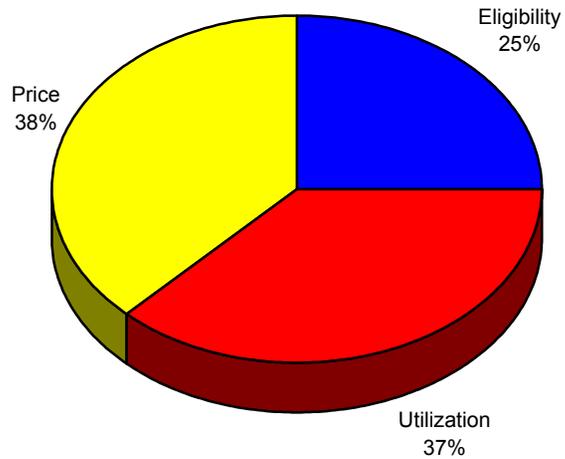
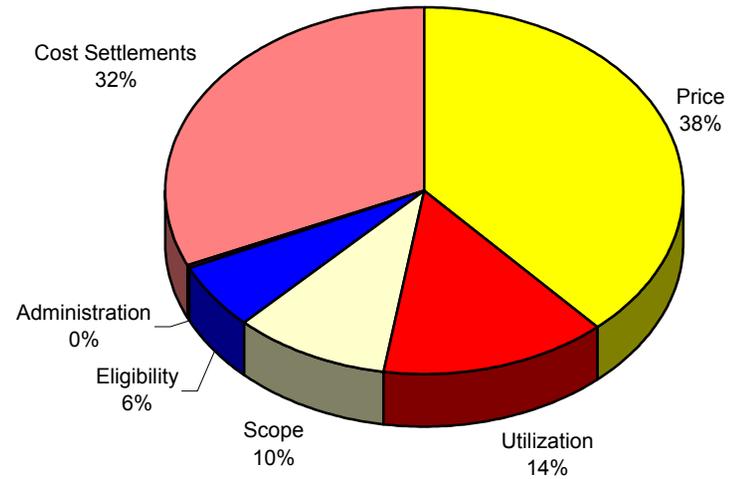


**DEPARTMENT OF COMMUNITY HEALTH**  
 FY2006 Budget Reductions

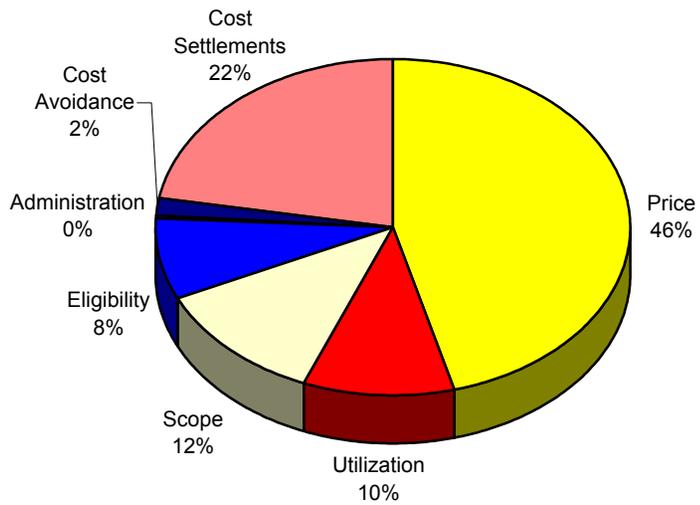
**FY06 Projected Expenditures by Cost Drivers**



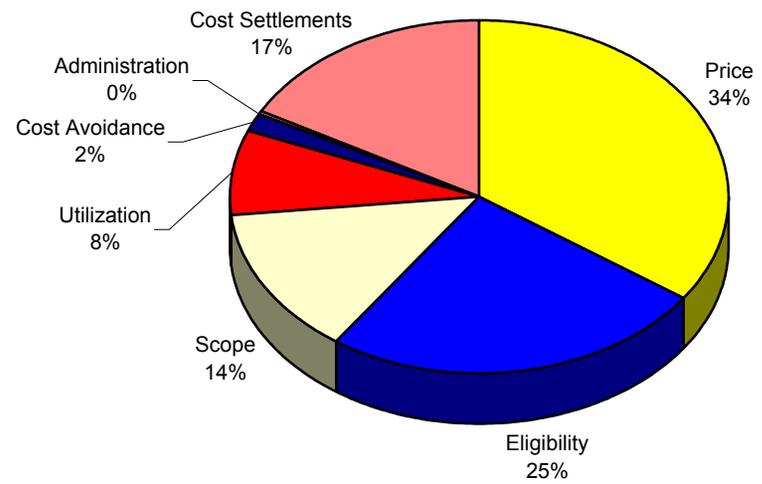
**FY06 Budget Reductions by Cost Drivers - 105% Package**



**FY06 Budget Reductions by Cost Drivers - 100% Package**



**FY06 Budget Reductions by Cost Drivers - 97% Package**

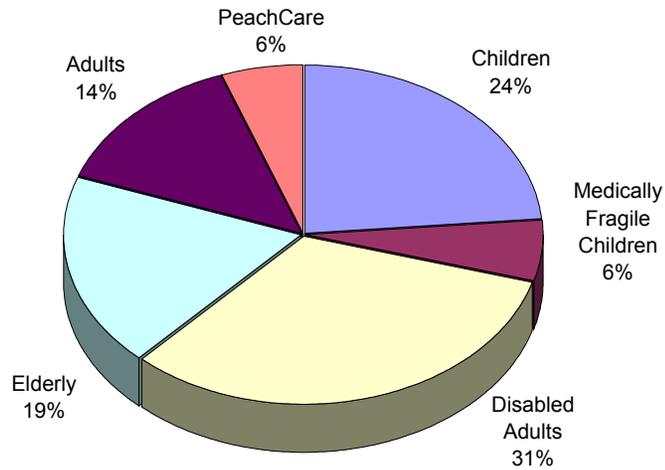


**DEPARTMENT OF COMMUNITY HEALTH**  
*FY2006 Budget Reductions*

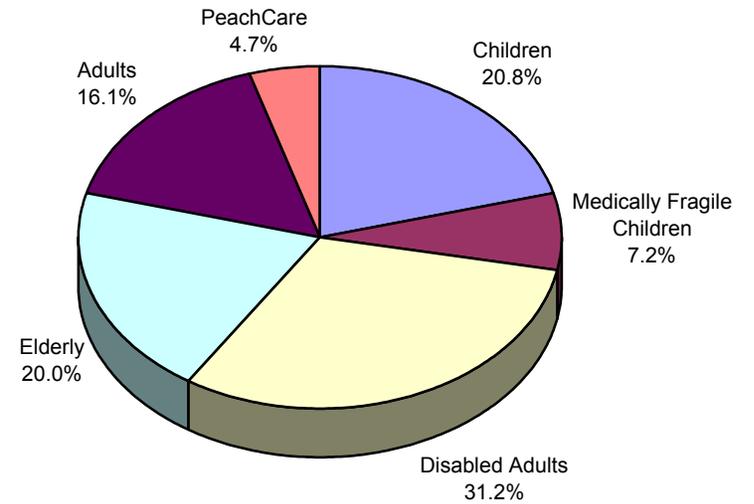
SubProgram	CY2002 Average PMPM	CY2003 Average PMPM
Children	148.27	\$ 148.55
Medically Fragile Children	568.97	\$ 621.55
Disabled Adults*	800.56	\$ 803.38
Elderly	907.66	\$ 949.32
Adults	366.81	\$ 391.27
PeachCare for Kids	100.52	\$ 107.98

\* CY2003 expense is understated due to fiscal agent conversion

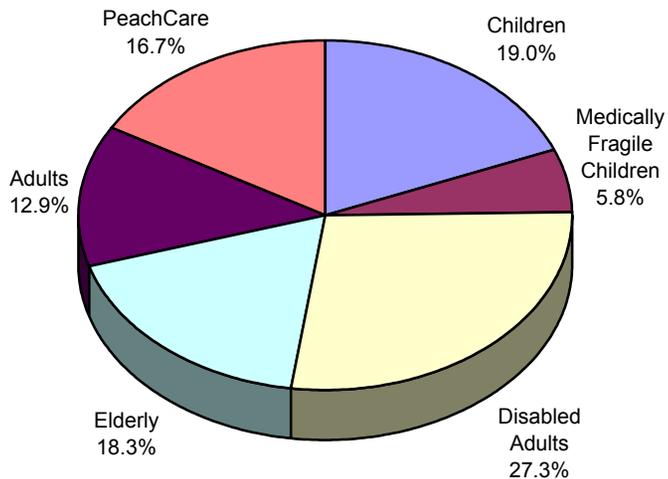
**FY06 Projected Expenditures by Subprogram**



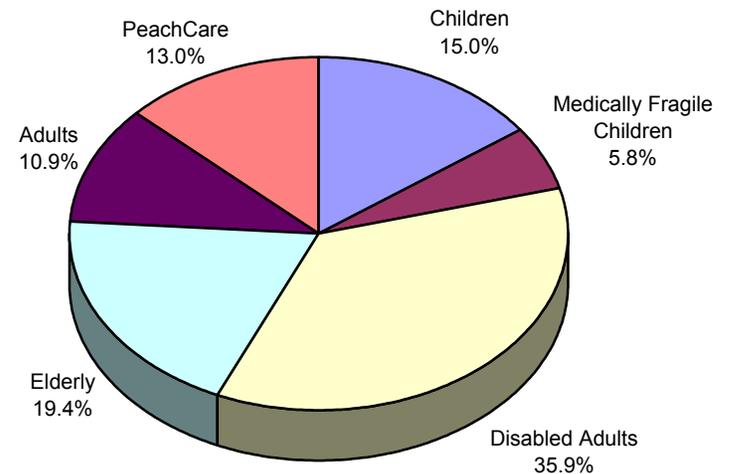
**FY06 Budget Reductions by Subprogram - 105% Package**



**FY06 Budget Reductions by Subprogram - 100% Package**

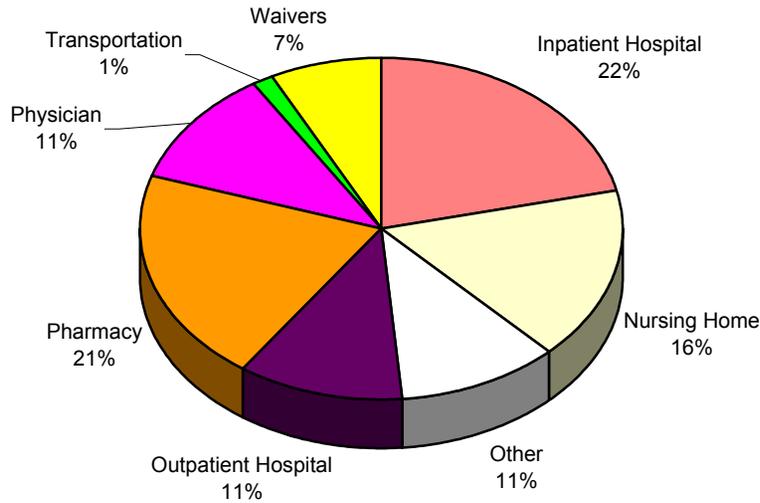


**FY06 Budget Reductions by Subprogram - 97% Package**

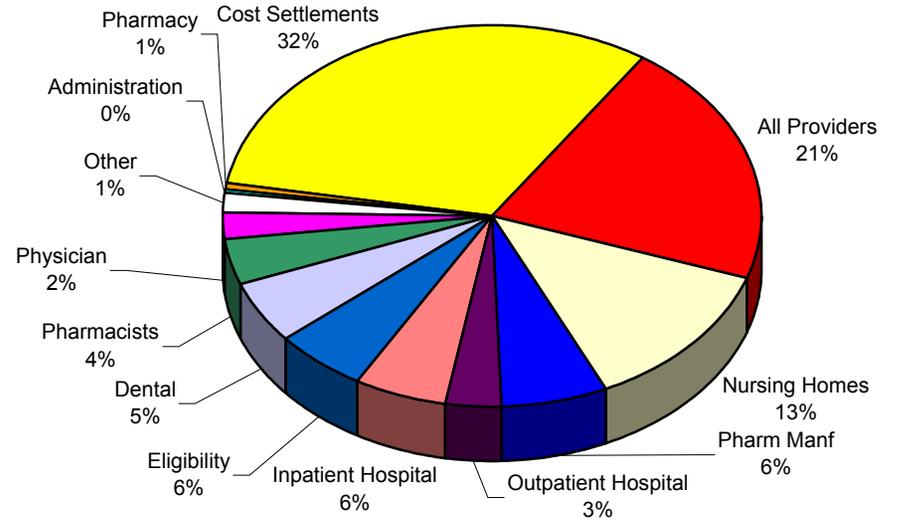


**DEPARTMENT OF COMMUNITY HEALTH**  
 FY2006 Budget Reductions

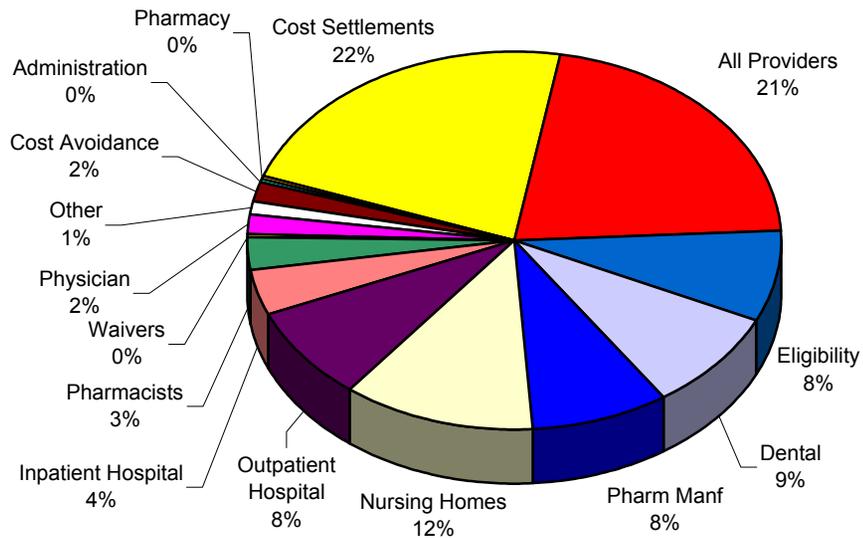
**FY 06 Projected Expenditures by Provider Type**



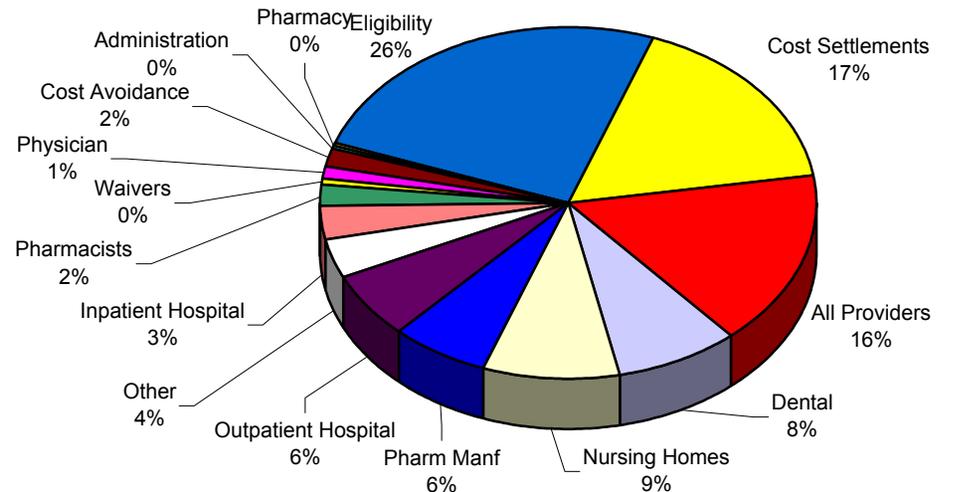
**FY 06 Budget Reductions by Provider Type - 105% Package**



**FY 06 Budget Reductions by Provider Type - 100% Package**



**FY 06 Budget Reductions by Provider Type - 97% Package**



Department of Community Health  
Proposed Reductions to Medicaid and PeachCare for Kids  
FY2006

#	Item	Total Funds	State Funds		
			@105%	@100%	@97%
<b>A-Utilization</b>					
1	Implement disease and case management to improve medical management for the aged, blind, and disabled populations.	\$ 39.3	\$ 15.4	\$ 15.4	\$ 15.4
2	Require prior authorization for more than four brand prescriptions per month.	\$ -	\$ -	\$ -	\$ -
3	Require prior authorization for high cost radiology services.	\$ 7.6	\$ 3.0	\$ 3.0	\$ 3.0
4	Perform retrospective reviews on non-delivery related hospital admissions for children.	\$ 6.9	\$ 2.7	\$ 2.7	\$ 2.7
5	Strictly enforce orthodontic policies for children.	\$ 4.8	\$ 1.8	\$ 1.8	\$ 1.8
6	Expand the emergency room utilization control pilot program to additional hospitals.	\$ 5.1	\$ 2.0	\$ 2.0	\$ 2.0
7	Pursue a more aggressive lock-in program for drugs subject to abuse.	\$ 2.5	\$ 1.0	\$ 1.0	\$ 1.0
8	Set a fixed expenditure cap for home and community based services provided in the Independent Care Waiver program.	\$ 2.6	\$ -	\$ 1.0	\$ 1.0
<b>subtotal Utilization</b>			<b>\$ 25.8</b>	<b>\$ 26.8</b>	<b>\$ 26.8</b>
<b>B-Cost Avoidance</b>					
9	Charge premiums for children ages 1 to 5 participating in the PeachCare for Kids program.	\$ 15.2	\$ -	\$ 4.5	\$ 4.2
10	Charge premiums for Katie Beckett children.	\$ 3.8	\$ -	\$ -	\$ 1.5
<b>subtotal Cost Avoidance</b>			<b>\$ -</b>	<b>\$ 4.5</b>	<b>\$ 5.7</b>
<b>C-Price</b>					
11	End supplemental payments to hospitals for neonatal programs.	\$ 14.0	\$ 5.5	\$ 5.5	\$ 5.5
12	Reduce the percentage applied to supplemental outlier payments from 90% to 85.6% for inpatient hospital reimbursement.	\$ 5.9	\$ 2.3	\$ 2.3	\$ 2.3
13	Rebase DRG's and move to a more current grouper. Adjust to ensure budget neutrality.	Yes			
14	Reduce nursing home reimbursement by adjusting cost center standards, hospital-based differentials, and efficiency add-ons.	\$ 50.9	\$ 12.3	\$ 20.0	\$ 20.0
15	Reduce nursing home reimbursement by reducing the growth allowance to offset the reduction in expected nursing home provider fees.	\$ 24.5	\$ 9.6	\$ 9.6	\$ 9.6
16	Reduce reimbursement to nursing homes for residents participating in hospice.	\$ -	\$ -	\$ -	\$ -
17	Require Medicare cost avoidance for nursing home care.	\$ 0.9	\$ 0.3	\$ 0.3	\$ 0.3
18	Utilize FY2003 cost reports to determine nursing home reimbursement. Adjust to ensure budget neutrality.	Yes			
19	Reduce facility fees paid for free-standing hospital-based clinics by basing reimbursement on two times the fixed amount of facility fees paid to physicians.	\$ 4.1	\$ 1.6	\$ 1.6	\$ 1.6
20	Reduce the cap applied to outpatient hospital reimbursement (based on the average inpatient payment per claim.)	\$ 6.6	\$ 2.5	\$ 2.5	\$ 2.5
21	Explore alternative reimbursement methodologies for outpatient hospital services.	Yes			
22	Increase the average wholesale price discount from 11% to 14% for pharmacy prescriptions.	\$ 13.4	\$ 5.2	\$ 5.2	\$ 5.2
23	Eliminate the dispensing fee incentive paid for dispensing generic drugs.	\$ 4.8	\$ 1.9	\$ 1.9	\$ 1.9
24	Require minimum bids on discount off AWP for next round of supplemental rebates.	\$ 10.2	\$ 3.9	\$ 3.9	\$ 3.9

Department of Community Health  
Proposed Reductions to Medicaid and PeachCare for Kids  
FY2006

#	Item	Total Funds	State Funds		
			@105%	@100%	@97%
<b>C-Price (continued)</b>					
25	Apply a 14% discount to AWP for injectible drugs provided in a physician's office.	\$ 3.4	\$ 1.3	\$ 1.3	\$ 1.3
26	Reduce reimbursement for all categories of services by 3% except for hospital, nursing home, pharmacy services, RHCs, and FQHCs	\$ 60.7	\$ 23.5	\$ -	\$ -
27	Require prior authorization of prescriptions for non-preferred drugs where previously the prescription was considered grandfathered for supplemental drug rebate implementation.	\$ 25.5	\$ -	\$ 9.8	\$ 9.8
28	Reimburse ambulatory surgical services provided in outpatient hospital settings based on two times the rates paid to ambulatory surgical centers.	\$ 39.4	\$ -	\$ 14.8	\$ 14.8
29	Reduce reimbursement for all categories of services by 5% except for hospital, nursing home, and pharmacy services.	\$ 106.5	\$ -	\$ 41.8	\$ 40.7
<b>subtotal Price</b>			<b>\$ 69.9</b>	<b>\$ 120.5</b>	<b>\$ 119.4</b>
<b>D-Cost Settlements</b>					
30	Complete prior year cost settlements for outpatient hospital services.	\$ 101.6	\$ 39.1	\$ 39.1	\$ 39.1
31	Reimburse outpatient hospital services based on interim rates set to 85.6% of cost.	\$ 50.9	\$ 19.6	\$ 19.6	\$ 19.6
<b>subtotal Cost Settlement</b>			<b>\$ 58.6</b>	<b>\$ 58.6</b>	<b>\$ 58.6</b>
<b>E-Scope of Services</b>					
32	Require prior authorization for prescription drugs where an equivalent over-the-counter drug is available.	\$ 15.0	\$ 5.9	\$ 5.9	\$ 5.9
33	End coverage of preventative maintenance drugs for members who elect hospice care.	\$ 5.5	\$ 2.2	\$ 2.2	\$ 2.2
34	Eliminate optional adult dental services.	\$ 18.3	\$ 7.9	\$ 7.8	\$ 7.2
35	Eliminate optional adult orthotics and prosthetics.	\$ 3.9	\$ 1.5	\$ 1.5	\$ 1.5
36	Eliminate optional adult podiatry services.	\$ 2.9	\$ 1.1	\$ 1.1	\$ 1.1
37	Change the PeachCare for Kids program to provide the same scope of services as the State Health Benefit Plan.	\$ 69.2	\$ -	\$ 19.0	\$ 19.0
38	Eliminate non-emergency transportation for adults.	\$ -	\$ -	\$ -	\$ -
39	Eliminate emergency ambulance services for adults.	\$ -	\$ -	\$ -	\$ -
40	Eliminate the hospice program. This would include hospice services and members Medicaid eligible only by virtue of their hospice status would lose Medicaid eligibility.	\$ 26.3	\$ -	\$ -	\$ 10.3
<b>subtotal Scope</b>			<b>\$ 18.6</b>	<b>\$ 37.5</b>	<b>\$ 47.2</b>
<b>F-Eligibility</b>					
41	Strictly enforce income requirements for participation in the PeachCare for Kids program.	\$ 12.7	\$ 3.5	\$ 3.5	\$ 3.5
42	Ensure level of care requirements are met for all long term care programs where applicable.	\$ 6.0	\$ 2.4	\$ 2.4	\$ 2.4
43	Perform clinical reviews to validate demand for emergency medical assistance for undocumented aliens.	\$ 7.6	\$ 3.0	\$ 3.0	\$ 3.0
44	Verify continuation of active cancer treatment for women in the breast and cervical cancer program.	\$ 3.6	\$ 1.0	\$ 1.0	\$ 1.0
45	Reflect a FY2005 change made to consider promissory notes as income in nursing home eligibility determination.	\$ 1.6	\$ 0.6	\$ 0.6	\$ 0.6
46	Limit PeachCare for Kids enrollment in January 05	\$ 10.2	\$ -	\$ 2.8	\$ 2.8
47	Eliminate presumptive eligibility for pregnant women.	\$ -	\$ -	\$ -	\$ -
48	Restrict coverage to 185% of the federal poverty level for pregnant women and children; no spenddown allowed.	\$ 12.5	\$ -	\$ -	\$ 4.9

Department of Community Health  
Proposed Reductions to Medicaid and PeachCare for Kids  
FY2006

#	Item	Total Funds	State Funds		
			@105%	@100%	@97%
49	Restrict coverage to 185% of the federal poverty level for PeachCare for Kids.	\$ 26.7	\$ -	\$ 7.3	\$ 7.3
50	Eliminate spenddown programs for non-categorical members who have incomes over the Medicaid income limits.	\$ 82.7	\$ -	\$ -	\$ 32.5
51	Reduce coverage for aged, blind, and disabled members with incomes greater than two-times SSI.	\$ 62.6	\$ -	\$ -	\$ 24.6
52	Eliminate the breast and cervical cancer program.	\$ 21.8	\$ -	\$ -	\$ 6.0
<b>subtotal Eligibility</b>			<b>\$ 10.5</b>	<b>\$ 20.6</b>	<b>\$ 88.6</b>
<b>G-Administration</b>					
53	Consolidate population-based programs to more appropriately align agency business functions.	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
54	Transfer funding for the Marcus Institute to the Department of Human Resources.	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
55	Eliminate funding for the Folic Acid initiative.	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
56	Eliminate funding for the Georgia Partnership for Caring.	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
57	Eliminate funding for the Georgia Rural Health Association (\$30K).	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
<b>subtotal Administration</b>			<b>\$ 0.8</b>	<b>\$ 0.8</b>	<b>\$ 0.8</b>
Total			\$ 184.25	\$ 269.40	\$ 347.13
Target			\$ 172.6	\$ 269.5	\$ 327.6
Surplus/(Deficit)		\$ 984.9	\$ 11.7	\$ (0.1)	\$ 19.5

# A - Utilization

## Department of Community Health

## FY2006 Budget Reduction Proposal

Item: Implement disease and case management to improve medical management for the aged, blind, and disabled (ABD) populations.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 39,324,328</b>
<b>State:</b>	<b>\$ 15,438,731</b>
<b>% Reduction*</b>	<b>3.8%</b>

\* Based on reduction of annual chronic disease expense

## Part I - Methodology/Rationale

Current : No comprehensive disease management programs are currently in place for Medicaid members.

DCH contracts case management services for high cost members in the SOURCE program.

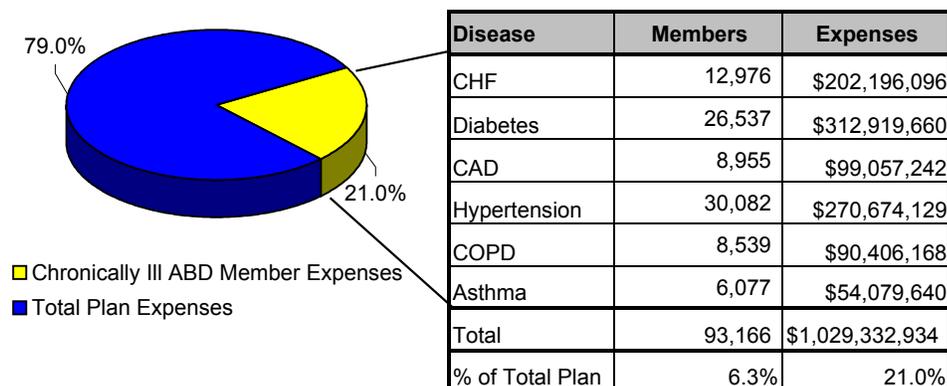
Proposed: To implement a disease and case management program for chronically ill ABD members, in order to decrease inappropriate utilization of services and improve member outcomes and quality of care.

