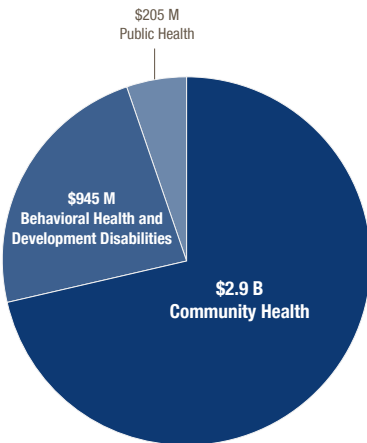


## Health Care

### Overview

Georgia’s health care spending is primarily distributed through three state agencies – the Department of Community Health, the Department of Public Health and the Department of Behavioral Health and Developmental Disabilities. State funding for these three agencies totals nearly \$4 billion in 2014, which is about 21 percent of total state spending.

**Figure 20 \$4 Billion for Health Care is Distributed to Three Agencies**



Source: Georgia’s 2014 Fiscal Year Budget (HB 106), signed by governor

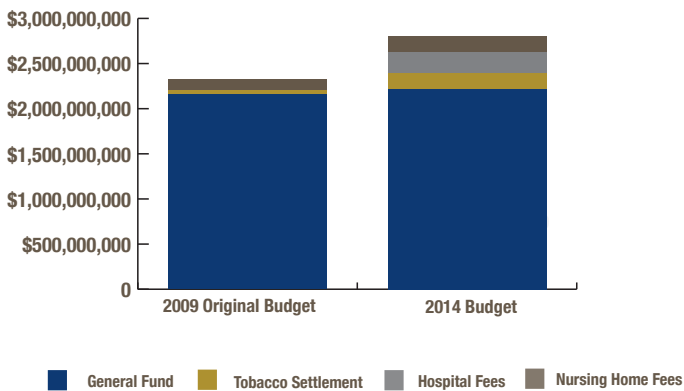
- The Department of Community Health is the largest of Georgia’s three health care agencies. It accounts for \$2.9 billion, or 71.5 percent of total state spending on health care. It operates Georgia’s Medicaid and PeachCare programs, operates some planning and regulatory functions, and the State Health Benefit Plan that provides health care to state employees and teachers.
- The state’s spending on behavioral health and disabilities, including some services funded through Medicaid, account for about \$945 million, or 23.5 percent of Georgia’s spending on health care.
- The Department of Public Health operates a variety of population-based health programs such as immunizations, health screening and infectious disease control. It receives \$205 million, 5 percent of Georgia’s health spending.

## Medicaid and PeachCare: Georgia's Stagnant Investment in Crucial Services

Medicaid and PeachCare are expected to provide health insurance to 1.8 million Georgians in 2014. This is a 20 percent increase since 2009, but state General Fund investment has lagged behind, with spending only increasing 3 percent in that time to \$2.2 billion in 2014. Instead, Medicaid and PeachCare increasingly rely on other revenue, such as \$166 million from the Tobacco Master Settlement agreement and \$242 million from hospital provider fees. The share of alternate funding is expected to increase to more than 20 percent in 2014. It was less than 8 percent in 2009. About \$56 million of the 2014 Tobacco Settlement funding is one-time money not available in 2015. The federal government pays nearly two-thirds of Georgia's Medicaid costs and more than three-fourths of the costs for PeachCare in 2014.

Georgia's stagnant investment in these crucial health care services fails to meet the needs of the state's growing and aging population. In 2009, Georgia's combined state and federal investment per Medicaid patient was second-lowest in the country. Georgia is home to nearly 1.9 million people without insurance, one of the highest national totals.

**Figure 21** General Funds a Smaller Share of Medicaid and PeachCare Than in 2009



Source: Georgia's 2014 Fiscal Year Budget (HB 106), signed by governor

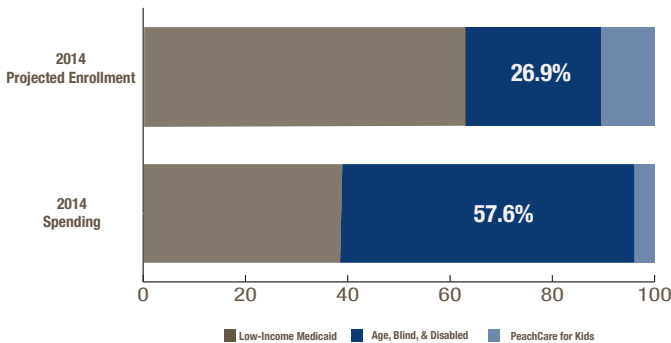
## Medicaid and PeachCare Enrollment and Spending

Medicaid and PeachCare are important sources of health insurance for Georgians, especially children, pregnant women, low-income seniors and people with disabilities. At least 40 percent of all children in Georgia – more than 1.1 million – will likely get health care through Medicaid or PeachCare in 2014.

