

# Amended FY 2010 Program Budget

Presentation to  
House Appropriations Health Subcommittee  
January 26, 2010



# DCH Mission

## ACCESS



Access  
to affordable,  
quality health  
care in our  
communities

## RESPONSIBLE



Responsible  
health planning  
and use of  
health care  
resources

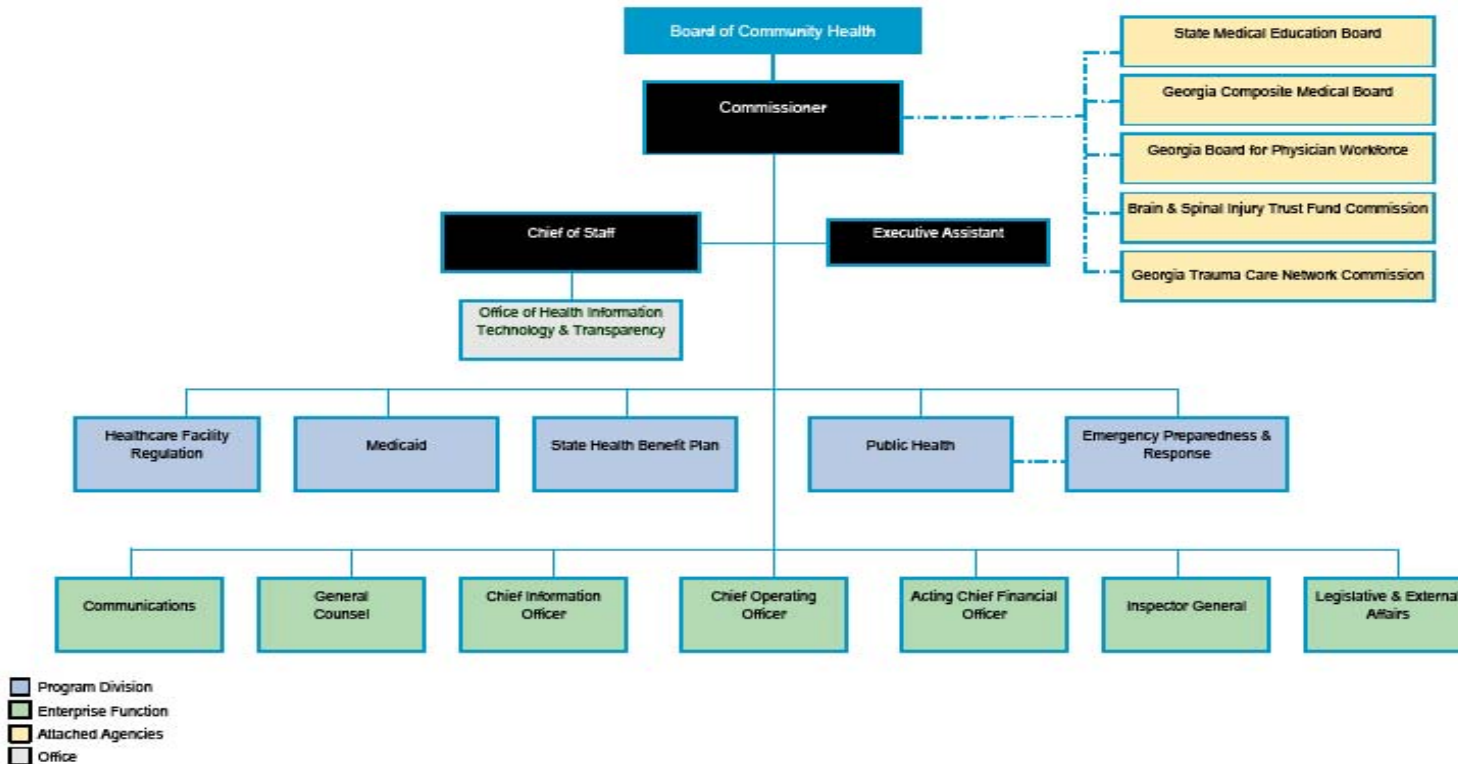
## HEALTHY



Healthy  
behaviors and  
improved  
health  
outcomes

# Department of Community Health Organization Chart

## Georgia Department of Community Health



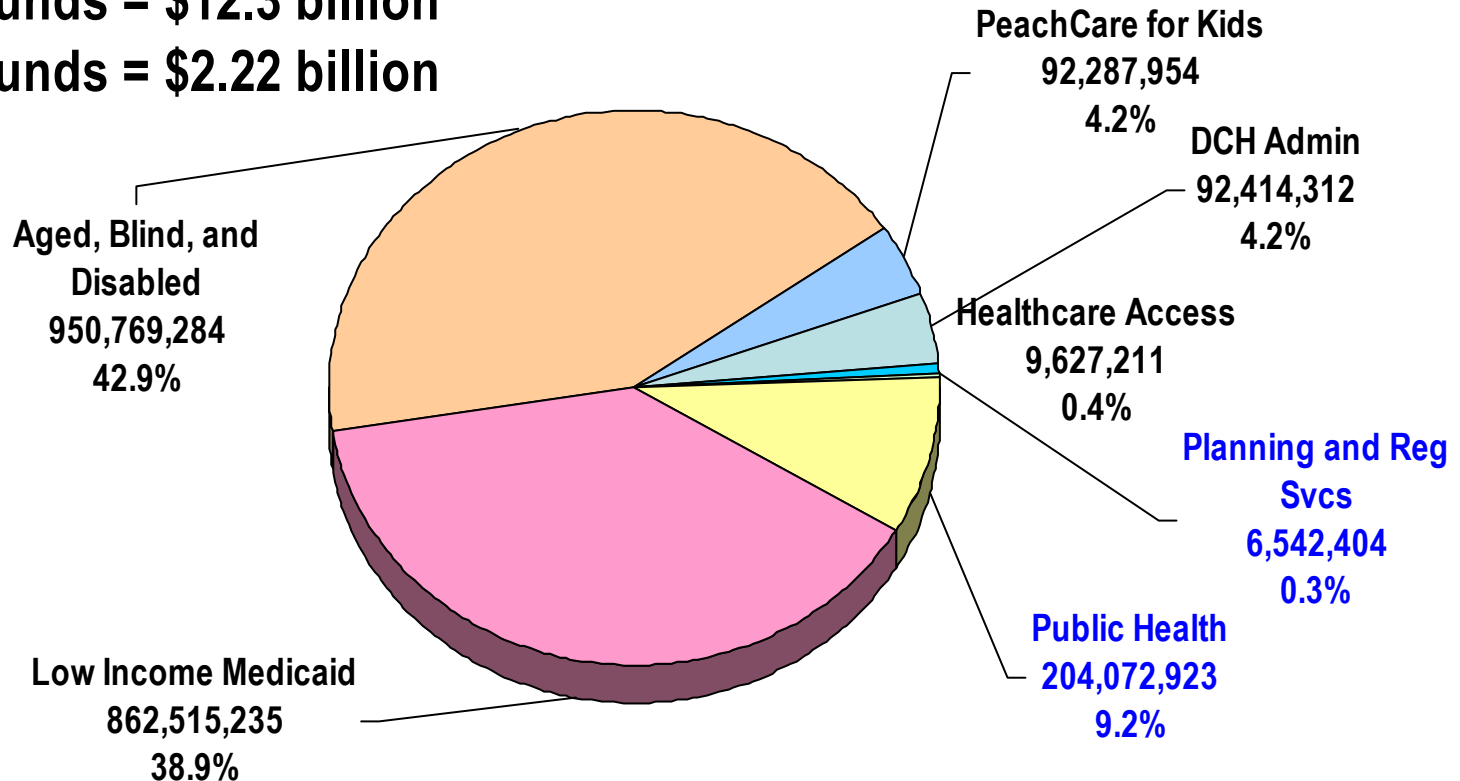
# DCH: Budget Programs AFY 2010

<b>DCH 8 Key Budget Program Areas</b>	<b>House Tracking Sheet AFY 2010</b>
1. Administration	17.4
2. Healthcare Access	17.7
3. Health Facility Regulation (aka Planning and Regulation)	17.17
4. Public Health	17.1, 17.2, 17.6, 17.8, 17.10, 17.11, 17.12, 17.14, 17.18, 17.20
5. Emergency Preparedness	17.5, 17.13
6. State Health Plan	17.19
7. Medicaid	17.3, 17.15
8. PeachCare (SCHIP)	17.16

Total DCH State Funds FY 2010: \$2.2 Billion

# DCH FY 2010 State Fund Budget

**Total Funds = \$12.3 billion**  
**State Funds = \$2.22 billion**



\*State funds for Medicaid & PCK Benefits include tobacco funds and provider fees