Last Change: DCH has worked with area health education centers (AHEC) to disseminate best practice guidelines for the treatment of pediatric asthma; focusing on several counties in southwest Georgia.

## Part II - Member Impact

Sub - Program	Members Impacted	
	Percent	Total
Children	0.0%	
MF Children	8.8%	4,146
Disabled	30.6%	61,440
Elderly	23.7%	27,580
Adults	0.0%	
PeachCare	0.0%	
Total Members	6.3%	93,166

## Part III - Chronically Ill ABD Members Percent of Total Plan Costs



Note: Above members have one or more of the following chronic conditions: congestive heart failure (CHF), diabetes, coronary artery disease (CAD), hypertension, chronic obstructive pulmonary disease (COPD), and asthma.

## Part IV - State Comparison

Disease management (DM) has been steadily growing in popularity among state Medicaid programs due to its potential to control costs while not restricting member access to care. The Centers for Medicare & Medicaid Services (CMS) urged states to adopt disease management programs in a February 2004 letter to Medicaid directors. Currently, at least 21 states have a DM program in place, while several others are in the process of development.

There are three major DM models:

- ▶ Pay individual providers (PIP)...DCH would contract with individual providers to perform DM services, and create a new category of service for billing.
- ▶ Enhanced primary care case management...DCH would pay PCCM providers an enhanced case management fee for providing DM services, in addition to their regular fee for service (FFS) reimbursement.
- ▶ Contract with a disease management organization...DCH would outsource DM to a "DMO" who typically puts their administrative fees at risk and guarantees a percentage in savings. DMOs make contact with eligible members and coordinate with care providers to ensure that evidence-based medicine is being employed and that chronically ill members understand what they need to do to improve their health and better manage their disease(s).

State	**Model	Scope
FL	DMO	CHF, diabetes, HIV/AIDS, end stage renal disease (ESRD), hemophilia; also have pharmacy-based DM for CHF, diabetes, hypertension and asthma
MS	DMO	diabetes, hypertension, asthma
NC	E-PCCM	CHF, diabetes, asthma, attention deficit hyperactivity disorder
*TN	DMO	CHF, diabetes, CAD, COPD, asthma
WV	PIP	diabetes
WA	DMO	CHF, diabetes, asthma, ESRD
TX	DMO	CHF, diabetes, CAD, COPD and asthma
*OH	E-PCCM	CHF, diabetes, CAD, hypertension, COPD, asthma
*WY	DMO	multiple disease states (to be determined upon RFP award)

\*Indicates state that is targeting DM efforts on similar member populations

\*\*Corresponds to one of the three models described above

## Part V - Administrative Requirements

- ▶ Requires State Plan Amendment
- ▶ Requires CMS Approval
- ▶ Requires significant Administrative costs; savings are reflective of Administrative fees

**Item A2 - Removed**

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Require prior authorizations for high cost radiology services, excluding services performed in relation to an ER visit or an inpatient admission.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 7,641,365</b>
<b>State:</b>	<b>\$ 2,960,075</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : No prior authorization required

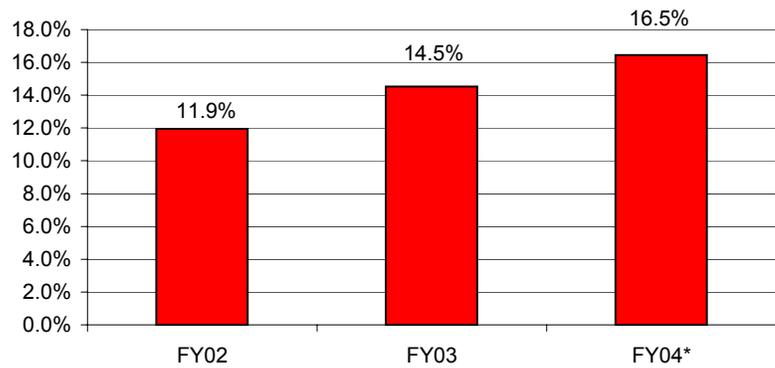
Proposed: Prior authorization required

Last Change: N/A

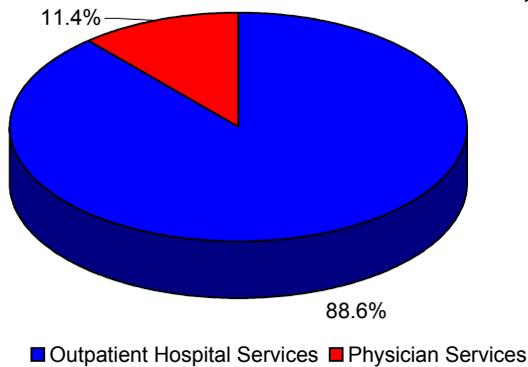
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	20.6%	153,161
MF Children	6.0%	2,833
Disabled	51.5%	103,497
Elderly	47.6%	55,260
Adults	48.0%	82,643
PeachCare	18.3%	34,911
Total Members	29.4%	432,305

**Part III - Radiology Growth Rate by Fiscal Year**



**Part IV - Expenditures by Place of Service**



**Part V - State Comparison**

► N/A

**Part VI - Administrative Requirements**

- Requires State Plan Amendment
- Would require significant system changes
- Administrative fees required

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Perform retrospective reviews on non-delivery related hospital admissions for children.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 6,877,229</b>
<b>State:</b>	<b>\$ 2,662,521</b>
<b>% Reduction*</b>	<b>0.45%</b>

\*Based on reduction of Inpatient Hospital

**Part I - Methodology/Rationale**

Current : No pre-certifications are required for hospital admissions for children.

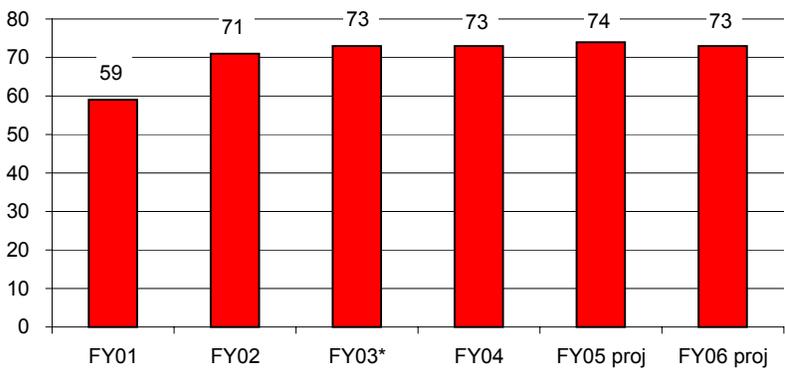
Proposed: Focused retrospective utilization review of physician admission patterns for all children (excluding newborns). Interqual criteria will be used for all retrospective reviews.

Last Change: DCH implemented a pre-certification requirement for adult hospital admissions in the early 1990's.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	6.5%	48,482
MF Children	13.9%	6,572
Disabled	0.0%	
Elderly	0.0%	
Adults	0.0%	
PeachCare	1.8%	3,497
<b>Total Members</b>	<b>4.0%</b>	<b>58,551</b>

**Part III - Admissions per 1,000 Children**

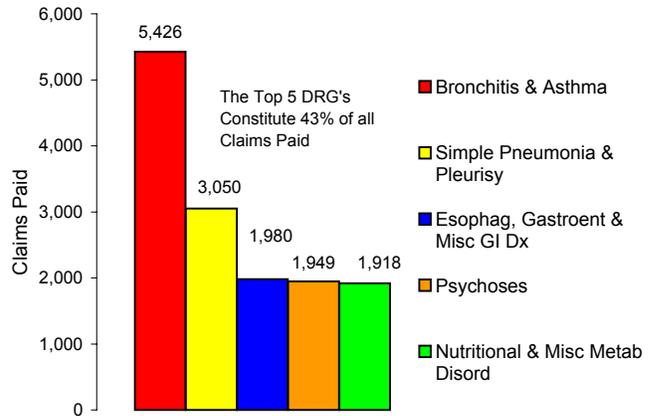
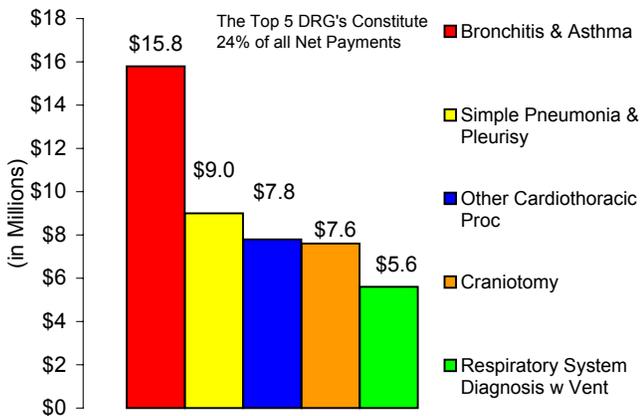


\*Avg. FY2003 Net Pay per Admission: \$5,603

\*\*FY2004 Total Claims Paid: 33,464; Total Net Payments: \$187,504,607

Notes: FY2003 and FY2004 claims are not complete and will be reprocessed by 12/01/04

**Part IV - 2004 DRGs by net payment and claims paid (excluding deliveries and newborns)**



**Part V - State Comparison**

- ▶ No other Southeastern states require pre-certification for hospital admissions for children. Retrospective review is unknown.

**Part VI - Administrative Requirements**

- ▶ Requires Systems Change
- ▶ Staffing - 2 RN FTEs @ \$100,000; Total Funds = \$200,000

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Strictly enforce orthodontic policies for children.

<b>Effective Date:</b>	<b>7/1/2004</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 4,839,531</b>
<b>State:</b>	<b>\$ 1,780,076</b>
<b>% Reduction*</b>	<b>2.85%</b>

\* Based on reduction of the children's dental program.

**Part I - Methodology/Rationale**

**Current :** The state's pediatric dental program offers medically necessary orthodontic services for members with cleft palates and other dentofacial anomalies. The treatment includes one pre-visit and 24-36 additional visits for orthodontic care. Current orthodontic treatment approval rate is 100%.

**Proposed:** The state utilized a more stringent application and policy compliance form to ensure children had the correct diagnosis before obtaining orthodontic care. The Georgia Medical Care Foundation also applied a new set of clinical guidelines to use when performing reviews.

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	43.5%	323,159
MF Children	37.8%	17,866
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	67.8%	129,608
<b>Total Members</b>	<b>32.0%</b>	<b>470,633</b>

**Part III - Orthodontic Treatment Utilization**

<b>Fiscal Year</b>	<b># of Members</b>	<b>Payments</b>	<b>Avg Pay / Member</b>
FY2001	249	\$ 469,846	\$ 1,887
FY2002	914	\$ 1,809,664	\$ 1,980
FY2003	2,587	\$ 5,330,263	\$ 2,060
FY2004	3,289	\$ 6,888,667	\$ 2,094

\*FY2003 and FY2004 claims are not complete and will be reprocessed by 12/01/04

**Part IV - State Comparison**

- ▶ All southeastern border states cover pediatric orthodontic services with varying policies.

**Part V - Administrative Requirements**

- ▶ GMCF prior authorization staffing

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Expand the emergency room utilization control pilot program to additional hospitals.

<b>Effective Date:</b>	<b>1/1/2004</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 5,094,244</b>
<b>State:</b>	<b>\$ 1,973,383</b>
<b>% Reduction*</b>	<b>0.7%</b>

\*Based on reduction of OP hospital

**Part I - Description of Service**

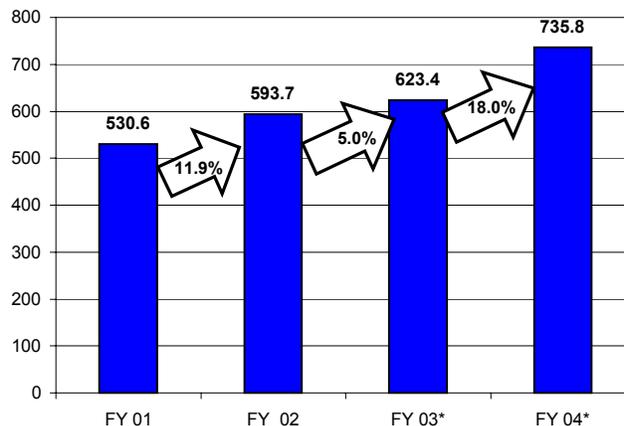
- ▶ In CY 2002, the Department of Community Health paid \$90.9 million in claims for emergency room services for members with 3 or more visits to the ER within a year.
- ▶ DCH has implemented a targeted case management program primarily targeting members with 3 or more visits to the ER within a year, but will also provide intervention for other ER users who may be utilizing the ER inappropriately.
- ▶ DCH is modeling its case management program after the existing efforts of Memorial Hospital in Savannah. The department has begun this effort in three counties on a pilot basis: Chatham, Floyd, and Hall counties.
- ▶ Each hospital has a care coordinator to assess the need for intervention for Medicaid users of the ER. Intervention will include face-to-face counseling and possible referral to the member's primary care physician or other case management programs available for specific diseases or conditions (e.g., Asthma).
- ▶ This is an interim effort to control the expenses related to high utilizers of the ER, pending more systemic Medicaid reform.

**Part II - Member Profile of Use\***

Members	# ER Visits	# Visits per Member
Children	488,693	0.66
MF Children	35,939	0.76
Disabled	237,456	1.26
Elderly	59,157	0.65
Adults	198,275	1.15
PeachCare	77,766	0.41
Total # Visits	1,097,286	0.77

\* Based on CY 2003 data.

**Part III - ER Visits Rate/1,000 Eligibles**



\*Annualized

**Part IV - State Comparison**

- ▶ N/A

**Part V - Administrative Requirements**

- ▶ Requires a contractual arrangement with hospitals participating in the initiative
- ▶ Expenses are jointly shared between the health system and DCH
- ▶ A cost benefit study is currently underway

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Pursue a more aggressive lock-in program for drugs subject to abuse.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 2,547,122</b>
<b>State:</b>	<b>\$ 983,763</b>
<b>% Reduction</b>	<b>0.2%</b>

**Part I - Methodology/Rationale**

**Current :** Patients identified by surveillance reviews are locked into a physician and pharmacy provider who are the exclusive providers for the patient.

**Proposed:** Implement a more aggressive approach to identify potential abusers and hire more Program Integrity staff to oversee the lock-in program.

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
<b>Total Members</b>	<b>92.5%</b>	<b>1,360,450</b>

**Part III - Drugs Most Frequently Abused:**

<b>Product Category</b>	<b>Brand Name</b>	<b>Treatment of</b>
Hydrocodone/APAP	Vicodine	Pain Relief
Carisoprodol	Soma	Relief of painful musculoskeletal conditions
Alprazolam	Xanax	Panic disorders
Diazepam	Valium	Anxiety disorders
Tylenol/Codeine	Tylenol/Codeine	Pain relief

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► Program Integrity will need to hire two full time employees: a pharmacist (salary: \$80,000) and a pharmacy technician (salary: \$25,000 to \$28,000).

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Set a fixed expenditure cap for home and community based services provided in the Independent Care Waiver Program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 2,643,912</b>
<b>State:</b>	<b>\$ 1,038,000</b>
<b>% Reduction</b>	<b>9.1%</b>

**Part I - Methodology/Rationale**

Current : The state does not impose any per member per year expenditure caps for the Independent Care Waiver Program (ICWP).

Proposed: The state will set a \$50,000 annual per member expenditure cap for patients in the Independent Care Waiver Program.

Last Change: Five additional slots in the FY2005 budget.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.000%	
MF Children	0.028%	13
Disabled	0.318%	640
Elderly	0.009%	10
Adults	0.000%	-
PeachCare	0.000%	-
Total Members*	0.045%	663

\*Represent ICWP population in CY2003

**Part III - Independent Care Waiver Utilization (ICWP)**

	Net Payments	Members	Avg PMPY	Proposed Cap
ICWP (All Members)	\$ 22,557,738	609	\$ 37,041	
ICWP (Members subject to cap)	\$ 8,445,469	116	\$ 72,806	\$ 50,000

\*FY2003 and FY2004 claims are not complete and will be reprocessed by 12/01/04

**Part IV - State Comparison**

- ▶ All southeastern border states offer a waiver program for members in the community with developmental disabilities, spinal cord, and traumatic brain injuries.

**Part V - Administrative Requirements**

- ▶ Requires CMS Waiver
- ▶ Requires System Changes

# B - Cost Avoidance

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Charge premiums for children ages 1 to 5 participating in the PeachCare for Kids program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 15,186,453</b>
<b>State:</b>	<b>\$ 4,170,700</b>
<b>% Reduction*</b>	<b>6.4%</b>

\* Includes additional premium revenue and reduction in claims expense.

**Part I - Methodology/Rationale**

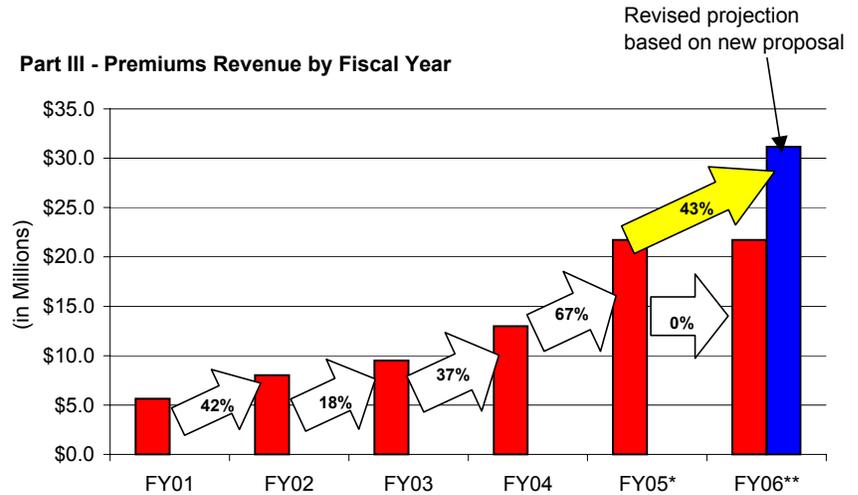
Current : Children ages 1-5 are not required to pay premiums.  
 Proposed: Charge premiums to all children age one and over.  
 Last Change: Implemented premium sliding scale for children 6 years of age and older in FY 2005.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare*	28.3%	57,654
<b>Total Members</b>	<b>3.9%</b>	<b>57,654</b>

\* Children ages 1 - 5

**Part III - Premiums Revenue by Fiscal Year**



\* Projected - Based on premium collections for children > age of 5.  
 \*\* Projected - Based on premium collections for children > age of 0.

**Part IV - Premiums by FPL**

Federal Poverty Level	Income	1 Child Premium	2+ Child Premium	1 Child Households	2+ Child Households
100-150	\$15,264 - \$22,896	\$ 10.00	\$ 15.00	11,433	9,657
>150-160	>\$22,896 - \$24,422	\$ 20.00	\$ 40.00	2,426	1,674
>160-170	>\$24,422 - \$25,949	\$ 22.00	\$ 44.00	1,561	1,023
>170-180	>\$25,949 - \$27,475	\$ 24.00	\$ 48.00	1,517	1,000
>180-190	>\$27,475 - \$29,002	\$ 26.00	\$ 52.00	1,288	841
>190-200	>\$29,002 - \$30,528	\$ 28.00	\$ 56.00	1,257	576
>200-210	>\$30,528 - \$32,054	\$ 29.00	\$ 58.00	846	536
>210-220	>\$32,054 - \$33,581	\$ 31.00	\$ 62.00	663	354
>220-230	>\$33,581 - \$35,107	\$ 33.00	\$ 66.00	389	172
>230 - 235	>\$35,107 - \$35,870	\$ 35.00	\$ 70.00	59	27
<b>Total</b>				<b>21,438</b>	<b>15,860</b>

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Charge premiums for children ages 1 to 5 participating in the PeachCare for Kids program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 15,186,453</b>
<b>State:</b>	<b>\$ 4,170,200</b>
<b>% Reduction*</b>	<b>6.4%</b>

\* Includes additional premium revenue and reduction in claims expense.

**Part V - State Comparison**

- ▶ Alabama: Families with income at or below 150 percent of the FPL are required to pay an annual \$50 premium per child, with a \$150 maximum per family. Families with income above 150 percent of the FPL must pay an annual premium of \$100 per child, with a \$300 maximum.
- ▶ Florida: Premiums for all ages. Premiums range from \$15 to a \$20 maximum per household.
- ▶ Georgia: Sliding scale based on income. The cost per month is \$10 to \$35 per child and no more than \$70 per family.
- ▶ Kentucky: Premiums of \$20 per family per month for families with income from 151 through 200 percent of the FPL.
- ▶ Mississippi: No monthly premiums. Co-payments are applied.
- ▶ North Carolina: Families with incomes between 150 and 200 percent of the FPL are required to pay a \$50 enrollment fee for one child or \$100 for two or more children. Copayments are also applied.
- ▶ South Carolina: No monthly premiums or co-payments.

**Part VI - Administrative Requirements**

- ▶ Requires Legislative Approval
- ▶ Requires State Plan Amendment
- ▶ Requires Enrollment System Changes

**FY2006 Budget Reduction Proposal**

**Item:** Charge premiums for Katie Beckett children.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 3,820,683</b>
<b>State:</b>	<b>\$ 1,500,000</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Description**

Current: The state does not charge premiums for Katie Beckett Children. Eligibility is based upon the medical condition of the child.

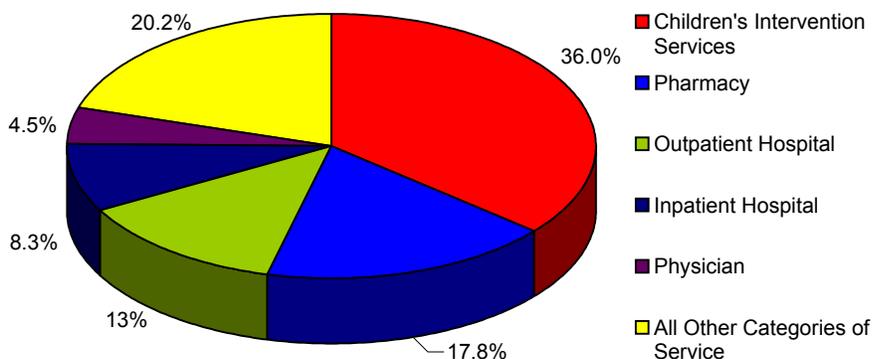
Proposed: Premium payments will be based on the custodial parent(s) total income as reported on the most recent Federal Income Tax Return. The premium will be based on a sliding income scale ranging from a low of \$21/month (family income = \$25,001) to a high of \$458/month (family income >= \$200,001).

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	13.2%	6,228
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	0.0%	-
<b>Total Members</b>	<b>0.4%</b>	<b>6,228</b>

**Part III - Most Common Services Utilized**



**Part IV - State Comparison**

- ▶ Arkansas continues to be the only state to have implemented premiums for the Katie Beckett population. The table below shows the Arkansas premium schedule that Georgia is modeling.

Family Income		Monthly Premiums		
From	To	%	From	To
\$0	\$25,000	0.00%	\$0	\$0
\$25,001	\$50,000	1.01%	\$21	\$42
\$50,001	\$75,000	1.25%	\$52	\$78
\$75,001	\$100,000	1.50%	\$94	\$125
\$100,001	\$125,000	1.75%	\$146	\$182
\$125,001	\$150,000	2.00%	\$208	\$250
\$150,001	\$175,000	2.25%	\$281	\$328
\$175,001	\$200,000	2.50%	\$365	\$417
\$200,001	and over	2.75%	\$458	\$458

Note:

- ▶ The maximum premium is \$5,500 per year (\$458 per month) for income levels of \$200,001 and above.
- ▶ The premiums listed above represent family responsibility. They will not increase if a family has more than one Katie Beckett child.

**Part V - Administrative Requirements**

- ▶ Requires CMS Waiver
- ▶ Requires State Plan Amendment
- ▶ Requires premium collection system changes

**c - Price**

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** End supplemental payments to hospitals for neonatal programs.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 14,000,000</b>
<b>State:</b>	<b>\$ 5,496,400</b>
<b>% Reduction</b>	<b>0.9%</b>

**Part I - Methodology/Rationale**

Current : DHR identifies regional perinatal centers and fund allocations.

Proposed: Eliminate incentive supplemental payments.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	
MF Children	0.0%	
Disabled	0.0%	
Elderly	0.0%	
Adults	0.0%	
PeachCare	0.0%	
Total Members	0.0%	-

**Part III - Hospital Impact**

Hospital Name	Payments
Grady Memorial	\$3,505,797
Medical Center in Columbus	\$723,199
Medical Center in Central Georgia	\$1,586,016
Memorial Health University	\$1,387,586
Phoebe Putney Memorial	\$960,590
Medical College of Georgia	\$2,223,164
Crawford Long Hospital	\$475,736
Children's Healthcare at Egleston	\$3,220,633

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce the percentage applied to supplemental outlier payments from 90% to 85.6% for inpatient hospital reimbursement.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 5,858,380</b>
<b>State:</b>	<b>\$ 2,288,002</b>
<b>% Reduction</b>	<b>0.4%</b>

**Part I - Methodology/Rationale**

Current : Pay 90% of operational costs of a claim for most hospitals (excluding specialty hospitals).

Proposed: Pay 85.6% of operational costs of a claim for all hospitals.

Last Change: Converted to 90% of operational costs as of July 1998.

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	12.3%	91,079
MF Children	10.6%	5,020
Disabled	21.0%	42,147
Elderly	19.2%	22,336
Adults	44.7%	76,985
PeachCare	1.7%	3,209
Total Members	16.4%	240,776

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ Requires ACS (claims payment system) and Georgia Medical Care Foundation to change procedures.

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Rebase DRG's and move to a more current grouper. Adjust to ensure budget neutrality.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>Yes</b>
<b>State:</b>	<b>Yes</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : Using Champus (Tricare) Diagnosis Related Group (DRG) Grouper 16.

Proposed: Move to Champus (Tricare) DRG Grouper 22 and rebase the DRG weights for a January 2006 effective date.

Last Change: Rates were rebased in July 2002. The DRG grouper was updated in October 1999.

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	12.3%	91,079
MF Children	10.6%	5,020
Disabled	21.0%	42,147
Elderly	19.2%	22,336
Adults	44.7%	76,985
PeachCare	1.7%	3,209
Total Members	16.4%	240,776

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► Requires contract costs for consulting and technical assistance.