Medicaid is also the primary payer for three-fourths of all nursing home patients in Georgia and pays for more than half of all births in the state. Medicaid helps pay Medicare premiums for low-income seniors who are in both programs. Medicaid also pays for in-home care services and employment support for people with developmental disabilities, physical disabilities and behavioral health needs.

The majority of Georgians who receive health care through Medicaid qualify based solely on their low income, but the bulk of Georgia’s Medicaid spending in 2014 will pay for services for people who qualify for the program due to a disability. As shown in Figure 22, people in the Aged, Blind, & Disabled portion of the program are about one-fourth of total enrollment, yet account for nearly 60 percent of total spending. PeachCare, on the other hand, serves nearly 11 percent of all people in Medicaid and PeachCare, yet represents only 4 percent of total spending.

**Figure 22 Bulk of Medicaid Spending is for Services for Seniors and Disabled Georgians**



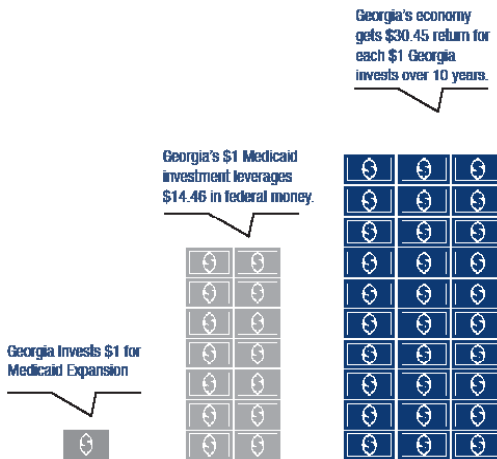
Sources: Georgia’s 2014 Fiscal Year Budget (HB 106), signed by governor, Department of Community Health Estimates

## Medicaid Expansion: How Will Georgia Answer the \$65 Billion Question?

Beginning January 2014, Georgia has the opportunity to expand Medicaid under the federal Affordable Care Act to allow more low-income working-age adults to obtain health insurance. More than 500,000 uninsured adults in Georgia will gain new access to health care coverage if Georgia expands Medicaid by extending eligibility to people living at 138 percent of the federal poverty level, which is an income of about \$16,000 a year for a single adult or \$27,000 for a family of three.

The federal government would pay the full cost for newly eligible Georgians until 2016 and would cover at least 90 percent of new costs long term. Georgia would pay less than 7 percent of the costs of Medicaid expansion between 2014 and 2023. Expanding would bring more than \$31 billion in new federal money to Georgia's health care system in the next 10 years and would create \$65 billion in new economic activity during that decade, according to an analysis by Georgia State University.

**Figure 23 Medicaid Expansion Can Deliver Big Bang for Georgia's Buck**



Source: "The Economic Impact of Medicaid Expansion in Georgia," William S. Custer, Ph.D, Institute of Health Administration. J. Mack Robinson College of Business, Georgia State University, Healthcare Georgia Foundation, Publication #74, February 2013.

Note: Per dollar figures are based on Georgia State University report projecting a \$65.4 billion economic impact of expansion, relative to the \$2.1 billion 10-year state investment.

## Behavioral Health and Developmental Disabilities

Georgia's increased spending for behavioral health and developmental disability services in recent years is largely due to a 2011 legal settlement with the U.S. Department of Justice, which requires the state to provide more of those services in home or community settings rather than institutions.

As a result, Georgia's 2014 behavioral health budget is \$131.8 million more than in 2009, an increase of 17 percent. Georgia's 2014 budget reflects the fourth year of the five-year agreement, which outlined a schedule for the state to start providing new services and supports to people in need of this care. The state has so far provided \$124.6 million to the Department of Behavioral Health and Developmental Disabilities to implement these changes.

## Public Health

Georgia's public health programs in 2014 largely depend on funding from the federal government. Federal money accounts for 61 percent of the department's budget of more than \$700 million, while state funding accounts for 32 percent. Other sources, such as fees paid by patients visiting health departments, make up the remaining 7 percent.

As recently as 2012, Georgia's state investment in public health ranked as the fifteenth lowest in the U.S. and was nearly 40 percent below the national median. Georgia's 2014 spending on public health is only about 5 cents a day per person. Since 2009, state funding for public health has been cut by 5 percent, or \$9.5 million. This does not include administrative spending because a recent agency restructuring makes it difficult to compare that funding year to year.