# DCH Administration Budget

Program	Served	% Funding From State	FY2010 State Appropriation	FY 2010 Reductions In State Funds to date	FY 2009 State Budget Cuts
DCH Administration	All DCH Programs	26%	\$111,332,207	(\$14,508,100)	(\$14,864,327)

DCH Admin Budget is 4% of the Department Budget

# DCH Administration: Personnel

DCH Personnel Status	November 2009		Vacancy	FTEs
	Current Employees	Current Vacancies	Vacancy Rate	Current Positions
Commissioner's Office	8	0	0.0%	8
Communications	6	1	14.3%	7
Financial Management	75	11	12.8%	86
General Counsel	41	13	<b>24.1%</b>	54
Information Technology	39	1	2.5%	40
Inspector General	52	10	16.2%	62
Legislative & External Affairs	6	0	0.0%	6
Medicaid				
<i>Managed Care</i>	14	5	<b>26.4%</b>	19
<i>LI Medicaid/PeachCare</i>	88	11	11.2%	99
Operations	38	6	13.7%	44
State Health Benefit Plan	40	10	<b>20.0%</b>	50
<b>TOTAL</b>	<b>407</b>	<b>68</b>	<b>14.4%</b>	<b>475</b>
Healthcare Facility Regulation	154	62	<b>28.7%</b>	216
Public Health & EP	930	406	<b>30.4%</b>	1336
<b>DEPARTMENT TOTAL</b>	<b>1491</b>	<b>536</b>	<b>26.5%</b>	<b>2,027</b>

# DCH Administration: Governor's Budget

<b>Administration</b>	<b>Amended FY2010</b>
<b>State Funds</b>	<b>\$111,332,207</b>
<b>Governor's Budget Recommendation</b>	<b>(\$16,255,492)</b>
<b>Percent Reduction</b>	<b>(14.6%)</b>



