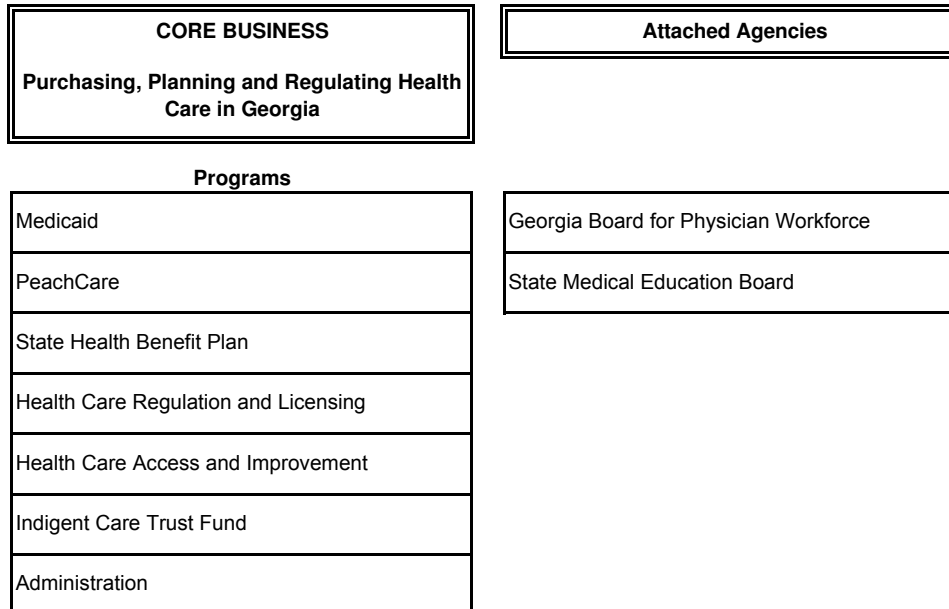


DEPARTMENT OF COMMUNITY HEALTH

Mission: The Georgia Department of Community Health is committed to improving the health of all Georgians through health benefits, systems development and education.

Vision: The Georgia Department of Community Health will be a national leader for innovative health planning, promotion, programs and services to improve community health.



For Strategic Plans and Performance Measures, see www.opb.state.ga.us

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENT BUDGET FINANCIAL SUMMARY - FISCAL YEAR 2006

Budget Classes / Fund Sources	FY 2003 Expenditures	FY 2004 Expenditures	FY 2005 Current Budget	FY 2006 Department Request			FY 2006 Governor's Recommendation Total
				100% Budget Level	97% Budget Level	105% Budget Level	
Personal Services	\$31,350,928	\$28,980,642	\$31,881,031	\$33,154,676	\$33,154,676	\$33,154,676	\$33,531,304
Regular Operating Expenses	8,869,089	8,279,228	8,714,535	7,451,110	7,451,110	7,451,110	7,451,110
Travel	281,718	228,254	319,268	329,268	329,268	329,268	329,268
Motor Vehicle Purchases	14,345					20,000	
Equipment	60,866	61,412	71,791	73,291	73,291	83,291	73,291
Computer Charges	46,985,928	70,512,086	91,233,294	106,713,792	106,713,792	106,713,792	106,795,607
Real Estate Rentals	1,866,039	1,734,829	1,750,062	1,736,066	1,736,066	1,784,685	1,754,132
Telecommunications	939,206	634,460	884,952	882,741	874,497	874,497	862,019
Per Diem and Fees	1,379,529	1,267,373	1,302,719	1,302,719	1,270,719	1,332,719	1,270,719
Contracts	596,364,518	743,547,092	646,436,283	663,022,015	663,002,034	661,929,517	662,039,536
Medical Benefits, Penalties and Disallowances	6,271,430,572	7,197,162,977	6,264,740,095	6,422,145,188	6,232,631,193	6,689,379,212	6,792,028,657
Audit Contracts	2,646,270	2,646,270	1,097,500	1,097,500	1,097,500	1,097,500	1,097,500
Special Purpose Contracts	16,757						
Purchase of Service Contracts	171,939	167,695	183,244	183,244	183,244	183,244	183,244
Grant in Aid to Counties	9,335,942	2,487,634	544,826	544,826	544,826	544,826	544,826
Health Insurance Payments	1,234,667,770	1,331,022,368	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Payments to Nursing Homes		241,559,847	272,608,762	248,196,640	248,196,640	248,196,640	248,196,640
Subtotal	\$8,206,381,416	\$9,630,292,167	\$8,821,768,362	\$8,986,833,076	\$8,797,258,856	\$9,253,074,977	\$9,356,157,853
<u>Less:</u>							
Federal Funds	\$4,024,632,190	\$4,911,990,648	\$4,119,839,921	\$4,245,282,145	\$4,123,383,907	\$4,417,099,937	\$4,478,027,446
Other Funds	2,306,217,336	2,746,014,642	2,593,705,116	2,628,026,684	2,624,680,215	2,628,026,684	2,634,032,924
Governor's Emergency Funds	20,000						
Subtotal	\$6,330,869,526	\$7,658,005,290	\$6,713,545,037	\$6,873,308,829	\$6,748,064,122	\$7,045,126,621	\$7,112,060,370
State General Funds	\$1,852,424,504	\$1,914,199,491	\$2,050,135,939	\$2,060,407,566	\$2,004,452,258	\$2,149,860,970	\$2,186,010,097
Tobacco Funds	23,087,386	58,087,386	58,087,386	53,116,681	44,742,476	58,087,386	58,087,386
Subtotal State Funds	\$1,875,511,890	\$1,972,286,877	\$2,108,223,325	\$2,113,524,247	\$2,049,194,734	\$2,207,948,356	\$2,244,097,483
Positions	502	499	495	495	495	495	495
Motor Vehicles	24	24	24	24	24	24	24

