

Amended FY 2013 & FY 2014 Governor's Budget Recommendations



Presentation to: Board of the Department of Community Health

Presented by: Chief Financial Officer Vince Harris

Mission

The Georgia Department of Community Health

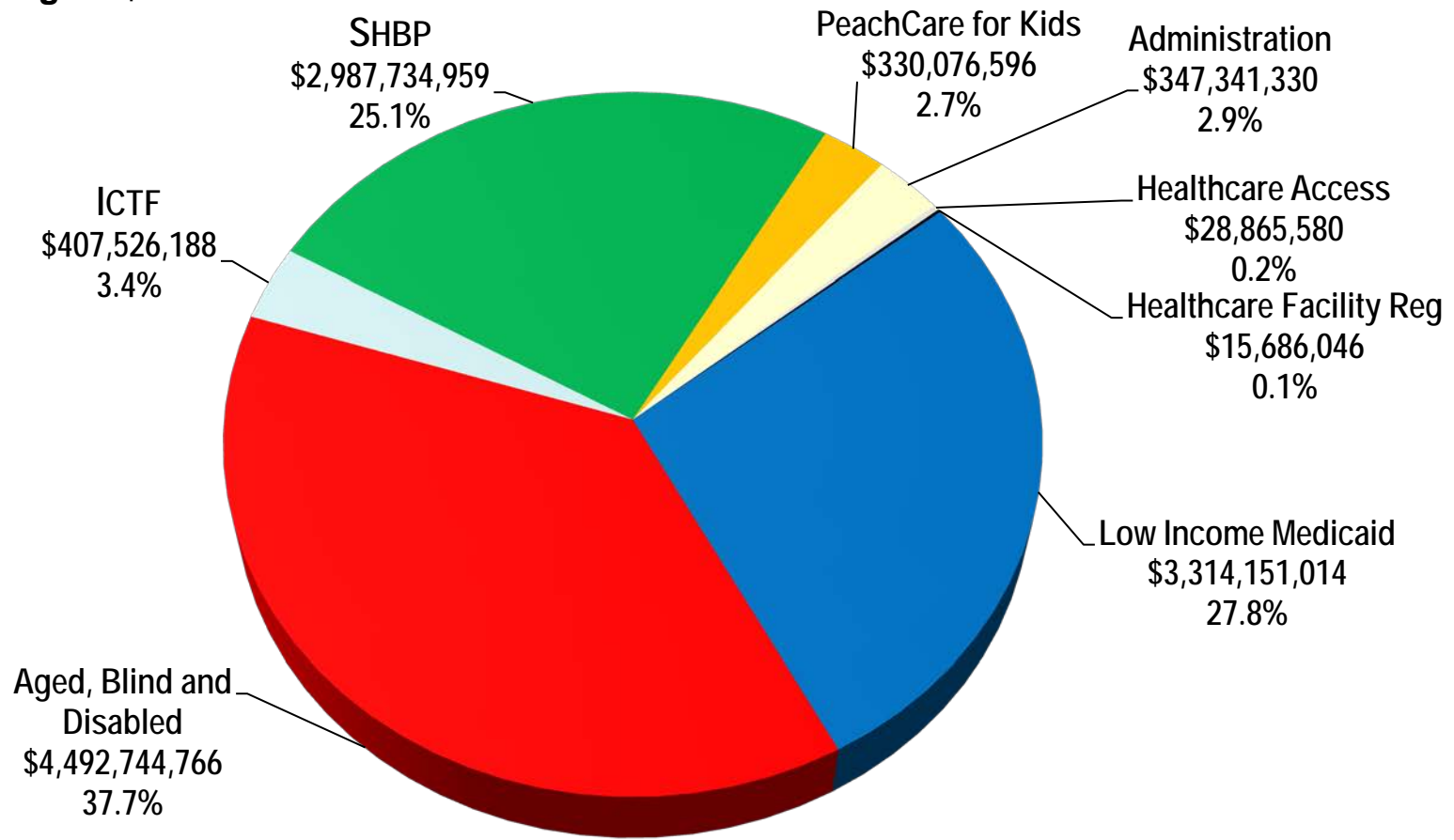
We will provide Georgians with access to affordable, quality health care through effective planning, purchasing and oversight.

