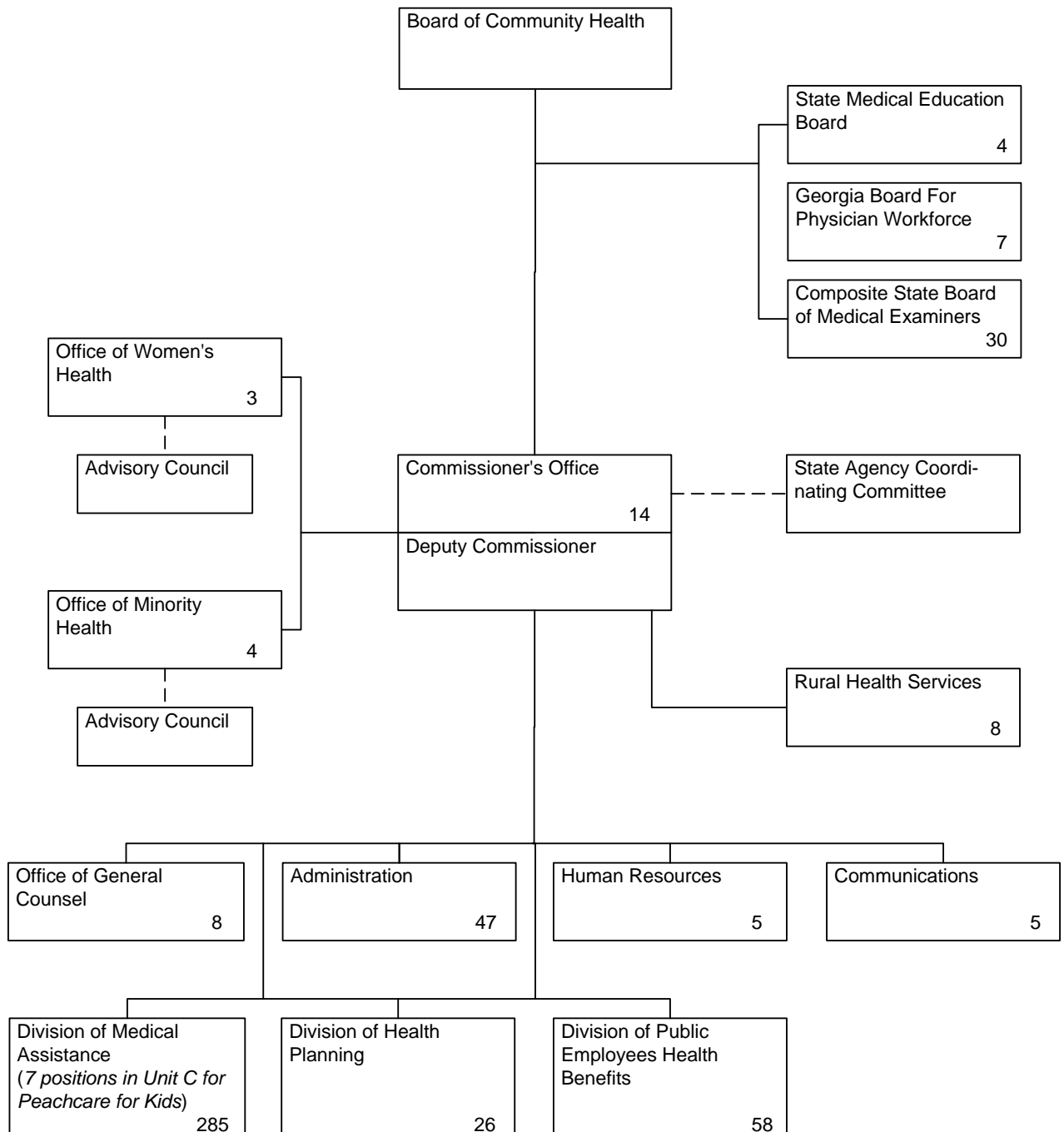


# DEPARTMENT OF COMMUNITY HEALTH

Total Budgeted Positions -- 504



**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit A - Medical Assistance**

**Expenditures, Current Budget, and Agency Requests**

Budget Classes/Fund Sources	FY 2000 Expenditures	FY 2001 Expenditures	FY 2002 Current Budget	FY 2003 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	\$26,488,101	\$29,773,810	\$32,849,589	\$33,275,763	\$292,550	\$33,568,313
Regular Operating Expenses	6,888,208	8,649,594	6,930,000	7,277,612	828,590	8,106,202
Travel	281,892	357,109	410,924	430,924	27,000	457,924
Motor Vehicle Purchases	14,346	21,724			20,000	20,000
Equipment	65,987	74,565	80,136	80,136	2,000	82,136
Real Estate Rentals	1,158,150	1,533,262	1,393,130	1,736,763		1,736,763
Per Diem and Fees	390,002,420	1,831,248	1,805,889	1,745,285	(100,000)	1,645,285
Contracts		118,560,862	402,240,227	408,657,267	4,245,000	412,902,267
Computer Charges	999,642,023	37,920,658	57,099,603	118,777,082		118,777,082
Telecommunications	679,511	761,743	758,249	758,249		758,249
Year 2000 Project	4,072,931					
Medicaid Benefits	3,588,469,161	4,263,947,506	3,916,451,129	4,643,801,510	216,139,681	4,859,941,191
Audit Contracts	2,740,023	2,668,481	1,097,500	1,097,500		1,097,500
Special Purpose Contracts	64,732	16,758	64,732	64,732		64,732
Purchase of Service Contracts	61,019	183,244	183,244	183,244		183,244
Grant in Aid to Counties	764,826	1,728,873	764,826	764,826		764,826
Health Insurance Payments		949,502,819	1,009,000,000	1,009,000,000		1,009,000,000
Medical Fair		26,354	27,000	27,000		27,000
Loan Repayment Program		788,000	400,000	400,000		400,000
Medical Scholarships	1,490,998	759,237	762,000	762,000		762,000
Capitation Contracts for Family Practice	4,327,702	4,124,697	4,137,000	4,284,000		4,284,000
Residency Capitation Grants	1,950,115	2,202,365	2,202,803	2,202,803	546,018	2,748,821
Student Preceptorships	174,500	163,000	175,000	175,000		175,000
Medical Student Capitation		3,749,350	3,889,600	3,889,600		3,889,600
Mercer School of Medicine	16,728,668	19,308,766	18,790,098	18,790,098		18,790,098
Morehouse School of Medicine	7,394,890	7,892,966	7,394,890	7,394,890		7,394,890
SREB	4,323,917	444,250	474,625	474,625	6,675	481,300
Pediatric Residency Capitation	474,240	474,240	474,240	573,040	140,960	714,000
Preventive Medicine Capitation	30,000	96,666	120,000	120,000	132,000	252,000
<b>Total Funds</b>	<b>\$5,058,288,359</b>	<b>\$5,457,562,146</b>	<b>\$5,469,976,434</b>	<b>\$6,266,743,949</b>	<b>\$222,280,474</b>	<b>\$6,489,024,423</b>
Less Federal & Other Funds:						
Federal Funds	\$2,260,936,092	\$2,683,671,220	\$2,476,093,952	\$2,961,787,230	\$129,746,089	\$3,091,533,319
Other Funds	1,405,126,260	1,388,255,053	1,648,470,004	1,659,168,209		1,659,168,209
<b>Total Federal &amp; Other Funds</b>	<b>\$3,666,062,352</b>	<b>\$4,071,926,274</b>	<b>\$4,124,563,956</b>	<b>\$4,620,955,439</b>	<b>\$129,746,089</b>	<b>\$4,750,701,528</b>
State General Funds	\$1,392,226,007	\$1,367,171,959	\$1,329,366,187	\$1,629,742,219	\$92,534,385	\$1,722,276,604
Tobacco Funds		18,463,913	16,046,291	16,046,291		16,046,291
