

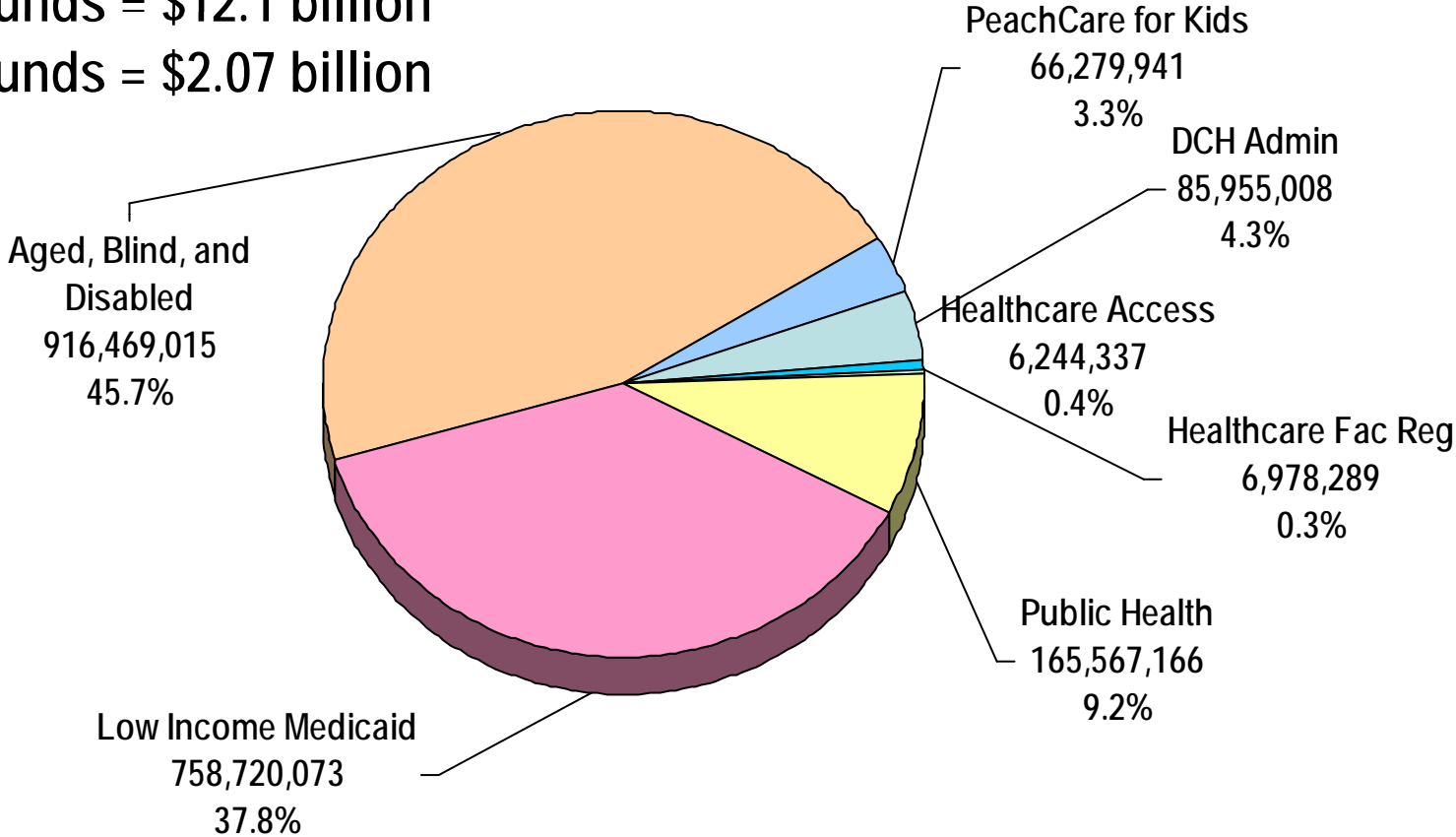
Amended FY 2011 and FY 2012 Program Budgets

Presentation to
Joint Appropriations Committee
January 20, 2011



DCH FY 2011 State Fund Budget

Total Funds = \$12.1 billion
 State Funds = \$2.07 billion



*State funds for Medicaid & PCK Benefits include tobacco funds and provider fees

Department Administration

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$85,823,213	AFY11 Changes	FY12 Changes
1. Provide for an adjustment in Workers' Compensation premiums.	42,034	42,034
2. Reflect an adjustment in telecommunications expenses.	901,615	1,266,253
3. Transfer state funds related to the Department of Human Resources reorganization from the Department of Human Services to the Department of Community Health for Public Health telecommunications (\$2,295,090) and software licensing (\$237,186).	2,532,276	2,532,276
4. Reduce funds for Personal Services.	(147,144)	(147,144)
5. Reduce funds to reflect savings from space consolidation.	(31,032)	(62,063)
6. Transfer funds from the Low Income Medicaid program to fully fund the Medicaid Management Information System (MMIS) conversion costs.	15,127,330	-
7. Reduce funds for computer contracts to reflect savings from transition to a new MMIS vendor.	(5,380,887)	(5,815,788)
8. Replace state general funds with federal funds for a nursing home eligibility online processing system.	(200,000)	(200,000)
9. Replace state general funds with other funds from fraud control global settlements.	(1,000,000)	(1,000,000)

Department Administration cont.

