

FY 2007 & FY 2008 Budgets

Presentation to
Budget and Fiscal Affairs Oversight Committee
December 6, 2007



Agenda

- Program Descriptions
- Fiscal Year 2007 Final Expenditures
- Fiscal Year 2008 Expenditures Year-to-Date
- Budget Redirects



Program Descriptions

Program	Budget
<u>Department Administration and Support</u>	
State	\$ 94,102,323
Federal	308,073,626
Other	37,068,568
Program Total	<u>\$ 439,244,517</u>

Description

Administration and Support covers DCH's management and operations functions including:

- General Administration - 166 positions including Commissioner's Office, Communications, Operations, Financial Management, Legislative/Community Affairs, and General Counsel
- Inspector General - Program Integrity (61 positions)
- Managed Care - CMO Initiative (25 positions)
- Information Technology (54 positions)
- Medicaid/PeachCare/Healthcare program management (100 positions)
- State Health Benefit Plan (51 positions)



DCH Administrative Functions

DCH Budgetary Program	Low Income Medicaid and PeachCare for Kids	Aged, Blind, and Disabled	Healthcare Access and Improvement	Administration	State Health Benefit Plan
Areas of Responsibility	Georgia Families Medicaid Fee-For-Service Choice Period	Medicaid Fee-For-Service Disease Management ASO Medical Management •Eligibility verification •Data Broker •Level of Care Federal Reporting Waiver Programs Long Term Care	Health Planning/CON Rural Health Population Based Healthcare Access Volunteers in Medicine	DCH Mgmt Operations General Counsel Program Integrity & Investigations Information Technology Financial Management Communications Legislative & Community Affairs Customer Service	State Employees and School Personnel Health Plan Administration
Contract Monitoring	Georgia Families - CMO's - Enrollment Broker - EQRO Eligibility Determination (DFCS and PSI) Claims & Rates Actuary	Eligibility Determination (DFCS and PSI) ASO Disease Management Medicaid PBM	77 Rural Hospital Grants FQHC HIT Grants Rural Safety Net Grants Migrant Health Grants Federal Grants eg HIV,.. CON Legal & Research	Financial Audit Reimbursement Auditors SAAG's for Estate Recovery and Katie Beckett reviews MMIS/DSS Actuarial Support Contracts & Procurements	PPO HMO's CDHP's TPA MEMS/GTA



Program Descriptions

Program	Budget
Department Administration and Support	
Personal Services	\$ 38,842,035
Regular Operating Expenses	7,259,105
Motor Vehicle Purchases	15,271
Equipment	352,385
Computer Charges	1,719,143
Real Estate Rentals	2,602,590
Telecommunications	1,358,360
Contracts	386,095,628
Grants and Benefits	1,000,000
Total	<u>\$ 439,244,517</u>

