

2009 Budget Impacts What Do They Mean?

Presentation for
HomeTown Health Fall Conference
November 10, 2008



Agenda

- Approach to Budget Reductions
 - Original FY 2009 and FY 2010 Submission
 - Factors Changing since Submission
- Disproportionate Share Hospital Program
- What We're Working on for Hospitals
- DCH and the Future
- Advice



Approach to Meet Reduction Requirements

DCH Priorities:

(Listed in order of most important items to preserve and fund)

1. People in Need
2. Provider Payment for Care
3. CMO Health Plan Rates
4. Capital Expenditures for Providers

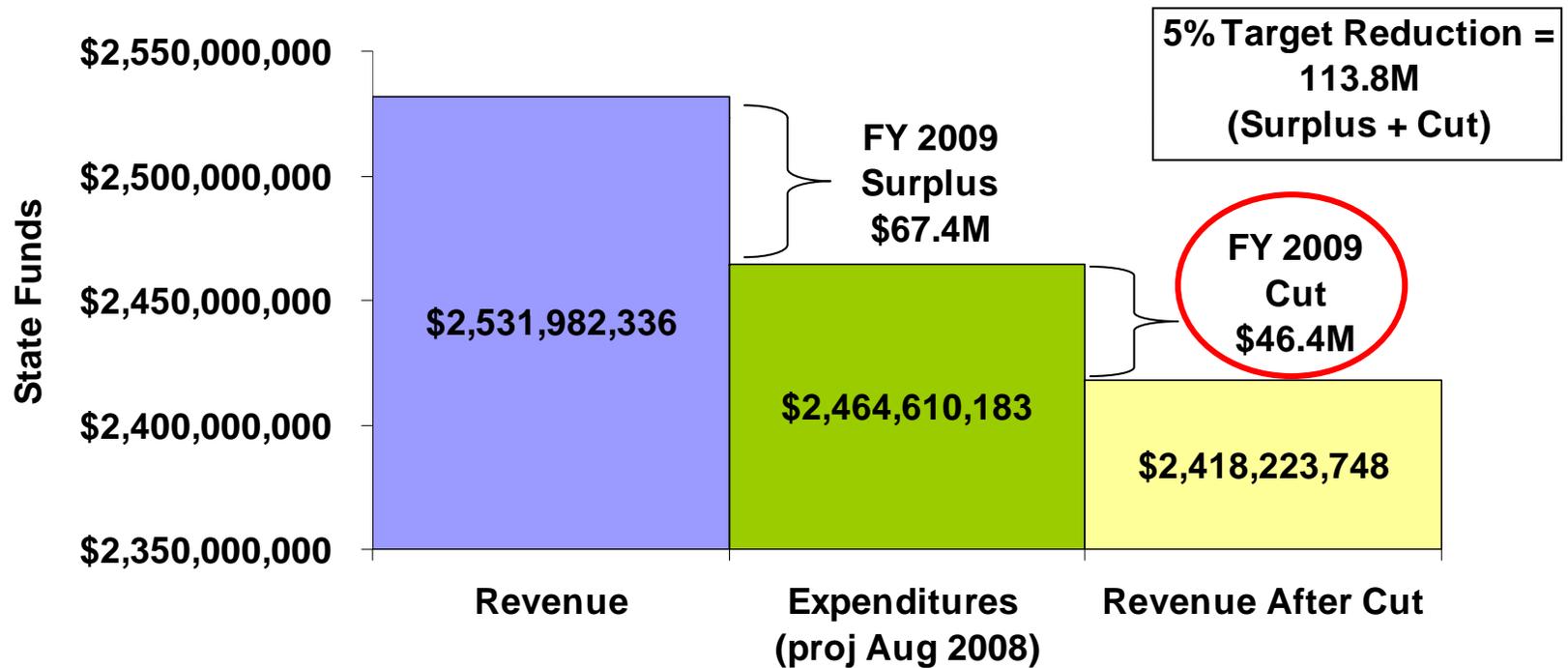
Areas Reviewed for

Opportunities to Meet Reductions:

- Current Year Projected Surplus
- Programmatic areas with FY 2008 surplus
- Medicaid Financial Integrity and Recovery
- Additional Initiatives to Ensure Integrity of Eligibility Determination Process
- CMO Provider Fees given federal statutory changes



FY 2009 Medicaid and PeachCare State Fund Target for Benefits Reduction

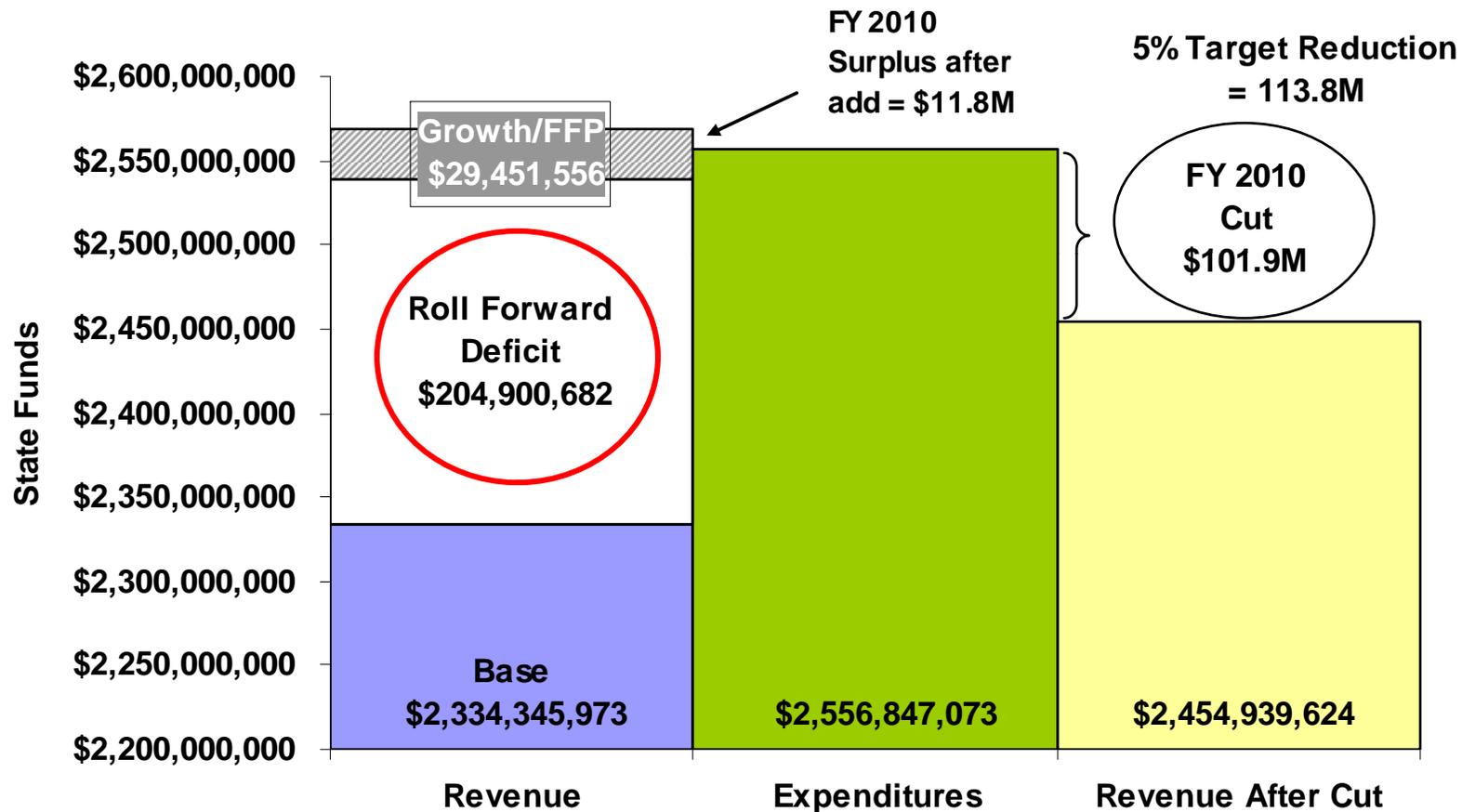


AFY 2009 Budget Request

SUMMARY	Details	In State Funds
Target Reduction @ 5%		(\$113,758,588)
Apply Projected Surplus		(\$67,372,153)
Additions	1. Disproportionate Share Hospital Funds for Deemed Private Hospitals	\$7,000,000
Reductions	1. Delay HB 990 Rate Enhancements until FY 2010. 2. Utilize PARIS data matching 3. Reduce Peachstate CMO rates.	(\$58,104,741)
Total Net Change		(\$118,476,895)
Compared to Target Met/(Did Not Meet)		\$4,718,307



FY 2010 Medicaid and PeachCare State Fund Target for Benefits Reduction



Expenditures projected in August 2008

CMO Quality Assessment Fee

- Enacted in state law in May 2005
- Each CMO assessed a QA fee based on a percentage of their gross direct premiums. Currently at 5.5%.
- Provides a matching state fund source to draw down federal Medicaid and PCK revenue
 - FY 2010 projected net proceeds = \$104 million



Federal Definition Change

- State definition of CMO linked to federal definition.
- Currently, CMO federally defined as “Medicaid Managed Care Organization”
 - CMOs paying fee are limited to Amerigroup, Wellcare, and Peachstate
- Effective 10/1/09, the federal definition changes from “Medicaid Managed Care Organizations” to “Managed Care Organizations”
 - CMOs subject to fee will expand to all CMOs/HMOs in the state operating under a certificate of authority from the Department of Insurance

