

Fiscal Year 2006 & 2007 Budget Issues and Update



GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

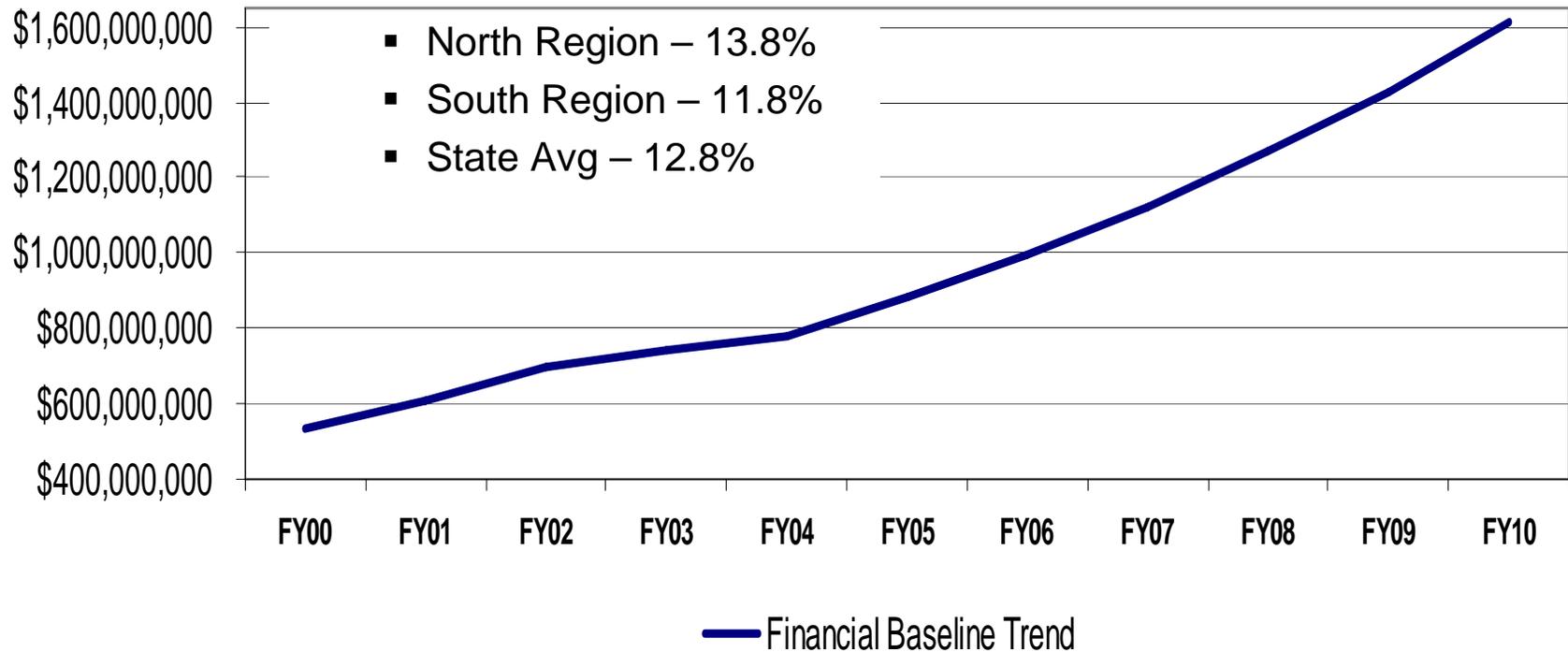
Presentation to Health and Human
Services Subcommittee
August 11, 2005



Disease Management (DM) Baseline Expenditures North and South Regions

Financial Baseline Trend

Financial baseline trend absent a DM intervention





Disease Management Projected Savings

	Gross Savings	Program Fees	Total Net Savings	Net Savings to State
Vendor A (North Region)	\$29,755,275	\$8,790,564	\$20,964,711	\$8,268,482
Vendor B (South Region)	\$39,331,477	\$18,725,734	\$20,605,743	\$8,126,905
Totals	\$69,086,752	\$27,516,298	\$41,570,454	\$16,395,387



