

# Amended FY 2010 & FY 2011 Program Budgets

Presentation to the  
Board of Community Health  
August 27, 2009



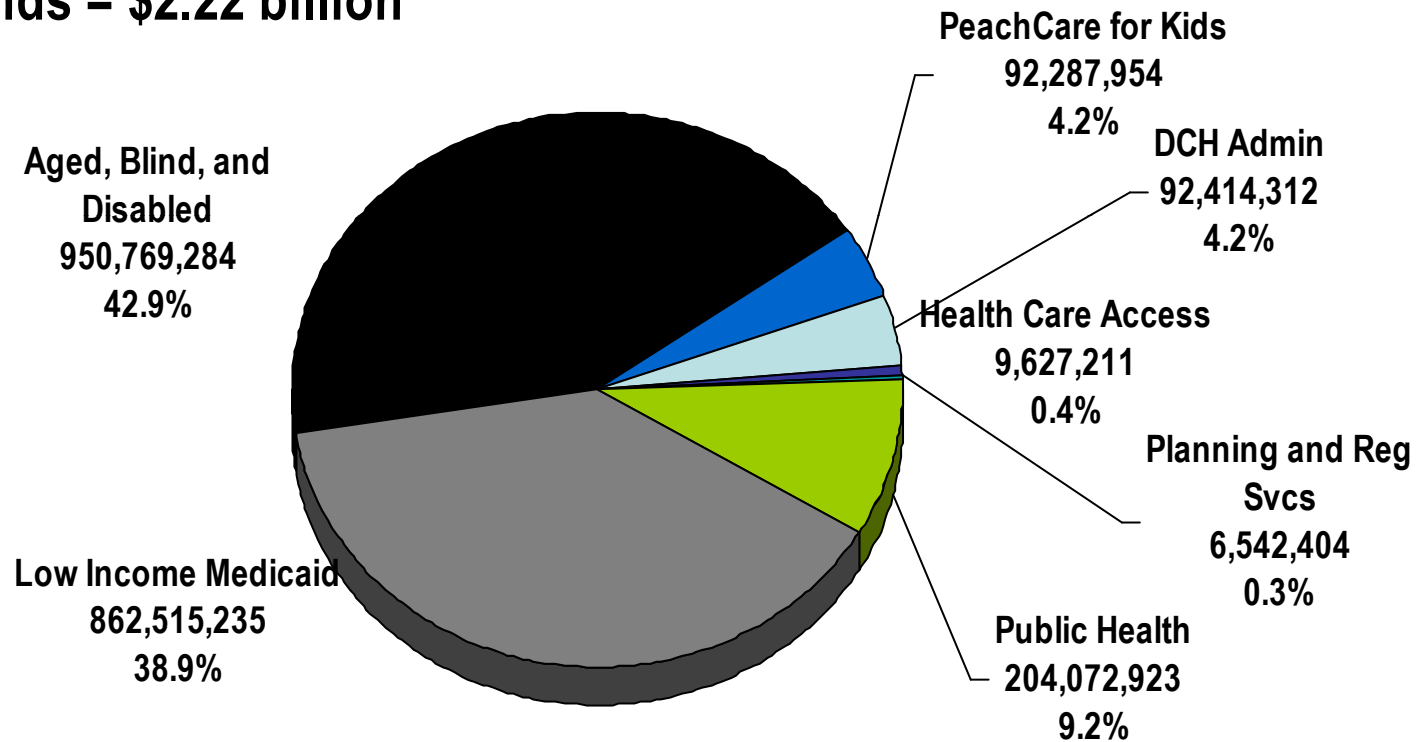
# Agenda

- Budget Instructions
- Health Care Access and Improvement and Administration Reductions
- Healthcare Facility Regulation Budget Initiatives
- Public Health Reductions
- PeachCare for Kids Benefits Financial Status
- Medicaid Benefits Financial Status
- Medicaid/PCK Benefits Proposed Budget Additions and Reductions
- Summary



# DCH FY 2010 State Fund Budget

State Funds = \$2.22 billion



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



# DCH Budget Instructions

Required cut levels of 4, 6, and 8 percent for the following programs:

- Public Health Programs
- Healthcare Facility Regulation
- DCH Administration
- Healthcare Access and Improvement

Required cut level of 3 percent for the following programs:

- Aged, Blind, and Disabled
- Low Income Medicaid
- PeachCare for Kids

DCH must also identify additional cuts to cover any necessary enhancements to the budget.



# Calculation of Cut Levels\*

Program	3%	4%	6%	8%
Healthcare Facility Regulation		\$248,501	\$372,752	\$497,003
Healthcare Access and Improvement		383,567	575,350	767,133
Administration		3,624,809	5,437,214	7,249,618
Subtotal		<b>\$4,256,877</b>	<b>\$6,385,316</b>	<b>\$8,513,755</b>
Public Health (including PH Administration)		\$7,888,236	\$11,835,515	\$15,780,687
Low Income Medicaid	\$16,875,168			
Aged, Blind, and Disabled	\$24,847,210			
PeachCare for Kids	\$2,638,126			
Subtotal	<b>\$44,360,504</b>			

\*adjusted for GAIT 2010 and SHBP per OPB instructions

# HEALTHCARE ACCESS AND IMPROVEMENT



# Amended FY 2010 and FY 2011 Budget Cuts

Item	PROGRAM	4% Cuts	6% Cuts	8% Cuts
Personal Services	HCAI	(\$405,034)	(\$405,034)	(\$405,034)
Grants				
- Chatham Co. BOH primary care for homeless	HCAI	(8,944)	(13,416)	(17,888)
- Rural Health Association operations	HCAI	(1,200)	(1,800)	(2,400)
- St. Joseph Mercy Care - primary care for homeless	HCAI	(7,330)	(10,995)	(14,660)
- AHEC (health professionals)	HCAI	(78,186)	(117,279)	(156,371)
- SE Firefighter's Burn Foundation	HCAI	(10,000)	(15,000)	(20,000)
- GAPHC - start up sites	HCAI	(40,000)	(500,000)	(1,000,000)
- GAPHC - behavioral health support	HCAI	(40,000)	(500,000)	(1,000,000)
<b>TOTAL</b>		(\$590,694)	(\$1,563,524)	(\$2,616,353)

# DCH ADMINISTRATION



GEORGIA DEPARTMENT OF  
COMMUNITY HEALTH



# Amended FY 2010 and FY 2011 Budget Cuts

Item	PROGRAM	4% Cuts	6% Cuts	8% Cuts
Personal Services	DCH Administration	(1,046,794)	(1,046,794)	(1,046,794)
Regular Operating	DCH Administration	(70,000)	(70,000)	(70,000)
Computer Contracts	DCH Administration	(1,971,205)	(2,071,205)	(3,471,205)
Rent	DCH Administration	(70,000)	(70,000)	(70,000)
Contracts	DCH Administration			
- Georgia Partnership for Caring		(6,000)	(6,000)	(6,000)
- Nichols Cauley		(310,000)	(310,000)	(310,000)
- APS (ASO)		(523,392)	(523,392)	(523,392)
- Child Support Recovery (TPL)		(250,000)	(250,000)	(250,000)
- Actuarial Services (Finance)		-	(200,000)	(200,000)
- Legal Assistance		-	(175,000)	(175,000)
- Temp Staffing		-	(100,000)	(100,000)
<b>TOTAL</b>		<b>(4,247,391)</b>	<b>(4,822,391)</b>	<b>(6,222,391)</b>



# HEALTHCARE FACILITY REGULATION



GEORGIA DEPARTMENT OF  
COMMUNITY HEALTH

# Current HFR Budget Status

- 95% of HFR funding is for **personal services and travel** supporting the necessary investigation work (85% personal services, 10% travel)
- Current **vacancy rate** for HFR is **over 26%** (56 of 215 FTEs)
- Would have to have an additional 24 vacancies held or positions cut in order to meet an additional 5% cut in state funds
  - Because the positions each are only funded with 20% state funds, only \$5,000 - \$10,000 saved per position
  - Cannot expend the federal funds for those positions (and lapse will create a cut in federal funds for next year and beyond – may never recoup)



# HFR Workload Issues

## BACKLOGS OF INITIAL SURVEYS

- Hospice: Backlog of 10 provisional surveys and 11 initial surveys
- Private Home Care Providers: 88 applications pending approval, 14 approved are awaiting initial survey
- Personal Care Homes (Assisted Living): 51 applicants awaiting initial survey, additional 4 awaiting approval for expansion