DEPARTMENT OF COMMUNITY HEALTH

DEPARTMENT BUDGET FINANCIAL SUMMARY - FISCAL YEAR 2006

Budget Classes / Fund Sources	FY 2003 Expenditures	FY 2004 Expenditures	FY 2005 Current Budget	FY 2006 Department Request			FY 2006 Governor's Recommendation Total
				100% Budget Level	97% Budget Level	105% Budget Level	
ATTACHED AGENCIES:							
Georgia Board of Physician Workforce	\$37,358,382	\$38,195,240	\$38,173,049	\$38,173,049	\$37,027,958	\$40,081,701	\$38,478,252
State Medical Education Board	1,013,889	1,341,846	1,308,374	1,308,374	1,269,124	1,373,791	1,352,788
Subtotal	\$38,372,271	\$39,537,086	\$39,481,423	\$39,481,423	\$38,297,082	\$41,455,492	\$39,831,040
Subtotal State Funds - Attached Agencies	\$38,372,271	\$39,537,086	\$39,481,423	\$39,481,423	\$38,297,082	\$41,455,492	\$39,831,040
Positions	11	11	11	11	12	12	11
TOTAL STATE FUNDS	\$1,913,884,161	\$2,011,823,963	\$2,147,704,748	\$2,153,005,670	\$2,087,491,816	\$2,249,403,848	\$2,283,928,523

DEPARTMENT OF COMMUNITY HEALTH

BUDGET SUMMARY - FISCAL YEAR 2006

Governor's Recommended Adjustments to the Current Budget	Amounts
FY 2005 STATE FUND APPROPRIATIONS	\$2,147,704,748
Department of Community Health	
1. Annualize the cost of the FY 2005 salary adjustment.	\$133,085
2. Increase personal services to provide for a salary increase of 2% effective January 1, 2006.	147,196
3. Increase personal services to reflect an adjustment in the employer share of State Health Benefit Plan premiums from 13.1% to 13.53%.	63,294
4. Provide for an adjustment to the GBA real estate rental rate for storage space and renovated office space.	18,066
5. Add computer charges (\$81,815) and reduce telecommunications charges (\$12,478) to reflect GTA rate structure adjustments.	69,337
6. Fund personal services by redirecting \$514,056 in regular operating expenses to personal services (Total Funds: \$1,263,425).	Yes
7. Cover projected 9% growth in Medical Benefits taking into account savings initiatives in Medicaid and PeachCare (Total Funds: \$754,514,620).	220,974,514
8. Adjust funds to reflect anticipated federal certification of the Medicaid claims system by Centers for Medicare and Medicaid Services.	(15,295,404)
9. Fund the ongoing cost of the Medicaid claims system:	7,669,021
a. Reflect increased cost associated with the federally approved claims system contract based on cost per claim increase from \$2.91 to \$3.05 per member per month and to cover projected eligibility growth (\$2,669,021 state funds).	
b. Reprourement contract for the claims processing system (\$5,000,000 state funds).	
10. Utilize savings from claims system certification to fund the following contract needs:	7,559,329
a. Contract for the Supplemental Drug Rebate Initiative (\$427,288).	
b. Contract for the Pharmacy Cost Reduction Initiative (\$1,900,000).	
c. Contract for Non-Custodial Parent Insurance Coverage Initiative (\$1,000,000).	
d. Contract for federally required actuary cost and management assistance to implement revised reimbursement methodologies for provider payments (\$500,000).	
e. Contract for Medicaid Reform and Medicaid Cost Settlements support (\$3,732,041).	
11. Implement disease and case management process to improve medical management for the aged, blind, and disabled populations (Total Funds: \$39,324,327).	(15,509,515)
12. Require prior authorization for high-cost radiology services (Total Funds: \$7,641,365).	(2,973,694)
13. Expand the emergency room utilization control pilot to 4 additional hospitals (Total Funds: \$5,094,244).	(1,982,363)
14. Set a fixed expenditure cap for home and community based services provided in the Independent Care Waiver program (ICWP) and redirect savings (\$1,042,759 state funds) to comply with the Olmstead Agreement by providing 46 additional ICWP slots. (Total Funds: \$2,643,912)	Yes

