



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# FY 2017 Governor's Budget Recommendation



Presentation to: House Appropriations Health Subcommittee

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

Date: February 1, 2016



# 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
- FY 2017 Cost Drivers
- FY 2017 Governor's Budget Recommendation



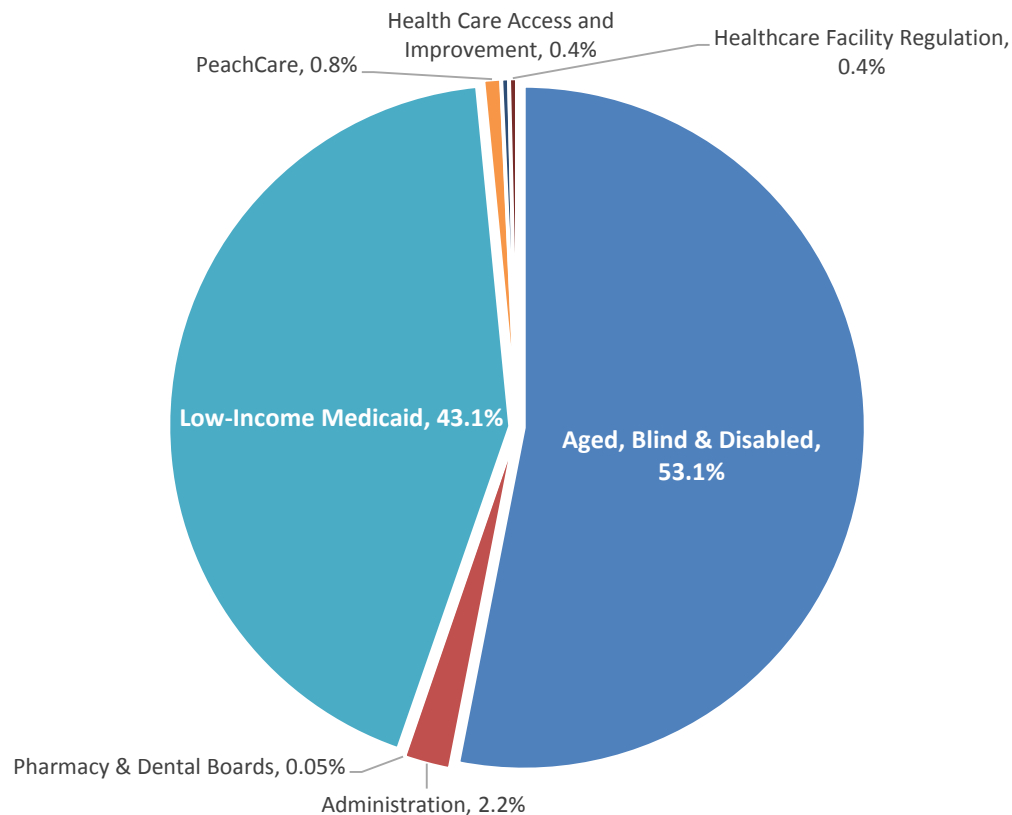
# FY 2016 Current Budget

# 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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OF COMMUNITY HEALTH**

\* 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.





