



Gary B. Redding
Commissioner
404.656.4507
404.651.6880 fax

The Honorable Sonny Perdue
Governor of Georgia
Members of the General Assembly of Georgia
Citizens of the State of Georgia

Ladies and Gentleman:

I am submitting for your review the State Fiscal Year 2002 annual report, which summarizes the activities and accomplishments of the Department of Community Health during the period of July 1, 2001, through June 30, 2002.

Fiscal Year 2002 has been a productive one for the Department, with numerous milestones and ongoing projects that position the Department as a national leader in innovative health planning, promotion, systems development and services to improve community health.

On behalf of the Department, I wish to express my appreciation for your support and assistance. As in the past, the Department is committed to making cost-effective health care available to every Georgian that DCH serves, which currently is over two million citizens.

Respectfully yours,

A handwritten signature in blue ink that reads "Gary B. Redding".

Gary B. Redding

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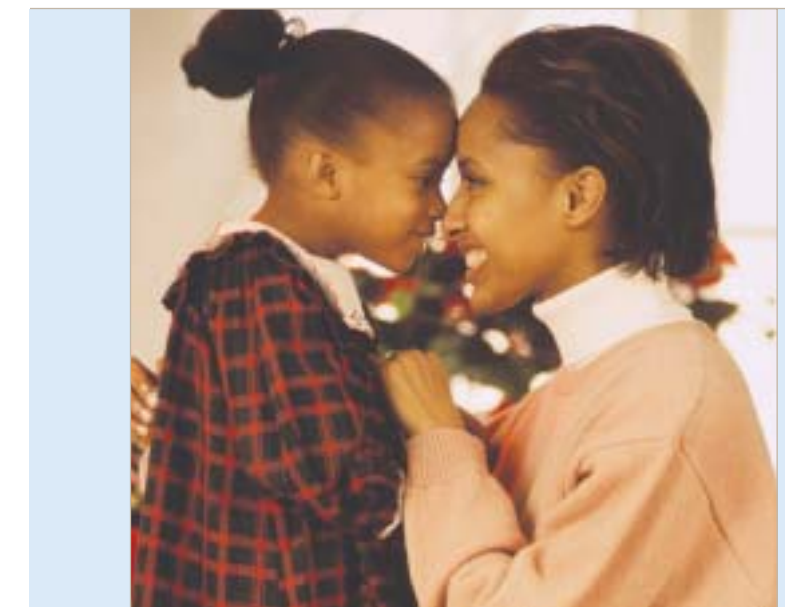
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MISSION STATEMENT

The Georgia Department of Community Health is committed to improving the health of all Georgians through health benefits, systems development, and education.

Purpose of the Department

On April 19, 1999, Senate Bill 241 became law and established the Georgia Department of Community Health (DCH). The law consolidated three state agencies involved in purchasing, planning and regulating health care in the state. DCH began operating as an official agency on July 1, 1999.

The Department was created by the General Assembly in response to growing concern about fragmentation of health care delivery at the state level. The legislation outlined several purposes for the Department:

- to serve as the lead planning agency for all health issues in the state;
- to permit the state to maximize its health care purchasing power;
- to minimize duplication and maximize administrative efficiency in the state's health care systems by removing overlapping functions and streamlining uncoordinated programs;
- to allow the state to develop a better health care infrastructure more responsive to the consumers it serves while improving access and coverage; and
- to promote wellness.

Our mission and vision statements support the Department's stated purpose:

<i>Mission Statement</i>	<i>Vision Statement</i>
The Georgia Department of Community Health is committed to improving the health of all Georgians through health benefits, systems development, and education.	We will be a national leader for innovative health planning, promotion, programs and services to improve community health.



Roles and Responsibilities of the Department

The Department has several broad responsibilities:

- insuring over two million Georgians;
- administering a budget exceeding \$7 billion;
- planning for coverage of uninsured Georgians, currently an estimated one million persons; and
- coordinating health planning for state agencies.

Among its many challenges, the Department must ensure that quality health care services are provided to a diverse population, including members of the State Health Benefit Plan, which covers teachers, state employees, retirees and eligible dependents; children covered under the PeachCare for Kids program; and the aged, low-income, blind, and disabled covered by Medicaid.

The Board of Community Health

The Department is governed by a nine-person board appointed by the Governor and confirmed by the Senate. The Board of Community Health has policy-making authority for the Department. Board meetings are held monthly.

As of June 30, 2002, members of the Board of Community Health were as follows:



Components of the Department

The following describes the role that each entity plays to support the mission of the Department of Community Health:

DIVISION OF MEDICAL ASSISTANCE

The largest in Community Health, the Division of Medical Assistance administers the Medicaid program, which provides health care for people who are aged, blind, disabled or indigent. The division also administers the PeachCare for Kids children’s health insurance program and the Indigent Care Trust Fund. Other Medicaid programs include Georgia Better Health Care, home- and community-based services, and non-emergency transportation. The division spent just under \$6 billion to provide services to over 1.5 million Georgians during the fiscal year.

DIVISION OF HEALTH PLANNING

The Division of Health Planning works to contain health care costs by developing rules designed to avoid unnecessary duplication of services, equipment and facilities. The rules developed by the division are enforced through the Certificate-of-Need (CON) program, which is administered by the Department’s Office of General Counsel. Through the CON program, decisions are made regarding applications to expand health care facilities and services.

The division also collects and analyzes health care data and is responsible for the work of the Health Strategies Council, which develops plans and regulatory criteria for health care services.

DIVISION OF PUBLIC EMPLOYEES HEALTH BENEFITS

The Division of Public Employees Health Benefits is responsible for the day-to-day administration of the State Health Benefit Plan, which covers state employees, teachers, retirees and dependents. Daily administrative responsibilities include monitoring vendors, processing

member requests and appeals, determining eligibility, assisting personnel/payroll offices and conducting open enrollment. Also, the division works with the Board of Regents to coordinate health care coverage for university system employees.

At the close of the 2002 fiscal year, the State Health Benefit Plan covered more than 600,000 members, with expenditures of \$1.5 billion. The Board of Regents Health Plan had 84,000 members.

OFFICE OF WOMEN’S HEALTH

The Office of Women’s Health addresses women’s health issues in a comprehensive state plan. Also, the office works to improve women’s health and quality of life through education, research, policy development, and coordination of women’s health programming. Attached to the office is an 11-member advisory council.

OFFICE OF MINORITY HEALTH

This office develops initiatives to improve the health of minority communities and works to eliminate disparities in health status between minority and non-minority populations. The office has a 12-member advisory council.

OFFICE OF RURAL HEALTH SERVICES

The mission of the Office of Rural Health Services is to optimize health status and to eliminate health disparities of persons in rural and underserved areas of Georgia through the development of regional systems of quality health care.

The following entities are administratively attached to the Department of Community Health. The Governor appoints members to each board.

COMMISSION ON MEN’S HEALTH

The Georgia Commission on Men’s Health develops strategies, public policy recommendations and various programs that are designed to educate Georgia’s men on the benefits of preventive health care and healthy lifestyle practices. The commission also monitors state and federal policy and legislation that may affect men’s health, and recommends assistance, services and policy changes that will further the commission’s goals.

COMPOSITE STATE BOARD OF MEDICAL EXAMINERS

Twelve physicians and one consumer representative comprise this 13-member board, which is responsible for licensing and regulating physicians, physician assistants, respiratory care professionals, acupuncturists, auricular detoxification specialists, paramedics and cardiac technicians. The board maintains a comprehensive database that offers the public access to information about licensed physicians in the state. The board publishes its own annual report and copies may be requested by calling the board at 404-656-3913.

GEORGIA BOARD FOR PHYSICIAN WORKFORCE

This 15-member board develops medical education programs through financial aid to medical schools and residency training programs. The board monitors and evaluates the supply and distribution of physicians by specialty and geographic location to identify underserved areas of the state. For more information, contact the board by calling 404-206-5420.

STATE MEDICAL EDUCATION BOARD

This seven-member board administers medical scholarships and loans to promote medical practice in rural areas. Initiatives include the Country Doctor Scholarship and Loan Repayment programs, which encourage physicians to practice in Georgia’s underserved areas. The board publishes a biennial report, which is submitted to the Georgia General Assembly. Contact the board at 404-206-5420 to request a copy of the report.



FY 2002 DCH Milestones

The milestones listed below reflect activities that impacted the performance or operations of multiple DCH divisions and/or sections. Milestones of individual divisions and sections are listed in their respective pages within this annual report.

MULTIHEALTH NETWORK PROJECT (MHN)

The Department is implementing a comprehensive health care information system for all health plans administered by DCH. The new information system will permit the Department to realize administrative efficiencies, meet Health Insurance Portability and Accountability Act (HIPAA) requirements and provide an integrated, user-friendly access point for members and providers, by including all health plans on one consolidated technology platform.

Under the existing systems environment, the Medicaid and PeachCare programs, State Health Benefit Plan and the Board of Regents Health Plan utilize three different computer platforms that do not interface. The lack of interface results in a duplication of processes and unnecessary costs. Additionally, there is a lack of data element uniformity that limits the Department's ability to analyze data across plans. As a result, there are significant opportunities to realize administrative efficiencies and savings from the consolidation.

Through a competitive procurement process, DCH selected Affiliated Computer Services, Inc., (ACS) to serve as the prime contractor/system integrator, with the mission of customizing new, state-of-the-art technology to support the needs of DCH in processing health care information for Medicaid, the SHBP and other related entities. ACS is also responsible for maintaining the system to ensure the long-term viability of the project. The new system is called the MultiHealthNet or "MHN." During FY 2002, the Department worked on MHN implementation tasks with actual implementation planned to occur in phases during fiscal years 2003 through 2005.

PHARMACY COST CONTROLS

Pharmacy costs are among the fastest rising health care costs in plans administered by DCH. Continued strategies must ensure that members get the right medications, for the right length of time so that treatment is the most effective possible.

The cost and utilization of pharmaceuticals has risen at a double-digit rate the past few years. In October 2000, the Department contracted with Express Scripts, Inc. (ESI), a pharmacy benefits manager (PBM) to assist with the management of this program. The PBM was hired to manage the pharmacy benefits for all four health plans administered by the DCH, including Medicaid, PeachCare for Kids, the State Health Benefit Plan and the Board of Regents Health Plan. The PBM adjudicates the pharmacy claims processing for all two million members of the health plans. Through implementation of several initiatives, including:

- a point-of-sale system,
- an aggressive maximum allowable cost program,
- a most-favored-nations program with improved enforcement,
- a three-tiered co-payment strategy applied to a preferred drug list,
- an expanded prior authorization program,
- a policy of cost avoidance for members with other health insurance, and
- a host of other clinical programs,

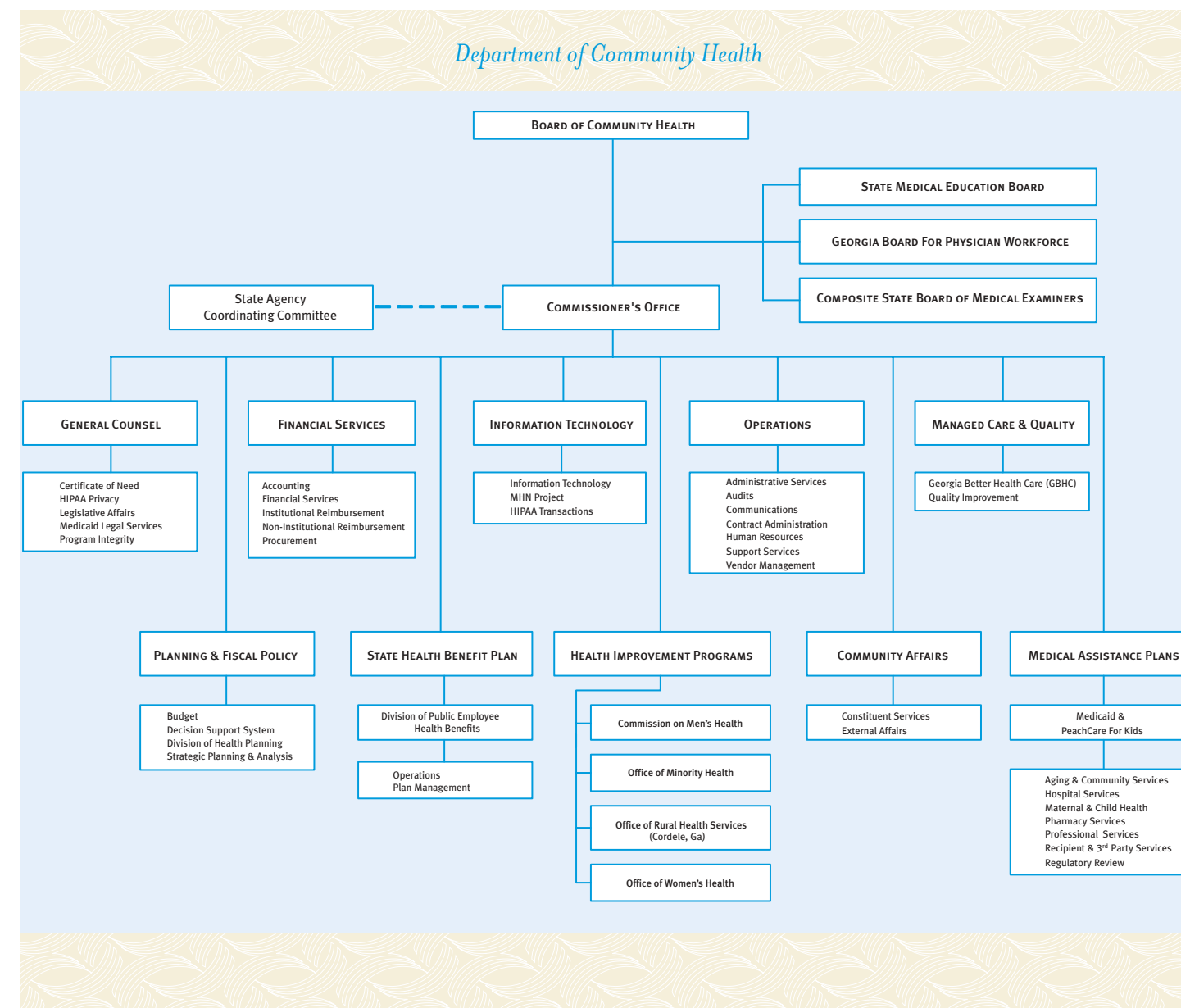
The Department has reduced the annual growth rate in pharmacy program expenditures within Medicaid and PeachCare from a high of 26.0% during FY 2000, to a rate of 21.7% during FY 2001 and 18.2% during FY 2002. When controlling for the increases in enrollment, growth rates for expenditures dropped more dramatically, ranging from a high of 26% during FY 2000, to a rate of 6% during FY 2001 and 5% during FY 2002. The Department will continue to look for new ways to help contain costs within this fast-growing benefit category.

AGENCY REORGANIZATION

The Department recently completed the preliminary phase of a focused, third-party assessment of each of its business processes in an initiative known as the Service Improvement Project. The final outcome of the assessment will be used to facilitate process changes throughout the Department that will be driven by:

- implementation of MHN,
- compliance with HIPAA,
- initiation of other potential major changes in state health plans,
- analysis of each DCH business unit in detail, and
- integration of DCH operating units.

In April of 2002, DCH integrated its operating units through an agency reorganization based on a standard private-sector model. The new organizational structure supports the overall strategy to meet the new challenges facing the Department while improving efficiency, effectiveness and customer service. The new organization chart is illustrated below, and is followed by a summary of the Department's expenditures.



DIVISION OF MEDICAL ASSISTANCE

FY 2002 DCH Expenditures

Benefits		
Medicaid	\$5,742,507,199	
PeachCare for Kids	\$141,511,109	
Indigent Care Trust Fund	\$516,236,808	
State Health Benefit Plan Payments	\$1,486,838,583	
	\$7,887,093,699	97.32%
Services Support (Contracts)		
Systems Support	\$82,801,895	
Cancer Coalition	\$2,000,000	
Other Contractual Support Services	\$41,670,391	
	\$126,472,286	1.57%
Medical Education and Licensing		
Georgia Board for Physician Workforce	\$34,360,424	
State Medical Education Board	\$1,186,150	
Composite State Board of Medical Examiners	\$1,891,305	
	\$37,437,879	0.46%
Health Care Planning and Initiatives		
Health Planning	\$1,682,070	
Rural Health	\$5,776,088	
Minority Health	\$717,305	
Women's Health	\$451,060	
Maternal and Children's Health	\$2,334,405	
Managed Care	\$2,857,568	
	\$13,818,496	0.17%
Administration		
Policy and Reimbursement	\$13,420,186	
Legal and Regulatory	\$7,079,335	
State Health Benefit Plan Administration	\$4,347,052	
General Administration*	\$14,425,223	
	\$39,271,796	0.48%
TOTALS	\$8,104,094,156	100.00%



*Includes rent and utilities, state agency services, telecommunications, accounting and auditing, and other support operations. Note: Benefits expenditures based on date of service, not date of payment.

FY 2002 Milestones

EXPANDED SOURCE SITES

During FY 2002, the number of SOURCE sites doubled, growing from five sites to a total of ten. SOURCE stands for “Service Options Using Resources in a Community Environment” and is a demonstration project that was established to improve the health outcomes of persons with chronic conditions, using a cost-effective, comprehensive managed-care model to deliver care. Elderly individuals (65 and older) and individuals under 65 years old with disabilities who receive Medicaid benefits through the SSI or Public Law categories and who qualify for voluntary participation in GBHC are eligible for the program. SOURCE sites served the needs of over 2,000 consumers in a service area consisting of 97 Georgia counties.

NURSING HOME APPLICATIONS OVER THE INTERNET

In September 2001, the Department began offering families the opportunity to use the Internet to apply for nursing home coverage. This initiative began as a pilot program and was offered to families applying for Medicaid while at nursing homes located in the counties of Douglas, Cherokee, Rockdale, Fayette and Henry. Staff working at nursing homes participating in the pilot program were trained to use a special Internet application and were encouraged to assist families in using the new technology when applying for Medicaid. A special unit of the Department of Family and Children Services, with workers located inside of DCH, completes the application process. In early 2002, the pilot was expanded to include nursing homes in DeKalb and Johnson counties. The project now processes over 100 applications per month with an average processing time of just 23 days; the processing time for most non-Internet applications is from 60 to 90 days.

