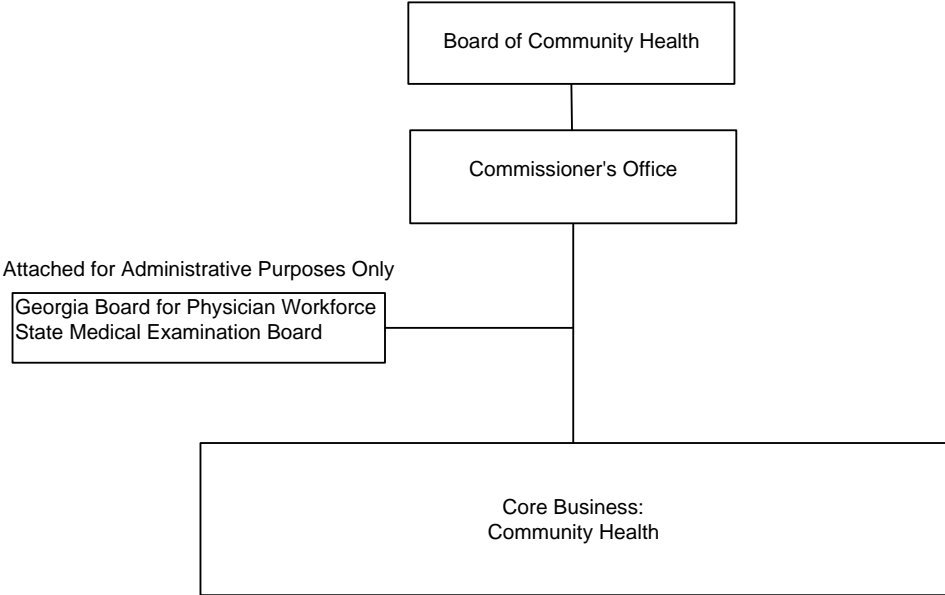


DEPARTMENT OF COMMUNITY HEALTH

Core Businesses and Programs

O.C.G.A. - Title 31-5A & Title XIX of the Social Security Act



Medicaid

- *Children*
- *Medically Fragile Children*
- *Disabled Adults*
- *Elderly*
- *Adults*

PeachCare for Kids

- *Children*

State Health Benefit Plan

- *Children*
- *Active Employees*
- *Early Retirees*
- *Retirees*

Health Care Regulation and Licensing

- *Certificate of Need*
- *Composite Board of Medical Examiners*

Health Care Access and Improvement

- *Indigent Care Trust Fund*
- *Rural Health*
- *Health Initiatives*

Programs are in **bold** type; sub-programs are in *italics*.

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENT BUDGET FINANCIAL SUMMARY - FISCAL YEAR 2005

