



Keeping Current @ the Capitol February 2, 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 only 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 which would generate \$500 million; however opposition to these increases from both providers and legislators is building.

Governor Perdue has included three (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. The Tobacco Settlement funds have been depleted, and the 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 budget by \$30.3 million based on lowered projected expenditures. During budget hearings last week, DCH Commissioner

Rhonda Medows suggested that this proposed reduction underfunds projected growth for FY 2011 by \$30.3 million.

- The proposed budget calls for a two percent (2%) reduction in Medicaid/PeachCare fees for doctors, dentists, and other providers (except hospitals, nursing homes and community-based services).
- The proposed budget would reduce county health department grant-in-aid by \$7.7 million (11.2%) in FY2010 and by \$5.6 million in FY2011.
- The proposed FY2010 budget would defer \$225,000 in funding for the Medicaid family planning waiver to reflect delayed implementation.
- The proposed budgets would reduce administrative funding for Regional Tertiary Care Centers by \$196,680 in FY 2010 and FY 2011.

Department of Education

- The proposed budgets would reduce funding for school nurses by \$1.164 million in FY 2010 and by an additional \$436,500 in FY 2011.

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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