



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# AFY 2016

## Governor's Budget Recommendations



Presentation to: House and Senate Health Appropriations  
Subcommittees

Presented by: Elizabeth K. Brady, Chief Financial Officer

Date: January 21, 2016



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# 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.*

# Agenda

- FY 2016 Current Budget
- AFY 2016 Cost Drivers
- AFY 2016 Governor's Budget Recommendation





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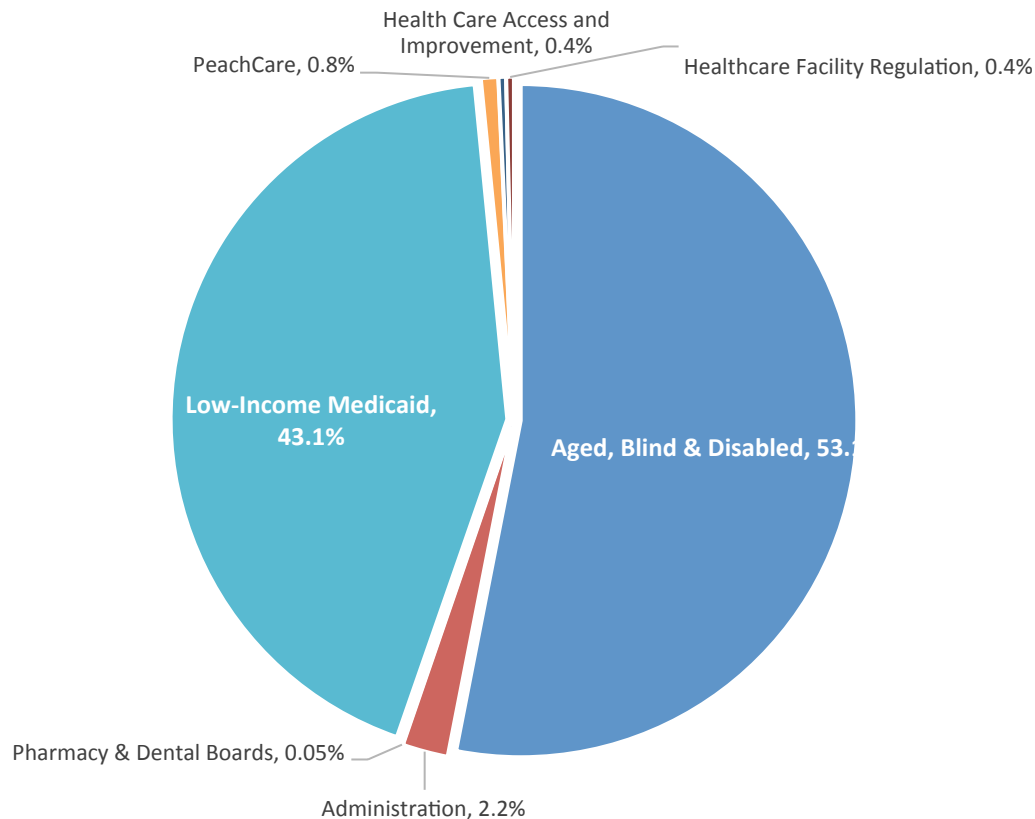
# FY 2016 Current Budget

# FY 2016 Budget

## State Funds Budget by Program\*

Total Funds Appropriated: \$13,642,102,230

State Funds Appropriated: \$2,979,649,363



97% of all DCH State Funds are budgeted in Medicaid and PeachCare



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\* Chart includes state funds only and does not include attached agencies.

# FY 2016 State Funds Budget Highlights

- Departmental Administration budget cut of \$2 million.
- \$3.3 million was appropriated in the Healthcare Facility Regulation program to hire additional nurse surveyors and address a structural deficit.
- \$8.7 million increase in rate calculations for nursing facility ownership changes from January 1, 2012 to June 30, 2014.
- \$5.9 million to increase reimbursement rates for select OB/GYN codes to the 2014 Medicare fee schedule.
- \$17.2 million added for increased reimbursement rates for select primary care codes.