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$85,823,213	AFY11 Changes	FY12 Changes
10. Increase funds to reflect an adjustment in the employer share of the Employees' Retirement System.	-	224,555
Net Change	11,844,192	(3,159,877)
Revised Amount	97,667,405	82,663,336
% Change	13.8%	(3.7%)

Adolescent and Adult Health Promotion Program Metrics

Services provided in FY10:

- Mammograms- 16,428
- Pap tests- 74,440
- Calls to the Georgia Tobacco Quit Line- 4,306
- Students educated on Primary Sexual Violence Prevention- 52,302
- Professionals trained on Primary Sexual Violence Prevention-1,035
- Youth served through the Adolescent Health and Youth Development (AHYD) Program- 43,597
- Professionals trained through the AHYD Program- 3,278
- Schools Adopting the 100% Tobacco Free School Policy- 98 (resulting in an additional 71,683 students protected from second-hand smoke)



Adolescent and Adult Health Promotion AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$9,591,492	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services	(174,670)	(118,697)
2. Reduce Operating Expenses	(365,427)	(358,461)
3. Reduce programmatic grant-in-aid to County Boards of Health	(23,553)	(35,732)
4. Reduce funds for contracts	-	(150,000)
5. Replace state general funds with tobacco settlement funds (87,262)	-	-
6. Increase funds for employer share of the Employee's Retirement System	-	8,564
Net Change	(563,650)	(654,326)
Revised Amount	9,027,842	8,937,166
% Change	(5.9%)	(6.8%)

Adult Essential Health Treatment Services Program Metrics

Services provided in FY10:

Provided 2,230 cancer treatment services to 360 clients statewide.

Provided 14,616 clients with Stroke and Heart Attack Prevention Program services in FY2010. We are projecting another 14,000 receiving services in FY2011.



Adult Essential Health Treatment Services AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$7,809,846	AFY11 Changes	FY12 Changes
1. Recognize contract savings from moving high cost Hemophilia clients into the federal Pre-Existing Condition Insurance Plan (PECIP)	(47,864)	(680,263)
2. Replace state general funds with tobacco settlement funds (138,249)	-	-
3. Increase funds for employer share of the Employee's Retirement System	-	\$4,579
Net Change	(47,864)	(675,684)
Revised Amount	7,761,982	7,134,162
% Change	(1.0%)	(8.7%)

Emergency Preparedness/ Trauma System Improvement Program Information

Prepare for natural disasters, bioterrorism, and other emergencies, as well as improving the capacity of the state's trauma system.



Emergency Preparedness/ Trauma System Improvement AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,082,935	AFY11 Changes	FY12 Changes
1. Reduce funds for Trauma Registry Contracts	(377,000)	(754,000)
2. Increase funds for employer share of the Employee's Retirement System	-	17,090
Net Changes	(377,000)	(736,910)
Revised Amount	2,705,935	2,346,025
% Change	(12.2%)	(23.9%)

Epidemiology Program Metrics

Services provided in FY10:

- Conducts surveillance for more than 75 notifiable diseases/conditions, including infectious diseases, chronic diseases and disease outbreaks.
- Investigated 171 events of public health significance, of which 102 were confirmed as disease outbreaks.
- A couple of the top outbreaks in GA during 2010 were Salmonella and influenza.



Epidemiology

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,859,926	AFY11 Changes	FY12 Changes
1. Reduce funds for personal services	(104,760)	(158,884)
2. Reduce programmatic grant-in-aid to County Boards of Health	(84,121)	(141,215)
3. Reduce funds for the Georgia Poison Control Center	(51,705)	-
4. Discontinue laboratory testing that is available through the private sector	(13,946)	(21,890)
5. Increase funds to reflect an adjustment in the Employee's Retirement System	-	20,150
6. Reflect the discontinuation of the increased ARRA FMAP funds available to the Georgia Poison Control Center, and replace with state funds	-	212,195
Net Changes	(254,532)	(89,644)
Revised Amount	3,605,394	3,770,282
% Change	(7%)	(2%)

Health Care Access and Improvement Program Information

Provide grants and other support services for programs that seek to improve health access and outcomes in rural and underserved areas of Georgia through the State Office of Rural Health, the various commissions of the Office of Health Improvement. The certificate of need function is also included in this program.



