

Overview: 2023 Fiscal Year Budget for the Georgia Department of Community Health

By: David Schaefer, Research Director

Gov. Brian Kemp proposed a 2023 budget of \$3.9 billion in state general funds for the Department of Community Health (DCH). General funds for the agency increased by \$516 million from the 2022 fiscal year, mostly to offset the expected loss of federal Medicaid matching funds and account for growth in Medicaid expenses.¹

The proposed state budget allots a total of \$667 million from other state funds including nursing home and hospital provider fees and money from a tobacco industry legal settlement. This is a \$3.7 million decrease in those funds compared to the 2022 budget year. The budget includes another \$3.75 billion from the State Health Benefit Plan, which manages health insurance coverage for state employees, retirees and their dependents. Federal funding for the agency is \$9.2 billion in the 2023 fiscal year that begins July 1, 2022.

Medicaid and PeachCare Provide Health Coverage to One Out of Every Five Georgians

The majority of the agency's budget is spent on Medicaid and PeachCare, Georgia's name for the federal Children's Health Insurance Program. These two programs provide more than 2 million Georgians with the ability to see a health care provider. Medicaid pays for critical health services including about three-quarters of all nursing home care and half of all births in the state.

Amended FY 2022 Budget

The amended budget for FY 2022, which started on July 1, 2021, and ends on June 30, 2022, proposes a total increase of \$6.5 million in state funds, or an increase in state funds of less than 1 percent. Other highlights include:

- Savings of \$272 million for Medicaid and PeachCare due to an extension of the 6.2 percentage point increase in the federal Medicaid matching rate implemented because of the COVID-19 national public health emergency.

- Increase of \$3.4 million to support Medicaid Management Information System (MMIS) contractual services to reflect recent Medicaid enrollment growth.²

FY 2023 Budget

Overall, the proposed FY 2023 budget reflects an increase of \$513 million, or 12.4 percent, in state funds over FY 2022, and an increase over FY 2020 (the pre-pandemic budget) of \$1 billion, or 28.2 percent. Ninety-four percent of the agency's state funds and 92 percent of the federal funds in the proposed FY 2022 department budget are allocated to Medicaid and PeachCare. Other highlights include:

- Increase of \$150 million in state funds due to anticipated loss of enhanced federal Medicaid matching rate implemented because of the national public health emergency.³
- Increase of \$50 million for projected growth in Medicaid and PeachCare.
- Increase of \$39 million for implementation of "express lane enrollment," allowing for many children already receiving benefits through the Supplemental Nutrition Assistance Program (SNAP, also known as Food Stamps) to be automatically enrolled in the Medicaid program.⁴
- Increase of \$28 million to extend postpartum coverage from six to 12 months (effective upon Centers for Medicare & Medicaid Services [CMS] approval).

Patient's First Act

DCH received approval for a Medicaid 1115 waiver (called "Georgia Pathways to Coverage") on October 15, 2020.⁵ The waiver was one of two authorized. This waiver would have partially expanded Medicaid coverage for Georgia adults making below the poverty line who were able to document 80 hours of work monthly. Although there are more than 480,000 uninsured adults with incomes below the poverty line (\$12,000 a year for an individual) and most are employed, the state expected only about 31,000 people to get coverage through the waiver in the first year and a total of 64,000 to gain coverage over the course of five years.

Enrollment for the waiver would have begun on July 1, 2022, but the federal government rejected the work requirement in December 2021 after moving the proposal from "approved" to "pending" in February 2021.^{6,7} As of January 21, 2022, the governor is suing the Biden Administration to reinstate the waiver.⁸ In contrast to the 1115 waiver, full Medicaid expansion would cover 15 times the number of people in Year 1, at about 20 percent of the cost, while also allowing Georgia to receive an additional \$1.4 to \$1.9 billion

for full expansion.⁹ Failure to fully expand Medicaid is a failure to fully support racial equity as 58 percent of individuals in Georgia’s coverage gap are people of color.¹⁰

