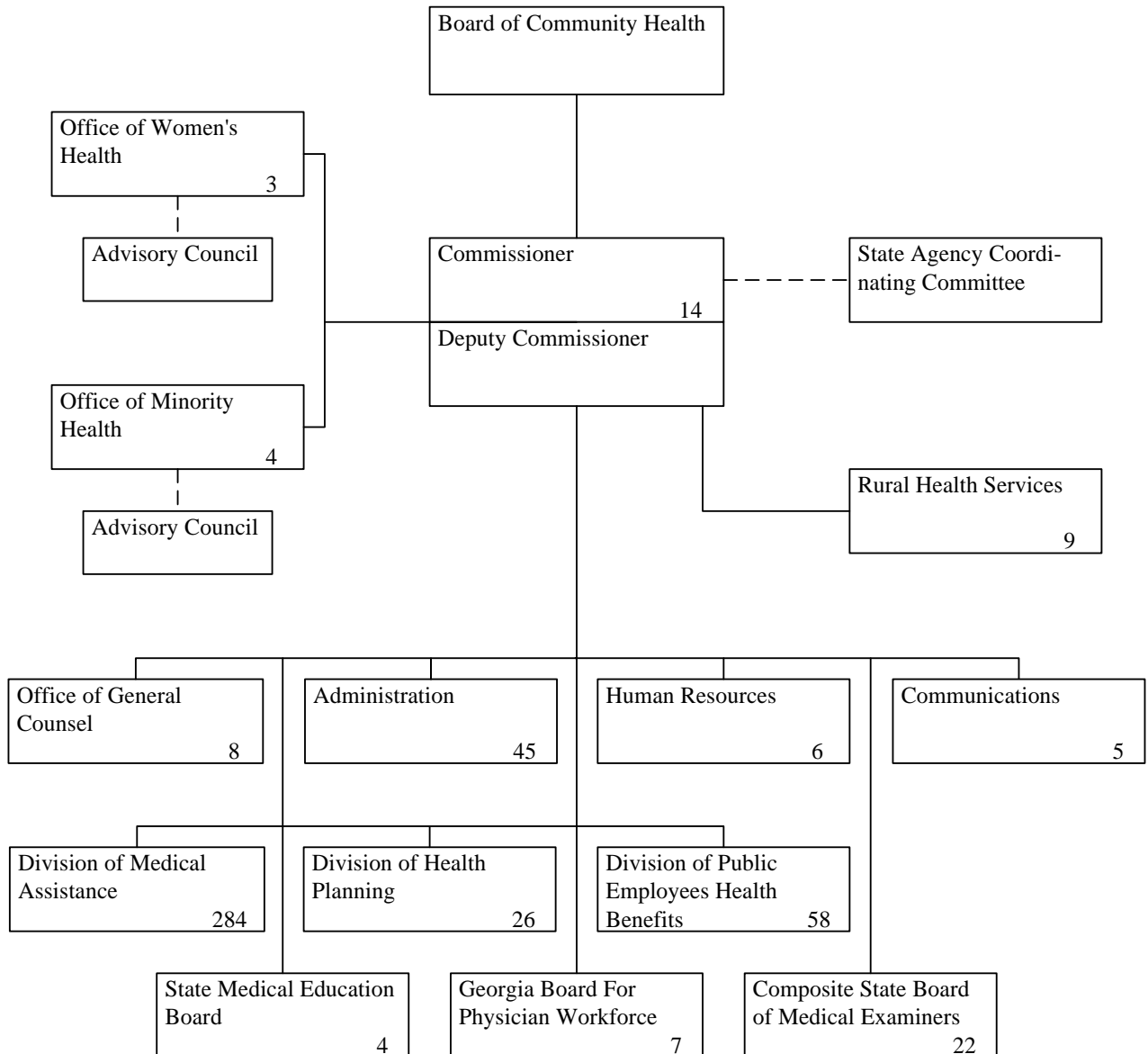


DEPARTMENT OF COMMUNITY HEALTH

Total Budgeted Positions -- 495



DEPARTMENT OF COMMUNITY HEALTH -- Financial Summary
Unit A - Department of Community Health