# DCH - Administration

## AFY 2010 Governor's Recommendation

Recommendations		State Funds
1.	Reduce funds to reflect the adjustment in the employer share of the State Health Benefit Plan from 22.165% to 16.581% for September to November 2009 and from 22.165% to 20.618% from April to June 2010.	(\$321,085)
2.	Reduce Personal Services to reflect furlough savings associated with 6 days.	(\$433,274)
3.	Reflect an adjustment in Telecommunications expenses for GTA.	(\$823,479)
4.	Reflect an adjustment in Workers' Compensation premiums.	(\$121,108)
5.	Reduce funding for the following contracts: Georgia Partnership for Caring (\$6,000), actuarial services (\$200,000), computer systems (\$3,146,216), APS administrative services (\$523,392), and child support recovery (\$250,000).	(\$4,125,608)
6.	Reduce funding for Equipment purchases (\$18,969), Real Estate (\$70,000), Regular Operating Expenses (\$70,000) and temporary staffing (\$100,000).	(\$240,000)
7.	Eliminate consultant contracts with Nichols Cauley for services related to the health and human services agency restructuring.	(\$760,000)
8.	Reduce funds for Personal Services to reflect projected expenditures.	(\$1,046,794)

# DCH - Administration

## AFY 2010 Governor's Recommendation

Recommendations		State Funds
9.	Reduce funding for legal assistance with Medicaid and PeachCare issues.	(\$175,000)
10.	Replace state funds with prior year reserve funds from the Indigent Care Trust Fund.	(\$5,221,942)
11.	Implement new cost allocation plan.	(\$3,118,997)
12.	Transfer tobacco funds from DHS to accurately reflect the health and human services agencies restructuring.	\$131,795
13.	Recognize prior year restricted funds from Nursing Home Civil Monetary Penalties collected by DCH and redirect to the Long Term Care Ombudsman and Adult Protective Services programs administered by the Department of Human Services (Total Funds \$1,611,520).	Yes
14.	Reduce unearnable Temporary Assistance for Needy Families (TANF) Block Grant funds (Total funds: \$1,182,023).	\$0
TOTAL FY 2010 Budget Reduction		(\$16,255,492)

# Healthcare Access Budget:

Program	Population Served	% Funding from State	FY2010 State Appropriation	FY 2010 Reductions in State Funds to date
Healthcare Access	Safety net providers, rural health providers	93%	\$9,627,211	(\$15,956,849)

# Healthcare Access: Governor's Budget

<b>Healthcare Access</b>	<b>Amended FY2010</b>
<b>State Funds</b>	<b>\$9,627,211</b>
<b>Governor's Budget Recommendation</b>	<b>(\$2,716,457)</b>
<b>Percent Reduction</b>	<b>(28.3%)</b>

# DCH – Healthcare Access

## AFY 2010 Governor’s Recommendation

Recommendations		State Funds
1.	Reduce funds to reflect the adjustment in the employer share of the State Health Benefit Plan from 22.165% to 16.581% for September to November 2009 and from 22.165% to 20.618% from April to June 2010.	(\$50,525)
2.	Reduce Personal Services to reflect furlough savings associated with 6 days.	(\$48,953)
3.	Reflect an adjustment in Telecommunications expenses for GTA.	(\$626)
4.	Reduce funds for personal services to reflect projected expenditures.	(\$405,034)
5.	Reduce funds for the following grants: Chatham County Board of Health (\$17,888), Rural Health Association (\$2,400), St. Joseph Mercy Care (\$14,660), Area Health Education Centers (\$156,371), Southeastern Firefighters Burn Foundation (\$20,000).	(\$211,319)
6.	Reduce funding for Federally Qualified Health Center Startup (\$1,000,000) and Behavioral Health Integration (\$1,000,000) sites.	(\$2,000,000)
	<b>Total FY 2010 Budget Reduction</b>	<b>(\$2,716,457)</b>

# Healthcare Facility Regulation Budget

Program	Population Served	% Funding from State	FY2010 State Appropriation	FY 2010 Reductions in State Funds to date
Healthcare Facility Regulation	All Georgians	43%	\$6,542,404	(\$2,216,864)

# Healthcare Facility Regulation: Governor's Budget

<b>Health Facility Regulation</b>	<b>Amended FY2010</b>
<b>State Funds</b>	<b>\$6,542,404</b>
<b>Governor's Budget Recommendation</b>	<b>(\$167,856)</b>
<b>Percent Reduction</b>	<b>(2.6%)</b>

# DCH – Healthcare Facility Regulation

## AFY 2010 Governor’s Recommendation

Recommendations		State Funds
1.	Reduce funds to reflect the adjustment in the employer share of the State Health Benefit Plan from 22.165% to 16.581% for September to November 2009 and from 22.165% to 20.618% from April to June 2010.	(\$63,407)
2.	Reduce Personal Services to reflect furlough savings associated with 6 days.	(\$77,521)
3.	Reflect an adjustment in Telecommunications expenses for GTA.	(\$26,928)
	Total FY 2010 Budget Reduction	(\$167,856)



# Public Health Budget

Program	Population Served	% Funding from the State	FY2010 State Appropriation	FY 2010 Reductions In State Funds to date	FY 2009 State Budget Cuts
Public Health State Level	All Georgians	26%	\$158,616,578	(\$25,702,432)	(\$35,659,111)
Public Health District/County:	159 County Boards of Health				
General GIA		97%	\$68,154,008	(\$3,703,320)	(\$11,797,095)
Program GIA		21%	\$31,635,106	(\$3,307,013)	(\$1,867,828)