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Reduce nursing home reimbursement by adjusting cost center standards, hospital-based differentials, and efficiency add-ons.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 31,333,021</b>
<b>State:</b>	<b>\$ 12,301,344</b>
<b>% Reduction</b>	<b>3.0%</b>

**Part I - Methodology/Rationale**

Current : Case Mix Based Reimbursement Methodology (with an add on Provider Fee of \$8.50)

Proposed: Eliminate Growth Rate for Administration; Change Cost Center Standards; Place all facilities in one group for calculating Dietary Services standards; Eliminate Routine & Special Services Efficiency Add-on; Increase Cognitive Performance Skill add-on requirements for percent of Medicaid patients classified as Moderately Severe to Very Severely Impaired; Increase minimum requirement for Nurse Staff Hours per bed day to qualify for 1.0% Add-on

Last Change: Rates were decreased by 10% in July 2004.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	
MF Children	0.2%	117
Disabled	6.9%	13,900
Elderly	46.9%	54,449
Adults	0.0%	
PeachCare	0.0%	
Total Members	4.7%	68,466

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce nursing home reimbursement by reducing the growth allowance to offset the reduction in expected nursing home provider fees.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 24,524,047</b>
<b>State:</b>	<b>\$ 9,628,141</b>
<b>% Reduction</b>	<b>2.4%</b>

**Part I - Methodology/Rationale**

Current : Use FY2002 cost reports to set rates with growth allowance of 6.16%

Proposed: Use FY2003 cost reports and reduce the growth allowance.

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	0.0%	
MF Children	0.2%	117
Disabled	6.9%	13,900
Elderly	46.9%	54,449
Adults	0.0%	
PeachCare	0.0%	
<b>Total Members</b>	<b>4.7%</b>	<b>68,466</b>

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

**Item C16 - Removed**

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Require Medicare cost avoidance for nursing home care.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 858,795</b>
<b>State:</b>	<b>\$ 337,163</b>
<b>% Reduction</b>	<b>0.1%</b>

**Part I - Methodology/Rationale**

**Current :** There are several Long Term Care facilities that have not received Medicare certification and therefore are unable to bill Medicare for nursing home care expenses. In CY2003 many of these facilities had at least one dually eligible members that DCH could have cost avoided on.

**Proposed:** Require all Long Term Care facilities to become Medicare certified, thereby allowing Medicaid to cost avoid on Medicare eligible claims.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.0%	-
Elderly*	0.3%	354
Adults	0.0%	-
PeachCare	0.0%	-
Total Members	0.0%	354

\* Members who meet all Medicare qualifying criteria.

**Part III -To Qualify for Medicare Skilled Nursing Facility (all must be met)**

1. Have Medicare Part A and days left in the Medicare benefit period to use.
2. Have a qualifying hospital stay of 3 consecutive days or more and must enter SNF within 30 days of leaving the hospital.
3. Require skilled nursing or rehabilitation care as ordered by a physician.
4. Services must be provided in a Medicare-certified SNF.
5. The services needed are related to a condition treated during a qualifying 3-day hospital stay or Medicare-covered SNF care.

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

- Requires State Plan Amendment
- Requires Systems Change

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Utilize FY2003 cost reports to determine nursing home reimbursement.  
Adjust to ensure budget neutrality.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>Yes</b>
<b>State:</b>	<b>Yes</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : Using FY2002 cost reports to set provider rates.

Proposed: Use FY2003 cost reports to set provider rates.

Last Change: Began using FY2002 cost reports in July 2003.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	
MF Children	0.2%	117
Disabled	6.9%	13,900
Elderly	46.9%	54,449
Adults	0.0%	
PeachCare	0.0%	
Total Members	4.7%	68,466

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce facility fees paid for free-standing hospital-based clinics by basing reimbursement on two times the fixed amount of facility fees paid to physicians.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 4,075,395</b>
<b>State:</b>	<b>\$ 1,564,614</b>
<b>% Reduction</b>	<b>0.54%</b>

**Part I - Methodology/Rationale**

**Current :** The facility costs for hospital based clinics are paid on a cost to charge ratio compared to a fixed fee for physician based office visits.

**Proposed:** When a hospital bills for a clinic visit on an outpatient hospital claim, set payment at twice the fixed amount of facility fees paid to physicians.

Last Change: FY2005 decreased the outpatient cost to charge ratio from 90% to 85.6%.

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	55.4%	411,722
MF Children	57.3%	27,095
Disabled	66.4%	133,362
Elderly	46.1%	53,570
Adults	99.8%	171,815
PeachCare	43.4%	82,953
Total Members	59.9%	880,517

**Part III - State Comparison**

- ▶ Mississippi does not allow hospital-based clinics to bill facility fees on a UB-92 unless they are a teaching hospital with a resident-to-bed ratio of .25 or greater.
- ▶ Medicare is currently amending their hospital based physician clinic reimbursement methodology to align more closely with the rate paid for services rendered in free standing hospital based clinics.

**Part IV - Administrative Requirements**

- ▶ Requires Systems Change

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce the cap applied to outpatient hospital reimbursement (based on the average inpatient payment per claim.)

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 6,622,517</b>
<b>State:</b>	<b>\$ 2,544,569</b>
<b>% Reduction</b>	<b>0.9%</b>

**Part I - Methodology/Rationale**

Current : Reimbursement cannot exceed the average Diagnosis Related Group (DRG) case reimbursement.

Proposed: Reimbursement cannot exceed 85.6% of the average DRG case reimbursement.

Last Change: The rate changed for inpatient hospital in July 2002.

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	55.4%	411,722
MF Children	57.3%	27,095
Disabled	66.4%	133,362
Elderly	46.1%	53,570
Adults	99.8%	171,815
PeachCare	43.4%	82,953
Total Members	59.9%	880,517

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Explore alternative reimbursement methodologies for outpatient hospital services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>Yes</b>
<b>State:</b>	<b>Yes</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : Pay percent of charges and cost settle at the end of the year.

Proposed: Explore different reimbursement options.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	55.4%	411,722
MF Children	57.3%	27,095
Disabled	66.4%	133,362
Elderly	46.1%	53,570
Adults	99.8%	171,815
PeachCare	43.4%	82,953
Total Members	59.9%	880,517

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► Requires contract costs for consulting and technical assistance.

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Increase the average wholesale price (AWP) discount from 11% to 14% for pharmacy prescriptions.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 13,387,114</b>
<b>State:</b>	<b>\$ 5,170,441</b>
<b>% Reduction</b>	<b>1.0%</b>

**Part I - Methodology/Rationale**

Current : AWP- 11% or favored nations, whichever is lower (note: favored nations pricing allows DCH to obtain the lowest discount extended by the pharmacy to any other insurer).

Proposed: AWP- 14% or favored nations, whichever is lower.

Last Change: Modified AWP from -10% to -11% in FY2005.

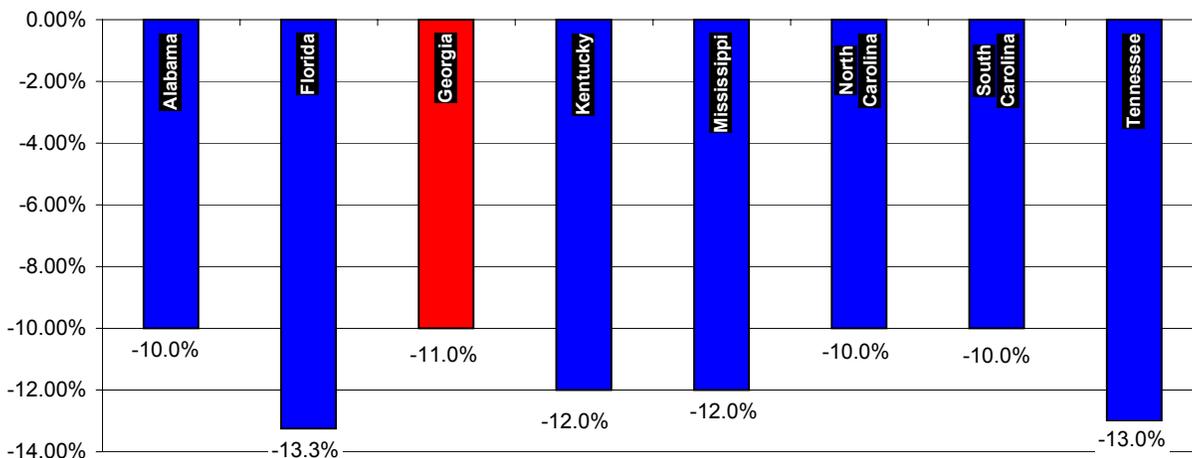
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
<b>Total Members</b>	<b>92.5%</b>	<b>1,360,450</b>

**Part III - Cost per Prescription**



**Part IV - State Comparison - Discount off Average Wholesale Price**



**Part V - Administrative Requirements**

- Requires State Plan Amendment

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Eliminate the dispensing fee incentive paid for dispensing generic drugs.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 4,839,531</b>
<b>State:</b>	<b>\$ 1,869,149</b>
<b>% Reduction</b>	<b>0.4%</b>

**Part I - Methodology/Rationale**

Current : DCH pays a \$0.50 dispensing fee incentive above and beyond the dispensing fee for branded medications.

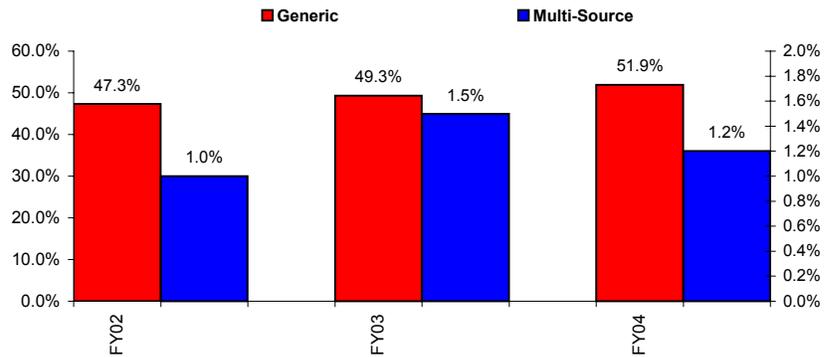
Proposed: Eliminate dispensing fee incentive.

Last Change: May, 2002.

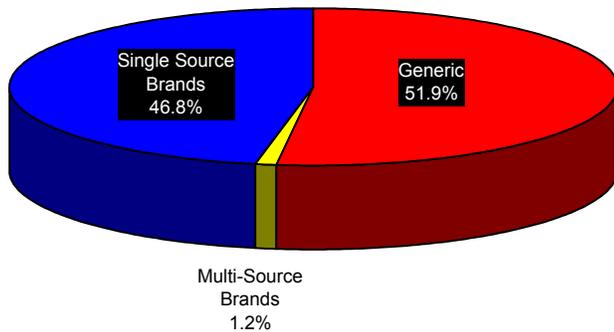
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
<b>Total Members</b>	<b>92.5%</b>	<b>1,360,450</b>

**Part III - % of Generic and Multi-Source Drugs Dispensed by Fiscal Year**



**Part IV - Medicaid Prescriptions based on Drug Type**



The payment of an additional fee as an incentive to a pharmacist to dispense a generic drug is no longer necessary to promote the use of generic drugs for the following reasons:

- ▶ Georgia has substantially expanded the use of the Maximum Allowable Cost (MAC) program over the past two years, making the dispensing of multi-source brands increasingly improbable. MAC sets a fixed cost, based on the lowest wholesale price for a drug, thereby making it unlikely a more expensive brand will be dispensed. Additionally, an increasing number of pharmacies are not stocking multi-source brands due to a higher inventory expense associated with these drugs. As a result, these pharmacies are much more likely to automatically dispense a generic drug because it is more likely to be in stock.

**Part V - Business Case for Change**

- ▶ Prior to implementation of the generic dispensing fee incentive in May 2002, 48% of the claims were for generic drugs. As of June 2004, the generic dispensing rate was 51%. What movement has occurred is partly due to the subsequent availability of generics for highly utilized branded drugs (e.g. Prilosec). Within the last two years, four major brand drugs have converted to generic status as the drug's patent has expired: Claritin (allergy); Prilosec (anti-ulcer); Paxil (anti-depressant); and Prozac (anti-depressant). Given that the Medicaid program pays for a significant number of prescriptions of these drugs, their transfer to generic status has improved the percentage of generic drugs paid for by the Medicaid program. Additionally, DCH has an edit in place that will not allow a pharmacy to dispense a branded medication when a generic therapeutically equivalent (FDA A-rated) medication is available short of obtaining a prior authorization. Prior authorization requirements are very stringent.
- ▶ Nevertheless, any pharmacy that dispenses a generic medication receives the additional \$0.50 even if the physician wrote the prescription generically or the prescription allows the use of generics. Pharmacy providers are being given this "incentive" without regard to any level of action taken on the part of the pharmacist to switch a branded medication to a different medication that is available generically. There are no fields available through NCPDP and ESI claims processing systems to identify when a pharmacy providers claims to have called the physician and received an authorization to switch medications from a brand to another medication available generically. Since the generic incentive fee has not been an effective tool to drive generic utilization, we are recommending it's elimination.

**Part VI - State Comparison**

- ▶ N/A

**Part VII - Administrative Requirements**

- ▶ Requires State Plan Amendment

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Require minimum bids on discount off AMP (average manufacturer's price) for the next round of supplemental rebates.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 10,188,487</b>
<b>State:</b>	<b>\$ 3,935,051</b>
<b>% Reduction</b>	<b>0.7%</b>

**Part I - Methodology/Rationale**

Current : The current discount off AMP from both CMS and Supplemental rebates amounts to approximately 20%.

Proposed: This proposal calls for the requirement of a minimum discount off AMP of 29.1% for any manufacturer's product to be evaluated for PDL placement without being subject to a prior authorization.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
Total Members	92.5%	1,360,450

**Part III - Supplemental Rebates Product Categories**

Product Categories on Supplemental Rebates	
Dihydropyridine Calcium Channel Blockers	Bone Ossification Agents
Proton Pump Inhibitors	Cox II's
Beta - Adrenergic Agents: Nebs	Ace Inhibitors
Statins	Ace Inhibitors With Diuretics
Lipotropics: Cai	Atypical Antipsychotics
Nasal Steroids	Macrolides
Angiotensin Receptor Blockers	Quinolones
Angiotensin Receptor Blockers & Diuretics	Cephalosporins
Nondihydropyridine Ccb'S	Erectile Dysfunction
Narcotics: Long Acting	Beta Blockers
Antihyperkinesis	Biguanide Combinations- Oral Antidiabetic
Inhaled Corticosteroids	Low Sedating Antihistamines
Nebulized Corticosteroids	Low Sedating Antihistamines/Decongestant Combinations
SSRI'S	New Generation Antidepressants
Insulins	Urinary Tract Antispasmodics

**Part IV - Business Case for Change**

While the supplemental rebate program has been very effective in obtaining supplemental rebates from manufacturers, the goal is to gain even greater rebate dollars in exchange for preferred drug list placement. Florida has taken a similar approach, and the 29.1% is similar to the requirement in Florida. Under this measure, manufacturers will be required to submit a minimum of 29.1% discount off AMP. Manufacturers who choose not to submit a bid of 29.1% off AMP will not be listed as a preferred product and the medication will be subject to a prior authorization. DCH will reserve the right to allow a lesser bid if exclusion of the medication from the preferred drug list would clearly increase total utilization of other more costly Medicaid health care resources (hospitalizations, ER visits, laboratory costs, etc.).

**Part V - State Comparison**

► N/A

**Part VI - Administrative Requirements**

► Requires State Plan Amendment

## Department of Community Health

## FY2006 Budget Reduction Proposal

**Item:** Require minimum bids on discount off AMP (average manufacturer's price) for the next round of supplemental rebates.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 10,188,487</b>
<b>State:</b>	<b>\$ 3,935,051</b>
<b>% Reduction</b>	<b>0.7%</b>

## Part VII - Drug Reference Table (See Table III)

Product Categories on Supplemental Rebates	Brand Example	Treatment of
Calcium Channel Blockers	Cardene, Cardizem CO, DynaCirc, Norvasc, Plendil	High Blood Pressure (hypertension)
Proton Pump Inhibitors	Omeprazole, Esomeprazole, Lansoprazole, Aciphex, Prevacid,	Stomach Ulcers and Gastric Reflux Disease
Beta - Adrenergic Agents: Nebs	Xopenex, Duoneb	Asthma
Statins	Lipitor, Zocor, Pravachol	Cholesterol
Nasal Steroids	Flonase, Rhinocort Nasal Inhaler	Nasal and Sinus Disorders
Angiotensin Receptor Blockers: ARBs	Cozaar, Diovan, Avapro, Atacand, Micardis, Teveten, Benicar	High Blood Pressure (hypertension)
Angiotensin Receptor Blockers & Diuretics: ARBs Micardis HCl, Benican HCl	Hyzaar	High Blood Pressure (hypertension)
Narcotics: Long Acting	Avinza, Kadian, Oxycontin, Duragesic	Chronic Pain
Antihyperkinesia	Strattera	ADD/ADHD
Inhaled Corticosteroids	AeroBid, Asmacort, Beclovent, Pulmicort Respules, Qvar, Vanceril	Asthma
SSRI'S	Zoloft, Celexa, Paxil CR	Depression
Insulins	Novolin, Humulin, Lantus	Diabetes
Bone Ossification Agents	Fosamax, Actonel	Osteoporosis
Cox II's	Vioxx, Celebrex, Bextra	Arthritis/Inflammation
Ace Inhibitors	Mavic, Aceon	High Blood Pressure (hypertension)
Ace Inhibitors With Diuretics	Uniretic, Accuretic	High Blood Pressure (hypertension)
Atypical Antipsychotics	Zyprexa, Risperdal, Abilsfy, Seroquel	Mental Disorders
Macrolides	Zithromax, Biaxin	Antibiotic
Quinolones	Cipro, Floxin	Antibiotic
Cephalosporins	Ceclor, Cedax, Duricef, Omnicef, Vantin	Antibiotic
Erectile Dysfunction	Viagra, Levitra, Cialis	Male impotency
Beta Blockers	Levatol, Visken, Cartrol	High Blood Pressure (hypertension)
Oral Antidiabetic	Starlix, Avandia, Prandin	Diabetes
Low Sedating Antihistamines	Zyrtec, Clarinex	Allergy
Low Sedating Antihistamines/Decongestant Combinations	Zyrtec D - 12 Hours, Claritin-D	Allergy
New Generation Antidepressants	Effexor, Cymbalta	Depression
Urinary Tract Antispasmodics	Detrol LA, Ditropan XL	Overactive Bladder

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Increase the average wholesale price (AWP) discount from 11% to 14% for injectibles provided through a physician's office.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 3,400,000</b>
<b>State:</b>	<b>\$ 1,313,166</b>
<b>% Reduction</b>	<b>0.2%</b>

**Part I - Methodology/Rationale**

Current : AWP- 11%.

Proposed: AWP- 14%.

Last Change: Modified from AWP to AWP-11% in FY2005.

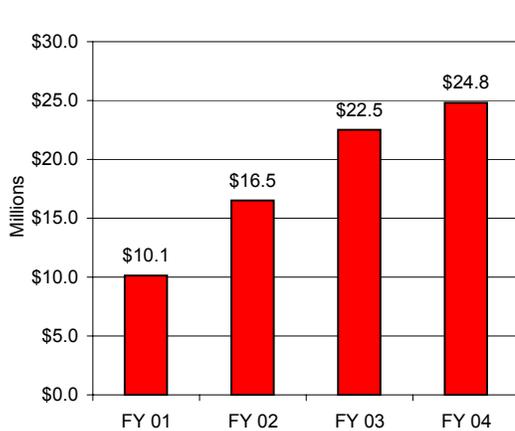
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
<b>Total Members</b>	<b>92.5%</b>	<b>1,360,450</b>

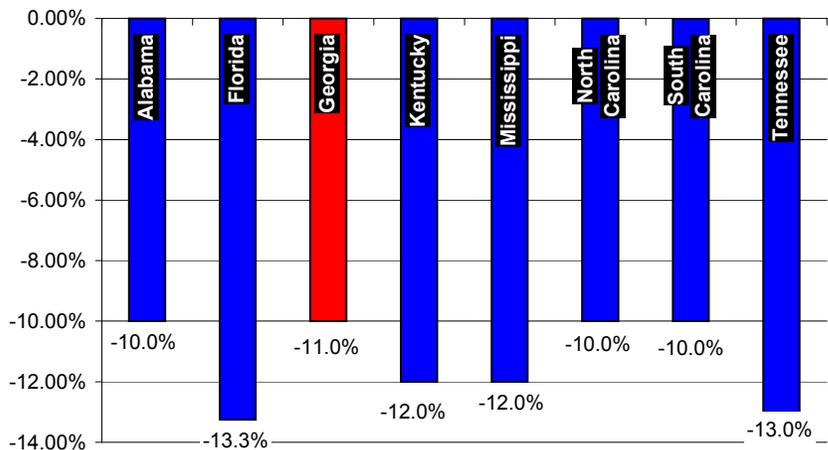
**Part III - Top 10 Utilized Procedures in FY 2004**

CPT	Procedure	# Units
Q0136	Non ESRD Epoetin Alpha Inj	169,164
J0585	Botulinum Toxin A Per Unit	71,637
J1100	Dexamethasone Sodium Phos	70,902
J0696	Ceftriaxone Sodium Injection	65,373
J1626	Granisetron HCl Injection	21,220
J2405	Ondansetron HCl Injection	16,664
J9355	Trastuzumab	14,929
J1260	Dolasetron Mesylate	13,222
J3301	Triamcinolone Acetonide Inj	11,939
J0880	Darbepoetin Alfa Injection	10,986

**Part IV - Annual Trend**



**Part V - State Comparison- Discount off Average Wholesale Price**



**Part VI - Administrative Requirements**

- Requires State Plan Amendment

## Department of Community Health

## FY2006 Budget Reduction Proposal

**Item:** Increase the average wholesale price (AWP) discount from 11% to 14% for injectibles provided through a physician's office.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 3,400,000</b>
<b>State:</b>	<b>\$ 1,313,000</b>
<b>% Reduction</b>	<b>0.2%</b>

## Part VII - Drug Reference Table (See Table III)

CPT	Procedure	Brand Example	Treatment of
Q0136	End Stage Renal Disease Epoetin Alpha Injection	Procrit, Epogen	Renal Disease
J0585	Botulinum Toxin A Per Unit	Botox	Muscle Disorder
J1100	Dexamethasone Sodium Phos	Deradon	Inflammation/Allergic response
J0696	Ceftriaxone Sodium Injection	Procephin	Antibiotic
J1626	Granisetron HCl Injection	Kytril	Nausea
J2405	Ondansetron HCl Injection	Zofran	Nausea
J9355	Trastuzumab	Herceptin	Breast Cancer
J1260	Dolasetron Mesylate	Anzemet	Post-Operative Nausea
J3301	Triamcinolone Acetonide Inj	Kenalog	Inflammation
J0880	Darbepoetin Alfa Injection	Aranesp	Anemia caused by Kidney Failure

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce reimbursement for all categories of services by 3% except for hospital, nursing home, and pharmacy services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 60,732,513</b>
<b>State:</b>	<b>\$ 23,526,263</b>
<b>% Reduction</b>	<b>3.0%</b>

**Part I - Methodology/Rationale**

Current : FY2005 Reimbursement is based upon House Bill 1181 (FY2005 General Appropriations Bill).

Proposed: 3% rate reduction for all providers excluding hospitals, nursing homes, pharmacy, FQHCs, RHCs, and all revenue maximization initiatives. FQHCs and RHCs are excluded from the rate cut due to CMS mandates that require reimbursement rates to mirror Medicare rates.

Last Change: 10% reduction for all COS in FY2004

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	100.0%	742,996
MF Children	100.0%	47,253
Disabled	100.0%	200,994
Elderly	100.0%	116,144
Adults	100.0%	172,160
PeachCare	100.0%	191,030
Total Members	100.0%	1,470,577

**Part III - Funding Impact**

Agency	Total Funds	State Funds
DCH	47,230,420	\$ 18,225,341
DHR	13,502,093	\$ 5,300,922
<b>Total</b>	<b>60,732,513</b>	<b>\$ 23,526,263</b>

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► Requires system modifications

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Require prior authorization of prescriptions for non-preferred drugs where previously the prescription was considered grandfathered for supplemental drug rebate implementation.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 25,471,218</b>
<b>State:</b>	<b>\$ 9,837,627</b>
<b>% Reduction</b>	<b>1.9%</b>

**Part I - Methodology/Rationale**

**Current :** A component of the current supplemental rebate process includes honoring exceptions to the prior authorization requirement for nonpreferred medications if the patient is currently established on the nonpreferred drug. This approach limits therapy disruption.

**Proposed:** Eliminate the grandfathering allowance for all classes subject to the supplemental rebate process.

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
<b>Total Members</b>	<b>92.5%</b>	<b>1,360,450</b>

**Part III - Product Categories Removed from Grandfathering List**

<b>Product Category Name</b>	<b>Expense</b>
Calcium Channel Blockers	\$ 15,328
Lipid Lowering Agents	\$ 2,225
Arbs And Arbs With Diuretics	\$ 784,386
Antihyperkinesis	\$ 2,694,946
Erectile Dysfunction	\$ 27,442
Atypical Antipsychotics	\$ 22,713,859
SSRI's	\$ 6,182,953
Bone Resorption Agents	\$ 3,896
<b>Total</b>	<b>\$ 32,425,035</b>
<b># Patients with prescriptions</b>	<b>75,214</b>

**Part IV - State Comparison**

► N/A

**Part V - Administrative Requirements**

► N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Require prior authorization of prescriptions for non-preferred drugs where previously the prescription was considered grandfathered for supplemental drug rebate implementation.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 25,471,218</b>
<b>State:</b>	<b>\$ 9,837,627</b>
<b>% Reduction</b>	<b>1.9%</b>

**Part VI - Drug Reference Table (See Table III)**

<b>Product Category Name</b>	<b>Brand Example</b>	<b>Treatment of</b>
Calcium Channel Blockers	Calan, Isoptin, Verelan, Procardia, Adalat, Nimotop, and Cardizem	Hypertension
Lipid Lowering Agents	Lipitor, Mevacor, and Zocor	Cholesterol-lowering drugs
Arbs And Arbs With Diuretics	Atacand, Avapro, Avalide, Cozaar, Hyzaar, Benicar, Micardis, Diovan, and Teveten	Hypertension
Antihyperkinesis	Ritalin	ADHD
Erectile Dysfunction	Viagra	Erectile Dysfunction
Atypical Antipsychotics	Olanzapin	Schizophrenia
SSRI's	Fluoxetine	Antidepressant
Bone Resorption Agents	Actonel, Calcimar, Evista, and Fosamax	Treatment of osteoporosis

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Reimburse ambulatory surgery services provided in an outpatient hospital setting based on two times the rate paid to ambulatory surgical centers.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 39,400,000</b>
<b>State:</b>	<b>\$ 14,757,167</b>
<b>% Reduction*</b>	<b>5.3%</b>

\*Based on reduction of OP hospital

**Part I - Methodology/Rationale**

Current : Cost to charge ratio.

Proposed: Fixed fee per procedure.

Last Change: July 1, 2004 - cost to charge ratio changed from 90% to 85.6%.

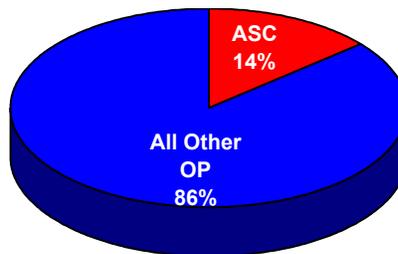
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	2.3%	17,431
MF Children	2.4%	1,147
Disabled	2.8%	5,646
Elderly	2.0%	2,268
Adults	4.2%	7,274
PeachCare	1.8%	3,512
Total Members	2.5%	37,278

**Part III - Analysis of Outpatient Payments**

DCH compared rates for ambulatory surgery services when those surgeries were performed in an outpatient hospital setting compared to the rates paid for the same services in an ambulatory surgical center.