<b>TOTAL STATE FUNDS</b>	<b>\$1,392,226,007</b>	<b>\$1,385,635,872</b>	<b>\$1,345,412,478</b>	<b>\$1,645,788,510</b>	<b>\$92,534,385</b>	<b>\$1,738,322,895</b>
Positions	497	491	497	502		502
Motor Vehicles	19	20	23	24		24

**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit A - Medical Assistance**

**Current Budget and Governor's Recommendations**

Budget Classes / Fund Sources	FY 2002 Current Budget	FY 2003 Governor's Recommendations				Totals
		Annualizers and Adjustments	Budget Reductions	Adjusted Base	Enhancements	
Personal Services	\$32,849,589	\$95,018		\$32,944,607	\$217,890	\$33,162,497
Regular Operating Expenses	6,930,000	1,365,652	\$118,113	8,413,765	642,000	9,055,765
Travel	410,924	50,925	(2,147)	459,702	2,500	462,202
Motor Vehicle Purchases						
Equipment	80,136			80,136		80,136
Real Estate Rentals	1,393,130	337,018		1,730,148		1,730,148
Per Diem and Fees	1,805,889	(68,150)		1,737,739	5,000	1,742,739
Contracts	402,240,227	1,451,654	(896,243)	402,795,638	500,000	403,295,638
Computer Charges	57,099,603	35,592,986		92,692,589		92,692,589
Telecommunications	758,249		(590)	757,659		757,659
Year 2000 Project						
Medicaid Benefits	3,916,451,129	608,520,817	(69,070,041)	4,455,901,905	112,875,468	4,568,777,373
Audit Contracts	1,097,500			1,097,500		1,097,500
Special Purpose Contracts	64,732			64,732		64,732
Purchase of Service Contracts	183,244			183,244		183,244
Grant in Aid to Counties	764,826			764,826		764,826
Health Insurance Payments	1,009,000,000		(34,000,000)	975,000,000		975,000,000
Medical Fair	27,000			27,000		27,000
Loan Repayment Program	400,000			400,000		400,000
Medical Scholarships	762,000			762,000		762,000
Capitation Contracts for Family Practice	4,137,000			4,137,000		4,137,000
Residency Capitation Grants	2,202,803			2,202,803		2,202,803
Student Preceptorships	175,000		(75,000)	100,000		100,000
Medical Student Capitation	3,889,600			3,889,600		3,889,600
Mercer School of Medicine	18,790,098			18,790,098		18,790,098
Morehouse School of Medicine	7,394,890			7,394,890	996,293	8,391,183
SREB	474,625		(474,625)		6,675	6,675
Pediatric Residency Capitation	474,240			474,240		474,240
Preventive Medicine Capitation	120,000			120,000		120,000
<b>Total Funds</b>	<b>\$5,469,976,434</b>	<b>\$647,345,920</b>	<b>(\$104,400,533)</b>	<b>\$6,012,921,821</b>	<b>\$115,245,826</b>	<b>\$6,128,167,647</b>
<b>Less Federal &amp; Other Funds:</b>						
Federal Funds	\$2,476,093,952	\$400,316,734	(\$40,822,534)	\$2,835,588,152	\$67,464,616	\$2,903,052,768
Other Funds	1,648,470,004	62,863,252	5,802,162	1,717,135,418		1,717,135,418
<b>Total Federal &amp; Other Funds</b>	<b>\$4,124,563,956</b>	<b>\$463,179,986</b>	<b>(\$35,020,372)</b>	<b>\$4,552,723,570</b>	<b>\$67,464,616</b>	<b>\$4,620,188,186</b>
<b>State General Funds</b>	<b>\$1,329,366,187</b>	<b>\$180,095,544</b>	<b>(\$67,380,161)</b>	<b>\$1,442,081,570</b>	<b>\$47,781,210</b>	<b>\$1,489,862,780</b>
Tobacco Funds	16,046,291	4,070,390	(2,000,000)	18,116,681		18,116,681
<b>TOTAL STATE FUNDS</b>	<b>\$1,345,412,478</b>	<b>\$184,165,934</b>	<b>(\$69,380,161)</b>	<b>\$1,460,198,251</b>	<b>\$47,781,210</b>	<b>\$1,507,979,461</b>
Positions	497	6		503	3	506
Motor Vehicles	23			23		23