DEPARTMENT OF COMMUNITY HEALTH

BUDGET SUMMARY - FISCAL YEAR 2006

Governor's Recommended Adjustments to the Current Budget	Amounts
15. Reduce inpatient hospital reimbursement percentage from 90% to 86.5% for cases that generate extremely high costs when compared to average cases of similar diagnosis (Total Funds: \$5,858,380).	(2,298,506)
16. Update the patient classification system used to determine reimbursement rates, referred to as the Diagnostic Related Groups (DRG) and move to a more current DRG.	Yes
17. Require Medicare cost avoidance for nursing home care (Total Funds: \$858,895).	(338,709)
18. Update nursing home reimbursement rates using FY 2003 cost reports (Total Funds: \$10,921,334).	4,307,374
19. Reduce facility fees paid for free-standing hospital-based clinics by basing reimbursement on two times the fixed amount of facility fees paid to physicians (Total Funds: \$4,075,395).	(1,571,830)
20. Reduce the cap applied to outpatient hospital reimbursement based on the average inpatient payment per claim (Total Funds: \$6,622,517).	(2,556,301)
21. Explore alternative reimbursement methodologies for outpatient hospital services.	Yes
22. Model the PeachCare dental plan on the Texas Children's Health Insurance Program.	Yes
23. Increase the Average Wholesale Price (AWP) discount from 11% to 14% for pharmacy prescriptions (Total Funds: \$13,387,114).	(5,194,248)
24. Apply a 14% discount to AWP for injectible drugs provided in a physician's office (Total Funds: \$3,400,000).	(1,319,212)
25. Eliminate the supplemental dispensing fee paid for dispensing generic drugs (Total Funds: \$4,839,531).	(1,877,756)
26. Require minimum bids on discount off the Average Manufacturer's Price (AMP) for next round of supplemental rebates (Total Funds: \$10,188,487).	(3,954,273)
27. Reimburse ambulatory surgical services provided in outpatient hospital settings based on two times the rates paid to ambulatory surgical centers (Total Funds: \$39,400,000).	(14,757,166)
28. Adjust nursing home reimbursement rates to reflect actual nursing home provider fee revenues in FY 2006 (Total Funds \$24,524,047).	(9,628,141)
29. Reimburse outpatient hospital services based on interim rates set to 85.6% of cost (Total Funds: \$50,942,603).	(19,663,855)
30. Require prior authorization for prescription drugs where an equivalent over-the-counter drug is available (Total Funds: \$15,000,000).	(5,820,055)
31. Transfer 79 nursing home clients who are able to function in the community to the Department of Human Resources Community Care Services Program.	(653,557)
32. Eliminate funding for the Folic Acid Initiative.	(200,000)
33. Eliminate 8 positions by consolidating population-based programs.	(362,248)
34. Transfer funding for the Marcus Institute to the Department of Human Resources.	(150,000)
35. Require families that earn over \$100,000, who are served in the Katie Beckett Program, to pay a \$200 per month premium.	Yes
36. Increase rates for ambulance services (Total Funds: \$2,789,047).	1,100,000
37. Reduce funding for the Composite Board of Medical Examiners by 3%.	(60,225)
38. Implement strategies to address projected shortfall in the State Health Benefit Plan (\$446,125,631):	
a. Change the scope of State Health Benefit Plan benefits and design (\$115,000,000).	Yes
b. Generate efficiencies by improving procurement strategies (\$38,000,000).	Yes
c. Generate efficiencies by improving administrative strategies (\$48,000,000).	Yes