NURSING HOME TRANSITION GRANT

Georgia was awarded a transition grant of more than \$627,000 to help nursing home residents make the change into a community-integrated living arrangement by building an outreach and support program. The goal is to provide these individuals with the support necessary to sustain long-term residence and participation in the community that is consistent with their needs and preferences.

COMMUNITY SERVICES FOR MORE PEOPLE

The Mental Retardation Waiver Program and the Community Habilitation and Support Services Program offer home and community-based services for people who have mental retardation or a developmental disability. A diagnosis of developmental disability would include mental retardation or other closely related condition, such as cerebral palsy, epilepsy, autism or neurological problem when the level of care required by the patient involves an intermediate-care facility for people with mental retardation. Services offered include help with coordinating care, assistance with daily living activities, home health services, emergency response systems and respite care. The consumer population within these waiver programs has grown substantially, more than doubling in size from approximately 3,500 to 7,500 consumers.

IMPLEMENTED COMMUNITY MENTAL HEALTH PROGRAM REHABILITATION OPTION (MH REHAB OPTION)

The MH Rehab Option started on July 1, 2001, with the purpose of promoting recovery and resiliency in adults, children, adolescents and their respective family members. Services are provided in the consumer’s home, school, place of work or other natural environment rather than in a doctor’s office. Assertive community treatment (ACT) teams work with non-compliant consumers to help them remain in their own communities and to decrease the frequency and length of hospitalization, and crisis services required by the consumer. ACT teams can include peer support specialists, who are people with disabilities that counsel and assist consumers in the MH Rehab Option. Peer supports provide structured, scheduled activities that promote socialization, recovery, self-advocacy, development of natural supports, and maintenance of community living skills, under the direct supervision of a mental health professional. The peer support program received national attention due to its success in meeting the service needs of Georgians. During FY 2002, a total of 50,935 Georgians received community mental health program services.

MEDICAID/PEACHCARE DRUG REBATES SAVE \$169 MILLION

Georgia Medicaid and PeachCare provide benefits for the products of all drug manufacturers offering rebates to the state, with certain exceptions allowed by federal law. Georgia Medicaid and PeachCare drug rebates for FY 2002 totaled \$169 million, which represents more than a 50% increase over the amount recovered in the previous fiscal year.

PEACHCARE ENROLLMENT

Enrollment data for FY 2002 shows that PeachCare is making significant strides in reducing the number of uninsured children in Georgia. Since the close of fiscal year 1999, PeachCare enrollment has increased more than 65%, with more than 161,000 children enrolled at the close of the 2002 fiscal year. Well-executed outreach programs, including a partnership with the Department of Education to distribute more than two million flyers to school children, were the driving forces behind the increased enrollment.

Description of Medicaid

Medicaid is a jointly funded, federal/state health care assistance program serving primarily low-income individuals, as well as children, pregnant women and persons who are elderly, blind or disabled that meet eligibility requirements.

Medicaid reimburses health care providers for services given to eligible individuals. Persons who are eligible for Medicaid receive a card each month to use for health care services from participating providers.

The federal government pays the largest share of Medicaid costs. Georgia’s Medicaid program receives various levels of federal reimbursement for different services and functions. For example, the federal government pays 90% of the cost for family planning services and almost 60% for most other benefits. Computer costs are 75% federally funded, and most other administrative costs receive 50% federal funding.

Medicaid and Medicare are often thought of as two different names for the same program. Actually, they are two different programs. Medicaid is a state-run program designed primarily to help certain people such as children, pregnant women and the aged, blind or disabled who have low incomes and little or no resources. Medicare, on the other hand, is administered by the federal government and, regardless of personal income, provides health care reimbursement to people who are at least 65 years old and meet the length-of-service requirements for Medicare-covered employment; people less than 65 years old with qualifying disabilities or end-stage renal disease are also eligible for Medicare coverage.

The chart below outlines FY 2002 Medicaid statistics.

Medicaid Statistical Summary

FY 2002 benefits expenditures	
Medicaid Benefits	\$5,742,507,199
Medicaid NET Benefits	\$54,198,612
PeachCare for Kids	\$141,511,109
Indigent Care Trust Fund	\$516,236,808
Average yearly benefit expenditure per Medicaid recipient	
	\$3,208.06
Total unduplicated count of Medicaid recipients	
Categorically Needy (TANF, SSI)	744,006
Medically Needy	14,864
Right-from-the-Start Medicaid (pregnant women and infants)	569,844
Qualified Medicare Beneficiaries	40,043
Breast and Cervical Cancer	872
Annual unduplicated count of Medicaid eligibles	
(all persons who received a Medicaid card during FY 2002)	1,481,158
Enrolled Medicaid and PeachCare providers (as of June 30, 2002)	
	80,596
Medicaid providers with paid claims	
	29,563
Number of Medicaid claims paid	
	43,954,862

Medicaid Coverage

ELIGIBILITY

To be eligible for Medicaid, a person must fall into at least one of the following coverage groups: the aged (over 65); the blind; the permanently and totally disabled; pregnant women; children; or parents/caretakers, when they meet income requirements and care for a Medicaid-eligible child. In all cases, the person must meet both the income and resource limits set for their respective coverage group and any established non-financial requirements. Non-financial requirements include criteria such as age, U.S. citizenship or lawful alien status, and Georgia residency.

Major Coverage Groups:

SSI Recipients – Aged, blind or disabled individuals who receive Supplemental Security Income (SSI).

Nursing Home – Aged, blind or disabled individuals who live in nursing homes and have low income and limited assets.

Community Care – Aged, blind or disabled individuals who need nursing home care but can stay at home with special community care services.

Qualified Medicare Beneficiaries (QMB) – Aged or disabled individuals who have Medicare Part A (hospital) insurance, and have income less than 100% of the federal poverty level and limited resources. Medicaid will pay only the Medicare premiums (Parts A and B), coinsurance and deductibles.

Hospice – Terminally ill individuals who are not expected to live more than six months may be eligible for coverage. Recipients must agree to receive hospice services through a Medicaid participating hospice care provider.

Low Income Medicaid (LIM) – Adults and children who meet the standards of the old AFDC (Aid to Families with Dependent Children) program.

Right-from-the-Start Medicaid for Pregnant Women (RSM Adults) – Pregnant women with family income at or below 235% of the federal poverty level.

Right-from-the-Start Medicaid for Children (RSM Children) – Children under 19 years of age whose family income is at or below the appropriate percentage of the federal poverty level for their age and family size.

Medically Needy – Any child, pregnant woman, aged person, disabled person or blind individual whose family income exceeds the established income limit may be eligible under the Medically Needy program. The program allows persons to use incurred medical bills, paid or unpaid, to “spend down” the difference between their income and the income limit to become eligible.

Breast and Cervical Cancer Program – Uninsured women under age 65 who have been screened by a public health department and then diagnosed with either breast or cervical cancer may be eligible for treatment of their condition through Medicaid.



COVERED SERVICES

Ambulance Services
 Ambulatory Surgical Services
 Certified Registered Nurse Anesthetists
 Childbirth Education Services
 Children’s Intervention Services
 Diagnostic, Screening and Preventive Services (Health Departments)
 Dental Services
 Dialysis Services
 Durable Medical Equipment Services
 Family Planning Services
 Georgia Better Health Care
 Health Check (Early and Periodic Screening, Diagnostic and Treatment)
 Health Insurance Premium Payment Program (HIPP)
 Health Insurance Premiums (Medicare Part A and Part B)
 Home Health Services
 Hospice Services
 Inpatient and Outpatient Hospital Services
 Intermediate Care for the Mentally Retarded Facility Services
 Laboratory and Radiological Services
 Medicare Crossovers
 Mental Health Clinic Services
 Non-Emergency Transportation Services
 Nurse Midwifery Services
 Nurse Practitioner Services
 Nursing Facility Services
 Oral Surgery Services

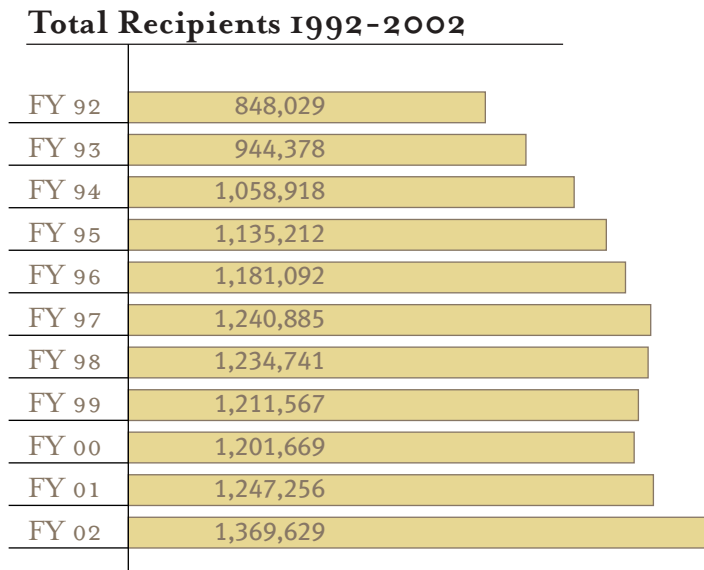
Orthotic and Prosthetic Services
 Pharmacy Services
 Physician Services
 Physician’s Assistant Services
 Podiatric Services
 Pre-Admission Screening/Annual Resident Review
 Pregnancy-Related Services
 Psychological Services
 Rural Health Clinic/Community Health Center Services
 Swing Bed Services
 Targeted Case Management Services
 Adults with AIDS
 Children at Risk of Incarceration
 Chronically Mentally Ill
 Early Intervention
 Perinatal
 Adult and Child Protective Services
 Therapeutic Residential Intervention Services
 Vision Care Services
 Waiver Services
 Community Care
 Independent Care
 Mental Retardation
 Model Waiver for Oxygen or Ventilator-Dependent Children
 Community Habilitation and Support
 Traumatic Brain Injury
 SOURCE (Service Options Using Resources in a Community Environment)



Recipients

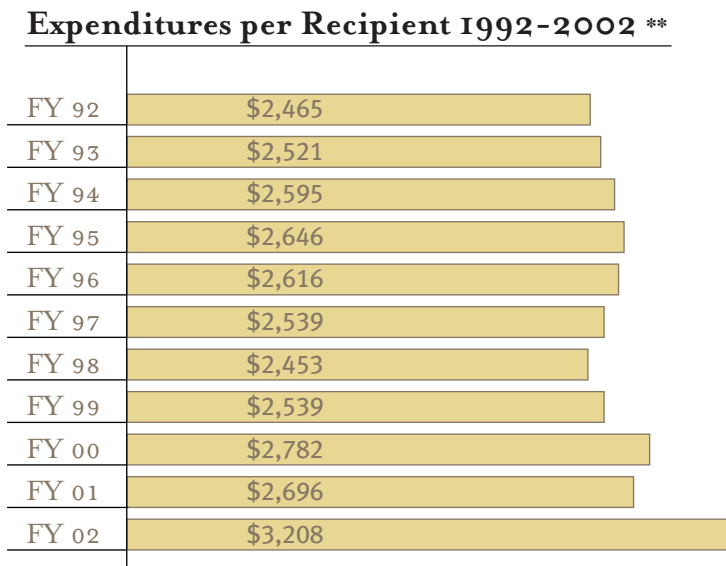
In FY 2002, Medicaid paid for health care services for 1,369,629 individuals. A total of 1,481,158 individuals were approved as eligible for Medicaid, enrolled in the program and received a Medicaid card during the year. As shown in the following chart, payments for services totaled \$4,393,856,380 or approximately \$3,208 per recipient.

The number of recipients increased by 9.8% from FY 2001.



Since FY 1992, the number of recipients increased 62%, largely due to eligibility expansion, most of which the federal government mandated.

Expenditures per recipient have increased just over 30% since FY 1992, as indicated in the following information.



Services

Making health care available and accessible to medically indigent Georgians is the focus of the state's Medicaid program. A broad array of services addresses the health care needs of those covered by the program. Specific statistics follow.

Medicaid Profile

	Recipients	Payments**
By Aid Category		
Aged, Blind or Disabled	296,092 (21.62%)	\$2,696,917,554 (61.38%)
Low Income Children	377,930 (27.59%)	\$557,273,598 (12.68%)
Right-from-the-Start Medicaid for Children	476,160 (34.77%)	\$527,655,524 (12.01%)
Low Income Adults	124,891 (09.12%)	\$306,978,298 (06.99%)
Right-from-the-Start Medicaid for Pregnant Women	93,684 (06.84%)	\$296,121,866 (06.74%)
Breast and Cervical Cancer	872 (00.06%)	\$8,909,540 (00.20%)
By Age		
Under 1 year	164,384 (12.00%)	\$429,161,098 (09.77%)
1 to 5 years	304,868 (22.26%)	\$314,176,463 (07.15%)
6 to 20 years	443,861 (32.41%)	\$692,549,983 (15.76%)
21 to 44 years	241,980 (17.67%)	\$1,020,365,216 (23.22%)
45 to 64 years	96,603 (07.05%)	\$823,172,940 (18.73%)
65+ years	117,933 (08.61%)	\$1,114,430,680 (25.36%)
By Gender		
Male	541,273 (39.52%)	\$1,587,728,962 (36.14%)
Female	828,356 (60.48%)	\$2,806,127,418 (63.86%)
By Residence		
Rural	550,738 (40.21%)	\$1,892,043,939 (43.06%)
Urban	818,891 (59.79%)	\$2,501,812,441 (56.94%)
By Race		
Unknown	132,062 (09.64%)	\$475,646,262 (10.83%)
White	544,497 (39.76%)	\$2,142,020,516 (48.75%)
African-American	670,634 (48.96%)	\$1,743,317,300 (39.68%)
American Indian/Alaskan Native	1,036 (00.08%)	\$1,827,606 (00.04%)
Asian/Pacific Islander	12,597 (00.92%)	\$24,611,178 (00.56%)
Hispanic/Latino	8,803 (00.64%)	\$6,433,518 (00.15%)
Total	1,369,629 (100%)	\$4,393,856,380 (100%)

Below are descriptions of covered services, providers with paid claims, recipients and expenditures by category of service.

PHYSICIAN SERVICES

- Pays for services provided by licensed physicians.
- Over 72% of all recipients visited physicians last year.
- Physician services accounted for 11% of benefit expenditures in FY 2002.
- Reimbursement: Medicare’s Resource-Based Relative Value Scale (RBRVS) is used to set the statewide maximum allowable fee. For FY 2002, physician reimbursement rates were increased. The new rates were calculated at 90% of Medicare’s 2000 RBRVS rates with no adjustment for inflation. In the previous fiscal year, rates were set at 90% of the 1999 RBRVS rates plus a 3.6% inflation adjustment.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Total Physician Services	16,732	990,755	\$505.41	\$500,732,913

PHARMACY SERVICES

- Covers drugs requiring a prescription, insulin, diabetic supplies and certain nonprescription drugs; a few require prior approval.
- Accounted for 17% of benefit expenditures in FY 2002; 69% of recipients used pharmacy services during the year.
- DCH contracted with Express Scripts to review and process prior approval requests.
- Rebate agreements with pharmaceutical manufacturers saved the state \$169 million in FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Total Pharmacy Services	1,910	940,675	\$805.67	\$757,869,724*

* Excludes drug rebates

HOSPITAL SERVICES

- Inpatient services are covered when services cannot be provided on an outpatient basis.
- Most inpatient hospital stays and outpatient surgical procedures must be certified prior to admission.
- Outpatient services may include emergency room care, outpatient surgery and clinic services.
- Hospital services accounted for 30% of total Medicaid benefits expenditures in FY 2002.
- Reimbursement: For inpatient services, a Diagnosis Related Group (DRG) based system is used, which is similar to the one used by Medicare. Reimbursement is based on diagnosis, with payments increasing with the severity of a patient’s condition. For outpatient services, interim reimbursement is based on a percentage of charges, with cost settlement for the reporting period at 90% of costs for most hospitals. Critical access hospitals are reimbursed at 100% of costs.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Hospital Services				
Hospital, Inpatient	380	221,346	\$3,946.97	\$873,646,289
Hospital, Outpatient	770	645,823	\$685.76	\$442,879,326
Total Hospital Services				\$1,316,525,615

NURSING FACILITY SERVICES

- Covers institutional care for recipients who are unable to remain at home or in the community.
- The quality of nursing home care is regulated by the Office of Regulatory Services, a part of the Georgia Department of Human Resources.
- Accounted for 20% of total Medicaid benefits expenditures in FY 2002.
- Reimbursement: Per diem rates are calculated from standardized cost reports. Allowable costs are determined using Department policy, federal principles of reimbursement and audits of cost reports. The June 30, 2000, cost reports and an overall growth allowance of 6.2% were used to set reimbursement rates for FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Nursing Facilities				
Nursing Home				
Intermediate Care-MR	13	1,341	\$79,902	\$107,148,842
Nursing Home Services	704	52,049	\$15,021	\$781,824,005
Swing Bed Services	17	137	\$4,215	\$577,483
Total Nursing Facilities				\$889,550,330

MATERNAL AND CHILD HEALTH SERVICES

- Covers prenatal and perinatal care and family planning, pays for children’s preventive health care through the HealthCheck program, helps children with physical and developmental problems, and assists children at risk through the Family Connection Program.
- The category represented 2% of total Medicaid benefits expenditures for FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Maternal and Child Health				
Childbirth Education Program				
	22	563	\$31.09	\$17,502
Children at Risk Case Management				
	36	7,066	\$519.88	\$3,673,455
Children’s Intervention Services				
	1,608	25,792	\$1,668	\$43,026,809
Early Intervention				
Case Management				
	152	4,584	\$775.68	\$3,555,702
Family Planning				
	91	24,445	\$109.61	\$2,679,492
HealthCheck (EPSDT)				
	1,795	326,371	\$106.55	\$34,773,474
Perinatal Case Management				
	93	55,005	\$111.78	\$6,148,259
Pregnancy-Related Services				
	71	14,937	\$98.48	\$1,471,070
Total Maternal and Child Health Services				\$95,345,763