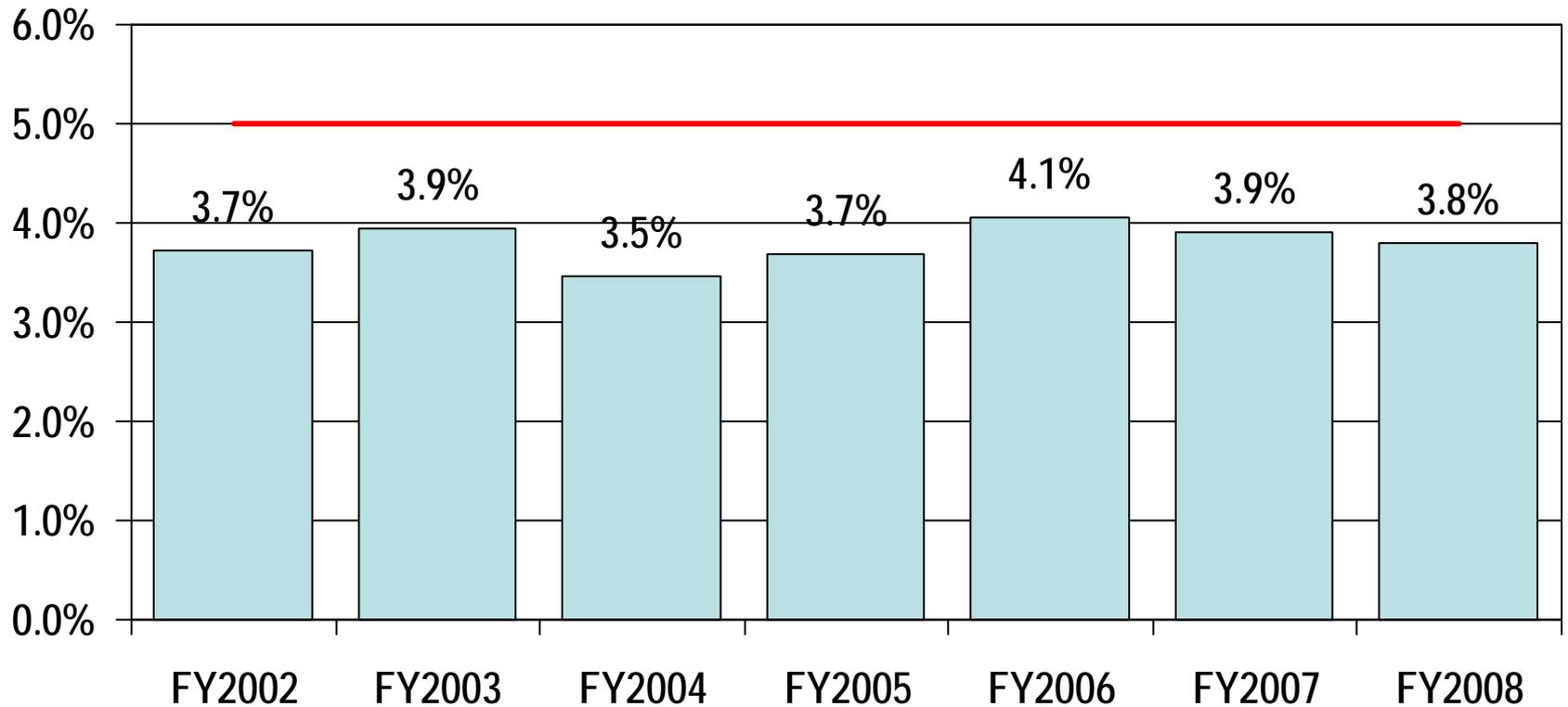
Major contracts include \$6 million for audits and actuaries for Financial Management; \$3.4 million for the state audit contract and \$2 million for utilization review; \$10.6 for SHBP operations; \$7.9 million for external quality review and \$18.4 million for an enrollment broker for Managed Care; \$110 million for the DHR administrative and eligibility contract; \$24.4 million for clinical medical management; \$4.1 million for data broker; \$8.4 million for RSM expansion eligibility workers; \$10.5 million for a pharmacy benefits manager; \$7 million for third party liability recovery; \$23.3 million for eligibility verification contract; \$125.4 million for Medicaid and PeachCare claims processing, Decision Support Systems, SHBP MEMS implementation, and special initiatives such as health information exchange.

Most costs are matched with federal Medicaid or PeachCare funds. The FY 2008 Medicaid match is 62.8% federal and 37.2% state. The FY 2008 PeachCare match is 74.0% federal and 26.0% state.



DCH Administrative Cost

Administrative Cost as a % of Budget — OPB Benchmark



Program Descriptions

Program	Budget
<u>Healthcare Access and Improvement</u>	
State	\$ 14,449,088
Federal	4,330,414
Other	2,950,000
Program Total	<u>\$ 21,729,502</u>

Description

Healthcare Access and Improvement plans for and seeks to increase healthcare access to Georgia citizens and covers the following activities:

- Health Initiatives - Men's Health, Women's Health and Minority Health (6 positions)
- Office of Rural Health - (3 positions - 9 added based on grant funds)
- Health Planning - includes Certificate of Need (17 positions)
- Volunteer Health Care Program (1 position plus 7 time-limited positions)



Program Descriptions

Program	Budget
Healthcare Access and Improvement	
Personal Services	\$ 3,779,612
Regular Operating Expenses	410,157
Motor Vehicle Purchases	0
Equipment	0
Computer Charges	16,889
Real Estate Rentals	0
Telecommunications	5,545
Contracts	3,471,552
Grants and Benefits	14,045,747
Total	<u>\$ 21,729,502</u>

Major contracts include \$1 million for the health information web site and \$1.9 million for Area Health Centers (AHECs).