We are dedicated to A Healthy Georgia.

Department of Community Health

Current FY 2013 Total Funds Budget

Total FY2013 Budget - \$11.9 Billion



***State funds include tobacco funds and provider fees**

Does not include attached agencies

Total State Funds - \$2.66 Billion = 22.3% of total funding

Medicaid



Medicaid and PeachCare for Kids

Who Are Our Members

Average Monthly Membership (FY12):

- Medicaid: 1,544,605
- PeachCare for Kids: 205,276
- Total: 1,749,881

Percentage of Georgia Population On Medicaid or PeachCare for Kids

Age Categories	Ga Population*	Medicaid/PCK	%
All Ages	9,919,945	1,749,881	<u>17.61%</u>
Children (0-19)	2,848,327	1,174,935	41.25%

* Ga. Population based on estimated 2012 population figures from www.census.gov

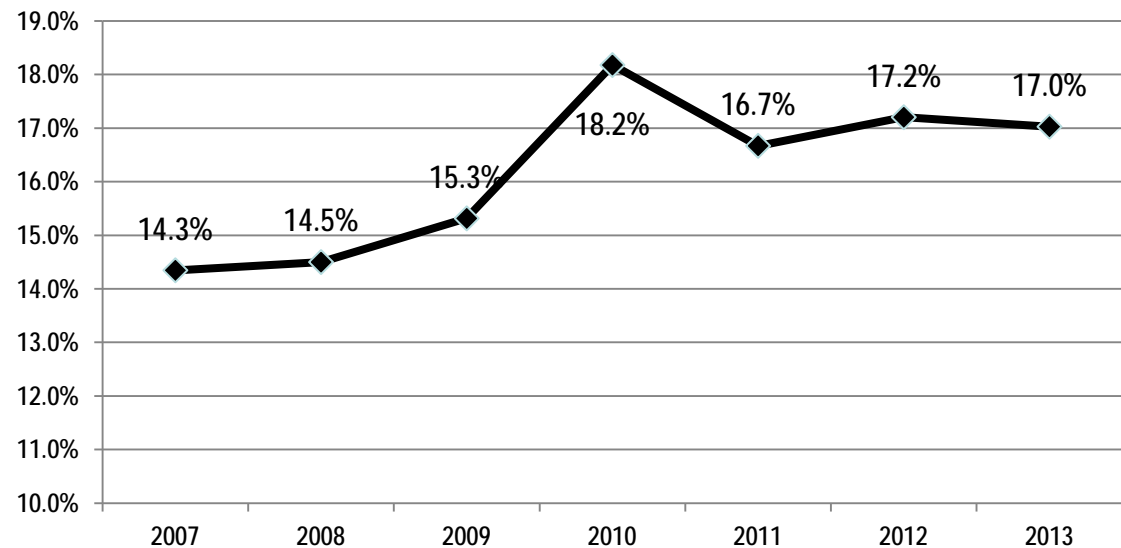
Medicaid and PeachCare for Kids

How Much It Costs

Total FY2012 Expenditures (includes State, Federal and other Fund Sources):

- Medicaid: \$8,134,503,878
- PeachCare for Kids: \$ 328,621,859
- Average Spend per Day - **\$31.4 million per work day**
- Claims Paid per Day – 201,604 per work day
- 59% of total Georgia Births are paid for by Medicaid

Medicaid and PeachCare represents 17% of the state funds budget (excluding motor fuel and lottery)



Structural Budget Change - Medicaid

- Combine ABD and LIM Budget Programs Into One Program
 - Benefits:
 - Provides greater flexibility to manage funds
 - Continue to track ABD and LIM as sub-programs
 - Applied to FY2014