Health Care Access and Improvement AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$6,244,337	AFY11 Changes	FY12 Changes
1. Reflect an adjustment in the Workers' Compensation premium.	401	401
2. Reduce funds for the Area Health Education Centers (AHEC).	(70,950)	(106,426)
3. Increase funds to reflect an adjustment in the employer share of the Employees' Retirement System.	-	23,190
4. Recognize savings from the integration of health improvement and public health programs.	-	(623,829)
5. Reduce one-time funds for Erlanger Life Force Air Ambulance program.	-	(600,000)
Net Change	(70,549)	(1,306,664)
Revised Amount	6,173,788	4,937,673
% Change	(1.1%)	(20.9%)

Healthcare Facility Regulation Program Metrics

Services provided in FY10:

- There are 14,462 active facilities licensed or certified by this program.
- There were 2,944 inspections completed in FY10. Not all facilities are inspected annually.
- 2,505 complaints were received against licensed providers.



Healthcare Facility Regulation

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget funds \$6,978,289	AFY11 Changes	FY12 Changes
1. Reduce state funds for 6 new state licensure positions provided for in the FY2011 Appropriations Act (HB 948)	(478,181)	(478,181)
2. Eliminate funds for Adult Day Care licensure	(90,921)	(90,921)
3. Reduce funds for travel	-	(128,727)
4. Increase funds to reflect an adjustment in the employer share of the Employee's Retirement System	-	1,161
Net Change	(569,102)	(696,668)
Revised Amount	6,409,187	6,281,621
% Change	(8.2%)	(10.0%)



Immunization Program Metrics

Year	Immunizations	0 – 6 yrs	7-18yrs	18yrs +	Most Common Vaccines
2008	1,885,510	775,884	591,473	518,153	DTP and Influenza
2009	2,436,809	788,135	634,773	1,013,901	H1N1 and Influenza
2010	2,401,766	744,881	534,600	1,122,285	DTP and Influenza



Immunization

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,673,093	AFY11 Changes	FY12 Changes
1. Reduce Operating Expenses	(1,867,720)	-
2. Increase funds for employer share of the Employee's Retirement System	-	1,960
Net Change	(1,867,720)	1,960
Revised Amount	805,373	2,675,053
% Change	(70.0%)	0.01%



Indigent Care Trust Fund Program Information

Support rural and other healthcare providers, primarily hospitals, that serve medically indigent Georgians.



Indigent Care Trust Fund

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$0	AFY11 Changes	FY12 Changes
1. Provide state matching funds for private hospitals deemed eligible by federal standards for the Disproportionate Share Hospital (DSH) program.	7,796,255	-
Net Change	7,796,255	-
Revised Amount	7,796,255	-

Infectious Disease Control Program Information

Services provided in FY2010:

Patients served by HIV Unit Prevention:

- 16,085 Health Education Risk Reduction sessions
- 139,000 HIV test conducted
- 16,614 core medical services
- 19,049 support services and 80,441 visits



Infectious Disease Control

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$30,083,175	AFY11 Changes	FY12 Changes
1. Discontinue lab testing available through private sector	(268,689)	(421,736)
2. Increase funds for employer share of the Employee's Retirement System	-	57,129
Net Change	(268,689)	(364,607)
Revised Amount	29,814,486	29,718,568
% Change	(1.0%)	(1.2%)

Infant and Child Essential Health Treatment Services Program Metrics

Services provided in FY2010:

- More than 100,000 children received physical assessment and health screening
- More than 50,000 children received dental screens
- More than 59,000 children were identified for developmental and/or medical services
- Nearly 12,000 infants/children received services to remediate developmental delay



Infant and Child Essential Health Treatment Services AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$26,058,688	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services	(205,162)	(205,162)
2. Reduce programmatic grant-in-aid to County Boards of Health	(167,798)	(450,000)
3. Reflect savings from the phase out of the Babies Born Healthy program	(339,605)	(2,915,006)
4. Increase funds for employer share of the Employee's Retirement System	-	15,476
Net Change	(712,565)	(3,554,692)
Revised Amount	25,346,123	22,503,996
% Change	(2.7%)	(13.6%)



Infant and Child Health Promotion Program Information

- Provide education and services to promote health and nutrition for infants and children.
- More than 300,000 women, infants and children served.



Infant and Child Health Promotion

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$11,370,121	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services	(854,036)	(835,629)
2. Reduce Operating Expenses	-	(479,731)
3. Recognize contract savings from moving high cost Hemophilia clients into the federal PECIP	(482,041)	(653,124)
4. Reduce funds for contracts	(20,000)	(20,000)
5. Increase funds for employer share of the Employee's Retirement System	-	18,748
Net Change	(1,356,077)	(1,969,736)
Revised Amount	10,014,044	9,400,385
% Change	(11.9%)	(17.3%)



Inspections and Environmental Hazard Control Program Metrics

Services provided in FY2010:

Food Service Program conducted 62,404 inspections.

Tourist Accommodations: regulated 2,531 tourist (hotels, motels, campgrounds & travel trailer parks) facilities and conducted 4,381 inspections.

Public Swimming Pools, Spas & Recreational Water Parks: regulated 8,945 facilities and conducted 18,478 inspections.

