



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# Amended Fiscal Year 2017 and Fiscal Year 2018 Governor's Budget Recommendation



Presentation to: Joint House and Senate Appropriations Committee

Presented by: Frank W. Berry, Commissioner

Date: January 17, 2017



# 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

- What We Do
- Who We Serve
- Fiscal Year 2017 Current Budget
- Amended Fiscal Year 2017 Cost Drivers
- Amended Fiscal Year 2017 Governor's Budget Recommendation
- Fiscal Year 2018 Governor's Budget Recommendation



# What We Do

# What We Do

- Division of Medical Assistance Plans (Medicaid)
  - 1,993,279 Georgians are enrolled in Medicaid
- State Health Benefit Plan (SHBP)
  - 633,852 covered lives (subscribers and dependents) FY 2016
- Healthcare Facility Regulation Division (HFRD)
  - Regulates over 20,000 health care facilities
  - Responsible for licensure, surveys, and complaint investigations
  - Ensures compliance with state statutes, regulations, and federal certification requirements



# What We Do

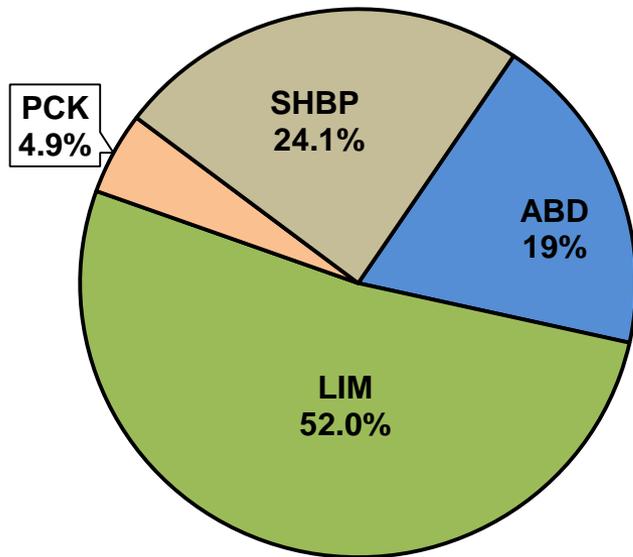
- Office of Health Planning
  - Administers Certificate of Need (CON) program
  - Reviews design and construction projects
- Office of Inspector General
  - Reviews, investigates and audits Medicaid providers and recipients to safeguard taxpayer dollars.
  - Reviews the State Health Benefit Plan (SHBP), Healthcare Facility Regulation and other offices at DCH.



# Who We Serve

# Who We Serve

## Fiscal Year 2016 - Total Beneficiaries of DCH Programs



Programs	FY 2016	%
Medicaid	1,865,592	71.0%
<i>Aged, Blind and Disabled (ABD)</i>	500,334	19.0%
<i>Low-Income Medicaid (LIM)</i>	1,365,257	52.0%
PeachCare (PCK)	127,688	4.9%
<b>Subtotal</b>	<b>1,993,279</b>	<b>75.9%</b>
State Health Benefit Plan (SHBP)	633,852	24.1%
<b>Total Beneficiaries</b>	<b>2,627,131</b>	<b>100.0%</b>

One in four Georgians is a direct beneficiary of DCH Programs

# Who We Serve

## Fiscal Year 2016 - Children Beneficiaries of DCH Programs

52% of Georgia's children (ages 0 to 19) have access to health insurance through a DCH Program.

