



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

Budget Update and AFY2016 and FY2017 Requests



Presentation to: DCH Board

Presented by: Elizabeth Brady, CFO

Date: August 27, 2015



Mission

The Georgia Department of Community Health

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

We are dedicated to A Healthy Georgia.

Agenda

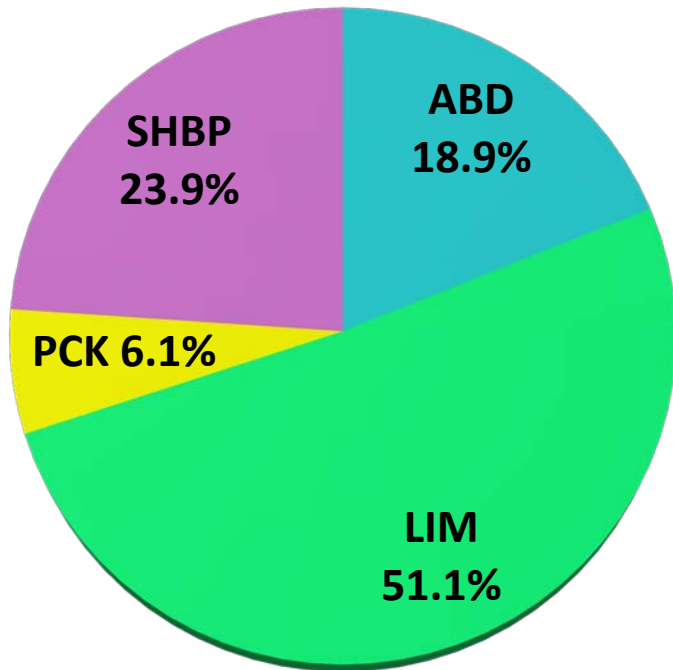
- FY2015 Budget Highlights
- FY2016 Current Budget
- AFY2016 and FY2017 Cost Drivers
- FY2016 Amended Budget Request
- FY2017 Budget Request
- State Health Benefit Plan (SHBP)



FY2015 Budget Highlights

FY2015 Budget Highlights

Georgia Beneficiaries of DCH Programs



Programs	Total Beneficiaries (FY2015 Average Monthly Members)	Percentage of Beneficiaries
Medicaid	1,816,692	70.0%
• Aged Blind and Disabled	490,240	18.9%
• Low-Income Medicaid	1,326,452	51.1%
PeachCare	158,733	6.1%
Sub-Total	1,975,425	76.1%
State Health Benefit Plan	621,338	23.9%
Total Beneficiaries	2,596,763	100.0%

One in four Georgians is a direct beneficiary of DCH Programs

FY2015 Budget Highlights

Georgia Beneficiaries of DCH Programs

51% of Georgia's children (ages 0 to 19) have access to health insurance through a DCH Program.

DCH Program	Ga. Children Population*	DCH Beneficiaries* (ages 0 to 19)	%
Medicaid and PeachCare		1,305,650	47%
State Health Benefit Plan		<u>121,926</u>	<u>4%</u>
Total Children	2,772,897	1,427,576	51%