Medicaid Aged, Blind, Disabled (ABD) + Low Income Medicaid (LIM) AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
Current State Base Budget	\$2,503,365,096	\$2,503,365,096
1. Increase funds for growth in Medicaid	211,648,467	217,210,757
2. Reflect savings from eliminating hospital reimbursements for preventable admissions and readmissions	(1,403,969)	(2,884,907)
3. Reflect savings through better enforcement of level of care qualification analysis for placement into long term care and home and community based services	(3,535,038)	(7,225,223)
4. Reflect savings from restricting the number of narcotic prescription reimbursements to six per month	(37,670)	(37,670)
5. Reduce funds to reflect collection of Hospital Cost Settlements from FY2009, FY 2010, and FY2011	(19,318,035)	-
6. Reflect savings from increasing the number of drugs on the specialty pharmacy reimbursement list and their discounts	(328,890)	(662,416)
7. Reflect savings from eliminating consultation Current Procedural Terminology (CPT) codes and replacing with Evaluation and Management (E&M) codes	(2,988,976)	(4,480,849)

Medicaid (ABD + LIM)

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
8. Replace funds reduced in HB 742 (2012 Session) for anticipated savings from increased efforts to identify inappropriate and medically unnecessary service utilization to reflect revised projections	\$3,938,398	\$3,938,398
9. Increase Nursing Home Provider Fees to reflect projected FY2013 revenue and FY2014 revenue	10,311,440	10,311,440
10. Reduce Hospital Provider Payments to reflect projected FY 2013 revenue	(331,242)	-
11. Replace state funds with tobacco settlement funds (\$8,300,000)(FY2013 only)	-	-
12. Increase funds to offset unrealized FY2012 reserves	10,975,617	10,975,617
13. Reflect savings from eliminating reimbursements for elective inductions and C-Sections prior to the 39 th gestational week – Provider Preventable Condition	(1,875,000)	(5,120,000)

Medicaid (ABD + LIM)

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
14. Reduce funds to reflect an increase in the Federal Medical Assistance Percentage (FMAP) from 65.71% to 65.84%	\$-	(\$10,307,223)
15. Reflect savings through Case, Care, and Disease Management Programs	-	(2,630,279)
16. Reflect savings from reducing provider reimbursement by 0.74% excluding hospitals, primary care, FQHC, RHC, and hospice	-	(12,988,340)
17. Increase Hospital Provider Payments to reflect projected FY 2014 revenue pending reauthorization	-	6,328,340
18. Reflect savings from the new Medicare based pricing methodology in Ambulatory Payment Classification (APC) Outpatient Services Grouper	-	(33,158,623)
19. Reflect savings from the revision of supplemental drug rebates to include Care Management Organization claims	-	(1,281,000)

Medicaid (ABD + LIM)

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
20. Transfer funds from PeachCare to reflect the transfer of PeachCare for Kids aged 6-18 falling between 100%-133% of the Federal Poverty Level to Low Income Medicaid	\$-	\$13,356,832
Net Change	\$207,055,102	\$181,344,854
Revised Amount	\$2,710,420,198	\$2,684,709,950
% Change	8.27%	7.24%
21. Transfer funds to the new Medicaid program for administering benefits for Aged, Blind and Disabled and the Low Income Medicaid populations	\$-	(\$2,684,709,950)

PeachCare for Kids



PeachCare for Kids

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
FY13 Current State Budget	\$79,578,343	\$79,578,343
1. Increase funds for growth in PeachCare	9,002,637	7,667,976
2. Reflect savings from eliminating hospital reimbursements for preventable admissions and readmissions	(49,563)	(101,843)
3. Reflect savings from restricting the number of narcotic prescription reimbursements to six per month	(1,330)	(1,330)
4. Reduce funds to reflect collection of Hospital Cost Settlements from FY2009, FY 2010, and FY2011	(681,965)	-
5. Reflect savings from increasing the number of drugs on the specialty pharmacy reimbursement list and their discounts	(11,610)	(23,384)
6. Reflect savings from eliminating consultation Current Procedural Terminology (CPT) codes and replacing with Evaluation and Management (E&M) codes	(105,517)	(158,183)