In addition, full Medicaid expansion would help encourage immigrant families, many of whom dropped Medicaid due to Trump-era amendments to the Public Charge Rule, to enroll for coverage and access essential medical care.^{11,12} Those families will continue to need access to care as immigrant workers have borne some of the worst exposure to the pandemic, with undocumented immigrants up to 7,900 times more likely to die from COVID and the foreign-born comprising 10.1 percent of Georgia’s population yet 24.1 percent of Georgia’s uninsured.^{13,14}

Full Medicaid expansion is the best option for Georgia

State’s proposed Medicaid waiver that includes work requirements



Estimated enrollment in Year 1

31,093

Cost per enrollee

\$2,420

State’s proposed Medicaid waiver without work requirements



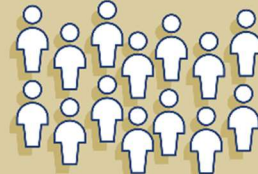
Estimated enrollment in Year 1

269,000

Cost per enrollee

\$2,420

Full Medicaid expansion



Estimated enrollment in Year 1

481,956

Cost per enrollee

\$496

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Source: Harker, Laura. February 17, 2021. “Expand Medicaid Fully: Reject Risky and Expensive State Plan.” Georgia Budget and Policy Institute.

In connection with the federal government’s rejection of the work requirement, it appears that particular funds allocated to implementing the 1115 waiver may not be needed, such as approximately \$2 million of \$4 million assigned in the Department of Human Services (DHS) budget to enhance the state’s Gateway program eligibility system.¹⁵

Medicaid 1332 “innovation” waiver

DCH [received approval](#) for a Medicaid 1332 waiver (Part II of which is called the “Georgia Access Model”) on November 1, 2020.¹⁶ While failing to provide a substitute that is comparable, the Georgia Access Model would effectively eliminate the ability of Georgians to access HealthCare.gov, a neutral platform that enables shopping for and viewing of all marketplace health insurance plans.

In place of HealthCare.gov, the Georgia Access Model would return the insurance market to how it was prior to the Affordable Care Act (ACA), leaving individuals to search for plans among numerous private brokers and insurers, with the state dependent upon private companies to conduct outreach. Georgia’s plan would dismantle the synergies created by HealthCare.gov, eliminate proven federal approaches to reaching individuals with quality plans and make the search for quality health insurance more difficult, all while failing to ensure that plans chosen by consumers meet ACA standards and are eligible for ACA subsidies.¹⁷

On November 9, 2021, after the state failed to respond to multiple requests for more information, Georgia received a letter from CMS stating that the federal government was opening a 60-day public comment period to end on January 9, 2022, to help determine whether the model continues to meet the purposes and guardrails of the ACA in light of changed conditions, including federal policy changes made through the American Rescue Plan and executive orders focused on advancing racial equity. At the moment, future implementation of the Georgia Access Model remains in question, although Part I of Georgia’s 1332 waiver, establishing a state-based reinsurance program which was set to begin on January 1, 2022, looks like it will proceed.¹⁸

Funds for the 1332 waiver are not delineated in the DCH budget. However, several lines of funding linked to the 1332 waiver do appear elsewhere outside the DCH budget. For example, \$124 million is allotted in FY 2023 and \$49,000 in AFY 2022 to the Commissioner of Insurance to implement the Part I state-based reinsurance program.

It is unclear what will happen to non-DCH funds tied to the Georgia Access Model, such as the \$16 million in FY 2023 allocated to the Commissioner of Insurance for the state health care exchange and \$8 million allocated in AFY 2022 for that same purpose.

State Health Benefit Plan and Other Department Programs

The DCH budget also includes the State Health Benefit Plan, the Indigent Care Trust Fund, the Board of Dentistry, the State Board of Pharmacy, Health Care Access and Improvement, Healthcare Facility Regulation and Administration.

State Health Benefit Plan

The State Health Benefit Plan offers health insurance to Georgia's active and retired state employees, teachers and other public school employees. About 665,000 Georgians receive health coverage through this plan. The program is paid for through employee and employer contributions. The 2023 budget estimates the plan will spend \$3.75 billion, the same amount allotted in the 2022 budget, but lower than the \$3.79 billion now proposed in the AFY 2022 budget.