Disease Management

PMPM Metrics

	PMPM
Vendor A (North Region)	\$13.94
Vendor B (South Region)	\$29.79

North vs. South Strategic Differences

- Staffing levels
- Geography
- Regional Trend Differential
- Engagement Rate



Disease Management Savings Estimates

	State Funds	Total Funds
Governor	\$15,509,515	\$39,324,327
Actual	\$16,354,563	\$41,466,945
Appropriations	\$23,262,935	\$58,983,101



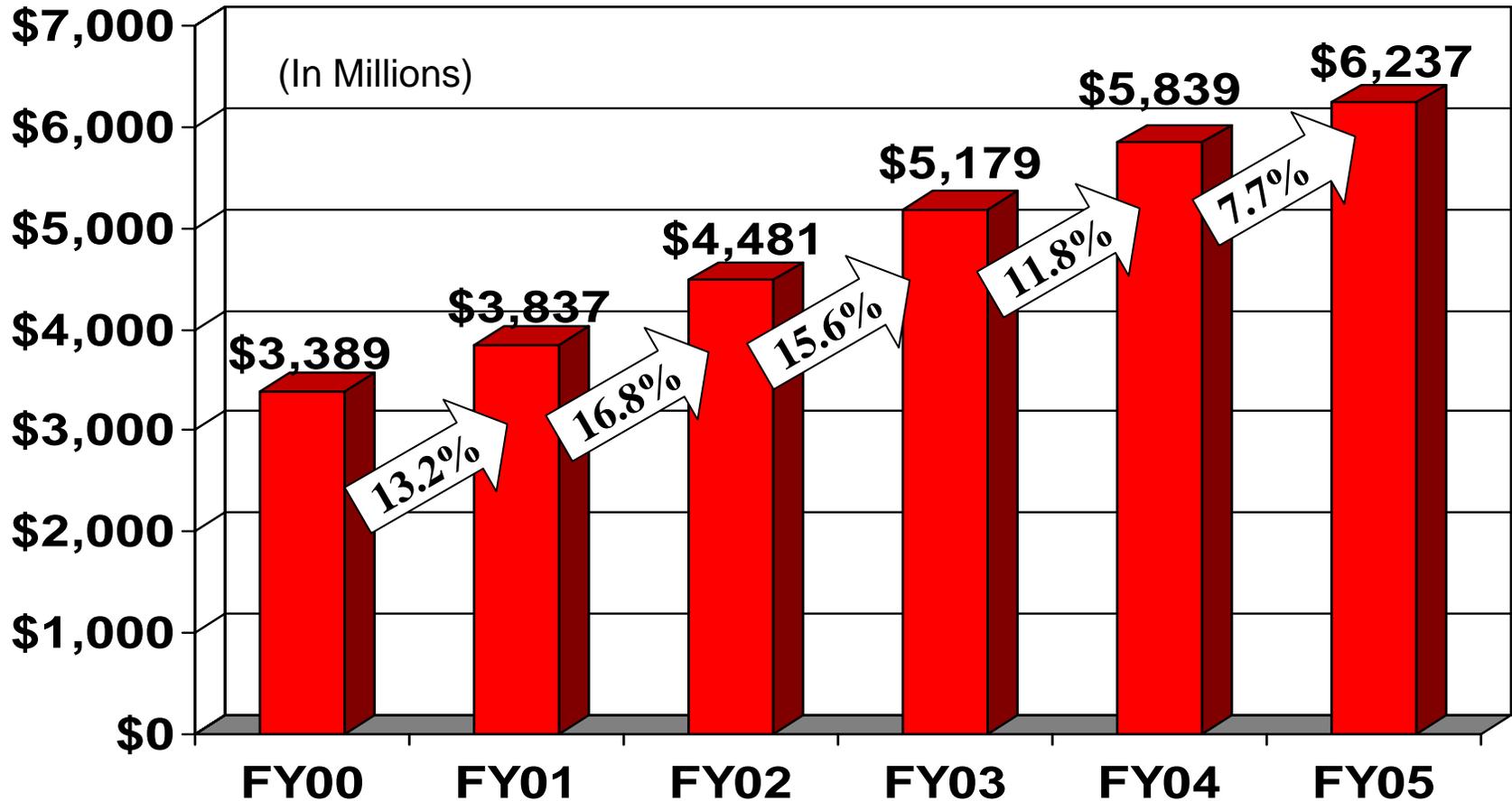
Managed Care Savings by Region

Note: All figures represented in Millions

	Atlanta	Central	East	North	Southeast	Southwest	Total
FY06	\$44.4	\$14.7					\$59.1
FY07	\$98.3	\$33.3	\$12.1	\$30.8	\$12.8	\$11.7	\$198.9
FY08	N/A	N/A	N/A	N/A	N/A	N/A	\$232.1



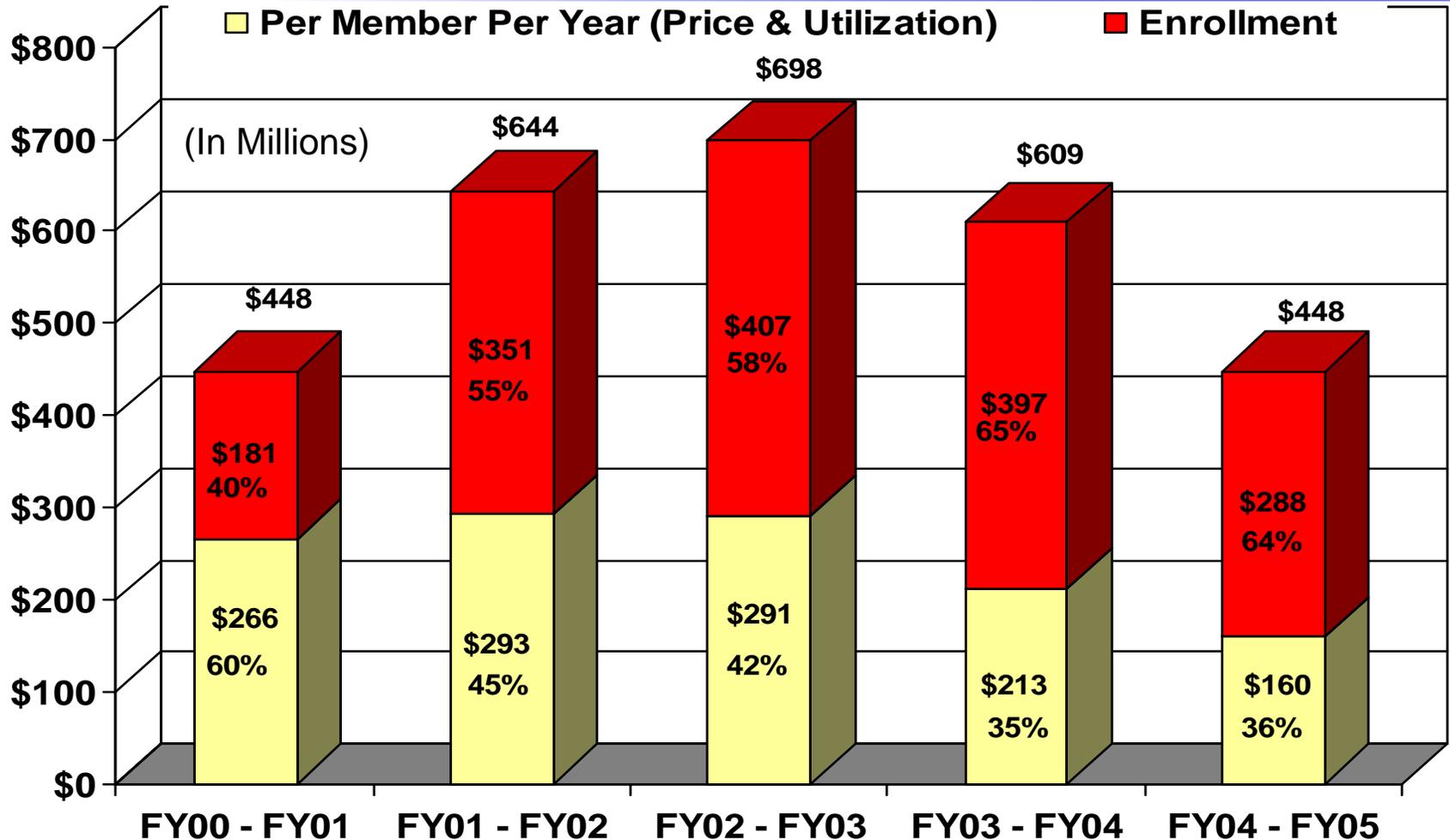
Medicaid Accrual Expense And Growth by Fiscal Year (Total Funds)