**% of Allowed Charges**



**Average Allowed per Procedure**

Provider	Avg Allowed
Outpatient	\$ 1,856
Ambulatory Surgical Center	487

**Part IV - Most Common Units Utilized**

Procedure Description	Avg Allowed Amt		Proposed Rate	% of Total by Procedure
	Outpatient Hospital	Ambulatory Surgical Center		
Create Eardrum Opening	\$ 1,260	\$ 544	\$ 1,069	6.9%
Remove Tonsils and Adenoids	\$ 1,775	\$ 512	\$ 1,069	7.3%
Upper GI Endoscopy, Biopsy	\$ 1,196	\$ 420	\$ 936	3.9%
Inject Spine L/S	\$ 544	\$ 284	\$ 544	0.9%
Laparoscopy, Tubal Cautery	\$ 2,294	\$ 366	\$ 1,069	3.5%
Diagnostic Colonoscopy	\$ 853	\$ 422	\$ 853	1.2%
Removal of Adenoids	\$ 1,661	\$ 451	\$ 1,322	1.8%
Circumcision (not newborn)	\$ 1,957	\$ 292	\$ 936	2.0%
Cataract Surg w IOL, 1 Stage	\$ 2,400	\$ 918	\$ 1,725	2.1%
Change Gastrostomy Tube	\$ 384	\$ 292	\$ 384	0.3%
% of Total				29.9%

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reimburse ambulatory surgery services provided in an outpatient hospital setting based on two times the rate paid to ambulatory surgical centers.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 39,400,000</b>
<b>State:</b>	<b>\$ 14,757,167</b>
<b>% Reduction*</b>	<b>5.3%</b>

\*Based on reduction of OP hospital

**Part V - State Comparison**

- ▶ Reimbursement Methodology of Southeastern States:
- ▶ Mississippi - All outpatient hospital reimbursed at a percent of charges.
- ▶ Florida - All outpatient hospitals reimbursed on a per diem rate for each hospital.
- ▶ Tennessee - All outpatient hospital reimbursement based on the Medicare rates.
- ▶ Alabama - Outpatient surgical services on the ASC procedure list are reimbursed on a global rate for the entire claim.

**Part VI - Administrative Requirements**

- ▶ Requires State Plan Amendment
- ▶ Significant system changes

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reduce reimbursement for all categories of services by 5% except for hospital, nursing home, and pharmacy services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total*:</b>	<b>\$ 106,510,528</b>
<b>State*:</b>	<b>\$ 41,800,000</b>
<b>% Reduction</b>	<b>5.0%</b>

\* Savings vary by the 97% and 100% budget package due to additional cuts in the 97% budget cut package.

**Part I - Methodology/Rationale**

Current : FY 2005 reimbursement is based upon House Bill 1181 (FY2005 General Appropriations Bill).

Proposed: 5% rate reduction for all providers excluding hospitals, nursing homes, pharmacy, FQHCs, RHCs, and all COSs with revenue maximization initiatives. FQHCs and RHCs are excluded from the rate cut due to CMS mandates that require reimbursement rates to mirror Medicare rates.

Last Change: 10% reduction for all categories of service in FY 2004.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	100.0%	742,996
MF Children	100.0%	47,253
Disabled	100.0%	200,994
Elderly	100.0%	116,144
Adults	100.0%	172,160
PeachCare	100.0%	191,030
Total Members	100.0%	1,470,577

**Part III - Funding Impact**

Agency	Total Funds	State Funds
DCH	84,007,040	\$ 32,965,130
DHR	22,503,488	\$ 8,834,870
<b>Total</b>	<b>106,510,528</b>	<b>\$ 41,800,000</b>

**Part IV - Administrative Requirements**

► N/A

**Part V - Administrative Requirements**

► Requires system modifications

# D - Cost Settlements

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Complete prior year cost settlements for outpatient hospital services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 101,630,158</b>
<b>State:</b>	<b>\$ 39,064,264</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : Have been unable to complete cost settlements since fiscal agent system conversion.

Proposed: Catch up on one and a half year backlog of cost settlements during FY2006

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	55.4%	411,722
MF Children	57.3%	27,095
Disabled	66.4%	133,362
Elderly	46.1%	53,570
Adults	99.8%	171,815
PeachCare	43.4%	82,953
Total Members	59.9%	880,517

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reimburse outpatient hospital services based on interim rates set to 85.6% of cost.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 50,942,435</b>
<b>State:</b>	<b>\$ 19,573,603</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : Pay 88% of operating costs for most hospitals (excludine critical access hospitals, state owned hospitals, and historically minority owned)

Proposed: Pay 85.6% of operating costs for most hospitals (excludine critical access hospitals, state owned hospitals, and historically minority owned)

Last Change: In July 2004 decreased rate to 88%.

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children	55.4%	411,722
MF Children	57.3%	27,095
Disabled	66.4%	133,362
Elderly	46.1%	53,570
Adults	99.8%	171,815
PeachCare	43.4%	82,953
Total Members	59.9%	880,517

**Part IV - State Comparison**

▶ N/A

**Part V - Administrative Requirements**

▶ N/A

# E- Scope of Services

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Require prior authorization for prescription drugs where an equivalent over-the-counter drug is available.

<b>Effective Date:</b>	<b>4/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 15,000,000</b>
<b>State:</b>	<b>\$ 5,793,379</b>
<b>% Reduction</b>	<b>1.1%</b>

**Part I - Methodology/Rationale**

Current : Omeprazole 20mg (Proton Pump Inhibitor-PPI or GERD (Gastroesophageal Reflux Disease) medications) and Loratadine (Non-Sedating Antihistamine-NSA or allergy medications) are available in both OTC and prescription-only versions. These products have the same potency and efficacy. The current State Plan does not allow OTC coverage for either drug class.

Proposed: Move OTC omeprazole to coverage with a preferred copayment in addition to the current preferred agents and incorporate OTC omeprazole into the stepped edit approach when the supplemental bids for this class (Proton Pump Inhibitors) are up for review in December 2004, with an effective date of April 2005. Implement a stepped therapy approach for non-sedating antihistamine class drugs.

Last Change: N/A

**Part II - Member Impact - Pharmacy Services**

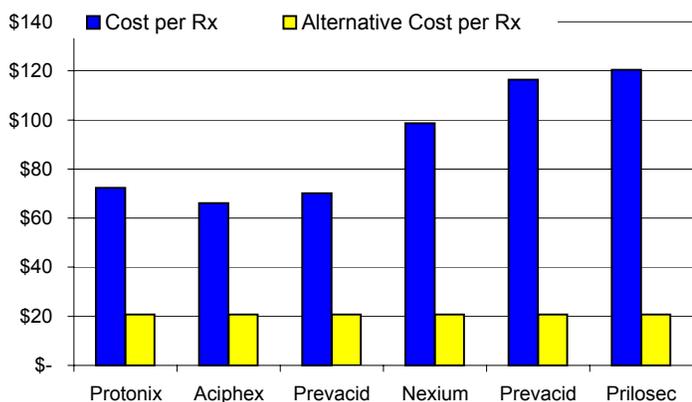
Sub - Program	Members Utilizing Service	
	Percent	Total
Children	97.6%	725,430
MF Children	87.2%	41,184
Disabled	81.7%	164,133
Elderly	65.0%	75,500
Adults	100.0%	172,160
PeachCare	95.3%	182,043
Total Members	92.5%	1,360,450

**Part III - Member Utilization**

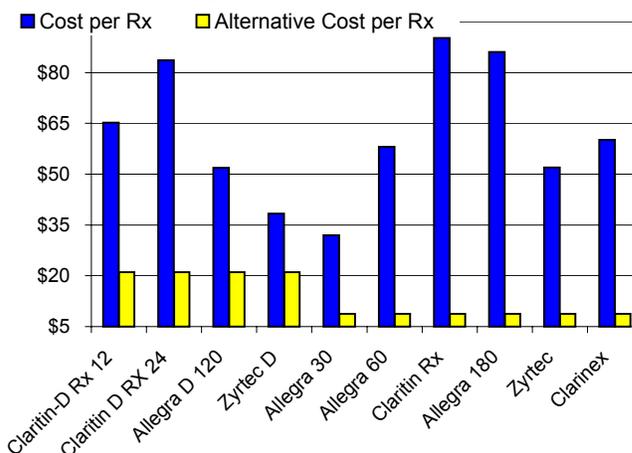
Sub - Program	PPI Utilization		NSA Utilization	
	Patients	Expenditures	Patients	Expenditures
Children	3,620	\$1,017,438	112,137	\$8,934,505
MF Children	353	\$135,996	1,224	\$155,781
Disabled	24,426	\$15,095,060	21,052	\$1,880,486
Elderly	8,092	\$4,920,700	3,672	\$255,738
Adults	6,040	\$2,149,683	12,489	\$723,455
PeachCare	1,304	\$441,987	40,538	\$4,187,944
Total Members	43,835	\$23,760,864	191,112	\$16,137,908

**Part IV - Prescription Cost**

**GERD Products**



**Allergy Products**



**Part V - State Comparisons**

► N/A

**Part VI - Administrative Requirements**

► Requires State Plan Amendment

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** End coverage of preventiv maintenance drugs for members who elect hospice care.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 5,500,000</b>
<b>State:</b>	<b>\$ 2,159,300</b>
<b>% Reduction</b>	<b>0.4%</b>

**Part I - Methodology/Rationale**

Current : Outpatient drugs for hospice patients are covered with certain exclusions for drugs the hospice is responsible for providing.

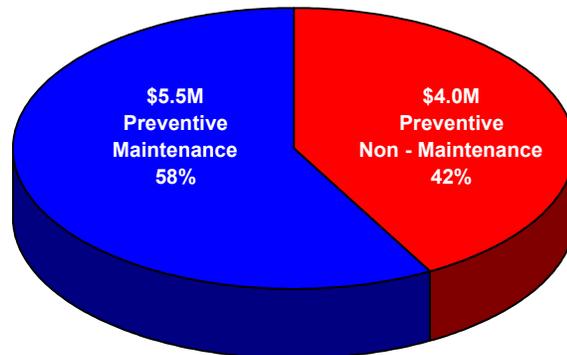
Proposed: End coverage of preventive maintenance drugs for members who elect hospice care. Maintenance drugs are defined as medications who are intended to prevent a future adverse event (stroke, MI, blood clot, hypertensive) but used on a chronic basis (maintenance).

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	16
MF Children	0.1%	40
Disabled	0.8%	1,648
Elderly	2.6%	2,967
Adults	0.0%	27
PeachCare	0.0%	
Total Members	0.3%	4,698

**Part III - Palliative and Non-Palliative Drug Distribution in Hospice**



**Part IV - Top 5 Drugs by Net Payment in Hospice**

Product Name	Top 5 Drugs by Net Payments	
	Scripts Rx	Net Payments
Zyprexa	2,544	\$478,401
Duragesic	2,558	\$437,534
Risperdal	2,872	\$421,917
Aricept	2,113	\$263,851
Plavix	2,061	\$227,948
<b>Top 5 Total</b>	<b>12,148</b>	<b>\$1,829,651</b>
<b>Grand Total</b>	<b>193,664</b>	<b>\$11,327,115</b>
<b>% of Total</b>	<b>6.3%</b>	<b>16.2%</b>

**Part V - Top 5 Preventative Maintenance Drugs by Net Payment in Hospice**

Product Name	Top 5 Drugs by Net Payments	
	Scripts Rx	Net Payments
Risperdone	471	\$370,924
Donepezil Hydrochloride	335	\$228,299
Clopidogrel Hydrogn Sulfate	341	\$191,032
Sertraline Hydrochloride	384	\$168,459
Quetiaine Fumarate	203	\$157,734
<b>Top 5 Total</b>	<b>1,734</b>	<b>\$1,116,448</b>
<b>% of Total</b>	<b>18.5%</b>	<b>20.3%</b>

**Part VI - State Comparison**

► N/A

**Part VII - Administrative Requirements**

► Requires State Plan Amendment

## Department of Community Health

## FY2006 Budget Reduction Proposal

Item: End coverage of preventative maintenance drugs for members who elect hospice care.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 5,500,000</b>
<b>State:</b>	<b>\$ 2,159,300</b>
<b>% Reduction</b>	<b>0.4%</b>

## Part VIII - Drug Reference Table (See Table IV and V)

<b>Product Name</b>	<b>Brand Example</b>	<b>Treatment of</b>
Risperidone	Risperdal, Risperdal M-Tab	antipsychotic medication, bipolar disorder, schizophrenia, obsessive - compulsive disorder
Donepezil Hydrochloride	Aricept	Alzheimer's disease
Clopidogrel Hydrogen Sulfate	Plavix	prevents platelets (substances in the blood) from clustering
Sertraline Hydrochloride	Zoloft	anxiety, panic attacks, difficulty sleeping, irritability, hostility, impulsivity, severe restlessness, and manic depression
Quetiapine Fumarate	Seroquel	Antipsychotics for childhood and adolescent bipolar disorder
Risperdone	Risperdal, Risperdal M-Tab	Schizophrenia
Donepezil Hydrochloride	Aricept	Alzheimer's disease
Clopidogrel Hydrogn Sulfate	Plavix	Stroke
Sertraline Hydrochloride	Zoloft	Depression
Quetiaine Fumarate	Seroquel	Psychotic Disorders

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Eliminate optional adult dental services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 18,252,045</b>
<b>State:</b>	<b>\$ 7,165,753</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part I - Methodology/Rationale**

Current : Adult dental coverage begins on the first day following the end of the month the member turns 21. Dental services provided under this program are only emergency in nature. No preventative or restorative services are provided.

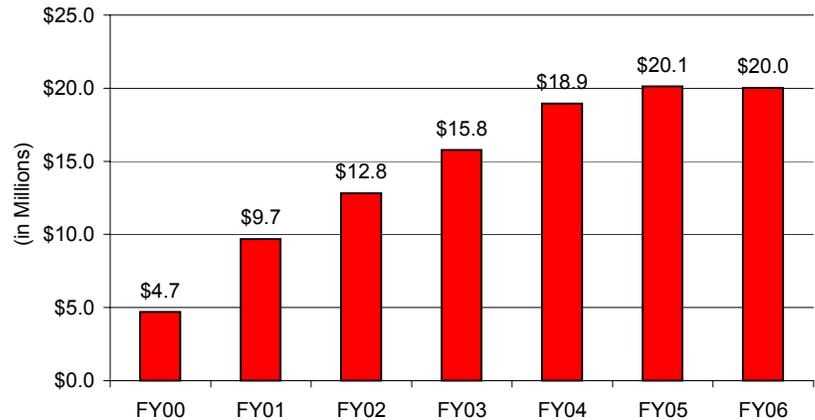
Proposed: Eliminate program completely.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	10.2%	20,455
Elderly	3.8%	4,427
Adults	5.2%	9,013
PeachCare	0.0%	-
<b>Total Members</b>	<b>2.3%</b>	<b>33,895</b>

**Part III - Year over Year Trend**



Note: FY03 and FY04 claims are not complete and will be reprocessed by 12/01/04

**Part IV - Most Common Procedures by Allowed Amount**

Top 10 Procedures	Units	Allowed Amount	\$/Unit
Rem Imp Tooth w Mucoper Flp	48,253	\$ 4,807,789	\$ 99.64
Limit Oral Eval Problm Focus	64,503	\$ 1,934,228	\$ 29.99
Each Add Tooth Extraction	36,637	\$ 1,676,680	\$ 45.76
Oral Surgery Single Tooth	29,051	\$ 1,347,876	\$ 46.40
Dental Panoramic Film	27,625	\$ 1,214,786	\$ 43.97
Tooth Root Removal	10,957	\$ 1,175,615	\$ 107.29
Extraction Erupted Tooth/Exr	21,091	\$ 1,041,025	\$ 49.36
Impact Tooth Remov Comp Bony	2,870	\$ 550,169	\$ 191.70
Intravenous Sedation	3,546	\$ 546,277	\$ 154.05
Intraoral Periapical First F	47,797	\$ 505,643	\$ 10.58
% of Total	83.4%	89.2%	

**Part V - State Comparisons**

- ▶ Alabama does not cover.
- ▶ South Carolina does cover emergency treatment only for adults enrolled in the Mental Retardation/Related Disabilities Waiver.
- ▶ Florida covers emergency treatments.

**Part VI - Administrative Requirements**

- ▶ Requires State Plan Amendment
- ▶ Requires Systems Change

**Department of Community Health****FY2006 Budget Reduction Proposal**

Item: Eliminate adult orthotics and prosthetics.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 3,900,000</b>
<b>State:</b>	<b>\$ 1,531,140</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part I - Methodology/Rationale**

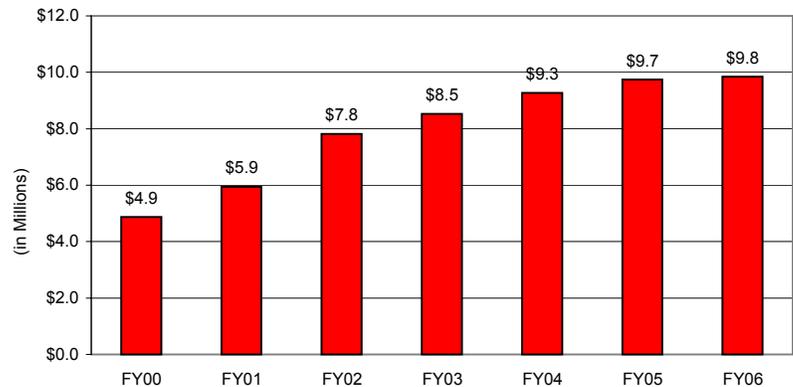
Current : The Orthotics and Prosthetics Program reimburses for the purchase of certain orthotic and prosthetic devices for a patient's use in a non-institutional setting. The items must be prescribed by a physician. Custom items require prior approval, are appropriate for use by only one person, and can not be used by anyone else.

Proposed: Eliminate orthotic and prosthetic services for Medicaid adults.

Last Change: 10% rate reduction in FY2004.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	2.6%	5,159
Elderly	1.4%	1,636
Adults	1.1%	1,923
PeachCare	0.0%	-
<b>Total Members</b>	<b>0.6%</b>	<b>8,718</b>

**Part III - Year over Year Trend\***

Note: FY03 and FY04 claims are not complete and will be reprocessed by 12/01/04  
 \* Represents trend for all Medicaid and PeachCare members, while the reduction relates to Medicaid adults only.

**Part IV - Most Common Procedures by Allowed Amount**

Top 10 Procedures	Units	Allowed Amount	\$/Unit
Ankle/Foot Orthosis with solid ankle plastic mold	2,000	\$ 1,070,974	\$ 536
Ankle/Foot Orthosis plastic mold with ankle joint	1,163	\$ 825,829	\$ 710
Hearing Aid	399	\$ 705,010	\$ 1,767
Below Knee molded socket for shin and foot	515	\$ 431,524	\$ 839
Knee/Ankle/Foot Orthosis with free knee mold	213	\$ 349,857	\$ 1,643
Lower Extremity pad for plastic mold	1,979	\$ 256,607	\$ 130
Open end ankle/knee	171	\$ 238,547	\$ 1,395
Orthotic socket with mechanical lock	648	\$ 205,836	\$ 318
Ankle/Foot Orthosis for pre-tibial weakness	404	\$ 205,766	\$ 510
Lower limb addition with m-1 socket	231	\$ 194,634	\$ 843
% of Total	14.6%	42.7%	

**Part V - State Comparisons**

- ▶ All border states cover this service. However, their limitations and coverage policy may vary.

**Part VI - Administrative Requirements**

- ▶ Requires State Plan Amendment
- ▶ Requires Systems Change

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Eliminate adult podiatry services.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 2,900,000</b>
<b>State:</b>	<b>\$ 1,138,540</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part I - Methodology/Rationale**

Current : Podiatry services are defined as the diagnosis, medical, surgical, mechanical, manipulative and electrical treatment limited to ailments of the human foot or leg as authorized within the Georgia statute governing podiatric services.

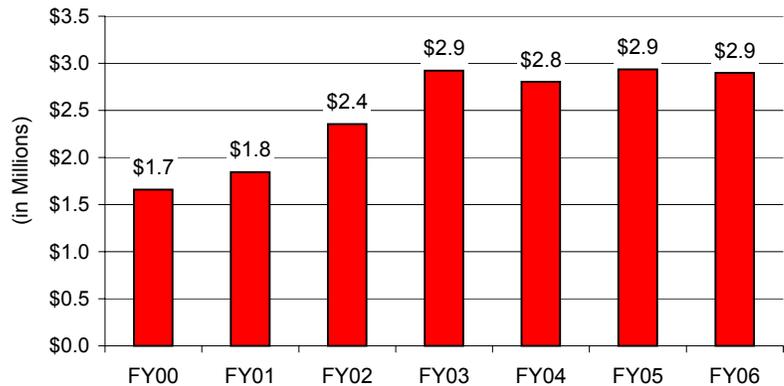
Proposed: Eliminate podiatry services for Medicaid adults.

Last Change: FY2004 10% rate reduction.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	8.8%	17,627
Elderly	15.8%	18,391
Adults	2.4%	4,070
PeachCare	0.0%	-
<b>Total Members</b>	<b>2.7%</b>	<b>40,088</b>

**Part III - Year over Year Trend**



Note: FY03 and FY04 claims are not complete and will be reprocessed by 12/01/04

**Part IV - Most Common Procedures by Allowed Amount**

Top 10 Procedures	Units	Allowed Amount	\$/Unit
Office/Outpatient Visit, Est	26,189	581,562	22.21
Office/Outpatient Visit, New	11,730	571,200	48.70
Debride Nail, 6 or More	28,853	350,584	12.15
X-Ray Exam of Foot	10,409	218,068	20.95
Removal of Nail Bed	2,510	207,813	82.81
Correction of Bunion	306	103,935	339.66
Office Consultation	1495.5	97,957	65.50
Drainage of Skin Abscess	2,220	97,803	44.06
Inj Tendon Sheath/Ligament	2,342	93,163	39.79
Removal of Nail Plate	4,232	89,546	21.16
<b>% of Total</b>	<b>59.6%</b>	<b>66.9%</b>	

**Part V - State Comparison**

- ▶ Alabama podiatry services are covered only for services provided to QMB recipients.
- ▶ South Carolina and Florida also cover this service. However their limitations and coverage policy may vary.

**Part VI - Administrative Requirements**

- ▶ Requires State Plan Amendment
- ▶ Requires Systems Change

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Change the PeachCare for Kids program to provide the same scope of services as the State Health Benefit Plan.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 69,191,551</b>
<b>State:</b>	<b>\$ 19,000,000</b>
<b>% Reduction</b>	<b>23.1%</b>

**Part I: Methodology/Rationale**

Current: PeachCare benefit package is the same as Medicaid but excludes targeted case management and non-emergency transportation.

Proposed: Model PeachCare benefit package after the State Health Benefit Plan.

Last Change: N/A

**Part II: Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	100.0%	191,030
<b>Total Members</b>	<b>13.0%</b>	<b>191,030</b>

**Part III: Benefit Revisions**

Affected Benefit	Limit/Cut
Dental	eliminate
Vision	eliminate
Mental Health and Substance Abuse Inpatient Facility	100%, limited to 30 days per benefit period
Outpatient Care	100% limited to 25 visits per benefit period
Home Healthcare Services	120 vists per benefit period
Outpatient Acute Short Term Rehab (OT, PT, ST and cardiac rehab)	40 combined visits per benefit period

**Part IV: State Comparison**

- ▶ Alabama - State Medicaid benefit package
- ▶ Florida - MediKids is Medicaid look-alike and Healthy Kids is Commercial Benefit plan with Dental included
- ▶ Kentucky - State Employee benefit plan with additional services that bring it almost to Medicaid level without EPSDT, special services and NEI
- ▶ Mississippi - State Employee benefit plan with Dental included
- ▶ North Carolina - State Employee benefit plan with Dental included
- ▶ South Carolina - State Medicaid benefit plan

**Part V: Administrative Requirements**

- ▶ Requires legislative approval
- ▶ Requires a State Plan amendment
- ▶ Will require major claims system changes

**Item E38 - Removed**

**Item E39 - Removed**

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Eliminate the hospice category of aid and the hospice category of service. This would include hospice services and members Medicaid eligible only by virtue of their hospice status would lose their Medicaid eligibility.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 26,307,110</b>
<b>State:</b>	<b>\$ 10,328,171</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part I - Methodology/Rationale**

Current : Hospice coverage is available for an unlimited number of days. It is divided into election periods as follows: Two initial 90 day periods and an unlimited number of subsequent 60 day periods. Each benefit period require a physician to certify that the individual has a terminal illness with a life expectancy of 6 months or less if the illness runs its normal course.

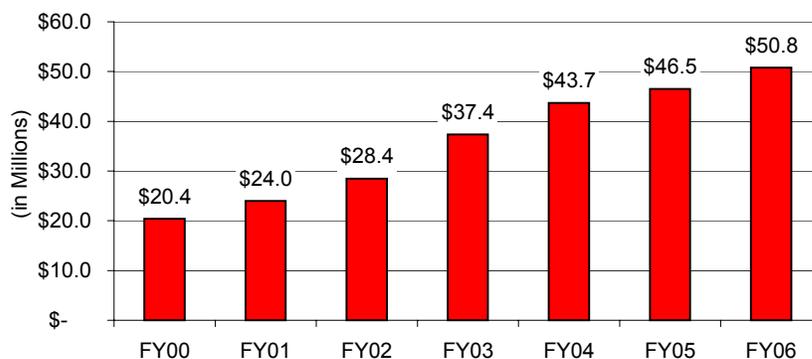
Proposed: Eliminate program completely.

Last Change: In FY2005 the nursing facility case mix based per diem rate was reduced, impacting nursing home based hospice reimbursement.

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	16
MF Children	0.1%	40
Disabled	0.8%	1,648
Elderly	2.6%	2,967
Adults	0.0%	27
PeachCare	0.0%	
<b>Total Members</b>	<b>0.3%</b>	<b>4,698</b>

**Part III - Year over Year Trend**



Note: FY03 and FY04 claims are not complete and will be reprocessed by 12/01/04

**Part IV - Most Common Procedures by Allowed Amount**

FY2003 - Top 3 Procedures	Allowed Amt	% of Total
Care in Nursing Home	\$ 15,833,389	64.4%
Routine Home Care	\$ 6,213,125	25.3%
General Inpatient Care	\$ 1,775,063	7.2%
<b>% of Total Allowed</b>	<b>\$23,821,578</b>	<b>96.9%</b>

► The hospice aid category accounts for 30% of all expenses within the hospice category of service.

**Part VI - State Comparison**

► All border states cover this service. However, their limitations and coverage policy may vary.

**Part VII - Administrative Requirements**

- Requires State Plan Amendment
- Requires Systems Change

**Part V - Top 10 Drugs in Hospice by Net Payment**

FY 2003 Top 10 Drugs	Net Pay Rx	% of Total
Olanzapine	\$ 962,728	4.7%
Risperidone	\$ 842,648	4.1%
Fentanyl	\$ 691,703	3.4%
Donepezil Hydrochloride	\$ 541,715	2.6%
Epoetin Alfa	\$ 467,301	2.3%
Oxycodone Hydrochloride	\$ 423,484	2.1%
Sertraline Hydrochloride	\$ 413,009	2.0%
Clopidogrel Hydrogen Sulfate	\$ 398,607	1.9%
Megestrol Acetate	\$ 340,121	1.7%
Celecoxib	\$ 317,166	1.6%
<b>% of Total</b>	<b>\$ 5,398,483</b>	<b>26.4%</b>

Note: 911 different drugs used by hospice patients dispensed from retail pharmacy.