On-site Sewage Management Systems: inspected 9,586 new septic tank system installations, evaluated 9,843 existing systems and permitted & inspected the repair of 6,775 systems.

Well Water Supplies: evaluated 3,007 wells and conducted 5,608 individual well water samples.

Chemical Hazards Program: conducted 11 community assessments related to chemical hazards in communities. MOU with Environmental Protection Division

Rabies Control: investigated 8,485 potential rabies exposures.

Environmental Hazard Complaint Investigation: investigated 8,152 citizen complaints.



Inspections and Environmental Hazard Control AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$3,699,910	AFY11 Changes	FY12 Changes
1. Reduce funds for Personal Services	(73,160)	(37,442)
2. Reduce Operating Expenses	(112,519)	(213,402)
3. Discontinue laboratory testing available through the private sector.	(35,478)	(55,686)
4. Increase funds for employer share of the Employee's Retirement System	-	14,879
Net Change	(221,157)	(291,651)
Revised Amount	3,478,753	3,408,259
% Change	(6.0%)	(7.9%)



Public Health Formula Grants to Counties Program Information

- The General Grant In Aid (GGIA) program provides over \$61 Million in state funds to all Local Boards of Health in return for delivery of basic public health services. Counties have discretion to allocate these funds at the local level as they see fit. Historically, most funds have gone to pay clinic staff salaries and purchase supplies.
- FY 2011 base GGIA funding ranges from \$48,126 to \$5,694,033. The average grant is \$362,000.
- The recommended GGIA budget represents a 4% reduction to all counties. The reduction ranges from (\$2,060) to (\$243,782) per county, with an average reduction of (\$15,519).



Public Health Formula Grants to Counties AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$61,686,565	AFY11 Changes	FY12 Changes
1. Reduce general grant-in-aid to County Boards of Health	(2,467,462)	(2,484,328)
2. Increase funds for employer share of the Employee's Retirement System	-	1,708,921
Net Change	(2,467,462)	(775,407)
Revised Amount	59,219,103	60,911,158
% Change	(4.0%)	(1.3%)



Vital Records Program Metrics

- Maintain records of all births, deaths, fetal deaths, marriages and divorces for Georgia residents since 1919.
- 134,878 births and 63,626 deaths have been registered for 2010 to date.
- Share information with Centers for Disease Control, Social Security Administration, Department of Defense, Secretary of State, Department of Driver Services, Office of Child Support Services, Medicaid, and other partners.



Vital Records

AFY11 and FY12 Governor's Recommendation

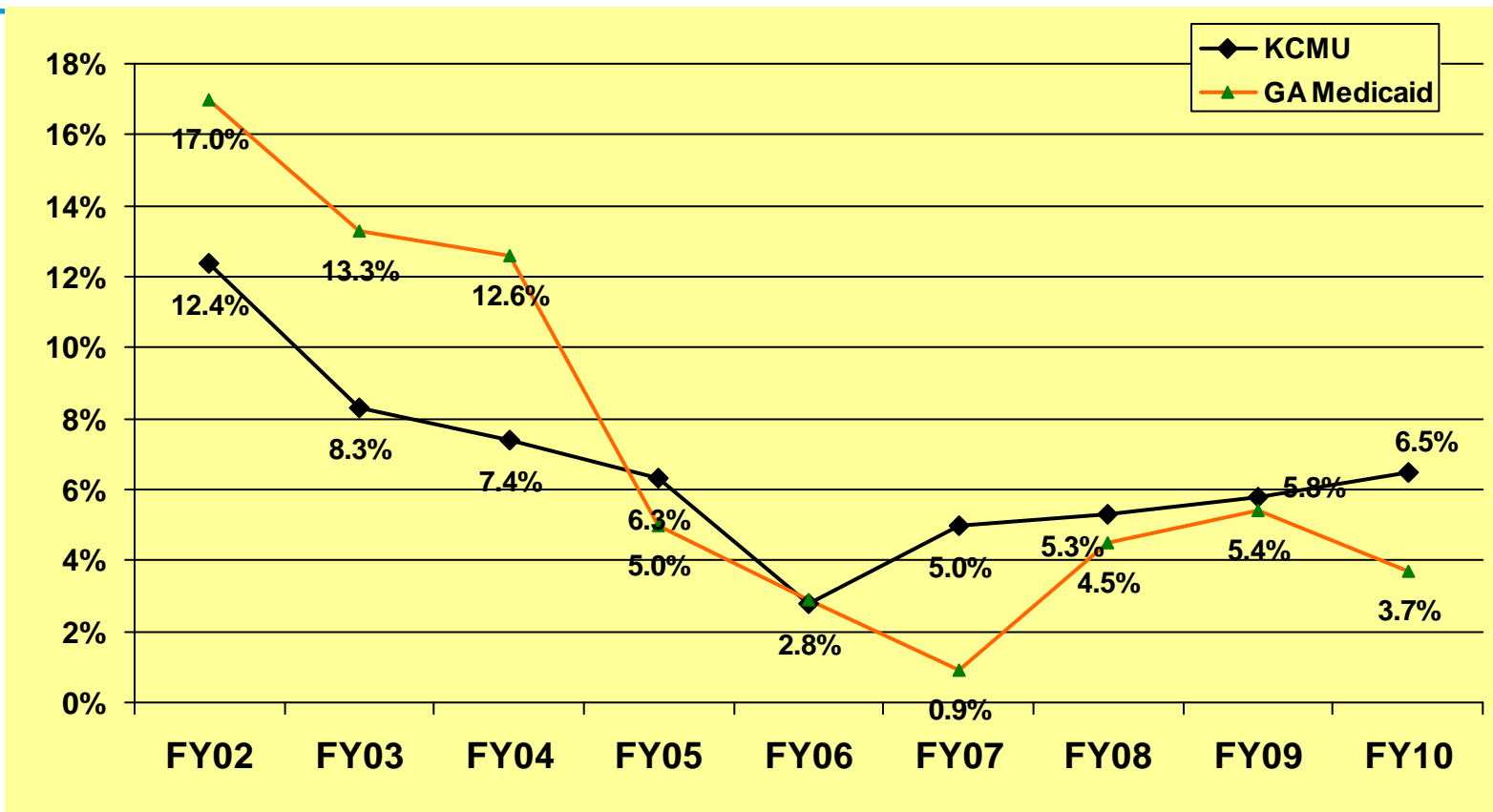
FY11 Current Budget \$3,690,567	AFY11 Changes	FY12 Changes
1. Reduce personal services	(97,118)	(153,092)
2. Increase funds for employer share of the Employee's Retirement System	-	19,576
Net Change	(97,118)	(133,516)
Revised Amount	3,593,449	3,557,051
% Change	(2.6%)	(3.6%)