# DEPARTMENT OF COMMUNITY HEALTH

## Budget Summary - Unit A - Medical Assistance

Governor's  
Recommendations

### ADJUSTMENTS TO CURRENT BUDGET - STATE GENERAL FUNDS

FY 2002 STATE APPROPRIATIONS	\$1,329,366,187
Annualizers:	
1. Annualize the cost of the FY 2002 salary adjustment.	167,590
2. Provide additional state funds for the continued implementation of the new health care information and claims payment system for Medicaid (Total funds - \$33,462,986).	3,346,299
3. Increase Hospice reimbursement rates, effective July 1, 2002, to reflect October 2001 Medicare rates and increase Hospice reimbursement rates, effective October 1, 2002, to reflect October 2002 Medicare rates (Total funds - \$4,016,312).	1,627,008
4. Continue implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Total funds - \$2,130,000).	213,000
5. Add state funds to cover additional real estate footage billed by the Georgia Building Authority (Total funds - \$337,018).	168,509
6. Annualize funding for 2 new positions that will focus on planning, cost benefit analyses, and financial forecasting for the state's health insurance plans (Total funds - \$159,600).	79,800
7. Utilize state matching funds received from local education agencies to add 4 positions to provide oversight to the Children's Intervention School Services program, as required by the Centers for Medicare and Medicaid Services (CMS) (Total funds - \$232,160).	Yes
Other Adjustments:	
8. Reduce personal services to reflect the 4.09 percentage point reduction to the employer contribution rate for the Employees' Retirement System.	(476,557)
9. Realign object classes to cover board members' expenses by transferring \$61,750 in state funds from per diem and fees to travel (\$23,525) and personal services (\$38,225).	Yes
Workload:	
10. Increase state funding for Medicaid Benefits to fund cash obligations for current year claims (Total funds - \$581,619,346).	235,613,997
11. Increase contributions from governmental entities participating in the Medicaid program by utilizing upper payment limit (UPL) credits to obtain federal matching funds (Total funds - \$0).	(62,631,092)
12. Add new state funding to cover increasing costs in the Pharmacy Benefit Manager contract (Total funds - \$5,076,654).	1,306,664
13. Increase funding for postage as a result of higher postal rates and growth in the number of Medicaid recipients (Total funds - \$1,360,652).	680,326
Budget Reductions:	
14. Eliminate funding for FY 2002 enhancements:	
a. Medicaid program expansion for children in families with incomes up to 150% of the federal poverty level (Total funds - \$7,496,816)	(2,126,097)
b. Medicaid program expansion for adults with Cystic Fibrosis (Total funds - \$4,027,341)	(1,631,476)
c. Non-Emergency Transportation rate increase (Total funds - \$3,350,968)	(1,357,477)
d. Medicaid buy-in program for the working disabled (Total funds - \$1,234,263)	(500,000)
e. Start-up grants for community and migrant health centers.	(250,000)
15. Reduce direct state funding for the state health benefit plan.	(34,000,000)
16. Eliminate the second year of Medicaid coverage for persons transitioning from TANF eligibility to work (Total funds - \$11,483,444).	(4,651,943)
17. Utilize intergovernmental transfers from public hospitals to support payments for Disproportionate Share Hospital (DSH) intensity rate adjustments (Total funds - \$0).	(4,495,737)

