INDIGENT CARE TRUST FUND

Presentation to
HOUSE OF REPRESENTATIVES
SPECIAL COMMITTEE ON CERTIFICATE OF NEED
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CARIE SUMMERS, CHIEF FINANCIAL OFFICER
Indigent Care Trust Fund (ICTF) Purposes

Enacted in 1990 via a Constitutional Amendment

- Article III, Section IX, Paragraph VI (i)

O.C.G.A. 31-8-154 requires ICTF funds to be used for any one or a combination of the following:

- (1) To expand Medicaid eligibility and services;
- (2) For programs to support rural and other healthcare providers, primarily hospitals and nursing homes, who serve the medically indigent; and/or
- (3) For primary healthcare programs for medically indigent citizens and children of this state.
- (4) Any combination of purposes specified in paragraphs (1) through (3) of this Code section.
ICTF – Umbrella over multiple revenue sources earmarked for specific purposes:

- Disproportionate Share Hospital (DSH)
- Nursing Home Provider Fee
- CMO Quality Assessment Fee
- Ambulance/EMS Licensing Fees
- CON Penalties
- Breast Cancer Tags
- Intergovernmental Transfers
- Federal Funds

FY 2006 ICTF
(Revenue = $741.7M)

- NH Provider Fee
  - 32.7%
- EMS Fees
  - 0.7%
- CMO QA Fee
  - 7.4%
- CON Penalties/Interest
  - 0.5%
- PY Benefit Reserves
  - 2.3%
- DSH
  - 56.3%
- Breast Cancer Tags
  - 0.1%
Disproportionate Share Hospital Program

States must make additional payments to qualified hospitals that provide inpatient services to a disproportionate number of Medicaid beneficiaries and/or to other low-income or uninsured persons under what is known as the "disproportionate share hospital" (DSH) adjustment.

FY 2006 Payments: $417.7 m
DSH Eligibility Criteria

Federal Criteria (BOTH)
- Medicaid inpatient utilization rate of at least 1%; AND
- 2 Obstetricians providing Medicaid Services
  - Rural Hospital Exception

State Criteria (ONE)
- Medicaid inpatient utilization rate at certain level
- Low Income Utilization > 25%

State Criteria (ONE) - continued
- Medicaid/PCK Charges > 15% Total Charges
- Largest Medicaid hospital in MSA
- Children’s Hospital
- Regional Perinatal Center
- Medicare rural referral center
- Regents Hospital
- Rural, public hospital < 250 beds
Nursing Home Provider Fees

• Statutorily Created in 2003
  – OCGA 31-8-161 through 31-8-169
• Assesses nursing homes for each bed day subject to the fee; currently at $13.11 per bed day
  – Federal maximum equivalent to 6% of NH revenue
  – Top 10 NH’s with the most Medicaid days; Continuing Care Retirement Centers; and charitable NH’s exempt from paying fee
  – Medicare days not subject to fee
• Fees deposited into the ICTF and used to draw down matching federal funds for Medicaid payments to nursing homes
  FY 2006 Payments = $242.7 m
CMO Quality Assessment Fees

- Statutorily Created in 2005
  - OCGA 31-8-170 through 31-8-177
- Assesses Medicaid Care Management Organizations 6% of total revenue received
  - Currently at the Federal maximum
  - No exemptions
- Fees deposited into the ICTF and used to draw down matching federal funds for Medicaid payments on behalf of Low Income Medicaid and PeachCare for Kids members.
  
  FY 2006 Payments - $54.7 m
Ambulance Licensure Fees

• Ambulances must pay a licensing fee to the Department of Human Resources to operate in the state

• Currently licensure fees are:
  – $2,500 Base Rate PLUS $1,400 per licensed ambulance

• Licensure fees are deposited into the ICTF and used to draw down matching federal funds for Medicaid payments to Emergency Medical Service Providers

FY 2006 Payments – $5.2 m
Certificate of Need Penalties

31-8-153.1. Irrevocable transfer of funds to trust fund; provision for indigent patients

“…The department is authorized to transfer to the trust fund moneys paid to the state by a health care facility as a monetary penalty for the violation of an agreement to provide a specified amount of clinical health services to indigent patients pursuant to a certificate of need held by such facility. Such transfers shall be irrevocable and shall be used only for the purposes contained in Code Section 31-8-154.”

FY 2006 Penalties collected: $3.0 million
Breast Cancer Tag Funds

• $25.00 additional fee to purchase and renew Breast Cancer Tag
• Per OCGA 40-2-86.8 (f)(1), fee proceeds to be deposited to ICTF
• Fees should be used for programs that may include:
  – education,
  – breast cancer screening,
  – grants-in-aid to breast cancer victims,
  – pharmacy assistance programs for breast cancer victims, and
  – other projects to encourage public support for the special license plate and the activities which it funds.

FY 2006 Tag Fee Collections – $1.1 m
## FY 2006 ICTF Financial Overview

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Funds</th>
<th>Federal Funds</th>
<th>State Funds</th>
<th>Provider Fees</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disproportionate Share Hospital*</td>
<td>$417,724,430</td>
<td>$253,141,005</td>
<td>$14,000,000</td>
<td>-</td>
<td>$150,583,425</td>
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<tr>
<td>Nursing Home Provider Fees</td>
<td>242,656,678</td>
<td>147,049,947</td>
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<td>$95,606,731</td>
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<tr>
<td>CMO Quality Assessment Fees</td>
<td>54,655,317</td>
<td>33,121,122</td>
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<td>21,534,195</td>
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<td>Medicaid Benefit Reserves**</td>
<td>17,032,277</td>
<td>10,321,560</td>
<td>-</td>
<td>-</td>
<td>6,710,717</td>
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<td>Ambulance Licensing Fees</td>
<td>5,179,394</td>
<td>3,137,020</td>
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<td>2,042,374</td>
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<td>CON Penalties</td>
<td>2,956,216</td>
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<td>2,956,216</td>
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<tr>
<td>Breast Cancer Tag</td>
<td>1,058,689</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,058,689</td>
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<tr>
<td>Interest</td>
<td>464,296</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>464,296</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$741,727,297</strong></td>
<td><strong>$446,770,654</strong></td>
<td><strong>$14,000,000</strong></td>
<td><strong>$117,140,926</strong></td>
<td><strong>$163,815,717</strong></td>
</tr>
</tbody>
</table>

* ½ of payments made in July 2006 (FY 2007); ** to cover prior year incurred but not reported benefit expenses for Right from the Start pregnant women and their children; program ended in FY 2005, however, not all FY 2005 expenditures paid by June 2005.