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Eliminate the hospice category of aid and the hospice category of service. This would include hospice services and members Medicaid eligible only by virtue of their hospice status would lose their Medicaid eligibility.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 26,307,110</b>
<b>State:</b>	<b>\$ 10,328,171</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part VIII - Drug Reference Table (See Table V)**

<b>FY 2003 Top 10 Drugs</b>	<b>Brand Example</b>	<b>Treatment of</b>
Olanzapine	Zyprexa	Mental Disorders
Risperidone	Risperdal	Mental Disorders
Fentanyl	Fentanyl	Cancer Pain
Donepezil Hydrochloride	Aricept	Alzheimer's
Epoetin Alfa	Procrit	Anemia
Oxycodone Hydrochloride	Oxycontin	Chronic Pain
Sertraline Hydrochloride	Zoloft	Depression
Clopidogrel Hydrogen Sulfate	Plavix	N/A
Megestrol Acetate	Megace	Breast Cancer
Celecoxib	Celebrex	Arthritis

# F - Eligibility

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Strictly enforce income requirements for participation in the PeachCare for Kids program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 12,745,812</b>
<b>State:</b>	<b>\$ 3,500,000</b>
<b>% Reduction</b>	<b>4.6%</b>

**Part I: Methodology/Rationale**

Current: Income verification is only performed when a PeachCare application comes in through DFCS caseworker.

Proposed: Increase efforts to validate PeachCare applicant income.

Last Change: N/A

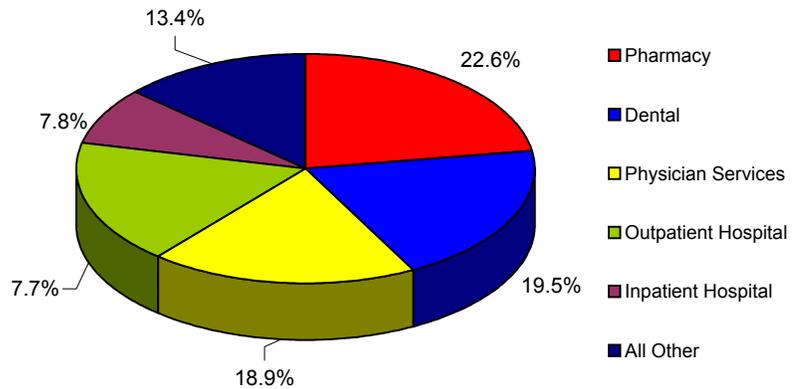
**Part II: Proposal Description**

**Option A:** Perform data matching audits, using comprehensive income verification, on a monthly basis for a sample or entire population. Require follow up with documentation on discrepant cases

**Option B:** Perform data matching via DOL or private vendor wage data on every PeachCare application received by PSI/DHACS and/or DFCS

**Option C:** Require documentation of income (i.e. paycheck stubs) from all new and renewing applicants

**Part III - Most Common Services Utilized by Net Payment**



**Part IV: State Comparison**

State	Type of Income Verification
▶ Alabama	income documentation
▶ Florida	income documentation
▶ Kentucky	income documentation
▶ Mississippi	self-declaration with wage data matching
▶ North Carolina	income documentation
▶ South Carolina	income documentation
▶ Tennessee	income documentation

**Part V: Administrative Requirements**

- ▶ Would potentially require state plan amendment
- ▶ Would require PeachCare enrollment system programming changes
- ▶ Options A & B would require some additional staff (either DCH or PSI) to perform follow up functions on applicants with discrepant incomes
- ▶ Option C would require a significant increase in additional staff (PSI) to perform eligibility determination and follow up functions

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Ensure level of care requirements are met for all long term care programs.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 6,000,000</b>
<b>State:</b>	<b>\$ 2,355,600</b>
<b>% Reduction</b>	<b>3.1%</b>

**Part I - Methodology/Rationale**

Current : Nursing home level of care is determined by multiple entities and may not be uniformly applied.

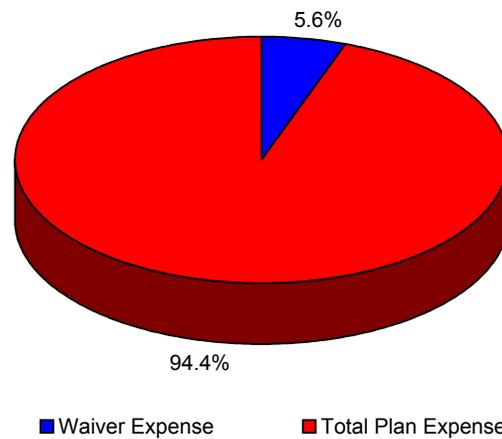
Proposed: Ensure all entities determining level of care uniformly apply level of care requirements.

Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	14.1%	6,677
Disabled	1.7%	3,378
Elderly	4.9%	5,727
Adults	0.0%	-
PeachCare	0.0%	-
<b>Total Members</b>	<b>1.1%</b>	<b>15,782</b>

**Part III - Waiver Expense as a Percent of Total Expense**



Note: For some eligibles, meeting level of care criteria qualifies the member for Medicaid, whereas they would have not otherwise been eligible.

**Part IV - State Comparison**

- ▶ All states are required to follow Code of Federal Regulations (CFR) when assessing members for institutional or institutional-related care.

**Part V- Administrative Requirments**

- ▶ N/A

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Perform clinical reviews to validate demand for emergency medical assistance for undocumented aliens.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 7,641,365</b>
<b>State:</b>	<b>\$ 3,000,000</b>
<b>% Reduction</b>	<b>10.5%</b>

**Part I - Methodology/Rationale**

**Current :** Undocumented aliens are seen by providers who submit a DMA Form 526 to the Department of Family and Children Services authorizing length of eligibility under the emergency medical assistance program. Length of eligibility can be up to three months and after that, another Form 526 must be submitted to renew eligibility. During the eligibility span, a member may receive any covered services.

**Proposed:** Perform clinical reviews to validate demand for emergency medical assistance for undocumented aliens.

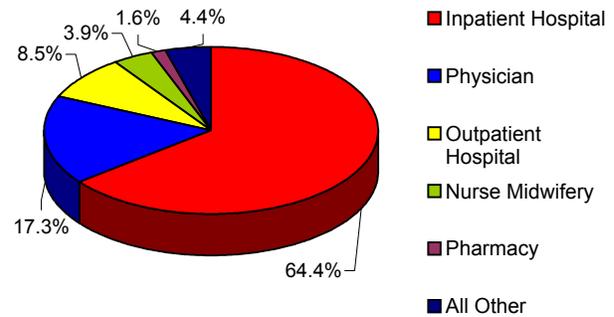
Last Change: N/A

**Part II - Member Impact**

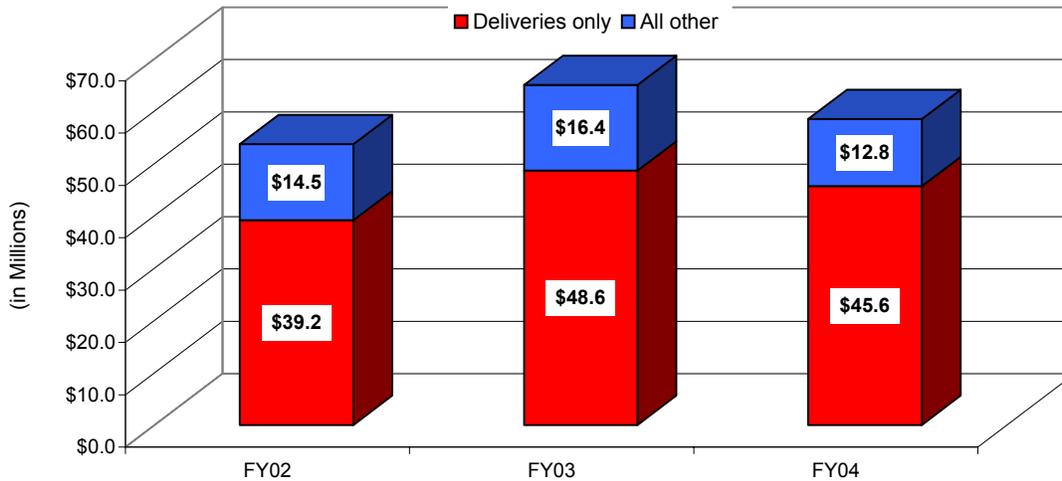
Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.3%	2,405
MF Children	0.0%	7
Disabled	0.2%	444
Elderly	0.4%	475
Adults	11.4%	19,546
PeachCare	0.0%	-
<b>Total Members *</b>	<b>1.4%</b>	<b>21,047</b>

\* Total members represents average monthly eligibles. Eligibility is determined monthly and thus the unique count of patients in a year can be greater than the average monthly enrollment.

**Part III - Most Common Services by Net Payment**



**Part IV - Emergency Medical Assistance Expenditures by Diagnosis Related Group**



**Part V - State Comparison**

► N/A

**Part VI - Administrative Requirements**

► Requires State Plan Amendment

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Verify continuation of active cancer treatment for women in the breast and cervical cancer (BCC) program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 3,641,661</b>
<b>State:</b>	<b>\$ 1,000,000</b>
<b>% Reduction</b>	<b>14.0%</b>

**Part I - Methodology/Rationale**

**Current :** Eligibility for coverage ends when the patient's course of treatment is completed or they no longer meet eligibility requirements. Notices are sent to member after the sixth month of eligibility instructing member to report changes.

**Proposed:** Verify continuation of active cancer treatment for women in the breast and cervical cancer program by sending monthly questionnaires to all BCC members. Questionnaires will require members to explain the type of treatment they are receiving. Members not receiving current treatment will be referred to Right From the Start Medicaid where they will be disenrolled from the BCC program.

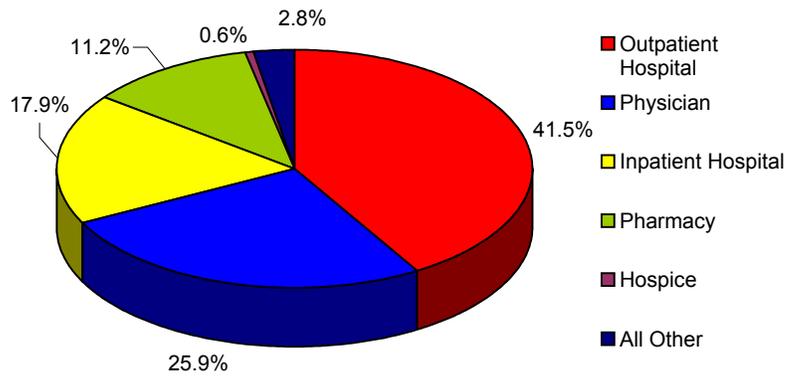
Last Change: N/A

**Part II - Member Impact**

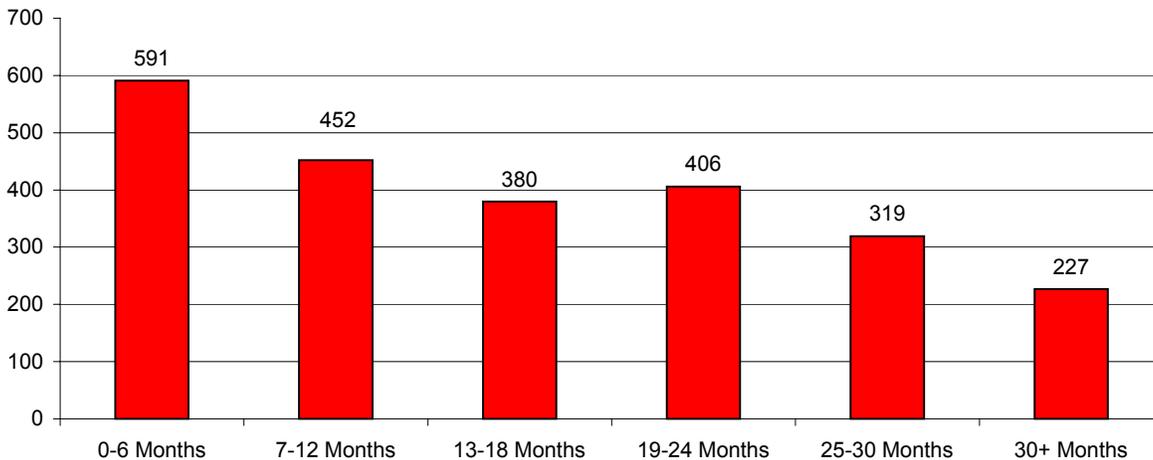
Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.9%	1,735
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	0.0%	-
<b>Total Members *</b>	<b>0.1%</b>	<b>1,735</b>

\* Total members represents average monthly eligibles

**Part III - Most Common Services by Net Payment**



**Part IV - Members Continuously Enrolled FY02-FY04**



**Part V - State Comparison**

► N/A

**Part VI - Administrative Requirements**

► Requires State Plan Amendment

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Reflect an FY2005 change made to consider promissory notes as income in NH eligibility determination.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 1,600,000</b>
<b>State:</b>	<b>\$ 628,160</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

**Current :** The face value of promissory notes is not counted as an asset in determining nursing home eligibility. The income produced by these notes is counted.

**Proposed:** Count the face value of all promissory notes toward the resource limit in determining eligibility.

Last Change: N/A

**Part II - Member Impact**

<b>Sub - Program</b>	<b>Members Utilizing Service</b>	
	<b>Percent</b>	<b>Total</b>
Children		-
MF Children	0.0%	55
Disabled		-
Elderly		-
Adults		-
PeachCare		-
Total Members	0.0%	55

**Part III - State Comparison**

- ▶ Most states count the face value of promissory notes in the determination of eligibility.

**Part IV - Administrative Requirements**

- ▶ State Plan Amendment
- ▶ Changes to the SUCCESS computer system

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Limit PeachCare for Kids enrollment in January 2005.

<b>Effective Date:</b>	<b>1/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 10,196,650</b>
<b>State:</b>	<b>\$ 2,800,000</b>
<b>% Reduction</b>	<b>3.1%</b>

**Part I - Methodology/Rationale**

Current : PeachCare has no limitation on the number of children enrolled.

Proposed: Limit PeachCare enrollment in January 2005. Enrollment is projected to reach 190,795 by January 2005. However, the projection will have a margin of error and the limit will be set at actual enrollment as of January 2005. Enrollment is expected to reach ~206,000 members by June 2005, locking out more than 15,000 by the end of the fiscal year.

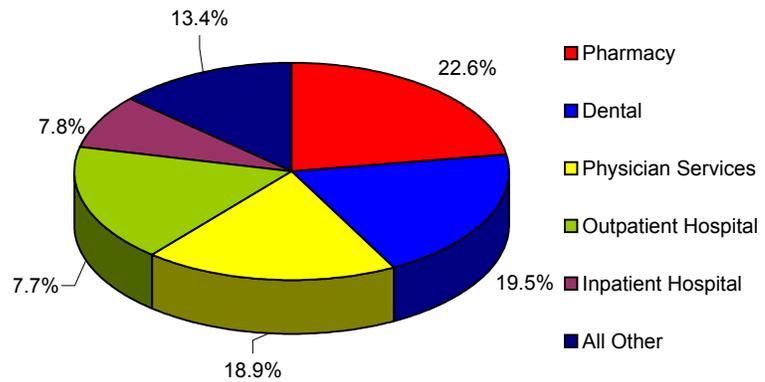
Last Change: N/A

**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare*	100.0%	187,078
<b>Total Members</b>	<b>12.7%</b>	<b>187,078</b>

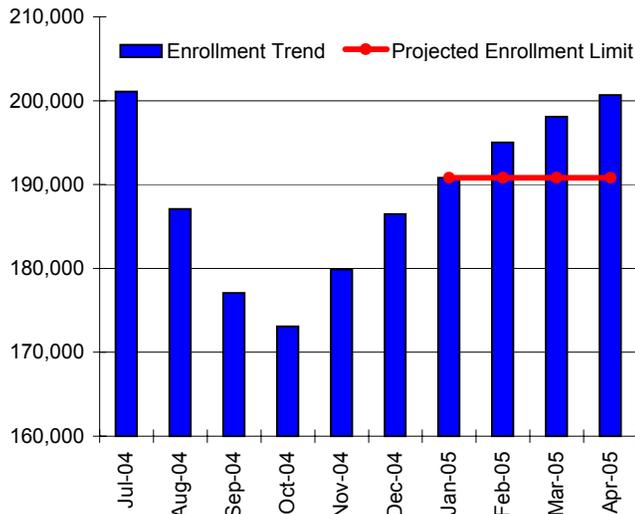
\* Expected FY2005 average after implementation of sliding scale premium

**Part III - Most Common Services Utilized by Net Payment**

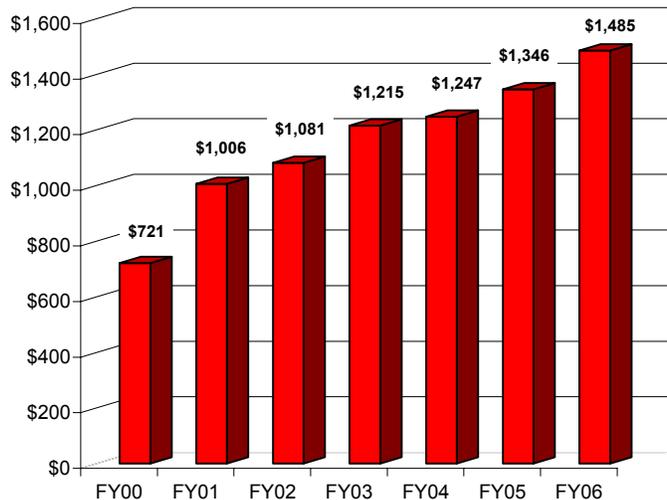


► CY03 Total Net Payments were \$247,522,402

**Part IV - PeachCare Enrollment and PMPY Trends\***



\*Decrease in enrollment due to policy changes implemented in FY2005



**Part V - State Comparison**

► N/A

**Part VI - Administrative Requirements**

- Requires State Plan Amendment
- Requires System Changes

**Item F47 - Removed**

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Restrict coverage to of 185% of the Federal Poverty Level (FPL) for pregnant women and children; No spend down allowed.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 12,480,897</b>
<b>State:</b>	<b>\$ 4,900,000</b>
<b>% Reduction</b>	<b>1.3%</b>

**Part I - Methodology/Rationale**

Current : Eligibility limit is 200% of the FPL. A person can use incurred/unpaid medical bills to spenddown the difference between their income and the income limit as a means to become eligible.

Proposed: Eligibility income not to exceed 185% of the FPL. No spend down allowed. If PeachCare remains unchanged, RSM children would shift to PeachCare.

Last Change: Income requirement changed from 235% to 200% of FPL in FY 2005.

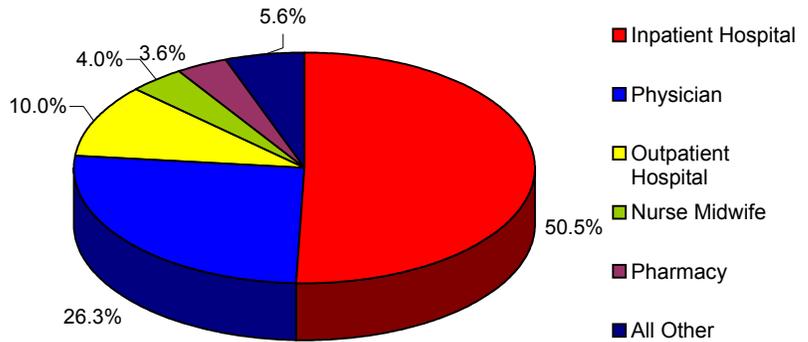
Family Size	*Current Income Limits	Proposed Income Limits
1	\$1,736 per month (\$20,832 per year)	\$1,336 per month (\$16,032 per year)
2	\$2,239 per month (\$26,868 per year)	\$1,841 per month (\$22,092 per year)
3	\$2,942 per month (\$35,304 per year)	\$2,316 per month (\$27,792 per year)
4	\$3,545 per month (\$42,540 per year)	\$2,791 per month (\$33,492 per year)
+	\$604 each person (\$7,248 per year)	\$476 each additional person (\$5,712 per year)

**Part II - Member Impact\***

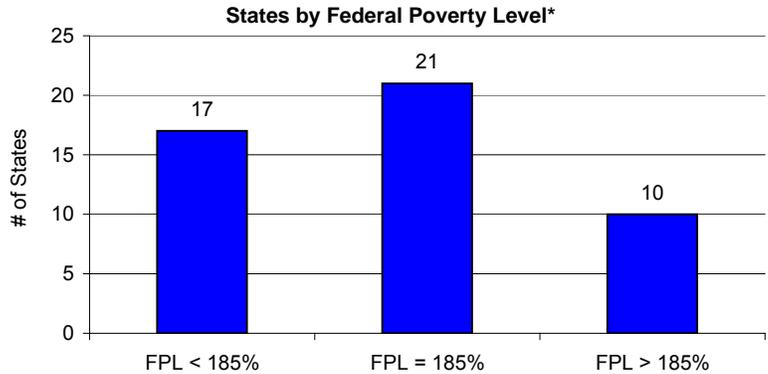
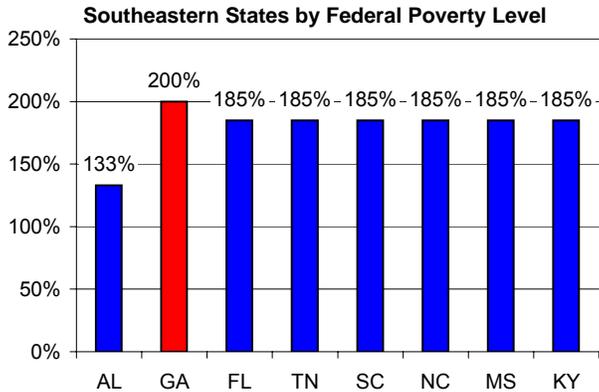
Sub - Program	Members Utilizing Service	
	Percent	Total
Children	1.5%	10,952
MF Children	0.0%	-
Disabled	0.0%	-
Elderly	0.0%	-
Adults	4.5%	7,825
PeachCare	0.0%	-
<b>Total Members</b>	<b>6.0%</b>	<b>18,777</b>

\* Members between 185% and 200% of the FPL

**Part III - Most Common Services by Net Payment**



**Part IV - State Comparison**



\* 2 states did not report

**Part V - Administrative Requirements**

- Requires State Plan Amendment

**Department of Community Health  
FY2006 Budget Reduction Proposal (Continued)**

**Item:** Restrict coverage to 185% of the federal poverty level for pregnant women and children; no spend down allowed.  
**Note:** Presumptive eligibility will be decreased to 185% to align with proposed RSM reduction.

**Part VI - Eligibility by Income:**

Annual Income (family size = 3)	% of Federal Poverty Level									
over 235%		Spend Down for Non-Categorical Pregnant Women/Children <sup>6</sup>								
\$36,008	235% FPL	Presumptive Eligibility <sup>3</sup>	RSM <sup>7</sup>	Medicaid	PeachCare for Kids <sup>2</sup>	PeachCare for Kids	PeachCare for Kids			
\$30,681	200% FPL									
\$28,376	185% FPL	Presumptive Eligibility <sup>3</sup>								
\$20,301	133% FPL		RSM <sup>7</sup>	Newborn <sup>9</sup>	Newborn <sup>9</sup>	RSM <sup>7</sup>			Transitional Medical Assistance (TMA) <sup>4</sup>	Breast and Cervical Cancer Medicaid State Plan Option <sup>5</sup>
\$15,264	100% FPL						RSM <sup>7</sup>			
\$6,088	Standard of Need					Low Income Medicaid (LIM) <sup>8</sup>				
		<b>Pregnant Women</b>	<b>Pregnant Women<sup>1</sup></b>	<b>Infants up to Age 1</b>	<b>Infants up to Age 1<sup>2</sup></b>	<b>Children 1-5</b>	<b>Children 6 - 18</b>	<b>Parents</b>	<b>Parents &amp; Children-Transitional Medicaid</b>	<b>Breast and Cervical Cancer</b>

<sup>1</sup> Coverage for pregnant women limited to time of pregnancy and 60 days postpartum  
<sup>2</sup> For infants born to pregnant women not eligible for Medicaid coverage at the time of birth  
<sup>3</sup> Services restricted - no inpatient hospital or delivery  
<sup>4</sup> Covers children & parents who lose LIM due to earnings (limited to one year)  
<sup>5</sup> Must meet breast/cervical cancer screening requirement, be uninsured, and under 65 years old  
<sup>6</sup> Spend down to medically needy level income limit of \$507/month for a family of 3  
<sup>7</sup> Right From The Start Medicaid, coverage for pregnant women also covers newborn child  
<sup>8</sup> Includes adoption, supplement, and foster care children

**Legend**

	Mandatory
	Optional
	Proposed Cut

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Restrict coverage to 185% of the federal poverty level for PeachCare for Kids

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 26,721,777</b>
<b>State:</b>	<b>\$ 7,337,800</b>
<b>% Reduction</b>	<b>9.36%</b>

**Part I - Methodology/Rationale**

Current : Coverage provided to children up to 235% federal poverty level.

Proposed: Eligibility income not to exceed 185% of the FPL.

Last Change: FY 2005 implemented sliding scale premium policy.

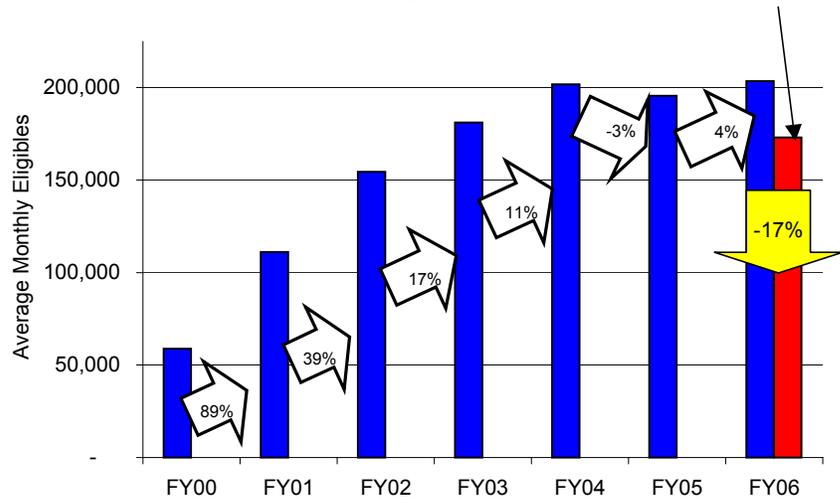
**Part II - Member Impact\***

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.0%	-
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	15.0%	30,429
<b>Total Members</b>	<b>2.1%</b>	<b>30,429</b>

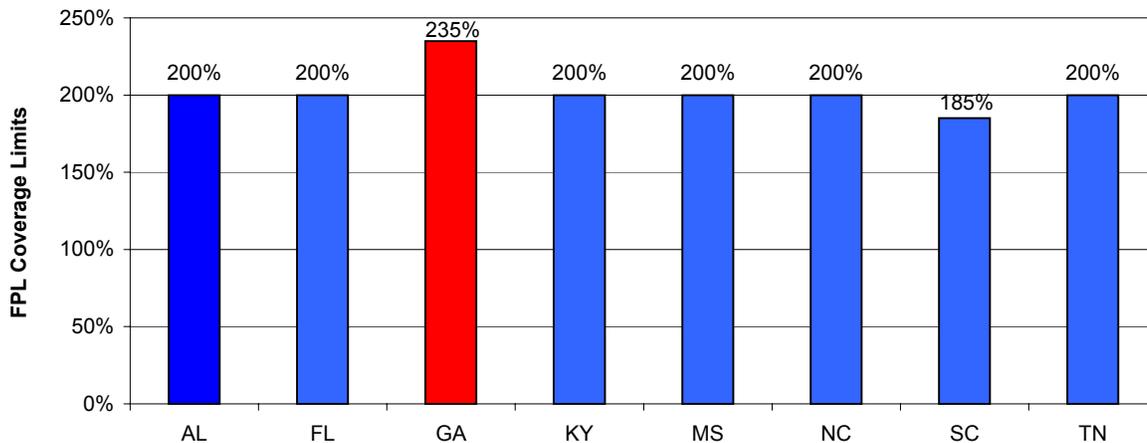
\* This is the member impact without the influence the premium proposal. With inclusion of premium proposal, the member impact would 25,544.