Budget Classes / Fund Sources	FY 2002 Expenditures	FY 2003 Expenditures	FY 2004 Current Budget	FY 2005 Agency Request Total	FY 2005 Governor's Recommended Total
Personal Services	\$30,613,299	\$31,350,928	\$33,539,816	\$33,556,665	\$32,754,687
Regular Operating Expenses	8,658,486	8,869,089	8,793,327	8,761,452	8,714,535
Travel	349,762	281,718	433,883	441,883	427,963
Motor Vehicle Purchases	33,065	14,345			
Equipment	71,108	60,866	76,291	76,291	73,291
Computer Charges	82,341,031	46,985,928	61,651,438	92,704,193	92,701,794
Real Estate Rentals	1,730,058	1,866,039	1,793,945	1,795,631	1,736,066
Telecommunications	660,559	939,206	910,016	910,016	897,255
Per Diem and Fees	1,923,325	1,379,529	1,599,399	1,433,325	1,302,719
Contracts	647,208,421	596,364,518	419,420,978	411,290,781	410,930,781
Medicaid Benefits, Penalties and Disallowances	6,244,967,319	6,271,430,572	5,562,854,325	6,184,381,974	6,267,962,719
Audit Contracts	2,607,317	2,646,270	1,097,500	1,097,500	1,097,500
Special Purpose Contracts	16,757	16,757	16,757	16,757	
Purchase of Service Contracts	167,695	171,939	183,244	183,244	183,244
Grant in Aid to Counties	1,687,952	9,335,942	544,826	544,826	500,300
Health Insurance Payments	1,045,350,824	1,234,667,770	1,009,000,000	1,009,000,000	1,009,000,000
Payments to Nursing Homes			220,967,046	220,967,046	272,609,642
Subtotal	<u>\$8,068,386,978</u>	<u>\$8,206,381,416</u>	<u>\$7,322,882,791</u>	<u>\$7,967,161,584</u>	<u>\$8,100,892,496</u>
Attached Agencies:					
Georgia Board for Physician Workforce	\$33,905,438	\$37,358,382	\$37,376,804	\$35,320,168	\$37,782,360
State Medical Education Board	998,810	1,013,889	1,159,757	1,084,400	1,309,184
Subtotal	<u>\$34,904,248</u>	<u>\$38,372,271</u>	<u>\$38,536,561</u>	<u>\$36,404,568</u>	<u>\$39,091,544</u>
Less:					
Federal Funds	\$3,957,431,157	\$4,024,632,190	\$3,640,876,349	\$4,046,838,944	\$4,120,723,081
Other Funds	2,702,218,894	2,306,217,336	1,901,307,977	1,868,858,882	1,868,858,882
Governor's Emergency Funds		20,000			
Subtotal	<u>\$6,659,650,051</u>	<u>\$6,330,869,526</u>	<u>\$5,542,184,326</u>	<u>\$5,915,697,826</u>	<u>\$5,989,581,963</u>
State General Funds	\$1,429,362,658	\$1,890,796,775	\$1,761,153,640	\$2,029,780,940	\$2,092,314,691
Tobacco Funds	14,278,517	23,087,386	58,087,386	58,087,386	58,087,386
TOTAL STATE GENERAL FUNDS	\$1,443,641,175	\$1,913,884,161	\$1,819,241,026	\$2,087,868,326	\$2,150,402,077
Positions	501	513	510	510	506
Motor Vehicles	24	24	24	24	24