Expenditures, Current Budget and Agency Requests

| Budget Classes/Fund Sources | FY 1999 Expenditures | FY 2000 Expenditures | FY 2001 Current Budget | FY 2002 Agency Requests | | |
|--|-------------------------|-------------------------|---------------------------|-------------------------|----------------------|------------------------|
| | | | | Adjusted Base | Enhancements | Totals |
| Personal Services | 18,612,847 | 26,488,101 | 30,275,474 | 32,451,294 | 1,144,352 | 33,595,646 |
| Regular Operating Expenses | 7,440,090 | 6,888,208 | 7,039,208 | 7,130,000 | | 7,130,000 |
| Travel | 194,643 | 281,892 | 279,779 | 286,140 | | 286,140 |
| Motor Vehicle Purchases | 145,661 | 14,346 | | | | 0 |
| Equipment | 124,919 | 65,987 | 77,292 | 81,636 | | 81,636 |
| Real Estate Rentals | 880,514 | 1,158,150 | 1,338,942 | 1,418,942 | | 1,418,942 |
| Per Diem, Fees & Contracts | 111,432,353 | 390,002,420 | 376,362,142 | 376,300,832 | 2,668,800 | 378,969,632 |
| Computer Charges | 28,660,759 | 999,642,023 | 1,061,899,464 | 49,358,205 | | 49,358,205 |
| Telecommunications | 974,836 | 679,511 | 807,091 | 810,876 | | 810,876 |
| Year 2000 | 5,835,469 | 4,072,931 | | | | |
| Audit Contracts | 1,338,038 | 2,740,023 | 1,097,500 | 1,097,500 | | 1,097,500 |
| Health Insurance Payments | | | | 1,009,000,000 | | 1,009,000,000 |
| Special Purpose Contracts | | 64,732 | 64,732 | 64,732 | | 64,732 |
| Purchase of Service Contracts | | 61,019 | 83,244 | 83,244 | | 83,244 |
| Grant in Aid to Counties | | 764,826 | 764,826 | 764,826 | | 764,826 |
| Medicaid Benefits, Penalties, and Disallowances | 3,230,320,036 | 3,588,469,161 | 3,367,543,983 | 3,495,521,322 | 102,014,637 | 3,597,535,959 |
| Medical Fair | | | 27,000 | 27,000 | | 27,000 |
| Loan Repayment Program | | | 400,000 | 400,000 | | 400,000 |
| Medical Scholarships | | 1,490,998 | 762,000 | 762,000 | | 762,000 |
| Capitation Contracts for Family Practice Residency | | 4,327,702 | 4,137,000 | 4,284,000 | | 4,284,000 |
| Residency Capitation Grant | | 1,950,115 | 2,202,803 | 2,202,803 | 2,011,200 | 4,214,003 |
| Student Preceptorships | | 174,500 | 175,000 | 175,000 | | 175,000 |
| Medical Student Capitation Mercer School of Medicine Grant | | 16,728,668 | 11,090,098 | 19,808,766 | 3,889,600 | 4,254,250 |
| Morehouse School of Medicine Grant | | 7,394,890 | 7,394,890 | 8,394,890 | | 8,394,890 |
| SREB Payments | | 4,323,917 | 4,378,300 | 488,700 | (13,075) | 475,625 |
| Pediatric Residency Capitation | | 474,240 | 474,240 | 474,240 | 134,760 | 609,000 |
| Preventive Medicine Capitation | | 30,000 | 120,000 | 120,000 | 60,000 | 180,000 |
| Total Funds | \$3,405,960,166 | \$5,058,288,359 | \$4,878,795,008 | \$5,015,396,548 | \$108,385,324 | \$5,123,781,872 |
| Less Federal & Other Funds: | | | | | | |
| Federal Funds | 2,075,704,176 | 2,260,936,092 | 2,131,811,791 | 2,194,493,088 | 65,682,524 | 2,260,175,612 |
| Other Funds | 111,846,259 | 1,405,126,260 | 1,408,814,420 | 1,408,814,420 | | 1,408,814,420 |
| Indirect Costs | | | | (326,569) | | (326,569) |
| Total Federal & Other Funds | \$2,187,550,435 | \$3,666,062,352 | \$3,540,626,211 | \$3,602,980,939 | \$65,682,524 | \$3,668,663,463 |
| State General Funds | 1,218,409,731 | \$1,392,226,007 | 1,319,704,884 | 1,393,951,696 | 42,702,800 | 1,436,654,496 |
| Tobacco Funds | | | 18,463,913 | 18,463,913 | | 18,463,913 |
| TOTAL STATE FUNDS | \$1,218,409,731 | \$1,392,226,007 | \$1,338,168,797 | \$1,412,415,609 | \$42,702,800 | \$1,455,118,409 |
| Positions | 356 | 497 | 488 | 500 | 18 | 518 |
| Motor Vehicles | 14 | 19 | 19 | 20 | | 20 |

DEPARTMENT OF COMMUNITY HEALTH -- Financial Summary
Unit A - Department of Community Health

Current Budget and Governor's Recommendations

| Budget Classes/Fund Sources | FY 2001 Current Budget | FY 2002 Governor's Recommendations | | | | Totals |
|---|---------------------------|------------------------------------|----------|------------------------|-----------------------|------------------------|
| | | Annualizers and Adjustments | Workload | Adjusted Base | Enhancements | |
| Personal Services | 30,275,474 | 731,385 | | 31,006,859 | 476,002 | 31,482,861 |
| Regular Operating Expenses | 7,039,208 | 8,187 | | 7,047,395 | | 7,047,395 |
| Travel | 279,779 | 7,047 | | 286,826 | | 286,826 |
| Motor Vehicle Purchases | | | | | 16,000 | 16,000 |
| Equipment | 77,292 | | | 77,292 | | 77,292 |
| Real Estate Rentals | 1,338,942 | 229,828 | | 1,568,770 | | 1,568,770 |
| Per Diem, Fees & Contracts | 376,362,142 | (151,908) | | 376,210,234 | 35,754,394 | 411,964,628 |
| Computer Charges | 1,061,899,464 | ##### | | 51,331,464 | | 51,331,464 |
| Telecommunications | 807,091 | 2,738 | | 809,829 | | 809,829 |
| Year 2000 | | | | | | |
| Audit Contracts | 1,097,500 | | | 1,097,500 | | 1,097,500 |
| Health Insurance Payments | | 1,009,000,000 | | 1,009,000,000 | | 1,009,000,000 |
| Special Purpose Contracts | 64,732 | | | 64,732 | | 64,732 |
| Purchase of Service Contracts | 83,244 | | | 83,244 | | 83,244 |
| Grant in Aid to Counties | 764,826 | | | 764,826 | | 764,826 |
| Medicaid Benefits, Penalties, and Disallowances | 3,367,543,983 | 42,434,670 | | 3,409,978,653 | 490,804,834 | 3,900,783,487 |
| 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 Residency | 4,137,000 | | | 4,137,000 | | 4,137,000 |
| Residency Capitation Grant | 2,202,803 | | | 2,202,803 | | 2,202,803 |
| Student Preceptorships | 175,000 | | | 175,000 | | 175,000 |
| Medical Student Capitation | | 3,889,600 | | 3,889,600 | | 3,889,600 |
| Mercer School of Medicine Grant | 11,090,098 | | | 11,090,098 | | 11,090,098 |
| Morehouse School of Medicine Grant | 7,394,890 | | | 7,394,890 | | 7,394,890 |
| SREB Payments | 4,378,300 | (3,889,600) | | 488,700 | (14,075) | 474,625 |
| Pediatric Residency Capitation | 474,240 | | | 474,240 | | 474,240 |
| Preventive Medicine Capitation | 120,000 | | | 120,000 | | 120,000 |
| Total Funds | \$4,878,795,008 | \$41,693,947 | | \$4,920,488,955 | \$527,037,155 | \$5,447,526,110 |
| Less Federal & Other Funds: | | | | | | |
| Federal Funds | 2,131,811,791 | 24,513,193 | | 2,156,324,984 | 294,634,518 | 2,450,959,502 |
| Other Funds | 1,408,814,420 | 4,583,268 | | 1,413,397,688 | 249,348,296 | 1,662,745,984 |
| Total Federal & Other Funds | \$3,540,626,211 | \$29,096,461 | | \$3,569,722,672 | \$543,982,814 | \$4,113,705,486 |
| State General Funds | 1,319,704,884 | 9,387,568 | | 1,329,092,452 | (19,155,111) | 1,309,937,341 |
| Tobacco Funds | 18,463,913 | 3,209,918 | | 21,673,831 | 2,209,452 | 23,883,283 |
| TOTAL STATE FUNDS | \$1,338,168,797 | \$12,597,486 | | \$1,350,766,283 | (\$16,945,659) | \$1,333,820,624 |
| Positions | 488 | 3 | | 491 | 9 | 500 |
| Motor Vehicles | 19 | | | 19 | 1 | 20 |