# Public Health Programs

Six Public Health State Programs	Budget Document Listing
1. Health Promotion & Disease Prevention	Adolescent & Adult Health Promotion Adult Essential Health Treatment Services
2. Epidemiology & State Labs	Epidemiology
3. Immunization & Infectious Disease	Immunization, Infectious Disease Control
4. Maternal Child Health & WIC	Infant & Child Essential Health Treatment Infant & Child Health Promotion, WIC
5. Environmental Health	Inspections & Environmental Hazard Control
6. Vital Records	Vital Records
<ul style="list-style-type: none"> <li>• State Operations</li> <li>• Field Operations</li> </ul>	General Grant-In-Aid to counties Programmatic Grant-In-Aid to counties

# Division of Public Health

## AFY 2010 Governor's Recommendation

Recommendations		In State Funds
1.	Reduce funds to reflect adjustment in the employer share of SHBP	(\$311,650)
2.	Reduce Personal Services to reflect furlough savings	(\$293,296)
3.	Reflect an adjustment in telecommunications expenses Georgia Technology Authority.	(\$58,340)
4.	Reduce funds for Personal Services to reflect projected expenditures and the elimination of vacant positions	(\$581,884)
5.	Reduce Operating expenses	(\$546,190)
6.	Reduce funds for the Georgia Poison Control Center to reflect a change in the Medicaid federal participation rate	(\$348,412)

# Division of Public Health

## AFY 2010 Governor's Recommendation

Recommendations		In State Funds
7.	Reduce funds for temporary staffing, the Georgia Rural Water Association and the Regional Tertiary Care Centers contracts	(\$227,710)
8.	Reduce funds for temporary staffing, training and the American Academy of Pediatrics contract.	(\$71,788)
	Total FY 2010 Budget Reduction	(\$2,439,270)

# Public Health State Level Fee Effective April 1, 2010

Program	Fee Description	Current	Proposed	New Annual Revenue	Range of Other SE States
Epidemiology – Lab	HIV Testing*	\$0	\$10	\$495,560	\$6.00 to \$19.17
	STD Testing*				\$5.00 to \$5.73
	Lead*				No charge to \$13.00
	Hepatitis C*				
	Well Water				\$0
Vital Records	Birth and Death Certificates	\$10	\$15	\$ 229,125	\$10-\$30 birth cert \$6-\$30 death cert
<b>TOTAL Annual NEW FEE Revenue to STATE TREASURY**</b>				<b>\$724,685</b>	

# Division of Public Health – Grant In Aid AFY 2010 Governor’s Recommendation

Recommendations		In State Funds
1.	Reduce funds for programmatic grant in aid to Public Health Districts	(\$577,931)
2.	Reduce funds for general grant in aid to 159 County Boards of Health By \$1,674,678 for SHBP, \$44,793 for Worker’s Comp and \$5,943,852 in General Grant in Aid.	(\$7,663,324)
	Total FY 2010 Budget Reduction	(\$8,241,255)

# Division of Emergency Preparedness & Response

	Population Served		State Funding Percentage	FY10 State Appropriation	FY10 Reductions in State funds to date	FY09 State Budget Cuts
Emergency Preparedness & Response	All Georgians		38%	\$3,238,183	(\$3,163,520)	(\$1,484,725)
Trauma Commission				\$23,000,000	\$23,000,000	N/A
Injury Prevention				\$300,404	(\$957,209)	(\$356,901)

# Division of Emergency Preparedness & Response

## AFY 2010 Governor's Recommendation

Recommendations		In State Funds
1.	Reduce funds to reflect adjustment in the employer share of SHBP	(\$27,198)
2.	Reduce Personal Services to reflect furlough savings	(\$27,928)
3.	Reduce funds for Personal Services to reflect projected expenditures and the elimination of vacant positions	(\$78,469)
4.	Reduce Operating expenses	(\$100,811)
	Total FY 2010 Budget Reduction	(\$234,406)



# STATE HEALTH PLAN



# State Health Plan

Program	Population Served	# of People	% Funding from the State	FY2010 State Appropriation	FY 2010 Reductions In State Funds to date	FY 2009 State Budget Cuts
State Health Plan	State Employees, School Districts, Retirees	689K	75% Employer Premiums	\$2,811,029,108	(\$106,285,942)	(\$783,512,488)

Average Monthly Enrollment .5% Increase  
 PMPM 13.5% Increase

# SHBP Highlights of FY2009

- **Year 2 of a 5 year strategy to streamline administration and focus on consumerism**
- **CDHP plan enrollment increased from 4% to 18%**
  - Higher risk population and increased utilization of services resulted in highest trend of all products
  - Despite higher CDHP trends, CDHP plans continue to be more cost effective than the HMO/PPO plans
  - HRA plan experienced higher adherence for preventive care screenings in all categories than HMO/PPO plans
- **Increased utilization of services across all options and significant increase in catastrophic (>\$100k) claims**
- **In FY2009 SHBP returned funds to the treasury and used the current fund balance to pay claims**
  - Employer contributions from FY08 to FY09 reduced by \$483.5 m
  - DOE contributions reduced by \$124.5m (using \$30.3m from prior year contributions)

# SHBP Highlights FY2010

Benefit Changes to the State Health Benefit Plan	Projected Savings*
Significant plan design changes implemented January 1, 2010 to curb expense growth and account for revenue shortfalls	\$307.2M
Retirees >65 required to enroll in Medicare Advantage options in order to maintain state subsidy	\$87.7M
34% enrollment increase in the Consumer Driven Health Plan (CDHP) options	\$387.1M