DCH Program	GA Children Population*	DCH Beneficiaries (ages 0-19)	%
Medicaid and PeachCare		1,319,811	48%
State Health Benefit Plan		123,273	4%
Total Children	2,784,116	1,443,084	52%



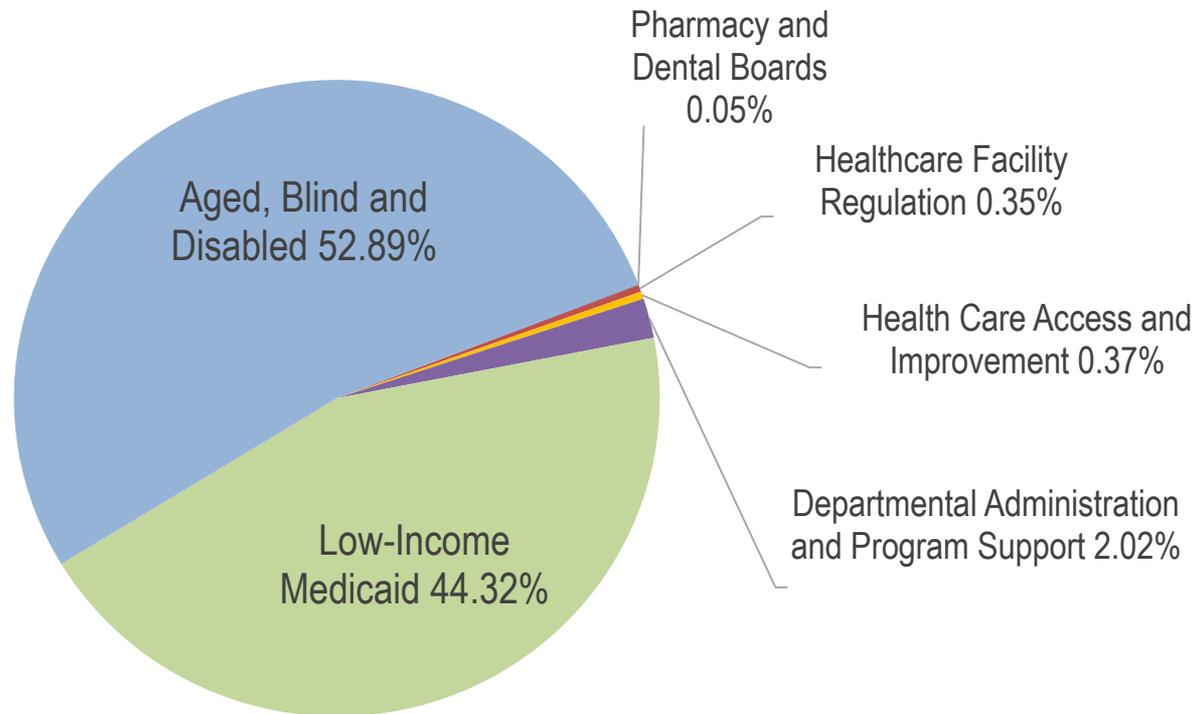


# Fiscal Year 2017 Current Budget

# Fiscal Year 2017 Budget State Funds Budget by Program\*

Total Funds Appropriated: \$14,365,986,322

State Funds Appropriated: \$3,135,879,366\*



97% of all DCH State Funds are budgeted in Medicaid





# Amended Fiscal Year 2017 Cost Drivers

# Amended Fiscal Year 2017 and Cost Drivers

- Medicare Part D Clawback payments
  - The availability of new specialty drugs (e.g. hepatitis C), growth in prescription drug utilization and rising drug prices are increasing the cost of Part D.
- Medicare Part B premium increases
  - When Medicare Part B premiums increase but Social Security beneficiaries do not receive a cost of living adjustment (COLA) that can cover the increase in the premium, a hold-harmless provision is triggered for the majority of Part B members who are not dual eligibles nor meet income standards. Georgia Medicaid covers the cost of premiums for dual eligibles.