# FY 2017 Cost Drivers

# FY 2017 Cost Drivers

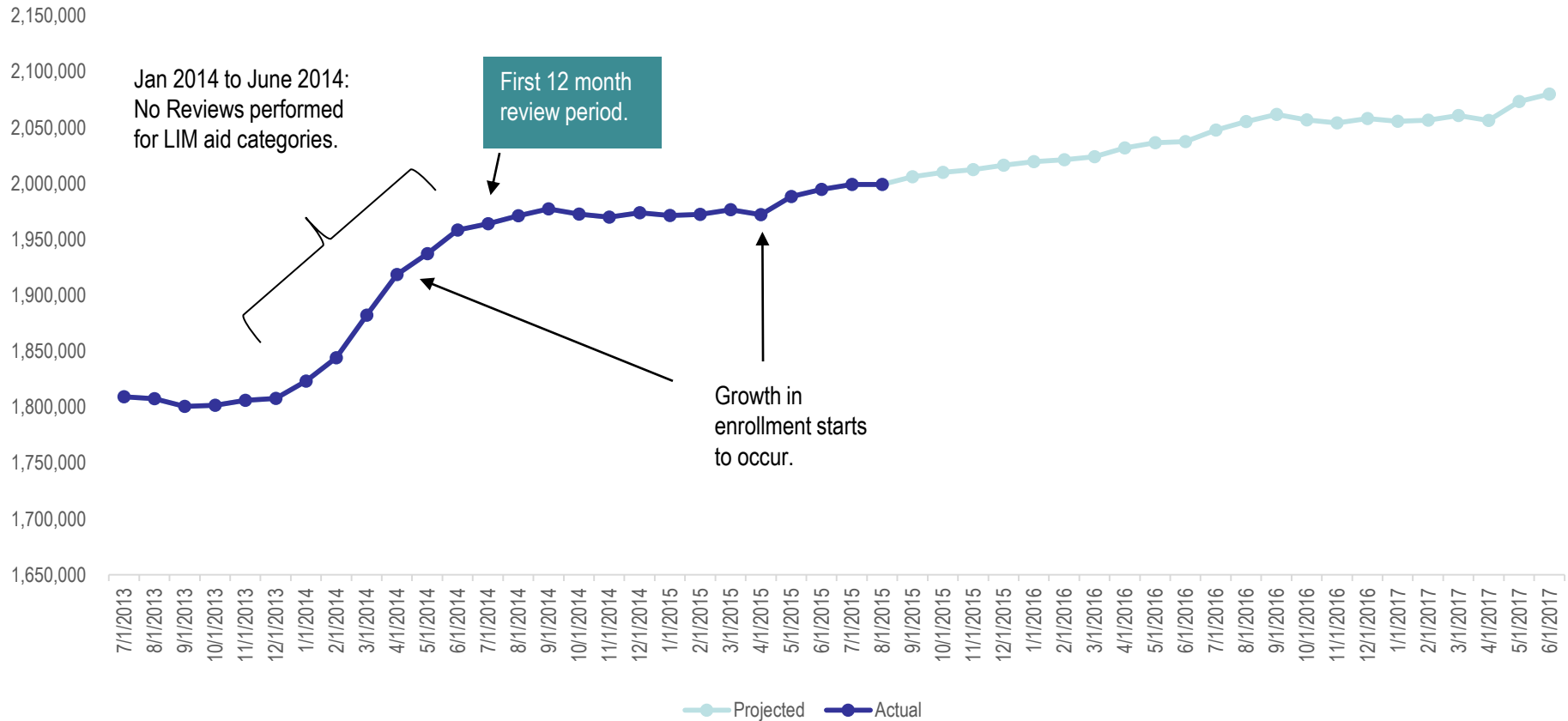
- Growth
  - CMO Rates
  - Enrollment Growth
- Prescription drugs
  - Hepatitis C
  - Cystic Fibrosis
  - Medicare Part D clawback payments
- Federal Directives
  - 1095-B reporting
  - Part B premium increases
  - Change in matching rate for certain MMIS activities





# Projected Growth in Medicaid and PeachCare

Enrollment Trends



- Enrollment is projected to increase from an average of 2.018 million in FY 2016 to 2.060 million in FY 2017.



# FY 2017 Governor's Budget Recommendation

# FY 2017 Governor's Budget Recommendation\*

| Medicaid Benefits Items                                  |  |                      | Reference Number                         |
|--|--|----------------------|--|
| 1  | Funds requested for FY 2017 benefit growth.  | \$102,896,756        | ABD 17.7.2;<br>LIM 17.8.1                |
| 2  | FY2017 Federal Medical Assistance Percentage (FMAP) savings.   | (38,443,460)         | ABD 17.7.6;<br>LIM 17.8.3                |
| 3  | Provide funding for pharmacy cost due to high cost of Hepatitis C and Cystic Fibrosis drugs.   | 26,520,266           | ABD 17.7.1                               |
| 4  | FY2017 Enhanced Federal Medical Assistance Percentage (eFMAP) savings.   | (24,648,601)         | PCK 17.9.1;<br>PCK 17.9.2                |
| 5  | Provide funding to cover increase in Part D clawback payments.   | 8,212,532            | ABD 17.7.3                               |
| 6  | Provide funding for an increase in the premiums for Part B Medicare for Medicaid members who are also eligible for Medicare ("dual eligible"). | 21,039,788           | ABD 17.7.4                               |
| 7  | Transfer administration of the Community Care Services Program (CCSP) waiver program to the Department of Community Health                     | 52,680,775           | ABD 17.7.5                               |
| 8  | Additional revenue from hospital provider payments.  | 13,564,771           | ABD 17.7.7;<br>LIM 17.8.4;<br>LIM 17.8.5 |
| <b>TOTAL BUDGET RECOMMENDATION FOR MEDICAID BENEFITS</b> |  | <b>\$161,822,827</b> |  |