While some costs are matched with federal Medicaid funds, significant funding in Healthcare Access is also derived from the pursuit of federal grants to support federally qualified health centers throughout the state. Examples of grants include federal migrant and seasonal worker health, community health center electronic record system development, new start and continuation funding for community health centers, regional cancer coalition operating funds, and support for Hughes Spalding hospital.



Program Descriptions

Program	Budget
<u>Medicaid: Aged, Blind and Disabled</u>	
State	\$ 1,135,312,137
Federal	2,663,381,379
Other	475,322,514
Program Total	\$ 4,274,016,030

The Medicaid Aged, Blind and Disabled program offers healthcare access to low income elderly and disabled persons. The budget represents projected fee-for-service payments to providers including hospitals, nursing homes, physicians, hospice, and pharmacies among other services.

Average monthly ABD enrollment in Fiscal Year 2007 was 272,000.

Expenditures by the top 5 Categories of Service in FY 2007 include:	\$s in Millions
Nursing Home Payments	\$1,105.6
Inpatient Hospital Services	\$588.9
Outpatient Hospital Services	\$148.8
Physician Services	\$155.2
Pharmacy Benefits	\$398.5



Program Descriptions

Program	Budget
<u>Medicaid: Low-Income Medicaid</u>	
State	\$ 930,821,499
Federal	1,837,246,100
Other	156,552,367
Program Total	<u>\$ 2,924,619,966</u>

The Low-Income Medicaid program offers healthcare access to low income pregnant and post-partum women, and children 18 years and younger. The budget represents capitated payments to care management companies providing services through the Georgia Families program as well as fee-for-service to members exempt from the program such as foster children.

Average monthly LIM enrollment in Fiscal Year 2007 was 912,000, including 666,000 in Georgia Families.

Expenditures by the top 5 Categories of Service in FY 2007 include:	\$s in Millions
Georgia Families CMO	\$1,721.1
Inpatient Hospital Services	\$348.2
Outpatient Hospital Services	\$88.3
Physician Services	\$148.7
Pharmacy Benefits	\$95.3
Dental	\$35.8



Program Descriptions

Program	Budget
PeachCare	
State	\$ 81,348,701
Federal	232,325,023
Other	151,783
Program Total	<u>\$ 313,825,507</u>

PeachCare is a health insurance program for children living in families with incomes up to 235% of the federal poverty level. All children in the program are eligible to participate in Georgia Families.

Average monthly PeachCare enrollment in Fiscal Year 2007 was 273,000.

Expenditures by the top 5 Categories of Service in FY 2007 include:	\$s in Millions
Georgia Families CMO	\$391.7
Inpatient Hospital Services	\$11.8
Outpatient Hospital Services	\$7.7
Physician Services	\$8.6
Pharmacy Benefits	\$10.6



Program Descriptions

Program	Budget
<u>Nursing Home Provider Fees</u>	
State	\$ 120,805,958
Federal	204,115,930
Other	0
Program Total	<u>\$ 324,921,888</u>

The nursing home provider fee was statutorily created in 2003 via HB 526. Beginning July 1, 2003, non-state nursing homes began monthly remission of the fee to DCH based on the number of non-Medicare bed days up to a maximum allowed by federal code. The fees are considered state funds for purposes of matching federal Medicaid funds and are to be used only to make medical assistance payments to nursing homes.



Program Descriptions

Program	Budget
Indigent Care Trust Fund	
State	\$ 500,000
Federal	271,584,678
Other	160,737,322
Program Total	<u>\$ 432,822,000</u>

Contributions made to the Indigent Care Trust Fund (ICTF) by non-federal sources include:

- Intergovernmental transfers from hospitals participating in the Disproportionate Share Hospital (DSH) program. The DSH program helps compensate hospitals for their uncompensated care.
- Nursing home provider fees.
- Penalties related to non-compliance with Certificate of Need (CON) requirements.
- Ambulance license fees.
- Fees collected from the sale of Breast Cancer License tags.
- Interest earned from funds contributed into the trust fund.