PeachCare for Kids

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
7. Reduce Hospital Provider Payments to reflect projected FY 2013 revenue	(\$2,307)	\$-
8. Reduce funds to reflect an increase in the Federal Medical Assistance Percentage (FMAP) from 76.00%to 76.09%	-	(295,838)
9. Transfer funds from PeachCare to reflect the transfer of PeachCare for Kids aged 6-18 falling between 100%-133% of the Federal Poverty Level to Low Income Medicaid	-	(13,356,832)
10. Reflect savings from the new Medicare based pricing methodology in Ambulatory Payment Classification (APC) Outpatient Services Grouper	-	(1,170,566)
11. Reflect savings from reducing provider reimbursement by 0.74% excluding hospitals, primary care, FQHC, RHC, and hospice	-	(458,514)

PeachCare for Kids

AFY13 and FY14 Governor's Recommendation

	AFY13 Changes	FY14 Changes
12. Increase Hospital Provider Payments to reflect projected FY 2014 revenue pending reauthorization	\$-	\$44,074
Net Change	\$8,150,345	(\$7,854,440)
Revised Amount	\$87,728,688	\$71,723,903
% Change	10.24%	-9.87%

Indigent Care Trust Fund



Indigent Care Trust Fund

AFY13 and FY14 Governor's Recommendation

	AFY 2013	FY 2014
FY2013 Base State Budget	\$0	\$0
Provide state matching funds for private deemed hospitals eligible for the Disproportionate Share Hospital (DSH) program	6,803,248	-
Net Changes	\$6,803,248	\$-
Revised Amount	\$6,803,248	\$-

State Health Benefit Plan (SHBP)



State Health Benefit Plan

AFY13 and FY14 Governor's Recommendation

FY13 Current Budget \$2,987,734,959 – Other Funds	AFY13 Changes	FY14 Changes
Placing the SHBP on Sound Financial Footing		
1. Reflect revenue from increasing per member per month billings for non-certificated school service personnel from \$446.20 to \$596.20, effective July 2013.	--	107,693,937
2. Increase per member per month billings for certificated school service personnel from \$912.34 to \$937.34, effective March 2013.	7,450,121	--
3. Increase per member per month billings for certificated school service personnel from \$912.34 to \$945.00.	--	37,877,566
4. Increase employer share of the State Health Benefit Plan from 29.781% to 30.281%, effective January 2013.	6,085,658	--
5. Increase employer share of the State Health Benefit Plan from 29.781% to 30.781%.	--	26,223,099

State Health Benefit Plan

AFY13 and FY14 Governor's Recommendation

FY13 Current Budget \$2,987,734,959 – Other Funds	AFY13 Changes	FY14 Changes
Creating a Healthier SHBP		
6. Reflect increase in expenses for continued implementation of the EnGAgement wellness plan.	7,122,000	12,838,000
7. Reflect increase in expenses for implementation of the childhood obesity initiative in cooperation with Alliance for a Healthier Generation, Department of Public Health, and the Governor's Office.	4,000,000	8,000,000

Note: The SHBP budget is 100% other funds.

State Health Benefit Plan

AFY13 and FY14 Governor's Recommendation

FY13 Current Budget \$2,987,734,959 – Other Funds	AFY13 Changes	FY14 Changes
Responsibly Managing the SHBP		
8. Reflect savings from elimination of prior authorization for ADHD drugs.	(107,500)	(232,200)
9. Reflect savings from implementing a pharmacy step therapy program.	(1,400,000)	(1,711,000)
10. Reflect savings from renegotiated rates with the hospital network .	(5,250,000)	(6,418,000)
11. Reflect savings from revising the prescription drug list.	(3,425,000)	(7,398,000)

Note: The SHBP budget is 100% other funds.

Changes to Premiums

- Spousal subsidy policy change – moving towards employees paying 30% of cost of spouse
- Aggregate premium increase of 7.5%
 - Increases targeted to bring all premiums closer to 25% for employees and children
 - Because increases were targeted, the increases varied among plans and tiers
- Additional 2% premium increase for new ACA requirements in CY 2013
 - Requires some women's health services to be covered as preventive care at 100%
 - Clinical Effectiveness Research (CER) fee, \$1 per covered life in the first year
- ACA-related premium increases over the past 3 years = 14.3%
 - CY 2011 = 6.1% premium increases (only tiers covering dependents)
 - CY 2012 = 6.2% premium increases
 - CY 2013 = 2% premium increases