**No recommended reductions to this programmatic area**



# Summary of Cuts to Administration, Healthcare Access, and HFR

	4%	6%	8%
CUMULATIVE TARGET	\$4,256,877	\$6,385,316	\$8,513,755
<b>Program:</b>			
Healthcare Facility Regulation	0	0	0
Healthcare Access and Improvement	\$590,694	\$1,563,524	\$2,616,353
Administration	4,247,391	4,822,391	6,222,391
<b>TOTAL</b>	<b>\$4,838,085</b>	<b>\$6,385,915</b>	<b>\$8,838,744</b>
<b>Vs. Targets</b>	<b>\$581,208</b>	<b>\$599</b>	<b>\$324,989</b>



# PUBLIC HEALTH



# Budget Targets for Public Health

Program	4%	6%	8%
Public Health (including PH Administration)	\$7,888,236	\$11,835,515	\$15,780,687

## Approach to Budget Reductions:

1. Try to minimize cuts to programs that support H1N1 Monitoring and Prevention.
2. Try to minimize cuts to programs that provide pharmacy support to public health patients.
3. Take advantage of additional federal and grant funds that can be earned under the new cost allocation plan for Public Health.
4. Utilize new or higher user fees to supplant state fund cuts.
5. Avoid cuts to Vital Records.



# State Level Operations - FY 2010

<u>Operational Area</u>	<u>Programs Impacted</u>	<u>4% Level</u>	<u>6% Level</u>	<u>8% Level</u>
<b>Personal Services</b>	Emergency Preparedness Maternal & Child Health Environmental Health	(\$306,233)	(\$374,148)	(\$449,094)
<b>Regular Operating Expenses</b>	Epidemiology Maternal & Child Health	(147,004)	(204,742)	(262,480)
<b>Contracts</b>	Emergency Preparedness Epidemiology Maternal & Child Health	(81,322)	(92,916)	(530,514)
<b>TOTAL</b>		<b>(\$534,559)</b>	<b>(\$671,806)</b>	<b>(\$1,242,088)</b>





# State Level Operations - FY 2011

<u>Operational Area</u>	<u>Programs Impacted</u>	<u>4% Level</u>	<u>6% Level</u>	<u>8% Level</u>
<b>Personal Services</b>	Emergency Preparedness Maternal & Child Health Environmental Health	(\$306,233)	(\$374,148)	(\$449,094)
<b>Regular Operating Expenses</b>	Epidemiology Maternal & Child Health	(145,477)	(204,742)	(262,480)
<b>Contracts</b>	Emergency Preparedness Epidemiology Maternal & Child Health	(81,322)	(92,916)	(104,509)
<b>TOTAL</b>		<b>(\$533,032)</b>	<b>(\$671,806)</b>	<b>(\$816,083)</b>



# State Programmatic Cuts - FY 2010

<u>Programs Impacted</u>	<u>Description</u>	<u>4% Level</u>	<u>6% Level</u>	<u>8% Level</u>
<b>Emergency Preparedness – Trauma Commission</b>	Reduce payments to trauma network providers originally planned with super speeder funding.	(\$920,000)	(\$1,380,000)	(\$1,840,000)
<b>Maternal &amp; Child Health – Family Planning</b>	Reduce program funds.	-	-	(163,975)
<b>Health Promotion and Disease Prevention – Cancer Screening</b>	Reduce funding that was earmarked for a colorectal screening program.	(172,848)	(259,272)	(345,696)
<b>TOTAL</b>		<b>(\$1,092,848)</b>	<b>(\$1,639,272)</b>	<b>(\$2,349,671)</b>



# State Programmatic Cuts - FY 2011

<u>Programs Impacted</u>	<u>Description</u>	<u>4% Level</u>	<u>6% Level</u>	<u>8% Level</u>
<b>Emergency Preparedness – Trauma Commission</b>	Reduce payments to trauma network providers originally planned with super speeder funding.	(\$920,000)	(\$1,380,000)	(\$1,840,000)
<b>Health Promotion and Disease Prevention – Cancer Screening</b>	Reduce funding that was earmarked for a colorectal screening program.	(172,848)	(259,272)	(345,696)
<b>TOTAL</b>		<b>(\$1,092,848)</b>	<b>(\$1,639,272)</b>	<b>(\$2,185,696)</b>



# Cost Allocation Plan FY 2010 + FY 2011

Program	Item	4% Cuts	6% Cuts	8% Cuts
<b>Public Health Administration</b>	Reduce state funds to reflect new cost allocation plan (swap of state for grant/federal funds).	(\$1,808,666)	(\$1,808,666)	(\$1,808,666)

“We let direct cost drive indirect cost.”

- DCH’s CAP uses a direct cost methodology by utilizing time sheets, surveys, and certifications for validation.
- The previous PH CAP used a random moment sampling methodology, which did not capture or account for all federal and grant funds that were available to cover indirect cost.

# Grant In Aid Reductions – FY 2010

- Programmatic GIA reductions

Program	<u>4%</u>	<u>6%</u>	<u>8%</u>
Babies Born Healthy	\$ (132,096)	\$ (198,144)	\$ (264,192)
Babies Can't Wait	\$ (251,769)	\$ (447,167)	\$ (642,565)
Children's Medical Services	\$ (270,435)	\$ (405,652)	\$ (540,870)
Comprehensive Child Health	\$ (327,729)	\$ (327,729)	\$ (327,729)
Oral Health	\$ (84,151)	\$ (135,634)	\$ (187,128)
Perinatal/Maternal Health	\$ -	\$ (8,552)	\$ (18,616)

- Formula GIA Reductions

Formula Grants to Counties	\$ (1,290,433)	\$ (4,097,343)	\$ (5,525,571)
<b>TOTAL GIA Reductions</b>	<b>(\$2,356,613)</b>	<b>(\$5,620,221)</b>	<b>(\$7,506,671)</b>

# Grant In Aid Reductions – FY 2011

- Programmatic GIA reductions

Program	<u>4%</u>	<u>6%</u>	<u>8%</u>
Babies Born Healthy	\$ (11,889)	\$ (198,144)	\$ (264,192)
Babies Can't Wait	\$ (22,659)	\$ (447,167)	\$ (642,565)
Children's Medical Services	\$ (24,339)	\$ (405,652)	\$ (540,870)
Comprehensive Child Health	\$ (57,289)	\$ (327,729)	\$ (327,729)
Oral Health	\$ (7,574)	\$ (135,634)	\$ (187,128)
Perinatal/Maternal Health	\$ -	\$ (8,552)	\$ (18,616)

- Formula GIA Reductions

Formula Grants to Counties	(\$ 146,500)	\$ (2,001,793)	\$ (5,576,083)
<b>TOTAL GIA Reductions</b>	<b>(\$270,249)</b>	<b>(\$3,524,671)</b>	<b>(\$7,557,183)</b>

# State Level Fee Proposals – Effective Jan 1, 2010

Program	Fee Description	Current	Proposed	New Annual Revenue	Range of Other SE States
Epidemiology – Lab	HIV Testing*			\$640,000	\$6.00 to \$19.17
	STD Testing*	\$-	\$10	1,400,000	\$5.00 to \$5.73
	Lead*			960,000	No charge to \$13.00
	Hepatitis C*			49,600	
Well Water	\$-			\$30	75,000
Environmental Health	Septic Tank Contractors	\$300	\$400	200,000	
Vital Records	Birth and Death Certificates	\$10	\$15	916,500	
<b>TOTAL Annual NEW FEE Revenue to STATE TREASURY**</b>				<b>\$4,191,100</b>	

\* Evaluating strategies to address providing the lab test to those who do not have an ability to pay

\*\*Offset by \$50,000 for administrative costs for the lab to collect the fees



# Without Fees - Additional Cuts That Would Have Been Necessary To Meet Targets

<u>Proposal</u>	<u>Max Amount</u>
Reduce current contract with Fulton-Dekalb Hospital Authority <b>ADAP pharmacy</b> .	(1,174,865)
Reduce purchase of <b>test kits for Chlamydia and gonorrhea</b> screening.	(146,356)
Reduce the <b>pharmacy budget for TB drugs</b> .	(200,000)
Reduce contract funding to <b>house homeless persons with TB</b> .	(18,483)
Reduce <b>GIA for TB Control</b> .	(214,936)
Eliminate <b>routine HIV and syphilis testing</b> by the state lab.	(583,843)
Eliminate testing for <b>hepatitis C, blood lead level testing, and well water testing</b> .	(291,922)
Eliminate <b>testing for parasitology, mycology, and fluoride proficiency testing</b> . One position from the Newborn screening lab unit will be eliminated.	(291,922)
Reduce contract funding with Dekalb/Fulton Hospital Authority for the <b>Georgia Poison Control Center</b> .	(88,000)