Indigent Care Trust Fund and Other Programs

The remaining six department programs after Medicaid, PeachCare and the State Health Benefit plan include the Indigent Care Trust Fund, the Board of Dentistry, the State Board of Pharmacy, Health Care Access and Improvement, Healthcare Facility Regulation and Administration. These programs are set to receive a combined \$193 million in state general funds, a \$25 million increase from 2022. Much of the increase in state funds for FY 2023 is comprised of \$7.3 million to provide a \$5,000 pay increase for full-time employees to address agency recruitment and retention in Departmental Administration (\$4 million) and Healthcare Facility Regulation (\$3.3 million).

The FY 2023 budget also includes a \$16 million increase to the Indigent Care Trust Fund, which supports rural and other health care providers that serve people who do not have health insurance and are not eligible for other health coverage.

Attached Agencies

DCH also holds administratively attached agencies, including the Georgia Board of Health Care Workforce, Georgia Composite Medical Board and Georgia Drug and Narcotics Agency. Combined spending for these totals \$101.3 million, an increase of \$5.2 million from FY 2022. A major part of the funding increase is for the Georgia Board of Health Care Workforce, which collects data to determine health provider workforce needs in underserved areas. Approximately half of the increase in funding is for 136 new residency slots in primary care medicine. It has been shown that doctors who both attend medical school in the state and complete their residency here are more likely to remain in Georgia. Each year, the state helps ameliorate the scarcity of residency slots and keep physicians in the state by adding new slots.

Endnotes

¹ The information in this overview is derived from GBPI analysis of data from Governor’s Office of Planning and Budget. (2023). *The governor’s budget report amended fiscal year 2022 and fiscal year 2023.*

² Medicaid Management Information System (MMIS).Medicaid.gov.
<https://www.medicaid.gov/medicaid/data-systems/medicaid-management-information-system/index.html> MMIS is “an integrated group of procedures and computer processing operations (subsystems)...in connection with MMIS, a state may utilize contractual services to “perform work for the design, development, installation, or enhancement of a mechanized claims processing and information retrieval system.”

³ US Department of Health and Human Services, Office of the Assistant Secretary for Preparedness and Response. (2021). *Renewal of determination that a public health emergency exists.* <https://aspr.hhs.gov/legal/PHE/Pages/COVID19-14Jan2022.aspx> The Public Health Emergency (PHE) was renewed on January 16, 2022 by Secretary of Health and Human Services Xavier Becerra, to expire on April 16, 2022. Since the governor’s FY 2023 budget would not take effect until July 1, 2022, it is probable that, even with the extension, the public health emergency will have expired, and with it, the enhanced federal Medicaid matching rate of 6.2 percent, passed in March 2020 as part of the Families First COVID-19 relief legislation.

⁴ Passed during the 2021 legislative session, to be implemented no later than June 30, 2022. Georgia General Assembly. (2021). HB 163.
<https://www.legis.ga.gov/legislation/59085>

⁵ Medicaid.gov. “About Section 1115 demonstrations.” “Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that are found by the Secretary to be likely to assist in promoting the objectives of the Medicaid program. The purpose of these demonstrations, which give states additional flexibility to design and improve their programs, is to demonstrate and evaluate state-specific policy approaches to better serving Medicaid populations.” <https://www.medicaid.gov/medicaid/section-1115-demonstrations/about-section-1115-demonstrations/index.html>

⁶ Bluestein, G. (2021, December 23). “Feds reject work requirement in Kemp’s Medicaid overhaul. *The Atlanta Journal-Constitution.* <https://www.ajc.com/politics/feds-reject-work-requirement-in-kemps-medicaid-overhaul/JVYXOYFVVJDL5AJDIXMFABDLJU/>; Medicaid.gov. (2021, December 23). “CMS letter to state.”