State Health Benefit Plan

AFY13 and FY14 Governor's Recommendation

FY13 Current Budget \$2,987,734,959 – Other Funds	AFY13 Changes	FY14 Changes
Fostering a Culture of Personal Responsibility		
12. Reflect savings from implementing plan design changes to deductibles, out-of-pocket maximums, and HRA funding.	(66,519,000)	(160,796,000)
13. Increase employee contribution rates for spousal coverage.	36,379,788	118,977,414
14. Increase employee premiums 2% due to increased costs as a result of the requirements of the Patient Protection and Affordable Care Act (PPACA).	6,881,250	14,834,463
15. Increase employee premiums 7.5% for employee-only and employee+child(ren) tiers.	6,419,963	11,966,438
16. Reflect revenue generated by implementing an add-on fee of \$7 per employee per month for select plans.	8,994,000	17,988,000

Note: The SHBP budget is 100% other funds.

State Health Benefit Plan

AFY13 and FY14 Governor's Recommendation

FY13 Current Budget \$2,987,734,959 – Other Funds	AFY13 Changes	FY14 Changes
17. Reflect updated revenue and expense projections	74,650,998	64,856,535
Net Change	81,282,278	244,700,252
Revised Total Revenue Amount	3,069,017,237	3,232,435,211
Total Projected Expense Amount	3,049,164,250	3,170,216,463
Revenue less expense	19,852,987	62,218,748
Prior Year Fund Balance	(18,425,645)	1,427,342
Projected Reserve Fund Balance	1,427,342	63,646,090
Incurred But Not Reported (IBNR) Liability	199,198,000	199,198,000

Note: The SHBP budget is 100% other funds.

DCH Administration



Administration

AFY13 and FY14 Governor's Recommendation

	AFY 2013 Changes	FY 2014 Changes
FY2013 Base State Budget	\$67,136,937	\$67,136,937
1. Reflect an adjustment in telecommunications expenses	220,061	(282,792)
2. Reduce funds to reflect an adjustment in property liability premiums	(560)	-
3. Reduce funds for contractual services	(1,215,451)	(1,358,951)
4. Reduce funds for operating expenses	(286,698)	(243,398)
5. Reduce funds for the Medicaid eligibility project	(100,200)	-
6. Replace state funds with other funds to reflect receipt of Children's Health Insurance Program performance bonus	(330,000)	(330,000)
7. Increase funds for expenditures deferred from prior years	9,775,213	-

Administration

AFY13 and FY14 Governor's Recommendation

	AFY2013	FY2014
8. Increase funds to reflect the adjustment in the employer share of the Employee's Retirement System	-	\$452,256
9. Increase funds to reflect an adjustment in TeamWorks Financial billings	-	4,004
Net Changes	8,062,365	(\$1,758,881)
Revised Amount	\$75,199,302	\$65,378,056

Health Care Access and Improvement



Health Care Access and Improvement

AFY13 and FY14 Governor's Recommendation

	AFY2013	FY2014
FY2013 Base State Budget	\$7,317,234	\$7,317,234
1. Reduce funds for operating expenses for the State Office of Rural Health	(300,000)	(300,000)
2. Reduce funds for the Southeastern Firefighter's Burn Foundation, Inc.	(50,000)	(50,000)
3. Reduce funds for one-time funding for Federally Qualified Health Center (FQHC) startup grants	-	(750,000)
Net Changes	(\$350,000)	(\$1,100,000)
Revised Amount	\$6,967,234	\$6,967,234

Healthcare Facility Regulation



Healthcare Facility Regulation

AFY13 and FY14 Governor's Recommendation

	AFY2013	FY2014
FY2013 Base State Budget	\$7,124,146	\$7,124,146
1. Reduce funds for personal services and eliminate 2 vacant positions	(165,000)	(165,000)
Net Changes	<u>(\$165,000)</u>	<u>(\$165,000)</u>
Revised Amount	\$6,959,146	\$6,959,146

AFY 2013 and FY 2014 Budget Recommendations

Presentations on the DCH Website

www.dch.georgia.gov

Select "Budget and Performance" and
"Budget Information"