FY2015 Budget Highlights

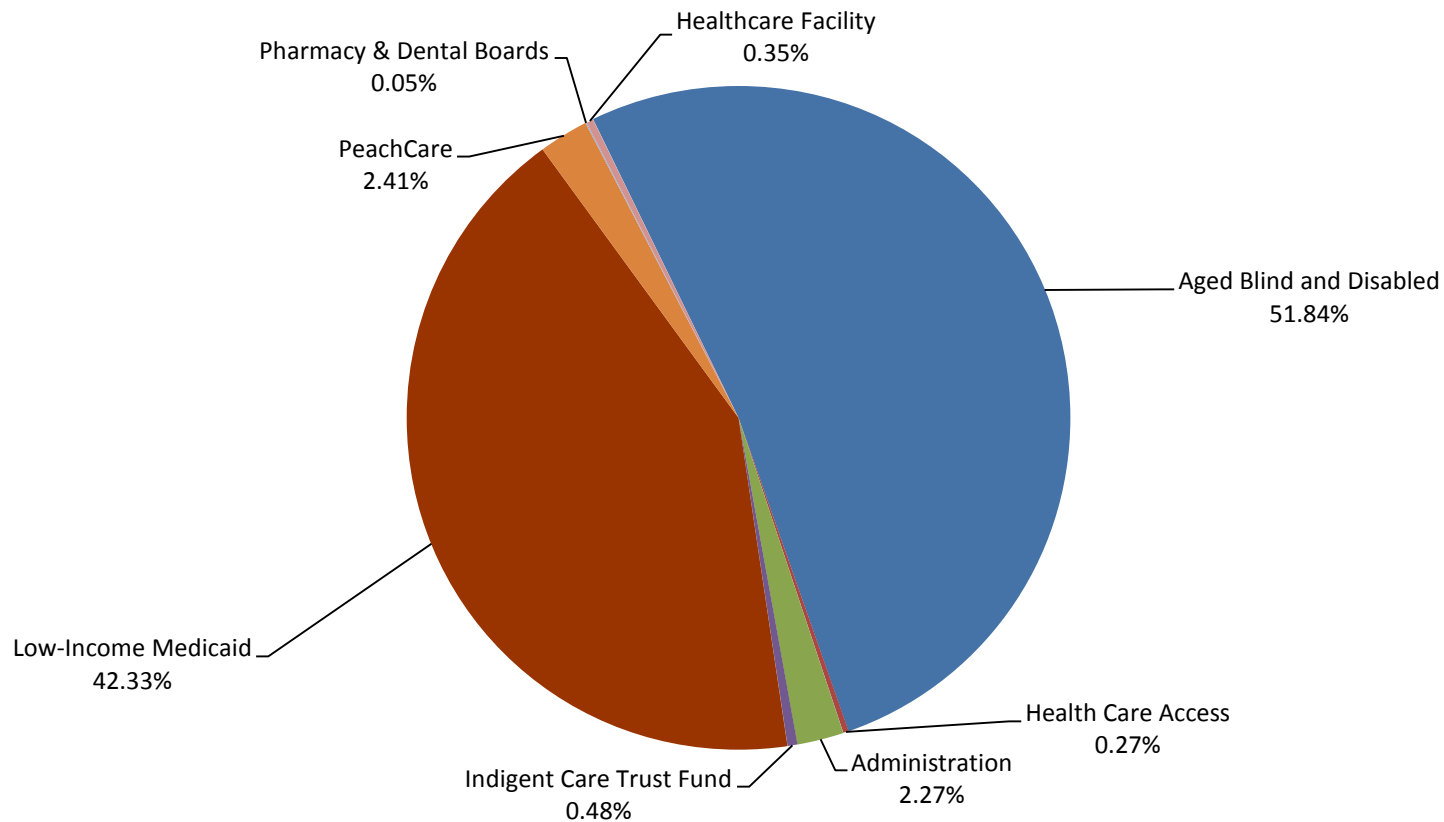
- DCH projected state funds surplus (unaudited) is \$116 million.
- A Request for Proposals (RFP) was issued for a Care Management Organization (CMO) procurement for Georgia Families and Georgia Families 360.
- The Rural Hospital Stabilization Committee and grant program were created.
- Funding was appropriated in the Healthcare Facility Regulation program to hire additional nurse surveyors and address a structural deficit.
- SHBP coverage of hearing aids for children and treatment of autism spectrum disorders began January 1, 2015.
- Agency staff received their first merit-based pay adjustment since FY2009.

FY2015 Budget Highlights

State Fund Expenditures by Program*

Total Funds: \$12,840,018,834

State Funds: \$2,936,738,549



97% of all DCH State Funds were expended directly in Medicaid and PeachCare



**GEORGIA DEPARTMENT
OF COMMUNITY HEALTH**

* Chart does not include attached agencies or the State Health Benefit Plan. Expenditures are unaudited.