DEPARTMENT OF COMMUNITY HEALTH - UNIT A - Budget Summary

	<u>Governor's Recommendations</u>
18. Capitate pharmacy reimbursement to long term care providers (Total funds - \$9,000,000).	(3,645,900)
19. Require prior approval for Proton Pump Inhibitors (e.g., acid reducers) (Total funds - \$7,550,473).	(3,108,994)
20. Remove the Generic and Preferred Brand dispensing fee incentive in Medicaid and PeachCare for Kids (Total funds - \$7,200,000).	(2,916,720)
21. Implement quantity level limits and require prior authorization for the drug Oxycontin (Total funds - \$6,000,000).	(2,601,210)
22. Restrict the number of drugs identified as Narrow Therapeutic Index (NTI) or not appropriate for generic substitution (Total funds - \$3,500,000).	(1,417,850)
23. Increase federal Medicaid reimbursement for children participating in the Children's Intervention School Services Program (Total funds - \$0).	(1,306,425)
24. Exempt Medicaid eligibles with other third party coverage from Georgia Better Health Care participation (Total funds - \$2,180,918).	(883,490)
25. Require prior authorization for oral antifungal agents Lamisil, Sporanox, and Diflucan (except 150 mg strength) as recommended by the Drug Utilization Board (Total funds - \$2,041,372).	(826,960)
26. Exempt dual eligibles (Medicaid and Medicare eligibility) from Georgia Better Health Care participation (Total funds - \$1,334,952).	(540,789)
27. Identify and contract with a single vendor through competitive procurement for the provision diabetic monitors and strips (Total funds - \$790,000).	(320,029)
28. Require prior authorization for the following high cost arthritis medications: Arava - oral tabs, Auranofin caps, and Enbrel injectables (Total funds - \$270,503).	(109,581)
29. Reduce the cost of the Patient Right to Know Act implementation and operating costs for the Composite Board of Medical Examiners.	(130,000)
30. Reduce Georgia Board for Physician Workforce expenditures:	
a. Board Administration	(9,858)
b. Student Preceptorships	(75,000)
c. SREB payments	(474,625)
	<hr/>
ADJUSTED BASE - STATE GENERAL FUNDS	\$1,442,081,570

ENHANCEMENT FUNDS - STATE GENERAL FUNDS

ENHANCEMENTS

1. Increase reimbursement rates for inpatient hospital providers using 90% of adjusted calendar year 2000 cost data plus one year of DRI inflation of 3.2% (Total funds - \$44,604,172).	\$18,069,150
2. Reimburse physicians and related providers using 90% of the 2000 Resource Based Relative Value Scale (RBRVS) (Total funds - \$33,023,648).	13,377,880
3. Adjust case mix reimbursement rates for nursing home providers using 2001 cost reports plus one year of DRI inflation of 3.4% (Total funds - \$29,433,054).	11,923,330
4. Increase Independent Care Waiver Program reimbursement rates for personal support services by 10% (Total funds - \$3,307,030).	1,339,678
5. Reflect an increase for adult and children's dental services by applying 3.5% inflation to existing rates (Total funds - \$2,507,564).	1,015,814
6. Provide funding to implement programs and activities recommended in <u>Code Blue: Workforce in Crisis</u> to address the allied healthcare workforce shortages.	587,500
7. Provide funding for Georgia Better Health Care (GBHC) member education.	315,000

DEPARTMENT OF COMMUNITY HEALTH - UNIT A - Budget Summary

	<u>Governor's Recommendations</u>
8. Add 2 positions and related operating costs for the Division of Health Planning for a Compliance Manager and Assistant Architect.	149,890
9. Adjust medical education funding for the Morehouse School of Medicine.	996,293
10. Provide funding for incremental increases in the student contract fees as approved by SREB for Osteopathic Medicine and Optometry offset by a reduction in payments to Meharry Medical College.	6,675
	_____
TOTAL ENHANCEMENT FUNDS - STATE GENERAL FUNDS	\$47,781,210
	_____
TOTAL STATE GENERAL FUNDS	\$1,489,862,780
ADJUSTMENTS TO CURRENT BUDGET - TOBACCO SETTLEMENT FUNDS	
FY 2002 TOBACCO SETTLEMENT FUND APPROPRIATIONS	\$16,046,291
Other Adjustments:	
1. Transfer funding for the Cancer State Aid program from the Department of Human Resources to leverage federal Medicaid funding for breast and cervical cancer treatment (Total funds - \$12,250,370).	3,474,205
2. Reduce tobacco funding needed to match federal Medicaid funding for the Independent Care Waiver program and the Medicaid expansion covering pregnant women and children up to age 1 with incomes between 200% and 235% of the federal poverty level (Total funds - \$0).	(86,968)
3. Realign object classes by transferring \$3,500,000 in tobacco funds from contracts to Medicaid Benefits to properly reflect funding for the Critical Access Hospital rate increase (Total funds - \$5,139,842).	Yes
Non-recurring Items:	
4. Reduce funding for the Ovarian Cancer Alliance.	(125,000)
Workload:	
5. Provide additional funding to cover increased enrollment in the tobacco-funded eligibility expansion for pregnant women and children up to age 1 with incomes between 200% and 235% of the federal poverty level (Total funds - \$1,994,947).	808,153
Budget Reductions:	
6. Reflect a reduction in expenditures related to professional development of cancer caregivers.	(2,000,000)
	_____
ADJUSTED BASE - TOBACCO SETTLEMENT FUNDS	\$18,116,681
	_____
TOTAL FY 2003 TOBACCO SETTLEMENT FUNDS	\$18,116,681
	_____
TOTAL FY 2003 STATE FUNDS	\$1,507,979,461