OTHER PRACTITIONER SERVICES

- Covers preventive and routine dental services for children and certain emergency services for adults. Dental services were the most widely used services in this category in FY 2002. About 21% of all recipients visited a dentist during FY 2002. Reimbursement rates to dentists increased 3.5% compared to the previous fiscal year.
- During FY 2002, an additional 64,000 children in Georgia received dental care through Medicaid compared to FY 2000, when reimbursement rates to dentists were increased for common dental procedures. Additionally, the number of dental providers that submitted claims for services performed on children grew by over 21% from FY 2000 to FY 2002.
- Also includes: optometric services; podiatry and psychology services; the care provided by nurse midwives, nurse practitioners, physician's assistants and certified registered nurse anesthetists (RNA); and reimbursements to county health departments and private providers through the diagnostic, screening and preventive services program, which covers pregnancy and postpartum care, adult immunizations, and screening and treatment of hypertension, tuberculosis and sexually transmitted diseases.
- Reimbursement for most other services in this category is the lower of the submitted charge or Medicare's Resource-Based-Relative-Value-Scale rate for the procedure.
- Services in this category accounted for 3.5% of total Medicaid benefits expenditures during the fiscal year.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Other Practitioner Services				
Certified RNA	866	43,225	\$145.79	\$6,301,752
Dental, Adult	738	44,886	\$282.21	\$12,667,427
Dental, Child	986	235,950	\$360.67	\$85,101,003
Dental Oral Surgery	41	527	\$157.19	\$82,841
Diagnostic, Screening and Preventive Services	34	72,130	\$32.44	\$2,340,009
Nurse Midwife	171	19,527	\$594.07	\$11,600,362
Nurse Practitioner	767	78,540	\$86.66	\$6,806,399
Optometry	678	86,376	\$70.37	\$6,077,883
Physician's Assistant	623	54,931	\$90.97	\$4,997,099
Podiatry	294	40,870	\$85.27	\$3,484,983
Psychology	601	27,603	\$588.29	\$16,238,563
Total Other Practitioner Services				\$155,698,321

MENTAL HEALTH SERVICES

- Covers a comprehensive range of services provided by out patient mental health clinics.
- Individuals with chronic mental illness, mental retardation or substance abuse may receive case management services in the community, which help them live more independently and are less expensive than institutional services.
- DMA worked with the state Department of Audits to complete thorough reviews of selected community service boards, which employ the providers of clinic services.
- Mental health clinic and case management services accounted for almost 2% of total Medicaid benefits expenditures in FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Mental Health Services				
Mental Health Clinic	74	50,935	\$1,628.05	\$82,924,776
Mental Health Case Management	1	3	\$110.00	\$330
Total Mental Health Services				\$82,925,106

WAIVER SERVICES FOR HOME AND COMMUNITY-BASED CARE

Waiver services include five home and community-based programs and two demonstration projects that are covered by Medicaid using waivers issued by the federal government that allow exceptions to specific Medicaid requirements. Waivers permit the state to pay for home and community-based services as an alternative to institutional care. Each waiver program offers several "core" services, including service coordination, personal support, home health services, emergency response systems and respite care. Additional services are available under each program. Home and community-based alternatives accounted for 7% of benefit expenditures in FY 2002. Per-recipient costs averaged \$11,614 for the year.

- The five home and community-based programs include:
 - The Community Care program offers services to help elderly and/or functionally impaired or disabled people remain in the community or return to the community from nursing homes.
 - The Mental Retardation Waiver program and the Community Habilitation and Support Services Waiver program help people who have mental retardation or a developmental disability.
 - The Model Waiver program covers private duty nursing and medical day care for individuals under age 21 who are respirator or oxygen dependent.
 - The Independent Care Waiver program (ICWP) helps adult Medicaid recipients with disabilities live in their own homes or in the community instead of living in a hospital setting. ICWP also includes services for adult Medicaid recipients with traumatic brain injuries.
- Two demonstration projects include:
 - SOURCE (Service Options Using Resources in a Community Environment) links primary care with an array of long-term health services in a person's home or community to avoid preventable hospital and nursing home care for frail elderly and disabled individuals. In FY 2002 there were ten SOURCE sites providing services within 97 counties. More than 2,000 consumers received assistance.
 - ShepherdCare provides primary care through an outreach program that is managed by advanced practice nurses who coordinate medical care for severely disabled clients at the Shepherd Spinal Center in Atlanta.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Waiver Services and Demonstration Projects				
Community Care	336	14,930	\$5,632.61	\$84,094,843
Mental Retardation Waiver	228	7,145	\$18,826.18	\$134,513,041
Model Waiver	12	160	\$38,506.65	\$6,161,064
Independent Care	95	670	\$27,818.70	\$18,638,528
Community Habilitation and Support	71	1,267	\$38,561.14	\$48,856,964
SOURCE Project	59	1,778	\$4,908.39	\$8,727,115
ShepherdCare	1	85	\$4,496.11	\$382,169*
Total Waiver Services				\$301,373,724

*Does not represent all services; includes only case management and some equipment.



TRANSPORTATION

- Covers both emergency and non-emergency transportation (NET) services to assist recipients who need medical care and have no other means of transportation.
- For a more cost-effective means of covering non-emergency transportation, Georgia Medicaid uses a broker system where the agency has contracts with two brokers that offer services in the state's five NET regions.
- Brokers are responsible for contracting with an adequate number of transportation providers to deliver services to eligible Medicaid recipients, including services to recipients that require special accommodations, such as wheelchair lifts.
- Each broker is reimbursed a set rate per month for each Medicaid recipient residing within the region.
- The two NET brokers' contracts total \$54,198,612. NET payments are accounted for separately from transportation expenditures and are not shown below.
- The Georgia Department of Audits and Accounts evaluates the brokers' performance.
- Emergency transportation costs accounted for 0.5% of total Medicaid benefits expenditures in FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Total Emergency Transportation Services	195	73,129	\$295.05	\$21,576,640

EQUIPMENT AND DEVICES

- Covers the rental or purchase of medical equipment and devices, including hospital beds, wheelchairs, oxygen equipment, walkers, artificial limbs, braces, eyeglasses and artificial eyes.
- Services in this category accounted for 1.2% of total Medicaid benefits expenditures for FY 2002.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
Equipment and Devices				
Durable Medical Equipment	2,266	116,978	\$379.65	\$44,410,697
Eyeglasses	331	41,796	\$13.09	\$547,194
Orthotics/Prosthetics	197	10,999	\$769.51	\$8,463,847
Total Equipment and Devices				\$53,421,738



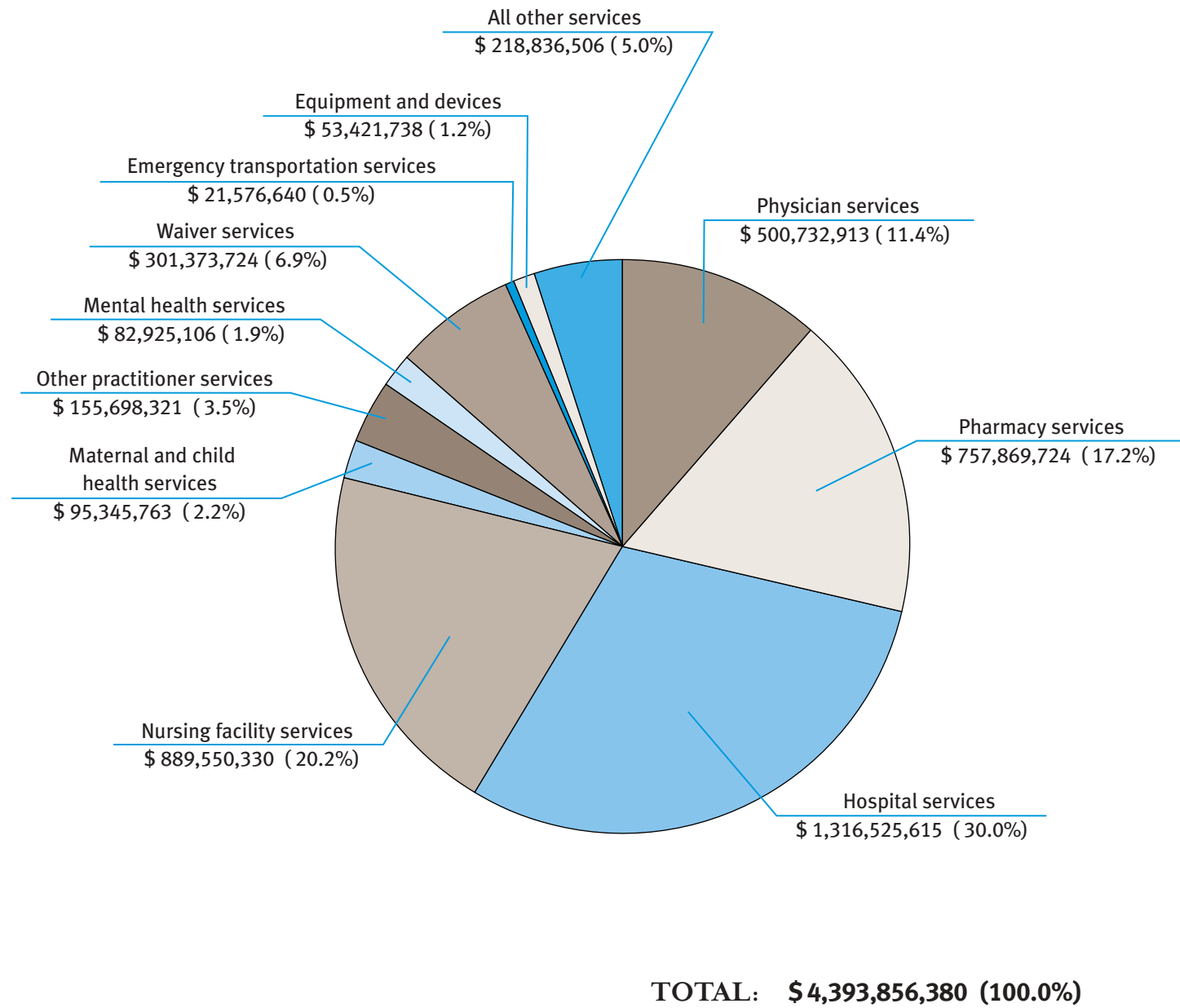
ALL OTHERS

- Covers the services of ambulatory surgical centers and rural health clinics as well as laboratory, x-ray, dialysis, home health, protective services, hospice, therapy and specialized services for specific populations, including adults with AIDS and children at risk of incarceration.
- Georgia Better Health Care (GBHC) matches Medicaid recipients and primary care providers to improve access to care, enhance continuity of care, and reduce unnecessary use of services. More than three-fourths of all recipients participated in GBHC.
- GBHC works with a physician advisory committee to assist with a physician profiling initiative designed to improve health outcomes.

Category of service	Providers with paid claims	FY 2002 recipients	Expenditures per recipient	FY 2002 expenditures**
All Others				
Adults with AIDS	19	1,440	\$250.97	\$361,394
Ambulatory Surgical	108	9,153	\$421.73	\$3,860,119
At Risk of Incarceration	1	9,778	\$597.18	\$5,839,224
Crossover Chiropractic	141	889	\$56.27	\$50,021
Dialysis	244	783	\$16,990.43	\$13,303,508
Federally Qualified				
Health Centers	30	32,156	\$230.53	\$7,412,931
Georgia Better Health Care	2,472	1,053,733	\$25.37	\$26,733,066
Home Health	89	7,850	\$1,612.20	\$12,655,772
Hospice	67	4,121	\$6,588.10	\$27,149,558
Laboratory/Radiology	93	196,772	\$98.03	\$19,289,558
Preadmission Screening				
and Residential Review	1	2,946	\$1,388.30	\$4,089,936
Protective Services, Adult	1	2,924	\$1,502.51	\$4,393,350
Protective Services, Child	1	30,591	\$920.76	\$28,166,880
Qualified Medicare Beneficiary	5	11	\$927.09	\$10,198
Rural Health Clinic	34	17,916	\$199.16	\$3,568,114
Therapeutic Residential Intervention	21	5,216	\$11,068.39	\$57,732,738
Therapeutic Services				
Crossover Physical Therapy	27	474	\$140.07	\$66,391
Crossover Speech	7	113	\$22.09	\$2,496
Crossover Rehabilitation	33	759	\$230.42	\$174,886
Traumatic Brain Injury	64	119	\$33,414.84	\$ 3,976,366
Total All Others				\$218,836,506

** All service data is compiled from the department's paid claim history file. This data is subject to change as appeals and disputes are resolved.

Medicaid Expenditures by Category of Service - Summary



Medicaid Recipients and Expenditures by County - FY 2002

County	Number of Unique Recipients	Net Payments	Payment/Recipient	Estimated 2002 Population	% Population Receiving Medicaid	% State Recip. Population Living in Co.
Appling	4,344	\$15,115,956	\$3,479.73	17,472	24.86%	0.32%
Atkinson	2,657	\$6,785,381	\$2,553.78	7,571	35.09%	0.19%
Bacon	2,942	\$11,327,551	\$3,850.29	9,993	29.44%	0.21%
Baker	1,317	\$2,883,972	\$2,189.80	4,102	32.11%	0.10%
Baldwin	8,326	\$68,621,607	\$8,241.85	44,806	18.58%	0.61%
Banks	2,428	\$4,994,705	\$2,057.13	14,847	16.35%	0.18%
Barrow	7,951	\$22,703,494	\$2,855.43	48,946	16.24%	0.58%
Bartow	13,076	\$35,580,695	\$2,721.07	80,026	16.34%	0.95%
Ben Hill	5,444	\$18,334,611	\$3,367.86	17,242	31.57%	0.40%
Berrien	4,470	\$14,465,674	\$3,236.17	16,091	27.78%	0.33%
Bibb	39,125	\$132,471,996	\$3,385.87	153,549	25.48%	2.86%
Bleckley	2,589	\$8,737,513	\$3,374.86	11,735	22.06%	0.19%
Brantley	4,001	\$10,991,455	\$2,747.18	14,877	26.89%	0.29%
Brooks	4,655	\$14,791,164	\$3,177.48	16,397	28.39%	0.34%
Bryan	3,579	\$10,734,176	\$2,999.21	24,552	14.58%	0.26%
Bulloch	12,596	\$35,092,020	\$2,785.97	56,918	22.13%	0.92%
Burke	7,311	\$19,891,049	\$2,720.70	22,591	32.36%	0.53%
Butts	4,054	\$14,259,724	\$3,517.45	20,629	19.65%	0.30%
Calhoun	1,786	\$6,158,455	\$3,448.18	6,307	28.32%	0.13%
Camden	6,832	\$13,798,908	\$2,019.75	44,061	15.51%	0.50%
Candler	3,139	\$14,214,874	\$4,528.47	9,508	33.01%	0.23%
Carroll	18,741	\$54,409,941	\$2,903.26	91,956	20.38%	1.37%
Catoosa	7,335	\$21,504,992	\$2,931.83	55,197	13.29%	0.54%
Charlton	2,524	\$6,924,194	\$2,743.34	10,393	24.29%	0.18%
Chatham	44,725	\$148,806,895	\$3,327.15	232,064	19.27%	3.27%
Chattahoochee	1,008	\$1,619,751	\$1,606.90	15,134	6.66%	0.07%
Chattooga	4,848	\$16,723,279	\$3,449.52	25,901	18.72%	0.35%
Cherokee	11,150	\$34,499,627	\$3,094.14	152,170	7.33%	0.81%
Clarke	16,761	\$50,639,680	\$3,021.28	101,800	16.46%	1.22%
Clay	1,310	\$4,456,865	\$3,402.19	3,390	38.64%	0.10%
Clayton	50,319	\$112,108,836	\$2,227.96	246,779	20.39%	3.67%
Clinch	2,475	\$8,242,049	\$3,330.12	6,833	36.22%	0.18%
Cobb	54,156	\$156,127,165	\$2,882.92	631,767	8.57%	3.95%
Coffee	11,037	\$32,241,778	\$2,921.24	37,815	29.19%	0.81%

Medicaid Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	Net Payments	Payment/Recipient	Estimated 2002 Population	% Population Receiving Medicaid	% State Recip. Population Living in Co.
Colquitt	12,778	\$36,889,601	\$2,886.96	42,201	30.28%	0.93%
Columbia	8,522	\$23,738,069	\$2,785.50	92,427	9.22%	0.62%
Cook	4,579	\$14,645,124	\$3,198.32	15,855	28.88%	0.33%
Coweta	11,078	\$30,144,252	\$2,721.09	94,571	11.71%	0.81%
Crawford	2,499	\$6,483,612	\$2,594.48	12,559	19.90%	0.18%
Crisp	7,139	\$24,075,900	\$3,372.45	22,133	32.26%	0.52%
Dade	2,338	\$7,421,635	\$3,174.35	15,508	15.08%	0.17%
Dawson	2,042	\$5,036,444	\$2,466.43	17,176	11.89%	0.15%
Decatur	8,303	\$25,062,116	\$3,018.44	28,175	29.47%	0.61%
Dekalb	100,280	\$274,983,242	\$2,742.15	665,133	15.08%	7.32%
Dodge	4,609	\$17,941,158	\$3,892.64	19,143	24.08%	0.34%
Dooly	3,219	\$10,337,911	\$3,211.53	11,651	27.63%	0.24%
Dougherty	29,268	\$76,380,344	\$2,609.69	95,723	30.58%	2.14%
Douglas	12,880	\$33,743,372	\$2,619.83	96,006	13.42%	0.94%
Early	4,512	\$13,627,881	\$3,020.36	12,282	36.74%	0.33%
Echols	883	\$1,801,611	\$2,040.33	3,726	23.70%	0.06%
Effingham	5,576	\$15,468,360	\$2,774.10	39,616	14.08%	0.41%
Elbert	4,762	\$16,021,020	\$3,364.35	20,648	23.06%	0.35%
Emanuel	7,188	\$26,581,224	\$3,698.00	21,859	32.88%	0.52%
Evans	3,450	\$9,743,443	\$2,824.19	10,738	32.13%	0.25%
Fannin	3,648	\$12,559,366	\$3,442.81	20,661	17.66%	0.27%
Fayette	4,716	\$14,616,483	\$3,099.34	95,542	4.94%	0.34%
Floyd	18,862	\$75,415,308	\$3,998.27	91,183	20.69%	1.38%
Forsyth	5,967	\$19,123,426	\$3,204.86	110,296	5.41%	0.44%
Franklin	4,272	\$15,040,442	\$3,520.70	20,783	20.56%	0.31%
Fulton	153,517	\$406,600,402	\$2,648.57	816,638	18.80%	11.21%
Gilmer	4,375	\$15,503,133	\$3,543.57	24,349	17.97%	0.32%
Glascocock	621	\$3,700,714	\$5,959.28	2,583	24.04%	0.05%
Glynn	13,715	\$43,368,738	\$3,162.14	68,217	20.10%	1.00%
Gordon	8,919	\$25,382,001	\$2,845.83	45,555	19.58%	0.65%
Grady	6,376	\$16,018,557	\$2,512.32	23,714	26.89%	0.47%
Greene	3,567	\$10,036,785	\$2,813.79	14,914	23.92%	0.26%
Gwinnett	55,519	\$140,200,825	\$2,525.28	621,528	8.93%	4.05%
Habersham	5,385	\$16,599,531	\$3,082.55	37,153	14.49%	0.39%