Note: Expenditure projection does not account for non claims based offsets, adjustments, or other expenditures. Reflective of claims based expenses only.



Medicaid Growth (Total Funds)

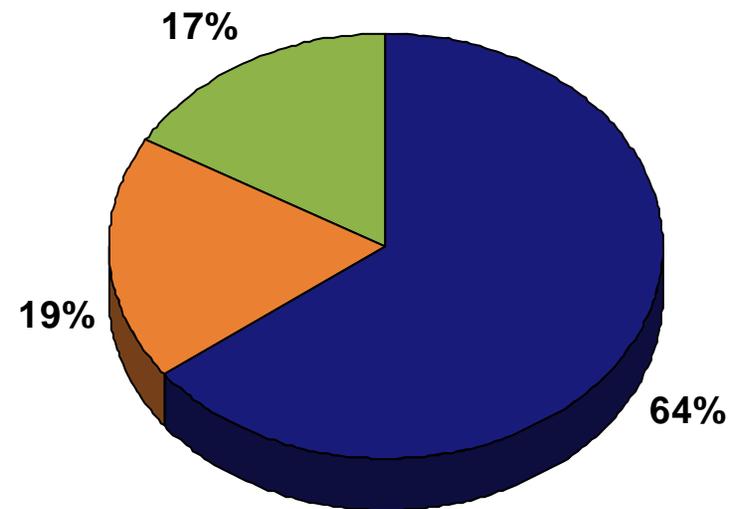




Cost Drivers for FY 2007 Projection

- Expect Accrual Expense to be 9.1% higher in FY 2007 than in FY 2006
- 64% of Increase driven by enrollment
 - LIM and RSM biggest increase
 - Expect enrollment to continue growing by 5.7% in FY 2007
- Utilization and Price growth smaller components
 - Rate cuts or no rate increases to providers
 - Acuity Levels driving some utilization

