



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# Medicaid Cost Strategies



Presentation to: DCH Board

Presented by: Vince Harris

Date: 10/11/12



# 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.*

# FY 2013 Fair Rental Rate Reduction

Proposed FY 2013 Fair Rental Value (FRV) Rate Reduction	Total Funds	State Funds
FRV Payment for FY 2013	\$74,196,315	\$25,441,916
<u>Revised FRV Payment for FY 2013:</u> <u>Construction Cost Index Adjusted to .201 Effective 4/1/2013</u>	\$60,648,013	\$20,796,204
<b>Total Reduction for FY 2013</b>	<b>(\$13,548,302)</b>	<b>(\$4,645,713)</b>
Provider Fee Revenue Loss	\$2,370,656	\$812,898
<b>Net Reduction for FY 2013</b>	<b>(\$11,177,646)</b>	<b>(\$3,832,815)</b>



# FY 2014 Fair Rental Rate Reduction

Proposed FY 2014 Fair Rental Value (FRV) Rate Reduction	Total Funds	State Funds
FRV Payment for FY 2014	\$74,196,315	\$25,346,461
<u>Revised FRV Payment for FY 2014:</u> <u>Construction Cost Index Adjusted to .206 Effective 7/1/2013*</u>	\$19,991,774	\$6,829,190
<b>Total Reduction for FY 2014</b>	<b>(\$54,204,541)</b>	<b>(\$18,516,271)</b>
Provider Fee Revenue Loss	\$9,520,704	\$3,252,272
<b>Net Reduction for FY 2014</b>	<b>(\$44,683,687)</b>	<b>(\$15,263,999)</b>
<p><i>*Represents the amount of Fair Rental Value Payments Funded by the Nursing Home Provider Fee for FY 2014.</i></p>		



# Medicaid Cost Strategies

	<b>Description</b>	<b><u>FY2013 Impact</u></b> <b><u>(State Funds)</u></b>	<b><u>FY2014 Impact</u></b> <b><u>(State Funds)</u></b>
1.	Ambulatory Payment Classification (APC) Grouper for Outpatient Services <i>Two components:</i> <ul style="list-style-type: none"> <li><i>Crossover Claims - Reduction of Medicaid portion of outpatient claims supplanted by Medicare funding</i></li> <li><i>Maintaining the FY2013 expense levels in FY2014 for fee for service and CMO claims</i></li> </ul>	\$0 \$0 \$0	\$34,329,189 (total of two parts below) \$11,657,880 \$22,671,309
2.	Diagnosis Related Group (DRG) Rebasing for Inpatient Claims (cost neutral)	\$0	\$0
3.	Adjust Fair Rental Value (FRV) for Nursing Home Reimbursement Formula	<u>\$3,832,815</u>	<u>\$15,263,999</u>
	Total	\$3,832,815	\$49,593,188
	FY2013 (3%) and FY2014 (5%) Reduction	<u>(\$62,400,096)</u>	<u>(\$104,000,106)</u>
	Balance	<u>(\$58,567,281)</u>	<u>(\$54,406,918)</u>
<b>Additional Cost Strategies</b>			
4.	FY09, FY10, FY11 Hospital Cost Settlements	<u>\$20,000,000</u>	<u>\$0</u>
	Balance	<u>(\$38,567,281)</u>	<u>(\$54,406,918)</u>