



GEORGIA DEPARTMENT  
OF COMMUNITY HEALTH

# AFY2014 and FY2015 Budget Overview



Presentation to: DCH Board of Directors

Presented by: Tim Connell

April 10, 2014



# 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

- FY2014 Amended Budget Request and Appropriation
- FY2015 State Budget Overview
- FY2015 Budget Request and Appropriation



# FY2014 Amended Budget Request and Appropriation

# FY2014 Amended Budget \*

		DCH Request	As Passed
1.	<p><b><u>6 to 12 Months Reviews</u></b></p> <p>Affordable Care Act (ACA) requires that eligibility for Medicaid recipients be reviewed on a 12 month basis. DCH's current policy is to review eligibility every 6 months for adults and children in LIM. ABD and PeachCare for Kids members are already reviewed every 12 months. This mandate begins January 1, 2014 and is still required even though Georgia is not participating in the ACA Medicaid expansion.</p>	9,700,000	9,700,000
2.	<p><b><u>PCP Premium Tax Increase</u></b></p> <p>ACA requires that primary care physician rates match Medicare rates from January 1, 2013 through December 31, 2014. The additional funds required for the rate increase are 100% funded by the federal government. However, there is one portion of the increase not covered by federal funds. This request for state funds represents the increase in the capitation rate for the state insurance premium tax caused by increasing the provider rates.</p>	2,100,000	2,100,000
3.	<p><b><u>Woodwork</u></b></p> <p>DCH is planning on an increase in the number of individuals who qualify for and actually enroll in Medicaid and PeachCare. This increase is called the Woodwork Effect and will occur even with Georgia opting out of the ACA Medicaid expansion.</p>	14,300,000	14,300,000
4.	<p><b><u>Medicaid Management Information System Administrative Increase</u></b></p> <p>Administrative increase in the Medicaid Management Information System (MMIS) contract for new members enrolled from ACA.</p>	755,000	755,000
5.	<p><b><u>Planning for Healthy Babies Continuation Funding</u></b></p> <p>Continuation funding for Planning for Healthy Babies (extend to June 30, 2014) services including family planning and prenatal care for Medicaid eligible members at risk of delivering a low or very low birth weight baby (also includes \$500,000 for Modified Adjusted Gross Income (MAGI) compliant modifications for the P4HB system).</p>	4,100,000	4,100,000

# FY2014 Amended Budget \*

		DCH Request	As Passed
6.	<p><b><u>Foster Care</u></b> Additional funds needed to fund the move of Foster Care and Adoption Assistance members to managed care starting January 1, 2014. This cost primarily represents run-out of fee for service claims. (also includes \$147,000 for 7 staff)</p>	3,647,000	3,602,667
7.	<p><b><u>Restore Funding for Department of Corrections</u></b> Restore funding for the Medicaid program with the Department of Corrections for paroling prisoners who qualify for medical reprieves to nursing homes. (restores legislative cut).</p>	350,000	500,000
8.	<p><b><u>Funds Owed to CMOs</u></b> Provide funding for funds owed to the Care Management Organizations (CMO) from FY2012.</p>	69,913,691	0
9.	<p><b><u>Supplemental Drug Rebates on CMO Claims</u></b> Reflect savings from updating the supplemental drug rebates to include CMO claims. Currently supplemental drug rebates are collected on fee for service claims, however, CMO claims have not been previously included.</p>	(640,500)	0
10.	<p><b><u>Physician Injectable Drug List (PIDL)</u></b> Reflects savings associated with MMIS improvements to successfully monitor inconsistencies with units billed compared to appropriate dosages for Physician Injectable Drug Lists (PIDL).</p>	(342,000)	(342,000)