\*Projected savings for FY2010 and FY2011 combined

# SHBP Highlights FY2010

Revenue Adjustments to the State Health Benefit Plan	Financial Impact
Employee premium increases in January 1, 2010 generate new revenue	\$74.2M*
Employer percent of payroll contributions reduced	(\$165.9M)
Department of Education contributions on behalf of non-certificated employees reduced	(\$22.8M)
Liquidated Long Term Investment Fund (Other Post Employment Benefits) to pay retiree claims	\$170.7M
AFY10 Governor's Recommendation to reduce employer percent of payroll contributions during the last quarter of FY10	(\$51.2M)

\*Projected savings for FY2010 and FY2011 combined

# FY 2010 Governor's Recommendation

Recommendations for State Health Benefit Plan		
1.	Adjust FY2009 net assets to reflect FY2009 expenditures (Total Funds: \$123,334,874).	Yes
2.	Increase funds to reflect a 10% increase in employee premiums and spousal and tobacco (\$10 and \$20) surcharge increases in Plan Year 2010 (Total Funds: \$24,175,306).	Yes
3.	Increase funds to reflect projected revenue (Total Funds: \$267,726,030).	Yes
4.	Reflect projected savings achieved through plan design changes implemented in Plan Year 2010 (Total Funds: \$104,581,299).	Yes
5.	Reduce employer contribution rates effective April 2010 through June 2010 for state employees (22.165% to 20.618%) and teachers (18.534% to 17.418%), and reduce the Department of Education's contribution for non-certificated employees (Total Funds: \$74,790,406)	Yes

# FY 2010 Governor's Recommendation

Recommendations for State Health Benefit Plan		
6.	Reduce employer contributions rates effective September 2009 through November 2009 for state employees (22.165% to 16.581%) and teachers (18.534% to 14.492%), and reduce the Department of Education's contribution for non-certificated employees (Total Funds: \$165,961,166).	Yes
7.	Reflect FY2009 Incurred But Not Reported (IBNR) reserve funds (Total Funds: \$237,631,000).	Yes
8.	Release long-term investment funds for Other Post-Employment Benefits (OPEB) from the State Employee OPEB Fund and the School Personnel OPEB Fund, and utilize funds to support current retiree expenditures (Total Funds: \$170,738,260)	Yes
9.	Utilize FY2009 net assets (\$45,285,224) and partial IBNR reserves (\$196,396,787) to cover projected expense (Total Funds: \$241,682,011).	Yes
<b>Total FY 2010 Governor's Recommended Adjustments</b>		<b>\$94,502,139</b>

# Medicaid and PeachCare





# Medicaid

Program	Population Served	# of People	% Funding from the State	FY2010 State Appropriation	FY 2010 Reductions In State Funds to date	FY 2009 State Budget Cuts
Medicaid	Aged, Blind & Disabled Low Income Families	1.4M	25% Enhanced Matched	\$1,816,164,086	(\$413,031,375)	(\$546,805,498)

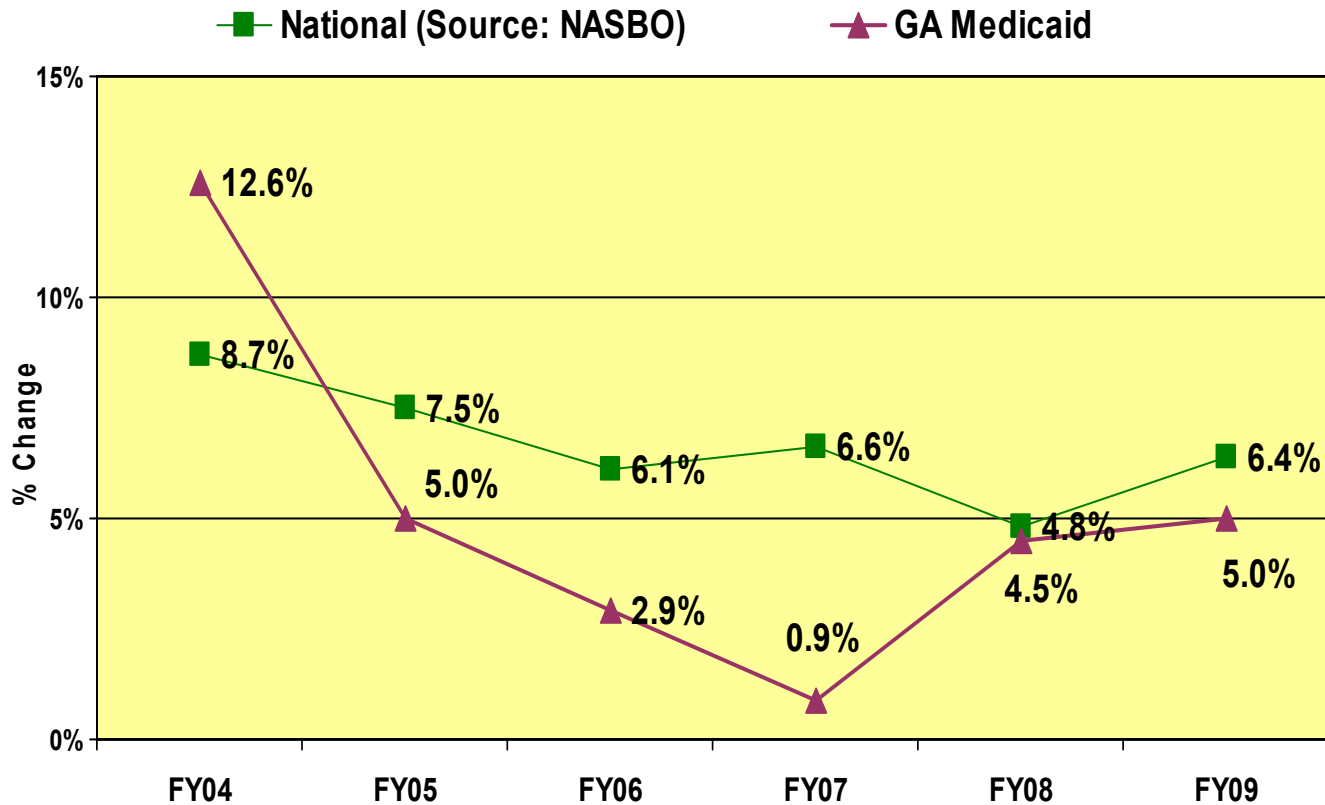
Medicaid State Funds = 9.8% of Georgia's FY10 State General Fund