FY2015 Budget Highlights

Projected State Funds Surplus by Program*

Programs	FY2015 Final Budget	Projected FY2015 Surplus
Departmental Administration and Program Support	\$66,774,655	\$153,047
Aged Blind and Disabled Medicaid	\$1,552,042,669	\$20,046,351
Low-Income Medicaid	\$1,339,695,475	\$81,092,042
PeachCare	\$85,004,363	\$14,128,735
Indigent Care Trust Fund	\$14,133,296	\$0
Healthcare Facility Regulation	\$10,422,271	\$209,417
Health Care Access and Improvement	\$7,877,990	\$0
Pharmacy and Dental Boards	\$1,547,543	\$128,008
Total		\$115,757,600



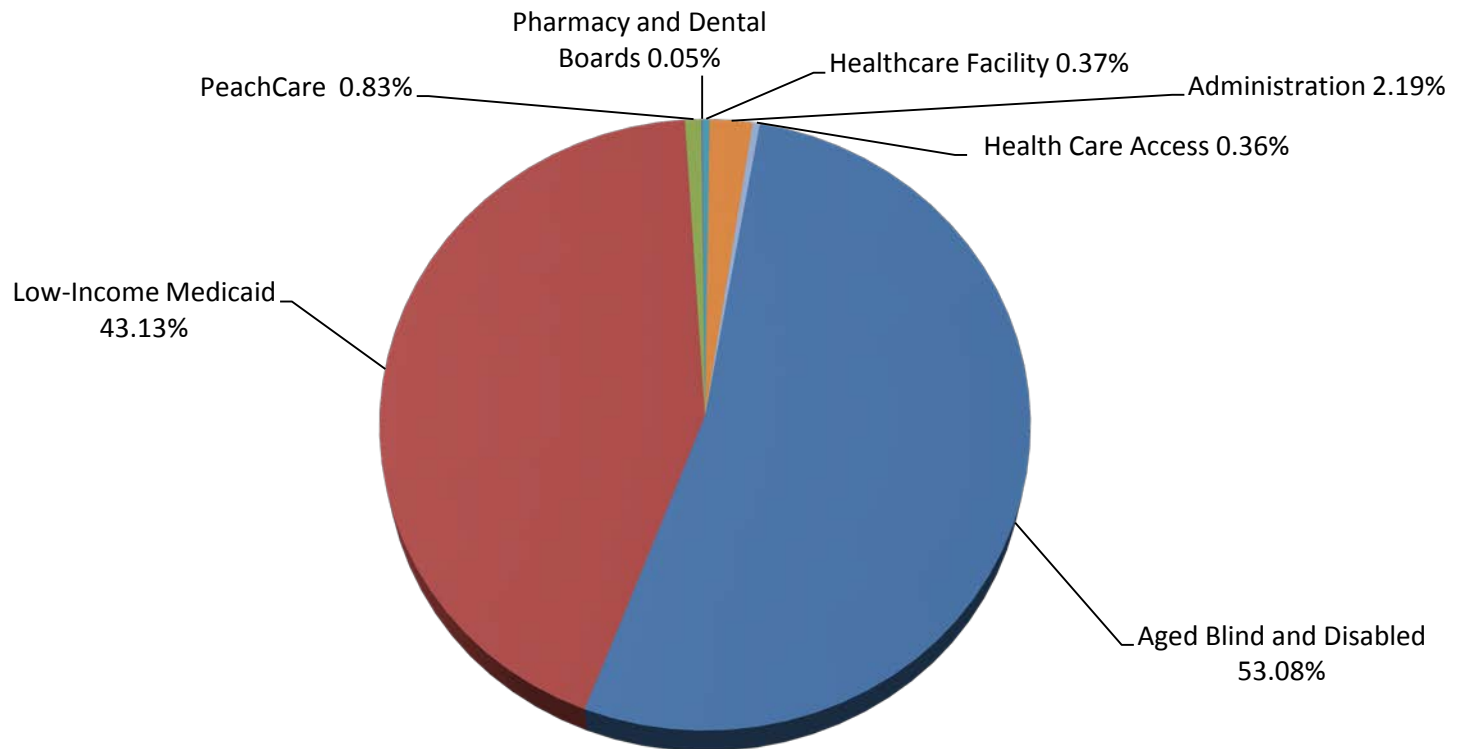
FY2016 Current Budget

FY2016 Budget

State Funds Budget by Program*

Total Funds Appropriated: \$13,710,697,700

State Funds Appropriated: \$2,979,649,363



97% of all DCH State Funds are budgeted in Medicaid and PeachCare



FY2016 State Funds Budget Highlights

- Departmental Administration budget cut of \$2 million.
- \$3.3 million was appropriated in the Healthcare Facility Regulation program to hire additional nurse surveyors and address a structural deficit.
- \$8.7 million increase in rate calculations for nursing facility ownership changes from January 1, 2012 to June 30, 2014.
- \$5.9 million to increase reimbursement rates for select OB/GYN codes to the 2014 Medicare fee schedule.
- \$17.2 million added for increased reimbursement rates for select primary care codes.

