

REVISED GOVERNOR'S BUDGET RECOMMENDATIONS FOR FY 2010: KEY POINTS

**Georgia Department of Community Health Funding Change:
(Revised FY 2010 vs. Current FY 2009)**

Budget Areas	State Funds Reduction	↓ %
Medicaid	\$489.3M	-23.2%
Peach Care for Kids™	\$ 16.5M	-16.7%
State Health Benefit Plan	\$232.1M (total funds)	
Health Care Access	\$ 12.9M	-50.4%
Admin Services	\$ 15.6M	-14.6%

State Health Benefit Plan (SHBP) Reductions in the Revised Governor's Budget for FY 2010

- Reduction for OPEB: \$118.5M
- Reduction for State Employees: \$ 35.4M
- Reduction for Teachers: \$ 78.2M
- **Total Reductions: \$232.1M**

State Health Benefit Plan Impacts:

- **As per the Governor's Revised Budget, employer premium contributions are to be decrease from 75% to 70% in FY 2010**
- This change would apply to active employees and retirees
- The target for the employee share is **30%** of total premiums cost
- The actual percent paid for by the member varies depending on the member type and the plan options they chose
- Per our actuary, AON, the current employee share is **23.4%**
- To get that average up to 30% would require an across the board increase to current Calendar Year (CY) 2009 premiums of **28.2%**
- Regarding retirees: If a retiree chooses not to participate in a Medicare Advantage plan in CY 2010, they would pay the full cost of coverage. The SHBP Medicare Advantage Plan would cost \$22.44 a month. The current Medicare retiree with full Medicare in a PPO plan pays \$32.90

**SUMMARY OF FY 2010 MEDICAID AND PEACHCARE FOR
KIDS™ BUDGET PROPOSALS**

<p><u>Current FY 2009:</u> Included: State General Funds + Tobacco Settlement Funds + Managed Care Fees</p>	<p>Total State Funds: \$2,514.3</p>
<p><u>DCH FY 2010 Request:</u></p> <ol style="list-style-type: none"> 1. Original FY 2009 Base Budget 2. Minus a 5% reduction due to state revenue shortfalls 3. State Funds to address the hole in the base budget 4. State Funds to address projected growth in enrollment (based on July 2008 data) 5. Tobacco Settlement Funds used in base budget 6. Nursing home fee and existing Managed Care Fee revenue used in base budget 7. New Revenue from expansion of the Managed Care Fees <ul style="list-style-type: none"> ❖ Funds to cover need in base budget ❖ Funds to cover implementation of the delayed FY 2009 provider rate increases 	<p>- \$113.8M - \$204.9M - \$112M</p>
<p><u>Original Gov's Budget FY 2010 (Dec 2008):</u></p> <ol style="list-style-type: none"> 1. State Appropriation in FY 2009 Base 2. Minus a 5.9 % reduction due to state revenue shortfalls 3. State Funds to address the hole in the base budget 4. State Funds to address projected growth in enrollment (based on Oct 2008 data) 5. Tobacco Settlement Funds included in base budget 6. Nursing home fee and existing CMO fee revenue used in base budget 7. New Revenue from a combination of (a) managed care fee expansion & (b) new hospital fee <ul style="list-style-type: none"> ❖ Funds cover need in base budget ❖ Funds cover the delayed FY 2009 provider rate increases ❖ Funds provide \$37M for Trauma System funding ❖ Funding provide \$7M in state match for private hospitals in the DSH program 	<p>Total State Funds: \$2,520,691,990</p> <p>- \$113.8M - \$204.9M - \$317M</p>
<p><u>Revised Gov's Budget FY 2010 (March 2009):</u></p> <ol style="list-style-type: none"> 1. State Appropriation – 2. Minus 5.9% reduction due to state revenue shortfalls 3. State Funds to address the hole in the base budget 4. State Funds to address projected growth in enrollment (based on Jan 2009 data) 5. Tobacco Settlement Funds used in the base budget 6. Nursing home fee and 3 months of funding from the existing CMO fee revenue used in base budget 7. Federal Stimulus Funds for DCH/Medicaid 8. Corresponding state funds removed and used toward the \$1.6B state revenue shortfall 9. Delete projected revenues from managed care fees & hospital fees: <ul style="list-style-type: none"> ❖ Deletion of FY2009 All Provider Rate Increases (\$91.7M) ❖ Deletion of Trauma Systems funds (\$37M) ❖ Deletion of DSH payments (\$13.7M) 	<p>Total State Funds: \$1,822,077,020</p> <p>- \$113.8M - \$204.9M - \$605M - \$450M \$155M = Net Retained - \$317M</p>

10. Provider Rate Cuts – Hospitals (10% on Average)	- \$80.7M
11. Provider Rate Cuts- across multiple provider types (6% on Average)	- \$68M
Medicaid & PeachCare for Kids™ State Fund Reduction (Current FY 2009 – Revised FY 2010) =	\$505.8M