Medicaid Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	Net Payments	Payment/Recipient	Estimated 2002 Population	% Population Receiving Medicaid	% State Recip. Population Living in Co.
Hall	23,598	\$65,801,234	\$2,788.42	145,664	16.20%	1.72%
Hancock	2,777	\$10,670,253	\$3,842.37	10,065	27.59%	0.20%
Haralson	5,836	\$20,119,208	\$3,447.43	26,255	22.23%	0.43%
Harris	2,839	\$8,683,271	\$3,058.57	24,548	11.57%	0.21%
Hart	4,426	\$15,117,571	\$3,415.63	23,087	19.17%	0.32%
Heard	2,476	\$7,202,387	\$2,908.88	11,229	22.05%	0.18%
Henry	12,212	\$31,205,178	\$2,555.29	132,581	9.21%	0.89%
Houston	17,214	\$48,012,288	\$2,789.14	113,391	15.18%	1.26%
Irwin	2,591	\$10,635,991	\$4,104.98	10,028	25.84%	0.19%
Jackson	7,749	\$25,202,544	\$3,252.36	44,010	17.61%	0.57%
Jasper	2,364	\$6,120,099	\$2,588.87	11,904	19.86%	0.17%
Jeff Davis	3,891	\$11,475,768	\$2,949.31	12,762	30.49%	0.28%
Jefferson	5,574	\$17,698,132	\$3,175.12	17,090	32.62%	0.41%
Jenkins	2,768	\$8,926,547	\$3,224.91	8,637	32.05%	0.20%
Johnson	2,583	\$9,544,329	\$3,695.06	8,578	30.11%	0.19%
Jones	3,305	\$9,692,716	\$2,932.74	24,203	13.66%	0.24%
Lamar	3,142	\$9,397,368	\$2,990.89	16,260	19.32%	0.23%
Lanier	2,027	\$7,188,537	\$3,546.39	7,140	28.39%	0.15%
Laurens	11,882	\$37,786,331	\$3,180.13	45,378	26.18%	0.87%
Lee	3,214	\$9,492,693	\$2,953.54	25,539	12.58%	0.23%
Liberty	10,393	\$23,531,266	\$2,264.15	60,107	17.29%	0.76%
Lincoln	1,636	\$3,753,114	\$2,294.08	8,424	19.42%	0.12%
Long	2,769	\$7,100,351	\$2,564.23	10,548	26.25%	0.20%
Lowndes	20,040	\$66,095,389	\$3,298.17	92,250	21.72%	1.46%
Lumpkin	3,258	\$10,911,552	\$3,349.16	21,855	14.91%	0.24%
Macon	4,261	\$15,980,659	\$3,750.45	14,133	30.15%	0.31%
Madison	5,113	\$16,357,539	\$3,199.21	26,214	19.50%	0.37%
Marion	1,953	\$5,722,604	\$2,930.16	7,204	27.11%	0.14%
McDuffie	6,371	\$17,566,410	\$2,757.25	21,286	29.93%	0.47%
McIntosh	2,758	\$6,879,352	\$2,494.33	11,085	24.88%	0.20%
Meriwether	6,046	\$17,925,992	\$2,964.93	22,625	26.72%	0.44%
Miller	1,778	\$6,807,349	\$3,828.66	6,381	27.86%	0.13%
Mitchell	7,300	\$21,009,649	\$2,878.03	24,053	30.35%	0.53%
Monroe	3,701	\$13,185,349	\$3,562.65	22,153	16.71%	0.27%

Medicaid Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	Net Payments	Payment/Recipient	Estimated 2002 Population	% Population Receiving Medicaid	% State Recip. Population Living in Co.
Montgomery	2,065	\$5,822,331	\$2,819.53	8,361	24.70%	0.15%
Morgan	2,828	\$8,160,089	\$2,885.46	16,153	17.51%	0.21%
Murray	6,673	\$18,594,535	\$2,786.53	37,747	17.68%	0.49%
Muscogee	39,343	\$116,847,897	\$2,969.98	184,134	21.37%	2.87%
Newton	12,773	\$34,363,425	\$2,690.32	68,047	18.77%	0.93%
Oconee	2,286	\$6,269,045	\$2,742.36	27,059	8.45%	0.17%
Oglethorpe	2,228	\$5,958,478	\$2,674.36	12,969	17.18%	0.16%
Paulding	7,908	\$22,706,890	\$2,871.38	89,734	8.81%	0.58%
Peach	5,586	\$13,870,406	\$2,483.07	24,196	23.09%	0.41%
Pickens	3,719	\$13,592,115	\$3,654.78	24,776	15.01%	0.27%
Pierce	4,169	\$13,004,659	\$3,119.37	15,698	26.56%	0.30%
Pike	2,191	\$6,551,352	\$2,990.12	14,253	15.37%	0.16%
Polk	8,253	\$27,026,268	\$3,274.72	38,843	21.25%	0.60%
Pulaski	2,122	\$7,366,512	\$3,471.49	9,598	22.11%	0.15%
Putnam	3,563	\$9,458,461	\$2,654.63	19,094	18.66%	0.26%
Quitman	823	\$1,692,404	\$2,056.38	2,610	31.53%	0.06%
Rabun	2,425	\$8,961,875	\$3,695.62	15,318	15.83%	0.18%
Randolph	2,596	\$8,274,596	\$3,187.44	7,644	33.96%	0.19%
Richmond	49,196	\$177,669,286	\$3,611.46	198,366	24.80%	3.59%
Rockdale	9,320	\$25,866,799	\$2,775.41	71,798	12.98%	0.68%
Schley	1,006	\$2,206,090	\$2,192.93	3,921	25.66%	0.07%
Screven	4,129	\$12,372,771	\$2,996.55	15,177	27.21%	0.30%
Seminole	2,971	\$10,353,649	\$3,484.90	9,365	31.72%	0.22%
Spalding	13,163	\$39,578,106	\$3,006.77	59,066	22.29%	0.96%
Stephens	5,633	\$19,485,853	\$3,459.23	25,651	21.96%	0.41%
Stewart	1,588	\$5,715,439	\$3,599.14	5,145	30.86%	0.12%
Sumter	10,246	\$33,106,329	\$3,231.15	33,319	30.75%	0.75%
Talbot	1,724	\$4,121,603	\$2,390.72	6,703	25.72%	0.13%
Taliaferro	584	\$1,270,583	\$2,175.66	2,034	28.71%	0.04%
Tattnall	5,086	\$17,183,555	\$3,378.60	22,385	22.72%	0.37%
Taylor	2,514	\$7,813,596	\$3,108.03	8,836	28.45%	0.18%
Telfair	3,698	\$14,869,808	\$4,021.04	11,692	31.63%	0.27%
Terrell	3,773	\$10,120,443	\$2,682.33	10,943	34.48%	0.28%
Thomas	11,240	\$45,577,835	\$4,054.97	43,012	26.13%	0.82%

Medicaid Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	Net Payments	Payment/Recipient	Estimated 2002 Population	% Population Receiving Medicaid	% State Recip. Population Living in Co.
Tift	10,334	\$31,195,298	\$3,018.71	38,634	26.75%	0.75%
Toombs	8,540	\$30,975,022	\$3,627.05	26,115	32.70%	0.62%
Towns	1,371	\$6,885,255	\$5,022.07	9,641	14.22%	0.10%
Treutlen	1,911	\$6,391,211	\$3,344.43	6,787	28.16%	0.14%
Troup	12,832	\$37,682,241	\$2,936.58	59,478	21.57%	0.94%
Turner	3,127	\$9,160,883	\$2,929.61	9,621	32.50%	0.23%
Twiggs	2,349	\$7,051,717	\$3,002.01	10,589	22.18%	0.17%
Union	2,907	\$12,070,796	\$4,152.32	17,902	16.24%	0.21%
Upson	6,286	\$21,409,441	\$3,405.89	27,711	22.68%	0.46%
Walker	11,310	\$38,077,159	\$3,366.68	61,884	18.28%	0.83%
Walton	9,467	\$27,022,121	\$2,854.35	65,224	14.51%	0.69%
Ware	11,187	\$38,777,870	\$3,466.33	35,540	31.48%	0.82%
Warren	1,908	\$6,650,894	\$3,485.79	6,274	30.41%	0.14%
Washington	5,312	\$17,085,383	\$3,216.37	21,042	25.24%	0.39%
Wayne	6,370	\$20,383,649	\$3,199.94	26,945	23.64%	0.47%
Webster	520	\$1,105,997	\$2,126.92	2,301	22.60%	0.04%
Wheeler	1,672	\$6,299,870	\$3,767.87	6,183	27.04%	0.12%
White	3,478	\$10,929,790	\$3,142.55	21,182	16.42%	0.25%
Whitfield	17,264	\$50,738,585	\$2,938.98	85,248	20.25%	1.26%
Wilcox	2,456	\$10,563,669	\$4,301.17	8,709	28.20%	0.18%
Wilkes	2,534	\$7,517,024	\$2,966.47	10,688	23.71%	0.19%
Wilkinson	2,431	\$6,340,728	\$2,608.28	10,300	23.60%	0.18%
Worth	6,083	\$16,357,614	\$2,689.07	21,938	27.73%	0.44%
Totals	1,369,629	\$4,393,856,380	\$3,208.06	8,383,915	16.34%	100.00%

PeachCare for Kids

PeachCare for Kids is Georgia’s version of the federal Children’s Health Insurance Program that provides medical and dental coverage for children whose parents’ income is too high to qualify for Medicaid but who do not have access to private health insurance. In FY 2002, uninsured children could be eligible for PeachCare if their families’ incomes were up to 235% of the federal poverty limit but above Medicaid income guidelines. For a family of four in 2002, 235% of the federal poverty limit was \$42,535.

The federal/state match for PeachCare funds is approximately 72% federal to 28% state dollars, a larger federal share than allowed in the Medicaid program.

Statistical Summary

PeachCare for Kids	
Total Eligibles	207,004
Total Recipients	203,671
Total Expenditures	\$179,012,108
Expenditures Per Covered Life	\$864.78
Expenditures Per Recipient	\$878.93
Providers w/ Paid Claims	17,188
Number of Paid Claims	4,065,773

Outreach

Thirty percent of new PeachCare enrollees, who had been insured within three months prior to applying for PeachCare, reported they lost their previous health coverage due to layoff or loss of job. To reach families affected by employer cutbacks, PeachCare began working closely with the Georgia Department of Labor (DOL). Through this effort, PeachCare participated in over 75 DOL industry-related job fairs and workshops.

Through a partnership with the Department of Education, PeachCare achieved its largest and most successful statewide outreach campaign. For the third straight year, PeachCare ensured that every child in Georgia received a program flyer within the first week of the school year. By distributing nearly 2.6 million flyers among all public and private schools in the state, PeachCare information reached one million more children than in the previous year. This initiative created an immediate positive reaction, which included a dramatic 300% increase in Web-based applications and an increase of requests for mail-in applications.

Grassroots strategies continued to be an essential part of PeachCare for Kids outreach. Through targeted community-based efforts, the Right-from-the-Start Medicaid outreach program as well as community-based organizations have been successful in helping PeachCare reach more families.

Enrollees

Enrollment data for FY 2002 shows that PeachCare is making significant strides in reducing the number of uninsured children in Georgia. Since the close of fiscal year 1999, PeachCare enrollment has increased over 65%, with more than 161,000 children enrolled at the close of the 2002 fiscal year.

PeachCare for Kids Profile

	Recipients	Expenditures
By Age		
Under 1 year	1,787 (00.88%)	\$1,055,269 (00.59%)
1 to 5 years	63,804 (31.33%)	\$54,256,066 (30.31%)
6 to 13 years	100,052 (49.12%)	\$86,354,960 (48.24%)
14 to 21 years	38,028 (18.67%)	\$37,345,813 (20.86%)

By Gender		
Male	104,159 (51.14%)	\$96,008,910 (53.63%)
Female	99,512 (48.86%)	\$83,003,198 (46.37%)

By Residence		
Rural	76,364 (37.49%)	\$74,271,011 (41.49%)
Urban	127,307 (62.51%)	\$104,741,097 (58.51%)

By Race*		
Unknown	19,520 (09.58%)	\$16,535,146 (09.24%)
White	103,414 (50.78%)	\$106,165,499 (59.31%)
African-American	63,452 (31.15%)	\$42,986,727 (24.01%)
American Indian/Alaskan Native	43 (00.02%)	\$45,578 (00.03%)
Asian/Pacific Islander	4,127 (02.03%)	\$3,094,395 (01.73%)
Hispanic/Latino	13,115 (06.44%)	\$10,184,763 (05.69%)

*Recipient values by race were adjusted based on information provided by Dental Health Administrative and Consulting Services.

Premiums and Services

Families with children who are at least 6 years old pay a \$7.50 monthly premium for one child or a \$15 premium for two or more children. The plan requires no premium for children age 5 or younger.

The plan pays for preventive services and acute medical care as well as prescription drugs, vision and dental care. PeachCare covers most of the same services that are covered by Medicaid. Exceptions include non-emergency transportation, targeted case management, nursing facilities and community waiver programs.

PeachCare for Kids - Expenditures by Category of Service

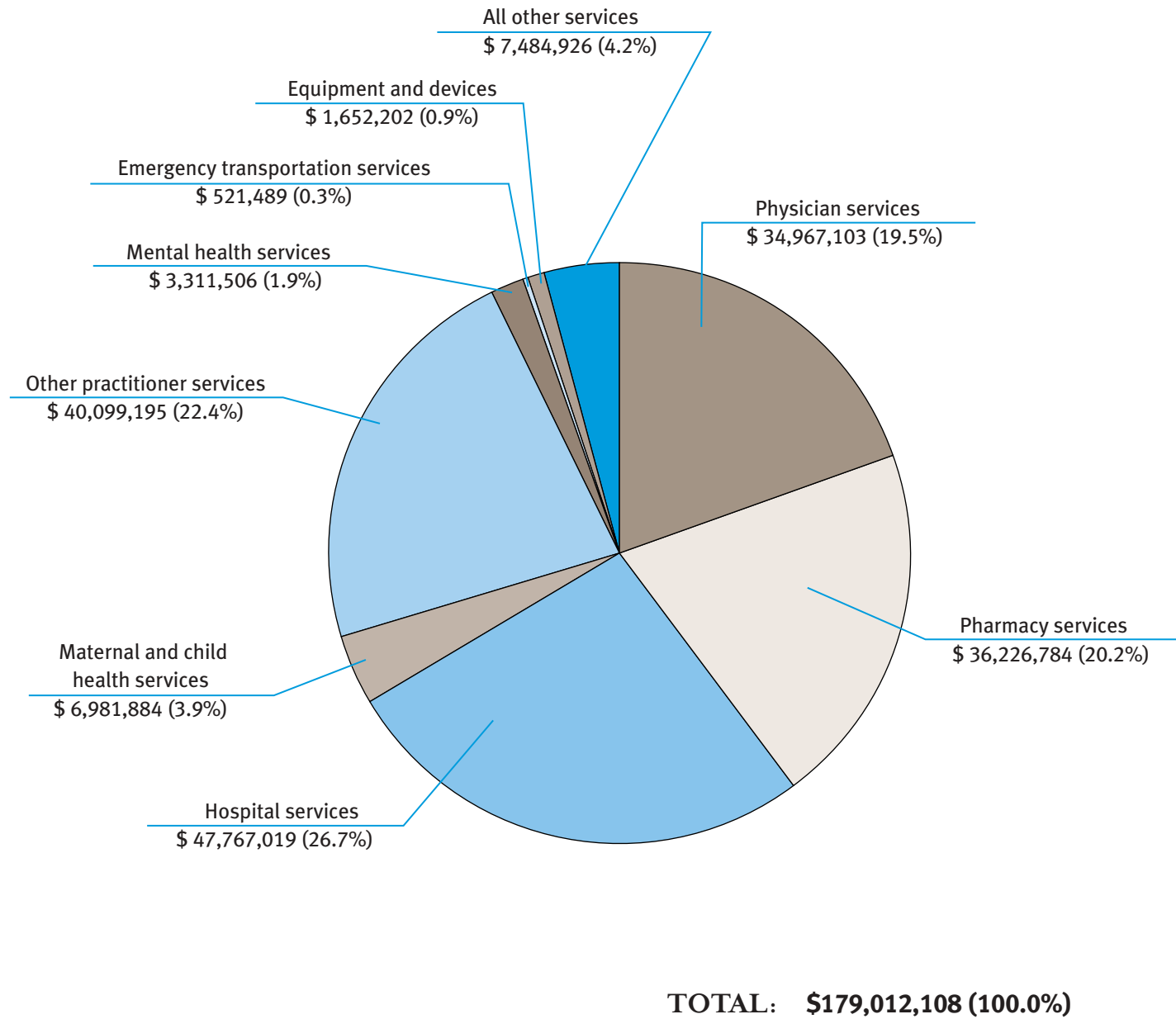
Category of service	Providers with paid claims	FY 2002 recipients	FY 2002 expenditures	Expenditures per Recipient
Physician Services				
Physician	9,163	135,550	\$34,967,103	\$257.96
Net Payments Sub Total			\$34,967,103	
Hospital Services				
Inpatient Hospital	169	2,677	\$14,811,621	\$5,532.92
Outpatient Regular	277	66,427	\$32,955,398	\$496.11
Net Payments Sub Total			\$47,767,019	
Mental Health Services				
Mental Health Clinic	42	3,392	\$3,311,506	\$976.27
Net Payments Sub Total			\$3,311,506	
Maternal and Child Health Services				
Family Planning	79	846	\$103,462	\$122.30
Health Check (EPSDT)	1,579	53,003	\$3,446,551	\$65.03
Early Intervention				
Case Management	38	70	\$35,035	\$500.50
Children's Intervention Services	902	3,376	\$3,396,716	\$1,006
Pregnancy-Related Services	1	1	\$120	\$120.00
Net Payments Sub Total			\$6,981,884	
Pharmacy Services				
Drug	1,764	134,762	\$36,226,784	\$268.82
Net Payments Sub Total			\$36,226,784	
Equipment and Devices				
Durable Medical Equipment	1,297	6,375	\$1,103,299	\$173.07
Orthotics/Prosthetics	105	631	\$374,906	\$594.15
Eyeglasses	303	13,303	\$173,997	\$13.08
Net Payments Sub Total			\$1,652,202	
Emergency Transportation				
Ambulance	161	1,553	\$521,489	\$335.79
Net Payments Sub Total			\$521,489	