As required by Georgia statute, contributions to the ICTF are matched with federal funds or other funds from a public source or charitable organization. The type of match applied to the ICTF contribution is dependent on the use of the funds. The primary source of federal matching funds is Title XIX of the Social Security Act (Medicaid) and the DSH program (also Medicaid).



Program Descriptions

Program	Budget
State Health Benefit Plan	
State	\$ -
Federal	\$ -
Other	\$ 2,687,375,431
Program Total	<u>\$ 2,687,375,431</u>

The State Health Benefit Plan provides health insurance coverage to state employees, teachers, school system employees, retirees and their dependents. The Plan covered 685,852 people as of December 2007.

Funding for the plan comes from employee premiums and employer contributions. Member premiums as well as State appropriations to cover the employer's share of cost are brought into the DCH budget as Other Funds.



Fiscal Year 2007 Expenditures

Program	FY07 Base Budget (Excludes Pre-Fund)	Expenses FY07 Audit	% Spent	Subtotal	Reserved	Balance	% Balance
Administration and Program Support							
State	101,232,839	87,515,900	86.5%	13,716,939	0	13,716,939	13.5%
Federal	274,669,304	251,256,160	91.5%	23,413,144	0	23,413,144	8.5%
Other	20,906,022	7,059,016	33.8%	13,847,006	13,847,006	0	0.0%
Program Total	396,808,165	345,831,076	87.2%	50,977,089	13,847,006	37,130,083	9.4%
Health Care Access and Improvement							
State	10,849,617	10,020,067	92.4%	829,550	0	829,550	7.6%
Federal	6,850,130	5,623,434	82.1%	1,226,696	1,226,696	0	0.0%
Other	129,997	129,947	100.0%	50	0	50	0.0%
Program Total	17,829,744	15,773,448	88.5%	2,056,296	1,226,696	829,600	4.7%
Aged, Blind and Disabled - Medicaid							
State	1,059,895,162	891,949,620	84.2%	167,945,542	164,856,120	3,089,422	0.3%
Federal	2,624,158,484	2,055,636,117	78.3%	568,522,367	386,702,252	181,820,115	6.9%
Other	555,898,105	492,002,972	88.5%	63,895,133	63,895,133	0	0.0%
Program Total	4,239,951,751	3,439,588,710	81.1%	800,363,041	615,453,505	184,909,536	4.4%
Low-Income Medicaid							
State (includes Tobacco Funds)	836,224,798	732,141,068	87.6%	104,083,730	70,753,540	33,330,190	4.0%
Federal	1,813,141,269	1,621,140,020	89.4%	192,001,249	120,265,798	71,735,451	4.0%
Other	279,416,003	278,990,263	99.8%	425,740	425,740	0	0.0%
Program Total	2,928,782,070	2,632,271,350	89.9%	296,510,720	191,445,078	105,065,642	3.6%



Fiscal Year 2007 Expenditures

Program	FY07 Base Budget (Excludes Pre-Fund)	Expenses FY07 Audit	% Spent	Subtotal	Reserved	Balance	% Balance
Nursing Home Provider Fee							
State	111,767,509	111,767,509	100.0%	0	0	0	0.0%
Federal	180,209,781	180,209,781	100.0%	0	0	0	0.0%
Other	0	0	0.0%	0	0	0	0.0%
Program Total	291,977,290	291,977,290	100.0%	0	0	0	0.0%
Indigent Care Trust Fund							
State	143,600,688	143,100,688	99.7%	500,000	0	500,000	0.3%
Federal	620,878,386	605,663,698	97.5%	15,214,688	15,214,688	0	0.0%
Other	236,806,539	227,801,730	96.2%	9,004,809	9,004,809	0	0.0%
Program Total	1,001,285,613	976,566,116	97.5%	24,719,497	24,219,497	500,000	0.0%
PeachCare Benefits							
State (includes Tobacco)	75,408,287	57,508,215	76.3%	17,900,072	361,620	17,538,452	23.3%
Federal	242,520,741	234,587,578	96.7%	7,933,163	1,457,617	6,475,546	2.7%
Other	27,832,342	27,682,624	99.5%	149,718	149,718	0	0.0%
Program Total	345,761,370	319,778,417	92.5%	25,982,953	1,968,955	24,013,998	6.9%
State Health Benefit Plan							
State	0	0	0.0%	0	0	0	0.0%
Federal	0	0	0.0%	0	0	0	0.0%
Other	2,411,434,062	2,377,546,895	98.6%	33,887,167	33,887,167	0	0.0%
Program Total	2,411,434,062	2,377,546,895	98.6%	33,887,167	33,887,167	0	0.0%



