Reduce funds to reflect an increase in the projected Enhanced Federal Medical Assistance Percentage (eFMAP).	(\$93,593,829)	LIM 17.8.8 PCK 17.9.2

FY2016 Governor's Budget Recommendations (cont'd)*

Operations Items				Track Sheet Number
21	Administration, Board of Dentistry, Board of Pharmacy, Health Care Access and Improvement, Healthcare Facility Regulation	Statewide Changes: Reflect an adjustment in the employer share of Employees' Retirement System, Dept. of Administrative Services premiums, and Teamworks billings. Provide funds for merit-based pay adjustments and employee recruitment and retention initiatives.	\$541,074	ADMIN 17.1.1-4 GBD 17.2.1-3 GSBP 17.3.1-3 HCAI 17.4.1-3 HFRD 17.5.1-3
22	Administration, Board of Dentistry, Board of Pharmacy	Reduce funds for operations.	(\$92,723)	ADMIN 17.1.5 GBD 17.2.4 GSBP 17.3.4
23	Healthcare Access and Improvement	Eliminate one-time start-up funds for Federally Qualified Health Centers (FQHC).	(\$1,000,000)	HCAI 17.4.4
24	Healthcare Facility Regulation	Provide state funds to reflect increased workload in the Healthcare Facility Regulation Program. (Includes replacement of federal funds as a result of updated cost allocation plan and eight additional nurse surveyor positions.)	\$3,306,583	HFRD 17.5.4-5
Grand Total **			(\$14,567,433)	