**Part III - PeachCare Eligibility Growth**

Revised projection based on new proposal



**Part IV - State Comparison**



**Part V - Administrative Requirements**

- ▶ Requires Legislative Approval
- ▶ Requires State Plan Amendment
- ▶ Requires Programming Changes in PSI's Eligibility Determination System

**Department of Community Health  
FY2006 Budget Reduction Proposal (Continued)**

**Item:** Restrict coverage to 185% of the federal poverty level for PeachCare for Kids.

**Part VI - Eligibility by Income:**

Annual Income (family size = 3)	% of Federal Poverty Level									
over 235%		Presumptive Eligibility <sup>3</sup>	Spend Down for Non-Categorical Pregnant Women/Children <sup>6</sup>		PeachCare for Kids <sup>2</sup>	PeachCare for Kids	PeachCare for Kids			
\$36,008	235% FPL		RSM <sup>7</sup>	Medicaid						
\$30,681	200% FPL									
\$28,376	185% FPL					PeachCare for Kids	PeachCare for Kids			
\$20,301	133% FPL			RSM <sup>7</sup>	Newborn <sup>9</sup>	Newborn <sup>9</sup>	RSM <sup>7</sup>		Transitional Medical Assistance (TMA) <sup>4</sup>	Breast and Cervical Cancer Medicaid State Plan Option <sup>5</sup>
\$15,264	100% FPL						RSM <sup>7</sup>			
\$6,088	Standard of Need					Low Income Medicaid (LIM) <sup>8</sup>				
		<b>Pregnant Women</b>	<b>Pregnant Women<sup>1</sup></b>	<b>Infants up to Age 1</b>	<b>Infants up to Age 1<sup>2</sup></b>	<b>Children 1-5</b>	<b>Children 6 - 18</b>	<b>Parents</b>	<b>Parents &amp; Children-Transitional Medicaid</b>	<b>Breast and Cervical Cancer</b>

<sup>1</sup>Coverage for pregnant women limited to time of pregnancy and 60 days postpartum  
<sup>2</sup>For infants born to pregnant women not eligible for Medicaid coverage at the time of birth  
<sup>3</sup>Services restricted - no inpatient hospital or delivery  
<sup>4</sup>Covers children & parents who lose LIM due to earnings (limited to one year)  
<sup>5</sup>Must meet breast/cervical cancer screening requirement, be uninsured, and under 65 years old  
<sup>6</sup>Spend down to medically needy level income limit of \$507/month for a family of 3  
<sup>7</sup>Right From The Start Medicaid, coverage for pregnant women also covers newborn child  
<sup>8</sup>Includes adoption supplement and foster care children

**Legend**

	Mandatory
	Optional
	Proposed Cut

**Department of Community Health**

**FY2006 Budget Reduction Proposal**

**Item:** Eliminate spenddown programs for non-categorical members who have incomes over the Medicaid income limit.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 82,700,000</b>
<b>State:</b>	<b>\$ 32,468,020</b>
<b>% Reduction</b>	<b>100.0%</b>

**Part I - Methodology/Rationale**

**Current :** A person can use incurred/unpaid medical bills to spenddown the difference between their income and the income limit to become eligible. This income becomes known as a resource.

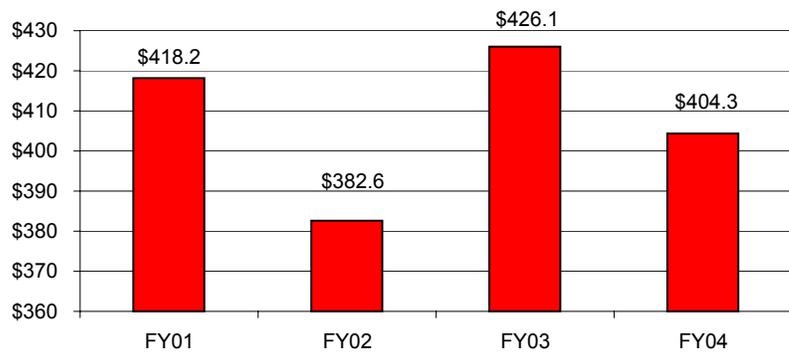
**Proposed:** Eliminate the spenddown to establish eligibility. This cut does not effect aged, blind, and disabled in the nursing home.

Last Change: N/A

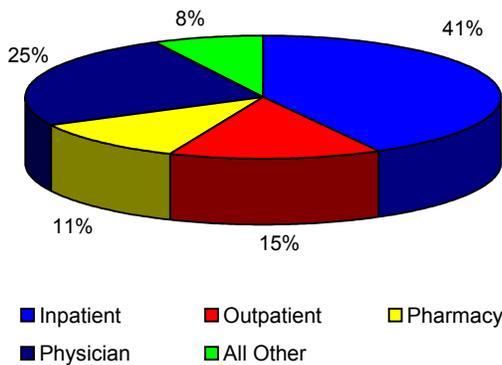
**Part II - Member Impact**

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.1%	67
Disabled	5.4%	10,952
Elderly	4.5%	5,275
Adults	0.0%	4
PeachCare	0.0%	-
<b>Total Members</b>	<b>10.1%</b>	<b>16,298</b>

**Part III - Medicaid Payments per Member per Month**



**Part IV - Most Common Services Utilized**



**Part V - Income Limits**

Family Size	After Spenddown	Before Spenddown
1	\$208 per month (\$2,496 per year)	\$2,208
2	\$317 per month (\$3,804 per year)	\$4,317
3	\$375 per month (\$4,500 per year)	Add \$100 for additional family members
4	\$442 per month (\$5,304 per year)	

**Part VI - State Comparison**

- ▶ 35 states without Non-Categorical eligibility groups include: Alaska, Arkansas, California, Connecticut, District of Columbia, Florida, Hawaii, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wisconsin
- ▶ 9 states do not have a Non-Categorical eligibility group for the Aged, Blind, and Disabled; Southern states include: Alabama, South Carolina, Texas

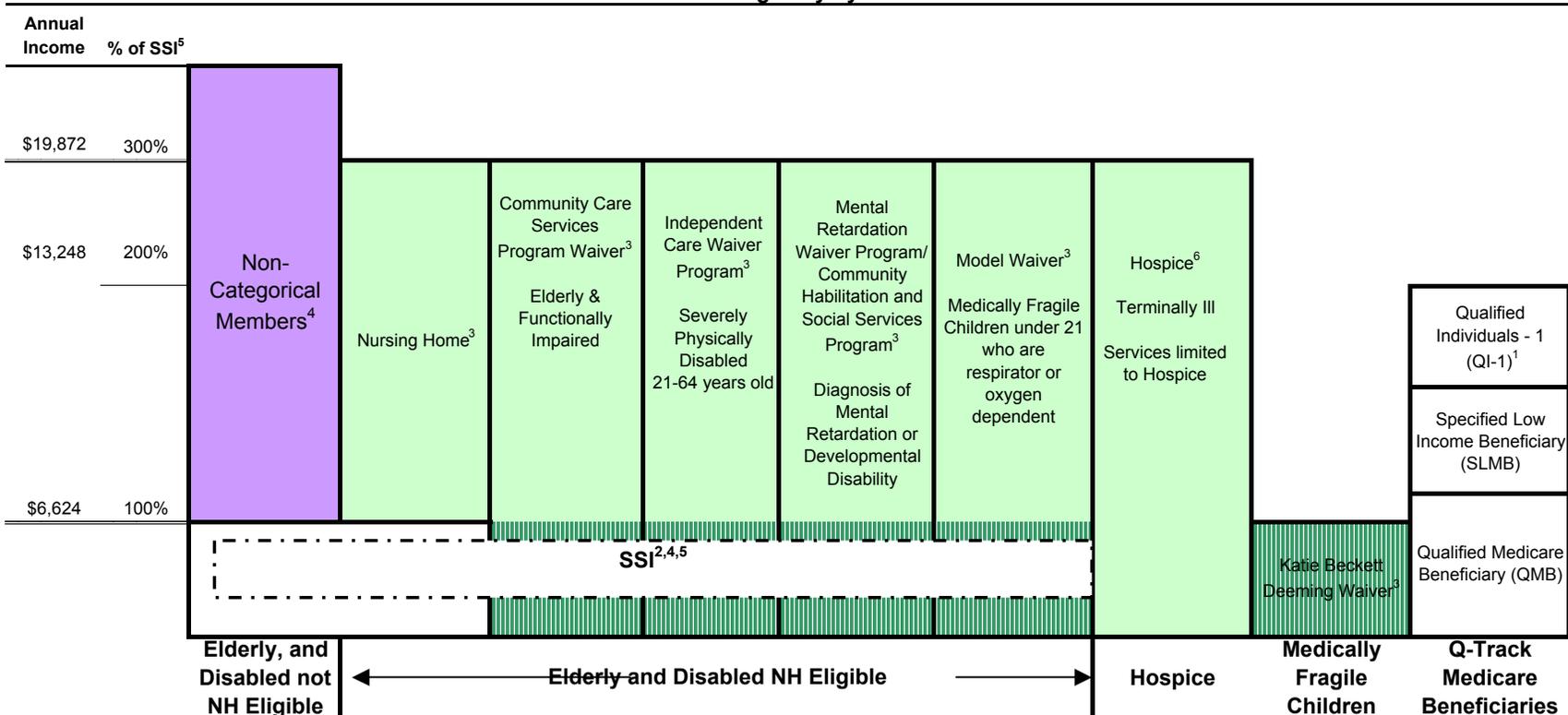
**Part VII - Administrative Requirements**

- ▶ Requires State Plan Amendment

**Department of Community Health  
FY2006 Budget Reduction Proposal (continued)**

**Item:** Eliminate spend down programs for non-categorical members who have incomes over the Medicaid income limits.

**Part VIII - Eligibility by Income:**



<sup>1</sup> Mandatory but limited to state allotment

<sup>2</sup> Includes former SSI recipients who remain eligible under Public Laws and Nursing Home SSIs

<sup>3</sup> Nursing Home level of care required

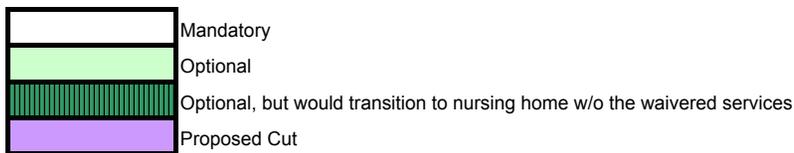
<sup>4</sup> Former SSI Children

<sup>5</sup> SSI - Supplemental Security Income

<sup>6</sup> Services waiver only, this population becomes eligible via other eligibility groups or waivers

<sup>7</sup> Federal Poverty Level (FPL) - the FPL only applies to the Q-track members

**Legend**



**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Reduce coverage for aged, blind, and disabled members with incomes greater than two times Supplemental Security Income (SSI).

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 62,624,328</b>
<b>State:</b>	<b>\$ 24,586,311</b>
<b>% Reduction</b>	<b>2.3%</b>

**Part I - Methodology/Rationale**

Current : Eligibility is granted to anyone at or below three times SSI. Three times SSI is equivalent to annual income of \$19,872.

Proposed: Reduce eligibility to two times the SSI. Two times SSI is equivalent to annual income of \$13,248.

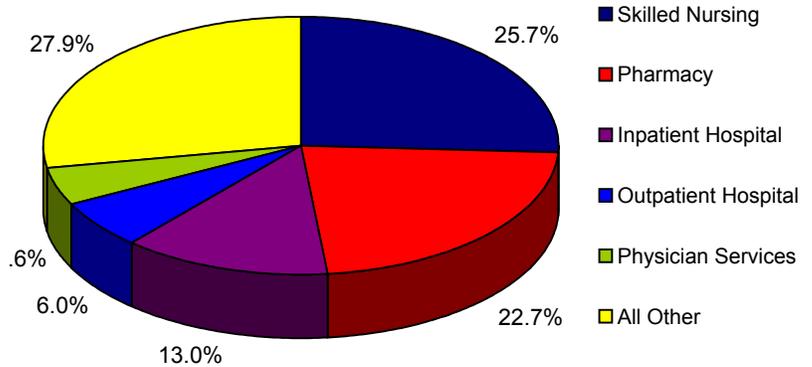
Last Change: Elimination of non-categorically spend down members in nursing homes in FY2005.

**Part II - Member Impact\***

Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	
MF Children	0.0%	
Disabled	0.8%	1,590
Elderly	0.2%	290
Adults	0.0%	
PeachCare	0.0%	
<b>Total Members</b>	<b>0.1%</b>	<b>1,880</b>

\* Estimate based on use of Miller's Trust

**Part III - Most Common Services by Net Payment**



**Part IV - State Comparison:**

- ▶ Most states have a cap of 3 times the SSI
- ▶ Delaware has a cap of 2.5 times the SSI
- ▶ New Hampshire caps at \$1,250, which is just above 2 times the SSI

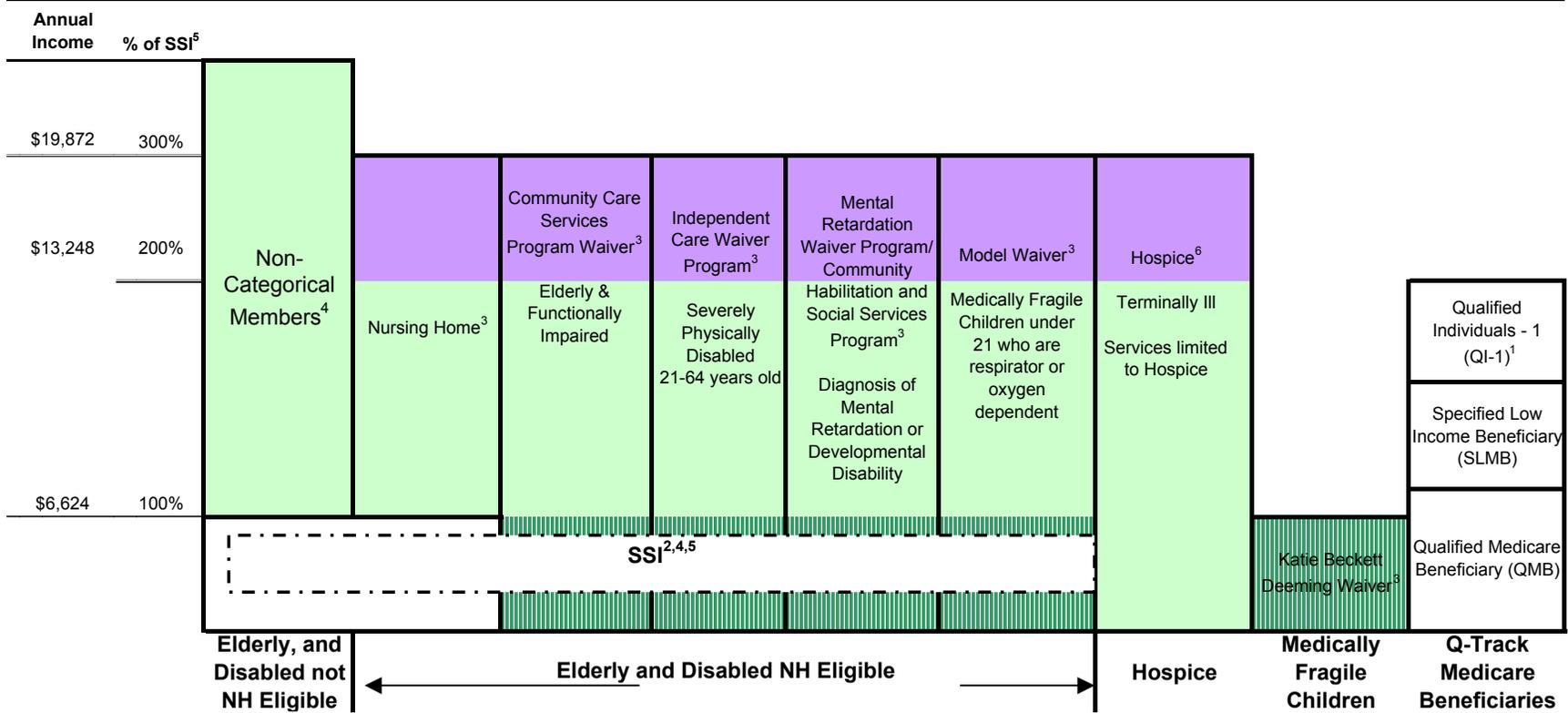
**Part V - Administrative Requirements**

- ▶ Requires system modifications

**Department of Community Health  
FY2006 Budget Reduction Proposal (continued)**

**Item:** Reduce coverage for aged, blind, and disable members with incomes greater than two times the Supplemental Security Income (SSI).

**Part VI - Eligibility by Income:**



<sup>1</sup> Mandatory but limited to state allotment  
<sup>2</sup> Includes former SSI recipients who remain eligible under Public Laws and Nursing Home SSIs  
<sup>3</sup> Nursing Home level of care required  
<sup>4</sup> Former SSI Children  
<sup>5</sup> SSI - Supplemental Security Income  
<sup>6</sup> Services waiver only, this population becomes eligible via other eligibility groups or waivers  
<sup>7</sup> Federal Poverty Level (FPL) - the FPL only applies to the Q-track members

**Legend**

- Mandatory
- Optional
- Optional, but would transition to nursing home w/o the waived services
- Proposed Cut

**Department of Community Health**  
**FY2006 Budget Reduction Proposal**

**Item:** Eliminate Breast & Cervical Cancer Program.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total*:</b>	<b>\$ 21,849,964</b>
<b>State:</b>	<b>\$ 6,000,000</b>
<b>% Reduction</b>	<b>100.0%</b>

\*CY03 Expenditures less overlapping cut (F44) from 105% and 100% packages

**Part I - Methodology/Rationale**

Current : Women approved for the Breast and Cervical Cancer Waiver Program are entitled to the full range of Medicaid Covered services. They must be screened for breast or cervical cancer under the CDC Breast and Cervical Cancer Early detection Program and found to be in need of treatment for either; have no creditable health coverage, including health insurance, Medicare and/or Medicaid; be under age 65; and be a U.S. citizen or a lawfully admitted alien to be eligible for services.

Proposed: Eliminate Breast & Cervical Cancer Program.

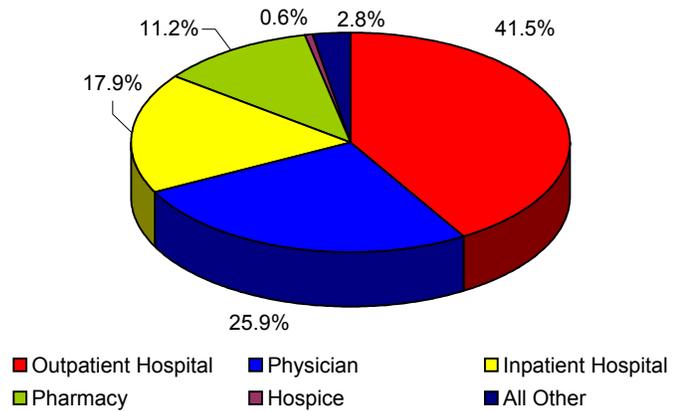
Last Change: Implemented July 1, 2001

**Part II - Member Impact**

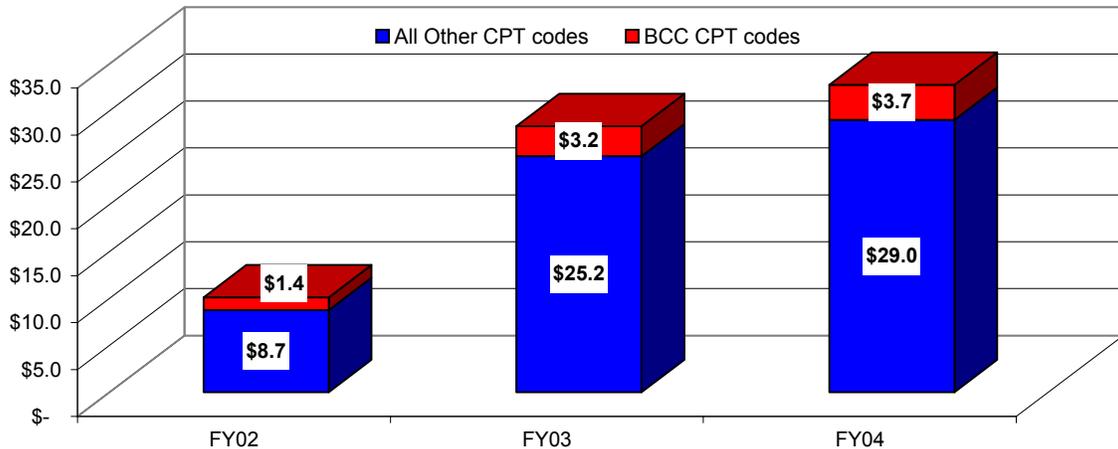
Sub - Program	Members Utilizing Service	
	Percent	Total
Children	0.0%	-
MF Children	0.0%	-
Disabled	0.9%	1,735
Elderly	0.0%	-
Adults	0.0%	-
PeachCare	0.0%	-
Total Members*	0.1%	1,735

\* Total members represents average monthly eligibles

**Part III - Most Common Services by Net Payment**



**Part IV - Breast & Cervical Cancer Expenditures by Fiscal Year**



**Part V - State Comparison:**

- ▶ All 50 states have a breast and cervical cancer aid category.

**Part VI - Administrative Requirements**

- ▶ Requires State Plan Amendment

**Department of Community Health  
FY2006 Budget Reduction Proposal (Continued)**

**Item:** Eliminate the breast and cervical cancer program.

**Part VII - Eligibility by Income:**

Annual Income (family size = 3)	% of Federal Poverty Level									
over 235%		Presumptive Eligibility <sup>3</sup>	Spend Down for Non-Categorical Pregnant Women/Children <sup>6</sup>		PeachCare for Kids <sup>2</sup>	PeachCare for Kids				
\$36,008	235% FPL		RSM <sup>7</sup>	Medicaid		PeachCare for Kids	PeachCare for Kids			
\$30,681	200% FPL									Breast and Cervical Cancer Medicaid State Plan Option <sup>5</sup>
\$28,376	185% FPL									
\$20,301	133% FPL		RSM <sup>7</sup>	Newborn <sup>9</sup>	Newborn <sup>9</sup>	RSM <sup>7</sup>			Transitional Medical Assistance (TMA) <sup>4</sup>	
\$15,264	100% FPL						RSM <sup>7</sup>			
\$6,088	Standard of Need				Low Income Medicaid (LIM) <sup>8</sup>					
		<b>Pregnant Women</b>	<b>Pregnant Women<sup>1</sup></b>	<b>Infants up to Age 1</b>	<b>Infants up to Age 1<sup>2</sup></b>	<b>Children 1-5</b>	<b>Children 6 - 18</b>	<b>Parents</b>	<b>Parents &amp; Children-Transitional Medicaid</b>	<b>Breast and Cervical Cancer</b>

<sup>1</sup>Coverage for pregnant women limited to time of pregnancy and 60 days postpartum  
<sup>2</sup>For infants born to pregnant women not eligible for Medicaid coverage at the time of birth  
<sup>3</sup>Services restricted - no inpatient hospital or delivery  
<sup>4</sup>Covers children & parents who lose LIM due to earnings (limited to one year)  
<sup>5</sup>Must meet breast/cervical cancer screening requirement, be uninsured, and under 65 years old  
<sup>6</sup>Spend down to medically needy level income limit of \$507/month for a family of 3  
<sup>7</sup>Right From The Start Medicaid, coverage for pregnant women also covers newborn child  
<sup>8</sup>Includes adoption supplement and foster care children

**Legend**

	Mandatory
	Optional
	Proposed Cut

# G - Administration

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Consolidate population-based programs to more appropriately align agency business functions.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 609,141</b>
<b>State:</b>	<b>\$ 362,248</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

**Current :** The Department of Community Health supports population-based healthcare through the operation of the Office of Minority Health, the Office of Women's Health, and the Commission on Men's Health. These entities are responsible for developing strategies, policies and programs including community outreach and public/private partnerships to create awareness of the benefits of regular check-ups for early detection, preventive screenings, healthy lifestyle practices and disease management, and to eliminate discrepancies in health status between minority and non-minority populations in Georgia.

**Proposed:** Consolidate all population-based programs to more appropriately align agency business functions and achieve administrative efficiencies. This includes the reduction of eight positions.

**Last Change:** The Office of Women's Health was created in 1999 at the same time DCH was established as a department. The Commission on Men's Health was created in 2000. The Office of Minority Health was established in 1996 as part of the Department of Human Resources, and was transferred to DCH when the department was created in 1999.

**Part II - Administrative Requirements**

► N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Transfer funding for the Marcus Institute to the Department of Human Resources.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 150,000</b>
<b>State:</b>	<b>\$ 150,000</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

**Current :** The Department of Community Health was appropriated funds in the FY2005 budget to contract with the Marcus Institute. The Marcus Institute offers comprehensive diagnosis, therapy and care management for a wide range of disabilities and learning problems. The funds are used to support the operations of the Institute.

**Proposed:** Transfer funding to the Department of Human resources to appropriately align agency business functions. DHR currently has a contract with the Marcus Institute.

**Last Change:** Funding for the Marcus Institute was first appropriated to DCH in FY2005.

**Part II - Administrative Requirements**

► None

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Eliminate funding for the Folic Acid initiative.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 200,000</b>
<b>State:</b>	<b>\$ 200,000</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

**Current :** The Georgia Folic Acid information awareness campaign is designed to increase the consumption of the vitamin folic acid prior to and during pregnancy to prevent birth defects. Information is targeted at women of childbearing age, primary care physicians, mid-level providers as well as working with the Family Health Branch of the DHR Division of Public Health.

**Proposed:** Eliminate funding for the program in the DCH budget. The program is not consistent with the agency's business functions.

**Last Change:**

**Part II - Administrative Requirements**

► N/A

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Eliminate funding for the Georgia Partnership for Caring.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 100,000</b>
<b>State:</b>	<b>\$ 100,000</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

**Current :** The Department of Community Health was appropriated funds in the FY2005 budget to contract with the Georgia Partnership for Caring. The Georgia Partnership for Caring provides free access to healthcare and prescription services to low-income, uninsured Georgians. The funds are used to support the operations of the Partnership.