Medicaid and PeachCare for Kids



GA Medicaid vs. National Medicaid Averages

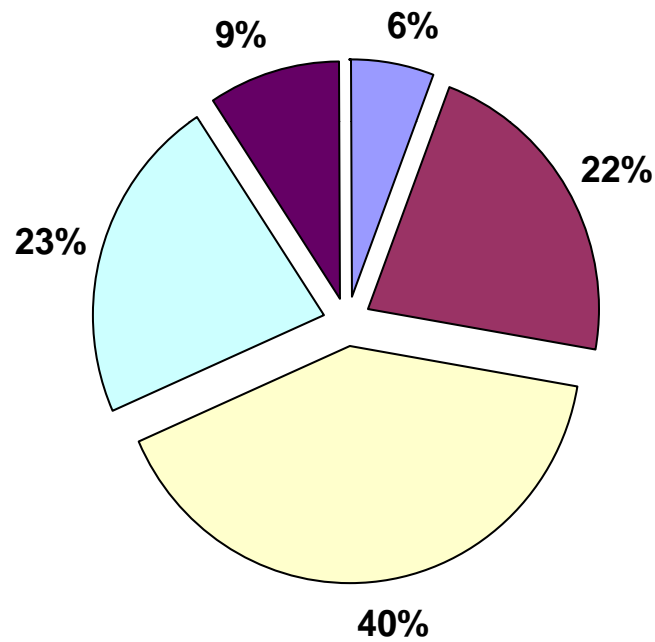


In FY 2010, Georgia Medicaid continued to experience single-digit trends of 3.7% and remain lower than the national benchmarks of 6.5% - 10.5%.

Source: The Kaiser Commission on Medicaid and the Uninsured, *The Crunch Continues: Medicaid Spending, Coverage and Policy in the Midst of a Recession: Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2009 and 2010*. September 2009.