PeachCare for Kids - Expenditures by Category of Service (continued)

Category of service	Providers with paid claims	FY 2002 recipients	FY 2002 expenditures	Expenditures per Recipient
Other Practitioner Services				
Dental	890	89,418	\$33,335,654	\$372.81
Nurse Midwife	59	116	\$12,935	\$111.51
Dental Oral Surgery	19	64	\$11,746	\$183.53
Podiatry	182	1,217	\$228,949	\$188.13
Psychology	446	4,999	\$3,104,284	\$620.98
Nurse Practitioner	371	12,701	\$966,219	\$76.07
Physician's Assistant	338	6,780	\$534,721	\$78.87
Diagnostic Screening and Preventative Services	27	1,997	\$41,325	\$20.69
Certified RNA	557	3,804	\$410,468	\$107.90
Optometry	469	25,091	\$1,452,894	\$57.90
Net Payments Sub Total			\$40,099,195	
All Other Services				
Home Health	19	44	\$22,147	\$503.34
Independent Laboratory	56	13,822	\$607,311	\$43.94
Federally Qualified Health Centers	25	2,613	\$545,497	\$208.76
Rural Health	31	1,866	\$358,565	\$192.16
Ambulatory Surgical	41	720	\$502,292	\$697.63
Georgia Better Health Care	2,043	202,728	\$5,304,141	\$26.16
Residential Therapeutic Services	5	10	\$144,973	\$14,497.30
Net Payments Sub Total			\$7,484,926	



PeachCare for Kids Expenditures by Category of Service - Summary



PeachCare for Kids Recipients and Expenditures by County - FY 2002

County	Number of Unique Recipients	% State Recip. Pop. Living in County	Net Payments	Payment/Recipient	Number of Providers
Appling	756	0.37%	\$809,026	\$1,070	511
Atkinson	330	0.16%	\$280,338	\$850	282
Bacon	426	0.21%	\$490,179	\$1,151	323
Baker	138	0.07%	\$127,627	\$925	198
Baldwin	605	0.30%	\$549,353	\$908	429
Banks	636	0.31%	\$497,665	\$782	510
Barrow	1,847	0.91%	\$1,787,984	\$968	1,114
Bartow	3,140	1.54%	\$2,731,534	\$870	1,270
Ben Hill	728	0.36%	\$777,019	\$1,067	379
Berrien	621	0.30%	\$650,644	\$1,048	359
Bibb	3,099	1.52%	\$2,231,143	\$720	898
Bleckley	250	0.12%	\$276,294	\$1,105	245
Brantley	688	0.34%	\$662,983	\$964	473
Brooks	550	0.27%	\$463,425	\$843	350
Bryan	756	0.37%	\$780,109	\$1,032	563
Bulloch	1,061	0.52%	\$957,702	\$903	515
Burke	731	0.36%	\$718,064	\$982	495
Butts	619	0.30%	\$529,960	\$856	555
Calhoun	215	0.11%	\$191,538	\$891	236
Camden	865	0.42%	\$754,183	\$872	359
Candler	307	0.15%	\$297,613	\$969	234
Carroll	2,614	1.28%	\$2,890,094	\$1,106	1,072
Catoosa	1,031	0.51%	\$835,876	\$811	505
Charlton	364	0.18%	\$326,173	\$896	222
Chatham	4,720	2.32%	\$4,487,051	\$951	957
Chattahoochee	83	0.04%	\$78,783	\$949	193
Chattooga	573	0.28%	\$498,544	\$870	391
Cherokee	3,457	1.70%	\$2,991,660	\$865	1,567
Clarke	1,459	0.72%	\$1,171,533	\$803	606
Clay	79	0.04%	\$79,399	\$1,005	131
Clayton	8,313	4.08%	\$5,128,944	\$617	2,235
Clinch	307	0.15%	\$242,808	\$791	199
Cobb	12,053	5.92%	\$8,765,404	\$727	3,022
Coffee	1,314	0.65%	\$1,568,623	\$1,194	536

PeachCare for Kids Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	% State Recip. Pop. Living in County	Net Payments	Payment/ Recipient	Number of Providers
Colquitt	1,371	0.67%	\$1,192,899	\$870	553
Columbia	1,711	0.84%	\$1,518,701	\$888	704
Cook	742	0.36%	\$823,346	\$1,110	391
Coweta	1,965	0.96%	\$2,026,112	\$1,031	819
Crawford	441	0.22%	\$312,414	\$708	402
Crisp	641	0.31%	\$543,014	\$847	307
Dade	353	0.17%	\$338,117	\$958	235
Dawson	628	0.31%	\$633,444	\$1,009	528
Decatur	1,033	0.51%	\$959,685	\$929	463
Dekalb	18,126	8.90%	\$11,705,694	\$646	3,444
Dodge	495	0.24%	\$495,564	\$1,001	339
Dooly	316	0.16%	\$284,822	\$901	291
Dougherty	2,282	1.12%	\$1,788,976	\$784	698
Douglas	2,890	1.42%	\$2,495,745	\$864	1,330
Early	420	0.21%	\$487,561	\$1,161	327
Echols	155	0.08%	\$150,023	\$968	150
Effingham	1,231	0.60%	\$1,148,408	\$933	580
Elbert	691	0.34%	\$676,577	\$979	435
Emanuel	852	0.42%	\$866,941	\$1,018	497
Evans	385	0.19%	\$305,162	\$793	251
Fannin	984	0.48%	\$1,233,499	\$1,254	535
Fayette	1,056	0.52%	\$888,496	\$841	674
Floyd	2,230	1.09%	\$2,105,960	\$944	685
Forsyth	1,689	0.83%	\$1,490,694	\$883	960
Franklin	764	0.38%	\$861,571	\$1,128	578
Fulton	13,060	6.41%	\$8,490,119	\$650	3,568
Gilmer	1,039	0.51%	\$1,045,534	\$1,006	653
Glascok	103	0.05%	\$81,193	\$788	153
Glynn	1,688	0.83%	\$1,588,474	\$941	534
Gordon	1,484	0.73%	\$1,648,939	\$1,111	695
Grady	897	0.44%	\$720,011	\$803	385
Greene	363	0.18%	\$294,611	\$812	329
Gwinnett	16,029	7.87%	\$13,084,526	\$816	3,305
Habersham	1,247	0.61%	\$1,092,936	\$876	536

PeachCare for Kids Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	% State Recip. Pop. Living in County	Net Payments	Payment/ Recipient	Number of Providers
Hall	4,621	2.27%	\$3,981,537	\$862	1,340
Hancock	116	0.06%	\$67,464	\$582	118
Haralson	1,024	0.50%	\$1,033,742	\$1,010	678
Harris	486	0.24%	\$460,731	\$948	458
Hart	649	0.32%	\$546,439	\$842	371
Heard	456	0.22%	\$430,741	\$945	383
Henry	3,002	1.47%	\$2,222,268	\$740	1,474
Houston	2,300	1.13%	\$1,971,973	\$857	751
Irwin	398	0.20%	\$365,228	\$918	274
Jackson	1,534	0.75%	\$1,353,452	\$882	940
Jasper	449	0.22%	\$415,898	\$926	490
Jeff Davis	614	0.30%	\$593,880	\$967	364
Jefferson	654	0.32%	\$565,549	\$865	455
Jenkins	273	0.13%	\$263,696	\$966	303
Johnson	230	0.11%	\$166,954	\$726	242
Jones	687	0.34%	\$593,313	\$864	501
Lamar	499	0.25%	\$417,300	\$836	426
Lanier	298	0.15%	\$331,792	\$1,113	223
Laurens	1,054	0.52%	\$939,683	\$892	494
Lee	779	0.38%	\$921,101	\$1,182	429
Liberty	953	0.47%	\$658,818	\$691	409
Lincoln	266	0.13%	\$227,571	\$856	289
Long	220	0.11%	\$166,755	\$758	225
Lowndes	2,424	1.19%	\$2,198,798	\$907	534
Lumpkin	900	0.44%	\$966,031	\$1,073	531
Macon	248	0.12%	\$191,801	\$773	239
Madison	944	0.46%	\$980,405	\$1,039	570
Marion	224	0.11%	\$169,221	\$755	220
McDuffie	625	0.31%	\$589,331	\$943	371
McIntosh	447	0.22%	\$456,019	\$1,020	284
Meriwether	574	0.28%	\$445,208	\$776	439
Miller	229	0.11%	\$325,387	\$1,421	214
Mitchell	947	0.46%	\$780,458	\$824	496
Monroe	627	0.31%	\$523,428	\$835	546

PeachCare for Kids Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	% State Recip. Pop. Living in County	Net Payments	Payment/ Recipient	Number of Providers
Montgomery	307	0.15%	\$312,421	\$1,018	277
Morgan	575	0.28%	\$500,885	\$871	453
Murray	1,172	0.58%	\$1,146,830	\$979	471
Muscogee	3,176	1.56%	\$2,497,631	\$786	656
Newton	2,254	1.11%	\$1,887,307	\$837	1,012
Oconee	537	0.26%	\$496,226	\$924	446
Oglethorpe	412	0.20%	\$451,536	\$1,096	391
Paulding	2,916	1.43%	\$2,643,539	\$907	1,479
Peach	692	0.34%	\$571,852	\$826	451
Pickens	943	0.46%	\$910,192	\$965	669
Pierce	864	0.42%	\$825,328	\$955	423
Pike	423	0.21%	\$409,215	\$967	358
Polk	1,373	0.67%	\$1,595,382	\$1,162	768
Pulaski	186	0.09%	\$207,075	\$1,113	208
Putnam	490	0.24%	\$362,295	\$739	372
Quitman	68	0.03%	\$30,975	\$456	69
Rabun	687	0.34%	\$911,422	\$1,327	438
Randolph	250	0.12%	\$167,068	\$668	179
Richmond	3,496	1.72%	\$2,733,947	\$782	925
Rockdale	2,026	0.99%	\$1,574,439	\$777	976
Schley	142	0.07%	\$119,580	\$842	140
Screven	414	0.20%	\$421,039	\$1,017	361
Seminole	284	0.14%	\$324,572	\$1,143	195
Spalding	1,474	0.72%	\$1,168,389	\$793	763
Stephens	799	0.39%	\$1,117,455	\$1,399	415
Stewart	129	0.06%	\$92,448	\$717	152
Sumter	803	0.39%	\$801,968	\$999	401
Talbot	195	0.10%	\$145,262	\$745	268
Taliaferro	44	0.02%	\$21,863	\$497	73
Tattnall	596	0.29%	\$500,053	\$839	447
Taylor	276	0.14%	\$298,691	\$1,082	394
Telfair	340	0.17%	\$299,620	\$881	349
Terrell	240	0.12%	\$222,101	\$925	233
Thomas	1,462	0.72%	\$990,648	\$678	415

PeachCare for Kids Recipients and Expenditures by County - FY 2002 (continued)

County	Number of Unique Recipients	% State Recip. Pop. Living in County	Net Payments	Payment/ Recipient	Number of Providers
Tift	1,140	0.56%	\$1,104,911	\$969	399
Toombs	947	0.46%	\$958,238	\$1,012	474
Towns	344	0.17%	\$418,342	\$1,216	284
Treutlen	270	0.13%	\$196,880	\$729	219
Troup	1,503	0.74%	\$1,252,837	\$834	515
Turner	417	0.20%	\$351,816	\$844	298
Twiggs	306	0.15%	\$199,793	\$653	337
Union	739	0.36%	\$845,386	\$1,144	435
Upson	763	0.37%	\$794,382	\$1,041	353
Walker	1,153	0.57%	\$941,868	\$817	560
Walton	2,140	1.05%	\$1,991,128	\$930	1,145
Ware	1,362	0.67%	\$1,418,029	\$1,041	564
Warren	143	0.07%	\$109,314	\$764	174
Washington	376	0.18%	\$240,739	\$640	257
Wayne	958	0.47%	\$938,704	\$980	470
Webster	47	0.02%	\$64,960	\$1,382	109
Wheeler	224	0.11%	\$256,840	\$1,147	261
White	835	0.41%	\$781,893	\$936	502
Whitfield	3,132	1.54%	\$2,338,960	\$747	693
Wilcox	306	0.15%	\$334,431	\$1,093	337
Wilkes	285	0.14%	\$335,409	\$1,177	266
Wilkinson	258	0.13%	\$193,046	\$748	320
Worth	869	0.43%	\$853,934	\$983	513
Totals	203,671	100.00%	\$179,012,108	\$879	17,188

Indigent Care Trust Fund

The Indigent Care Trust Fund (ICTF), which funds and supports programs and facilities serving medically indigent Georgians, completed its twelfth year of operation in FY 2002. Contributions from participating disproportionate share hospitals (DSH) totaled \$197,084,536. This added with funding from other sources such as ambulance license fees and investment interest earnings totaled \$199,846,895. The Department used these funds to attract \$280,793,276 in additional federal Medicaid matching dollars for a total trust fund amount of \$480,640,171. No money from the state's general fund is used.

Trust fund payments to 89 participating hospitals totaled \$433,507,525. Each hospital must submit a plan for using at least 15% of its trust fund receipts to provide and expand primary care in the community. No more than 5% may be used for capital costs. Through the program, even uninsured people who do not qualify for Medicaid may receive health care from participating providers.

The ICTF advisory committee assists in making decisions about administering the trust fund program. The panel includes representatives from hospitals, medical schools, public health, consumer advocacy groups, and government agencies.

Fraud and Abuse Prevention and Detection

Georgia Medicaid is committed to preventing fraud, waste and abuse within the program. Staff work to identify and correct problems in Medicaid policies and procedures, detect and stop potential fraudulent and abusive activity, and develop and implement proactive and reactive techniques for detecting and preventing provider fraud and abuse.

The program integrity section is composed of teams with two primary functions: utilization review and investigations.

Utilization Review

Utilization review conducted by the section monitors the practices of DCH waiver program providers, other medical providers, hospitals and pharmacies. The review of waiver providers involves on-site reviews and mail-in reviews to determine whether services rendered are necessary, compliant with policy and delivered in a quality manner. Reviews result in recommendations to adjust services as needed or can become the basis for termination of waiver providers that are over-billing or providing poor quality care. Other medical providers, including physicians, receive individual retrospective reviews. These reviews are based on comparisons of providers within like specialty groups. Hospital services received by Medicaid recipients are also reviewed. For example, records are examined for medical necessity, quality of care, appropriateness of admission, policy compliance, correctness in coding, and accuracy in the assignment of diagnosis related groups. The program integrity section also monitors pharmacies to identify and review aberrant pharmacy providers. Auditing of pharmacy providers is accomplished through on-site visits and desk reviews, which are conducted by the section and the auditing department of DCH's Pharmacy Benefits Manager, Express Scripts, Inc. Also, the section works with the state's Drug's and Narcotics Agency in the identification and referral of suspected fraudulent and criminal activity of physicians and pharmacies. Additionally, recommendations are made for pharmacy lock-ins, or reviews, for recipients suspected of abusing the Medicaid pharmacy benefit.

Investigations

Investigations conducted by the section identify potential provider and recipient fraud through computer programs, calls to the investigations hotline, incoming correspondence and referrals from other affiliated state and federal agencies, and complaints from recipients and providers. When provider fraud is determined, the case is referred to the state health care fraud unit. Investigation activities also include working with staff outside the program integrity section to develop prosecutable fraud cases.