**Proposed:** Eliminate funding for the contract. The program is not consistent with the agency's business functions.

**Last Change:** Funding for the Georgia Partnership for Caring was first appropriated to DCH in FY2005.

**Part II - Administrative Requirements**

► None

**Department of Community Health****FY2006 Budget Reduction Proposal**

**Item:** Eliminate funding for the Georgia Rural Health Association.

<b>Effective Date:</b>	<b>7/1/2005</b>
<b>Funds</b>	<b>FY2006</b>
<b>Total:</b>	<b>\$ 30,000</b>
<b>State:</b>	<b>\$ 30,000</b>
<b>% Reduction</b>	<b>N/A</b>

**Part I - Methodology/Rationale**

Current : The Department of Community Health has been appropriated funds to contract with the Georgia Rural Health Association (GRHA). The mission of the GRHA is to improve the health and healthcare of rural Georgians. The funds are used to employ a full-time director and to support the daily operations of the GRHA.

Proposed: Eliminate funding for the contract. The program is not consistent with the agency's business functions.

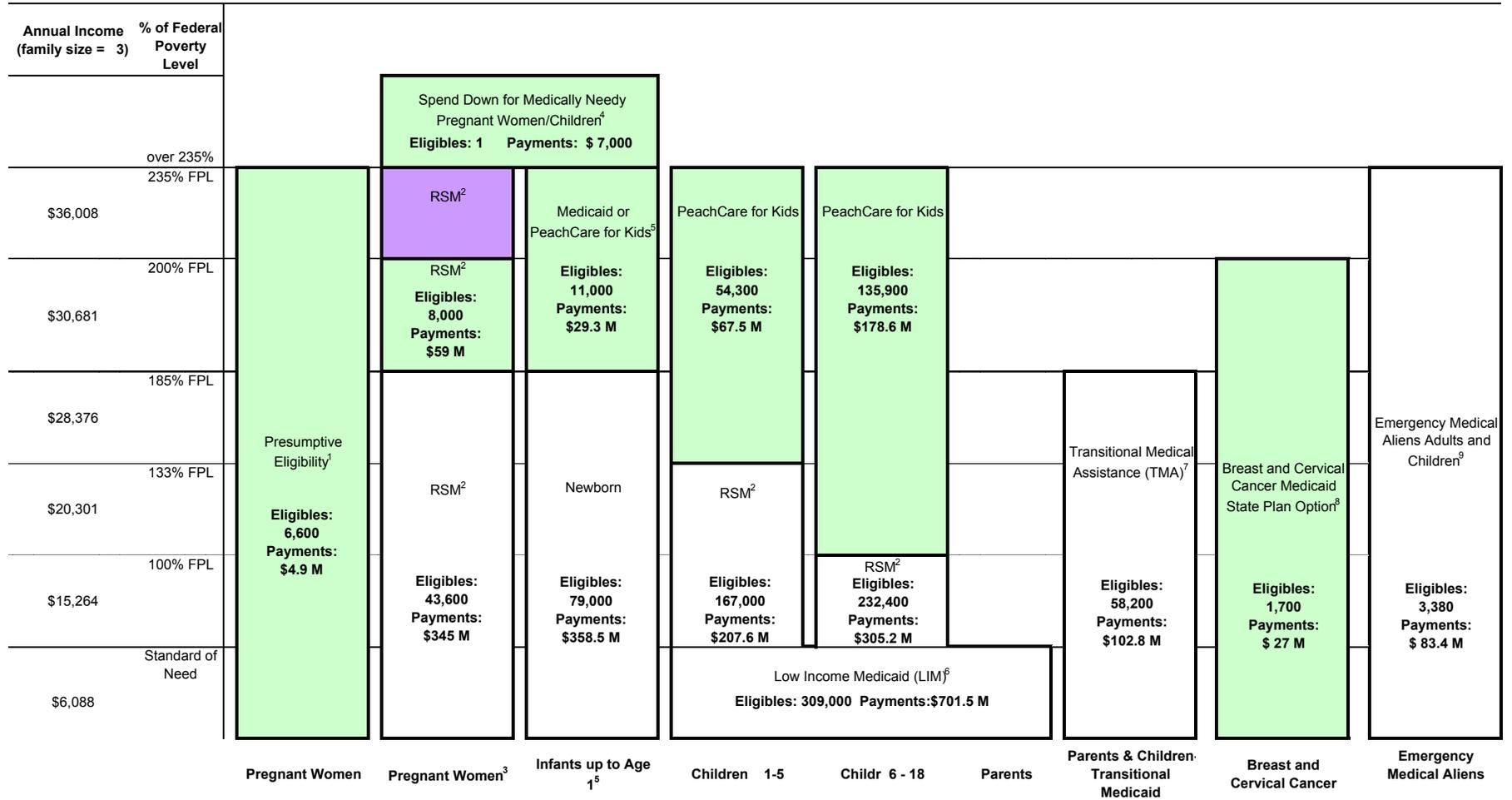
Last Change: Funding for GRHA was first appropriated to DCH in FY2003.

**Part II - Administrative Requirements**

► None

# Mandatory vs. Optional

## Medicaid Eligibility Adults and Children (CY2003)



<sup>1</sup> Services restricted - no inpatient hospital or delivery

<sup>2</sup> Right From The Start Medicaid, coverage for pregnant women also covers newborn child

<sup>3</sup> Coverage for pregnant women limited to time of pregnancy and 60 days postpartum

<sup>4</sup> Spend down to medically needy level income limit of \$507/month for a family of 3

<sup>5</sup> For infants not born to pregnant women eligible for Medicaid coverage at the time of birth up to 200% of FPL.

<sup>6</sup> Includes adoption supplement and foster care children

<sup>7</sup> Covers children & parents who lose LIM due to earnings (limited to one year)

<sup>8</sup> Must meet breast/cervical cancer screening requirement, be uninsured, and under 65 years old

<sup>9</sup> Includes EMA eligibles that appear in other aid categories as well as being flagged as EMA.

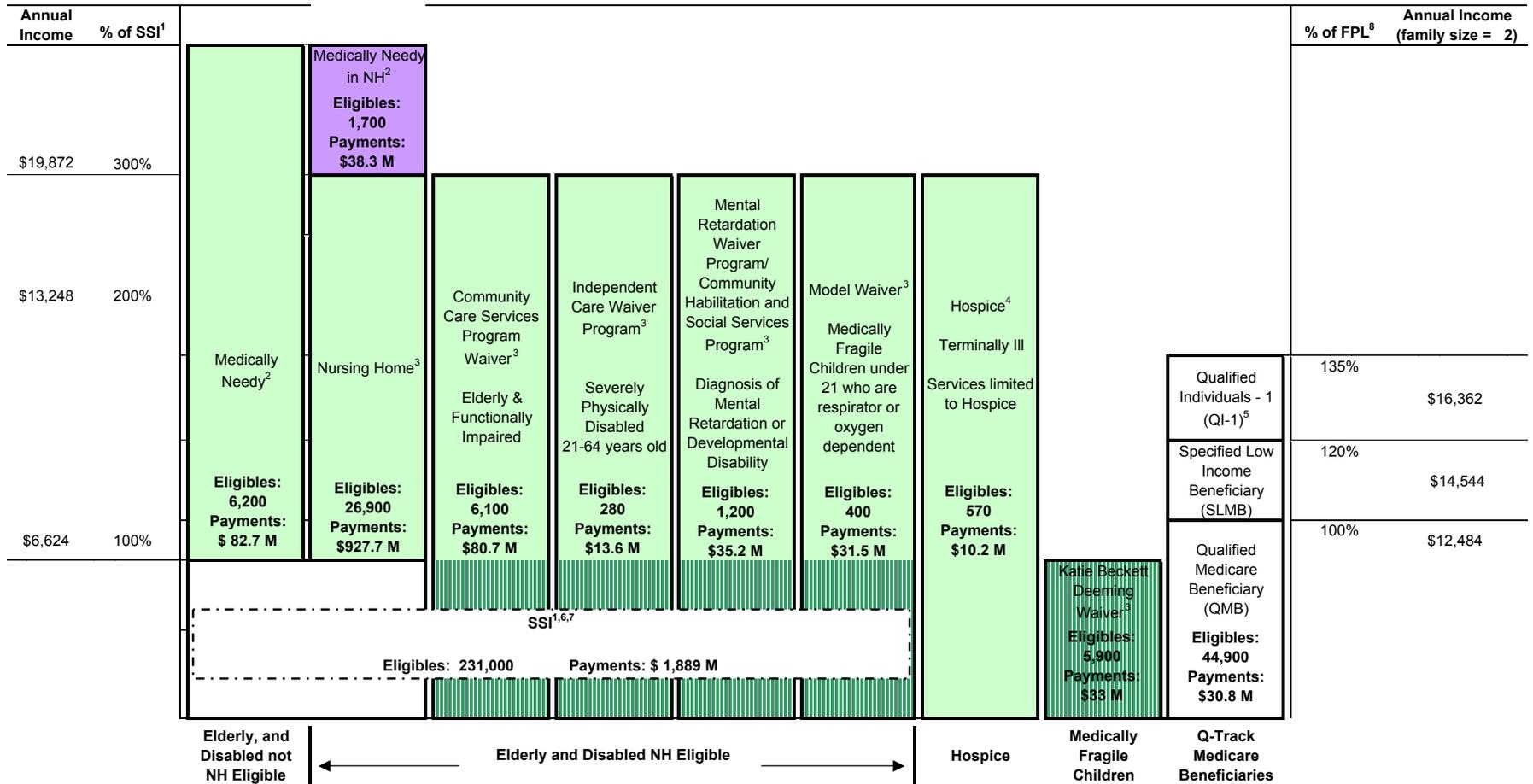
### Legend

Mandatory

Optional

FY 2005 Eligibility Cut

## Medicaid Eligibility Elderly, Disabled Adults, and Medically Fragile Children (CY2003)



<sup>1</sup> SSI - Supplemental Security Income

<sup>2</sup> Spenddown required to medically needy level

<sup>3</sup> Nursing Home level of care required

<sup>4</sup> Services waiver only, this population becomes eligible via other eligibility groups or waivers

<sup>5</sup> Mandatory but limited to state allotment

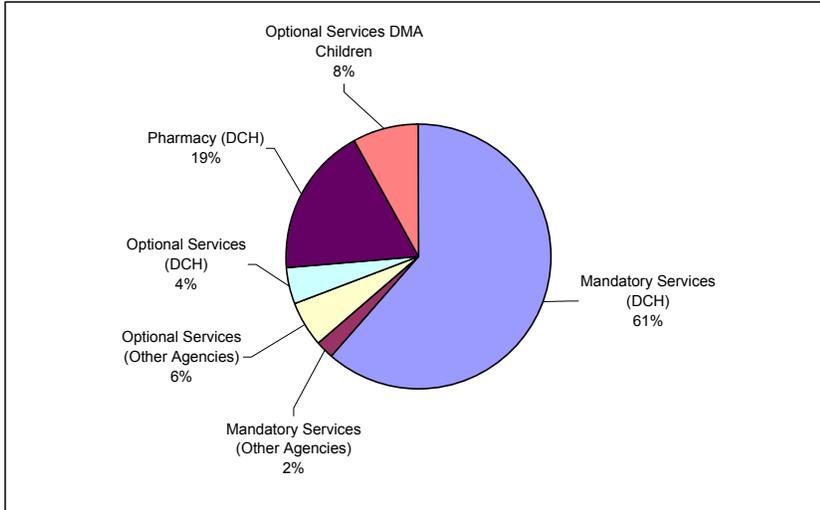
<sup>6</sup> Includes former SSI recipients who remain eligible under Public Laws and Nursing Home SSIs

<sup>7</sup> Former SSI Children

**Legend**

- Mandatory
- Optional
- Optional, but would transition to nursing home w/o the waived services
- FY 2005 Eligibility Cut

**Medicaid and PeachCare  
CY 2003 Expenditures  
Mandatory and Optional Services**



**Mandatory Services  
State Funds in Department of Community Health Budget**

Benefit	CY 2003 Expenditures
Inpatient Hospital Care	\$1,115,635,580
Skilled Nursing Facilities (SNF)	\$716,355,597
Physician Services	\$636,143,503
Outpatient Hospital Care	\$618,085,244
Intermediate Care Facilities (ICF)	\$152,968,537
EPSDT	\$46,258,959
Durable Medical Equipment	\$36,651,841
Independent Laboratory	\$25,565,942
Nurse Practitioner	\$17,329,529
Nurse Mid Wife	\$13,526,535
Home Health	\$11,393,881
Federally Qualified Health Centers	\$9,346,080
Physician Assistant Services	\$8,210,751
Intermediate Care for the Mentally Retarded (ICFMR)	\$5,918,505
Hospital Based Rural Health Centers	\$4,376,178
Free Standing Rural Health Centers	\$4,153,545
Nursing Facility-based Mental Health services (PASARR)	\$2,908,161
Family Planning	\$2,633,939
Unknown Category of Service	\$382,355
Oral Surgery	\$164,828
Chiropractic (Medicare only)	\$38,257
Rehabilitative Therapy (Medicare only)	\$24,810
Physical Therapy (Medicare only)	\$21,917
Licensed Clinical Social Work	\$16,048
Speech Therapy (Medicare only)	\$664
<b>Subtotal - Mandatory Benefits</b>	<b>\$3,428,111,188</b>

**Optional Services  
State Funds in Department of Community Health Budget**

Benefit	CY 2003 All Other Expenditures	CY 2003 DMA Children Expenditures
Pharmacy	\$777,833,354.79	\$257,318,384.15
Children's Dental	\$52,360,522.02	\$122,583,027.94
Children Intervention Services	\$3,769,014.77	\$46,812,858.31
Dialysis Services - Technical	\$29,388,461.83	\$285,928.62
Hospice	\$28,525,351.13	\$661,334.33
Independent Care Waiver Program	\$24,961,213.66	\$488,386.68
Psychology	\$4,174,232.05	\$19,438,127.82
SOURCE Case Management	\$22,994,430.53	\$383,980.08
Emergency Ambulance	\$15,846,188.05	\$5,762,641.50
Georgia Better Health Care	\$7,988,953.40	\$12,101,130.00
Adult Dental	\$17,249,050.47	\$47,379.63
Optometric	\$4,637,346.42	\$6,737,059.88
Pharmacy DME Supplier	\$8,025,905.38	\$2,572,232.01
Orthotics and Prosthetics	\$4,510,253.66	\$5,028,880.09
Ambulatory Surgical Centers	\$4,374,625.33	\$3,623,952.74
GAAP In-Home Private Duty Nursing	\$38,884.00	\$7,733,301.89
Model Waiver Program	\$0.00	\$7,064,967.97
Dedicated Case Management Services	\$5,604,004.37	\$469,000.00
Early Intervention Program	\$41,451.50	\$4,390,751.58
Perinatal Case Management	\$4,234,381.86	\$194,877.94
Podiatry	\$3,260,004.31	\$651,785.95
Emergency Air Ambulance	\$234,001.52	\$1,095,788.79
Dialysis Services - Professional	\$1,201,238.90	\$2,572,232.01
Pregnancy Related Services	\$892,356.36	\$124,504.95
Hospital Beds used for SNF services	\$443,063.38	\$406.00
Adults with AIDS Case Management	\$246,098.00	\$1,839.00
GAAP Medically Fragile Daycare	\$0.00	\$53,200.00
Childbirth Education	\$13,677.00	\$1,263.75
<b>Subtotal - Optional Benefits</b>	<b>\$1,022,848,064.69</b>	<b>\$505,647,337</b>

**Mandatory Services**

Benefit	CY 2003 Expenditures
State-owned ICFMR (DHR)	\$99,096,759
State-owned SNF (DHR)	\$25,356,388
State-owned ICF (DHR)	\$1,960,427
<b>Subtotal - Mandatory Benefits</b>	<b>\$126,413,575</b>
<b>Total - All Mandatory Benefits</b>	<b>\$3,554,524,763</b>

**Optional Services  
State Funds in Other Agencies' Budgets**

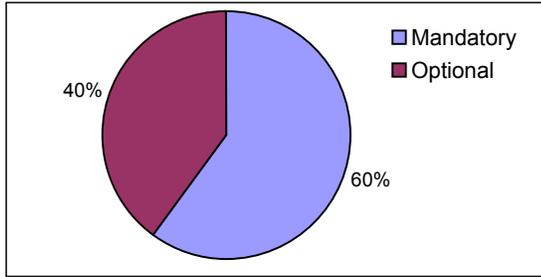
Benefit	CY 2003 All Other Expenditures	CY 2003 DMA Children Expenditures
Mental Retardation Waiver Program (DHR)	\$116,986,664	\$5,962,844
Community Mental Health Services (DHR)	\$56,055,115	\$36,556,266
Therapeutic Residential Intervention Services (DHR)	\$176,124	\$89,304,880
Community Care Services Program (DHR)	\$85,485,062	\$1,183,075
Community Habilitation and Support Services (DHR)	\$43,747,713	\$4,313,404
Child Protective Services Case Management (DHR)	\$45,563	\$36,323,944
School-based Children's Intervention Services (DOE)	\$1,517,300	\$11,184,383
At Risk of Incarceration Case Management (DJJ)	\$98,853	\$7,223,088
Diagnostic, Screening, and Prevention Services (DHR)	\$2,106,205	\$2,794,933
Adult Protective Services Case Management (DHR)	\$3,335,280	\$99,255
Children at Risk Targeted Case Management (DHR)	\$33,539	\$2,532,085
<b>Subtotal - Optional Benefits</b>	<b>\$309,587,418</b>	<b>\$197,478,157</b>
<b>Total - All Optional Benefits</b>	<b>\$1,332,435,482</b>	<b>\$703,125,495</b>

# Georgia Medicaid CY 2003

## CY 2003 Total Expenditures

## Benefits

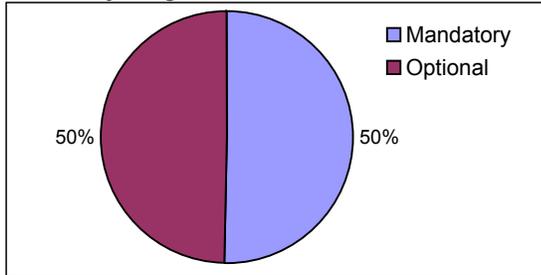
### Children



CY 2003 Total Expenditures	\$1,324,432,774
----------------------------	-----------------

Top 5 Optional Benefits		2003 Expenditures
1	300 Pharmacy	\$191,465,485
2	450 Hlth Chk Dental Pgm - under 21	\$116,120,583
3	870 Therapeutic Residential Interv	\$73,058,771
4	764 Child Protective Services	\$34,090,538
5	440 Community Mental Health Svcs	\$27,528,163

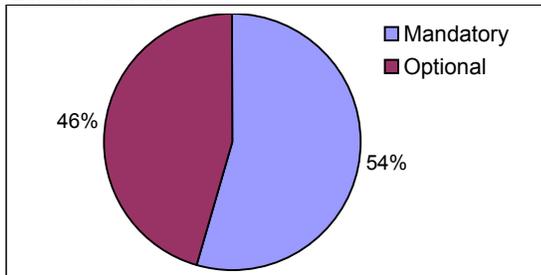
### Medically Fragile Children



CY 2003 Total Expenditures	\$352,439,915
----------------------------	---------------

Top 5 Optional Benefits		2003 Expenditures
1	300 Pharmacy	\$65,852,899
2	840 Childrens Intervention Svc	\$29,681,781
3	870 Therapeutic Residential Interv	\$16,246,109
4	440 Community Mental Health Svcs	\$9,028,103
5	971 GAPP In-home Priv Duty Nursing	\$7,162,549

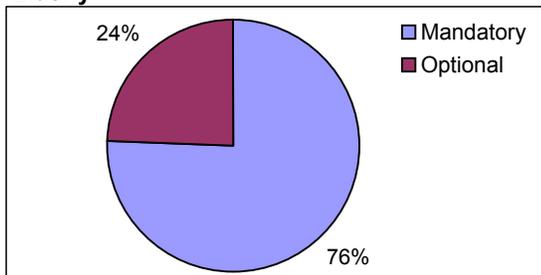
### Disabled Adults



CY 2003 Total Expenditures	\$1,817,828,803
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Top 5 Optional Benefits		2003 Expenditures
1	300 Pharmacy	\$464,003,293
2	680 Mental Retardation Waiver Pgm	\$116,231,304
3	440 Community Mental Health Svcs	\$44,325,986
4	681 Comm Habilitation and Support	\$43,408,309
5	590 Community Care Services	\$37,628,509

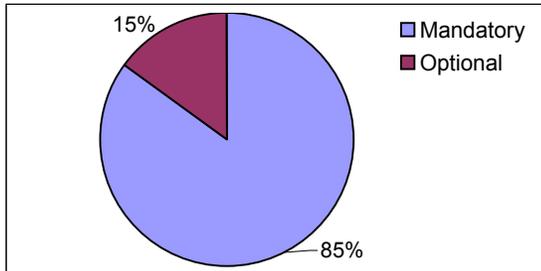
### Elderly



CY 2003 Total Expenditures	\$1,039,533,176
----------------------------	-----------------

Top 5 Optional Benefits		2003 Expenditures
1	300 Pharmacy	\$174,310,154
2	590 Community Care Services	\$47,842,907
3	690 Hospice	\$14,177,677
4	930 Source	\$6,564,675
5	720 Dialysis Services - Technical	\$2,820,504

### Adults



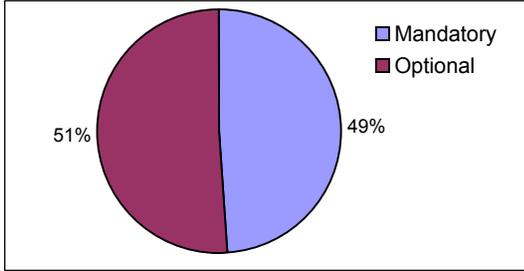
CY 2003 Total Expenditures	\$808,328,678
----------------------------	---------------

Top 5 Optional Benefits		2003 Expenditures
1	300 Pharmacy	\$83,597,522
2	460 Adult Dental Program	\$9,117,468
3	440 Community Mental Health Svcs	\$7,485,109
4	370 Emergency Ground Ambulance Svc	\$4,306,315
5	761 Perinatal Targeted Case Mgmt	\$4,191,492

# Georgia PeachCare CY 2003

## CY 2002 Total Expenditures

### Children



## Benefits

CY 2003 Total Expenditures	\$247,522,402
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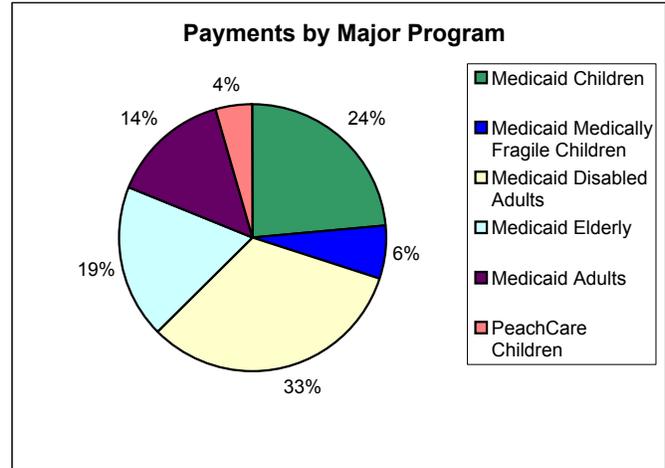
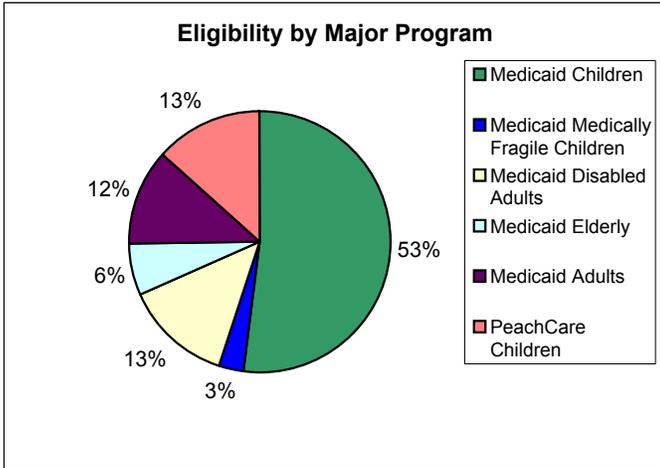
Top 5 Optional Benefits		2002 Expenditures
1	300 Pharmacy	\$55,922,387
2	450 Hlth Chk Dental Pgm - under 21	\$48,330,758
3	570 Psychological Services	\$3,967,354
4	440 Community Mental Health Svcs	\$3,858,584
5	840 Childrens Intervention Svc	\$3,474,322

# **Subprogram Expenditures CY2003**

# Georgia Medicaid and PeachCare

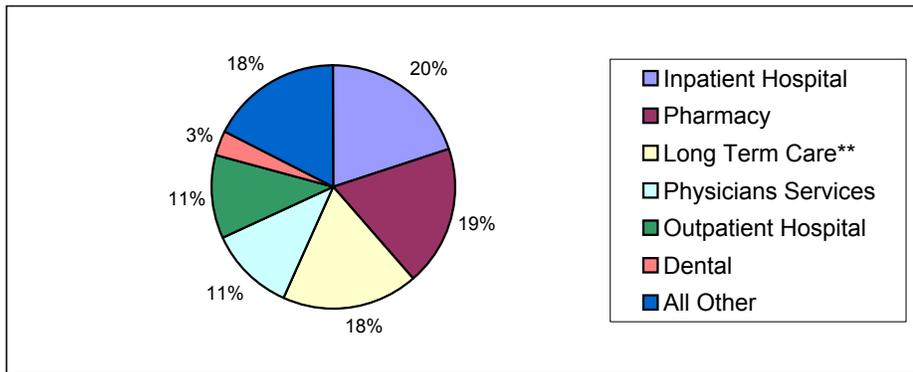
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	<b>\$5,590,085,749</b>	Average Monthly Enrollment	<b>1,433,251</b>
State Share of Expenditures	<b>\$2,197,071,821</b>	Outpatient ER visits per 1,000 Members*	<b>765.6</b>
Federal Share of Expenditures	<b>\$3,393,013,927</b>	Inpatient Hospital Admissions per 1,000 Members	<b>196.6</b>
Average PMPM	<b>\$325.02</b>		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Inpatient Hospital	\$970,748,589	\$1,115,962,601
Pharmacy	\$860,824,148	\$1,045,886,594
Long Term Care**	\$939,688,838	\$1,001,656,214
Physicians Services	\$586,585,384	\$636,451,138
Outpatient Hospital	\$527,070,513	\$618,342,489
Dental	\$155,924,720	\$192,347,925
All Other	\$971,944,431	\$979,438,789
<b>Total</b>	<b>\$5,012,786,623</b>	<b>\$5,590,085,749</b>



\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.  
 \*\* Includes private and state run skilled nursing facilities and intermediate care facilities.  
 Data prepared by the GA DCH DSS Analysis Unit, 7/12/2004