# FY2014 Amended Budget \*

		DCH Request	As Passed
11.	<b><u>Pharmacy and Dentistry Boards</u></b> Provide administrative funds required for Pharmacy and Dentistry Boards.	1,400,000	1,400,000
12.	<b><u>Reduce Funds for Projected Growth</u></b> Projected additional funds available in Medicaid and PeachCare budgets.	(30,000,000)	(24,249,998)
13.	<b><u>Transfer from Department of Behavioral Health and Developmental Disabilities and Department of Juvenile Justice for Foster Care</u></b> Transfer of funds from DBHDD and DJJ for Foster Care .	0	8,446,403
14.	<b><u>Private Hospital DSH Payment</u></b> Provide funding for private hospital DSH payment.	0	14,445,532
15.	<b><u>Hospital Provider Payment Update</u></b> Tier 2 hospital provider fee.	0	12,696,252
16.	<b><u>Attached Agencies</u></b> Increase funds for one additional inspector position for the Georgia Drugs and Narcotics Agency.	0	35,700
17.	<b><u>Georgia Composite Medical Board</u></b> Increase funds to implement Pain Management Clinic Licensure and the Georgia Cosmetic Laser Services Act.	0	139,741
<b>Total</b>		<b>\$75,283,191</b>	<b>\$47,629,297</b>



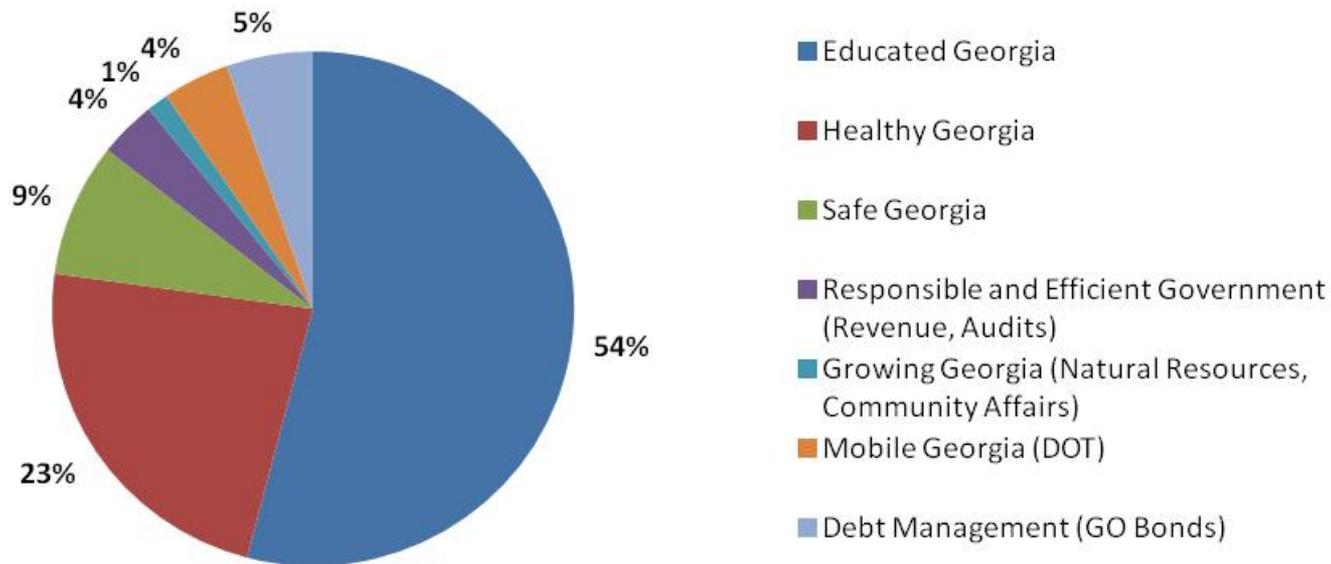


# FY2015 State Budget Overview

# FY2015 State Budget Overview

## State Appropriations by Policy Area

**Total State Funds Appropriated: \$20,836,744,620**



**DCH represents 64% of the Healthy Georgia Budget (in state funds)**

**Georgia revenues are estimated to increase 3% from FY2014 to FY2015**

**Georgia's largest revenue source is individual income tax, followed by general sales and use tax**

# FY2015 Top 10 Agencies By State Funds Appropriation Amount

Agency	FY2015 Appropriation
Department of Education	7,944,481,675
Department of Community Health	3,068,589,491
University System of Georgia, Board of Regents	1,939,087,764
Department of Corrections	1,148,527,802
Department of Behavioral Health and Developmental Disabilities	968,833,425
Department of Transportation	864,106,198
Georgia Student Finance Commission	682,506,450
Department of Human Services	523,873,307
Department of Early Care and Learning	369,793,520