Total FY 2002 savings, recoupment, collections and restitution: \$10,684,127

ICTF Participating Hospitals - Regular Payments FY 2002

Hospital	County	ICTF Payment	Primary Care	Local Gov't Contribution
Appling Hospital	Appling	\$1,238,311	\$185,747	\$619,156
Athens Regional Medical Center	Clarke	\$16,583,505	\$2,487,526	\$8,291,753
Atlanta Medical Center	Fulton	\$7,727,955	\$1,159,193	\$0
Bacon County Hospital	Bacon	\$992,677	\$148,902	\$496,339
Baptist Hospital of Worth County	Worth	\$1,608,469	\$241,270	\$0
BJC Medical Center	Jackson	\$1,370,707	\$205,606	\$685,354
Bleckley Memorial Hospital	Bleckley	\$321,861	\$48,279	\$160,931
Brooks County Hospital	Brooks	\$582,044	\$87,307	\$291,022
Burke Medical Center	Burke	\$195,968	\$29,395	\$97,984
Calhoun Memorial Hospital	Calhoun	\$388,997	\$58,350	\$194,499
Camden Medical Center	Camden	\$1,626,929	\$244,039	\$813,465
Charlton Memorial Hospital	Charlton	\$893,950	\$134,093	\$446,975
Children's Healthcare of Atlanta at Egleston	Dekalb	\$7,506,094	\$1,125,914	\$0
Children's Healthcare of Atlanta at Scottish Rite	Fulton	\$2,190,087	\$328,513	\$0
Cobb Memorial Hospital	Franklin	\$638,271	\$95,741	\$0
Coffee Regional Medical Center	Coffee	\$4,283,515	\$642,527	\$2,141,758
Colquitt Regional Medical Center	Colquitt	\$2,315,473	\$347,321	\$1,157,737
Crawford Long Hospital	Fulton	\$4,159,336	\$623,900	\$0
Crisp Regional Hospital	Crisp	\$924,981	\$138,747	\$462,491
Dekalb Medical Center	Dekalb	\$5,774,869	\$866,230	\$2,887,435
Dodge County Hospital	Dodge	\$1,129,475	\$169,421	\$564,738
Donalsonville Hospital	Seminole	\$849,780	\$127,467	\$0



ICTF Participating Hospitals - Regular Payments FY 2002 (continued)

Hospital	County	ICTF Payment	Primary Care	Local Gov't Contribution
Dorminy Medical Center	Ben Hill	\$1,100,407	\$165,061	\$550,204
Early Memorial Hospital	Early	\$1,340,728	\$201,109	\$670,364
East Georgia Regional Medical Center	Bulloch	\$854,599	\$128,190	\$0
Elbert Memorial Hospital	Elbert	\$904,722	\$135,708	\$452,361
Emanuel Medical Center	Emanuel	\$1,148,413	\$172,262	\$574,207
Emory Parkway Medical Center	Douglas	\$793,107	\$118,966	\$0
Evans Memorial Hospital	Evans	\$966,672	\$145,001	\$483,336
Fairview Park Hospital	Laurens	\$393,930	\$59,090	\$0
Fannin Regional Hospital	Fannin	\$749,120	\$112,368	\$374,560
Floyd Medical Center	Floyd	\$10,519,094	\$1,577,864	\$5,259,547
Georgia Baptist Meriwether Hospital	Meriwether	\$1,203,716	\$180,557	\$601,858
Grady General Hospital	Grady	\$1,377,945	\$206,691	\$688,973
Grady Health System	Fulton	\$132,173,434	\$19,826,015	\$66,086,717
Habersham County Medical Center	Habersham	\$1,812,365	\$271,855	\$906,183
Hamilton Medical Center	Whitfield	\$2,085,275	\$312,791	\$0
Higgins General Hospital	Haralson	\$1,340,991	\$201,149	\$670,496
Hughes Spalding Children's Hospital	Fulton	\$4,808,875	\$721,331	\$2,404,438
Hutcheson Medical Center	Catoosa	\$5,219,057	\$782,859	\$2,609,529
Irwin County Hospital	Irwin	\$880,842	\$132,126	\$440,421
Jasper Memorial Hospital	Jasper	\$294,845	\$44,227	\$147,423
Jeff Davis Hospital	Jeff Davis	\$425,563	\$63,834	\$212,782
Jefferson Hospital	Jefferson	\$474,163	\$71,124	\$237,082
John D. Archbold Memorial Hospital	Thomas	\$2,506,866	\$376,030	\$0
Liberty Regional Medical Center	Liberty	\$1,831,267	\$274,690	\$915,634
Louis Smith Memorial Hospital	Lanier	\$597,763	\$89,664	\$0
Meadows Regional Medical Center	Toombs	\$2,319,184	\$347,878	\$1,159,592
Medical Center of Central Georgia	Bibb	\$24,693,168	\$3,703,975	\$12,346,584
Medical College of Georgia Healthcare	Richmond	\$49,544,699	\$7,431,705	\$24,772,350
Medical Surgical Center	Baldwin	\$9,191,661	\$1,378,749	\$4,595,831
Memorial Health University Medical Center	Chatham	\$19,081,309	\$2,862,196	\$9,540,655
Memorial Hospital	Decatur	\$943,961	\$141,594	\$471,981
Memorial Hospital of Adel	Cook	\$543,133	\$81,470	\$0
Miller County Hospital	Miller	\$868,484	\$130,273	\$434,242
Minnie G. Boswell Memorial Hospital	Greene	\$914,038	\$137,106	\$457,019
Mitchell County Hospital	Mitchell	\$911,597	\$136,740	\$455,799
Monroe County Hospital	Monroe	\$490,832	\$73,625	\$245,416

ICTF Participating Hospitals - Regular Payments FY 2002 (continued)

Hospital	County	ICTF Payment	Primary Care	Local Gov't Contribution
Murray Medical Center	Murray	\$1,178,869	\$176,830	\$589,435
Northeast Georgia Medical Center	Hall	\$8,197,178	\$1,229,577	\$4,098,589
Oconee Regional Medical Center	Baldwin	\$2,310,525	\$346,579	\$1,155,263
Phoebe Putney Memorial Hospital	Dougherty	\$7,124,772	\$1,068,716	\$3,562,386
Polk Medical Center	Polk	\$1,436,541	\$215,481	\$718,271
Putnam General Hospital	Putnam	\$557,511	\$83,627	\$278,756
Rabun County Memorial Hospital	Rabun	\$910,203	\$136,530	\$455,102
Roosevelt Warm Springs Institute	Meriwether	\$2,054,170	\$308,126	\$1,027,085
Satilla Regional Medical Center	Ware	\$1,978,218	\$296,733	\$989,109
Screven County Hospital	Screven	\$292,457	\$43,869	\$146,229
Shepherd Center	Fulton	\$125,502	\$18,825	\$0
Smith Hospital	Lowndes	\$1,529,665	\$229,450	\$0
South Fulton Medical Center	Fulton	\$2,537,926	\$380,689	\$0
South Georgia Medical Center	Lowndes	\$4,198,664	\$629,800	\$2,099,332
Southeast Georgia Regional Medical Center	Glynn	\$5,119,793	\$767,969	\$2,559,897
Southwest Hospital & Medical Center	Fulton	\$1,173,541	\$176,031	\$0
Stephens County Hospital	Stephens	\$3,318,508	\$497,776	\$1,659,254
Sumter Regional Hospital	Sumter	\$2,338,798	\$350,820	\$1,169,399



ICTF Participating Hospitals - Regular Payments FY 2002 (continued)

Hospital	County	ICTF Payment	Primary Care	Local Gov't Contribution
Sylvan Grove Hospital	Butts	\$1,161,235	\$174,185	\$580,618
Tanner Medical Center/Villa Rica	Carroll	\$1,283,257	\$192,489	\$641,629
Taylor Regional Hospital	Pulaski	\$684,153	\$102,623	\$0
The Medical Center, Inc.	Muscogee	\$13,673,338	\$2,051,001	\$6,836,669
Tift Regional Medical Center	Tift	\$2,383,740	\$357,561	\$1,191,870
Union General Hospital	Union	\$8,589	\$1,288	\$4,295
University Hospital	Richmond	\$10,451,522	\$1,567,728	\$5,225,761
Upson Regional Medical Center	Upson	\$1,185,322	\$177,798	\$592,661
Washington County Regional Medical Center	Washington	\$1,337,897	\$200,685	\$668,949
Wayne Memorial Hospital	Wayne	\$939,386	\$140,908	\$469,693
West Georgia Medical Center	Troup	\$3,823,516	\$573,527	\$1,911,758
Wheeler County Hospital	Wheeler	\$833,041	\$124,956	\$0
Wills Memorial Hospital	Wilkes	\$750,609	\$112,591	\$375,305
Totals		\$433,507,525	\$65,026,129	\$197,084,536



Description of the Division of Health Planning

Georgia's health planning program was established more than 20 years ago to ensure the financial and geographic accessibility of quality health care services to all Georgians. Formerly the State Health Planning Agency (SHPA), the agency became the Division of Health Planning, part of the Department of Community Health, in July 1999.

The division has numerous responsibilities. For example, the division is expected to contain health care costs by taking actions that prevent the unnecessary duplication of services, equipment and facilities. Also, the division helps to enforce quality-of-care standards and encourages providers to assume a share of responsibility for the health care needs of low-income citizens. Additionally, the division works with the Health Strategies Council to develop policies for health care services. Staff also distribute surveys to health care facilities to collect information about capacity and utilization, patient flow patterns, indigent charity care and types of services offered. Furthermore, the division assesses the state's needs within the non-physician workforce and makes relevant information available to policy makers.

Through March of FY 2002, the division also administered the review functions of the Certificate-of-Need (CON) program, which approves the development and expansion of health care services and facilities. As of April 1, the Office of General Counsel (OGC) assumed responsibility for the CON review functions, including responsibility for the work of the Health Planning Review Board and for functions related to a patient's right to independent review. Given the mutually dependent duties performed by the OGC and the division, highlights of the CON program are included in this section.

HEALTH PLANNING REVIEW BOARD

The Health Planning Review Board, appointed by the Governor, conducts appeal hearings on CON decisions. The board conducted 11 hearings in FY 2002.

Statistical Summary

FY 2002 expenditures:	\$1,721,487
Revenue collected:	\$125,070
CON applications received:	
118 applications representing proposed capital expenditures	\$674,629,286
CON applications approved:	
101 applications with capital expenditures totaling	\$572,542,354
Savings from denied, withdrawn or cancelled CON applications:	\$102,086,932
Requests for determinations (on need for a CON):	140

FY 2002 Milestones

HEALTH CARE WORKFORCE POLICY ADVISORY COMMITTEE

Following legislation to create the Health Care Workforce Policy Advisory Committee, the Department appointed committee members and charged them with analyzing and addressing the state's shortage of nursing, allied health and behavioral health care professionals. During FY 2002, the committee initiated a wide range of successful programs to expand educational opportunities, promote workplace excellence, encourage youth and mid-career adults to pursue health careers, and develop data and forecasting models. W. Douglas Skelton, MD, provost and senior vice president for health affairs of Mercer University, chairs the committee. The committee's full report, *What's Ailing Georgia's Health Care Workforce*, is available through the DCH Web site at www.dch.state.ga.us.

HEALTH STRATEGIES COUNCIL

The Governor appointed new members to the Health Strategies Council in February 2002. The council, consisting of 27 members representing a wide range of health care and consumer interests, is charged with developing Georgia's State Health Plan and addressing policy issues concerning access to health care services through an open, public process. Daniel W. Rahn, M.D., president of the Medical College of Georgia, chairs the council. During FY 2002, the group adopted new bylaws and an aggressive work schedule for the ongoing update and refinement of the state's component health plans. The council's annual report is available through the DCH Web site at www.dch.state.ga.us.

NEW HEALTH PLANNING GUIDELINES

New planning guidelines and component health plans were adopted for personal care home facilities and for positron emission tomography (PET) units. At the recommendation of the council, the Department repealed the old guidelines for Magnetic Resonance Imaging (MRI) equipment to promote more streamlined access to these routine diagnostic services. The Department retooled all the administrative health planning and review rules to reflect the new structure and practices of the Department of Community Health. An updated set of rules for home health services were adopted. The complex process of updating the twenty-year-old plan and rules governing short-stay hospital beds commenced in early 2002 with completion expected in 2003.

ELECTRONIC DATA COLLECTION AND ANALYSIS

FY 2002 marked the first year that all hospitals, long-term care facilities and other health care providers could submit annual health planning survey data through fully electronic means. These new systems have greatly enhanced the accuracy and timeliness of data collection and use in planning and analysis. The new data sets have been made available to a wide range of interested parties and the public, thus improving strategic planning and public access to important information on health services and financing.

TRAINING AND DEVELOPMENT

The division provided training and support to providers and conducted the *Hospital Financial Management – Executive Training* class for the very first time. The training, offered to all hospital CEOs and CFOs, focuses on expectations for indigent care and charity care provisions, financial reporting and guidelines for participation in the Indigent Care Trust Fund.



Planning and Data Management

The division collects and analyzes information about Georgia's health care system, which is used in identifying trends and in developing policy recommendations and planning initiatives.

All health care facilities and services operating under the state's CON laws are required to complete an annual survey for review by the Department's Division of Health Planning. The survey reports yield important data used in the Department's CON determination processes and in the overall planning efforts to improve health care for Georgians. The division also uses survey data to show health care trends in the state, such as utilization; to identify payment sources for hospital, home health and nursing home services; and to indicate indigent/charity care provided.

Georgia Health Care at a Glance

Type of Facility	Supply	2001 Utilization
General Hospitals	156 hospitals	873,758 admissions
	23,741 beds	4,171,145 patient days
	3 beds per 1,000 population	515 days per 1,000 population
Specialty, Psychiatric and State Hospitals	27 hospitals	42,655 admissions
	5,439 beds	935,941 patient days
Cardiac Catheterization	59 providers (including mobile)	98,269 catheterizations
		73,771 diagnostic
		24,498 therapeutic
Open Heart Surgery	19 providers	9,985 surgeries
Obstetrical Hospital Services	98 hospitals 1,766 beds	367,630 patient days 129,501 deliveries
Ambulatory Surgery	78% of total surgeries	127 procedures per 1,000 population
	Hospital-based	153 outpatient ORs 438 shared OR equivalents
	Freestanding	166 ORs
General Nursing Homes	365 homes	34,354 admissions
	39,525 capacity beds	13,083,678 patient days
	51 beds per 1,000 age 65+	
Home Health Agencies	113 agencies	108,729 patients
		2,543,139 visits
		23 visits per patient

Source: Survey reports from providers and facilities, 2001.
 Civilian Non Institutional population (9/02 release) projections from Governor's Office of Planning and Budget (based on 2000 Census).
 Note: Supply reflects existing and approved facilities as of September 2002.
 Utilization reflects data reported during calendar year 2001.

Regulatory Compliance

The Office of General Counsel conducts the CON review program, which is the primary means for implementing policies adopted by the Health Strategies Council. The program helps avoid unnecessary duplication of equipment and facilities and promotes improved quality-of-care standards by requiring health care providers to obtain a CON before offering new services, purchasing major medical equipment or constructing new facilities. Providers who must comply with the CON program include hospitals, nursing facilities, home health agencies, outpatient surgery centers and freestanding centers for diagnostic imaging and radiation therapy.

During 2002, a CON was required before a health care facility or provider could:

- proceed with a construction or renovation project and/or any other capital expenditure that exceeds \$1,250,199;
- purchase or lease major medical equipment that costs more than \$694,556;
- offer a health care service that was not provided on a regular basis during the previous 12-month period; and/or
- add new beds to a health care facility.

The OGC also grants letters of non-reviewability that allow ambulatory surgical centers to bypass the CON review process when the centers meet specific criteria. Surgical centers eligible to bypass the review process include those that are single-specialty, physician-owned or office-based.

Since its inception in 1979, the CON review process has saved an estimated \$2.7 billion in unnecessary capital expenditures on health care projects that either failed to meet planning guidelines or were withdrawn by the applicants during review. Also, through the CON reporting process, Georgia hospitals documented providing nearly \$768 million in uncompensated care in FY 2002 to uninsured individuals meeting the criteria for indigent and charity care services. This sizeable amount of uncompensated care accounted for 5.24% of the total adjusted gross revenues for Georgia hospitals.

In FY 2002 the OGC reviewed 118 CON applications, which resulted in 106 approvals, four denials and eight withdrawn applications; ten decisions were appealed, with one reversal.



DIVISION OF PUBLIC EMPLOYEE HEALTH BENEFITS

Georgia's Certificate-of-Need Activity FY 1992-2002 Status of CON Applications Submitted

Amount reviewed: Total cost of projects submitted for review (does not include operational costs)

Amount saved: Total cost of projects denied, withdrawn and cancelled (does not include operational costs)

Year Submitted	Applications Submitted	Applications Approved	Percentage Approved	Amount Reviewed	Amount Saved
FY 1992	107	77	72%	\$508,067,933	\$140,984,293
FY 1993	133	71	53%	\$371,310,260	\$163,967,049
FY 1994	127	84	66%	\$260,435,530	\$123,358,966
FY 1995	143	83	58%	\$379,440,268	\$107,032,416
FY 1996	76	59	78%	\$420,946,923	\$39,338,298
FY 1997	71	50	70%	\$333,674,960	\$154,837,181
FY 1998	93	43	46%	\$188,123,943	\$96,581,041
FY 1999	95	69	73%	\$465,163,126	\$146,532,645
FY 2000	85	77	91%	\$666,854,009	\$62,571,261
FY 2001	91	72	79%	\$598,024,749	\$68,729,590
FY 2002	118	101	86%	\$674,629,286	\$102,086,932
TOTALS	1,139	786	69%	\$4,866,670,987	\$1,206,019,672

Source: Division records

* Information in this table is a "snapshot" of a particular moment in the status of the CON application process. The elements in all columns are subject to change as appeals of the CON applications are considered and decided.



Description of the Division of Public Employees Health Benefits

The Georgia Department of Community Health administers the State Health Benefit Plan, which provides health insurance coverage to state employees, school system employees, retirees and eligible dependents. Within DCH, the Public Employees Health Benefits Division is responsible for the day-to-day management of State Health Benefit Plan operations. The SHBP covered 601,972 lives at the close of FY 2002, which represents a 5.5% increase in lives covered since FY 2000.

FY 2002 Milestones

NEW PRESCRIPTION DRUG PROGRAM STARTS

Beginning on July 1, 2001, State Health Benefit Plan (SHBP) members saw significant changes within the Prescription Drug Program (PDP). Changes included a new three-tiered co-payment structure, which was designed to encourage the use of generic and preferred brand name drugs and to maintain member choice in drug selection while keeping employee premiums more affordable and controlling Plan costs. The new program also features a separate out-of-pocket spending limit that places a cap on total co-payments paid for certain prescription drugs during each calendar month. Other highlights within the new program included a separate member service unit, which is open 24 hours per day, 7 days per week, and a new claims and benefits manager, Express Scripts, Inc., for prescription drug benefits.