Medicaid and PeachCare Members By Age Group

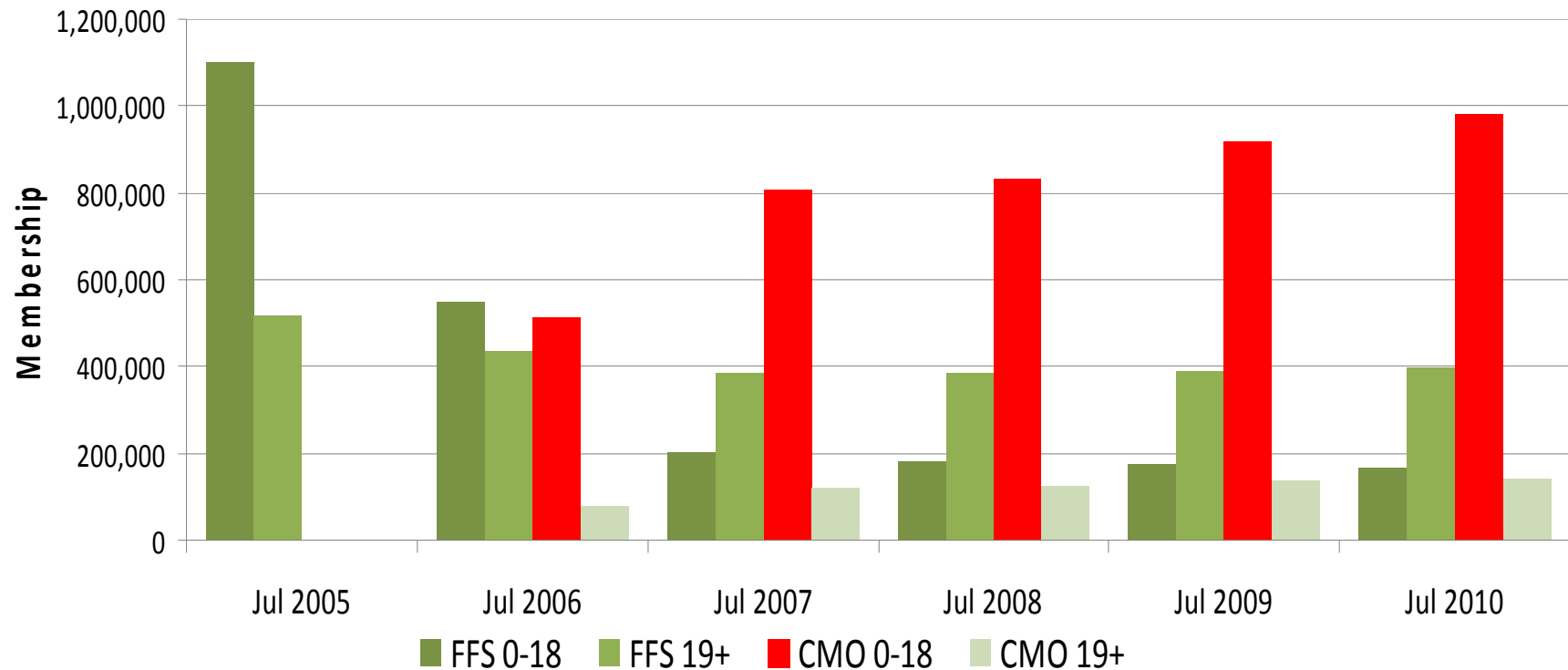
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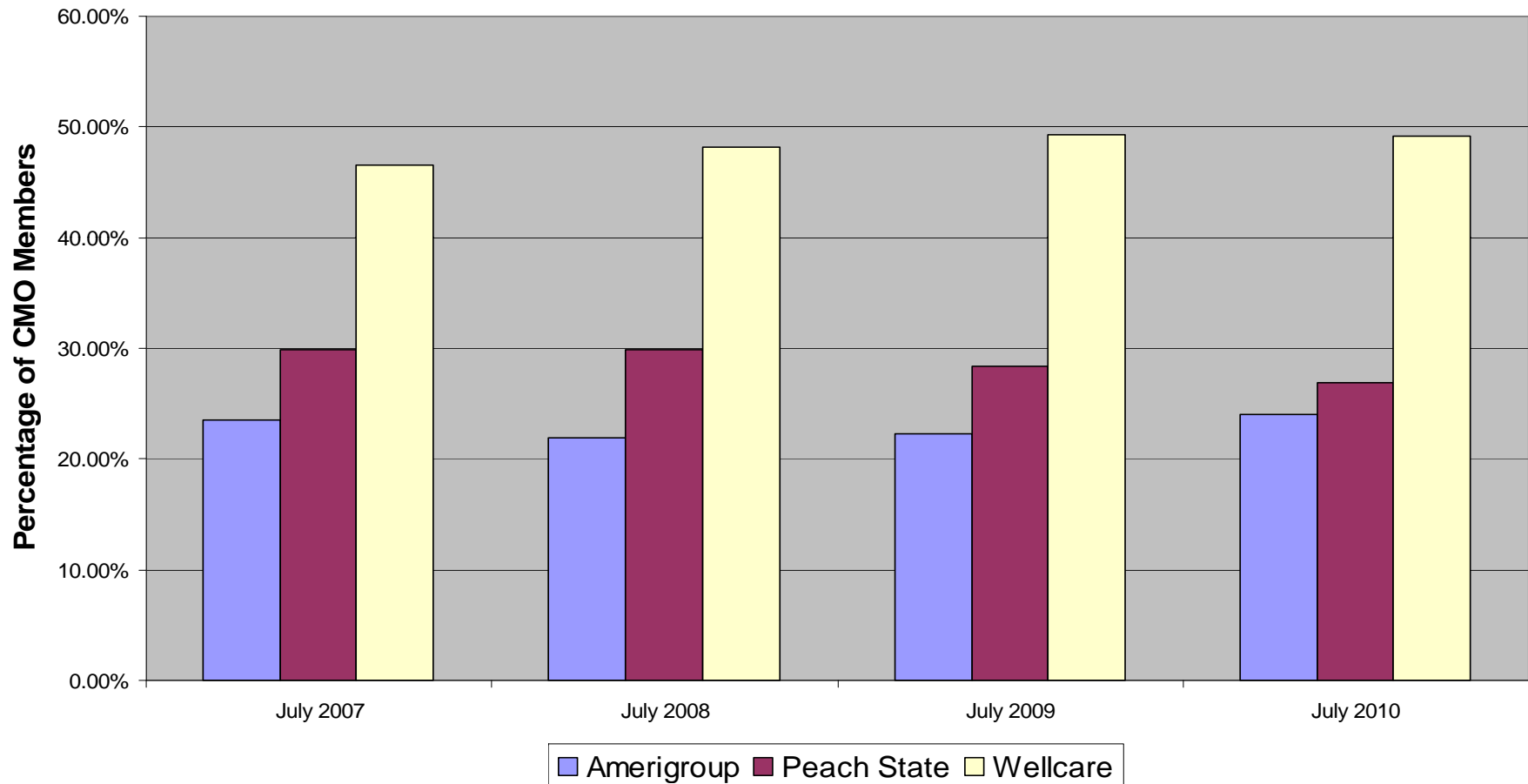
■ Age < 1 ■ Ages 1 - 5 ■ Ages 6 - 18 ■ Ages 19 - 64 ■ Ages 65+

