

# Overview: 2024 Fiscal Year Budget for the Georgia Department of Community Health

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Gov. Kemp's budget proposal for Fiscal Year (FY) 2024 provides Georgia's health care safety net with \$4.2 billion in state general funds, a \$370 million or nine percent increase above current funding. Most of the increase is accounted for by shifts in annual re-calculations of the federal matching rate for Medicaid and PeachCare, and by growth in Medicaid's projected utilization. Another significant highlight is the increase in funding to support the implementation of Gov. Kemp's Pathways to Coverage program.<sup>1</sup>

## By the Numbers

### Amended Fiscal Year 2023 Budget

- Net state savings of about \$223.4 million from the additional federal dollars flowing to the state from the enhanced Federal Medical Assistance Percentage (FMAP) for continuous coverage under Medicaid and PeachCare during the COVID-related Public Health Emergency (PHE)
  - A reduction of \$505.9 million to reflect the enhanced FMAP for Medicaid and PeachCare members
  - An increase of \$282.5 million to reflect utilization and enrollment growth in Medicaid and PeachCare as a result of continuous coverage during the COVID-related PHE
- An increase of \$8.8 million to cover Ambulance Provider Fees
- A recognition of about \$188 million in prior year state general funds provided by the increased FMAP for home- and community-based services under the American Rescue Plan. Funds will be utilized to support older adults and individuals with disabilities as specified in the spending plan approved by the Centers for Medicare and Medicaid Services (CMS).<sup>2</sup>

- An increase of \$4.5 million to continue the suspension of premiums for PeachCare members through June 30, 2023
- An increase in the employer contribution per-member, per-month rate for certified school employees to \$1,580 effective January 1, 2023 (for more information, please see the FY 2024 budget for K-12 education)<sup>3</sup>
- Authorization to submit a State Plan Amendment to CMS to expand the express lane eligibility program to include Childcare and Parental Services (CAPS), Refugee Cash Assistance, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Express lane eligibility is intended to help streamline Medicaid enrollment and renewal for children by using existing program eligibility data—relieving the burden on both families and eligibility workers.

### Fiscal Year 2024 Budget

- An increase of \$226.9 million to reflect an adjustment in the Medicaid FMAP from 66.02 percent to 65.89 percent and the PeachCare FMAP from 76.21 percent to 76.12 percent (an annual re-calculation of the FMAP that will take effect October 2023 and is unrelated to the Medicaid unwinding)
- Recognition of \$150 million in reductions from FY 2022 to reflect the FMAP increase through December 31, 2023, for continuous coverage under Medicaid and PeachCare during the COVID-related PHE
- An increase of \$79.2 million to reflect growth in Medicaid's Aged, Blind, and Disabled program based on projected utilization
- An increase of \$52 million to implement the Georgia Pathways to Coverage program established under the Patients First Act of 2019
- An increase of \$8.8 million to cover Ambulance Provider Fees
- An increase of about \$1.1 million to provide a \$2,000 cost-of-living increase for full-time, benefit-eligible employees of the Department and its attached agencies
- A transfer of \$800,000 to the Office of Health Strategy and Coordination to establish operational funds for the All-Payer Claims Database, a statewide hub of claims data from public and private health care coverage payers that will help provide a better understanding of health care costs and utilization<sup>4</sup>
- An increase in the employer contribution per-member, per-month rate for certified school employees to \$1,580 effective January 1, 2023. Rates for non-certified employees will increase to \$1,580 effective January 1, 2024 (for more information, please see the FY 2024 budget for K-12 education)<sup>5</sup>

- An increase of \$3.5 million to establish or increase funds for various loan repayment programs administered by the Georgia Board of Health Care Workforce, including a loan repayment program for mental health professionals

## Pathways to Coverage Represents a Costly Solution to Health Care Access Issues

The Pathways to Coverage program proposes to expand Medicaid eligibility to adults making up to 100 percent of the federal poverty level (about \$30,000 in annual income for a family of four). To be eligible, these adults must complete at least 80 hours of work or other qualifying activities, and a subset must also pay monthly premiums. The FY 2024 budget includes \$52 million in FY 2024 state funds and recognizes \$65.5 million in unused FY 2022 state funds (about \$118 million in total state funds). These monies, along with the Federal matching funds, total \$153 million for the first-year implementation of the Pathways to Coverage program.

In the original applications that the Department sent to CMS for program approval, it was estimated that the program would cover between 52,000 to 64,000 Georgians at full enrollment. However, in his January 2023 State of the State address, Gov. Kemp said up to 345,000 could qualify for the program, and the Department estimates that up to 100,000 Georgians could enroll in the first year.<sup>6,7</sup> An explanation was not given for the discrepancy between the application numbers and the State of the State figure. Furthermore, the \$118 million in total state funds included in the FY 24 budget would only cover about 47,500 Georgians. No matter how many people gain coverage through the Pathways to Coverage program, it will still cover fewer Georgians and cost substantially more for the state to implement than a fully expanded Medicaid program.

	Scenario 1: State Share of Cost Matches Total State Funding in FY 2024 Budget	Scenario 2: State Enrolls 100,000 Georgians	Scenario 3: State Enrolls 345,000 Georgians	Scenario 4: State Fully Expands Medicaid under the ACA
Estimated Enrollment	47,500 Georgians	100,000 Georgians	345,000 Georgians	482,000 Georgians
Estimated State Share of Cost in First Year	\$118 million	\$249 million	\$859 million	\$239 million
Estimated State Cost Per Newly-Eligible Enrollee in First Year	\$2,490	\$2,490	\$2,490	\$496

Source: GBPI analysis using data from [state fiscal note](#) and from Pathways to Coverage [approval](#).

