

Amended FY 2010 & FY 2011 Program Budgets

Presentation to the
Board of Community Health
September 10, 2009



Agenda

- Public Comments
- Changes made from August 27, 2009
- Overview



Public Comments

No comments received for:

- Healthcare Access and Improvement
- Department Administration
- Healthcare Facility Regulation

Public Health Comments:

- Concern about reductions to new colorectal screening program

Medicaid/PCK Comments:

- Concerns about the department's legal ability to utilize CMO's to manage care for adopted foster children



What We Changed

- In Healthcare Access and Improvement and Departmental Administration; reduced cut level to match targets
 - Eliminated Grant Cuts at the 4% Level
 - Reduced Personal Services Cuts at the 4% Level in HCAI
 - Restored some Computer Contracts funding at all levels
- In Medicaid and PCK; no changes



What We Changed

- In Public Health;
 - Reduced fee revenue to consider some portion of citizens needing lab tests will not have an ability to pay; delayed start date until April 1, 2010 to implement new collection mechanisms
 - Eliminated additional \$100 fee for septic tank contractors
 - Reviewed changes to the cost allocation plan and identified additional federal funds that could supplant state funds
 - Set the cut to Formula Grant-in-Aid at the maximum level under each scenario; reduced that cut in the 4% and 6% scenario due to savings from cost allocation plan in PH Administration
 - Restored the cut to the new colorectal screening program and instead took the reduction in state administration
 - Eliminated contract cuts at 4% level in Maternal and Child Health in FY 2011

Amended FY 2010 and FY 2011 Budget Cuts

Item	PROGRAM	4% Cuts	6% Cuts	8% Cuts
Personal Services	HCAI	(\$405,034) (\$205,034)	(\$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)
TOTAL		(\$205,034)	(\$1,563,524)	(\$2,616,353)



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) (1,775,657)	—(2,071,205) (2,070,606)	—(3,471,205) (3,146,216)
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)
TOTAL		(4,051,853)	(4,821,792)	(5,897,402)

Summary of Cuts to Administration, Healthcare Access, and HFR

	4%	6%	8%
CUMULATIVE TARGET	\$4,256,877	\$6,385,316	\$8,513,755
Program:			
Healthcare Facility Regulation	0	0	0
Healthcare Access and Improvement	\$205,034	\$1,563,524	\$2,616,353
Administration	4,051,853	4,821,792	5,897,402
TOTAL	\$4,256,877	\$6,385,316	\$8,513,755
Vs. Targets	\$-	\$-	\$-

PUBLIC HEALTH



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>
Personal Services	Emergency Preparedness Maternal & Child Health Environmental Health	(\$306,233)	(\$374,148)	(\$449,094)
	Health Promotion	(172,848)	(259,272)	(265,696)
Regular Operating Expenses	Epidemiology Maternal & Child Health	(147,004)	(204,742)	(262,480)
	Health Promotion			(80,000)
Contracts	Emergency Preparedness Maternal & Child Health	(81,322)	(92,916)	(530,514)
TOTAL		(\$707,407)	(\$931,078)	(\$1,587,784)



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>
Personal Services	Emergency Preparedness Maternal & Child Health Environmental Health	(\$306,233)	(\$374,148)	(\$449,094)
	Health Promotion	(172,848)	(259,272)	(265,696)
Regular Operating Expenses	Epidemiology Maternal & Child Health	(145,477)	(204,742)	(262,480)
	Health Promotion			(80,000)
Contracts	Maternal & Child Health	(81,322)	(92,916)	(104,509)
	Emergency Preparedness	(23,187)		
TOTAL		(\$647,745)	(\$931,078)	(\$1,161,779)



State Programmatic Cuts - FY 2010

<u>Programs Impacted</u>	<u>Description</u>	<u>4% Level</u>	<u>6% Level</u>	<u>8% Level</u>
Emergency Preparedness – Trauma Commission	Reduce payments to trauma network providers originally planned with super speeder funding.	(\$920,000)	(\$1,380,000)	(\$1,840,000)
Maternal & Child Health – Family Planning	Reduce program funds.	-	-	(163,975)
Health Promotion and Disease Prevention – Cancer Screening	Reduce funding that was earmarked for a colorectal screening program.	(172,848)	(259,272)	(345,696)
TOTAL		(\$920,000)	(\$1,380,000)	(\$2,003,975)

State Programmatic Cuts - FY 2011

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



Cost Allocation Plan FY 2010 + FY 2011

Program	Item	4% Cuts	6% Cuts	8% Cuts
Public Health Administration	Reduce state funds to reflect new cost allocation plan (swap of state for grant/federal funds).	FY 2010 – (\$3,118,997)	FY 2010 – (\$3,118,997)	FY 2010 – (\$3,118,997)
		FY 2011 - (\$3,307,941)	FY 2011 - (\$3,307,941)	FY 2011 - (\$3,307,941)
	Original Proposal	(\$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)
	\$ (1,117,780)	\$ (3,924,689)	\$ (5,352,917)
TOTAL GIA Reductions	\$ (2,183,960)	\$ (5,447,567)	\$ (7,334,017)

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)
	\$ 0	\$ (1,778,628)	\$ (5,352,917)
TOTAL GIA Reductions	\$ (123,749)	\$ (3,301,506)	\$ (7,334,017)

State Level Fee Proposals – Effective **Apr 1, 2010**

Program	Fee Description	Current	Proposed	New Annual Revenue	Range of Other SE States
Epidemiology – Lab	HIV Testing*	\$-	\$10	\$ 416,000	\$6.00 to \$19.17
	STD Testing*			\$ 910,000	\$5.00 to \$5.73
	Lead*			\$ 624,000	No charge to \$13.00
	Hepatitis C*			\$ 32,240	
	Well Water	\$-	\$30	\$ 48,750	
Environmental Health	Septic Tank Contractors	\$300	\$400	200,000	
Vital Records	Birth and Death Certificates	\$10	\$15	916,500	
TOTAL Annual NEW FEE Revenue to STATE TREASURY**				\$2,947,490	

*Assume 35% of lab test recipients do not have an ability to pay.

**Does not include offset for administrative costs for the lab to collect the fees



MEDICAID and PEACHCARE FOR KIDS



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
	Recommendations (continued)	
6.	Reflect an unbudgeted national settlement with a pharmaceutical company.	(\$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)
	Total FY 2010 Changes	(\$105,829,897)
	Vs 3% Cut	(\$44,360,504)
	Surplus/(Deficit)	\$61,469,393



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
	Recommendations (continued):	
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)
	Total FY 2011 Changes	(\$44,360,836)
	Vs 3% Cut	(\$44,360,504)
	Surplus/(Deficit)	\$332

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	\$4,256,877	0
	6%	\$6,385,316	\$6,385,316	0
	8%	\$8,513,755	\$8,513,755	0



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	\$7,888,236	\$26,189
	6%	\$11,835,515	\$11,835,515	0
	8%	\$15,780,687	\$16,558,728	\$778,041
All Other DCH	4%	\$4,256,877	\$4,256,877	0
	6%	\$6,385,316	\$6,385,316	0
	8%	\$8,513,755	\$8,513,755	0