**DEPARTMENT OF COMMUNITY HEALTH**  
**Functional Budget Summary - Unit A - Medical Assistance**

Functional Budgets	FY 2002 Appropriations		FY 2003 Recommendations	
	Total	State	Total	State
1. Commissioner's Office	\$3,437,032	\$2,949,702	\$1,312,032	\$824,702
2. Medicaid Benefits, Penalties, and Disallowances	3,916,451,129	1,225,873,911	4,556,527,003	1,409,279,289
3. Cancer Medical Benefits			12,880,370	3,474,205
4. Program Management - Medicaid	39,025,662	13,524,954	45,943,467	23,857,512
5. Systems Management - Medicaid	65,032,636	13,925,846	100,625,622	17,485,145
6. General Counsel	1,327,419	769,854	1,327,419	769,854
7. Communications	523,032	261,516	523,032	261,516
8. Human Resources	408,399	246,182	408,399	246,182
9. General Administration	77,760,060	2,867,485	79,308,363	3,487,153
10. Minority Health	688,383	470,086	688,383	470,086
11. Women's Health	487,663	470,536	487,663	470,536
12. Employee Health Benefits	1,314,187,484	34,000,000	1,280,187,484	
13. Health Planning	1,965,986	1,767,854	2,703,376	2,505,244
14. Primary and Rural Health	6,514,228	6,117,231	2,764,228	2,367,231
<b><u>ATTACHED AGENCIES:</u></b>				
15. Georgia Board for Physician Workforce	38,135,458	38,135,458	38,578,943	38,578,943
16. Composite Board of Medical Examiners	2,569,729	2,569,729	2,439,729	2,439,729
17. State Medical Education Board	1,462,134	1,462,134	1,462,134	1,462,134
<b>TOTAL APPROPRIATIONS</b>	<b>\$5,469,976,434</b>	<b>\$1,345,412,478</b>	<b>\$6,128,167,647</b>	<b>\$1,507,979,461</b>

RECOMMENDED APPROPRIATION: Medical Assistance is the budget unit for which the following State and Tobacco Settlement Fund Appropriation is recommended for FY 2003: \$1,507,979,461.

**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit B - Indigent Care Trust Fund**

**Expenditures, Current Budget, and Agency Requests**

Budget Classes / Fund Sources	FY 2000 Expenditures	FY 2001 Expenditures	FY 2002 Current Budget	FY 2003 Agency Requests		
				Adjusted Base	Enhancements	Totals
Contracts	\$22,837,875	\$4,609,909	\$8,200,000	\$8,200,000		\$8,200,000
Benefits	629,283,463	471,894,638	360,067,504	360,067,504		360,067,504
<b>Total Funds</b>	<b>\$652,121,338</b>	<b>\$476,504,547</b>	<b>\$368,267,504</b>	<b>\$368,267,504</b>		<b>\$368,267,504</b>
Less Federal & Other Funds:						
Federal Funds	\$390,856,879	\$285,818,565	\$219,438,624	\$219,438,624		\$219,438,624
<b>Total Federal &amp; Other Funds</b>	<b>\$390,856,879</b>	<b>\$285,818,565</b>	<b>\$219,438,624</b>	<b>\$219,438,624</b>		<b>\$219,438,624</b>
State General Funds	\$261,264,459	\$190,685,982	\$148,828,880	\$148,828,880		\$148,828,880
<b>TOTAL STATE FUNDS</b>	<b>\$261,264,459</b>	<b>\$190,685,982</b>	<b>\$148,828,880</b>	<b>\$148,828,880</b>		<b>\$148,828,880</b>

**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit B - Indigent Care Trust Fund**

**Current Budget and Governor's Recommendations**

Budget Classes / Fund Sources	FY 2002 Current Budget	FY 2003 Governor's Recommendations				Totals
		Annualizers and Adjustments	Budget Reductions	Adjusted Base	Enhancements	
Contracts	\$8,200,000			\$8,200,000		\$8,200,000
Benefits	360,067,504			360,067,504		360,067,504
<b>Total Funds</b>	<b>\$368,267,504</b>			<b>\$368,267,504</b>		<b>\$368,267,504</b>
Less Federal & Other Funds:						
Federal Funds	\$219,438,624			\$219,438,624		\$219,438,624
<b>Total Federal &amp; Other Funds</b>	<b>\$219,438,624</b>			<b>\$219,438,624</b>		<b>\$219,438,624</b>
State General Funds	\$148,828,880			\$148,828,880		\$148,828,880
<b>TOTAL STATE FUNDS</b>	<b>\$148,828,880</b>			<b>\$148,828,880</b>		<b>\$148,828,880</b>

**DEPARTMENT OF COMMUNITY HEALTH**  
**Budget Summary - Unit B - Indigent Care Trust Fund**

Governor's  
Recommendations

ADJUSTMENTS TO CURRENT BUDGET

FY 2002 STATE APPROPRIATIONS	\$148,828,880
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ENHANCEMENT FUNDS

ENHANCEMENTS

- |  |     |
|--|-----|
| 1. Fund 6 additional RSM workers performing Medicaid eligibility determinations for children in state custody (Total funds - \$248,844). | Yes |
|--|-----|

TOTAL ENHANCEMENT FUNDS	<hr style="border: 0.5px solid black;"/> 0
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TOTAL FY 2003 STATE FUNDS	\$148,828,880
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RECOMMENDED APPROPRIATION: The Indigent Care Trust Fund is the budget unit for which the following State Fund Appropriation is recommended for FY 2003: \$148,828,880.