DCH Financing Choices in FY 2010

Choice A:

- Continue with QA fee
- Comply with federal law by expanding the assessment to apply to all managed care plans, not just Medicaid CMOs
- Avoid significant cuts to Medicaid and PCK Benefits

Choice B:

- Discontinue the use of the QA fee
- Lose \$104 million in CMO QA fee revenue projected to be received from the Medicaid CMOs in FY 2010
- Significantly cut Medicaid and PCK Benefit Expenditures to meet budget reduction requirements and replace lost CMO QA fees (unless state appropriations were made available)

Some Choice B Options

CHOICE B OPTIONS TO MEET TARGET		CHOICE B - Alternative Option (No CMO QA Fee Expansion) In State Funds
1.	Further delay the conversion of the Fair Rental Value System for capital reimbursement for nursing homes to July 1, 2010.	(\$12,841,829)
2.	Delay inflation growth in CMO rates until July 1, 2010; however, ensure CMO rates are actuarially sound (considers a loss in the CMO Quality Assessment Fee revenue)	(15,879,831)
3.	Eliminate Medicaid coverage for Foster Care Children ages 19-20 (i.e. Chafee Option)	(1,143,844)



Choice B Options (cont.)

ADDITIONAL OPTIONS TO MEET TARGET		CHOICE B - Alternative Option (No CMO QA Fee Expansion) In State Funds
4.	Further delay Medicaid and PeachCare provider rate enhancements authorized in HB 990 until July 1, 2010.	
	• Nursing Homes	(\$6,882,799)
	• Dentists	(1,257,390)
	• Physicians\Practitioners (including digital mammography, global maternity, EPSDT and RBRVS update)	(13,372,358)
	• Hospitals	(22,807,285)
	• Home Health Providers	(1,399,028)
	• Independent Care Waiver Providers	(360,770)
	• Ambulance Providers	(1,518,501)



Choice B Options (cont.)