# Without Fees.... - (continued)

<u>Proposal</u>	<u>Max Amount</u>
Reduce contracted services for the <b>Georgia Rural Water Association</b> , that helps assure optimal water fluoridation.	(3,825)
Reduce funds for <b>regional tertiary/perinatal centers</b> .	(196,680)
Reduce <b>family planning</b> program funds.	(163,975)
Eliminate contract with <b>Auditory Verbal Center</b> .	(137,500)
<b><u>Additional Grant in Aid Reductions</u></b>	
Universal Hearing Screening - Hearing Aid Loaners	(297,187)
Babies Can't Wait	(251,769)
Children's Medical Services	(270,435)
Oral Health	(84,151)
Babies Born Healthy	(132,096)
Formula GIA	(2,710,460)



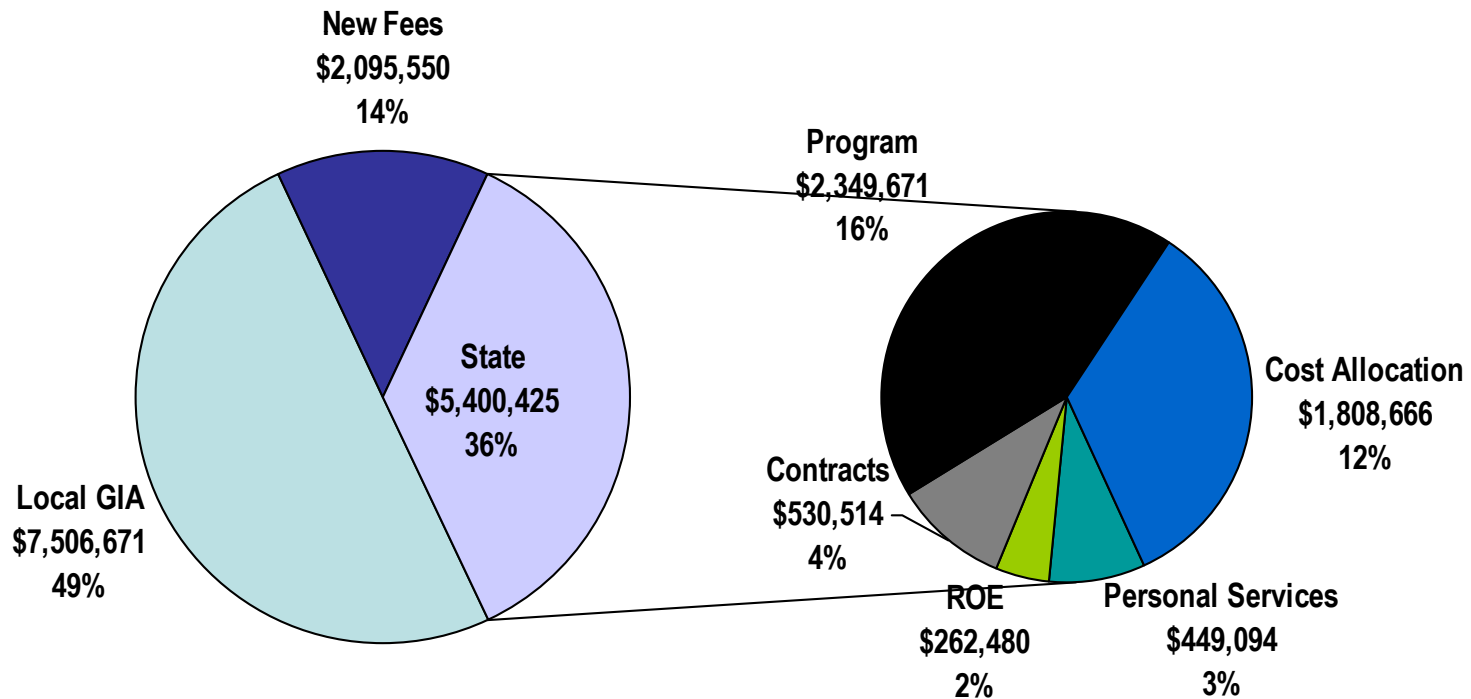
# Overview of Reductions – FY 2010

## At MAXIMUM 8% Cut Level

Total Cuts + Fees = \$15,002,646

Vs. 8% Target of \$15,780,687

Surplus/(Deficit) = **(\$778,041)**



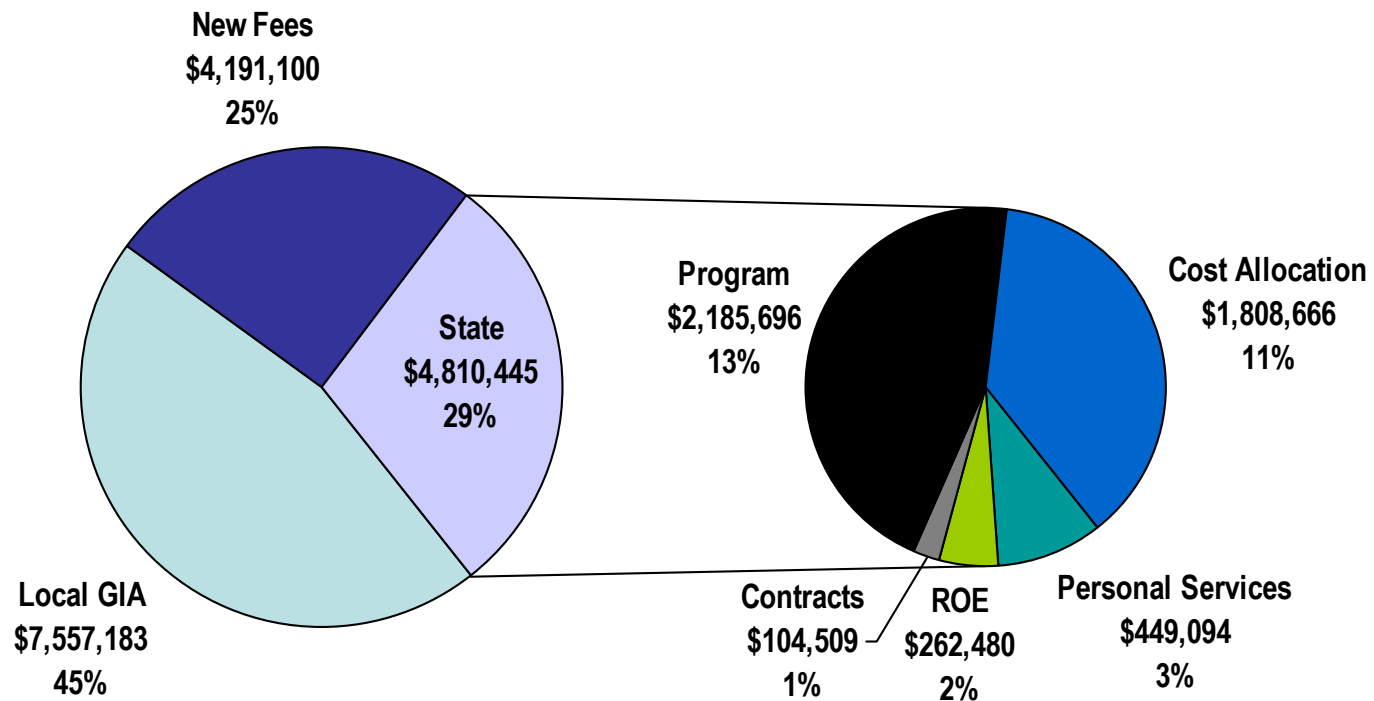
# Overview of Reductions – FY 2011

## At MAXIMUM 8% Cut Level

**Total Cuts + Fees = \$16,558,728**

**Vs. 8% Target of \$15,780,687**

**Surplus/(Deficit) = \$778,041**



# PEACHCARE FOR KIDS



GEORGIA DEPARTMENT OF  
COMMUNITY HEALTH

# FY 2009 - PeachCare for Kids

In millions	FY 2009 Actual
<b>State Fund Revenue</b>	
FY 2009 State Fund Appropriation	\$58.6
Less Unallotted State Funds	(\$2.0)
CMO Provider Fees	\$16.4
<b>TOTAL REVENUE</b>	<b>\$73.0</b>
<b>State Fund Expense*</b>	<b>(\$67.9)</b>
<b>Surplus/(Deficit)</b>	<b>\$5.1</b>
* FY 2009 Expenditures are unaudited	