FY2016

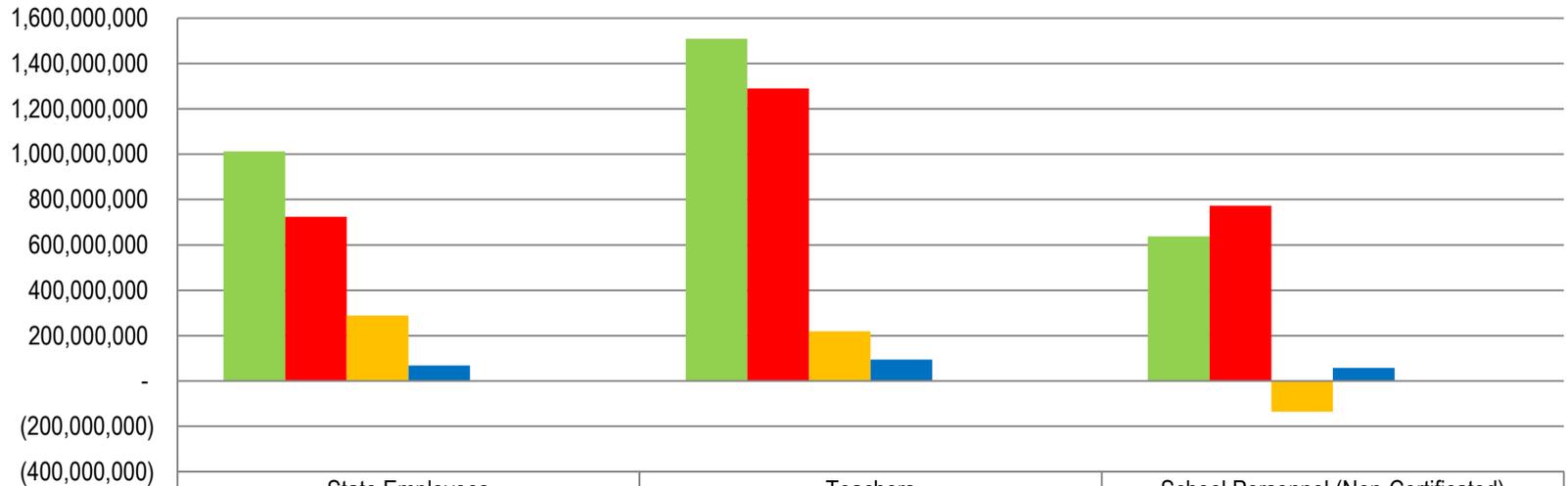
Governor's SHBP Budget Recommendations

SHBP Financial Status

	FY14 (Actual)	FY15	FY16	FY17
FINANCIAL STATUS				
Baseline Revenue	3,139,864,637	3,090,645,693	3,133,827,088	3,116,934,655
Baseline Expense	2,744,326,949	3,021,668,000	3,271,348,000	3,585,293,000
Revenue				
<i>Revenue Impacts</i>				
<i>Net Change to Revenue</i>				
Expense				
<i>Reprocurement Impacts</i>				
Procurement Savings	(98,230,000)	(281,065,000)	(313,486,000)	(342,782,000)
2014 Medicare Advantage Rate Increase	55,809,000	124,212,000	147,036,000	174,080,000
2014 Renegotiated Medicare Advantage Rates	(23,614,000)	(52,558,000)	(62,215,000)	(73,659,000)
2015 Medicare Advantage Procurement Savings		(104,434,000)	(221,554,000)	(235,080,000)
Termination fees (UHC/Cigna)	55,989,000			
<i>Plan Design Impacts</i>				
2014/2015 Plan Design Changes	(29,022,000)	(88,248,000)	(117,806,000)	(128,411,000)
Additional HRA incentives ¹	22,000,000	49,015,000	43,994,000	44,715,000
<i>ACA Impacts</i>				
ACA mandates 1/1/2013 eff date	17,556,000	17,523,000	17,675,000	17,919,000
ACA Reinsurance Fee		22,641,000	18,541,000	11,490,000
Effects of ACA Individual Mandate	25,735,000	53,737,000	64,162,000	77,494,000
Limit on Out-of-Pocket Maximum		31,431,000	71,597,000	78,041,000
<i>Net Change to Expense</i>	26,223,000	(227,746,000)	(352,056,000)	(376,193,000)
Revised Revenue	3,139,864,637	3,090,645,693	3,133,827,088	3,116,934,655
Revised Expense	2,770,549,949	2,793,922,000	2,919,292,000	3,209,100,000
Net Surplus/(Deficit)	369,314,688	296,723,693	214,535,088	(92,165,345)

- The Other Post-Employment Benefit (OPEB) liability is \$14.4 Billion.
- The Annual Required Contribution for the two OPEB funds (State and School Personnel) is \$1.1 billion.
- There are currently no funds set aside for future retiree claims; the SHBP is operating on a “Pay as you go” basis.