Care Management Organization (CMO) Compared to Fee for Service (FFS) Members

July Membership by Plan/Age Group



CMO Providers



Medicaid

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
1. Reflect reduced federal stimulus funds and replace with state funds.	131,065,089	683,983,329
2. Reflect estimated savings from drug company settlements.	(10,000,000)	(10,000,000)
3. Provide funds to reflect revised federal policies in the Patient Protection and Affordable Care Act that reduce fee for service Medicaid rebates.	(3,954,459)	(4,971,943)
4. Reflect savings from the elimination of underperforming contracts.	(5,440,661)	(10,425,225)
5. Transfer funds from Low Income Medicaid (\$48,969,859) to Aged, Blind and Disabled Medicaid (\$44,561,900) and PeachCare (\$4,407,959) to align with projected expenditures.	(4,407,959)	-
6. Reflect FY 2010 reserves (\$86,584,960) and use to fund expenses.	Yes	-
7. Replace the June 2011 care management organization (CMO) payment to maximize federal financial participation and defer CMO payment in FY 2012.	54,904,935	-
8. Transfer funds from Low Income Medicaid to Administration to fully fund MMIS conversion costs. (FY12 - funds were eliminated not transferred)	(15,127,330)	(15,127,330)
9. Replace tobacco settlement funds with state general funds (\$11,889,479).	(0)	-

Medicaid cont.

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
10. Reflect projected hospital provider payment collections.	(13,241,355)	(4,869,361)
11. Restore funds from one-time reduction in FY11 to Medicare Part D clawback payment	-	86,339,260
12. Reflect an increase in the federal financial participation rate from 65.80% to 65.95%	-	(9,729,380)
13. Reduce Medicaid reimbursement by 1% for all providers excluding hospital and home and community based services	-	(13,126,674)
14. Increase existing member co-payments and implement new co-payments for members enrolled in the TEFRA option	-	(3,496,591)
15. Transfer funds from the Department of Corrections to reflect the relocation of medically fragile offenders to community nursing homes	-	1,030,300
16. Eliminate optional benefit coverage for adult vision, dental and podiatry services	-	(7,027,908)
17. Remove the CMO outpatient hospital reimbursement floor	-	(4,541,378)

Medicaid cont.

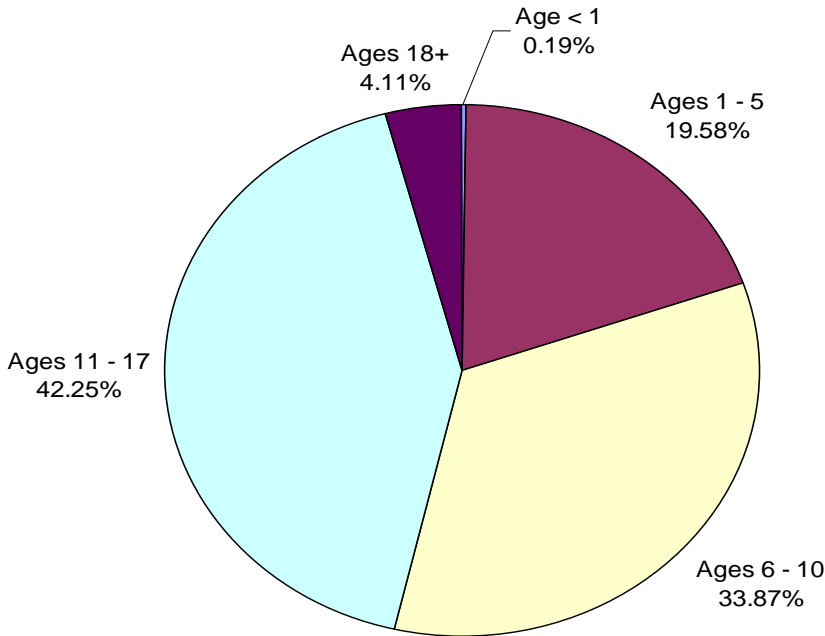
AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$1,675,189,088	AFY11 Changes	FY12 Changes
18. Reflect savings from the implementation of the Planning for Healthy Babies program	-	(9,339,200)
19. Reflect anticipated performance bonus payment authorized in the Children's Health Insurance Program Reauthorization Act	-	(6,032,030)
Net Change	133,798,260	672,665,869
Revised Amount	1,808,987,348	2,347,854,957
% Change	8.0%	40.2%