## Medicaid Unwinding Puts Pressure on Health Safety Net and on State Budget

At the start of the pandemic, the federal government passed a law that gave Georgia, like all other states, additional federal dollars for keeping Georgians with lower incomes continuously enrolled in Medicaid and PeachCare. This continuous health care coverage meant that more than 2 million Georgians have had uninterrupted access to affordable health care during a time of health and economic uncertainty. Starting April 1, 2023, this continuous coverage will begin to unwind, and Georgia will have 14 months to re-process the eligibility of all the children and adults who are covered by Medicaid and PeachCare.

This redetermination process will be an unprecedented health care event in our state. It will put tremendous pressure on our state agencies and health care system and could result in coverage losses for hundreds of thousands of Georgians. Children—who make up about 69 percent of those covered by Medicaid and PeachCare—are most at risk of

experiencing harmful temporary losses in coverage.<sup>8</sup> Groups like young adults aging out of Medicaid/PeachCare and new mothers past their year of postpartum Medicaid coverage are at risk of losing eligibility altogether and potentially falling back into the coverage gap. Amending the Medicaid state plan to expand express lane enrollment and continuing to suspend PeachCare premiums through June 2023—both included in AFY 2023 budget—will help minimize the harm of the unwinding. Adjustments in the Amended FY 2023 and FY 2024 Department of Human Services budgets should also address unwinding issues. However, the state legislature must make additional investments to avoid massive and unnecessary losses in coverage for both children and adults (examples of additional investments are included in GBPI’s ‘Keeping Georgians Covered: Tools for Minimizing the Harm of the Medicaid Unwinding’ fact sheet).<sup>9</sup>

Throughout the continuous coverage period, Georgia has received an enhanced 6.2 percent FMAP. However, the federal government will gradually decrease that FMAP starting in April. Although the Medicaid unwinding period does not end until June 2024, Georgia will go back to its standard FMAP in January 2024.<sup>10</sup> The FY 2024 budget includes a recognition of \$150 million in reductions from FY 2022 to reflect the FMAP increase through December 31, 2023, for continuous coverage under Medicaid and PeachCare during the COVID-related PHE. However, further adjustments will likely be needed as the unwinding process unfolds to balance enrollment reductions and FMAP cuts.

	Approximate Federal Medicaid Matching Rate	Approximate Federal PeachCare Matching Rate
April 1 – June 30, 2023	71 percent	80 percent
July 1 – September 30, 2023	69 percent	78 percent
October 1 – December 31, 2023	67 percent*	77 percent*

*\*Assumes adjusted base Medicaid FMAP of 65.89 percent and PeachCare FMAP of 76.12 percent starting October 2023*

*Source: Federal Consolidated Appropriations Act, 2023.*

## End Notes

<sup>1</sup> Chan, L. (2022, August 31). *Getting the green light for health care: An update on efforts to get more Georgians covered*. Georgia Budget and Policy Institute. <https://gbpi.org/getting-the-green-light-for-health-care-an-update-on-efforts-to-get-more-georgians-covered/>

<sup>2</sup> Georgia Department of Community Health. (n.d.). *American Rescue Plan Act initial spending plan*. <https://dch.georgia.gov/programs/hcbs>

<sup>3</sup> Owens, S. (2023, January 31). *Overview: 2024 fiscal year budget for K-12 education*. Georgia Budget and Policy Institute. <https://gbpi.org/overview-2024-fiscal-year-budget-for-k-12-education/>

<sup>4</sup> Georgia Office of Health Strategy and Coordination. (n.d.). *Georgia all-payer claims database*. <https://opb.georgia.gov/ohsc/georgia-all-payer-claims-database-apcd>

<sup>5</sup> Owens, S. (2023, January 31). *Overview: 2024 fiscal year budget for K-12 education*. Georgia Budget and Policy Institute. <https://gbpi.org/overview-2024-fiscal-year-budget-for-k-12-education/>

<sup>6</sup> Kemp, B. P. (2023, January 25). *Governor Brian P. Kemp's 2023 State of the State Address*. State of Georgia website. <https://gov.georgia.gov/press-releases/2023-01-25/governor-brian-p-kemps-2023-state-state-address>

<sup>7</sup> Grapevine, R. (2022, December 23). *How Georgia's new Medicaid work requirement program will work*. *Capitol Beat News Service*. <https://capitol-beat.org/2022/12/how-georgias-new-medicaid-work-requirement-program-will-work/>

<sup>8</sup> Chan, L. (2022, October 26). *Keeping Georgians covered: Tools for minimizing the harm of the Medicaid unwinding*. Georgia Budget and Policy Institute. <https://gbpi.org/keeping-georgians-covered-tools-for-minimizing-the-harm-of-the-medicaid-unwinding/>

<sup>9</sup> Ibid.

<sup>10</sup> Park, E., Dwyer, A., Brooks, T., Clark, M., & Alker, J. (2023, January 5). *Consolidated Appropriations Act, 2023: Medicaid and CHIP provisions explained*. Georgetown University Health Policy Institute: Center for Children and Families. <https://ccf.georgetown.edu/2023/01/05/consolidated-appropriations-act-2023-medicaid-and-chip-provisions-explained/>