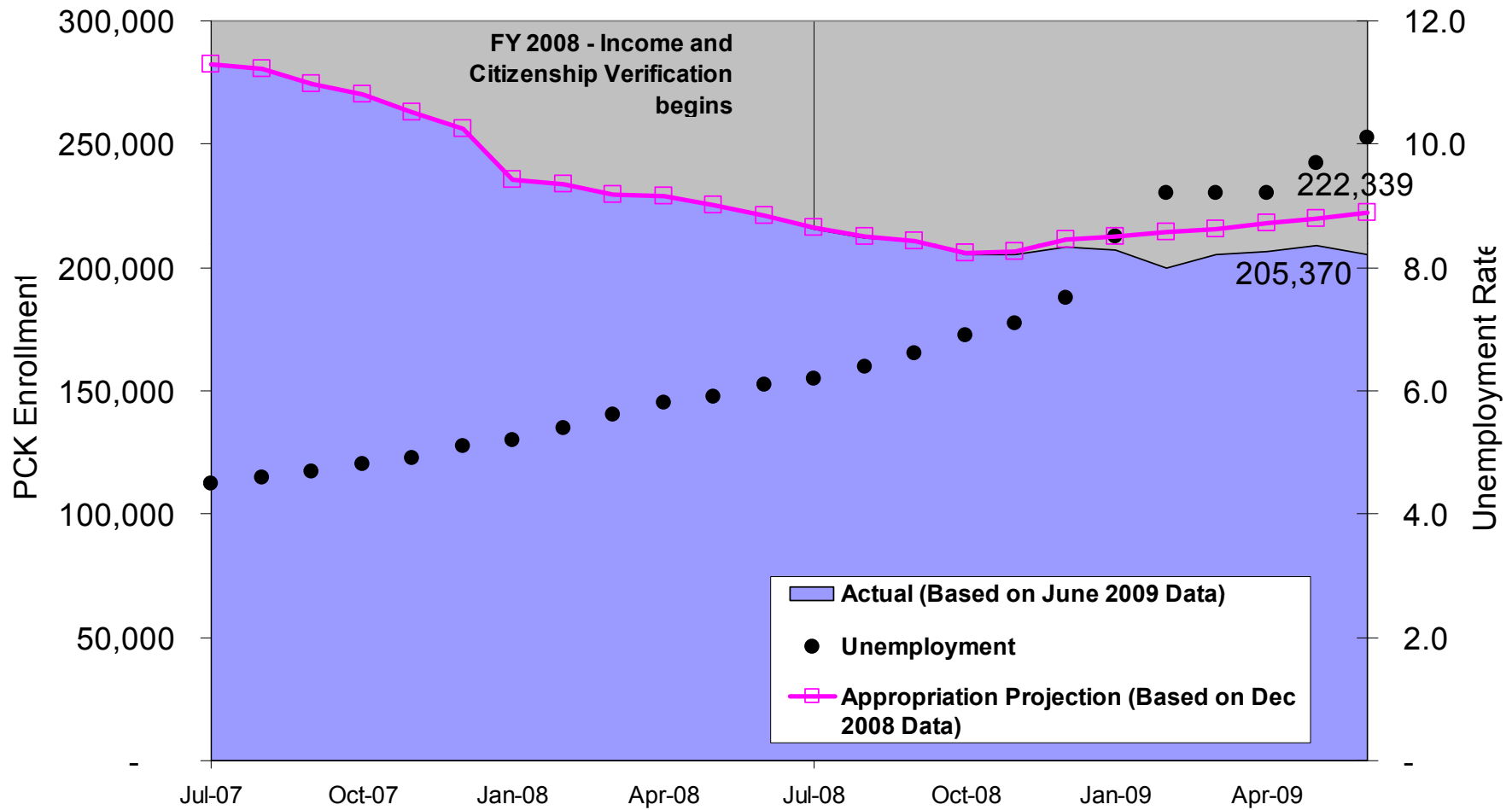
# FY 2009 PCK Drivers

## FY 2009 Revenue and Expense Drivers:

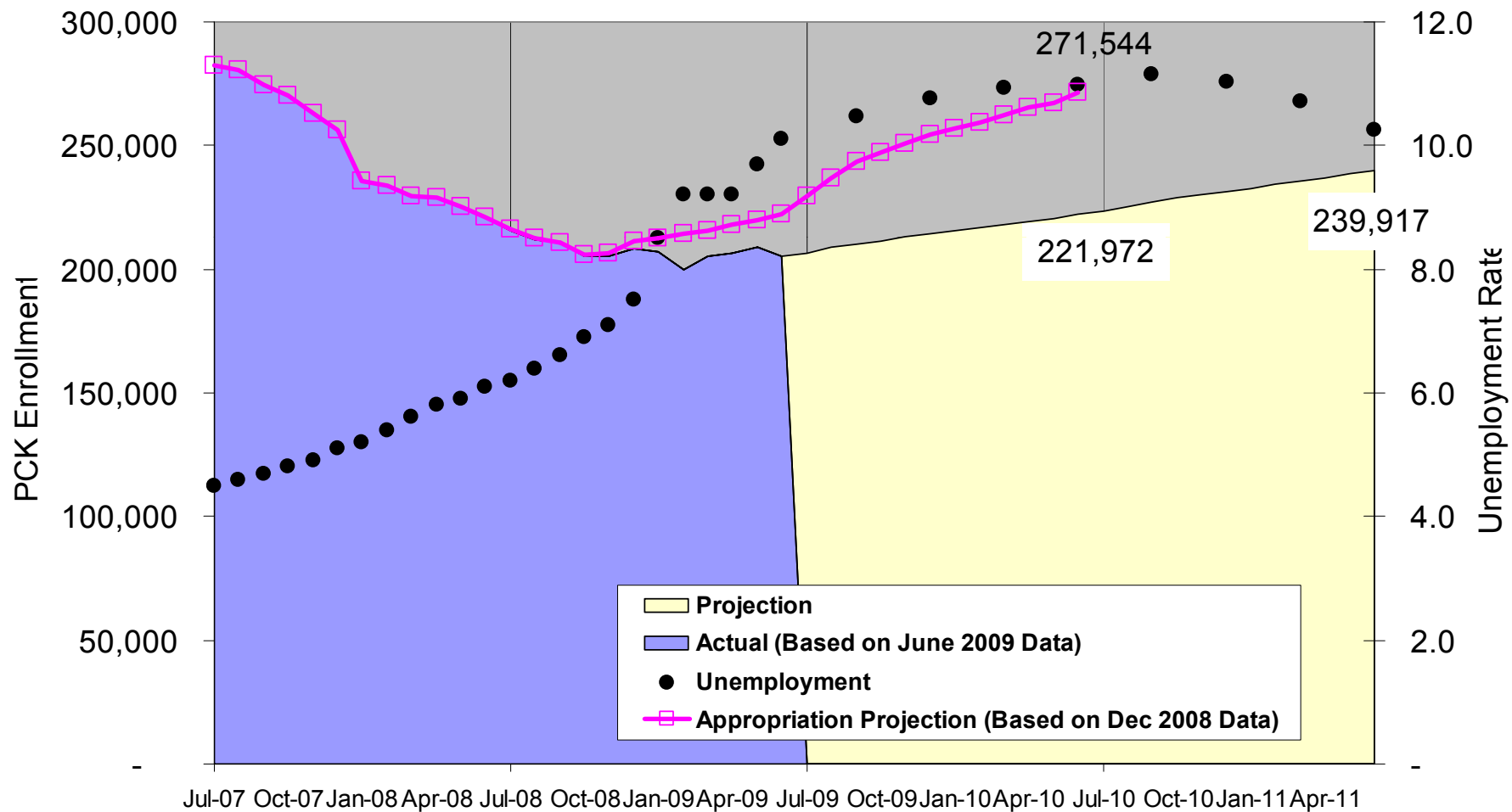
- Eligibility
  - Enrollment declined by 4.7% or 10,102 members between July 2008 and June 2009;
  - ~6,200 less average monthly enrollment than projected – not the significant correlation to Unemployment Rates as expected
  - Migration of PeachCare members to Medicaid (about 25% of PeachCare monthly cancels a result of members moving to Medicaid)
- PMPM
  - 6.5% increase in PMPM from \$117.68 to \$125.31
- Premiums
  - More members in families with higher incomes paying more in premiums