# FY 2017 Governor's Budget Recommendation (cont'd)\*

| Operations Items                                 |   |                      | Reference Number  |
|--|---|----------------------|---|
| 9  | Cover added expenses for 1095-B reporting required by the Patient Protection and Affordable Care Act (PPACA). | \$1,817,591          | ADMIN 17.1.5  |
| 10   | Increase funds to account for reduced matching rate for certain MMIS-related activities.                      | 2,155,857            | ADMIN 17.1.6  |
| 11   | Funds for merit-based pay adjustments.  | 686,031              | ADMIN 17.1.1;<br>GBD 17.2.1;<br>GSBP 17.3.1<br>HCAI 17.4.1<br>HFR 17.5.1  |
| 12   | Funds for merit system assessments, agency self-insurance premiums and an adjustment in TeamWorks billings.   | 11,796               | ADMIN 17.1.2; 17.1.3;<br>17.1.4<br>GBD 17.2.2; 17.2.3<br>GSBP 17.3.2; 17.3.3<br>HCAI 17.4.2; 17.4.3<br>HFR 17.5.2; 17.5.3 |
| 13   | Reduce funds to reflect 100% federal match for PeachCare administrative expenses.                             | (7,669,673)          | ADMIN 17.1.7  |
| 14   | Additional General Obligation Bond request for the Integrated Eligibility System = \$3,000,000.               |                      |   |
| <b>TOTAL BUDGET RECOMMEDATION FOR OPERATIONS</b> |   | <b>(\$2,998,398)</b> |   |

# FY 2017 Governor's Budget Recommendation (cont'd)\*

| FY 2017 Budget Recommendation for DCH |                         | Governor's Budget Recommendation |
|---------------------------------------|-------------------------|----------------------------------|
|                                       | Medicaid Benefits Items | \$161,822,827                    |
|                                       | Operations Items        | (2,998,398)                      |
|                                       | Attached Agency Items   | 1,119,045                        |
| <b>TOTAL BUDGET RECOMMENDATION</b>    |                         | <b>\$159,943,474</b>             |

# FY 2017 Governor's Budget Recommendation (cont'd)

| State Health Benefit Plan (SHBP) Items |   |     | Reference Number |
|--|---|-----|------------------|
| 15                                     | Increase funds for Medicare Advantage plans effective January 1, 2016.<br>(Total Funds: \$91,600,000)   | Yes | SHBP 17.10.3     |
| 16                                     | Increase funds to reflect updated projections for membership, medical services utilization, and medical trend changes. (Total Funds: \$4,252,738)   | Yes | SHBP 17.10.1     |
| 17                                     | Reduce funds for the reduction in employee contribution rates effective January 1, 2016.<br>(Total Funds: (\$11,100,000))   | Yes | SHBP 17.10.2     |
| 18                                     | Reduce funds by identifying future year plan design changes. (Total Funds: (\$32,784,000))  | Yes | SHBP 17.10.4     |
| 19                                     | Reduce funds due to a scheduled reduction in the Transitional Reinsurance Fee imposed by the Patient Protection and Affordable Care Act (PPACA). (Total Funds: (\$7,420,000))                               | Yes | SHBP 17.10.5     |
| 20                                     | Increase funds for a scheduled increase of the employer contribution rate for non-certificated school service employees from \$746.20 to \$846.20 effective January 1, 2017.<br>(Total Funds: \$30,405,700) | Yes | SHBP 17.10.6     |

# 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)  |

# Budget Update and FY 2017 Recommendation

**Additional Information on DCH  
Website**

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