**The Top 10 agencies represent 90% of total state funds appropriated to agencies in FY2015**

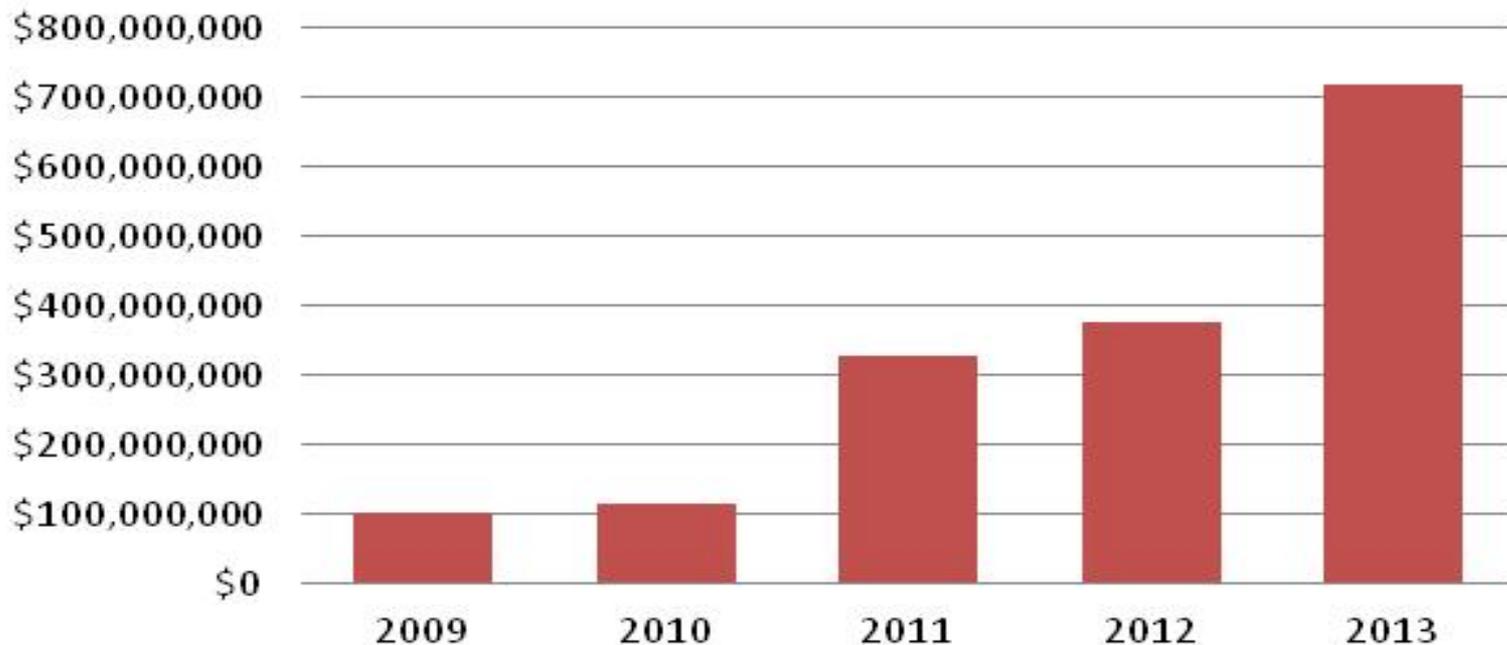
**DCH represents 16% of total state funds appropriated to agencies in FY2015**



# FY2015 State Budget Overview

## Revenue Shortfall Reserve

### Revenue Shortfall Reserve Amounts



In FY2013 total state general fund surplus returned to the state treasury was \$218.2 Million, of which DCH contributed \$172.6 Million.