ADDITIONAL OPTIONS TO MEET TARGET		CHOICE B - Alternative Option (No CMO QA Fee Expansion) In State Funds
5.	Reduce the enrollment cap for PeachCare for Kids (PCK).	(\$3,768,159)
6.	Freeze enrollment in PCK (would replace item #5).	(10,683,145)
7.	Increase premiums for PCK members by 10%.	(527,947)
8.	Implement PCK premiums for children between the ages of 2 and 5.	(1,314,538)
9.	Eliminate PCK coverage for future members between 200% and 235% FPL (already accomplished in #6.)	-
10.	Eliminate dental benefits for PCK.	(14,836,414)



Choice B Options (cont.)

ADDITIONAL OPTIONS TO MEET TARGET		CHOICE B - Alternative Option (No CMO QA Fee Expansion) In State Funds
11.	Eliminate the medically needy category of eligibility.	(\$15,070,920)
12.	Eliminate the Katie Beckett category of eligibility.	(7,927,920)
13.	Eliminate dental benefits for pregnant women.	<u>(1,911,841)</u>
Total Additional Options		(\$133,504,519)

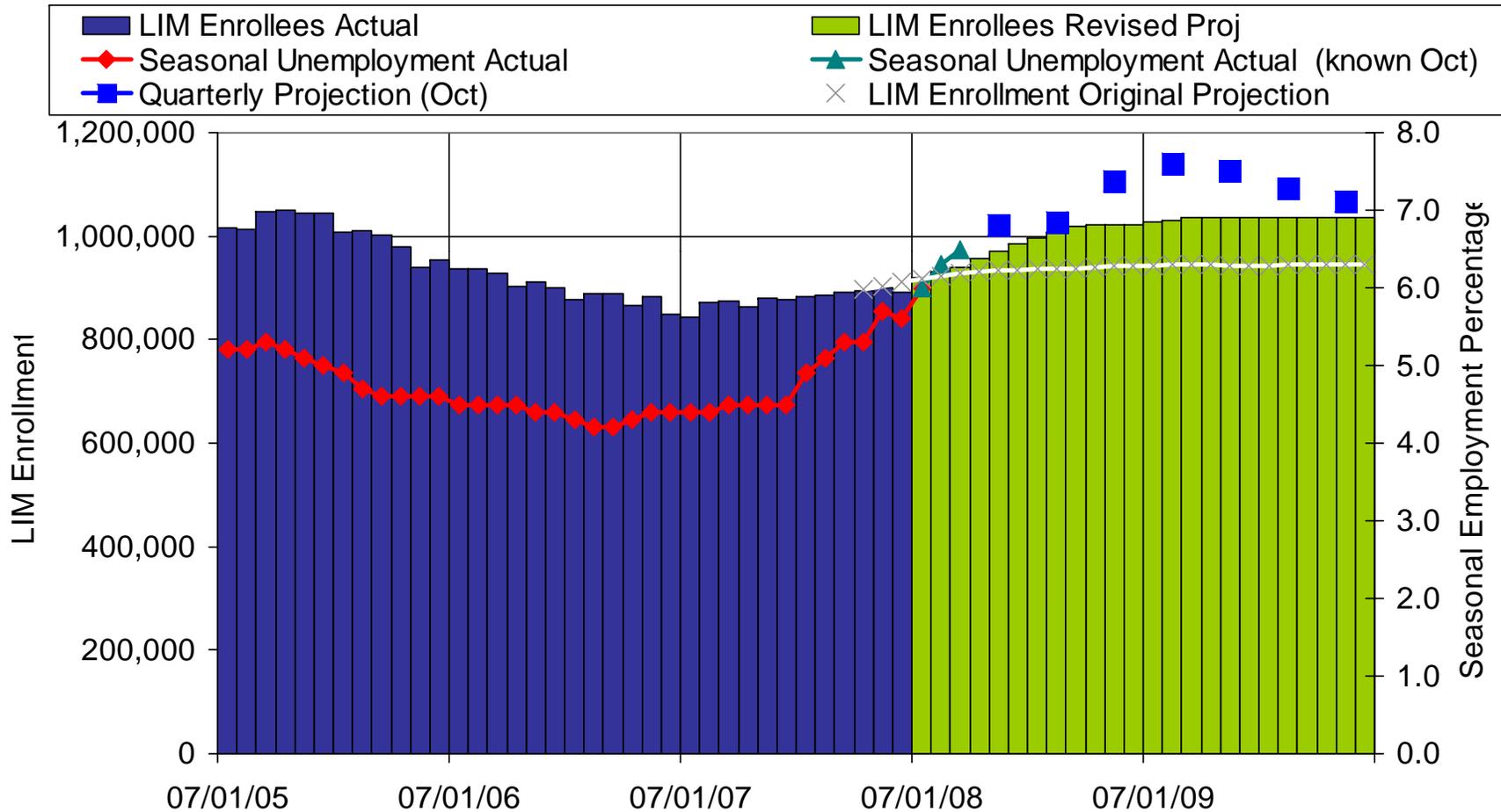


FY 2010 Budget Request

SUMMARY	Details	In State Funds
Target Reduction @ 5%		(\$113,758,588)
Apply Projected Surplus		(\$11,851,138)
Additions	1. 100 New ICWP Waiver Slots	\$1,572,750
Policy Changes	1. Utilize PARIS data matching 2. Reduce Peachstate CMO rates. 3. Use 80% of 2007 Medicare fee schedule for office-based pharmacy and DME.	(\$11,405,371)
Fee expansion	1. CMO QA fee expansion to commercial HMO's at 3% annually	(\$112,173,839)
Total Net Change		(\$133,857,599)
	Compared to Target: Met/(Did Not Meet)	\$20,099,011



Revised Unemployment & LIM Enrollment Projection



FY 2009 DSH Payments

- FFY 2009 Federal Allotment = \$263.3 million*
 - \$10.2 million more than last year
- DCH to use same eligibility requirements and allocation formula from FY 2008
- Input data from FY 2007
