



To: Board of Community Health

CC: Dr. Rhonda M. Medows

From: Carie Summers
Chief Financial Officer

RE: Amended FY 2009 Budget

Date: March 12, 2009

The following items highlight the Amended FY 2009 budget as passed by the General Assembly on March 10, 2009.

OVERVIEW: The final budget results in a 6.8% decrease in Total Funds of \$778,382,243 and a decrease in State Funds of 23.2% or \$583,761,333. Material differences from the agency's September 1, 2009 budget request include:

- Reductions to SHBP Employer Contributions to access available funding in the plans aggregate Fund Balance;
- Recognition of enhanced federal financial participation in the Medicaid benefits programs due to the American Recovery and Reinvestment Act (ARRA);
- State fund cuts to Administration that are in excess of the 10% reduction scenario required in the Governor's Budget instructions; and
- Use of tobacco funds to supplant state general funds for Medicaid Benefits.

Changes to the FY 2009 Budget are grouped by additions, reductions, reduction restored, and fund source adjustments and are listed below with the state fund impact, unless otherwise noted. These items do not include \$4,295,196 in reductions to the Attached Agencies' budgets.

As a reference, an asterisk (*) indicates an item that was not in the agency's request and a double asterisk (**) indicates the item was in the agency's request but the final budget reflects a different funding amount.

Additions:

Administration/Health Care Access and Improvement

1. Reflect allocation of telecommunication expenses resulting from the GTA GAIT outsourcing project. - \$57,164*

Indigent Care Trust Fund

2. Provide state matching funds for private hospitals considered "deemed" by federal standards for the Disproportionate Share Program. - \$13,718,752**

Reductions:

Administration/Health Care Access and Improvement

1. Defer state salary increases effective January 1, 2009. (\$230,899)
2. Reduce the SHBP employer contribution rate from 22.165% to 1.926% effective February 1, 2009, and reflect no contribution from March 1, 2009 through June 30, 2009. (\$1,008,315)*
3. Reduce contract funding. (\$10,193,410)**
4. Reduce funds for personal services and eliminate 8 vacant FTEs. (\$1,064,215)**
5. Reduce operating expenditures. (\$1,389,180)**
6. Reduce funding for the Office of Rural Health Community Service Grants. (\$250,000)
7. Defer funds for the:
 - a. Southeastern Firefighters Burn Foundation (\$400,000)
 - b. Safety Net Clinics (\$950,000)
 - c. Georgia Marketplace Authority (\$2,000,000)
 - d. Wellness Incentive Pilot Program (\$150,000)
 - e. Rural Health Initiative (\$10,600,000 Tobacco Funds)

Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

8. Reduce funds to reflect projected FY 2009 surplus. (\$54,868,351)**
9. Defer rate increases provided for in the FY 2009 for the following providers (\$39,632,078):
 - a. Ambulance
 - b. Dental
 - c. Home Health
 - d. Inpatient and Outpatient Hospital
 - e. Physician
 - f. Healthcheck
 - g. Digital mammography
 - h. Global maternity
 - i. Personal support services for the Independent Care Waiver Program (ICWP)
10. Defer conversion to Fair Rental Value Scale indices for the nursing home per diem rate. (\$12,658,580)
11. Defer cost report update and 1% quality incentive payment for nursing homes. (\$6,784,574)
12. Perform expedited eligibility reviews of Ex Parte Medicaid members. (\$3,540,420)*
13. Reflect savings from the public assistance reporting information system (PARIS) initiative through identification of Medicaid members eligible for health coverage through other payers. (\$1,793,000)*
14. Recognize additional savings from fraud and abuse recoveries. (\$1,541,873)*
15. Delay implementation of the 75 new ICWP slots until January 1, 2009. (\$586,822)

Reductions Restored

16. Funds for the Health Information Exchange Contract. (\$500,000)
17. Georgia Association of Primary Health Care (\$2,000,000)

Fund Source Adjustments

Low Income Medicaid/Aged, Blind, and Disabled/PeachCare for Kids

18. Replace state general funds with federal funds from enhanced federal financial participation in the Medicaid program due to the ARRA. [\$427,000,000 reduction in state funds and \$427,000,000 increase in federal funds]*
19. Replace state general funds with tobacco funds. [\$63,430,666 reduction in state funds and \$63,430,666 increase in tobacco funds]*
20. Reflect additional Incurred But Not Reported claims reserves. [\$14,820,314 reduction in state funds and \$14,820,314 increase in prior year reserves]*
21. Reduce funds to reflect revised Care Management Organization (CMO) fee projections. [\$4,455,804 reduction in CMO Fees]**
22. Increase nursing home provider fee collections to reflect updated projection. [\$3,918,923 increase in NH Fees]
23. Replace state general funds with Indigent Care Trust Funds. [\$1,243,141 reduction in state funds and \$1,243,141 increase in ICTF funds]*

State Health Benefit Plan

24. Adjust Health Insurance Payments to reflect projected revenue. [(\$295,535,893 increase in other funds for State Health Benefit Plan)]
25. Adjust Health Insurance Payments to reflect a reduction in Employer Revenue due to reductions in the percent-of-payroll contributions for state agencies and school boards. [\$783,512,488]*

Department of Community Health
 Department Financial Summary

<u>Program/Fund Sources</u>	FY 2009 Current Budget	Changes	Amended FY 2009 Final
Administration	\$431,809,973	(\$30,009,986)	\$401,799,987
Aged, Blind, and Disabled	3,998,933,946	\$196,919,680	4,195,853,626
Health Care Access and Improvement	26,272,898	(14,528,138)	11,744,760
Indigent Care Trust Fund	398,662,493	13,718,752	412,381,245
Low Income Medicaid	3,154,813,458	(376,403,421)	2,778,410,037
Nursing Home Provider Fees	335,870,759	10,928,397	346,799,156
PeachCare for Kids	393,671,223	(86,735,736)	306,935,487
State Health Benefit Plan	2,704,743,166	(487,976,595)	2,216,766,571
Attached Agencies	<u>55,639,939</u>	<u>(4,295,196)</u>	<u>51,344,743</u>
Total Funds	\$11,500,417,855	(\$778,382,243)	10,722,035,612
Less:			
Federal Funds	\$5,556,721,455	\$278,984,989	\$5,835,706,444
Other Funds	<u>3,429,404,580</u>	<u>(473,605,899)</u>	<u>2,955,798,681</u>
SUBTOTAL	\$8,986,126,035	(\$194,620,910)	\$8,791,505,125
State General Funds	\$2,452,718,164	(\$636,591,999)	\$1,816,126,165
Tobacco Settlement Funds	<u>61,573,656</u>	<u>52,830,666</u>	<u>114,404,322</u>
TOTAL STATE FUNDS	\$2,514,291,820	(\$583,761,333)	\$1,930,530,487
Positions	529	(8)	521
Vehicles	19	-	19