<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ga/ga-pathways-to-coverage-12-23-2021-ca.pdf>

⁷ Bluestein, G. (2021, February 13). “Feds temporarily halt approval of Kemp’s Medicaid overhaul.” *The Atlanta Journal-Constitution*. <https://www.ajc.com/politics/feds-temporarily-halt-approval-of-kemps-medicaid-overhaul/FVWZNMVD7BCYVFJIZZXIUQIJP4/>

⁸ Weixel, N. (2022, January 21). “Kemp sues Biden administration over Medicaid work requirements.” *The Hill*. <https://thehill.com/policy/healthcare/590842-kemp-sues-biden-administration-over-medicaid-work-requirements>

⁹ Harker, L. (2021, March 17). *Medicaid is now an even better deal for Georgia*. Georgia Budget and Policy Institute. <https://gbpi.org/medicaid-is-now-an-even-better-deal-for-georgia/>

¹⁰ Center on Budget and Policy Priorities. (2021, July 8). “The Medicaid coverage gap in Georgia.” <https://www.cbpp.org/sites/default/files/7-8-21tax-factsheets-ga.pdf>; The “coverage gap” consists of individuals who do not make enough money to qualify for marketplace assistance through the Affordable Care Act (ACA), but who are ineligible for Medicaid due to a state’s failure to fully expand Medicaid.

¹¹ Coronado, A. (2019, September 24). “Fearing deportation, immigrants are dropping Medicaid over misinformation about Trump’s new policy.” *The Texas Tribune*. <https://www.texastribune.org/2019/09/24/immigrants-medicaid-what-you-need-know-about-new-trump-policy/>

¹² US Citizenship and Immigration Services. *Public charge*. <https://www.uscis.gov/public-charge>

¹³ US Census Bureau. *Quick facts: Georgia, foreign-born persons, percent*. <https://www.census.gov/quickfacts/GA>

¹⁴ Muñoz, C. (2021, December 17). *Over-represented among the vulnerable, under-protected in the pandemic: Georgia immigrants deserve better*. Georgia Budget and Policy Institute. https://gbpi.org/over-represented-among-the-vulnerable-under-protected-in-the-pandemic/#_ftnref1

¹⁵ In her January 27, 2022 presentation to the House Appropriation Human Resources Subcommittee, DHS Commissioner Broce discussed how the enhancements to Gateway were related to Gov. Kemp’s Medicaid 1115 waiver request, originally approved by the Centers for Medicare & Medicaid Services (CMS) under the Trump Administration and

would have instituted work requirements for Medicaid recipients. (beginning 1:05:42, ending 1:07:10, <https://vimeo.com/showcase/8988922?video=670397762>) On December 23, 2021, CMS rescinded the state's authority to implement these changes. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ga/ga-pathways-to-coverage-12-23-2021-ca.pdf>. In the subcommittee hearing, Com. Broce stated that given CMS's decision, the Gateway eligibility system would no longer need all the enhanced functionality as previously planned and said DHS would only use \$2 million instead of the full \$4 million in the Governor's proposed AFY 2022 budget. See p. 221, Governor's Budget Report Amended FY 2022 and FY 2023.

¹⁶ Medicaid.gov. "Section 1332: State innovation waivers." "Section 1332 of the Affordable Care Act (ACA) permits a state to apply for a State Innovation Waiver (also referred to as section 1332 waiver) to pursue innovative strategies for providing residents with access to high quality, affordable health insurance while retaining the basic protections of the ACA. In order for a section 1332 waiver to be approved, the Departments must determine that the waiver will provide coverage that is at least as comprehensive as the coverage provided without the waiver; provide coverage and cost-sharing protections against excessive out-of-pocket spending that are at least as affordable as without the waiver; provide coverage to at least a comparable number of residents as without the waiver; and not increase the federal deficit." https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-

¹⁷ Straw, T, & Levitis, J. (2021, December 17). *Georgia's plan to exit marketplace will leave more people uninsured, should be revoked*. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/health/georgias-plan-to-exit-marketplace-will-leave-more-people-uninsured-should-be>

¹⁸ For a full review of federal and state correspondence related to Georgia's 1332 waiver, visit https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers- and scroll to "Georgia".