# FY 2008 - 2009 PCK Enrollment



# Projected PCK Enrollment

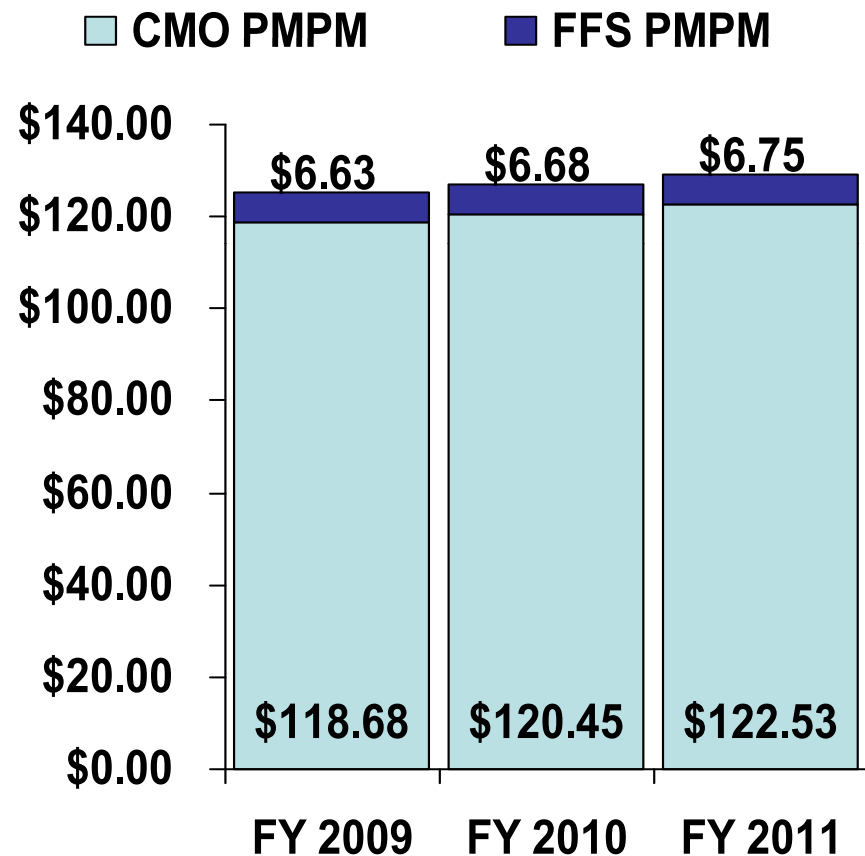




# FY 2010 and FY 2011: PMPM PCK Expenditure Growth

## PMPM Influences

- Rates at very low end of actuarially sound rate range for 2009 and FY 2010.
- Medical inflation to 2011



# PeachCare for Kids State Fund Status

In millions	FY 2010 Projected	FY 2011 Projected
<b>State Fund Revenue</b>		
State Fund Appropriation	\$87.9	\$87.9
CMO Provider Fees	\$4.3	\$0
<b>Total Revenue</b>	<b>\$92.2</b>	<b>\$87.9</b>
<b>State Fund Expense</b>	(\$70.7)	(\$71.2)
<b>Surplus/(Deficit)</b>	<b>\$21.5</b>	<b>\$16.7</b>



# MEDICAID BENEFITS



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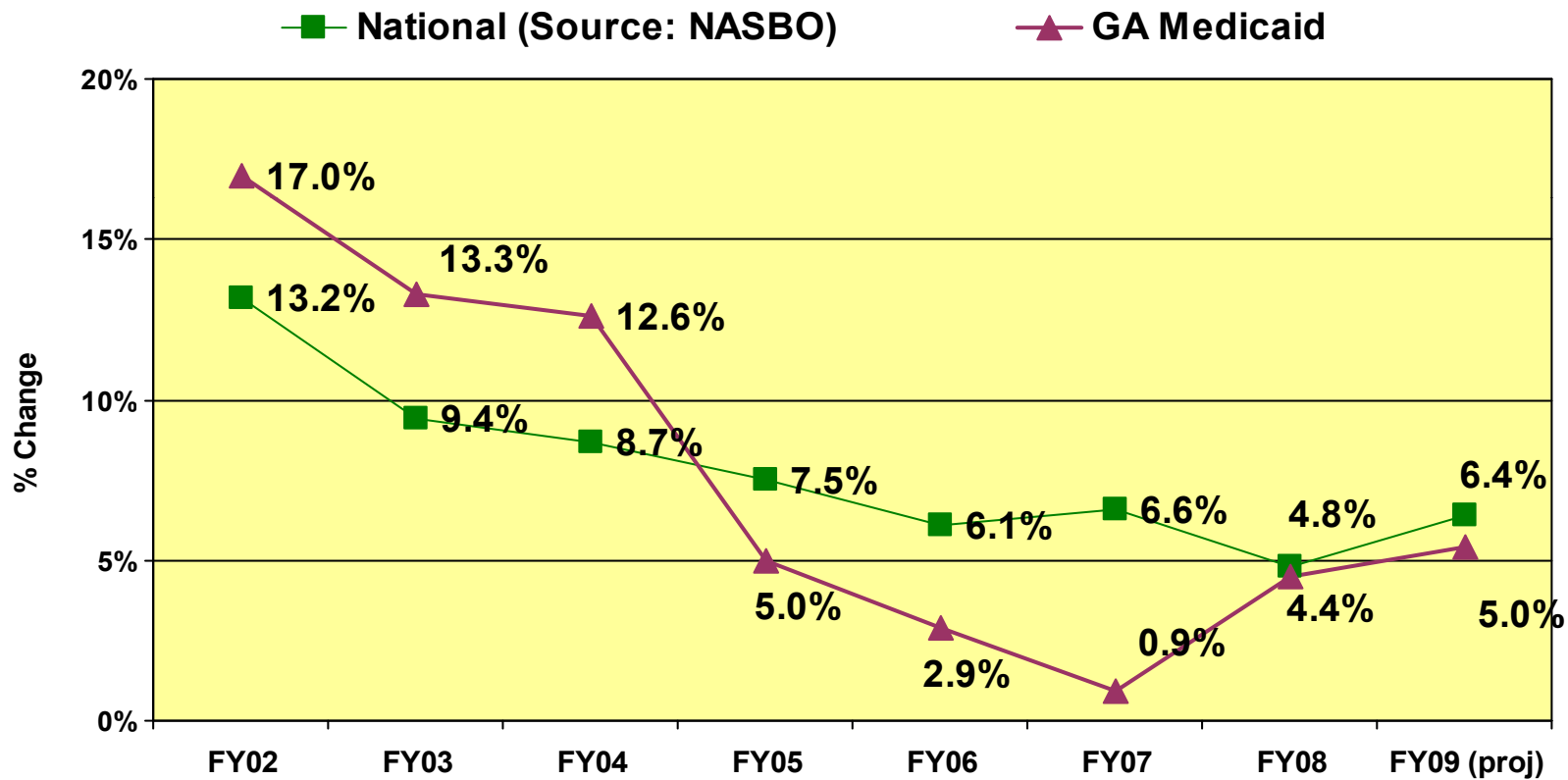
# FY 2009 - Medicaid

In millions	Low Income Medicaid	Aged, Blind, and Disabled	TOTAL
<b>State Fund Revenue</b>			
FY 2009 State Funds Appropriation	\$716.5	\$808.8	\$1,525.3
Less Unallotted State Funds	(\$13.7)	(\$5.4)	(\$19.1)
CMO Provider Fees	\$127.3		\$127.3
NH Provider Fees		\$122.6	\$122.6
<b>TOTAL REVENUE</b>	<b>\$830.1</b>	<b>\$926.0</b>	<b>\$1,756.1</b>
<b>State Fund Expense*</b>	<b>(\$802.4)</b>	<b>(\$906.1)</b>	<b>(\$1,708.5)</b>
<b>Surplus/(Deficit)</b>	<b>\$27.7</b>	<b>\$19.9</b>	<b>\$47.6</b>
* FY 2009 Expenditures are unaudited			