Cost Drivers - FY 2007 Medicaid Benefits

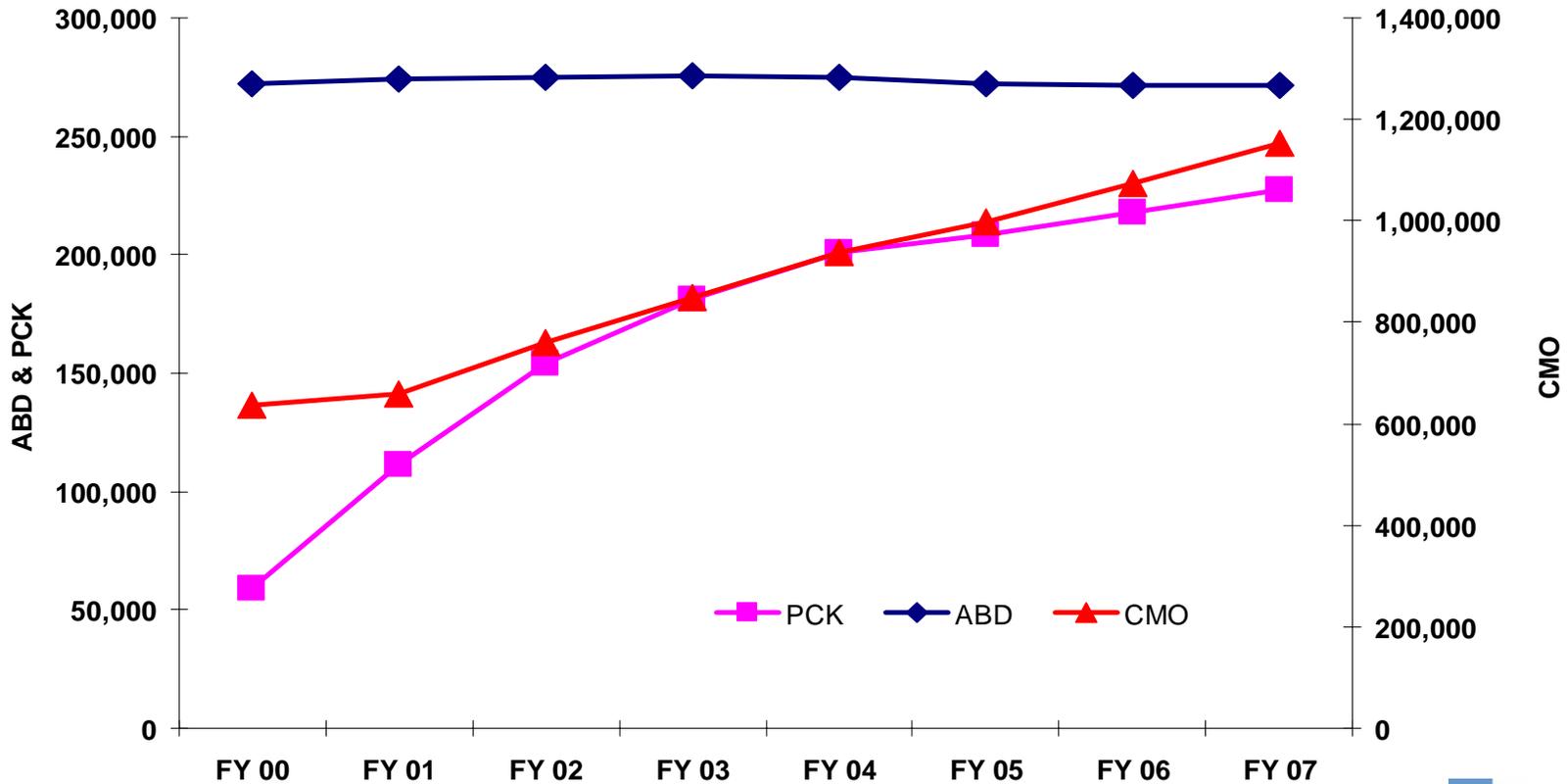


■ Enrollment ■ Utilization ■ Price



FY00 – FY05 Enrollment Growth

- ✓ 500,000 new members between FY00 & FY05 = 50% enrollment growth
- ✓ Average of 100,000 new members per year