 - DSH Survey released in October; due 12/23
- Will consider Medicaid losses from CMO's as well as fee-for-service Medicaid

* Preliminary



Schedule of DSH Events

Nov/Dec 2008

- DSH and UPL Survey released for FY 2007 data collection
- Survey Training in Nov.
- Due 12/23

December 2008

- Interim pmts to Public Hospitals by 12/19

March 2009

- Final Payment Process for Public Hospitals
- Payments no later than 3/30/09 to beat moratorium expiration

Jan/Feb 2009

Myers and Stauffer Validation of Hospital Data and Calculations

- Desk Audits
- Supplemental Data Requests
- On-Site Visits (if necessary)

By June 2009

- Payments to Private Hospitals
- Pending receipt of state appropriation for state matching funds



Hospital Issues DCH's Working On

- Upper Payment Limit Program settlements and formula updates/improvements
- Coordination between OIG, Reimbursement, and Accounting
 - Extended Repayment Plans on cost settlements still an option
- Provider Enrollment Improvements
- Provider Relations (Customer Service and Resolution) – 404-657-5468
- CMO Monitoring



DCH and the Future

- Office of Regulatory Services moving to DCH July 1, 2009
- New Department of Health Proposed for July 1, 2009
 - DCH + Public Health + ORS
 - Legislation must be passed
- New MMIS July 2010
 - EDS new MMIS vendor



Advice

- Expect:
 - More patients on Medicaid or PeachCare for Kids
 - Creative financing strategies for Medicaid and state budget shortfall
 - Possible additional delays in HB 990 provider rate increases
 - Budget writers to look to provider audit initiatives to reduce the Medicaid budget
 - Evaluation of Georgia Families program effectiveness
- Use HTH as a resource and to communicate with the General Assembly and DCH



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