# GA Medicaid vs. National Medicaid Averages

## Annual Increases in Medicaid Benefit Expenditures



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

# LIM Drivers FY 2009

## Factors influencing Low Income Medicaid Expenditures in 2009

### Eligibility

- Review and Removal of duplicate Medicaid ID's
  - ~4,000 member per month
- Conversion to new MMIS resulting in further clean up of eligibility files
- Assumptions about the link between unemployment and LIM enrollment
  - Correlation not as significant as it used to be
  - Extension of Unemployment Benefits and subsidized COBRA from the ARRA (Stimulus) legislation delay when people are eligible for coverage
- ~26,250 less members enrolled on average each month than projected

### Expenditure Credits

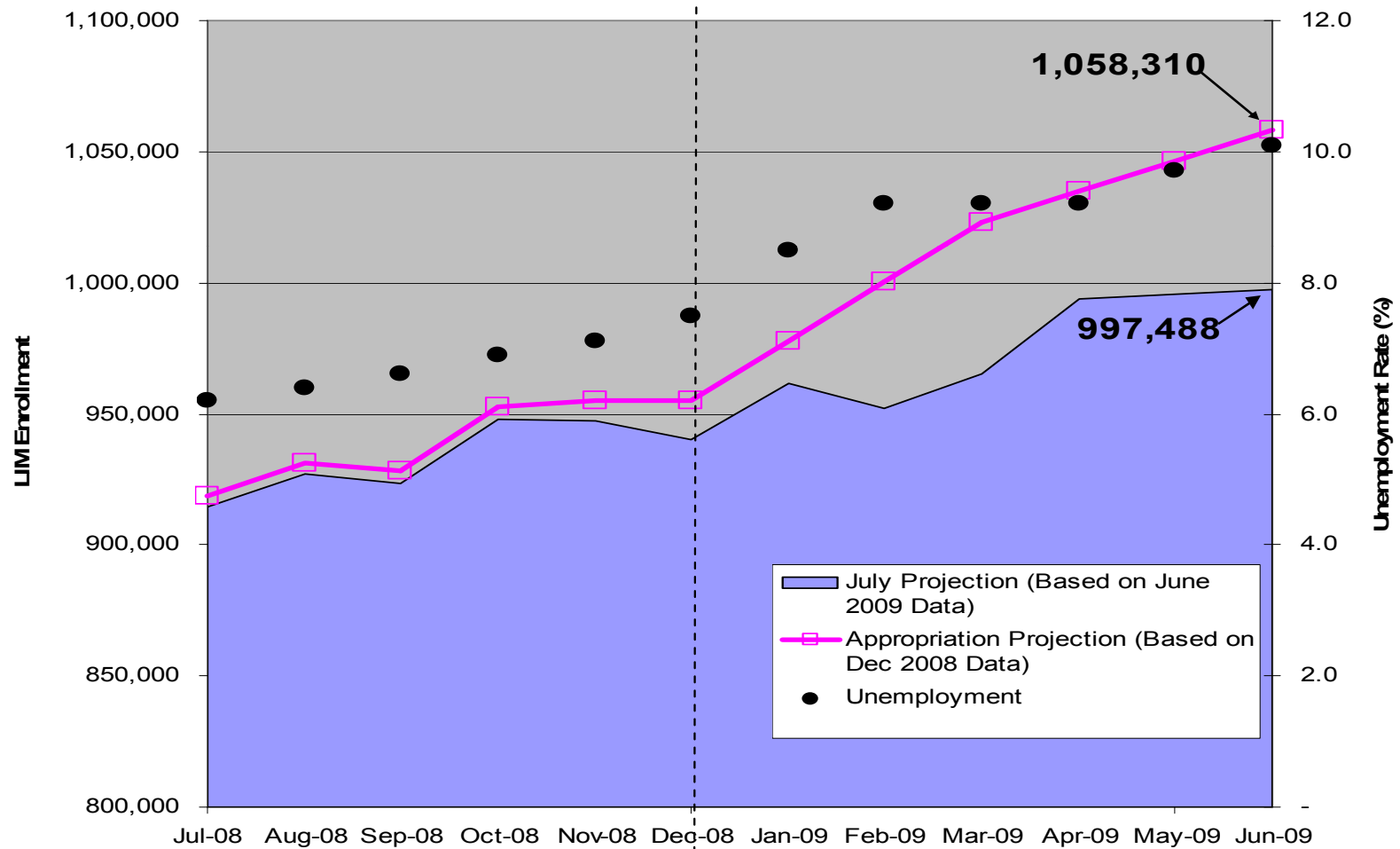
- Drug Company National Settlements and increased drug rebates

### PMPM

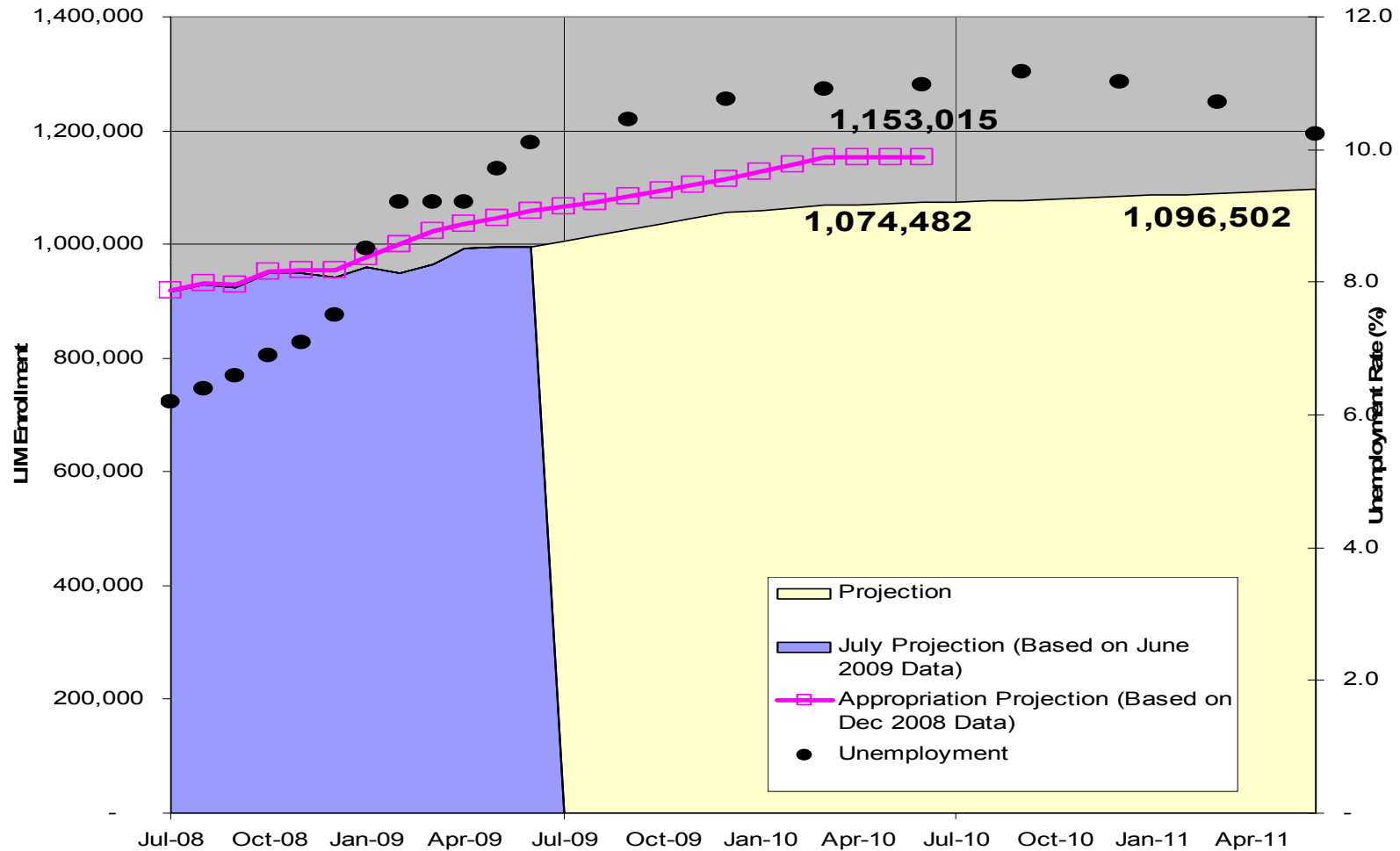
- CMO rates set at the low end of the actuarially sound rate range



# FY 2009 LIM Enrollment



# FY 2010-2011 Projected LIM Enrollment





# FY 2010-2011 Projected LIM PMPM

## CMO Rate Update:

### FY 2010:

Actuaries used CMO actual experience for November 2007-October 2008.