DEPARTMENT OF COMMUNITY HEALTH
Unit A - Department of Community Health
FY 2002 Budget Summary

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET - STATE GENERAL FUNDS

| | |
|--|-----------------|
| FY 2001 STATE APPROPRIATIONS | 1,319,704,884 |
| Annualizers: | |
| 1. Annualize the cost of the FY 2001 salary adjustment. | 120,000 |
| 2. Transfer funds from the Department of Human Resources to provide primary care services to the homeless population. | 100,000 |
| 3. Reflect personal services funding and 3 positions for the Composite Board of Medical Examiners added in the FY 2001 supplemental amendment. | 205,801 |
| 4. Annualize operating funds provided for the Composite Board of Medical Examiners in the FY 2001 supplemental amendment. | 25,700 |
| 5. Support up to 9 additional family practice residency grants at Medical College of Georgia based on fund availability. | Yes |
| 6. Recognize adjustments to nursing home rates for the increasing cost of liability insurance for providers. (Total funds - \$21,616,031) | 8,780,432 |
| 7. Annualize the Governor's Executive Order transferring funding and 9 positions from DCH to the Department of Human Resources for primary care nurses. | (108,944) |
| 8. Realign object classes for the State Health Benefit Plan by transferring \$1,009,000,000 from Computer Charges to Health Insurance Payments. | Yes |
| 9. Transfer funds from SREB Payments to Medical Student Capitation (\$3,889,600). | Yes |
| Other Adjustments: | |
| 10. Fund the mature program cost for the Medicaid Family Planning Waiver for postpartum women. (Total funds - \$1,633,050) | 163,305 |
| 11. Transfer \$392,000 from Computer Charges to Personal Services to cover projected personal services needs. | Yes |
| 12. Transfer \$128,554 from Per Diem, Fees, and Contracts to Real Estate Rental for the Office of Rural Health (\$73,431) and the Composite Board of Medical Examiners (\$55,123). | Yes |
| 13. Adjust GBA rental rates to a standard \$8.75 per rentable square footage. | 101,274 |
| 14. Reflect the receipt of federal Medicaid funding for community-based mental retardation services provided by the Department of Human Resources (\$6,700,012). | Yes |
| ADJUSTED BASE - STATE GENERAL FUNDS | \$1,329,092,452 |

ENHANCEMENT FUNDS - STATE GENERAL FUNDS

ENHANCEMENTS

| | |
|---|--------------|
| 1. Provide additional state funding to cover growth and utilization in Medicaid Benefits (\$36,128,669) and reflect increases in costs and utilization of pharmaceuticals for the Medicaid population (\$54,193,003). (Total funds - \$222,357,637) | 90,321,672 |
| 2. Add state funds to reflect a reduction in the Federal Financial Participation rate for Medicaid. (Total funds - \$0) | 11,179,898 |
| 3. 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) | (69,700,000) |

