

Amended FY 2013 & FY 2014 Budget Request Recap



Presentation to: Board of the Department of Community Health

Presented by: Vince Harris



Mission

The mission of the Department of Community Health is to provide access to affordable, quality health care to Georgians through effective planning, purchasing, and oversight.

We are dedicated to a healthy Georgia.

Program Facts

DCH manages the healthcare needs of 1 in 4 Georgians.

- FY 2013 budget totals \$12 billion

Medicaid/PeachCare

- Medicaid and PeachCare cover 1.8 million Georgia citizens, 1.3 million (72%) of which are in managed care
- 90% covered are women and children
- \$8.1 billion state and federal funds for benefits
- DCH pays out over \$32 million for Medicaid and PeachCare benefits per business day
- Payment to Providers: In FY 2012, Medicaid/PeachCare claims payments included:
 - \$1.51 billion to hospitals (18% of total expenses)
 - \$1.08 billion to nursing homes (13%)
 - \$377 million to physicians (5%)
 - \$3.06 billion to providers participating in the managed care organization program (37%)
 - This program serves over 1 million children
 - \$576 million for pharmacy (7%)

State Health Benefit Plan (SHBP)

- SHBP covers nearly 663,000 Georgians including 337,000 employees and retirees and their 326,000 dependents
- \$3.0 billion annual budget
- On an average business day DCH pays out nearly \$12 million for SHBP benefits

Healthcare Facility Regulation

- Number of Active Facilities Licensed: 14,901
- Number of Annual/Periodic Inspections: 3,222
- Number of Complaints From the Public: 2,793
- Number of Incidents Reported by Facilities: 8,764



OPB Budget Instructions

Amended FY 2013 budget requires cuts of 3% to state funds.

FY 2014 budget requires cuts of 3% for all programs except Medicaid and PeachCare. Medicaid and PeachCare require a 5% cut.

Administrative Cuts

3% cut required to administrative areas in both years.

State funds cut to operations and contracts = **(\$2,447,349)**.

Medicaid: FY 2013 and FY 2014 State Fund Status

\$s in millions	FY 2013 Projected	FY 2014 Projected
	FMAP = .6571	FMAP = .6573
Total State Revenues	\$2,505.57	\$2,505.57
State Fund Expense	<u>(2,860.91)</u>	<u>(2,897.82)</u>
Surplus/(Deficit)*	<u>(\$355.34)</u>	<u>(\$392.25)</u>

* - does not include requested budget reductions



PeachCare: FY 2013 and FY 2014 State Fund Status

\$s in millions	FY 2013 Projected	FY 2014 Projected
	FMAP = .7600	FMAP = .7602
Total State Revenues	\$79.58	\$79.58
State Fund Expense	<u>(98.66)</u>	<u>(85.05)</u>
Surplus/(Deficit)*	<u>(\$19.08)</u>	<u>(\$5.47)</u>

* - does not include requested budget reductions



Medicaid and PeachCare AFY 2013 and FY 2014 Budget Requests and Cost Strategies

Budget	AFY 2013	FY 2014
Projected Budget Deficit	(\$374,418,508)	(\$397,720,856)
3% and 5% Budget Reductions	<u>(62,400,096)</u>	<u>(104,000,160)</u>
Total Deficit	(\$436,818,604)	(\$501,721,015)
Cost Strategies	\$62,400,096	\$104,000,160
DCH Budget Request	<u>374,418,508</u>	<u>397,720,856</u>
Total Cost Strategies	\$436,818,604	\$501,721,015

State Health Benefit Plan Financial Status

FINANCIAL STATUS	FY13	FY14
Revenue	\$3,026,547,619	\$2,896,591,225
Expense	3,115,772,879	3,314,893,672
Year-End Cash Balance	(\$89,225,260)	(\$418,302,447)
IBNR Liability	199,205,000	199,205,000
<i>Surplus/(Deficit) w/IBNR Liability</i>	(\$288,430,260)	(\$617,507,447)



SHBP Changes

- Non-certificated personnel rate increase
- Wellness plan
- Childhood obesity initiative
- Spouse subsidy policy
- Premium increase
- Buy-up for United Health Care plans
- Additional costs of Affordable Care Act
- Cost sharing changes
- Other changes
- Request \$7.9 million in FY 14 to cover remaining deficit