# Amended Fiscal Year 2017 Governor's Budget Recommendation

# Amended Fiscal Year 2017 Governor's Budget Recommendation

## Medicaid Items

Utilize \$3,701,499 in Tenet settlement agreement funds to reflect projected increase in Medicare Part D Clawback payment (Total Funds: \$3,701,499).	Yes
Utilize \$11,564,450 in Tenet settlement agreement funds to provide match for Disproportionate Share Hospital (DSH) payments for private deemed and non-deemed hospitals (Total Funds: \$36,538,547).	Yes
Utilize \$3,182,981 in Tenet settlement agreement funds for the hold harmless provision in Medicare Part B Premiums (Total Funds: \$9,885,034).	Yes

## Total State Funds

**\$0**

## Operations Items

Statewide adjustment for merit system assessments to align budget to expenditure.	\$2,709
Provide additional funds to retain criminal investigators for Georgia Board of Dentistry.	\$1,389

## Total State Funds

**\$4,098**

# Amended Fiscal Year 2017 Governor's Budget Recommendation (cont'd)

## State Health Benefit Plan (SHBP)

Increase funds to reflect membership, medical service utilization, and medical trend changes since the previous projection (Total Funds: \$126,049,802).	Yes
Reflect 2.5% average increase in employee premiums for non-Medicare Advantage plans, effective 1/1/17 (Total Funds: \$7,200,000).	Yes
Reflect \$20 monthly premium increase for Medicare Advantage premium plan members, effective 1/1/17 (Total Funds: \$5,283,000).	Yes
Increase funds to raise the 5-year benefit limit for children's hearing aids from \$3,000 to \$6,000 (Total Funds: \$4,736).	Yes
Reduce funds to reflect savings attributable to Medicare Advantage rates in plan year 2017 (Total Funds: <b>(\$8,836,000)</b> ).	Yes
Reduce funds to reflect projected dependent verification audit savings (Total Funds: <b>(\$17,607,871)</b> ).	Yes
Recognize plan savings attributable to pharmacy benefit management strategies such as enhanced compound pharmacy management (Total Funds: <b>(\$39,113,000)</b> ).	Yes



# Fiscal Year 2018 Governor's Budget Recommendation

# Fiscal Year 2018

## Governor's Budget Recommendation

### Medicaid Items

Provide state funds to support increased waiver rates and slots previously funded by the Balancing Incentives Payment Program (BIPP).	\$4,015,270
Provide funds to reduce the waiting list in the Community Care Services (CCSP) waiver.	\$1,377,969
Increase funds for an adjustment to congregate and home-delivered meals rates for Medicaid waivers for the elderly.	\$250,000
Reduce funds for the hold-harmless provision in the Medicare Part B premiums.	(\$2,927,925)
Reduce funds for one-year Health Insurer Fee (HIF) moratorium.	(\$32,220,521)
Reduce funds to reflect and increase in the Federal Medicaid Assistance Percentage (FMAP) from 67.89% to 68.50%.	(\$46,903,924)
<b>Total State Funds</b>	<b>(\$76,409,131)</b>

### Operations Items

Statewide adjustments.	\$695,722
Provide additional funds to retain criminal investigators for Georgia Board of Dentistry.	\$2,778
Reduce one-time funds for the purchase of three telemedicine equipment devices to support middle Georgia EMS services.	(\$42,000)
Transfer funds to the Georgia Board for Physician Workforce to support the salary and operating expenses of two healthcare analyst positions.	(\$200,389)
<b>Total State Funds</b>	<b>\$456,111</b>

# Fiscal Year 2018

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

<b>Medicaid Items</b>	
Utilize \$38,425,445 in Tenet settlement agreement funds for growth in Medicaid based on projected need (Total Funds: \$121,407,409).	Yes
Utilize \$11,066,621 in Tenet settlement agreement funds to reflect a projected increase in Medicare Part D Clawback payment (Total Funds: \$34,965,627).	Yes
Utilize \$1,638,000 in Tenet settlement agreement funds to comply with federal hepatitis C treatment access requirements (Total Funds: \$5,175,355).	Yes
Evaluate options to ensure mental health coverage parity for Medicaid and Children's Health Insurance Program beneficiaries with that of the commercial market.	Yes
Utilize \$17,941,658 in Tenet settlement agreement funds to increase reimbursements rates for select primary care and OB/GYN codes to 100% of 2014 Medicare levels (Total Funds: \$56,687,703).	Yes
Utilize \$2,533,408 in Tenet settlement agreement funds for behavioral health services to children ages 0-4 (Total Funds: \$8,004,449).	Yes
Utilize \$20,766,592 in Tenet settlement agreement funds to cover behavioral health services for children under 21 who are diagnosed as autistic (Total Funds: \$65,613,245).	Yes
<b>Total Funds</b>	