Fiscal Year 2007 Expenditures

FY Requested Reserves:

Medicaid

Benefits

Aged, Blind and Disabled Medicaid

Appropriations - Prefund FY2008 (1) \$145,641,804.00

Aged, Blind and Disabled Medicaid IBNR (2) \$164,856,120.00

Low-Income Medicaid

Appropriations - Prefund FY2008 (1) \$79,826,278.00

Low-Income Medicaid IBNR (2) \$70,753,540.00

PeachCare

Benefits

PeachCare IBNR (2) \$361,620.00

Indigent Care Trust Fund

Benefits

\$9,004,809.28

Administration

Appropriations - Prefund FY2008 (1) \$14,130,000.00

Fraud and Other (3) \$13,847,006.60

Total Reserve Requested

\$498,421,177.88



Fiscal Year 2007 Expenditures

FY 2007 Surplus - Program Summary:

Medicaid Benefits	
Low-Income Medicaid	\$33,330,190.40
Aged, Blind and Disabled Medicaid	\$3,089,421.53
PeachCare Benefits	\$17,538,452.68
Indigent Care Trust Fund	\$500,000.00
Administration and Program Support	\$13,716,938.46
Health Care Access and Improvement	\$829,550.19
Total returned to the Treasury	<u>\$69,004,553.26</u>



Fiscal Year 2008 Expenditures YTD

Program	Budget	Expenses	% Spent	Balance	Comments
<u>Department Administration and Support</u>					
State	\$ 94,102,323	\$ 57,972,886	61.6%	\$ 36,129,437	Most administrative contracts encumber total contract costs at the beginning of the fiscal year.
Federal	308,073,626	232,041,406	75.3%	76,032,220	
Other	37,068,568	14,614,367	39.4%	22,454,201	
Program Total	\$ 439,244,517	\$ 304,628,659	69.4%	\$ 134,615,858	
<u>Healthcare Access and Improvement</u>					
State	\$ 14,449,088	\$ 10,602,995	73.4%	\$ 3,846,093	Most administrative contracts encumber total contract costs at the beginning of the fiscal year.
Federal	4,330,414	1,226,172	28.3%	3,104,242	
Other	2,950,000	2,850,000	96.6%	100,000	
Program Total	\$ 21,729,502	\$ 14,679,167	67.6%	\$ 7,050,335	
<u>Medicaid: Aged, Blind and Disabled</u>					
State	\$ 1,135,312,137	\$ 494,764,900	43.6%	\$ 640,547,237	
Federal	2,663,381,379	904,638,455	34.0%	1,758,742,924	
Other	475,322,514	100,240,879	21.1%	375,081,635	
Program Total	\$ 4,274,016,030	\$ 1,499,644,234	35.1%	\$ 2,774,371,796	



Fiscal Year 2008 Expenditures YTD

Program	Budget	Expenses	% Spent	Balance	Comments
<u>Medicaid: Low-Income Medicaid</u>					
State	\$ 930,821,499	\$ 355,765,577	38.2%	\$ 575,055,922	includes CMO payments to LIM
Federal	1,837,246,100	673,125,842	36.6%	1,164,120,258	
Other	156,552,367	37,651,458	24.1%	118,900,909	
Program Total	<u>\$2,924,619,966</u>	<u>\$1,066,542,877</u>	36.5%	<u>\$1,858,077,089</u>	
<u>Nursing Home Provider Fees</u>					
State	\$120,805,958	\$42,186,993	34.9%	\$78,618,965	
Federal	204,115,930	69,561,490	34.1%	134,554,440	
Other	0	0	0	0	
Program Total	<u>\$ 324,921,888</u>	<u>\$ 111,748,483</u>	34.4%	<u>\$ 213,173,405</u>	
<u>Indigent Care Trust Fund</u>					
State	\$ 500,000	\$ -	0.0%	\$500,000	Interim DSH payments will be made in mid-December.
Federal	271,584,678	0	0.0%	271,584,678	
Other	160,737,322	0	0.0%	160,737,322	
Program Total	<u>\$ 432,822,000</u>	<u>\$ -</u>	0.0%	<u>\$ 432,822,000</u>	