# FY2015 Budget Request and Appropriation

# FY2015 Budget \*

		DCH Request	As Passed
1.	<p><b><u>Federal Premium Tax</u></b></p> <p>Part of Affordable Care Act (ACA) funding mechanisms is a new federal premium tax on all managed care companies including those who provide Medicaid services. The tax is based on the national total book of business not just the work in Medicaid. This new tax will increase the capitation rates paid to the three CMOS participating in the traditional Georgia Families program and the new Foster Care and Adoption Assistance managed care program. These additional tax funds are due annually in September.</p>	29,300,000	29,300,000
2.	<p><b><u>6 to 12 Month Required Change</u></b></p> <p>As mentioned in the FY2014 Proposed Amended Budget Request, ACA requires that eligibility for Medicaid recipients be reviewed on a 12 month basis. This mandate begins January 1, 2014 and is still required even though Georgia is not participating in the Medicaid expansion.</p>	28,700,000	28,275,569
3.	<p><b><u>Primary Care Physician Premium Tax Rate Increase</u></b></p> <p>ACA requires that primary care physician rates match Medicare rates from January 1, 2013 through December 31, 2014. Most of the increase is 100% federally funded except for an increase in the capitation rate for the state insurance premium tax caused by the increase in the provider rates.</p>	1,100,000	1,100,000
4.	<p><b><u>Woodwork</u></b></p> <p>DCH is planning on an increase in the number of individuals who qualify for and actually enroll in Medicaid and PeachCare (referred to as the Woodwork Effect). DCH is planning on 65,000 additional children in FY2015.</p>	40,900,000	40,900,000
5.	<p><b><u>Medicaid Management Information System (MMIS) Administrative Increase</u></b></p> <p>Administrative increase to the MMIS contract for new members enrolled due to ACA.</p>	1,690,000	1,678,000

# FY2015 Budget \*

		DCH Request	As Passed
6.	<p><b><u>Planning for Healthy Babies</u></b></p> <p>Continuation funding for Planning for Healthy Babies (extend to June 30, 2014) services including family planning and prenatal care for Medicaid eligible members at risk of delivering a low or very low birth weight baby. DCH is working with CMS on the extension of this program into State Fiscal Year 2015.</p>	3,600,000	3,600,000
7.	<p><b><u>Foster Care</u></b></p> <p>Additional funds needed to fund the move of Foster Care and Adoption Assistance members to managed care starting January 1, 2014. These costs will cover the run out of fee for service claims (also includes \$308,000 for staffing).</p>	5,108,000	5,108,000
8.	<p><b><u>Restore Funding for Department of Corrections</u></b></p> <p>Restore funding for the Medicaid program related to the Department of Corrections paroling prisoners who qualify for medical reprieves to nursing homes. (restores legislative cut).</p>	650,000	500,000
9.	<p><b><u>Single Dose Vials</u></b></p> <p>Annualize the single-dose vials wastage policy. Funds added to the FY2014 budget only included a partial year of funding. This item annualizes the cost for the full fiscal year.</p>	2,000,000	0
10.	<p><b><u>PARIS (INTEGRUS)</u></b></p> <p>Savings from the expansion of the INTEGRUS M3 (PARIS) program. The INTEGRUS M3 project will identify Medicaid members who may be eligible for other health insurance. For example, DCH will identify Medicaid members who may be eligible for VA (veteran) benefits.</p>	(2,600,000)	(3,463,000)



# FY2015 Budget \*

		DCH Request	As Passed
11.	<b><u>Supplemental Drug Rebates</u></b> Reflect savings from updating the supplemental drug rebates to include CMO claims. Currently supplemental drug rebates are collected only on fee for service claims; however, CMO claims have not previously been included.	(1,281,000)	0
12.	<b><u>Hospital Cost Settlements</u></b> Add back one-time reduction for prior year (FY2011 and FY2012) Hospital Cost Settlements collected in FY2014. This was a one-time collection of additional revenue for the Department.	5,000,000	500,000
13.	<b><u>Physician Injectable Drug List (PIDL)</u></b> Reflects savings associated with MMIS improvements to monitor inconsistencies with units billed compared to appropriate dosages for Physician Injectable Drug Lists.	(680,000)	(680,000)
14.	<b><u>Growth for Benefits Program</u></b> Program Growth in ABD, LIM and PeachCare.	39,700,000	40,425,433
15.	<b><u>Pharmacy and Dentistry Boards</u></b> Provide administrative funds required for Pharmacy and Dentistry Boards.	1,400,000	1,523,644
16.	<b><u>Transfer from Department of Behavioral Health and Developmental Disabilities and Department of Juvenile Justice for Foster Care</u></b> Transfer of State matching funds.	0	25,339,209