# Fiscal Year 2018

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

### State Health Benefit Plan (SHBP)

Increase funds to reflect membership, medical service utilization, and medical trend changes since the previous projection (Total Funds: \$200,347,554).	Yes
Reflect 2.5% average increase in employee premiums for non-Medicare Advantage plans, effective 1/1/17 (Total Funds: \$14,400,000).	Yes
Reflect \$20 monthly premium increase for Medicare Advantage premium plan members, effective 1/1/17 (Total Funds: \$10,556,00).	Yes
Increase funds to raise the 5-year benefit limit for children's hearing aids from \$3,000 to \$6,000 (Total Funds: \$9,471).	Yes
Reduce funds to reflect savings attributable to Medicare Advantage rates in plan year 2017 (Total Funds: <b>(\$19,587,000)</b> ).	Yes
Reduce funds to reflect projected dependent verification audit savings (Total Funds: <b>(\$27,655,000)</b> ).	Yes
Increase employer contribution rates to the non-certificated School Service Personnel Plan from \$846.20 to \$945.00 (Total Funds \$29,557,564).	Yes
Increase funds to reflect growth to match Medicaid age requirements for the treatment of autism spectrum disorders, effective 1/1/18 (Total Funds: \$1,100,000).	Yes
Recognize plan savings attributable to pharmacy benefit management strategies such as enhanced compound pharmacy management (Total Funds: <b>(\$42,295,000)</b> ).	Yes