Fiscal Year 2008 Expenditures YTD

Program	Budget	Expenses	% Spent	Balance	Comments
<u>PeachCare</u>					
State	\$ 81,348,701	\$ 45,676,267	56.1%	\$ 35,672,434	includes CMO payments to PCK
Federal	232,325,023	128,312,830	55.2%	104,012,193	
Other	151,783	20,762	13.7%	131,021	
Program Total	\$ 313,825,507	\$ 174,009,859	55.4%	\$ 139,815,648	
<u>State Health Benefit Plan</u>					
State	\$ -	\$ -	0	\$ -	Claims only
Federal	0	0	0	0	
Other	2,687,375,431	544,923,293	20.3%	2,142,452,138	
Program Total	\$ 2,687,375,431.00	\$ 544,923,293.00	20.3%	\$ 2,142,452,138	
<u>Department Total, excluding attached agencies</u>					
State	\$ 2,377,339,706	\$ 1,006,969,618	42.4%	\$ 1,370,370,088	
Federal	5,521,057,150	2,008,906,195	36.4%	3,512,150,955	
Other	3,520,157,985	700,300,759	19.9%	2,819,857,226	
Fund Source Total	\$ 11,418,554,841	\$ 3,716,176,572	32.5%	\$ 7,702,378,269	



Budget Redirects

House Bill 95 - Redirects

Section 17, Item 71.5

Increase funds to implement the Health Information Technology pilot to promote health care information transparency (H: Implement the Health Information Technology pilot through a partnership with the Medical College of Georgia to provide a web-based remote hosted health information technology network (\$500,000) to improve the quality and efficiency of health care in the Augusta region) (CC: Implement a Regional Health Information Technology pilot partnership with the Medical College of Georgia (\$300,000) to improve the quality and efficiency of health care).

General Assembly's Direction: Earmark \$300,000 of the \$1,000,000 appropriation specifically for the . Medical College of Georgia.

Governor's Direction: Use the full appropriation for the stated purpose of the Health Care Access and Improvement Program.

DCH Action: 11 applications for Health Information Exchange pilot program funding were received by DCH in September 2007. Scoring criteria were approved by the the Health Information Technology Taskforce Advisory Council and the applications were scored by a Council subcommittee. 4 projects were awarded November 1, 2007:

- Chatham County Safety Net - \$272,588
- Sumter Regional Hospital - \$250,000
- East Georgia Healthcare Center - \$250,000
- Washington County Regional Medical Center - \$80,500

Projects will run for 12 months and are funded on a cost-reimbursement basis.

Budget Redirects

House Bill 95 - Redirects

Section 17, Item 77

The purpose of this appropriation is to provide a healthcare benefit that is competitive with other commercial benefit plans in quality of care, access to providers and efficient management of provider fees and utilization. The employer contribution rate for the teachers' health benefit plan shall not exceed 18.543% and for the state employees' health benefit plan it shall not exceed 22.843%.

General Assembly's Direction: Cap employer rates for the teachers' and employees' health benefit plan at 18.543% and 22.843%, respectively.

Governor's Direction: The Governor's FY 2008 budget included employer rates of 18.543% for the teachers' health benefit plan and 22.843% for the state employees' health benefit plan. The General Assembly agreed with these rates but included language that those rates should not be exceeded. The Governor issued the following message when he signed HB 95: "The General Assembly seeks to set limits on the employer contribution rate for the teachers' health benefit plan and the state employees' health benefit plan for Fiscal Year 2008. This language dictates a matter within the general law discretion of the Department and is therefore null and void. The Department is authorized to establish employer contribution rates in accordance with the general law powers of the Department".

DCH Action: The FY 2008 employer rate for the teachers' health benefit plan is 18.543% and the employer rate for the state employees' health benefit plan is 22.843% as recommended by the Governor and agreed to by the General Assembly.