PeachCare Enrollment by Age

Total Enrollment - 202,380
as of October 2010



■ Age < 1 ■ Ages 1 - 5 ■ Ages 6 - 10 ■ Ages 11 - 17 ■ Ages 18+

PeachCare

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$66,279,941	AFY11 Changes	FY12 Changes
1. Replace the June 2011 care management organization (CMO) payment to maximize federal financial participation and defer CMO payment in FY 2012.	6,576,280	-
2. Provide funds to reflect revised federal policies in the Patient Protection and Affordable Care Act that reduce fee for service Medicaid rebates.	(6,531,064)	(6,591,743)
3. Transfer funds from Low Income Medicaid to PeachCare to align with projected expenses.	4,407,959	-
4. Recognize FY10 reserves (\$239,516) and use to fund expenses	Yes	-
5. Reflect increase in the federal financial participation rate from 76.06% to 76.17%	-	(305,566)
6. Implement new co-payments to PeachCare members 6 years of age and older	-	(1,503,409)
7. Reduce Medicaid reimbursements by 1% for all providers excluding hospital and home and community based services	-	(699,244)
8. Remove the CMO outpatient hospital reimbursement floor.	-	(590,123)
Net Change	4,453,175	(9,690,085)
Revised Amount	70,733,116	56,589,856
% Change	6.7%	(14.6%)

State Health Benefit Plan Program Metrics

- The SHBP currently provides coverage to 697,000 people.
- The majority of plan members are state employees, teachers, school personnel (school bus drivers, cafeteria workers) and their dependents.
- The audited FY 2010 reserve balance is just over \$17 million. This represents about 2 average days of claims.



State Health Benefit Plan

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,888,378,968 – Other Funds	AFY11 Changes	FY12 Changes
1. Reduce expense by eliminating the Open Access Plan (OAP) and implementing additional plan design changes and employee cost-share increases in Plan Year 2011.	(110,448,160)	(235,082,951)
2. Reflect reduction in employee premium revenue due to elimination of the OAP option.	(18,399,960)	(37,284,591)
3. Increase funds to reflect spousal and tobacco (\$10 and \$20) surcharge increases in Plan Year 2011.	8,279,974	16,553,348
4. Reflect projected reimbursement available through the Early Retiree Reinsurance Program component of federal health care reform.	69,800,000	110,000,000
5. Reflect the projected cost of the federal health care reform requirement to cover 100% of preventive coverage as defined by regulation under the Patient Protection and Affordable Care Act (PPACA).	4,995,741	10,335,923
6. Reflect the projected cost of changes to coverage of dependent children required by PPACA: to allow coverage up to age 26, regardless of marital or student status, employment, residency, or financial dependence.	54,421,666	113,197,064
7. Recognize projected revenue generated from employees with dependents up to age 26 changing premium tiers, as well as the premium add-on amount to cover part of the projected cost of the expanded coverage.	35,939,886	74,929,544

State Health Benefit Plan cont.

AFY11 and FY12 Governor's Recommendation

FY11 Current Budget \$2,888,378,968 – Other Funds	AFY11 Changes	FY12 Changes
8. Reflect depletion of prior year reserves.	(43,306,700)	(60,360,097)
9. Reflect updated revenue and expense projection.	(74,413,502)	(18,888,792)
10. Increase state appropriation to the Department of Education, State Interagency Transfer Program, to increase funds to support non-certificated school service personnel benefit expense.	56,468,639	
11. Increase per member per month billings for non-certificated school service personnel from \$162.72 to \$218.20, effective December 2010.	25,000,000	49,080,795
12. Increase employee premiums 10% in Plan Year 2012.		29,686,345
13. Implement additional plan design changes to meet projected FY 2012 expense.		37,326,621
14. Delay implementation of direct billing for SHBP employer contribution.		Yes
Revised Amount	\$2,896,716,552	\$2,977,872,177
% Change	0.3%	3.1%

Note: The SHBP budget is 100% other funds.



General Obligation Bonds

Principal Amounts Authorized	AFY11 Changes	FY12 Changes
1. Provides funds for a new eligibility system.	-	10,000,000
2. Facility repairs statewide.	-	500,000



Amended FY 2011 & FY 2012 Program Budgets

Presentation on DCH Website

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