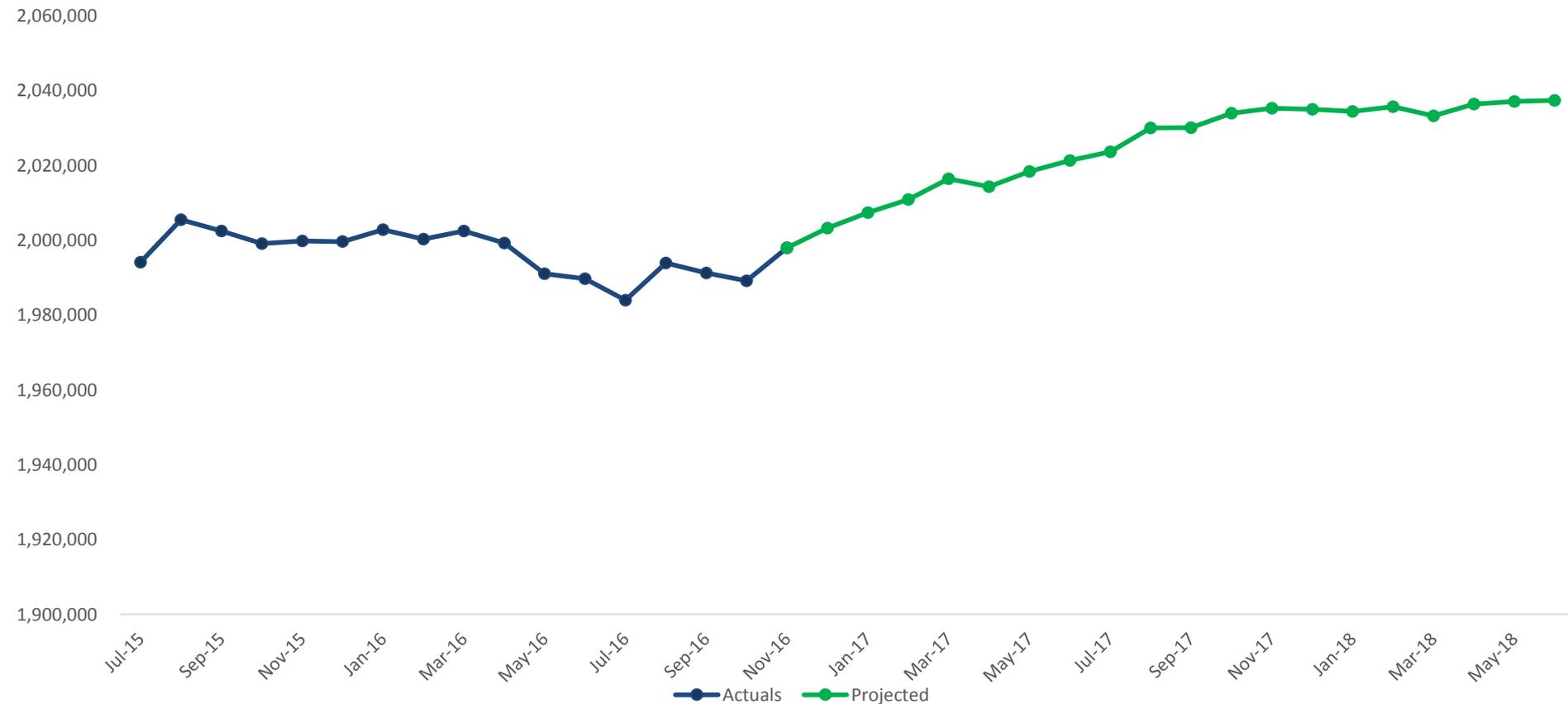


# Amended Fiscal Year 2017 and Fiscal Year 2018 Governor's Budget Recommendation

## Additional Information on DCH Website

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

# Projected Growth in Medicaid and PeachCare



- Enrollment is projected to increase from an average of 1.999 million in FY2016 to 2.004 million in FY2017.

# SHBP Financial Status

	FY16 (A)	FY17	FY18	FY19
<b>FINANCIAL STATUS</b>				
Baseline Revenue	3,269,788,823	3,213,230,669	3,220,347,477	3,225,335,870
Baseline Expense	2,872,782,219	3,130,517,000	3,399,473,000	3,724,371,000
<b>Revenue</b>				
<i>Revenue Impacts</i>				
1 Employee Premium Rate Reduction; Eff.1/1/16		(11,100,000)	(11,072,250)	(11,044,569)
2 Non Certificated Rate Increase; Eff. 1/1/16		101,450,850	102,031,650	102,031,650
3 Non Certificated Rate Increase; Eff. 1/1/17		30,405,700	74,178,700	74,178,700
4 Non Certificated Rate Increase; Eff. 1/1/18			29,557,564	73,752,887
5 Average 2.5% Increase on Non-MA Employee Premiums; Eff 1/1/17		7,200,000	14,400,000	14,400,000
6 Plan Year 2017 \$20 premium increase for the MA premium plan		5,283,000	10,566,000	10,566,000
7 <i>Net Change to Revenue</i>		133,239,550	219,661,664	263,884,668
<b>Expense</b>				
8 2017 MA Procurement Savings		(8,836,000)	(19,587,000)	(23,162,000)
9 2017 Increase in Children's Hearing Aid Benefit Max from \$3,000 to \$6,000		4,736	9,471	9,471
10 Dependent Audit Savings		(17,607,871)	(27,655,000)	(30,006,000)
11 Recognized savings from enhanced PBM strategies	(35,045,000)	(39,113,000)	(42,295,000)	(45,892,000)
12 Match Medicaid age requirements for the treatment of autism.			1,100,000	2,200,000
13 <i>Net Change to Expense</i>	(35,045,000)	(65,552,136)	(88,427,529)	(96,850,529)
14 Revised Revenue	3,269,788,823	3,346,470,219	3,440,009,141	3,489,220,538
15 Revised Expense	2,837,737,219	3,064,964,865	3,311,045,471	3,627,520,471
16 <b>Net Surplus/(Deficit)</b>	432,051,604	281,505,355	128,963,670	(138,299,933)