- Considered impact of member merge and adjustment to reimbursement methodology for physician injectibles and durable medical equipment.
- Projected **net increase of 3.2%** based on expected FY 2010 enrollment and PMPM adjustments.
- Pending CMS approval

### FY 2011:

- Assume medical inflationary growth based on Global Insight Quarterly Health Care Cost Review.

## Fee-For-Service:

LIM growth based on trend as it historically has not increased at the same rate as Global Insight's medical services inflation.

- LIM inflation:
  - **1% for FY 2010 and FY 2011**



# ABD Drivers FY 2009

## Factors influencing Aged, Blind, and Disabled expenditures in 2009

### Eligibility

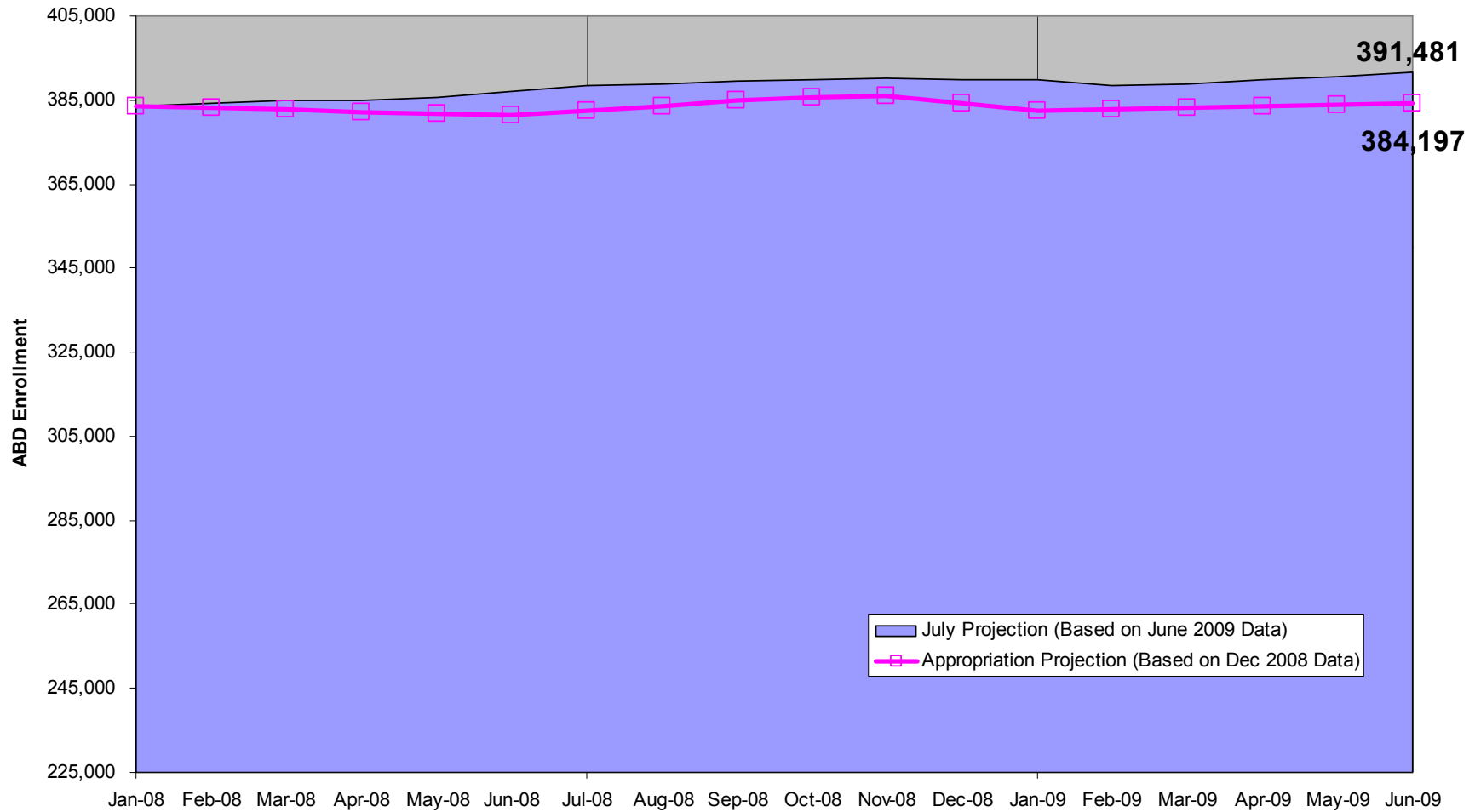
- Targeted focus by Social Security Administration to address waiting lists for disability (SSI) coverage
  - Members retroactively eligible upon determination for both Medicare and Medicaid; added an average of 4,100 members per month in CY 2008
  - ~5,800 more members enrolled on average each month than projected
- Reductions in membership due to matching of vital records with eligibility records

### PMPM

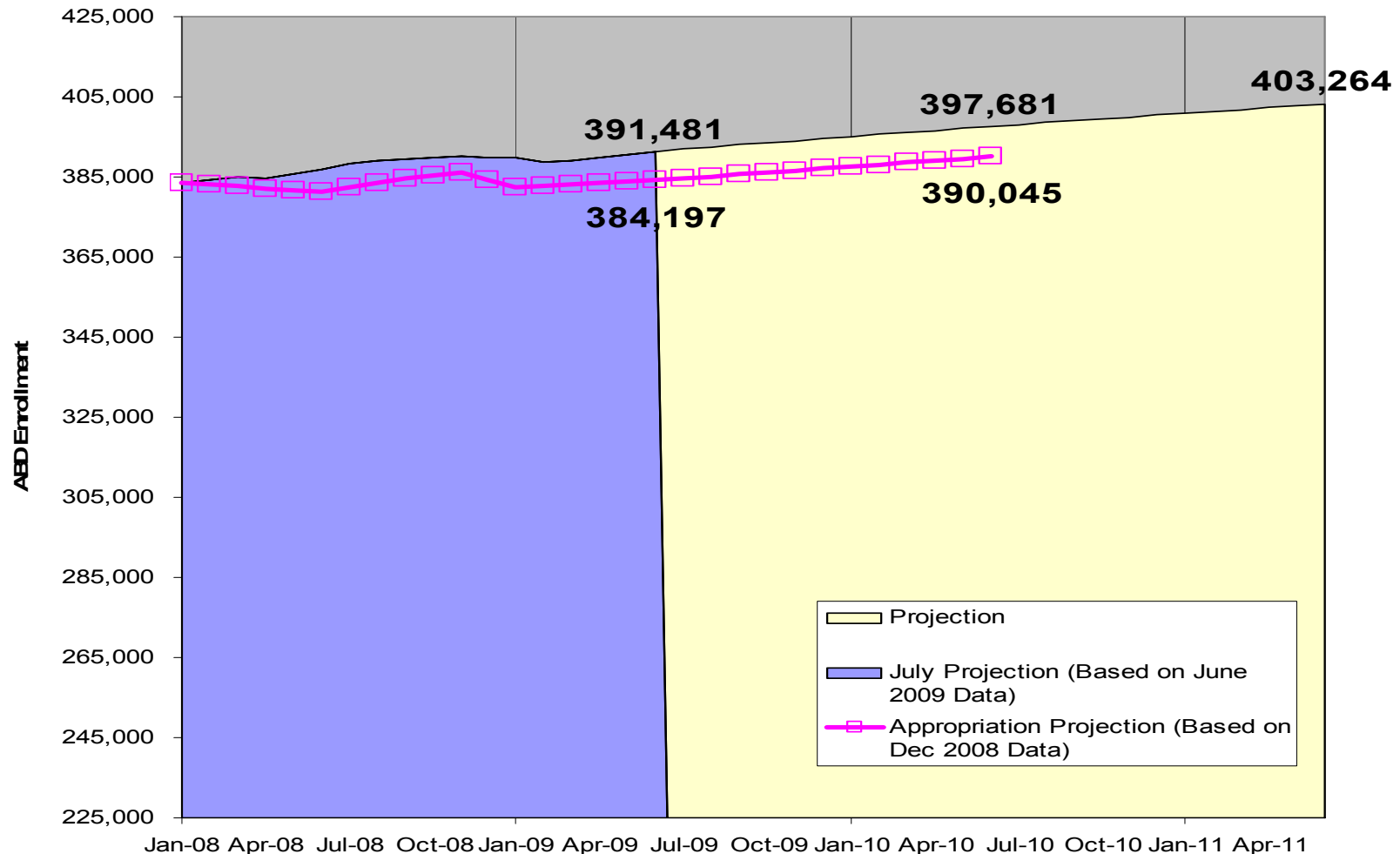
- Less predictable due to retroactive coverage of dually-eligible members
- Changes in growth driven by increases expenditures for inpatient hospital, SOURCE, physician services and outpatient hospital services.