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# AFY 2016 Cost Drivers

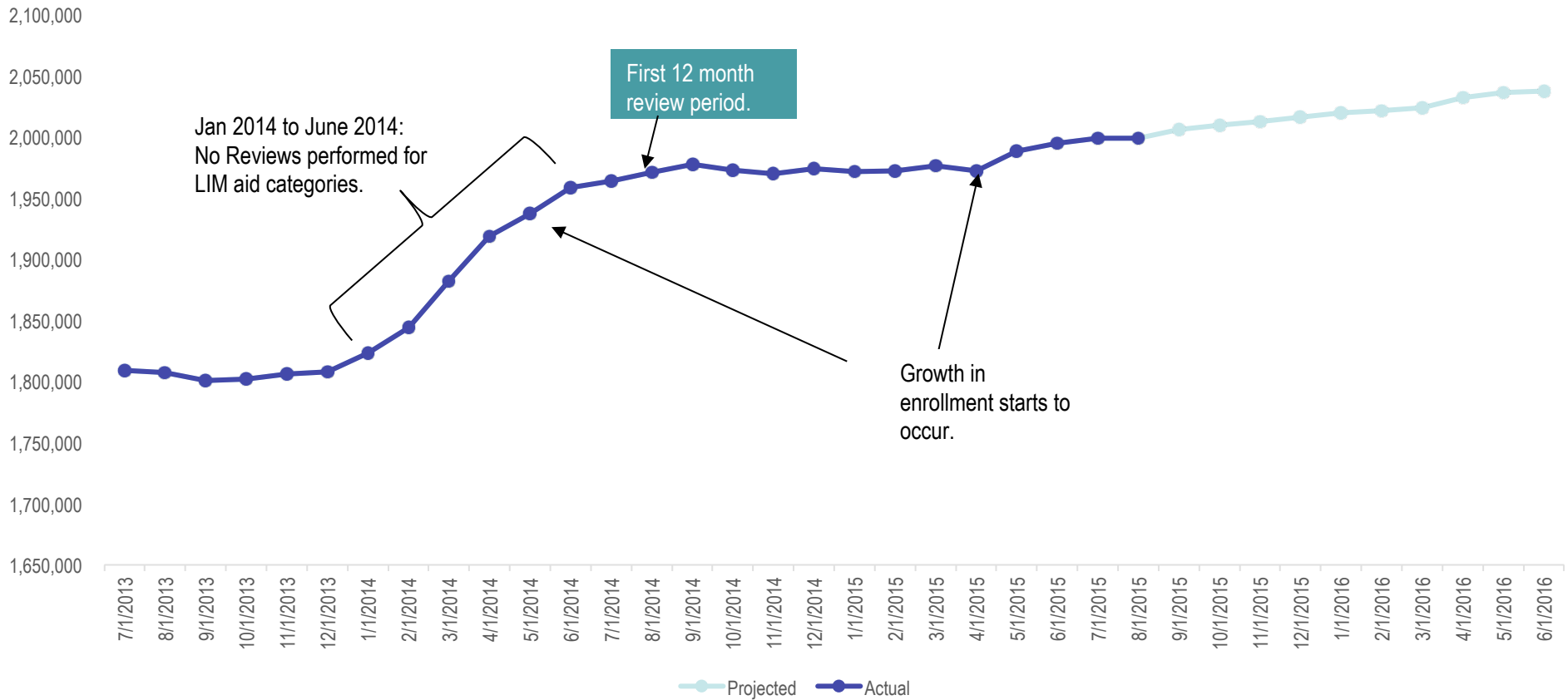
# AFY 2016 Cost Drivers

- Growth
  - CMO Rates
  - Enrollment Growth
- Prescription drugs
  - Hepatitis C
  - Cystic Fibrosis
  - Medicare Part D clawback payments
- Federal Directives
  - 1095-B reporting
  - Part B premium increases
  - Change in matching rate for certain MMIS activities





# Projected Growth in Medicaid and PeachCare



- Enrollment is projected to increase from an average of 1.975 million in FY2015 to 2.018 million in FY2016.