## Georgia Medicaid Children

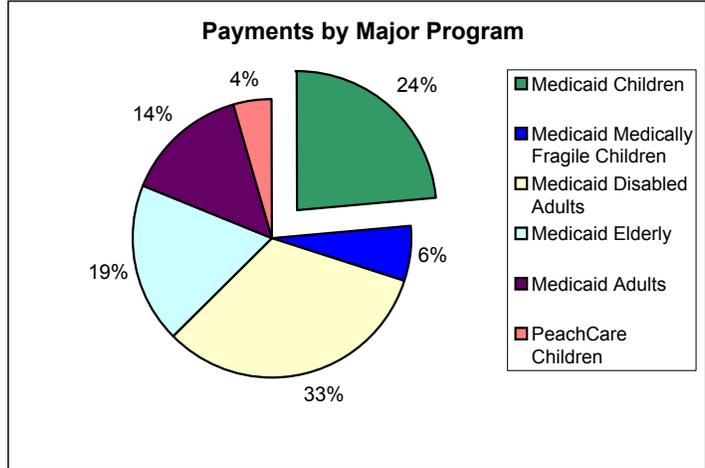
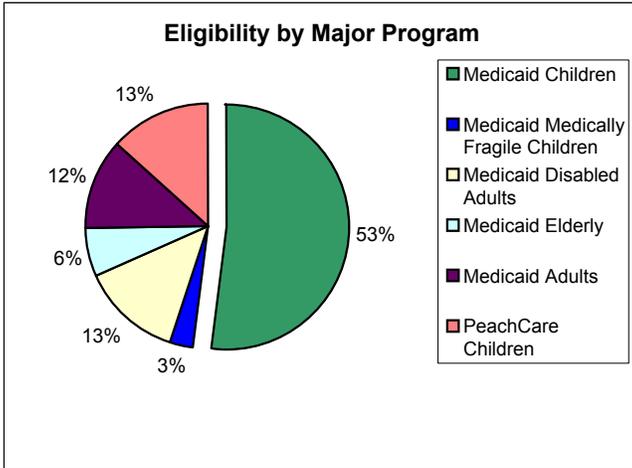
### Medicaid covers children:

- ▶ Under 1 with family income that is no more than 185% of the federal poverty level
- ▶ Under 6 with family income that is no more than 133% of the federal poverty level
- ▶ Under 19 with family income that is no more than 100% of the federal poverty level
- ▶ Under 1 whose Mothers were Medicaid eligible when the child was born
- ▶ In foster care
- ▶ With special needs whose parents are receiving a special adoption supplement
- ▶ Under 1 whose Mothers were Medicaid eligible when the child was born
- ▶ Whose family income is over the limit but who have enough unpaid/incurred medical expenses to “spend down” the excess income and meet the income limit (Medically Needy)

# Georgia Medicaid Children

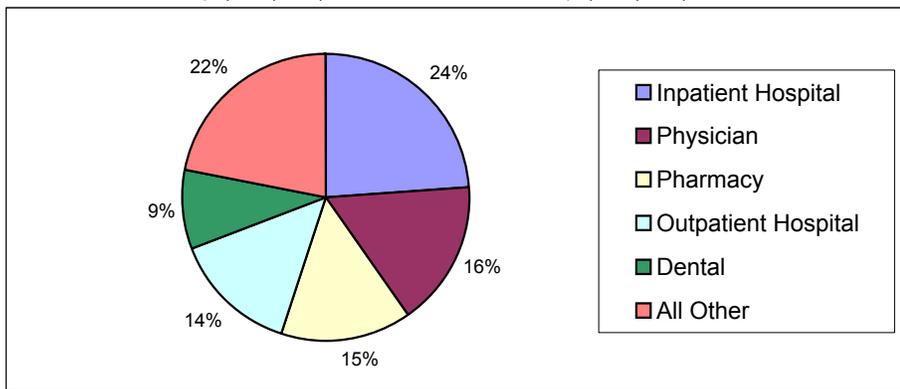
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	<b>\$1,324,432,774</b>	Average Monthly Enrollment	<b>742,996</b>
State Share of Expenditures	<b>\$527,256,687</b>	Outpatient ER visits per 1,000 Members*	<b>657.7</b>
Federal Share of Expenditures	<b>\$797,176,086</b>	Inpatient Hospital Admissions per 1,000 Members	<b>132.7</b>
Average PMPM	<b>\$148.55</b>		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Inpatient Hospital	\$323,373,291	\$317,182,812
Physician	\$202,374,583	\$217,712,397
Pharmacy	\$141,490,993	\$193,170,367
Outpatient Hospital	\$160,640,020	\$189,257,553
Dental	\$94,294,438	\$116,129,713
All Other	\$273,932,602	\$290,979,932
<b>Total</b>	<b>\$1,196,105,927</b>	<b>\$1,324,432,774</b>



\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.

Data prepared by the GA DCH DSS Analysis Unit, 7/12/2004

## **Georgia Medicaid Medically Fragile and Disabled Children**

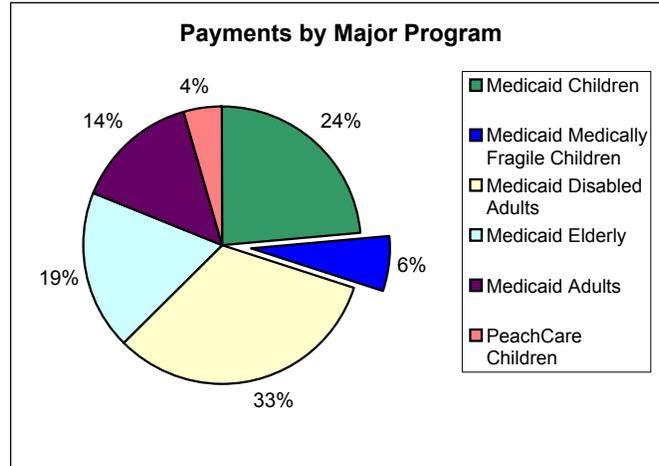
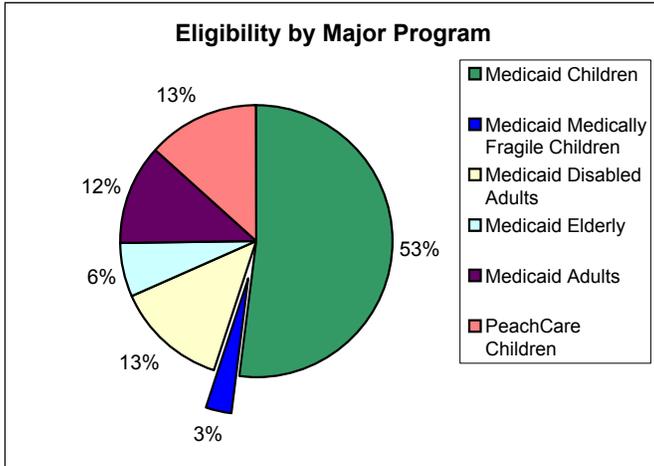
### **Medicaid covers medically fragile children who:**

- ▶ Receive SSI (Supplemental Security Income)
- ▶ Lost their SSI because of the federal 1996 change in disability requirements but Georgia continues to cover.
- ▶ Are chronically ill and whose parents have income or resources that make the children ineligible for SSI. These children must need a nursing home level of care but have good home care that costs less.
- ▶ Qualify for other Medicaid categories and require special medical services because of the severity of their condition

# Georgia Medicaid Medically Fragile and Disabled Children

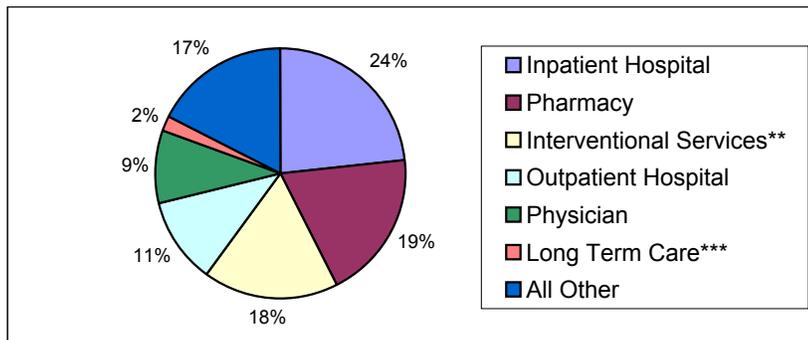
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	\$352,439,915	Average Monthly Enrollment	47,253
State Share of Expenditures	\$140,306,330	Outpatient ER visits per 1,000 Members*	760.6
Federal Share of Expenditures	\$212,133,585	Inpatient Hospital Admissions per 1,000 Members	174.2
Average PMPM	\$621.55		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Inpatient Hospital	\$61,623,289	\$82,703,210
Pharmacy	\$49,721,722	\$66,720,249
Interventional Services**	\$68,913,611	\$62,259,750
Outpatient Hospital	\$33,004,293	\$39,232,635
Physician	\$25,541,580	\$33,041,094
Long Term Care***	\$9,437,440	\$7,011,786
All Other	\$49,117,588	\$61,471,192
<b>Total</b>	<b>\$297,359,523</b>	<b>\$352,439,915</b>



\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.

\*\* Includes waiver programs, children intervention services, community care program, PASARR, SOURCE, etc. Could be understated due to claims payment system issues.

\*\*\* Includes private and state run skilled nursing facilities and intermediate care facilities.

## Georgia Medicaid Disabled Adults

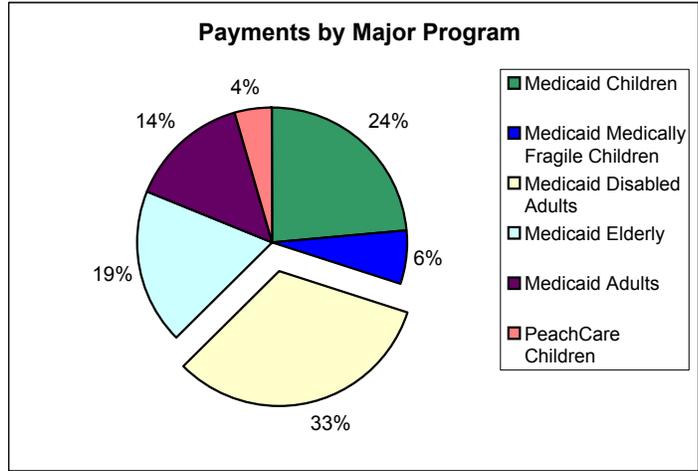
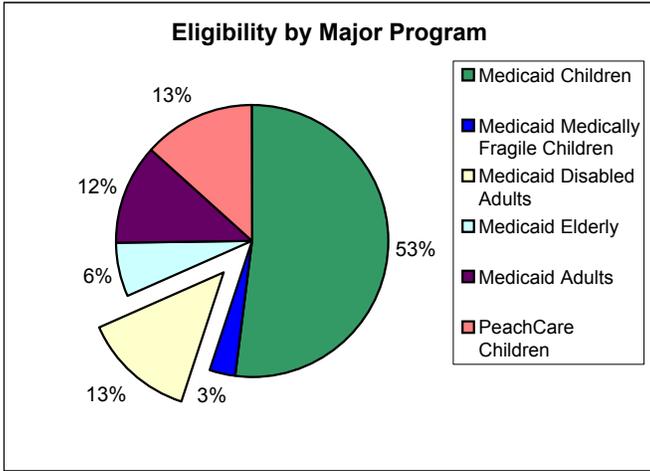
Medicaid covers disabled adults (under 65) who:

- ▶ Receive Supplemental Security Income (SSI)
- ▶ Lost their SSI coverage but keep their Medicaid coverage because of federal legislation
- ▶ Reside in the nursing home and meet the nursing home income and resource standards
- ▶ Need a nursing home level of care but can be cared for in the community with special home and community based services
- ▶ Are terminally ill
- ▶ Are entitled to Medicare and meet the income standards. These individuals receive help with their Medicare premiums, co-payments and deductibles only.
- ▶ Whose family income is over the limit but who have enough unpaid/incurred medical expenses to “spend down” the excess income and meet the income limit (Medically Needy)
- ▶ Are uninsured women under 65 and have a diagnosis of breast or cervical cancer

# Georgia Medicaid Disabled Adults

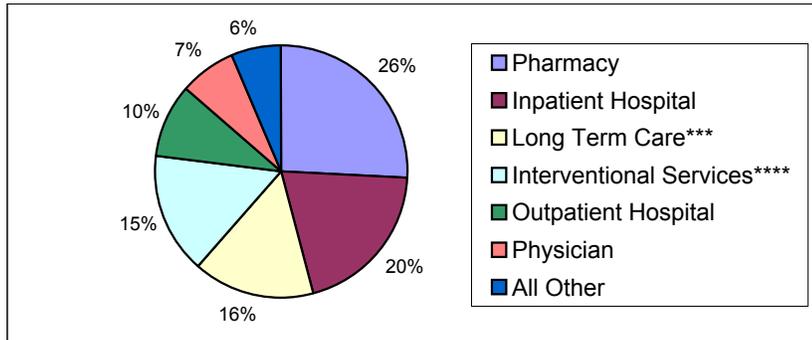
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	\$1,817,828,803	Average Monthly Enrollment*	188,560
State Share of Expenditures	\$723,677,646	Outpatient ER visits per 1,000 Members**	1,259.3
Federal Share of Expenditures	\$1,094,151,156	Inpatient Hospital Admissions per 1,000 Members	340.8
Average PMPM	\$803.38		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Pharmacy	\$391,442,665	\$469,263,589
Inpatient Hospital	\$298,141,059	\$362,616,170
Long Term Care***	\$279,025,498	\$285,561,836
Interventional Services****	\$212,505,394	\$280,183,071
Outpatient Hospital	\$155,030,727	\$175,045,042
Physician	\$127,656,062	\$131,085,948
All Other	\$178,895,146	\$114,073,146
<b>Total</b>	<b>\$1,642,696,551</b>	<b>\$1,817,828,803</b>



\* Excludes SLMB and QI-1 eligibles as Medicaid only pays Medicare premiums for these categories.

\*\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.

\*\*\* Includes private and state run skilled nursing facilities and intermediate care facilities.

\*\*\*\* Includes waiver programs, children intervention services, community care program, PASARR, SOURCE, etc. Could be understated due to claims payment system issues.

## Georgia Medicaid Elderly

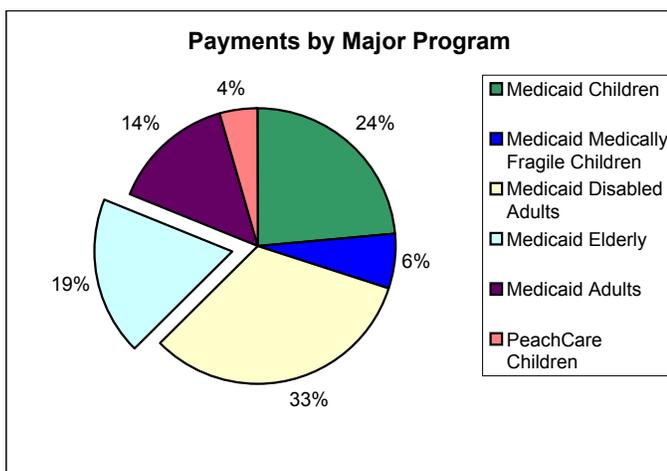
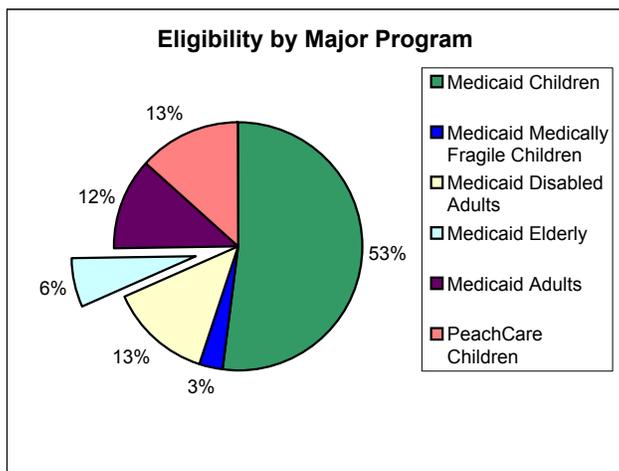
### Medicaid covers the elderly (65 and older) who:

- ▶ Receive Supplemental Security Income (SSI)
- ▶ Lost their SSI coverage but keep their Medicaid coverage because of federal legislation
- ▶ Reside in the nursing home and meet the nursing home income and resource standards
- ▶ Need a nursing home level of care but can be cared for in the community with special home and community based services
- ▶ Are terminally ill
- ▶ Are entitled to Medicare and meet the income standards. These individuals receive help with their Medicare premiums, co-payments and deductibles only.
- ▶ Whose family income is over the limit but who have enough unpaid/incurred medical expenses to “spend down” the excess income and meet the income limit (Medically Needy)

# Georgia Medicaid Elderly

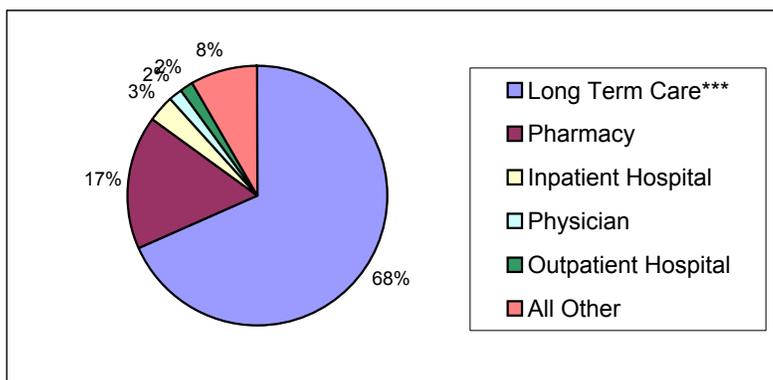
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	<b>\$1,039,533,176</b>	Average Monthly Enrollment	<b>91,253</b>
State Share of Expenditures	<b>\$413,838,157</b>	Outpatient ER visits per 1,000 Members**	<b>648.3</b>
Federal Share of Expenditures	<b>\$625,695,019</b>	Inpatient Hospital Admissions per 1,000 Members	<b>287.4</b>
Average PMPM	<b>\$949.32</b>		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Long Term Care***	\$650,871,352	\$708,957,822
Pharmacy	\$170,524,317	\$175,037,068
Inpatient Hospital	\$35,487,894	\$33,633,402
Physician	\$24,550,341	\$16,521,190
Outpatient Hospital	\$18,484,885	\$17,836,460
All Other	\$107,921,641	\$87,547,234
<b>Total</b>	<b>\$1,007,840,430</b>	<b>\$1,039,533,176</b>



\* Excludes SLMB and QI-1 eligibles as Medicaid only pays Medicare premiums for these categories.

\*\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.

\*\*\* Includes private and state run skilled nursing facilities and intermediate care facilities.

## Georgia Medicaid Adults

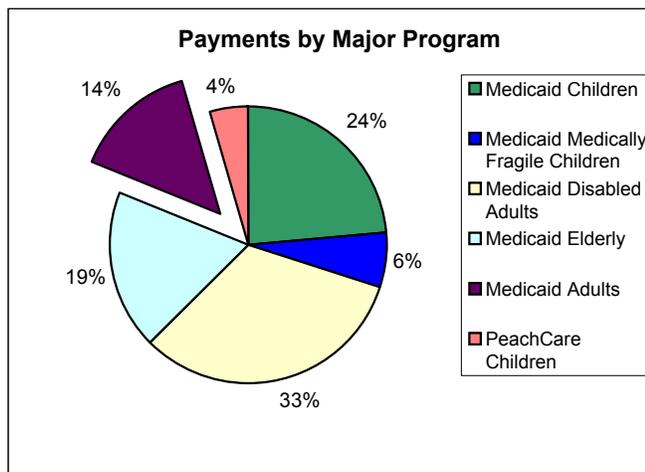
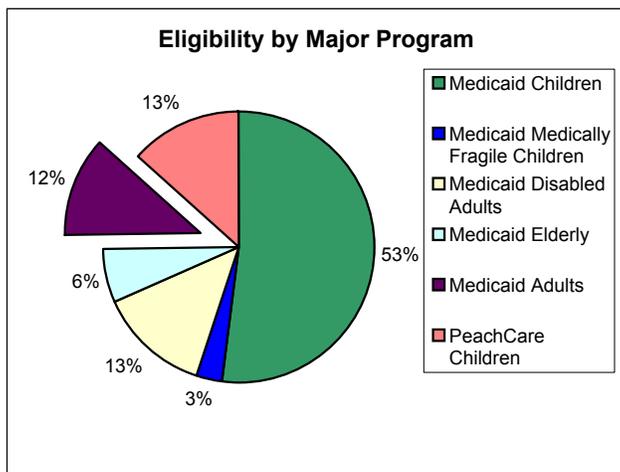
### Medicaid covers the following adults:

- ▶ Pregnant women whose family income is less than 235% of the federal poverty level (\$35,880 annual income for a family of three)
- ▶ Pregnant women whose family income is over the limit but who have enough unpaid/incurred medical expenses to “spend down” the excess income and meet the income limit (Medically Needy)
- ▶ Parents in families who have very low income
- ▶ Parents in families who have lost their Medicaid eligibility due to increases in wages or child support

## Georgia Medicaid Adults

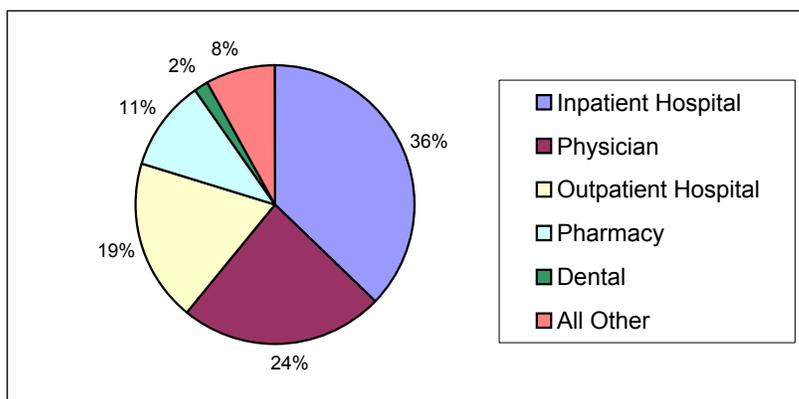
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	<b>\$808,328,678</b>	Average Monthly Enrollment	<b>172,160</b>
State Share of Expenditures	<b>\$321,795,647</b>	Outpatient ER visits per 1,000 Members*	<b>1,151.7</b>
Federal Share of Expenditures	<b>\$486,533,031</b>	Inpatient Hospital Admissions per 1,000 Members	<b>469.6</b>
Average PMPM	<b>\$391.27</b>		



### Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Inpatient Hospital	\$235,404,227	\$300,137,532
Physician	\$166,255,760	\$190,972,965
Outpatient Hospital	\$123,142,112	\$152,870,572
Pharmacy	\$65,151,558	\$85,085,646
Dental	\$9,645,272	\$13,044,192
All Other	\$62,203,138	\$66,217,772
<b>Total</b>	<b>\$661,802,067</b>	<b>\$808,328,678</b>



\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.

Data prepared by the GA DCH DSS Analysis Unit, 7/12/2004

## Georgia PeachCare for Kids

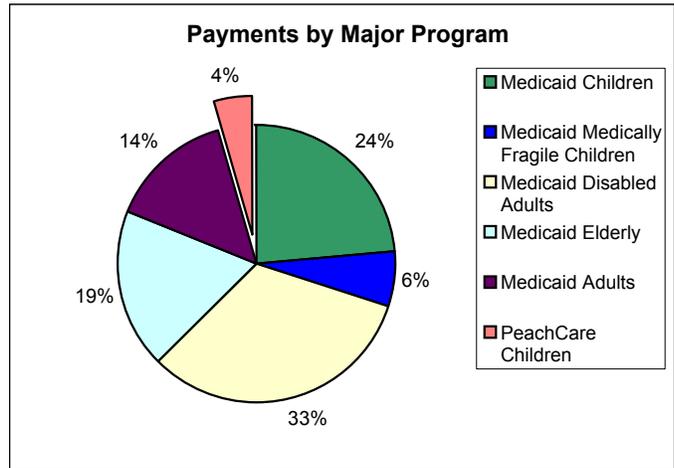
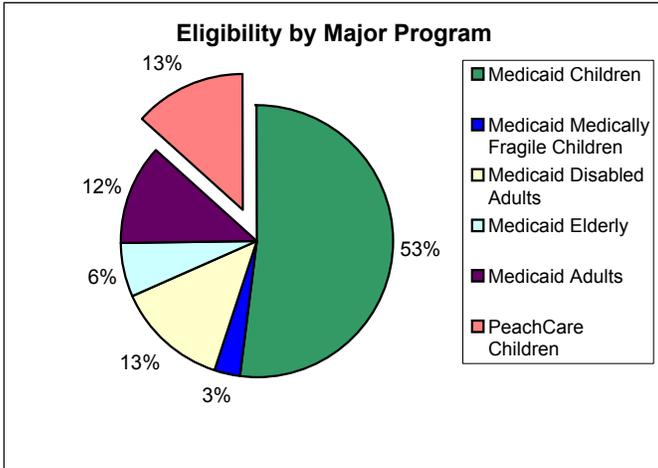
### **PeachCare covers children:**

- ▶ Under 19 who have family income that is less than 235% of the federal poverty level, who are not eligible for Medicaid or any other health insurance plan and who cannot be covered by the State Health Benefit Plan.

# Georgia PeachCare for Kids

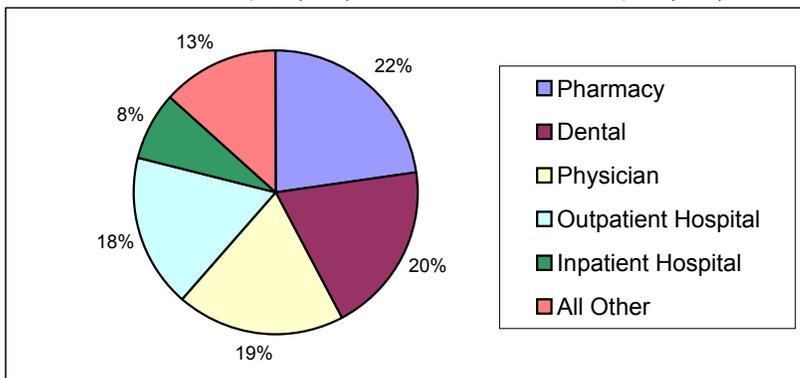
CY 2003 (services incurred 1/2003 through 12/2003 and paid through 5/2004)

Total Expenditures	<b>\$247,522,402</b>	Average Monthly Enrollment	<b>191,030</b>
State Share of Expenditures	<b>\$70,197,353</b>	Outpatient ER visits per 1,000 Members*	<b>407.1</b>
Federal Share of Expenditures	<b>\$177,325,049</b>	Inpatient Hospital Admissions per 1,000 Members	<b>18.6</b>
Average PMPM	<b>\$107.98</b>		



## Expenditures by Major Categories of Service

Category	CY 02 Expenditures	CY 03 Expenditures
Pharmacy	\$42,492,893	\$56,472,956
Dental	\$39,495,385	\$48,330,758
Physician	\$40,207,058	\$46,809,910
Outpatient Hospital	\$36,768,476	\$43,842,983
Inpatient Hospital	\$16,718,829	\$19,362,454
All Other	\$31,299,485	\$32,703,342
<b>Total</b>	<b>\$206,982,125</b>	<b>\$247,522,402</b>



\* ER Visits include both outpatient ER visits and ER visits resulting in an inpatient stay.  
 Data prepared by the GA DCH DSS Analysis Unit, 7/12/2004