PPO PROVIDER NETWORK EXPANDED

Effective July 1, 2001, the Plan implemented a national provider network within the PPO Option through a contract with Beech Street Corporation. Beech Street has a network of over 345,000 physicians and 3,400 acute-care facilities with providers in nearly all states. Anyone eligible for Plan coverage may select the PPO Option and take advantage of the national provider network.

CONTRACTS AWARDED TO FOUR HMOs

The division worked on a request for proposal that sought bids from HMOs interested in becoming a coverage option under the SHBP effective July 1, 2002. Contracts were awarded to four HMOs, including two HMO Options not offered in FY 2002 – CIGNA Healthcare of Georgia and United Healthcare of Georgia. Each of the new HMOs is self-insured, which is the first time the Plan has offered this type of HMO. Another first for the Plan under the new contracts includes an open-access model HMO (UnitedHealthcare) in which members do not have to obtain referrals for specialty care. Under the new contracts, many employees in rural counties will have access to HMO Option coverage for the first time. Also, at least one HMO Option will be available in 118 of Georgia's 159 counties, which represents a 236% increase in the number of counties where HMO Option coverage is offered.

MEMBER MIGRATION TO PPO OPTION

Since the Department's inception, the strategy for premiums has been to: 1) ensure that premiums cover projected claims and generate an appropriate reserve; 2) maintain a fixed employer/employee contribution strategy; and 3) encourage members to choose options that provide the state with the greatest level of cost predictability. The DCH historic premium strategy has resulted in a significant migration of members from the Indemnity Option (formerly the High Option) to the PPO Option. From FY 2000 to FY 2002, PPO membership increased from 32% to 60%, while membership in the Indemnity Option decreased from 40% to 7%. Such a migration has played a key role in the Department's ability to have a positive impact on the rate of medical expense increases for the SHBP.

PREVENTIVE CARE COVERAGE ADDED

At the start of FY 2002, coverage under the Indemnity Option was enhanced to include coverage for preventive care office visits. Other preventive care coverage, such as for lab work, x-rays and screenings, were increased to match preventive services covered under the PPO Option.

DEDICATED MEMBER SERVICES UNIT FOR RETIREES

During the fiscal year, the Plan added a dedicated member services unit for retired members. Retirees call a special help line and can talk to representatives who are specially trained to assist retirees with issues unique to their coverage, including coordination of benefits with Medicare and procedures to change coverage during the Retiree Option Change Period.

MANAGING DISEASE

By analyzing data from the SHBP information and utilization management systems, the Plan developed strategies, such as disease state management programs, to improve health outcomes. Disease state management programs provide education, literature and other resources to Plan participants with diabetes; congestive heart failure; asthma; and cancer of the breast, lung, or colon. Program participants have access to enhanced benefits, including coverage for approved educational services. Since FY 2000, the number of actively enrolled members in the various programs has risen dramatically; for example, the number of people participating in the diabetes program grew from 570 to well over 4,000.

OPEN ENROLLMENT AND RETIREE OPTION CHANGE PERIOD ACTIVITY

The following projects were completed at the close of the 2002 fiscal year in preparation for the 2002-2003 Plan year:

- Processed 57,357 total transactions for Health Plan coverage effective July 1, 2002 — transactions processed included option changes, terminations and enrollments. Of these transactions, 27,739 were processed through the Health Plan's Web site and 11,633 were processed through the Georgia Merit System's Web site. For payroll locations choosing not to access a Web site, the remaining 17,985 transactions were keyed in by hand based on changes indicated on paper forms.
- Conducted 35 Meeting Leader Training sessions throughout the state, training more than 1,600 benefit representatives in state agencies and school systems.
- Held 26 benefit fairs across the state to meet with active members of the Health Plan and answer related questions.
- Held 87 town-hall meetings in 37 Georgia cities for retirees with questions about upcoming changes to their coverage; more than 3,400 retirees attended.
- Distributed 350,000 active *Health Plan Decision Guides* to more than 1,050 payroll locations and sent approximately 4,000 information packages to members paying directly for their coverage.
- Sent more than 63,000 retired members a special package containing complete Plan information and personalized change forms.

ELIGIBILITY VERIFICATION

The division worked on developing a process to ensure that all covered dependents in the Plan are eligible for coverage. When requested by the Plan, members must submit official documentation to verify dependent eligibility. Official documentation includes copies of certified marriage licenses for spouses, and copies of certified birth certificates, court decrees or adoption papers for children or stepchildren. The new process became effective on July 1, 2002.

Statistical Summary

The table below enumerates the total expenditures by type of health plan and by a breakdown of the subgroups of people covered.

Statistical Summary

Total FY 2002 expenditures	\$1,502,747,414
PPO and Indemnity Option Expenditures	\$1,045,350,824
HMO Premiums	\$375,660,146
Contracts	\$76,977,930
Administrative Support	\$4,758,514
Total covered lives	601,972
School System Employees, Retirees and Dependents	418,695
State Employees, Retirees and Dependents	181,191
Miscellaneous	2,086
Average expenditure per covered life	\$2,496

Covered Lives

The table below describes plan membership by employment group and active or retired status. Total covered lives include members, spouses and other dependents.

Covered Lives

Plan Member Group	Covered Lives	Percentage of Total Lives
State Employees - Active	145,395	24%
State Employees - Retired	35,799	6%
Teachers - Active	221,688	37%
Teachers - Retired	41,624	7%
School Service Personnel - Active	138,396	23%
School Service Personnel - Retired	16,354	3%
Miscellaneous - Retired/Active	2,716	less than 1%
Grand Total	601,972	100%
<hr/>		
Total Active	508,180	84%
Total Retired	93,792	16%
Grand Total	601,972	100%

In FY 2002, active teachers and school service personnel represented 60% of the covered lives; active state employees accounted for 24%. Overall, retirees accounted for more than 93,000 covered lives, which represents 16% of the entire Plan population.

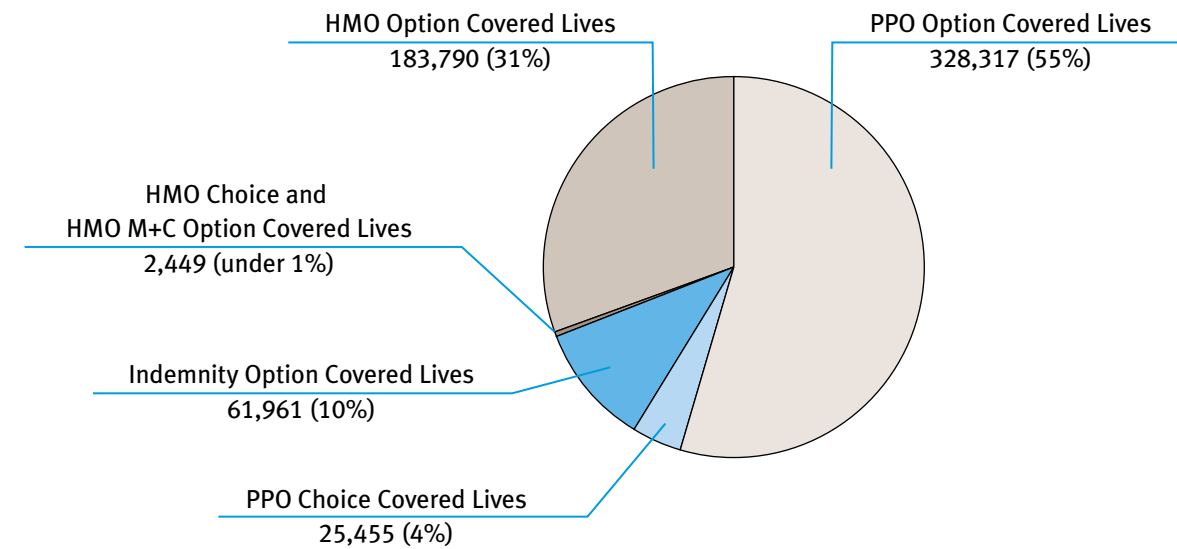
COVERAGE OPTIONS

The State Health Benefit Plan offered three coverage models during FY 2002: 1) the Preferred Provider Organization (PPO) Option, including a PPO Consumer Choice Option; 2) the Indemnity Option; and 3) the Health Maintenance Organization (HMO) Options, including multiple HMO Consumer Choice Options and an HMO Medicare + Choice Option. Monthly employee contributions to premiums ranged from \$47.73* to \$149.93 for single coverage and from \$139.33* to \$336.43 for family coverage. Total monthly premiums (employee plus employer contributions) ranged from \$225.95 to \$393.30 for single coverage and from \$476.18 to \$726.80 for family coverage.

*Medicare + Choice premiums ranged from \$10 for single to \$20 for family coverage (if both members had full Medicare). To be eligible for the Medicare + Choice Option, the member had to be covered by Medicare Parts A and B and reside in selected counties within metro Atlanta.

The chart below shows the relative number of covered lives in each of the above Plan options.

Covered Lives - All Coverage Options

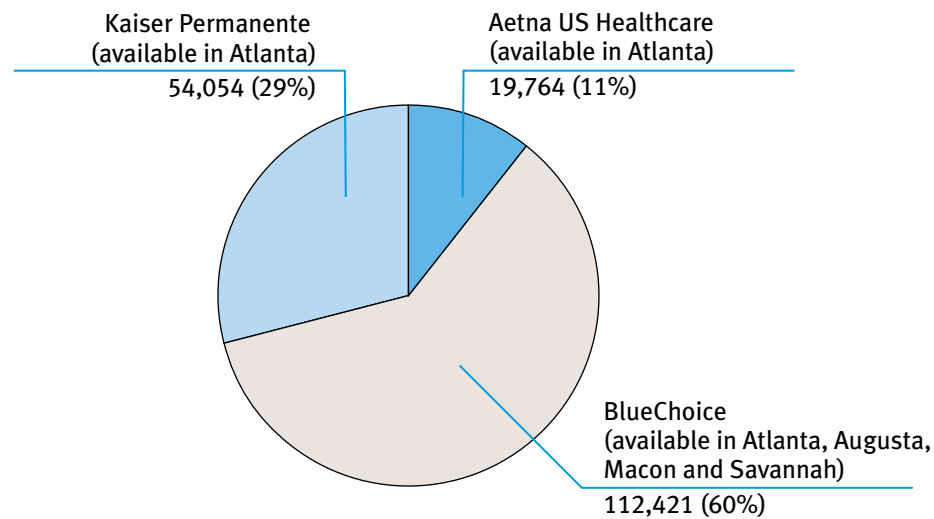


- The PPO Option is designed using the preferred provider organization model for the delivery of care. Members have the choice of using either in-network or out-of-network providers, with a higher level of benefit coverage available when in-network providers are used. The Georgia PPO provider network consists of over 14,000 participating physicians and 166 acute-care hospitals. Nationally, the PPO provider network includes over 345,000 physicians and 3,300 hospitals. Members also may select the PPO Choice Option, which has the same benefits as the PPO Option, but also allows members to nominate eligible out-of-network providers to be reimbursed as if the provider was participating within the network. The PPO Option is available to anyone eligible for SHBP coverage.
- The Indemnity Option is an indemnity plan that also includes some managed-care features. Anyone eligible for SHBP coverage may select the Indemnity Option, which allows members to use any covered provider and receive the same level of coverage, subject to the Plan's allowed amounts and balance billing from non-participating providers. Participating providers are located within the state of Georgia.
- The HMO Option is available to members who either live or work in a county within an approved service area. In FY 2002, HMOs were available in the metro areas of Atlanta, Augusta, Macon and Savannah. HMO choices for FY 2002 included Aetna US Healthcare, BlueChoice and Kaiser Permanente. Eligible HMO Option members also may select an HMO Consumer Choice Option, which has the same benefits as the respective HMO, but also allows members to nominate eligible out-of-network providers to be reimbursed as if the provider was participating within the HMO's network. Also, some members with full Medicare coverage may select the HMO Medicare + Choice Option, which would replace the member's traditional Medicare coverage with enhanced HMO benefits. Except in emergencies, HMO participants must use network providers to receive coverage.



Below are the three HMOs offered under the SHBP in FY 2002 and the number of covered lives participating in each HMO at the close of the fiscal year:

Covered Lives - HMO Options



Expenditures

The SHBP contains both self-insured and fully-insured coverage options. The PPO Option, PPO Choice Option and Indemnity Option are self-insured, where employee and employer revenues are used to pay claims expenses directly. The three HMO Options offered by the Plan in FY 2002 were fully-insured and received a premium payment from the Plan. Administration and contracts represented only 5.4% of total expenditures for the fiscal year. FY 2002 expenditures totaled \$1,502,747,414.

Within the PPO and Indemnity Options, cost-management initiatives with providers generate savings for the Plan. For example, both options use the same prescription benefit manager to help control rising drug costs in a medically appropriate manner. Also, within the PPO, the Plan's provider network manager negotiates with hospitals, physicians and other providers to deliver quality medical care at discounted rates. In the Indemnity Option, DCH contracts directly with all acute care hospitals in the state to help lower costs, and, to manage professional costs, the Plan obtains lower negotiated rates with doctors through the Participating Physician Program. Additional savings were generated through the Medical Certification Program (MCP), which has dedicated staff who perform many Plan services, including pre-certification of hospital admissions and certain outpatient procedures. The MCP also conducts case management, demand management and maintains the Plan's transplant network.

Operating Units

Within the division there are seven operating units that process member eligibility transactions, assist employer groups, process member appeals, review vendor performance and clinical standards, enforce contract compliance among vendors, manage the annual enrollment/change periods, and conduct member education programs. During FY 2002, for example, operating units:

- Processed more than 189,000 coverage transactions for Health Plan members;
- Responded to more than 38,000 letters, phone calls and coverage update requests from employers;
- Received more than 1,100 appeals, closing more than 850 during the fiscal year;
- Developed action plans for vendors in order to maintain established performance standards;
- Monitored claims processing and customer service centers to verify quality of work being provided met standards for accuracy and timeliness;
- Reviewed clinical standards and practices used within cost-containment programs, including programs for medical and behavioral health utilization management, case management, prior approval, organ and tissue transplants and demand management;

- Participated in over 50 pre-retirement seminars to educate members about continuation of Health Plan coverage into retirement; and Coordinated communications efforts associated with Open Enrollment and the Retiree Option Change Period, including member publications, fairs, training sessions and Web site availability for data entry.

The table below lists the Plan's primary vendors during the fiscal year and the principal services each provides:

Vendor Services

Vendor	Services
Blue Cross and Blue Shield of Georgia	Third-party administrator services, including claims processing (3.6 million professional and over 546,000 hospital claims processed), prior approvals, claims pricing and payment, member services (1.3 million calls received), medical policy development and administration of subcontracts for cost-containment programs
First Medical Network (formerly MRN/Georgia 1st)	Management of PPO provider network within the Georgia service area
Beech Street	Management of PPO national provider network outside of the Georgia service area
Centra	Audits of high-cost hospital bills (subcontract through BlueCross)
SubroAudit	Subrogation services (e.g., auto accident claims), subcontract through BlueCross). Vendor ceased opening new cases effective March 30, 2002.
Public Consulting Group	Subrogation services for new cases opened on or after April 1, 2002.
Express Scripts	Prescription drug benefit management (6.8 million claims processed); preferred drug formulary and rebates; telephone customer service; mail inquiries; publish member handbook
UniCare	Precertification of inpatient/outpatient medical and/or surgical care; case management; manage transplant network; 24-hour demand management; nurse triage program, including emergency room referrals
Magellan Behavioral Health, Inc.	Management of provider network for mental health care and substance abuse treatment; hospital admission certification for mental health care; outpatient therapy authorization; intensive outpatient program; and intensive case management
MEDSTAT	Analysis of claims data and emergency room referrals claims data analysis

System Support

The SHBP operates the Membership Enrollment Management System (MEMS) that captures and maintains member information. MEMS is a mainframe-based system of 430 programs with over 12.5 million records in its database designed to capture and maintain information related to eligibility, enrollment and financial activity for the SHBP. The system records basic demographic information and a history of coverage for all employees, retirees and dependents in the Plan. This internal system enables Plan members to receive SHBP identification cards almost immediately. The Plan also utilizes MEMS to produce billing records for state agencies and local school systems, and to track accounts receivable for claim refunds. The MEMS member information system will be replaced and upgraded during FY 2005.



HEALTH IMPROVEMENT PROGRAMS



As part of the Department's reorganization in FY 2002, DCH entities that worked toward improving the health of targeted groups were aligned into a single operational section within the Department, which was designated the *Health Improvement Programs* section. Within this section are the Offices of Women's Health, Minority Health and Rural Health, and the Commission on Men's Health, which are administratively attached to the Department.

OFFICE OF WOMEN'S HEALTH

Description of the Office of Women's Health

The Office of Women's Health (OWH) envisions quality health and access to healthcare for all women in Georgia. The OWH works to improve women's health status and quality of life through education, research, policy development and coordination of women's health programming. An 11-member Advisory Council is attached to the office and is composed of representatives from major public and private organizations within the state who have demonstrated interest and experience in addressing women's health issues. Advisory Council members serve two-year terms.

FY 2002 Milestones

EDUCATION

As a voice and focal point for women in Georgia, the Office of Women's Health provides major public awareness programs to bring important education and prevention messages to women and young girls in the state.



- The OWH convenes the "Annual Office of Women's Health Summit" each September, and targets health professionals and women throughout Georgia. In FY 2002, the summit, co-hosted with the Office of Minority Health, was held in Atlanta, Georgia, and its theme and focus was "Celebrate Healthy Living: Eliminating Disparities in Minority Women's Health." The annual summit serves as the kick-off to regional health fairs, which are held throughout the state. More than 400 people attended the summit and received educational messages.
- "Take Charge of Your Heart" and "Eliminating Disparities in Ethnic and Racial Minorities" were two major initiatives launched by the OWH in FY 2002. These initiatives were executed throughout the state through regional health fairs under the theme "Celebrate Healthy Living: A Community Health Festival." For FY 2002, the focus was in the faith communities. To date, more than 1,200 women have taken part in this one-day, faith-based initiative aimed at increasing awareness about health issues that significantly impact minority women. This one-day event, held in five different locations, consisted of free preventive health screenings, educational workshops, and exhibits of community resources.