# PeachCare

Program	Population Served	# of People	% Funding from the State	FY2010 State Appropriation	FY 2010 Reductions In State Funds to date	FY 2009 State Budget Cuts
PeachCare	Children in Low-Middle Income Families	201K	25%	\$92,904,956	(\$5,767,973)	(\$22,119,459)

# Medicaid: Annual Expenditure Growth Rate

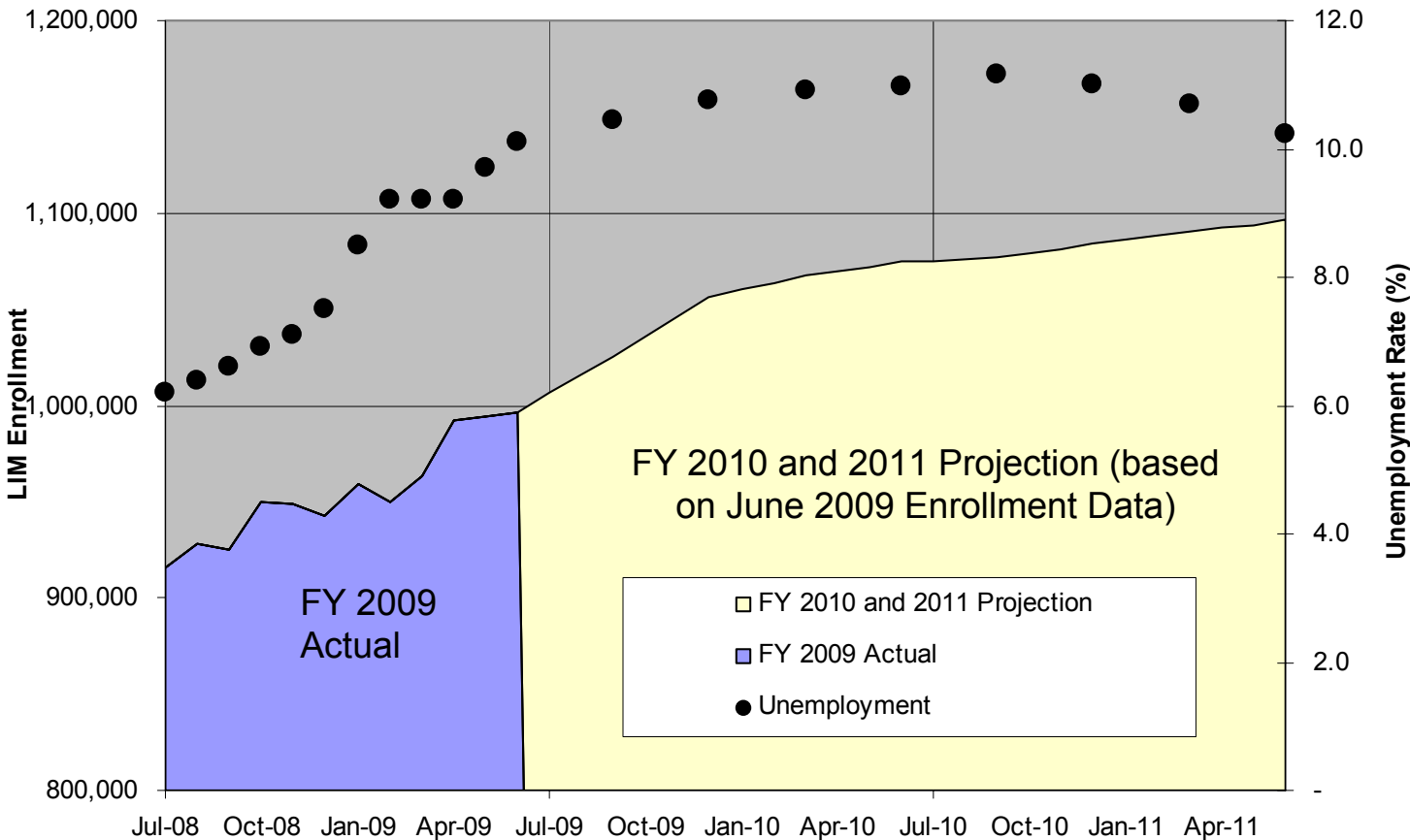
## Annual Increases Incurred Medicaid Benefit Expenditures



Medicaid  
Annual  
Expenditure  
Growth  
FY2009:  
**5%**

Georgia has trended below national Medicaid experience for the past 5 years.