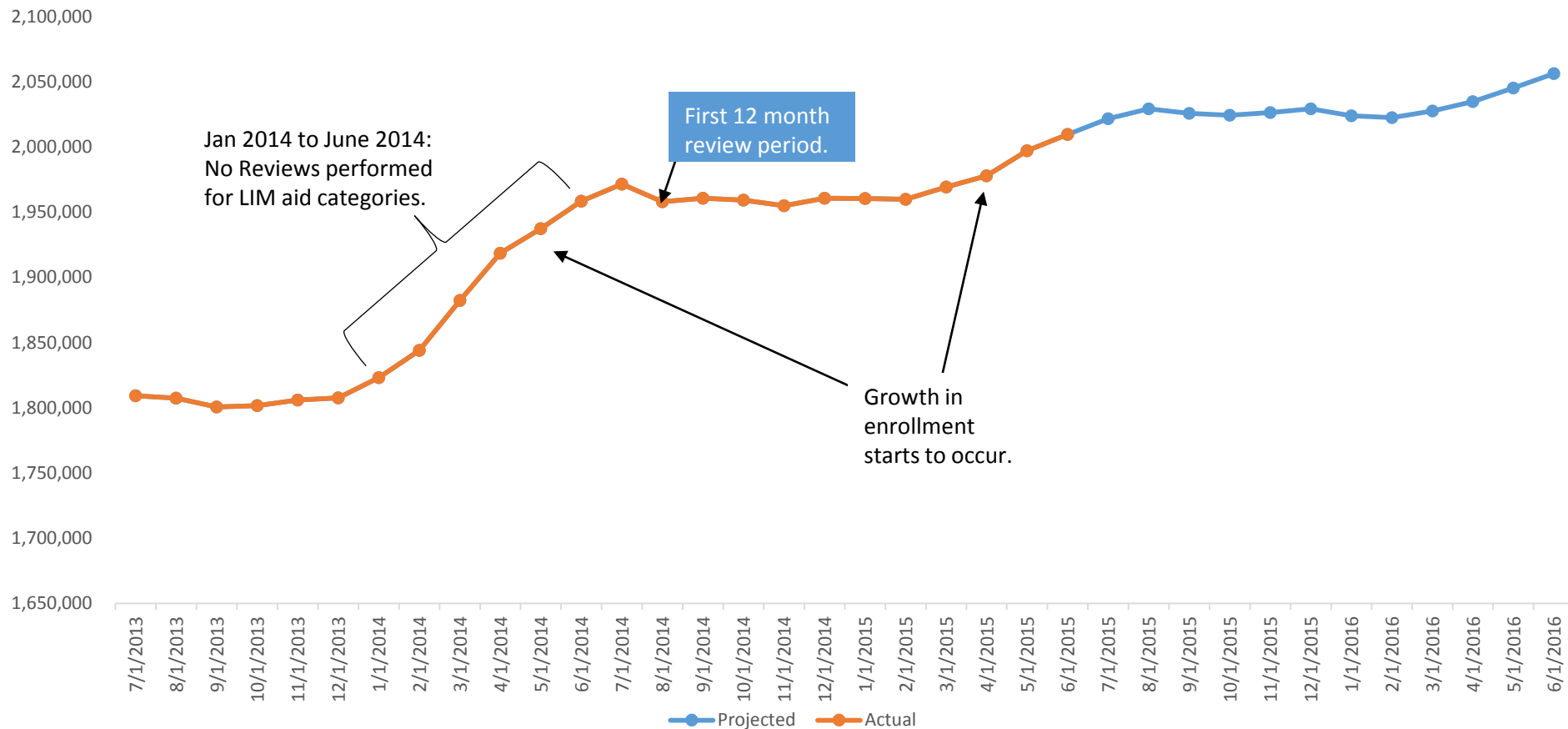


AFY2016 and FY2017 Cost Drivers

AFY2016 and FY2017 Cost Drivers

- Growth
 - CMO Rates
 - Enrollment Growth
- Prescription drugs
 - Hepatitis C
 - Cystic Fibrosis
 - Medicare Part D clawback payments
- Federal Directives
 - Hospital presumptive eligibility
 - 1095-B reporting

Projected Growth in Medicaid and PeachCare



- Enrollment is projected to increase from an average of 1.975 million in FY2015 to 2.03 million in FY2016.
- In FY2016, Georgia Families capitation rates are projected to increase by 4.8% from FY2015 rates.





FY2016 Amended Budget Request

FY2016 Amended Budget Request*

Medicaid Items			
1	Aged Blind and Disabled, Low-Income Medicaid, PeachCare	Funds requested for AFY2016 benefit growth.	\$46,499,318
2	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Hepatitis C drugs.	\$23,129,866
3	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Cystic Fibrosis drugs.	\$3,390,400
4	Low-Income Medicaid	Additional funds needed for hospital presumptive eligibility.	\$9,033,543
5	Aged Blind and Disabled	Provide funding to cover increase in Part D clawback payments starting in January 2016.	\$4,157,276
