

FY 2013 Budget Analysis: House Budget

A Review of the House Appropriations Bill, HB 742

by Alan Essig, Executive Director

Summary

The House FY 2013 Appropriations Bill, HB 742, referred to as the House FY 2013 Budget totals a little more than \$19.2 billion. The FY 2013 budget has an increase of \$930 million in general funds from last year; however, it is still nearly \$2 billion less than the pre-recession budget of FY 2009. Overall many department budgets are 20 to 30 percent less than their budgets in FY 2009. The majority of the \$930 million in additional funding is for student growth, filling shortfalls in Medicaid and the State Health Benefit Plan, and making required contributions to the State Employees and Teachers Retirement Plans. Despite the additional funds in the budget, the governor proposed additional two-percent budget cuts for many agencies.

Overall, the House FY 2013 budget contains relatively minor adjustments to the governor's budget proposal. Many of the adjustments restore some of the additional cuts as well as replace some of the federal TANF funding cuts with state funds.

This budget analysis highlights some of the House changes to the Governor's Budget Report: FY 2013. Visit www.gbpi.org for detailed budget analysis of the governor's FY 2013 budget.

Education

Bright from the Start: DECAL

- Provides an additional \$893,485 in operating funding for 10 additional days of instruction. Funding covers 170 Pre-K School days for teacher salary and operating funding. For FY 2012, full funding covered 160 Pre-K school days.

K-12 Education

- Provides \$6.75 million in additional funding for Special Needs Scholarships program;
- Provides \$816,588 additional funding for Preschool Handicapped program to reflect actual earnings;
- Cuts \$2.3 million in funding for Severely Emotional Disturbed (SED) program to reflect declining enrollment growth;
- Rejects transfer of funds for School Nurse and Nutrition programs into the QBE program as recommended by governor; and
- Reduces governor's proposed cut to School Nutrition program by \$283,176.

Georgia Student Finance Commission

- Rejects providing additional \$2,065,101 for the Accel Program, based on projected need. Instead funding is based on the equivalent of a Zell Miller HOPE public award, which provides full tuition costs but does not provide funding for books and fees.



Health

The Department of Community Health

The House budget makes several adjustments to the DCH budget for FY 2013 which reduces state appropriations by \$4.8 million, compared to the governor's budget proposal. This amount includes a General Fund reduction of \$9.4 million and an increase in Nursing Home Provider Fees of \$4.6 million. The following sections summarize the adjustments made by the House.

Medicaid

The House budget reduces state funds directed to Medicaid by \$6.2 and makes the following adjustments to the Governor's original budget proposal:

- Reduces \$12.8 million in state funds savings by assuming that FY 2012 surplus funds will be available to DCH in FY 2013;
- Adds \$8.5 million in new funding (bringing the total FY 2013 increase to \$30 million) to update nursing home reimbursement rates to the 2010 cost report. This amount includes approximately \$3.9 million in new General Funds and nearly \$4.6 million in new Nursing Home Provider Fees;
- Projects additional \$4 million in state fund savings as a result of increased efforts to identify and then reduce inappropriate and/or medically unnecessary service utilization;
- Adds \$1.2 million in new funds to allow for (and to reimburse) physicians to administer certain single-dose prescriptions – generally specialty drugs – in non-hospital settings; and
- Adds \$810,000 to fund 50 new waiver slots for the Independent Care Waiver Program.

In addition to the above adjustments to state funds, the House budget reflects the assumption that \$75 million in new federal funds will be available to DCH to increase Medicaid reimbursement rates for specific immunization and primary care rate codes. This federal funding is from the Affordable Care Act, which provides the funding to bring Medicaid reimbursement rates up to the same rates paid by Medicare. No state funds are needed for this rate increase.

Administration and Health Care Access & Improvement

The House budget makes several adjustments to the governor's budget in the Administration program and the Health Care Access and Improvement program:

- Provides \$1.75 million in new General Funds to expand DCH efforts to identify inappropriate and medically unnecessary health care service utilization in the Aged, Blind, and Disabled portion of the Medicaid program;
- Eliminates \$600,000 in funding in the governor's budget to evaluate a new reimbursement methodology for outpatient services in light of DCH efforts to redesign the Medicaid program which could lead to a later revision of reimbursement methodology;
- Reduces \$1 million in funding increase (originally set at \$1.7 million) for the implementation of the ICD-10 (International Classification of Diseases) diagnosis and procedure codes, which takes effect in October 2013; and
- Provides \$1.2 million in new General Funds to the Health Care Access and Improvement program to fund start-up costs for two new Federally Qualified Health Centers, to provide funds to the Area Health Education Centers to increase housing resources available for medical students completing core clerkships and rural/primary care electives, and to provide funds to the Southeastern Firefighters Burn Foundation.