SHBP FY2014 Financial Plan Overview

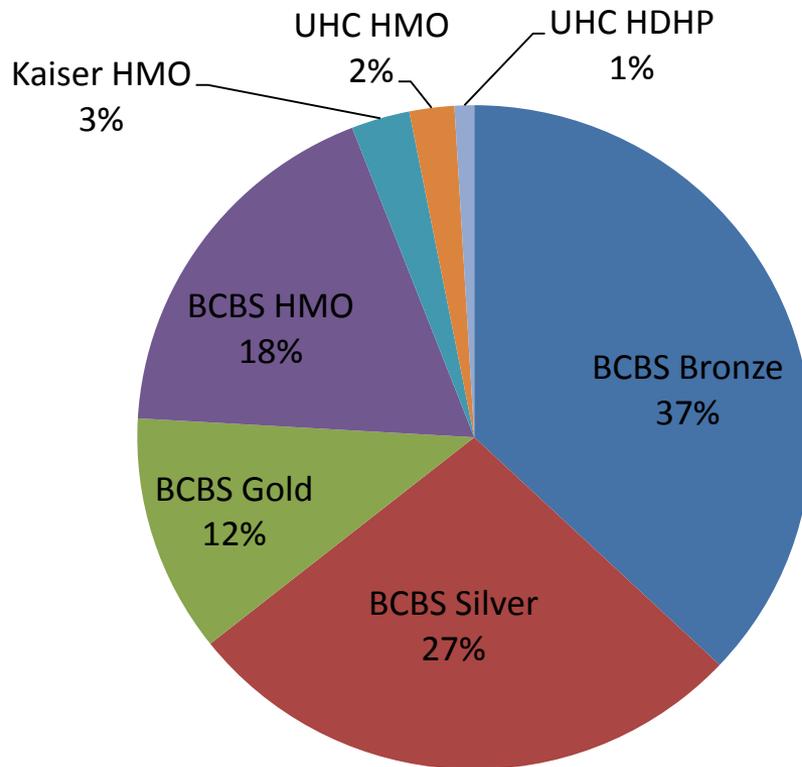


	State Employees	Teachers	School Personnel (Non-Certificated)
Revenue	1,012,000,366	1,508,714,114	637,293,792
Expense	723,945,926	1,290,007,315	772,865,320
Surplus (Deficit)	288,054,440	218,706,799	(135,571,528)
IBNR Liability	68,596,400	93,984,324	56,912,276
# of Active Members	55,582	102,298	65,219
# of Retiree Members	35,291	53,511	22,474

- This subsidy has been partially addressed by two \$150 annual Non-Cert employer contribution increases in FY 2013 and FY 2014.
- Employer contribution rates Per Member Per Month.
 - Non-Cert 596.20
 - Teacher 945.00
 - State 1,200.00 State employer contribution rate is assessed as a percentage of payroll. This is a projected PMPM equivalent.

Plan Year 2015 Open Enrollment Results

Self-Insured Options



- 19% of total eligibles waived coverage
- 94% of members chose BCBS options

Notes: 1) A "Member" is someone enrolled in SHBP - not all eligibles are members.
2) Does not include Medicare Advantage and Tricare



FY2016 Governor's SHBP Budget Recommendations

State Health Benefit Plan (SHBP) Non-ACA Items			Track Sheet Number
1	Increase funds to annualize the cost of a pilot program to provide coverage for the treatment of autism spectrum disorders (ASDs) effective January 1, 2015. (Total Funds: \$2,410,661)	Yes	17.10.8
2	Increase funds to annualize the cost for providing coverage for hearing aids for children effective January 1, 2015. (Total Funds: \$853,980)	Yes	17.10.7
3	Increase funds to annualize the cost of the bariatric surgery pilot program effective January 1, 2015. (Total Funds: \$5,400,000)	Yes	17.10.9
4	Increase funds for members requiring treatment with new Hepatitis C drugs. (Total Funds: \$15,400,000)	Yes	17.10.3
5	Reduce funds to reflect savings from removing copayments from health reimbursement arrangement (HRA) plans. (Total Funds: (\$58,000,000))	Yes	17.10.11
6	Reduce funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: (\$174,853,282))	Yes	17.10.12

FY2016 Governor's SHBP Budget Recommendations (cont'd)*

SHBP Non-ACA Items (cont'd)			Track Sheet Number
7	Increase funds for reserves to fund future claims and Other Post-Employment Benefits (OPEB) liabilities. (Total Funds: \$98,212,114)	Yes	17.10.4
8	Delay the implementation of the scheduled increase of the employer contribution rate for non-certificated school service employees from \$596.20 per member per month to \$746.20 per member per month, deferring the collection of an estimated \$102,825,000 in revenue for the SHBP.	Yes	17.10.1
9	Effective January 1, 2016, eliminate SHBP coverage for non-certificated public school employees, as defined in OCGA §20-2-910, who work, on average, fewer than 30 hours per week.	Yes	17.10.2

SHBP ACA Items			Track Sheet Number
10	Reduce funds due to a scheduled reduction in the Transitional Reinsurance Fee imposed by the PPACA. (Total Funds: (\$4,924,000))	Yes	17.10.10
11	Increase funds to account for limits imposed on cost sharing by the PPACA. (Total Funds: \$46,470,000)	Yes	17.10.5
12	Increase funds to account for the projected increased enrollment due to the individual mandate and auto-enrollment of new employees as required by the PPACA. (Total Funds: \$14,155,000)	Yes	17.10.6