6	Indigent Care Trust Fund	Provide funding for state match for DSH payments for private deemed and non-deemed hospitals.	\$15,938,698
Operations Items			
7	Departmental Administration and Program Support	Cover added expenses for 1095-B reporting required by the Affordable Care Act (ACA).	\$1,817,591
Grand Total			\$103,966,692

FY2016 Amended Budget Request Financial Summary*

	Programs	FY2016 Budget	FY2016 Amended Request	FY2016 Proposed Amended Budget
1	Departmental Administration and Program Support	\$65,283,852	\$1,817,591	\$67,101,443
2	Health Care Access and Improvement	\$10,662,932	\$0	\$10,662,932
3	Healthcare Facility Regulation	\$10,929,096	\$0	\$10,929,096
4	Indigent Care Trust Fund	\$0	\$15,938,698	\$15,938,698
5	Aged Blind and Disabled	\$1,581,476,106	\$15,543,372	\$1,597,019,478
6	Low-Income Medicaid	\$1,285,085,321	\$76,648,689	\$1,361,734,010
7	PeachCare	\$24,648,601	(\$5,981,658)	\$18,666,943
8	State Health Benefit Plan	\$0	\$0	\$0
9	Pharmacy & Dental Boards	\$1,563,455	\$0	\$1,563,455
10	Attached Agencies	\$66,641,522	\$0	\$66,641,522
Totals		\$3,046,290,885	\$103,966,692	\$3,150,257,577