**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit C - PeachCare for Kids**

**Expenditures, Current Budget, and Agency Requests**

Budget Classes / Fund Sources	FY 2000 Expenditures	FY 2001 Expenditures	FY 2002 Current Budget	FY 2003 Agency Requests		
				Adjusted Base	Enhancements	Totals
Personal Services	\$338,571	\$345,722	\$384,792	\$384,791		\$384,791
Regular Operating Expenses	2,420	12,631	120,254	120,254		120,254
Travel	12,899	10,691	50,000	50,000		50,000
Equipment			1,155	1,155		1,155
Contracts	4,783,191	5,610,558	5,325,376	8,340,933		8,340,933
Computer Charges		20,130	250,000	250,000		250,000
Telecommunications	2,167	2,438	12,350	12,350		12,350
PeachCare for Kids Benefits	48,400,131	90,854,372	112,542,648	233,587,473	\$20,806,603	254,394,076
<b>Total Funds</b>	<b>\$53,539,379</b>	<b>\$96,856,543</b>	<b>\$118,686,575</b>	<b>\$242,746,956</b>	<b>\$20,806,603</b>	<b>\$263,553,559</b>
Less Federal & Other Funds:						
Federal Funds	\$38,743,223	\$69,038,647	\$84,591,016	\$173,487,609	\$14,912,092	\$188,399,701
<b>Total Federal &amp; Other Funds</b>	<b>\$38,743,223</b>	<b>\$69,038,647</b>	<b>\$84,591,016</b>	<b>\$173,487,609</b>	<b>\$14,912,092</b>	<b>\$188,399,701</b>
State General Funds	\$14,796,156	\$25,061,859	\$29,519,637	\$64,683,425	\$5,894,511	\$70,577,936
Tobacco Funds		2,756,037	4,575,922	4,575,922		4,575,922
<b>TOTAL STATE FUNDS</b>	<b>\$14,796,156</b>	<b>\$27,817,896</b>	<b>\$34,095,559</b>	<b>\$69,259,347</b>	<b>\$5,894,511</b>	<b>\$75,153,858</b>
Positions	7	7	7	7		7

**DEPARTMENT OF COMMUNITY HEALTH**  
**Financial Summary - Unit C - PeachCare for Kids**

**Current Budget and Governor's Recommendations**

Budget Classes / Fund Sources	FY 2002 Current Budget	FY 2003 Governor's Recommendations				Totals
		Annualizers and Adjustments	Budget Reductions	Adjusted Base	Enhancements	
Personal Services	\$384,792	(\$11,685)		\$373,107		\$373,107
Regular Operating Expenses	120,254			120,254		120,254
Travel	50,000			50,000		50,000
Equipment	1,155			1,155		1,155
Contracts	5,325,376	2,980,430	(\$300,000)	8,005,806		8,005,806
Computer Charges	250,000			250,000		250,000
Telecommunications	12,350			12,350		12,350
PeachCare for Kids Benefits	<u>112,542,648</u>	<u>73,553,829</u>		<u>186,096,477</u>	<u>\$12,356,615</u>	<u>198,453,092</u>
Total Funds	<u>\$118,686,575</u>	<u>\$76,522,574</u>	<u>(\$300,000)</u>	<u>\$194,909,149</u>	<u>\$12,356,615</u>	<u>\$207,265,764</u>
Less Federal Funds:						
Federal Funds	<u>\$84,591,016</u>	<u>\$54,859,573</u>	<u>(\$214,920)</u>	<u>\$139,235,669</u>	<u>\$8,852,316</u>	<u>\$148,087,985</u>
Total Federal & Other Funds	<u>\$84,591,016</u>	<u>\$54,859,573</u>	<u>(\$214,920)</u>	<u>\$139,235,669</u>	<u>\$8,852,316</u>	<u>\$148,087,985</u>
State General Funds	\$29,519,637	\$21,268,218	(\$85,080)	\$50,702,775	\$3,504,299	\$54,207,074
Tobacco Funds	<u>4,575,922</u>	<u>394,783</u>		<u>4,970,705</u>		<u>4,970,705</u>
TOTAL STATE FUNDS	<u>\$34,095,559</u>	<u>\$21,663,001</u>	<u>(\$85,080)</u>	<u>\$55,673,480</u>	<u>\$3,504,299</u>	<u>\$59,177,779</u>
Positions	7			7		7

**DEPARTMENT OF COMMUNITY HEALTH**  
**Budget Summary - Unit C - PeachCare for Kids**

Governor's  
Recommendations

ADJUSTMENTS TO CURRENT BUDGET - STATE GENERAL FUNDS

FY 2002 STATE APPROPRIATIONS	\$29,519,637
Other Adjustments:	
1. Reduce personal services to reflect the 4.09 percentage point reduction to the employer contribution rate for the Employees' Retirement System (Total funds - \$11,685).	(3,314)
Workload:	
2. Increase state funding for PeachCare for Kids Benefits to fund cash obligations for current year claims (Total funds - \$72,024,972).	20,426,282
3. Add state funding to cover increases in the PeachCare for Kids eligibility determination contract (Total funds - \$2,980,430).	845,250
Budget Reductions:	
4. Reduce PeachCare for Kids marketing and outreach contract (Total funds - \$300,000).	(85,080)
ADJUSTED BASE - STATE GENERAL FUNDS	\$50,702,775