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# AFY 2016

## Governor's Budget Recommendation

# AFY 2016 Governor's Budget Recommendation\*

Medicaid Benefits Items			Reference Number
1	Funds requested for AFY 2016 benefit growth.	\$32,507,590	ABD #2 LIM #1 PCK #1
2	Provide funding for pharmacy cost due to high cost of Hepatitis C and Cystic Fibrosis drugs.	26,520,266	ABD #4
3	Provide funding to cover increase in Part D clawback payments starting in January 2016.	4,157,276	ABD #1
4	Provide funding for state match for DSH payments for private deemed and non-deemed hospitals.	14,668,976	ICTF #1
5	Provide funding for an increase in the premiums for Part B Medicare for Medicaid members who are also eligible for Medicare ("dual eligible").	13,081,365	ABD #3
<b>TOTAL BUDGET RECOMMENDATION FOR MEDICAID BENEFITS</b>		<b>\$90,935,473</b>	



# AFY 2016 Governor's Budget Recommendation (cont'd)\*

Operations Items			Reference Number
6	Cover added expenses for 1095-B reporting required by the Patient Protection and Affordable Care Act (PPACA).	\$1,817,591	ADMIN #2
7	Increase funds to account for reduced matching rate for certain MMIS-related activities.	2,155,857	ADMIN #3
8	Increase funds for Teamworks to comply with new IRS reporting requirements of the Patient Protection and Affordable Care Act (PPACA).	3,520	ADMIN #1
<b>TOTAL BUDGET RECOMMENDATION FOR OPERATIONS</b>		<b>\$3,976,968</b>	

AFY 2016 Governor's Budget Recommendation		Governor's Budget Recommendation
	Medicaid Benefits Items	\$90,935,473
	Operations Items	3,976,968
<b>TOTAL BUDGET RECOMMENDATION</b>		<b>\$94,912,441</b>



# AFY 2016 Governor's Budget Recommendation (cont'd)\*

State Health Benefit Plan (SHBP) Items			Reference Number
9	Increase funds for Medicare Advantage plans effective January 1, 2016. (Total Funds: \$45,800,000)	Yes	SHBP #1
10	Increase funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: \$31,105,104)	Yes	SHBP #2
11	Reduce funds for the reduction in employee contribution rates effective January 1, 2016. (Total Funds: (\$5,550,000))	Yes	SHBP #3
12	Reflect the delay of the scheduled increase of the employer contribution rate for non-certificated school service employees from July 1, 2015 to January 1, 2016. (Total Funds: (\$56,763,150))	Yes	SHBP #4



# SHBP Financial Status

	FY15 (A)	FY16	FY17	FY18
<b>FINANCIAL STATUS</b>				
Baseline Revenue	3,067,510,922	3,171,684,268	3,152,809,002	3,155,311,217
Baseline Expense	2,703,331,970	2,932,942,000	3,167,226,000	3,438,727,000
<b>Revenue</b>				
<i>Revenue Impacts</i>				
1 Employee Contribution Rate Reduction; Effective January 2016		(5,550,000)	(11,100,000)	(11,072,250)
2 Non Certificated Rate Increase; Effective January 2016		47,068,800	101,450,850	102,031,650
3 Non Certificated Rate Increase; Effective January 2017			30,405,700	74,178,700
4 <i>Net Change to Revenue</i>		41,518,800	120,756,550	165,138,100
<b>Expense</b>				
<i>Procurement/Plan Design Impacts</i>				
5 2016 Medicare Advantage UHC Rate Increase		45,800,000	91,600,000	97,709,720
6 2015 Medicare Advantage Procurement Savings		(233,295,000)	(264,262,000)	(298,660,720)
7 2015 Plan Design Changes from 2014 Plan Design		(30,520,000)	(32,784,000)	(35,146,000)
<i>ACA Impacts</i>				
8 Preventive Care & PCORI Fee		17,668,000	17,924,000	18,184,000
9 Individual Mandate/Auto Enrollment		57,720,000	62,247,000	67,246,000
10 Limit on Out-of-Pocket Maximum		71,014,000	76,879,000	83,152,000
11 Transitional Reinsurance Fee		18,402,000	11,395,000	4,645,000
12 <i>Net Change to Expense</i>		(53,211,000)	(37,001,000)	(62,870,000)
13 Revised Revenue	3,067,510,922	3,213,203,068	3,273,565,552	3,320,449,317
14 Revised Expense	2,703,331,970	2,879,731,000	3,130,225,000	3,375,857,000
15 <b>Net Surplus/(Deficit)</b>	364,178,953	333,472,068	143,340,552	(55,407,683)



# AFY 2016 Governor's Budget Recommendations

**Additional Information on DCH  
Website**

[www.dch.georgia.gov](http://www.dch.georgia.gov)