Percentage of State Funds Spent on Medicaid and K-12 Education

Medicaid Spending

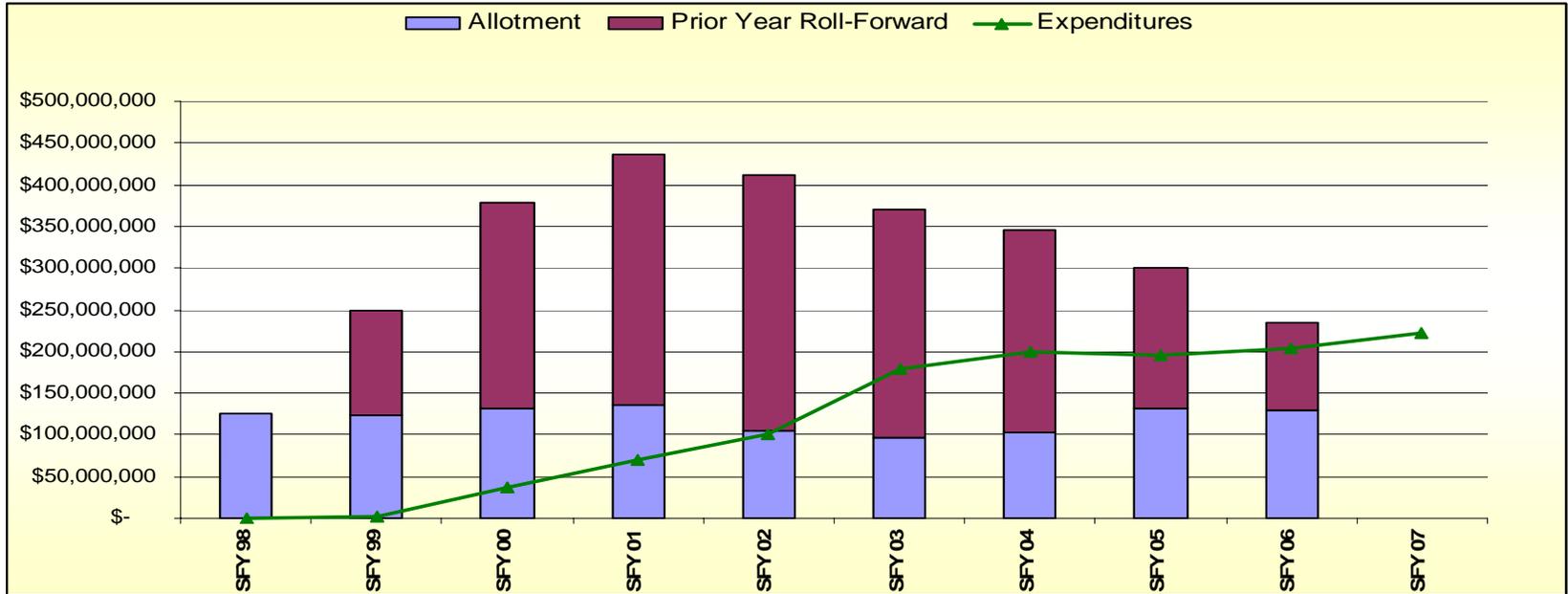
#1	Tennessee	33.9%
#13	North Carolina	23.4%
#16	Florida	22.3%
#39	Georgia	17.6%
#50	Wyoming	7.9%
All States		21.4%

K-12 Spending

#1	Vermont	38.0%
#6	Georgia	26.9%
#15	North Carolina	23.4%
#22	Florida	20.4%
#50	West Virginia	12.5%
All States		21.7%



PeachCare Federal Deficit



SFY	Allotment	Prior Year Roll-Forward	Expenditures	Deficit
SFY 03	\$ 96,976,597	\$ 272,411,916	\$ 178,491,768	\$ 190,896,745
SFY 04	\$ 103,892,954	\$ 240,977,573	\$ 199,362,901	\$ 145,507,626
SFY 05	\$ 130,915,014	\$ 169,149,397	\$ 194,665,784	\$ 105,398,627
SFY 06	\$ 129,000,000	\$ 105,398,627	\$ 203,115,555	\$ 31,283,073
SFY 07	Pending Authorization	\$ 31,283,073	\$ 223,172,972	Unknown



SHBP FY 2007 Projection

For FY 2007 –

- ✓ Revenue growth projected at **3.8%** with \$2.2 billion in collections
- ✓ Expenditure growth projected at **10.6%** with \$2.42 billion in expenditures

- Savings initiatives beginning in January 2006 are annualized for FY 2007, reducing typical, status quo growth of 12 – 15%

- **Annual Deficit - \$222 million**



FY 2004 Financial Audit

	FY 2003	FY 2004
Audit Report Date	January 7, 2005	July 6, 2005
Opinion on Year End Balance – Medicaid and PCK	Disclaimer (no opinion)	Clean
Opinion on Year End Balance – State Health Benefit Plan	Clean	Clean

Timing an Issue to Address Audit Findings and Management Points

- FY 2003 audit report issued after FY 2004 ended
- FY 2004 audit report issued after FY 2005 ended



FY 2004 Financial Audit

Management Points

- Auditors required to provide to management
- Documents areas of concern or suggests changes to current management practices
- Areas of concern not serious enough to be findings
- Some points made for FY 2004 cannot be addressed by the Department:
 - For example, Collateralization of Deposits
 - Auditors suggest our banks provide collateral for any deposits over FDIC insured amounts
 - Department's current cash management practice overseen by the State Depository Board; Department in compliance with Board policies