ENHANCEMENT FUNDS - STATE GENERAL FUNDS

ENHANCEMENTS	
1. Reimburse physicians and related providers using 90% of the 2000 Resource Based Relative Value Scale (RBRVS) (Total funds - \$10,133,692).	2,873,915
2. Reflect an increase for children's dental services by applying 3.5% inflation to existing rates (Total funds - \$1,245,187).	353,098
3. Increase reimbursement rates for inpatient hospital providers using 90% of adjusted calendar year 2000 cost data plus one year of DRI inflation of 3.2% (Total funds - \$977,736).	\$277,286
TOTAL ENHANCEMENT STATE GENERAL FUNDS	\$3,504,299
TOTAL STATE GENERAL FUNDS	\$54,207,074

ADJUSTMENTS TO CURRENT BUDGET - TOBACCO SETTLEMENT FUNDS

FY 2002 TOBACCO SETTLEMENT FUND APPROPRIATIONS	\$4,575,922
Other Adjustments:	
1. Reduce tobacco funding needed to match federal Medicaid funding for the Independent Care Waiver program and the Medicaid expansion covering children over the age of 1 with incomes between 200% and 235% of the federal poverty level (Total funds - \$0).	(38,798)
Workload:	
2. Provide additional funding to cover increased enrollment in the tobacco-funded eligibility expansion for children over the age of 1 with incomes between 200% and 235% of the federal poverty level (Total funds - \$1,528,857).	433,581
ADJUSTED BASE - TOBACCO SETTLEMENT FUNDS	\$4,970,705
TOTAL TOBACCO SETTLEMENT FUNDS	\$4,970,705
TOTAL STATE FUNDS	\$59,177,779

RECOMMENDED APPROPRIATION: PeachCare for Kids is the budget unit for which the following State and Tobacco Settlement Fund Appropriation is recommended for FY 2003: \$59,177,779.

# DEPARTMENT OF COMMUNITY HEALTH

## Roles and Responsibilities

The Department of Community Health (DCH) began operations on July 1, 1999. The agency was established by an act of the General Assembly that consolidated four agencies involved in the purchasing, planning, and regulation of health care in the state of Georgia. DCH was a response to the growing concern about the fragmentation of healthcare delivery at the state level. Via consolidation, DCH is expected to maximize its health care purchasing power and create administrative efficiency in the state's health care system. The department is also charged with planning for coverage for the estimated 1.3 million citizens that currently do not have health insurance.

The major divisions comprising DCH include the Division of Medical Assistance, the Division of Health Planning, and the Division of Public Employee Health Benefits. Also, parts of DCH are offices targeting specific populations (Office of Women's Health and the Office of Minority Health) and regional health care issues (Office of Rural Health Services). A nine-member board governs the agency.

There are three Boards administratively attached to the department, including the Composite State Board of Medical Examiners, which licenses physicians; the Georgia Board for Physician Workforce, which provides financial aid to medical schools and residency training programs; and the State Medical Education Board, which administers medical scholarships and loans to promote medical practice in rural areas.

### DIVISION OF MEDICAL ASSISTANCE

The largest division in the department, the Division of Medical Assistance, administers the Medicaid program, which provides health care for persons who are aged, blind, disabled, or indigent. State and federal dollars fund Medicaid with the federal government paying for about 60 percent of health care costs. A broad array of health care services is available to address the needs of those covered by the program, including hospital, physician, pharmacy, and nursing home services.

The Division of Medical Assistance also administers the state's Indigent Care Trust Fund (ICTF), which completed its eleventh year of operation in 2001. The ICTF reimburses hospitals serving a disproportionate share of medically indigent Georgians. The division is also responsible for the successful PeachCare for Kids Program, Georgia's version of the federal Children's Health Insurance Program. PeachCare provides medical and dental coverage for children whose parents' income is too high to qualify for Medicaid, but who cannot afford private health insurance. Current eligibility allows children in families

with incomes between 185% and 235% of the federal poverty level to participate. A modest premium of \$7.50 per month is required for children over the age of five. Families pay no more than \$15 per month in premiums if they have more than two children.

### DIVISION OF HEALTH PLANNING

Formerly the State Health Planning Agency, Georgia's health planning program was originally established to contain health care costs by avoiding unnecessary duplication of services, equipment and facilities. The division helps to enforce quality-of-care standards and encourages providers to assume a share of responsibilities for the health care needs of low-income citizens.

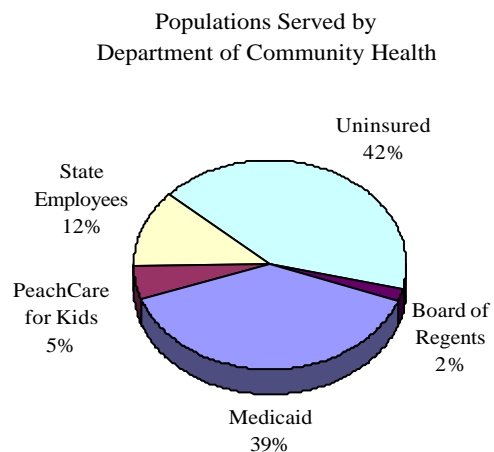
The division also administers the Certificate-of-Need (CON) program, which approves the expansion of health care services and facilities. The Health Planning Review Board (administratively attached to the Department of Administrative Services) conducts appeal hearings on CON decisions. Additionally, the division works with the Health Strategies Council to develop policies for health care services.

