



HMHB Legislative Update January 25, 2010

The General Assembly was in recess last week, but it was a busy week nonetheless as the House and Senate Appropriations Committees met jointly for budget hearings. The schedule began with remarks from Governor Perdue and continued throughout the week as agency heads responded to the governor's proposals for the Amended FY 2010 and FY 2011 budgets. Gov. Perdue spoke about the current economic situation and stated that Georgia has not faced similar economic conditions since the Depression more than 70 years ago. He further stated that he believes the economic freefall is over and he expects flat economic growth for the rest of this fiscal year. The FY 2011 budget assumes 4.2% growth.

BUDGET NEWS

Governor Perdue stated that education is his top priority and for this reason cuts to the Department of Education budget were approximately 3%. The average proposed reduction for most state agencies is 9% but some received deeper cuts and some programs are slated for elimination. The FY 2011 budget assumes increases in Medicaid provider fees proposed by Gov. Perdue, and opposition to these increases from both providers and legislators is building. Without revenue from these increases, the FY 2011 budget will have to be reduced by an additional \$500 million.

Governor Perdue has included 3 additional furlough days for all state employees including teachers for the remainder of FY 2010. There are no proposed furlough days in the FY 2011 budget. Although we continue to have questions about details in both the Amended FY 2010 and FY 2011 budgets, we do have some additional information.

Department of Community Health

By the end of the current fiscal year (2010) DCH is projecting a 7.7% increase in Medicaid enrollment of low-income children and pregnant women. Extra Tobacco Settlement funds have been depleted and enhanced Medicaid federal funding included in the American Recovery and Reinvestment Act will end in December. As a result of these factors and increasing healthcare costs, DCH reports it is facing a funding hole of \$608 million in FY 2011. The Governor has proposed new healthcare provider fees on hospitals and managed care organizations in Georgia and his FY 2011 budget assumes that Congress will extend the enhanced Medicaid funding for an additional 6 months.

- Medicaid funds are reduced in FY 2011 by \$30.3 million based on lowered projected expenditures. During budget hearings last week, DCH Commissioner Rhonda Medows suggested that this reduction underfunds projected growth for FY 2011 by \$30.3 million.

- Reduce Medicaid/PeachCare fees for doctors, dentists, and other providers except hospitals and home and community-based services by 2 percent.
- Reduce county health department grant-in-aid by \$7.7 million (11.2%) in FY10. In FY 2011 the proposed reduction is \$5.6 million.
- Defer \$225,000 in funding for the Medicaid family planning waiver to reflect delayed implementation.
- Reduce administrative funding for Regional Tertiary Care Centers by \$196,680 in FY 2010 and FY 2011.

Department of Education

- Reduce funding for school nurses by \$1.164 million in FY 2010 and by an additional \$436,500 in FY 2011.

All state employees will be required to take an additional 3 days of furlough in FY 2010 for a total of 6 furlough days.

OTHER NEWS

Trauma Funding

The FY 2011 budget moves \$23 million in funding for trauma centers from the Emergency Preparedness program to fund the Georgia Trauma Care Network Commission as a separate agency administratively attached to DCH.

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