DEPARTMENT OF COMMUNITY HEALTH - FY 2002 Budget Summary

| | <u>Governor's Recommendations</u> |
|---|---------------------------------------|
| 4. Increase federal Medicaid funding available for the following services: - mental health services for children in out-of-home settings (\$38,472,284); - targeted case management services for adults and children (\$999,012); - nursing services provided in state facilities (\$14,731,500); - medical services provided through public health clinics (\$3,246,756); - mental health, mental retardation, and substance abuse services provided to adults in community settings (\$23,579,945); - administrative costs related to current Medicaid services (\$10,243,197); and - administrative costs related to new Medicaid services (\$4,227,500). | Yes |
| 5. Reimburse physicians and physician-related providers based on 90% of the 1999 Resource Based Relative Value Scale (RBRVS) with one year of inflation applied. (Total funds - \$15,106,738) | 6,136,357 |
| 6. Adjust reimbursement rates for nursing home providers using the base year 2000 cost report and a growth allowance of one year. (Total funds - \$20,556,189) | 8,349,924 |
| 7. Apply an additional year of DRI inflation to base rates to increase reimbursement rates for inpatient hospital providers. (Total funds - \$19,032,922) | 7,731,173 |
| 8. Increase Perinatal Case Management rates by 10% to assist eligible pregnant women in gaining access to needed medical care. (Total funds - \$845,461) | 343,426 |
| 9. Fund an increase in the reimbursement rate for hearing aids and related services from \$662 to \$1,325 per hearing aid. (Total funds - \$358,998) | 145,825 |
| 10. Increase pediatric newborn visits in hospitals to one per day. (Total funds - \$1,409,379) | 572,490 |
| 11. Raise reimbursement for EPSDT healthcheck screens from \$55 to \$60 per visit. (Total funds - \$1,955,076) | 794,152 |
| 12. Increase rates for postpartum home visit services by \$7.50 per visit. (Total funds - \$196,297) | 79,736 |
| 13. Increase the travel reimbursement in the Children's Intervention Services Program from \$10 to \$12 per round trip. (Total funds - \$388,774) | 157,920 |
| 14. Enhance the Children's Intervention School Services Program to appropriately increase federal Medicaid funding to participating school systems. | Yes |
| 15. Add 2 positions and related operating costs in Health Planning for a compliance manager and an assistant architect necessary to support the review and approval of certificate of need (CON) applications. | 149,890 |
| 16. Fund the research, publication, and distribution of the State of Georgia's Minority Status Reports produced by the Office of Minority Health. (Total funds - \$100,000) | Yes |
| 17. Fund 2 positions to support the department's computer network. (Total funds - \$127,576) | 31,894 |

DEPARTMENT OF COMMUNITY HEALTH - FY 2002 Budget Summary

| | <u>Govenor's Recommendations</u> |
|---|--------------------------------------|
| 18. Transfer the state matching funds for MR waiver services from DCH to the Department of Human Resources (DHR) to support DHR administration of Medicaid waiver services. (Total funds - \$0) | (51,246,606) |
| 19. Transfer the state matching funds for community mental health services from DCH to the Department of Human Resources (DHR) to support DHR administration of Medicaid services. (Total funds - \$0) | (37,138,648) |
| 20. Transfer funds to the Department of Human Resources for services for persons HIV-positive or diagnosed with AIDS, pending approval of the Medicaid AIDS waiver by the Health Care Financing Administration (HCFA). | (375,000) |
| 21. Fund 5 positions and the purchase of a motor vehicle to support the operation of the Composite Board of Medical Examiners. | 214,536 |
| 22. Add state funds to the Southern Regional Education Board (SREB) to reflect the restoration of UAB School of Optometry slots (\$16,550) and to fund the increase in the SREB rate per student (\$15,525). | 32,075 |
| 23. Authorize funding for 5 pediatric resident positions at Morehouse School of Medicine. (Total funds - \$98,800) | Yes |
| 24. Reduce funding in SREB payments for the West Virginia School of Osteopathic Medicine (\$17,200) and Meharry Medical College (\$28,950) through attrition. | (46,150) |
| UNINSURED: | |
| 25. Provide Medicaid coverage for children in families with incomes up to 150% of the federal poverty level (FPL). (Total funds - \$7,407,920) | 3,009,097 |
| 26. Pay healthcare premiums of individuals covered by the Consolidated Omnibus Budget Reconciliation Act (COBRA) with incomes up to 150% of the federal poverty level. | Yes |
| 27. Reimburse 100% of cost for cost-based outpatient services for hospitals who provide indigent care equal to 5% of their adjusted gross revenues (as determined by the Department of Community Health). (Total funds - \$2,926,241) | 1,188,639 |
| 28. Expand community health, rural health, and migrant health centers to promote access to primary health care for uninsured populations. | 1,500,000 |
| 29. Implement a Medicaid waiver to provide services to persons over age 18 with Sickle Cell Anemia with incomes under 235% FPL. (Total funds - \$4,800,000) | 1,949,760 |
| 30. Implement a Medicaid waiver to provide services to persons over age 18 with Cystic Fibrosis with incomes under 235% FPL. (Total funds - \$4,016,435) | 1,631,476 |
| 31. Provide matching grants to communities to eliminate disparities in healthcare and to support homeless service programs. | 800,000 |

DEPARTMENT OF COMMUNITY HEALTH - FY 2002 Budget Summary

| | <u>Governor's Recommendations</u> |
|---|---------------------------------------|
| 32. Increase reimbursement rates by 5% for Home Health providers who provide indigent care equal to 5% of their Medicaid revenue and who participate in the Community Care Services Program. (Total funds - \$110,362) | 44,829 |
| BLUE RIBBON TASK FORCE/WAITING LISTS: | |
| 33. Increase capacity in the Independent Care Waiver Program by 85 slots. (Total funds - \$5,250,741) | 2,132,851 |
| 34. Increase reimbursement to Independent Care Waiver Program providers by 4%. (Total funds - \$870,687) | 353,673 |
| 35. Continue evaluating the feasibility of a Medicaid buy-in program that would allow working people with disabilities to receive healthcare through Medicaid. (Total funds - \$1,230,921) | 500,000 |
| 36. Evaluate the state policy and fiscal impact of including personal care services in the Medicaid state plan. | Yes |
| 37. Reflect the receipt of additional federal Medicaid funding for new slots and rate increases for the Community Care Services Program (\$9,825,573) and the Mental Retardation Waiver Program (\$17,647,832). | Yes |
| TOTAL STATE GENERAL FUND ENHANCEMENTS | <hr/> (\$19,155,111) |
| ADJUSTMENTS TO CURRENT BUDGET - TOBACCO SETTLEMENT FUNDS | |
| FY 2001 STATE APPROPRIATIONS | \$18,463,913 |
| Other Adjustments: | |
| 1. Fund mature Medicaid expansion to cover pregnant women and infants under age 1 with incomes up to 235% of the federal poverty level. (Total funds - \$7,902,309) | 3,209,918 |
| ADJUSTED BASE - TOBACCO SETTLEMENT FUNDS | <hr/> \$21,673,831 |
| ENHANCEMENT FUNDS - TOBACCO SETTLEMENT FUNDS | |
| ENHANCEMENTS | |
| 1. Add tobacco funds to compensate for a reduction in federal financial participation for the Medicaid eligibility expansion for pregnant women and infants under age 1 with incomes up to 235% of the federal poverty level (\$66,899) and the Independent Care Waiver Program (\$17,553). (Total funds - \$0) | 84,452 |
| GEORGIA CANCER COALITION: | |
| 2 Identify and develop training for cancer caregivers. | <hr/> 2,125,000 |
| TOTAL TOBACCO SETTLEMENT FUND ENHANCEMENTS | <hr/> \$2,209,452 |
| TOTAL STATE GENERAL AND TOBACCO FUNDS | \$1,333,820,624 |