DEPARTMENT OF COMMUNITY HEALTH

BUDGET SUMMARY - FISCAL YEAR 2005

Governor's Recommended Adjustments to the Current Budget	Amounts
FY 2004 STATE GENERAL FUND APPROPRIATIONS	\$1,761,153,640
Department of Community Health	
1. Modify cost center standards and reduce add-ons in nursing home rate calculations (Total funds: \$46,725,832).	(\$18,587,535)
2. Reduce the rate paid for nursing home based hospice care (Total funds: \$3,778,318).	(570,271)
3. Implement a supplemental drug rebate program for all drug classes and include the Texas Implementation of Medication Algorithms (TIMA) guidelines for treating schizophrenia (Total funds: \$24,315,964).	(9,310,408)
4. Increase the Average Wholesale Price (AWP) discount from 10% to 12% (Total funds: \$3,661,595).	(2,346,487)
5. Eliminate the incentive fee for dispensing generic drugs, except in situations where the pharmacist, via consultation with the prescribing physician, converts a written prescription from brand to generic status (Total funds: \$5,015,635).	(1,963,416)
6. Require premiums for the Katie Beckett Waiver Program using a sliding scale based on income (Total funds: \$3,786,287).	(1,506,185)
7. Implement the federally required Estate Recovery Program to offset the cost of nursing home care (Total funds: \$3,000,000).	(1,193,250)
8. Reflect savings for implementing patient liability collections for hospice recipients in nursing homes (Total funds: \$5,644,806).	(2,245,222)
9. Provide case management for in-home therapy visits (Total funds: \$1,508,739).	(600,101)
10. Eliminate coverage for optional services in Medicaid in the Adult Dental Program (Total funds: \$14,282,911).	(5,681,030)
11. Eliminate coverage for adults for optional services in Medicaid in the Orthotics and Prosthetics Program (Total funds: \$8,059,598).	(3,206,108)
12. Require non-custodial parents with access to health insurance to provide coverage for their children currently insured by PeachCare and Medicaid (Total funds: \$7,038,713).	(2,800,000)
13. Reduce reimbursement for planned leave and bed hold days within the nursing homes (Total funds: \$3,778,318).	(1,502,826)
14. Implement a fixed fee reimbursement methodology for Ambulatory Surgical services provided in an outpatient hospital setting (Total funds: \$24,396,036).	(9,500,000)
15. Require prior approval for the provision of speech, occupational, and physical therapy services in the Children Intervention Services Program (Total funds: \$3,523,939).	(1,401,648)
16. Eliminate Medicaid coverage for those with incomes exceeding 185% of the federal poverty level. This change will make Georgia consistent with all of the other Southeastern states (Total funds: \$44,434,168).	(17,675,912)
17. Implement a premium payment structure based on income for members covered by PeachCare.	(10,609,078)
20. Increase patient responsibility for costs for those nursing home residents with incomes greater than the Medicaid cap (Total funds: \$24,496,431).	(9,743,452)
21. Increase state funding for Medicaid Benefits to fund the projected cost of incurred claims for prior years and the projected cash need for FY 2004 claims (Total funds: \$945,967,287).	376,211,190
22. Fund the operating costs of the claims processing computer system (Total funds: \$20,942,662).	5,887,454
23. Increase state funding for PeachCare Benefits to fund the projected cost of incurred claims for prior years and the projected cash need for FY 2004 claims (Total funds: \$106,174,108).	29,516,402
24. Increase funding for the eligibility determination contract to reflect the growth in PeachCare (Total funds: \$1,979,896).	554,370
25. Implement a targeted case management program for frequent users of emergency room services.	Yes
26. Use existing SOURCE sites to provide disease case management to members with the highest Medicaid cost.	Yes
27. Reflect an object class transfer from contracts (\$10,111,093) and regular operating expense (\$300,000) to computers to properly reflect computer expenses.	Yes
28. Implement strategies to address the State Health Benefit Plan premium increase (\$329,438,704):	
a. Provide an optional, more restrictive drug benefit to members at a lower premium cost (\$67,000,000).	Yes
b. Increase the maximum out-of-pocket amounts for pharmacy services (\$10,200,000).	Yes
c. Increase the discount on Average Wholesale Price (AWP) from 13% to 14% (\$5,000,000).	Yes
d. Conduct a contract review of the Pharmacy Benefits Manager to validate contract pricing and plan design applications (\$10,000,000).	Yes

DEPARTMENT OF COMMUNITY HEALTH

e. Increase employee contributions for premiums by 10% (\$39,900,000).	Yes
f. Utilize reserve funds in excess of one month (\$124,400,000).	Yes
g. Utilize the FY 2005 fund balance surplus (\$72,938,704).	Yes
29. Restore reduction in Medicaid reimbursement for private nursing home care (Total funds: \$42,364,603).	16,852,640
30. Increase reimbursement rates to nursing homes to reflect the Medicaid share of the additional costs created by the Nursing Home Provider Fee Act (Total funds: \$9,277,911).	3,690,785
31. Reduce regular operating expenses in Health Care Regulation and Licensing Programs.	(97,478)
32. Reduce regular operating expenses in Health Care Access and Improvement Programs.	(121,283)
33. Eliminate 3 positions in the Health Care Regulation and Licensing-Certificate of Need Program.	(180,900)
34. Reduce per diem to reflect completion of the initial stages of the Physician's Profile project.	(158,074)
35. Eliminate the Health Care Workforce Policy Advisory Committee Program and one position.	(342,640)
Subtotal	\$331,369,537
<u>Attached Agencies:</u>	
Georgia Board for Physician Workforce	
1. Reduce funding for the Mercer School of Medicine Grant.	(\$1,155,053)
2. Reduce funding for the Morehouse School of Medicine Grant.	(506,494)
3. Reduce rates through medical student capitation.	(227,516)
4. Reduce rates for specialties and residencies through capitation.	(405,600)
5. Reduce funding for Student Preceptorships.	(100,000)
6. Replace lost federal funds for Medical education at Morehouse School of Medicine, as was done for Mercer Medical School in the FY 2001 budget.	2,266,666
Subtotal	(\$127,997)
State Medical Education Board	
1. Reduce funding for the Medical Fair.	(\$15,489)
2. Reduce funding for the Loan Repayment Program.	(65,000)
Subtotal	(\$80,489)
TOTAL NET STATE GENERAL FUNDS ADJUSTMENTS	\$331,161,051
TOTAL STATE GENERAL FUNDS RECOMMENDED	\$2,092,314,691
TOTAL TOBACCO FUNDS RECOMMENDED	\$58,087,386