The remaining programs – including PeachCare, the State Health Benefit Plan, and Healthcare Facility Regulation – are unchanged from the governor's budget. Furthermore, the House budget includes several adjustments that combine to add \$2.6 million in new General Funds to various components of the Georgia Board for Physician Workforce, which is attached to DCH for budgetary purposes.



Department of Public Health

The House adds \$4.7 million to the Department of Public Health budget in FY 2013:

- \$2.2 million to the Children 1st program to replace lost federal funds. Children 1st provides nurse home visits for approximately 8,500 low and very-low birth-weight babies each year, and helps connect tens of thousands of at-risk children to needed medical and developmental services
- \$2.5 million to implement the first and second year of a 7-year phase-in of the revised distribution formula for public health grants to counties. These funds will prevent 46 counties from losing money in FY 2013 as a result of the formula revision.

Department of Behavioral Health and Developmental Disabilities

The House budget makes several adjustments to the Governor's budget for DBHDD that combine to increase General Funds to the Department by \$184,780:

- Adds \$800,000 in General Funds to the Adult Addictive Diseases program to restore lost federal TANF Funds. The budget also transfers \$2.5 million in other federal funds and \$1 million in various state funds to this program to further make up for the lost federal TANF funds;
- Adds \$250,000 for the Opening Doors to Recovery Project;
- Adds \$100,000 to the Emory Autism Center and \$250,000 to the Marcus Autism Center; and
- Cuts more than \$700,000 from the Department's Administration budget and reduces \$500,000 from the Adult Mental Health Services program (based on prior year actual expenditures).

The House budget also adds language to specify that the Department shall use federal funding from the Balancing Incentives Payment Program (BIPP) to annualize waiver services added in FY 2012 for youth aging out of the state foster care system. The BIPP funds are also being used to annualize and provide new waiver services as required under the Department of Justice Settlement Agreement.

Human Services

Georgia Vocational Rehabilitation Agency

The House transfers the Division of Rehabilitation Services from the Department of Labor (DOL) to a newly created agency, Georgia Vocational Rehabilitation Agency, which would be attached to the DHS, effective July 1, 2012. The agency would be assigned to DHS for administrative purposes only and would receive the following from DOL:

- Vocational Rehabilitation – 779 positions, 12 motor vehicles, \$66.5 million in federal funds, and \$13 million in state funds, including \$180,159 to bring the cut for contract funds for specialized services to two percent from eight percent.
- Business Enterprise Program – 20 positions, \$267,655 in state funds, and \$2 million in federal funds.
- Roosevelt Warm Springs – 491 positions, 44 vehicles, \$5.5 million in state funds and \$25.9 million in federal funds.
- Disability Adjudication – 569 positions funded entirely by federal funds (\$55.6 million).
- Georgia Industries for the Blind – 20 positions and 15 motor vehicles, funded entirely by federal funds (\$11.8 million).
- Administration – 45 positions, \$1.4 million in state funds, and \$2.3 million in federal funds.

HB 1146 is the legislation required to implement this change. The bill passed the House on February 28 and is now in the Senate Health and Human Services Committee.



Other Budget Highlights

Accountability Courts

- Provides \$429,877 to the Judicial Council for administration and operating funds of the Accountability Courts. The \$11.6 million in grant funds are located in the Criminal Justice Coordinating Council.

Economic Development

- Cuts additional \$172,000 in various marketing programs.
- Provides \$400,000 to open an office in China.

Governor's Emergency Fund

- Reduces \$8.1 million in funding due to the federal government reducing the interest rate on outstanding Unemployment Trust Fund federal loan balances. Georgia's second interest payment is due on September 30, 2012.

Insurance

- Transfers \$3.3 million in funds and 63 positions from the Department of Labor for fire safety inspections. Governor proposed transfer to Department of Agriculture.

Georgia Bureau of Investigation

- Provides additional \$2.4 million to initiate a law enforcement career ladder within Forensic Scientific Services and Regional Investigative Services.

Natural Resources

- Provides \$1.1 million to initiate law enforcement career ladders in the Wildlife Resources division and Parks, Recreation and Historic Sites.

Agriculture Experiment Station

- Provides \$600,000 for four crop scientists specializing in the areas of horticulture, peanuts, soybeans, and peaches.

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