DEPARTMENT OF COMMUNITY HEALTH
Unit A - Department of Community Health
Functional Budget Summary

| | FY 2001 Appropriations | | FY 2002 Recommendations | |
|---|------------------------|------------------------|-------------------------|------------------------|
| | Total | State | Total | State |
| 1. Commissioner's Office | 1,343,159 | 819,680 | 1,343,159 | 819,680 |
| 2. Medicaid Benefits, Penalties, and Disallowances | 3,367,543,983 | 1,230,166,467 | 3,900,783,487 | 1,220,567,218 |
| 3. Program Management - Medicaid | 38,346,339 | 14,869,748 | 38,346,339 | 14,869,748 |
| 4. Systems Management - Medicaid | 60,717,988 | 13,207,089 | 59,277,564 | 12,846,983 |
| 5. General Counsel | 1,227,761 | 696,166 | 1,227,761 | 696,166 |
| 6. Communications | 473,646 | 236,823 | 473,646 | 236,823 |
| 7. Human Resources | 428,662 | 263,627 | 428,662 | 263,627 |
| 8. Minority Health | 498,406 | 371,210 | 598,406 | 471,210 |
| 9. Women's Health | 491,496 | 454,634 | 491,496 | 454,634 |
| 10. Primary and Rural Health | 5,616,176 | 5,221,879 | 7,907,232 | 7,512,935 |
| 11. Employee Health Benefits | 1,314,032,148 | 34,000,000 | 1,314,032,148 | 34,000,000 |
| 12. Health Planning | 2,010,769 | 1,822,015 | 2,160,659 | 1,971,905 |
| 13. General Administration | 52,547,532 | 2,522,516 | 83,860,722 | 2,514,866 |
| 14. Georgia Board for Physician Workforce | 30,470,347 | 30,470,347 | 30,628,521 | 30,628,521 |
| 15. Medical Education Board | 1,461,177 | 1,461,177 | 3,586,177 | 3,586,177 |
| 16. Board of Medical Examiners | 1,585,419 | 1,585,419 | 2,380,131 | 2,380,131 |
| TOTAL APPROPRIATIONS | \$4,878,795,008 | \$1,338,168,797 | \$5,447,526,110 | \$1,333,820,624 |

RECOMMENDED APPROPRIATION: The Department of Community Health - Unit A is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$1,333,820,624

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

Expenditures, Current Budget and Agency Requests

| Budget Classes/Fund Sources | FY 1999 Expenditures | FY 2000 Expenditures | FY 2001 Current Budget | FY 2002 Agency Requests | | |
|-----------------------------|-------------------------|-------------------------|---------------------------|-------------------------|--------------|----------------------|
| | | | | Adjusted Base | Enhancements | Totals |
| Per Diem, Fees & Contracts | 33,401,436 | 22,837,875 | 8,200,000 | 8,200,000 | | 8,200,000 |
| Benefits | 400,164,729 | 629,283,463 | 360,067,504 | 360,067,504 | | 360,067,504 |
| Total Funds | \$433,566,164 | \$652,121,338 | \$368,267,504 | \$368,267,504 | | \$368,267,504 |
| Less: Federal Funds | 254,003,983 | 390,856,879 | 219,438,624 | 219,438,624 | | 219,438,624 |
| TOTAL STATE FUNDS | \$179,562,182 | \$261,264,459 | \$148,828,880 | \$148,828,880 | | \$148,828,880 |

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

Current Budget and Governor's Recommendations

| Budget Classes/Fund Sources | FY 2001 Current Budget | FY 2002 Governor's Recommendations | | | | Totals |
|-----------------------------|---------------------------|------------------------------------|----------|----------------------|--------------|----------------------|
| | | Annualizers and Adjustments | Workload | Adjusted Base | Enhancements | |
| Per Diem, Fees & Contracts | 8,200,000 | | | 8,200,000 | | 8,200,000 |
| Benefits | 360,067,504 | | | 360,067,504 | | 360,067,504 |
| Total Funds | \$368,267,504 | | | \$368,267,504 | | \$368,267,504 |
| Less: Federal Funds | 219,438,624 | | | 219,438,624 | | 219,438,624 |
| TOTAL STATE FUNDS | \$148,828,880 | | | \$148,828,880 | | \$148,828,880 |

DEPARTMENT OF COMMUNITY HEALTH
Unit B - Indigent Care Trust Fund
FY 2002 Budget Summary

| | <u>Governor's Recommendations</u> |
|---|---------------------------------------|
| FY 2001 STATE APPROPRIATIONS | 148,828,880 |
| ENHANCEMENT FUNDS | |
| ENHANCEMENTS | |
| UNINSURED: | |
| 1. Allow local governmental entities to contribute Medicaid matching funds to increase reimbursement rates for emergency ambulance providers to support county EMS systems. | Yes |
| TOTAL ENHANCEMENT FUNDS | |
| TOTAL STATE FUNDS | |
| | \$148,828,880 |