# CY 2008 - FY 2009 ABD Enrollment



# FY 2010–FY 2011 Projected ABD Enrollment



# FY 2010-2011 Projected ABD PMPM

## Inflationary growth

ABD growth based on Global Insight Quarterly Health Care Cost Review.

- ABD Inflation index for Medical Services
  - 3.3% for FY 2010 (HB 119 funding level based on 3.3%)
  - 2.9% for FY 2011



# Summary of Benefit Growth

	Low Income Medicaid		Aged, Blind, and Disabled		Total
	Percentages	\$\$ Amount	Percentages	\$\$ Amount	\$\$ Amount
<b>FY 2010 Annual Growth Assumptions</b>					
<b>Enrollment</b>	9.8%	\$18.3	1.3%	\$0.9	\$19.2
<b>PMPM</b>	1% - FFS 3.2% - CMO	\$12.5	3.3% ABD and Dual Eligibles	\$8.4	\$20.9
<b>Total Growth</b>		<b>\$30.8</b>		<b>\$9.3</b>	<b>\$40.1</b>
<b>FY 2011 Annual Growth Assumptions</b>					
<b>Enrollment</b>	3.4%	\$25.1	1.5%	\$8.8	\$33.9
<b>PMPM</b>	1% - FFS G.I. 2.9% - CMO	\$21.0	2.9% ABD and 1.44% Dual Eligibles	\$28.4	\$49.4
<b>Total Growth</b>		<b>\$46.1</b>		<b>\$37.2</b>	<b>\$83.3</b>



# Medicaid: State Fund Status

In millions	FY 2010 Projected	FY 2011 Projected
<b>State Fund Revenue</b>		
FY 2010 Appropriations	\$1,664.9	\$1,443.9
CMO Provider Fees	\$34.9	\$0
Nursing Home Provider Fees	\$122.5	\$122.5
One Time Funding Restored		\$477.7
<b>Total Revenue</b>	\$1,822.3	\$2,044.1
<b>State Fund Expense</b>	(\$1,820.7)	(\$2,127.4)
<b>Surplus/(Deficit)</b>	\$1.6	(\$83.3)



# MEDICAID AND PEACHCARE BUDGET BENEFIT REDUCTIONS





# Approach to Reductions in Benefits

## Areas we targeted first:

- Use of prior year surplus
- Correction and maintenance of accurate eligibility records
- Fraud Recoveries
- Correction and recovery of claims payment errors

(In mm)	Medicaid	PCK	Total
3% Cut	\$41.7	\$2.6	\$44.4

## Areas we could not target:

- Member Eligibility (ARRA requires maintenance of July 2008 eligibility through December 2010)
- Any policy change that required significant re-programming of the MMIS (due to July 2010 conversion to a new MMIS)

## Areas that did not make sense to target:

- Optional services that are less costly alternatives to mandatory services



# AFY 2010 Budget Recommendations

Recommendations		In State Funds
1.	Provide state matching funds for private DSH hospitals with deemed status.	\$8,603,287
2.	Supplant FY 2010 state funds with FY 2009 benefits surplus.	(\$52,757,976)
3.	Re-project Medicaid enrollment to reflect adjustments associated with SUCCESS member reconciliations and revised assumptions concerning the impact of unemployment on Medicaid.	(\$15,868,595)
4.	Re-project PeachCare membership to reflect lower trend in enrollment.	(\$21,525,544)
5.	Reflect impact of Member Merge adjustments: - FY 2009 Q3 and Q4 offsets as cash in FY 2010 - Adjust enrollment trend for member merge in FY 2010	(\$3,965,171) (\$6,726,597)



# AFY 2010 Budget Recommendations (cont.)

		In State Funds
	<b>Recommendations (continued)</b>	
6.	Reflect drug company national settlement with Pfizer Inc.	(\$8,612,468)
7.	Reflect impact of Breast and Cervical Cancer (BCC) eligibility reviews	(\$4,332,249)
8.	Reflect impact of changing the Pre-Admission Screening and Resident Review (PASSR) contract effective July 1,2009.	(\$644,585)
	<b>Total FY 2010 Changes</b>	<b>(\$105,829,897)</b>
	Vs 3% Cut	<b>(\$44,360,504)</b>
	<b>Surplus/(Deficit)</b>	<b>\$61,469,393</b>



# FY 2011 Budget Recommendations

		In State Funds
	Recommendations	
1.	Cover projected growth in Medicaid	\$83,264,351
2.	Add 100 ICWP slots to support the Money Follows the Person Initiative	\$1,199,652
3.	Cover ICWP waiting list of 179 people	\$1,829,854
4.	Supplant State Funds with FY 2010 benefits surplus.	(\$61,469,393)
5.	Re-project PeachCare membership to reflect lower trend in enrollment.	(\$16,708,985)
6.	Increase revenues from Nursing Home Provider Fees to supplant state funds earmarked for Fair Rental value and Quality Incentive rate adjustments implemented in FY2010.	(\$8,793,000)
7.	Assign adopted foster care children to CMO's.	(\$2,940,919)
8.	Negotiate greater discounts for high priced specialty drugs and establish a set reimbursement rate.	(\$646,439)



# FY 2011 Budget Recommendations (cont.)

		In State Funds
	<b>Recommendations (continued):</b>	
8.	Discount risk adjustment factors in CMO rates by capping CMO rates at the 50 percentile of the rate range.	(\$2,542,931)
9.	Reduce reimbursement to Care Management Organizations (CMOs) by 1.86 percent.	(\$15,706,932)
10.	Apply an 1.86 percent across the board cut to all Fee-For-Service providers funded with DCH state funds.	(\$21,420,672)
11.	Reduce reimbursement to Non-Emergency Transportation brokers by 1.86 percent.	(\$425,421)
	<b>Total FY 2011 Changes</b>	<b>(\$44,360,836)</b>
	Vs 3% Cut	(\$44,360,504)
	<b>Surplus/(Deficit)</b>	<b>\$332</b>



# SUMMARY



# DCH SUMMARY FY 2010

<u>Program</u>	<u>Cut Level</u>	<u>Target Amount</u>	<u>Proposed</u>	<u>Difference</u>
Medicaid and PCK Benefits	3%	\$44,360,504	\$105,829,897	\$61,469,393
Public Health	4%	\$7,888,236	\$7,888,236	0
	6%	\$11,835,515	\$11,835,515	0
	8%	\$15,780,687	\$15,002,646	(778,041)
All Other DCH	4%	\$4,256,877	\$4,838,085	\$581,208
	6%	\$6,385,316	\$6,385,915	\$599
	8%	\$8,513,755	\$8,838,744	\$324,989



# DCH SUMMARY FY 2011

<u>Program</u>	<u>Cut Level</u>	<u>Target Amount</u>	<u>Proposed</u>	<u>Difference</u>
Medicaid and PCK Benefits	3%	\$44,360,504	\$44,360,836	\$322
Public Health	4%	\$7,888,236	\$7,895,895	\$7,659
	6%	\$11,835,515	\$11,835,515	0
	8%	\$15,780,687	\$16,558,728	\$778,041
All Other DCH	4%	\$4,256,877	\$4,838,085	\$581,208
	6%	\$6,385,316	\$6,385,915	\$599
	8%	\$8,513,755	\$8,838,744	\$324,989





# Amended FY 2010 & FY 2011 Program Budgets

Presentation on DCH Website

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