DEPARTMENT OF COMMUNITY HEALTH

BUDGET SUMMARY - FISCAL YEAR 2006

Governor's Recommended Adjustments to the Current Budget	Amounts
d. Increase employee contributions for premiums (\$69,900,000).	Yes
e. Increase employer contributions for premiums (\$174,825,631).	Yes
Subtotal	\$135,874,158
ATTACHED AGENCIES:	
Georgia Board for Physician Workforce	
1. Annualize the cost of the FY 2005 salary adjustment.	\$1,467
2. Increase personal services to provide for a salary increase of 2% effective January 1, 2006.	1,623
3. Increase personal services to reflect an adjustment in the employer share of State Health Benefit Plan premiums from 13.1% to 13.53%.	698
4. Transfer funds from telecommunications (\$2,050) to office real estate rentals (\$850) and to replace computer equipment and software (\$1,200).	Yes
5. Eliminate the Preventive Medicine Residency Capitation Program.	(105,780)
6. Increase the number of Family Practice Residency Capitation Program slots by 6.	111,072
7. Increase the number of Pediatric Residency Capitation Program slots by 17.	296,123
Subtotal	\$305,203
State Medical Education Board	
1. Annualize the cost of the FY 2005 salary adjustment.	\$938
2. Increase personal services to provide for a salary increase of 2% effective January 1, 2006.	1,037
3. Increase personal services to reflect an adjustment in the employer share of State Health Benefit plan premiums from 13.1% to 13.53%.	446
4. Transfer \$2,829 from travel (\$2,716) to equipment, and from Medical Fair (\$113) to equipment to lease a mailing system and to replace equipment.	Yes
5. Transfer \$887 from Medical Fair to real estate rentals for a rate increase.	Yes
6. Reduce Medical Fair funding.	(19,250)
7. Increase Medical Scholarship Program funding	12,000
8. Increase funding for Loan Repayment Program.	49,243
Subtotal	\$44,414
TOTAL NET STATE GENERAL FUND ADJUSTMENTS	\$136,223,775
TOTAL STATE GENERAL FUNDS RECOMMENDED	\$2,225,841,137
TOTAL TOBACCO FUNDS RECOMMENDED	\$58,087,386

DEPARTMENT OF COMMUNITY HEALTH

PROGRAM BUDGET SUMMARY - FISCAL YEAR 2006

Program Budgets	FY 2005 Appropriations			FY 2006 Governor's Recommendations		
	Total	Tobacco	State	Total	Tobacco	State
1. Medicaid	\$5,815,308,315	\$53,116,681	\$1,816,339,936	\$6,421,652,516	\$53,116,681	\$1,974,889,871
2. PeachCare	286,706,504	4,970,705	74,755,459	238,804,596	4,970,705	61,536,232
3. State Health Benefits Plan	2,050,946,015		33,956,708	2,051,095,727		33,956,708
4. Indigent Care Trust Fund	640,876,266		109,857,425	616,464,144		100,229,284
5. Health Care Regulation and Licensing	3,765,020		3,448,324	3,799,129		3,482,433
6. Health Care Access and Improvement	3,754,513		3,110,623	3,050,780		2,753,783
7. Administration	20,411,729		8,667,464	21,290,961		9,161,786
Subtotal	\$8,821,768,362	\$58,087,386	\$2,050,135,939	\$9,356,157,853	\$58,087,386	\$2,186,010,097
 <u>ATTACHED AGENCIES:</u>						
1. Georgia Board for Physician Workforce	\$38,173,049		\$38,173,049	\$38,478,252		\$38,478,252
2. State Medical Education Board	1,308,374		1,308,374	1,352,788		1,352,788
Subtotal	\$39,481,423		\$39,481,423	\$39,831,040		\$39,831,040
 TOTAL APPROPRIATIONS	 \$8,861,249,785	 \$58,087,386	 \$2,089,617,362	 \$9,395,988,893	 \$58,087,386	 \$2,225,841,137