RECOMMENDED APPROPRIATION: The Department of Community Health - Unit B is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$148,848,880

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

Expenditures, Current Budget and Agency Requests

| Budget Classes/Fund Sources | FY 1999 Expenditures | FY 2000 Expenditures | FY 2001 Current Budget | FY 2002 Agency Requests | | |
|---|-------------------------|-------------------------|---------------------------|-------------------------|--------------|----------------------|
| | | | | Adjusted Base | Enhancements | Totals |
| Personal Services | 183,060 | 338,571 | 363,061 | 363,061 | | 363,061 |
| Regular Operating Expenses | 82,931 | 2,420 | 120,254 | 120,254 | | 120,254 |
| Travel | 6,915 | 12,899 | 50,000 | 50,000 | | 50,000 |
| Equipment | | | 1,155 | 1,155 | | 1,155 |
| Per Diem, Fees & Contracts | 49,726 | 4,783,191 | 5,325,376 | 5,325,376 | | 5,325,376 |
| Computer Charges | 14,468 | | 250,000 | 250,000 | | 250,000 |
| Telecommunications | 1,010 | 2,167 | 12,350 | 12,350 | | 12,350 |
| PeachCare Benefits, Penalties, & Disallowances | 3,489,301 | 48,400,131 | 65,275,830 | 109,741,554 | | 109,741,554 |
| Total Funds | \$3,827,411 | \$53,539,379 | \$71,398,026 | \$115,863,750 | | \$115,863,750 |
| Less: Federal Funds | 2,768,321 | 38,743,223 | 51,468,415 | 83,256,133 | | 83,256,133 |
| State General Funds | 1,059,090 | 14,796,156 | 17,173,574 | 29,851,580 | | 29,851,580 |
| Tobacco Funds | | | 2,756,037 | 2,756,037 | | 2,756,037 |
| TOTAL STATE FUNDS | \$1,059,090 | \$14,796,156 | \$19,929,611 | \$32,607,617 | | \$32,607,617 |
| 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 2001 Current Budget | FY 2002 Governor's Recommendations | | | | Totals |
|---|---------------------------|------------------------------------|----------|---------------------|---------------------|----------------------|
| | | Annualizers and Adjustments | Workload | Adjusted Base | Enhancements | |
| Personal Services | 363,061 | 3,486 | | 366,547 | | 366,547 |
| Regular Operating Expenses | 120,254 | | | 120,254 | | 120,254 |
| Travel | 50,000 | | | 50,000 | | 50,000 |
| Equipment | 1,155 | | | 1,155 | | 1,155 |
| Per Diem, Fees & Contracts | 5,325,376 | | | 5,325,376 | | 5,325,376 |
| Computer Charges | 250,000 | | | 250,000 | | 250,000 |
| Telecommunications | 12,350 | | | 12,350 | | 12,350 |
| PeachCare Benefits, Penalties, & Disallowances | 65,275,830 | 6,271,709 | | 71,547,539 | 40,995,109 | 112,542,648 |
| Total Funds | \$71,398,026 | \$6,275,195 | | \$77,673,221 | \$40,995,109 | \$118,668,330 |
| Less: Federal Funds | 51,468,415 | 4,491,157 | | 55,959,572 | 28,653,160 | 84,612,732 |
| State General Funds | 17,173,574 | 991 | | 17,174,565 | 12,305,111 | 29,479,676 |
| Tobacco Funds | 2,756,037 | 1,783,047 | | 4,539,084 | 36,838 | 4,575,922 |
| TOTAL STATE FUNDS | \$19,929,611 | \$1,784,038 | | \$21,713,649 | \$12,341,949 | \$34,055,598 |
| Positions | 7 | | | 7 | | 7 |

DEPARTMENT OF COMMUNITY HEALTH
Unit C - PeachCare for Kids
FY 2002 Budget Summary

Governor's
Recommendations

ADJUSTMENTS TO CURRENT BUDGET - STATE GENERAL FUNDS

| | |
|---|--------------|
| FY 2001 STATE APPROPRIATIONS | 17,173,574 |
| Annualizers: | |
| 1. Annualize the cost of the FY 2001 salary adjustment. (Total funds - \$3,486) | 991 |
| ADJUSTED BASE - STATE GENERAL FUNDS | \$17,174,565 |

ENHANCEMENT FUNDS - STATE GENERAL FUNDS

| | |
|--|--------------|
| ENHANCEMENTS | |
| 1. Add state funds to reflect a reduction in the Federal Financial Participation rate for the Children's Health Insurance Program (in Georgia, known as PeachCare for Kids). (Total funds - \$0) | 265,289 |
| 2. Fund the growth in the number of children participating in the PeachCare for Kids Program. (Total funds - \$37,837,499) | 10,757,201 |
| UNINSURED: | |
| 3. Make eligibility for PeachCare for Kids effective at the beginning of the month of application. (Total funds - \$3,157,610) | 1,282,621 |
| TOTAL STATE GENERAL FUND ENHANCEMENTS | \$12,305,111 |

ADJUSTMENTS TO CURRENT BUDGET - TOBACCO SETTLEMENT FUNDS

| | |
|---|-------------|
| FY 2001 STATE APPROPRIATIONS | \$2,756,037 |
| Other Adjustments: | |
| 1. Fund the mature PeachCare for Kids expansion to cover children in families with incomes up to 235% of the federal poverty level. (Total funds - \$6,271,709) | 1,783,047 |
| ADJUSTED BASE - TOBACCO SETTLEMENT FUNDS | \$4,539,084 |

ENHANCEMENT FUNDS - TOBACCO SETTLEMENT FUNDS

| | |
|---|----------|
| ENHANCEMENTS | |
| 1. Add tobacco funds to compensate for a reduction in federal financial participation for the PeachCare for Kids eligibility expansion for children in families with incomes up to 235% of the federal poverty level. (Total funds - \$0) | 36,838 |
| TOTAL TOBACCO SETTLEMENT FUND ENHANCEMENTS | \$36,838 |

| | |
|---------------------------------------|--------------|
| TOTAL STATE GENERAL AND TOBACCO FUNDS | \$34,055,598 |
|---------------------------------------|--------------|

RECOMMENDED APPROPRIATION: The Department of Community Health - Unit C is the budget unit for which the following State Fund Appropriation is recommended for FY 2002: \$34,055,598

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 tenth year of operation in 2000. 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.