# FY 2010-2011 Projected Medicaid LIM Enrollment



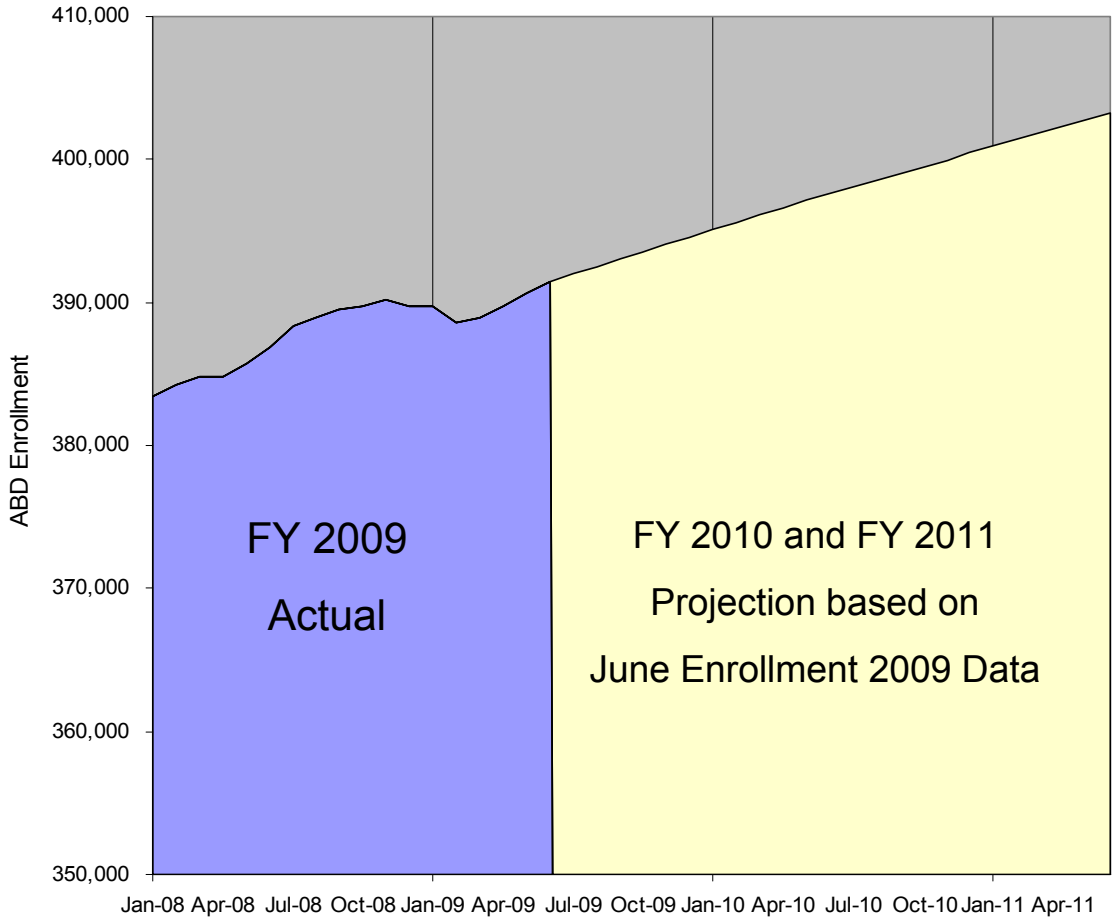
**LIM Enrollment**

**7.7% Increase**  
**June 09 to June 10**

**Projected: 2%**  
**June 10 to June 11**

**June 2009 = 997,488    June 2010 = 1,074,482    June 2011 = 1,096,502**

# FY 2010-2011 Projected ABD Enrollment



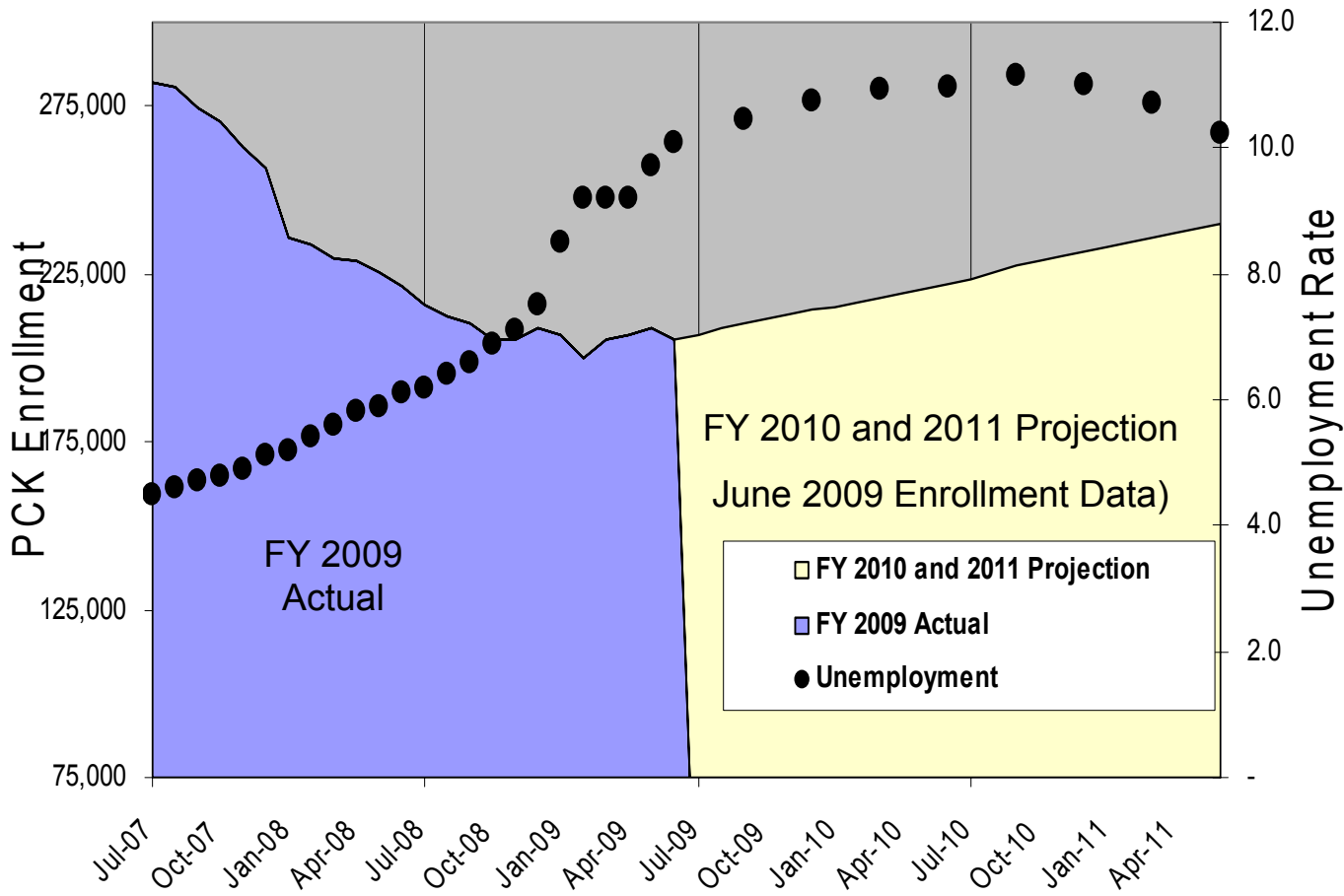
**ABD Enrollment**

**1.6%**  
June 09 to June 10

**1.4%**  
June 10 to June 11  
Projected

**June 2009 = 391,481    June 2010 = 397,681    June 2011 = 403,264**

# FY 2010-2011 Projected PCK Enrollment



**PeachCare Enrollment**

**8.0%**

June 09 to June 10

**8.0%**

June 10 to June 11 Projected

June 2009 = 205,370    June 2010 = 221,972    June 2011 = 239,917

# Medicaid & PeachCare Expenditures

Medicaid & PeachCare	Medicaid Aged, Blind & Disabled (ABD)	Medicaid Low Income Families (LIM)	PeachCare for Kids (PCK)
Current Enrollment	394,406	1,033,420	201,052
PMPM Growth FY 2009 to FY 2010	3.3%	2.7%	1.5%
FY2009 State Fund Reductions	(\$294,972,092)	(\$251,833,404)	(\$22,119,459)
FY2010 State Appropriation	\$950,769,284	\$865,394,802	\$92,904,956
Minus FY2010 Reductions to date	(\$310,618,826)	(\$102,412,549)	(\$5,767,973)

# AFY 2010 Governor's Recommendation

Recommendations for Medicaid and PeachCare		In State Funds
1.	Recognize FY 2009 Medicaid and PeachCare reserves and reduce state funds.	(\$35,098,652)
2.	Transfer state funds from LIM (\$22,684,057) and PCK (\$21,525,544) to ABD (\$44,209,601) to align projected expense.	Yes