# FY2015 Budget \*

		DCH Request	As Passed
17.	<b><u>Reflect Savings from Federal Medical Assistance Percentage (FMAP)</u></b> Recognize more favorable FMAP rate.	0	(69,089,774)
18.	<b><u>Nursing Home Rate Update</u></b> Update to 2012 nursing home cost report and Fair Rental Value.	0	13,568,322
19.	<b><u>Hospital Provider Payment Update</u></b> Tier 2 hospital provider fee.	0	22,542,793
20.	<b><u>Merit-Based Adjustments / Recruitment and Retention</u></b> Provide Funds for merit-based adjustments and employee recruitment and retention initiatives effective July 1, 2014.	0	198,836
21.	<b><u>Employer Share of Employees' Retirement System</u></b> Increase funds to reflect an adjustment in the employer share of the Employees' Retirement System.	0	479,864
22.	<b><u>Attached Agencies</u></b> Increase funding for various attached agency initiatives including \$1.8 million for the Mercer School of Medicine and \$5 million for the Morehouse School of Medicine.	0	7,949,234
23.	<b><u>Team Works Billings</u></b> Adjustment for Team Works Billings (statewide adjustment).	0	(19,969)



# FY2015 Budget \*

		DCH	As Passed
24.	<b>Federally Qualified Health Centers</b> Eliminate \$500,000 in start-up funds for two FQHCs added in the FY2014 budget and add \$1 million for four "new start" grants for one integrated behavioral health center (Gilmer County) and three community health centers (Clay County, Decatur County, and Brooks County).	0	500,000
25.	<b>Health Care Access and Improvement Program Adds</b> Add \$300,000 for Area Health Education Centers Housing Resources for medical students; add \$50,000 for the Southeastern Firefighters' Burn Foundation; and add \$250,000 in contract funds for services for Medically Fragile Children who do not qualify for the "Katie Beckett" waiver.	0	600,000
26.	<b>Administration</b> Reduce funding for managed care program assessment contract.	0	(170,687)
27.	<b>Healthcare Facility Regulation</b> Provide funds to initiate the Adult Day Center facility licensure program.	0	321,000
28.	<b>SOURCE/Community Care Services Program rate increase</b> 5% increase for Alternative Living Services, Personal Support Services, and Case Management.	0	566,000
29.	<b>Administration</b> Reduce funds for contracts.	0	(642,210)
30.	<b>ABD Care and Disease Management Savings</b> Reflect projected savings through patient-centered outcome incentives for case care and disease management programs.	0	(4,150,677)
31.	<b>Tobacco Fund Transfer to Department of Public Health (DPH)</b> Transfers tobacco settlement funds for Georgia Center for Oncology Research and Education from DCH to DPH.	0	(225,000)
<b>Total</b>		<b>\$154,587,000</b>	<b>\$ 146,534,587</b>



# FY2015 Budget "Yes" Items

		DCH	As Passed
<b>Administration</b>			
32.	<p><b><u>Rural hospital stabilization</u></b> The Department of Community Health shall develop a plan for rural hospitals evolving to stabilization centers to provide medical assistance for stabilizing patients with emergency conditions to include emergency, optional outpatient and OB/GYN services.</p>	N/A	Yes
<b>State Health Benefit Plan</b>			
33.	<p><b><u>Children's Hearing Aids Coverage</u></b> Provide coverage for hearing aids for children effective January 1, 2015.</p>	N/A	Yes
34.	<p><b><u>Autism Coverage</u></b> Increase funds to provide coverage for the treatment of autism spectrum disorders (ASDs) effective January 1, 2015.</p>	N/A	Yes
35.	<p><b><u>Vendor Contracts</u></b> The Board shall contract with multiple statewide and regional vendors for any SHBP plan offered in Calendar Year 2015.</p>	N/A	Yes

# AFY2014 and FY2015 Budget Overview

Additional Information on DCH  
Website

[www.dch.georgia.gov](http://www.dch.georgia.gov)