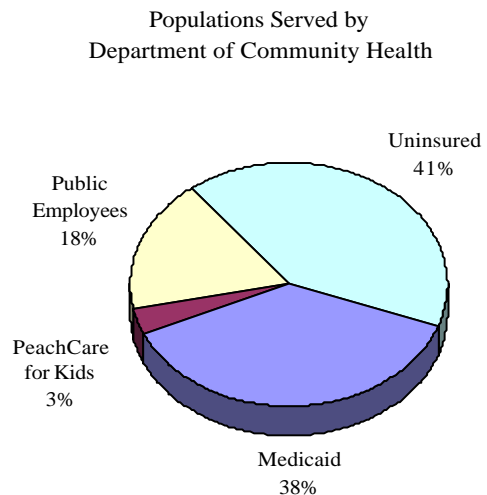
The division also administers the Certificate-of-Need (CON) program, which approves the expansion of health care services and facilities. The Health Planning Review Board (administratively attached to the Department of Administrative Services) conducts appeal hearings on CON decisions. Additionally,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

STATE HEALTH BENEFIT PLAN

During FY 2000, the State Health Benefit Plan (SHBP) took several steps to end operating losses that began in FY 1997.

- Effective January 1, 2000, the Plan discontinued contracting for the BlueCross BlueShield Prudent Buyer Program, replacing it with individual contracts between the State and each acute-care hospital in Georgia tied to Medicaid reimbursement. Estimated savings from the new contracts are \$18 million for FY 2000 and \$33 million for FY 2001.
- In July 2000, the employer contribution rate for teachers was increased from 9.26% to 13.1% of state-based salaries. The new rate provides equal employer contributions between state agencies and local school systems and is expected to increase Plan revenue by \$170 million for FY 2001.
- The new Preferred Provider Organization (PPO) Plan Option replaced the Standard Option indemnity plan effective July 1, 2000 and offers a higher in-network level of benefits coverage while reducing plan expenditures. Anticipated first-year savings are expected to be as much as \$25 million.
- In FY 2002, the Plan will implement a three-tier prescription drug co-payment program to help control escalating prescription drug costs while continuing to offer Plan members a choice in selecting any covered drug.

In FY 2001, the results of these efforts are expected to reduce the annual operating deficit to less than 1% of the overall plan cost. In FY 2002, the plan is projected to eliminate the annual operating deficit.

MEDICAID ELIGIBILITY EXPANSIONS

Medicaid served 1.3 million Georgians in FY 2000 with benefit expenditures totaling almost \$3.4 billion, an average of \$2,485 per person. In FY 2000, the Department initiated three new Medicaid expansions.

- The income limit for Medicaid eligibility for pregnant women and their infants was increased from 200% of the federal poverty level (\$34,100 for a family of four) to 235% (\$40,072). For FY 2002, an estimated 3,400 additional uninsured pregnant women and infants will be served.
- The department began providing family planning services to post-partum women for two years after delivery. By helping women plan future pregnancies, birth outcomes are improved and infant mortality declines.
- The department implemented an expansion of the Transitional Medical Assistance (TMA) program from one year to two years for families who lost Medicaid because of employment. Despite an increase in income, transitional eligibles still have a hard time affording health insurance.

PEACHCARE FOR KIDS

PeachCare for Kids has built upon the success of the first year by continuing aggressive enrollment of eligible children. With an expansion in eligibility from 200% to 235% of the federal poverty level, PeachCare for Kids has enrolled over 106,000 of the estimated 143,000 eligible children. Grants were given to 24 community groups for targeted grassroots outreach to uninsured children. PeachCare for Kids has also streamlined the referral and enrollment process for children identified as Medicaid eligible.

PHARMACY BENEFIT MANAGER

Several pharmacy cost containment measures have been identified and implemented since the execution of a pharmacy benefit management (PBM) contract with Express Scripts, Inc.

Through the use of a PBM, concurrent drug utilization review (DUR) edits have been put into place to prevent early refills, duplication of refills, and drug/drug interactions. Additionally, there will be retrospective fraud and abuse claims review performed in conjunction with the PBM.

The rebate program for the State Health Benefit Plan (SHBP) and the Board of Regents Health Plan (BORHP) has been expanded, as has the Georgia Maximum Allowable Cost (MAC) list for the Medicaid Program.

Enforcement and recovery efforts on Most Favored Nations Pricing have been expanded. In addition, the Department of Community Health (DCH) is working with Health Care Financing Administration (HCFA) and the Justice Department to ensure that manufacturers are providing Georgia with the best prices and rebates required by law.

A tiered co-payment program has been developed for all the DCH programs based on recipient/member use of preferred versus non-preferred drugs. Provider incentive programs have also been established to promote dispensing of generics and preferred drugs.

In an effort to address medical costs overall, disease management programs are being initiated to assist in the early detection of appropriate therapy and compliance with drug regimen.

Finally, a review is currently being made on institutional pharmacies that serve the highest drug utilizers to determine areas for improvement.

As outlined above, significant efforts are being made in the area of pharmacy cost control. Additional pharmacy policy changes designed to reign in inappropriate usage continue to be identified and evaluated for appropriateness.