- A women's health festival titled "A Day Especially for You" was held by the OWH in partnership with Phoebe Putney Memorial Hospital, the American Cancer Society and the Southwest Georgia Rural Health Collaborative. Participants had an opportunity to hear distinguished speakers, receive free wellness screenings, visit exhibits and attend workshops. More than 700 attendees participated in this event.
- The OWH served on the planning committee for a conference entitled "A Dialogue on Cancer: Closing the Health Gap," which was held by the Georgia Cancer Health Disparity Advisory Committee of the Georgia Cancer Coalition (GCC) in partnership with multiple groups. The dialogue featured some of the top cancer and health specialists in Georgia who delivered speeches to the more than 600 participants attending this event.

- "Screenings Under the Gold Dome" was an initiative sponsored by the OWH to promote prevention and wellness messages among state legislators and staff members. Free educational materials and screenings were provided to more than 150 attendees.
- The OWH participated in the National Black Caucus of State Legislators annual meeting, which was held in Atlanta, Georgia. The office served as a member of the health fair planning and implementation committee and provided preventive health screenings for caucus members and the other 300 attendees.

INFORMATION

The OWH also served as a clearinghouse for women's health information, using numerous channels of communication.

- The *Legislative Update* newsletter was produced monthly during the session of the Georgia General Assembly and quarterly thereafter. The newsletter contains state and federal legislation that is of interest to women's health advocates and supports the mission and goals of the OWH.
- Fact sheets were created to address the seven leading causes of death for women in Georgia, as well as other health issues that affect women. The fact sheets were distributed at regional health fairs and public meetings, and were made available online at the OWH Web site, www.dch.state.ga.us.
- The women's health Web page contains OWH fact sheets; OWH publications, such as the *Legislative Update*; information pertaining to the OWH mission, vision and goals; and a listing of helpful Web-links for women's health consumers and professionals. In FY 2002, the Web site was expanded to include a calendar of statewide women's health events, observances of federal and state women's health issues, articles written by OWH staff and advisory council members, press releases, newsletters and a Web page where readers could request subscriptions to literature on women's health. It is estimated that more than 12,000 people are reached through these efforts.
- Two OWH newsletters were developed and disseminated to more than 1,000 readers in FY 2002. *Focus on Women's Health* is a newsletter oriented toward a professional audience and is distributed biannually in the autumn and spring. *Women's Health Today* is designed for a lay-audience that is concerned about women's health issues. This newsletter contains important health promotion messages for women and is distributed biannually in the winter and the summer.
- OWH information packs and cardiovascular disease (CVD) information packs were designed and distributed to approximately 600 people in FY 2002. The OWH information packs contained brochures, bookmarks, fact sheets and other materials designed to educate the public on the goals of the office. The CVD education packs were designed to help prevent the development of the disease by offering fact sheets specific to cardiovascular disease and its risk factors. Both packs were distributed to individuals upon request and at regional health fairs and public meetings.
- National Women's Health Month – Billboards, targeted at minority groups, were designed in FY 2002 to promote Women's Health Month. In concert with the OWH minority women's health initiative, the billboards were placed in low-income neighborhoods and were designed to promote "healthy living" among women within the viewing areas. The OWH reached more than 5,000 people through this initiative.

POLICY DEVELOPMENT AND STRATEGIC PLANNING

The OWH is responsible for developing a comprehensive plan to address women's health in Georgia. Formed in FY 2001, a leadership think tank, representing the business community, academic institutions, private organizations, women's groups and faith and ethnic organizations, met twice in FY 2002 to draft the comprehensive plan, which is scheduled for completion in FY 2003.

The OWH collaborated with the newly created State Health Planning Committee to ensure that the topic of unequal treatment of minorities was included in the committee's deliberations and action plans.



OFFICE OF MINORITY HEALTH

Description of the Office of Minority Health

The Office of Minority Health helps minority communities improve the health and wellness status of its members. The office also works to eliminate the discrepancy in health status between minority and non-minority populations in Georgia. Work within the office focuses on four major tasks: 1) to identify, assess and analyze issues related to the health of minority populations; 2) to cooperate with public and private organizations to address specific minority community health needs; 3) to monitor state programs, policies and procedures to assure that they are inclusive and responsive to the health needs of minority communities; and 4) to facilitate the development and implementation of research enterprises and scientific investigations that yield minority-specific findings.

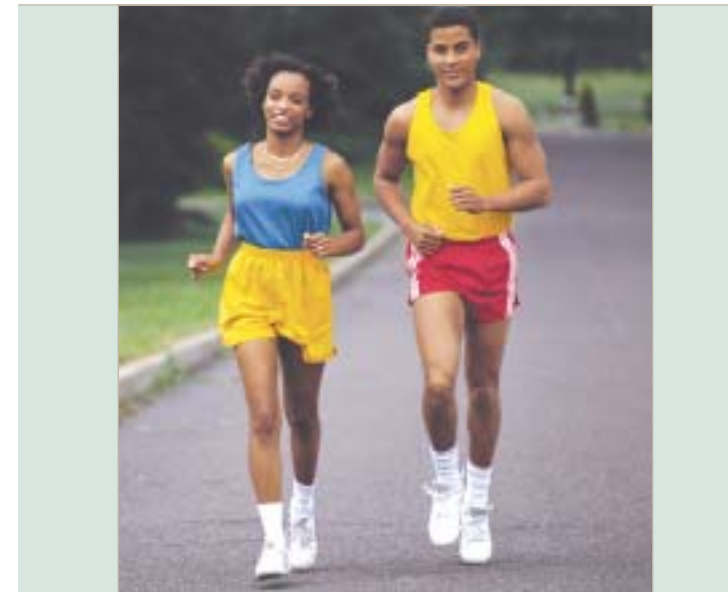
The office has a 12-member advisory council and each member serves a two-year term.

FY 2002 Milestones

The Office of Minority Health (OMH) implemented several new initiatives during FY 2002.

- The *Lifeline to Health* radio program provided health news, features and interactive call-in segments. The program's purpose is to provide culturally competent health information to improve the health and wellness of minorities by addressing Georgia's health disparities. This monthly, statewide live broadcast is supplemented by a dedicated Web site, www.Lifelinetohealthradio.com, which contains information about current and past programs and identifies resources for available services and culturally appropriate books about the health topics covered.
- OMH implemented its multi-pronged diabetes initiative that focused on lifestyle changes for prevention and disease management. Five series of faith-based seminars held in African-American churches engaged participants in learning about diabetes and making lifestyle changes to prevent or to reduce their risk of diabetes and associated complications. Additionally, in partnership with Oakhurst Medical Center, diabetic patients at the center were involved in an OMH sponsored, multi-week program where the patients changed their lifestyle behaviors in order to better manage their disease and reduce the risk of complications.
- Several major cultural-competence projects were implemented. For example, OMH funded medical-interpreter services so that migrant and seasonal farm workers in seven rural, South Georgia counties could receive health screenings and other health care services. OMH also funded the translation of a health careers curriculum into Spanish so that the Southwest Georgia Area Health Education Center could provide services and training to Latino youth and their parents. The services and training were designed to promote health professions as career options and increase the availability of Latino health professionals in Georgia. Additionally, focused radio interviews were done regularly on Latino radio stations in metro Atlanta in support of *Esta es la Realidad*, OMH's Latino PSA health-awareness project.
- OMH circulated throughout Georgia, as well as throughout other southeastern states, a print-media campaign that included health-education messages in Chinese, Vietnamese and Korean. As a result, OMH started an information and referral service for Vietnamese populations and an HIV/AIDS prevention and referral service for the Asian-American population.
- Regional Minority Health Networks were established to help develop action plans that addressed issues and barriers in minority communities and to increase minority participation in local planning for services and program resources related to HIV/AIDS. The OMH HIV/AIDS Demonstration Project continued to provide technical assistance and a series of capacity-building training experiences to Minority Community Based Organizations across the state. Data analyses were done for OMH's second data book on the impact of HIV/AIDS on minorities in Georgia.
- OMH coordinated the first observance of "Minority Health Month" in April 2002 and published the first "Minority Health Month" calendar of events for activities held statewide. The calendar was multicultural and multi-lingual.
- A major briefing book was prepared for members of the Georgia Legislative Black Caucus. The book focused on issues and service resources for the six health disparities targeted for elimination by 2010, which include cardiovascular disease, cancer, diabetes, infant mortality, immunizations and HIV/AIDS. The OMH also conducted a legislative workshop on HIV/AIDS issues and services during the caucus' annual legislative weekend.

- The OMH partnered with the Women of the NAACP to provide community outreach and several education workshops in two Georgia cities about risk reduction for sudden infant death syndrome in the African-American community.
- Eliminating-disparities contracts were established with six community-based organizations to implement local or regional strategies to address health disparities.



FY 2002 Milestones

The Office of Rural Health Services (ORHS) focused on building regional rural health systems, increasing the number of community and migrant health centers, supporting rural hospitals, and identifying ways to make health care available to Georgians in underserved rural and urban areas. Major milestones are listed below:

GENERAL

- Moved location of office to Cordele, Georgia, to better meet the needs of rural health systems, hospitals and Georgians.
- Received the new Robert Wood Johnson Foundation Southern Rural Access Program award for improving access to care.

NETWORK DEVELOPMENT

- Invested \$2.7 million in the Rural Health Systems Development Program to facilitate the creation of eleven networks to provide services through multi-county regions.
- Invested \$1 million in the Access Georgia Rural Health Matching Grants Initiative to develop regional rural health networks in partnership with the Georgia Philanthropic Collaborative and the Robert Wood Johnson Foundation. Amounts invested were used to develop six new networks and expand three existing networks.
- In partnership with the Georgia Association for Primary Care and the Health Resources and Services Administration (HRSA), Region IV field office, the ORHS facilitated Georgia's first all-HRSA grantee meeting.
- In partnership with the Georgia Association for Primary Care and HRSA, Region IV field office, the ORHS facilitated a Community Access Program grant-writing workshop that helped to secure three successful awards of approximately \$1 million each for Georgia communities.

PRESIDENT'S INITIATIVE FOR COMMUNITY/MIGRANT HEALTH CENTER GROWTH

- Received federal HRSA funding, for the first time in Georgia in eight years, for a new federally qualified health center as a part of the presidential initiative to expand access to health care. Collaborative partnerships to expand the number of federally qualified health centers and community and migrant health centers will continue as a part of the presidential initiative and as a Department priority.

OFFICE OF RURAL HEALTH SERVICES

Description of the Office of Rural Health Services

The Office of Rural Health Services works to improve access to health care in rural areas and reduce health status disparities between rural and non-rural populations in Georgia. The office has the following objectives: 1) to empower communities to strengthen and maintain the best possible health care using existing resources; 2) to provide up-to-date health systems information and technical assistance; 3) to build strong partnerships to meet local and regional needs; 4) to provide incentives to local areas to implement integrated service delivery systems; and 5) to act as the single point of contact for all regional issues related to health care.

The office has a 15-member advisory council and each member of the initial council serves a three-year term, with the length of any subsequent terms determined by lottery, subject to review.

- Assisted in the successful placement of health care providers in underserved rural and urban areas of Georgia through the National Health Service Corps Scholar and Loan Repayment Program and the J-1 Visa Waiver Program.
- Increased the number of migrant and seasonal farm workers participating in Georgia's Farm Worker Health Program (GFHP).
- Expanded migrant and seasonal farm worker services into new counties, using new federal and state investments in the GFHP.

HOSPITAL SERVICES

- Assisted eight additional hospitals in securing critical-access-hospital certification, bringing the total number of critical-access hospitals to 24, which is the highest total within the Centers for Medicare and Medicaid Services Southeast Region and puts the program in 9th place nationally.
- Received \$5 million from the state Rural Hospital Assistance Program for grants to serve 60 rural hospitals.
- Partnered with hospital organizations to provide rural hospitals with technical assistance designed to improve financial performance, customer service and quality of care.

GEORGIA COMMISSION ON MEN'S HEALTH

Description of the Commission on Men's Health

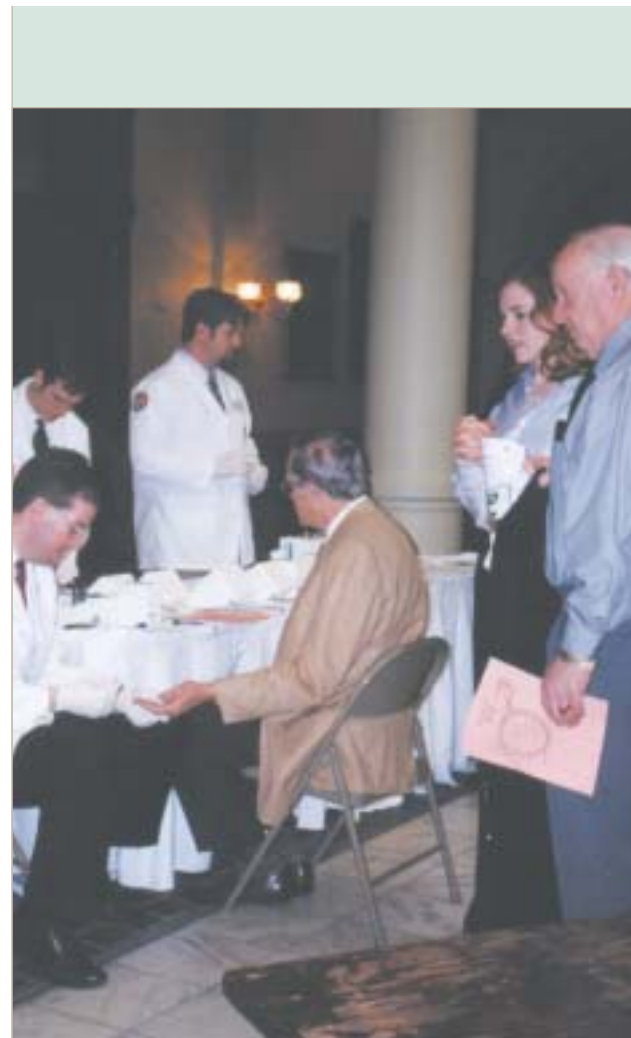
The Georgia Commission on Men's Health works to improve the health status of men in the state of Georgia. To this end, the commission is responsible for developing strategies, public policy recommendations, and programs, including community outreach and public-private partnerships, that are designed to educate Georgia's men on the benefits of regular physical check-ups, early detection of disease through preventive screening tests, and healthy lifestyle practices. The commission monitors state and federal policy and legislation that may affect the area of men's health, and recommends assistance, services and policy changes that will further the goals of the commission.

The formal objectives of the commission are to: 1) enhance community awareness of men's health issues; 2) identify the interests and needs of targeted men's groups; 3) promote the health and wellness of men in the state of Georgia; 4) improve health outcomes for men with specific disease conditions that are important to men's health overall; 5) establish the commission as the information repository and coordinating entity for men's health initiatives; and 6) develop a comprehensive plan for men's health to facilitate and improve healthcare access for the uninsured and underinsured.

The commission has an 11-member advisory board and terms are two years for legislative members and three years for non-legislative members.

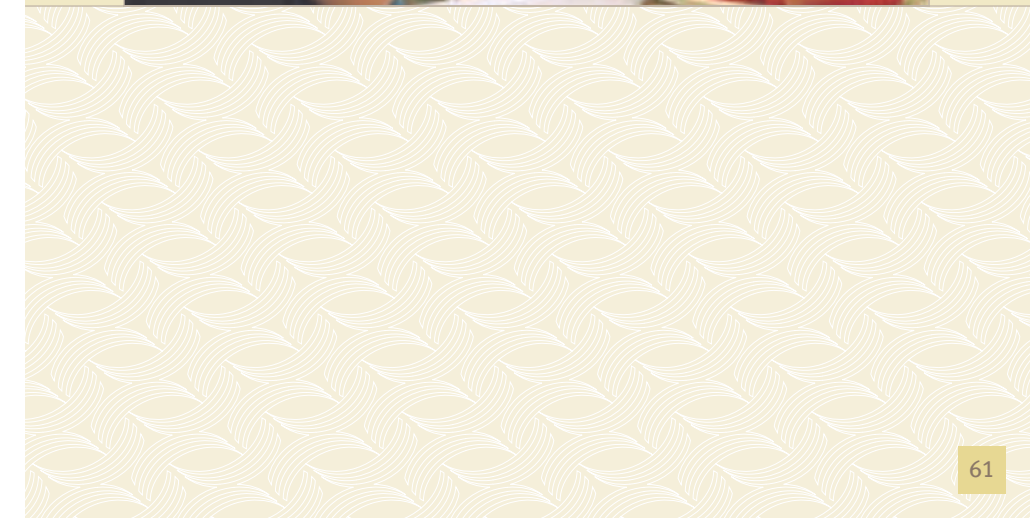
FY 2002 Milestones

- Welcomed commission's Honorary Chairman, Ambassador Andrew J. Young, who was sworn in by Governor Barnes on March 6, 2002.
- Distributed over 80,000 copies of the *Health Guide for Georgia Men*, which is a health-education resource. This guide is available in English and Spanish.
- Coordinated "Men's Health Day at the Capital," which provided health screenings for over 200 Georgia legislators in March of 2002.
- Implemented the "Men's Health Lecture Series," which began in June of 2002 with "lunch and learn" lectures held across the state. The lecture series was a collaborative effort between the commission and the National Men's Health Network.
- Participated in the Annual Prostate Cancer Awareness Forum in partnership with the Georgia Prostate Cancer Coalition. The forum attracted more than 100 participants and was held in Atlanta.



Conclusion

The Georgia Department of Community Health completed many important tasks during fiscal year 2002, but continues to face many challenges and opportunities in the coming year. Many changes are necessary to reduce the rate of growth in the expenditures for Medicaid, PeachCare and State Health Benefit Plan programs while also ensuring quality care to our members. The consolidation of the state's health purchasing agencies has allowed the Department to begin to maximize the state's health care purchasing power and create administrative efficiencies in the state's health care system. The Department has major initiatives underway which, when implemented, will make us even more efficient and productive in the future. We will continue to make improvements to ensure that quality, cost-effective health care services are provided to the more than two million Georgians that DCH serves.



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