3.	Revise LIM projection to reflect updated unemployment data and enrollment trends (\$15,868,595). Also, reflect the impact of Breast and Cervical Cancer eligibility reviews (\$4,332,249 ) (Total funds: \$80,232,242).	(\$20,200,844)
4.	Reduce state funds to reflect additional recoveries from a national drug settlement (this is a one-time state fund savings).	(\$8,612,468)
5.	Revise pre-admission screening and resident review (PASRR) contract and use community service boards (Total Funds: \$2,560,116).	(\$644,585)
6.	Reflect delayed implementation of the family planning waiver (Total Funds: \$2,250,000).	(\$225,000)



# AFY 2010 Governor's Recommendation

Recommendations for Medicaid and PeachCare		In State Funds
7.	Complete prior year cost settlements for outpatient hospital services (Total Funds: \$80,619,539).	(\$20,300,000)
8.	Recognize recoveries and enrollment adjustments related to member merge reconciliations (State Funds: \$10,691,768; Total Funds: \$42,461,350).	Yes
9.	Reclassify federal funds as increased FMAP funds provided in the American Recovery and Reinvestment Act of 2009 (\$671,388,209).	Yes
10.	Provide state matching funds for private DSH hospitals with deemed status.	\$8,603,287
	<b>Total FY 2010 Governor's Recommended Adjustments</b>	<b>(\$76,478,262)</b>
	<b>Governor Recommends Roll Forward to Cover FY 2011 Medicaid funding needs</b>	<b>32,217,312</b>
	<b>Net FY 2010 Change</b>	<b>(\$44,260,950)</b>

# Thank You