DEPARTMENT OF COMMUNITY HEALTH

PROGRAM BUDGET SUMMARY - FISCAL YEAR 2005

Program Budgets	FY 2004 Appropriations		FY 2005 Governor's Recommendations	
	Total	State	Total	State
1. Medicaid	\$5,394,771,813	\$1,679,583,210	\$6,110,782,496	\$1,994,170,609
2. PeachCare	223,274,601	58,771,427	286,879,588	76,453,939
3. State Health Benefits Plan	1,327,228,450	34,077,526	1,327,228,450	34,077,526
4. Health Care Regulation and Licensing	4,356,099	3,996,170	3,919,647	3,559,718
5. Health Care Access and Improvement	372,203,598	3,170,023	372,082,315	3,048,741
6. Health Care Workforce Policy Advisory	342,640	342,640		
Subtotal	\$7,322,177,201	\$1,779,940,996	\$8,100,892,496	\$2,111,310,533
<u>Attached Agencies:</u>				
1. Georgia Board of Physician Workforce	\$37,868,685	\$37,910,357	\$37,782,360	\$37,782,360
2. State Medical Education Board	1,373,466	1,389,673	1,309,184	1,309,184
Subtotal	\$39,242,151	\$39,300,030	\$39,091,544	\$39,091,544
TOTAL APPROPRIATIONS	\$7,361,419,352	\$1,819,241,026	\$8,139,984,040	\$2,150,402,077

DEPARTMENT OF COMMUNITY HEALTH

PERFORMANCE MEASURES - FISCAL YEAR 2005

Results and Performance Measures by Program	FY 2003	FY 2004	FY 2005
<u>Medicaid</u>			
1. The number of participants at existing SOURCE sites will be expanded to include high-cost users of Medicaid, including the medically fragile, elderly and disabled, to reduce costs through disease and case management. Participation in FY 2005 will depend upon future systemic reform of the Medicaid system.	2,450	4,200	4,900
<u>PeachCare for Kids</u>			
1. The percentage of emergency room admissions for diagnoses considered non-emergencies will decrease by 1% annually.	35%	34%	33%
<u>State Health Benefit Plan</u>			
1. At least 90% of paid claims for primary care physician services will be from physicians who are in-network.	96.1%	96.1%	96.1%
<u>Health Care Regulation and Licensing</u>			
1. In order to reduce operating costs, at least 90% of physicians will renew their licenses on-line beginning in FY 2004 compared with 50% in FY 2003.	50%	90%	95%
<u>Health Care Access and Improvement</u>			
1. The number of encounters between medical or outreach services providers and migrant workers will increase by 5% each year.	39,423	42,000	45,000
<u>Health Care Workforce Policy Advisory</u>			
1. Enrollment in University System nursing education programs will increase at least 2.5% annually.	11,698	12,000	12,300
<u>Georgia Board for Physician Workforce</u>			
1. At least 50% of medical school undergraduates will enter primary care or other needed specialties.	54%	54%	50%
<u>State Medical Education Board</u>			
1. All students in the Medical School Scholarship Program will complete a compatible residency and serve in an underserved area approved by the Board.	100%	100%	100%