FY2017 Budget Request

FY2017 Budget Request*

Medicaid Items			
1	Aged Blind and Disabled, Low-Income Medicaid, PeachCare	Funds requested for FY2017 benefit growth.	\$86,747,145
2	Aged Blind and Disabled, Low-Income Medicaid	FY2017 Preliminary Federal Medical Assistance Percentage (FMAP) savings – estimated savings of \$33.5 million.	TBD
3	PeachCare	Recognized FY2017 enhanced FMAP (eFMAP) savings.	(\$20,664,487)
4	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Hepatitis C drugs.	\$23,129,866
5	Aged Blind and Disabled	Provide funding for pharmacy cost due to high cost of Cystic Fibrosis drugs.	\$3,390,400
6	Low-Income Medicaid	Additional funds needed for hospital presumptive eligibility.	\$9,033,543
7	Aged Blind and Disabled	Provide funding to cover increase in Part D clawback payments.	\$8,314,551

FY2017 Budget Request (cont'd)*

Operations Items			
8	Departmental Administration and Program Support	Additional expenses for 1095-B required by the ACA.	\$1,817,591
9	Departmental Administration and Program Support	Additional General Obligation Bond request for the Integrated Eligibility System = \$3,000,000.	
Grand Total			\$111,768,609

FY2017 Budget Request Financial Summary*

	Programs	FY2016 Budget	FY2017 Budget Requests	FY2017 Proposed Budget Requests
1	Departmental Administration	\$65,283,852	\$1,817,591	\$67,101,443
2	Healthcare Access and Improvement	\$10,662,932	\$0	\$10,662,932
3	Healthcare Facility Regulation	\$10,929,096	\$0	\$10,929,096
4	Indigent Care Trust Fund	\$0	\$0	\$0
5	Aged Blind and Disabled	\$1,581,476,106	\$57,340,655	\$1,638,816,761
6	Low-Income Medicaid	\$1,285,085,321	\$77,258,964	\$1,362,344,285
7	PeachCare	\$24,648,601	(\$24,648,601)	\$0
8	State Health Benefit Plan	\$0	\$0	\$0
9	Pharmacy & Dental Boards	\$1,563,455	\$0	\$1,563,455
10	Attached Agencies	\$66,641,522	\$0	\$66,641,522
Totals		\$3,046,290,885	\$111,768,609	\$3,158,059,494



State Health Benefit Plan (SHBP)

SHBP Financial Status

		FY15	FY16	FY17	FY18
	FINANCIAL STATUS				
	Baseline Revenue	3,062,440,339	3,121,838,109	3,100,777,325	3,103,809,283
	Baseline Expense	2,737,027,000	3,017,206,000	3,274,046,000	3,553,276,000
	Revenue				
	<i>Revenue Impacts</i>				
1	<i>Net Change to Revenue; Non Cert Increase</i>		46,061,850	100,486,800	100,888,200
	Expense				
	<i>Procurement/Plan Design Impacts</i>				
2	Medicare Advantage Procurement Savings	(102,570,000)	(187,495,000)	(172,662,000)	(200,951,000)
3	2015 Plan Design Changes from 2014 Plan Design	(15,387,000)	(30,520,000)	(33,009,000)	(35,596,000)
	<i>ACA Impacts</i>				
4	Preventive Care & PCORI Fee	17,523,000	17,668,000	17,909,000	18,163,000
5	Individual Mandate/Auto Enrollment	53,825,000	58,050,000	68,448,000	82,246,000
6	Limit on Out-of-Pocket Maximum	31,450,000	71,535,000	77,426,000	83,724,000
7	Transitional Reinsurance Fee	22,303,000	18,351,000	11,344,000	4,622,000
8	<i>Net Change to Expense</i>	7,144,000	(52,411,000)	(30,544,000)	(47,792,000)
9	Revised Revenue	3,062,440,339	3,167,899,959	3,201,264,125	3,204,697,483
10	Revised Expense	2,744,171,000	2,964,795,000	3,243,502,000	3,505,484,000
11	Net Surplus/(Deficit)	318,269,339	203,104,959	(42,237,875)	(300,786,517)

Budget Update and AFY2016 and FY2017 Requests

Additional Information on DCH
Website

www.dch.georgia.gov