### DIVISION OF PUBLIC EMPLOYEE HEALTH BENEFITS

The Division of Public Employees Health Benefits administers the State Health Benefit Plan, which provides health insurance coverage to more than a half million state employees, teachers, retirees and their dependents.

### AUTHORITY

Title XIX of the Social Security Act; Title 31-5A, Official Code of Georgia Annotated.



## DEPARTMENT OF COMMUNITY HEALTH

### Strategies and Services

The Georgia Department of Community Health (DCH) was created in FY 2000 to take advantage of economies of scale in purchasing health care and to coordinate and improve access to health care.

The department manages over \$6 billion in health benefit expenditures in an ever-changing environment. While assuring health care coverage for 2 million Georgians covered by Medicaid, PeachCare for Kids and State Health Benefit Plan, the department works to also increase access to health services. These goals are addressed through several budget initiatives.

#### HEALTHCARE WORKFORCE SHORTAGES

A worsening shortage among nurses and other key health care professionals throughout the state is threatening to destroy our health care infrastructure. In 2001, the department issued a study report, *Code Blue: Workforce in Crisis* that highlighted the severity of the problem.

Vacancy rates of 10 - 20% among nurses, allied health and behavioral health care professionals have become common in hospitals, nursing homes and public sector programs. The shortage Georgia is experiencing is shared by states across the country. Concurrent with the decreasing supply of professionals is rapidly increasing demand for health care services.

Contributing factors to the inadequate supply include population growth, the aging of the population and the aging of the current health care workforce, declining numbers of new recruits and graduates in health care professions, and an increasingly challenging work environment in health care. The committee's report recommends a variety of strategies to address the shortage.

Funding the health workforce initiatives will provide a comprehensive statewide planning and forecasting system, public information, workforce recruitment, training and support for providers, community development programs and other innovative efforts to recruit and retain more non-physician professionals.

#### IMPROVING COORDINATION AND MAXIMIZING EFFICIENCIES

The department is in the early stages of implementing a new information system that will process and store health claims data for the State Health Benefit Plan, Medicaid program, Board of Regents Health Plan (BORHP), and PeachCare for Kids. The new system will maximize cost-efficiency and reduce unnecessary inconveniences for health care providers and health plan members.

The new system will allow health care providers to file claims and access information from the same portal for everyone covered by state health plans. It will give the department a greater capacity to assist doctors and hospitals with identifying best medical practices and improving standards of care and patient safety.

Implementation for the new information system is expected to cost about \$75 million over two years, 90 percent of which will be paid through federal funds. DCH anticipates saving \$11 million in annual operating costs with the combined system. The department currently spends about \$88 million annually for claims and other administrative services to support its four health plans.

The new system will be implemented in three stages, beginning with the Medicaid and PeachCare for Kids programs, followed by the State Health Benefit Plan and the Board of Regents Health Plan.

#### CONTROLLING THE GROWTH OF EXPENDITURES

Pharmaceutical costs in both the State Health Benefit Plan and the Medicaid program have been growing at unsustainable rates in recent years. The implementation of the pharmacy benefit manager has helped control the rate of growth in the program. Pharmacy expenditures in the Medicaid program increased only 17 percent from FY 2000 to 2001. This is down from a rate of growth of 26 percent from the previous year.

To further control the rate of growth, the department seeks to study alternative funding methodologies for long term care pharmacy services. Analysis of methods used in other states such as South Carolina indicates that the Medicaid program could save as much as \$3.6 million by placing more utilization management responsibility on long term care providers.

#### IMPROVING ACCESS TO HEALTH FOR CHILDREN

Since the PeachCare for Kids program began in 1999, Georgia has had one of the highest enrollment rates in the nation. PeachCare for Kids covers uninsured children in families with incomes that exceed Medicaid eligibility guidelines but are equal to or less than 235 percent of the federal poverty level (\$41,478 a year for a family of four). With more than 170,000 children enrolled, more than 80 percent of the state's eligible children now have health coverage. Georgia has one of the top five children's health insurance programs in the country and the only state with a complete web-based application in English and Spanish.

## DEPARTMENT OF COMMUNITY HEALTH – Strategies and Services

In April 2001, the PeachCare for Kids program began enrolling children the month of program application. Previously, children were not eligible to receive services until the first day of the month after their eligibility had been determined. Under the new process, for example, an eligible child who applies January 15 will have coverage starting January 1. Additionally, the Department streamlined the application process such that a family applying for PeachCare for Kids, but actually eligible for Medicaid, will automatically be enrolled in Medicaid. This saves the family from two application processes and expedites access to healthcare.

### IMPROVING ACCESS TO HEALTH IN RURAL AREAS

Access to health services is an important component in recruiting new businesses to rural Georgia. The department, through the Office of Rural Health Services,

wants to ensure that every rural county in Georgia is a functioning part of a coordinated multi-county, multi-provider health care network.

The department is building on its efforts to build and sustain various elements of rural health networks. One important element is small community hospitals. Last year, \$13 million was appropriated to support critical access hospitals and an additional \$6.2 million in special payments was secured from the Indigent Care Trust Fund for these small rural hospitals.

The department is working to link together all rural health providers to improve access for people living in these areas. Eleven pilot projects got off the ground in FY 2001 and are beginning to show some promising results. Developing networks have begun cost sharing for physician specialists across county lines.