DEPARTMENT OF COMMUNITY HEALTH

Results-Based Budgeting

COMMUNITY HEALTH [1]

Purpose: Provide Value-based health care purchasing to improve the health status of all Georgians.

| Goal 1: Minimize barriers to the accessibility of health care services. | FY 2000 Desired | FY 2000 Actual | FY 2001 Desired | FY 2002 Desired |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| - Provide health care coverage to at least 87% of children eligible for the Peachcare program in FY 2002. [2] | 50% 59,500 of 119,000 | 72% 85,625 of 119,000 | 87% 124,574 of 143,000 | 87% 130,803 of 150,150 |
| - The percentage of Medicaid-eligible children who are enrolled in Medicaid in FY 2002 will increase from 70% in FY 2001 to 73% in FY 2000. [2] | 64% 266,122 of 415,815 | 64% 266,122 of 415,815 | 70% 289,582 of 415,815 | 73% 303,545 of 415,815 |
| - A 5-year demonstration project will increase the percentage of low-income (up to 235% federal poverty level) persons with HIV/AIDS who have access to treatment in FY 2002 to 15%. [2]/[3] | N/A | N/A | 8% | 15% |
| -The percentage of residency program graduates practicing medicine in Georgia will meet or exceed the national average of 50% for all specialties combined. | 50% 275 of 550 | Available Spring 2001 | 50% | 50% |
| - At least 10% of medical clinics and hospitals will have interpreters available at least 8 hours every day to assist limited English speaking persons. [3] | N/A | N/A | 10% | 10% |
| -At least 85% of respondents to a survey of recipients will rate nonemergency services as good or very good. [3] | N/A | N/A | 85% | 85% |
| -Primary access will increase with the number of integrated rural health networks and delivery systems increasing from 6 to 12 in FY 2002. [3] | N/A | N/A | 6 | 12 |
| -The total number and dollar value of indigent care and charity care commitments from hospitals in Georgia will increase by 5 percent over estimated FY 2001 amounts. [4] | 194 \$358,843,445 N/A | N/A | 204 \$376,785,617 +5% | 213 394,727,790 +5% |
| Goal 2: Promote a culture of wellness, significantly minimize disparities, and improve the health status of all Georgians. | | | | |
| By FY 2002, at least 75% of State employees will be covered by health care plans that provide preventive and wellness services at no cost to the employee. [2] | N/A | N/A | 80% | 75% |
| - Minimize potential disparity in rates of availability and/or utilization of specialized health care services (for example, cardiac catheter, radiation therapy, and ambulatory surgery) in rural communities, using strategies that move rural rates of utilization closer to the state's average use rates and national access goals. [2]/[5] | N/A | N/A | <1: 1.5 | <1:1.2 |

DEPARTMENT OF COMMUNITY HEALTH - Results-Based Budgeting

| Goal 3: Improve cost-containment, quality of care, and customer service by establishing and enhancing partnerships. | FY 2000 Desired | FY 2000 Actual | FY 2001 Desired | FY 2002 Desired |
|---|--------------------|---------------------------|--------------------------------|--------------------|
| -The State of Georgia will expand its maximum allowable price program and implement a preferred drug list program to reduce the average prescription cost by at least 3%. [2] | N/A | N/A | >-3% | >-3% |
| -At least 30% of all participants in the Service Options Utilizing Resources in Community Environments (SOURCE) Demonstration Project will delay nursing home placement an average of 2 years after entering the program. | N/A | N/A | 20% | 30% |
| -Individuals covered under State health care plans will have 4.8% fewer readmissions within 15 days after discharge from the hospital. | N/A | 5.3% 15 days | 5.3% 15 days | 4.8% 15 days |
| -The average length of hospital stay for individuals covered under State health care plans will not decrease by more than 0.5% in FY 2001. (Quality Measure) [6] | N/A | N/A | <-0.5% | <-0.5% |
| Promote cost-effective health care services using the certificate of need process to protect consumers against unnecessary health care expenditures. Measure by project cost avoidance rate and amount. | >10% | 9% denied \$61,442,563 | >10% | >10% |
| - Reduce the number of emergency room visits for asthma by Georgia Better Health Care members by 5%. (Proxy measure for improved management of chronic diseases.) [2] | N/A | N/A | Baseline data to be determined | >-5% |
| Program Fund Allocation -- Total Funds | | \$5,763,949,076 | \$5,318,460,538 | \$5,934,461,944 |
| State Funds | | \$1,668,286,622 | \$1,506,927,288 | \$1,516,705,102 |
| Notes: | | | | |
| 1 - The Department of Community Health, which was created in FY 2000, has spent the last year clarifying and planning for its mission and role in providing access to healthcare for Georgians; therefore, the department's goals and desired results are incomplete. Goals and desired results will be refined and completed during FY 2002. | | | | |
| 2 - The number of persons eligible for the programs are based upon 1990 census data. | | | | |
| 3 - Because DCH is a new state agency, the data on FY 2000 results are not available. | | | | |
| 4 - Indigent/charity care data are collected on a calendar year basis. | | | | |
| 5 - A ratio of 1: 1:5 means, for example, that for every one person using services in rural areas of Georgia, 1 1/2 persons are using services statewide. | | | | |
| 6 - Advances in medicine have permitted shorter hospital stays for most illnesses. However, since providers are paid by DRG (Diagnosis Related Group) which results in financial incentives for discharging patients early, the department reviews this measure to ensure that patients are not being discharged earlier than is medically advisable. | | | | |
| TOTAL - All Programs | Total Funds | \$5,763,949,076 | \$5,318,460,538 | \$5,934,461,944 |
| | State Funds | \$1,668,286,622 | \$1,506,927,288 | \$1,516,705,102 |