

# Overview: 2025 Fiscal Year Budget for the Georgia Department of Community Health

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The Department of Community Health administers the state's healthcare safety net, reimburses hospitals for services provided to uninsured and underinsured Georgians, manages health insurance coverage for state and school system employees, and regulates health and long-term care facilities. Governor Kemp's budget proposal for Fiscal Year (FY) 2025 provides the Department with **\$5.2 billion in state funds**. About 94% of the Department's proposed funding is earmarked for Medicaid and PeachCare, which provide healthcare coverage to over 2 million Georgians with lower incomes. Although most enrollees are children under the age of 18, more than half (57%) of proposed FY 2025 funds for Medicaid and PeachCare would support coverage for older adults and individuals with disabilities.

Governor Kemp's budget proposal increases the Department's state funding by \$485 million, or 10%, above the original fiscal year 2024 budget. More than half of the state funding increase is accounted for by the loss of the pandemic-era enhanced federal matching rate for Medicaid and PeachCare. There are also small but notable increases in the proposed Amended Fiscal Year (AFY) 2024 and FY 2025 budget to make salary adjustments and hire new staff. These measures are pivotal at a time when about 1 in 3 Department employees is eligible for retirement within the next five years.<sup>i</sup>

## Budget Highlights\*: By the Numbers

### *Amended Fiscal Year 2024 Budget*

- **\$93 million increase** to reflect 2021 cost reports for skilled nursing centers that serve Georgians with lower incomes who require long-term care
- **\$752 thousand increase** for one-time, \$1,000 bonuses for full-time staff at the Department and its attached agencies

*\*This is not an exhaustive list; it represents notable budget changes. Budget amounts are rounded to the nearest whole number.*

### ***Fiscal Year 2025 Budget***

- **\$273 million increase** to reflect the end of pandemic-era enhanced federal matching for Medicaid and PeachCare continuous eligibility (\$138 million increase for Aged, Blind, and Disabled; \$135 million increase for Low-Income Medicaid; and a \$625 thousand increase for PeachCare)
- **\$118 million increase** to reflect 2021 cost reports for skilled nursing centers that serve Georgians with lower incomes who require long-term care
- **\$40 million increase** to boost rates for providers who serve older adults and individuals with disabilities in their homes and communities through the Independent Care Waiver Program and the Elderly and Disabled Waiver Program
- **\$3 million increase** to address retention of existing staff and recruitment and hiring of new staff
  - \$1.6 million increase for 4% cost-of-living adjustments for full-time staff (not to exceed \$3,000 each) at the Department and its attached agencies
  - \$1.5 million increase to add 20 positions to monitor, evaluate, and improve oversight of the care management organizations, which provide benefits and healthcare services to most Medicaid and PeachCare enrollees
  - \$383 thousand increase for \$2,000 salary enhancements for select positions that inspect and license healthcare facilities (nurse managers, quality assurance specialists, etc.)

### **End of Pandemic-era Enhanced Federal Match Impacts State Budget**

During the pandemic, Georgia, like all states, received additional federal funding to keep Georgians continuously enrolled in the healthcare safety net without conducting regular eligibility checks. At the outset of the pandemic, the federal government began paying about 72 cents of every dollar spent to cover Medicaid enrollees in Georgia. This enhanced federal match brought an estimated \$2.5 billion in additional federal funds to Georgia between January 2020 through March 2023, and offset the state cost of covering the enrollees added during the pandemic.<sup>2</sup> In fact, the Department ran up a combined surplus of over \$365 million in FY 2022 and FY 2023 thanks in part to those federal dollars. The federal government started stair-stepping down the enhanced match in April 2023, and Georgia returned to its standard Medicaid federal match rate of 66% in January 2024. This shift is reflected in the proposed FY 2025 budget as an increase in state funds.

**6%**

Percentage increase in federal match during pandemic-era Medicaid continuous eligibility policy

**\$2.5 Billion**

Estimated additional federal funding that Georgia received from the pandemic-era enhanced federal match

## Proposed Budget Accounts for Substantial Coverage Losses During Medicaid Unwinding but Ignores Need for Child Re-enrollment

The Medicaid continuous eligibility policy started to ‘unwind’ in April 2023, and every child and adult enrolled in Georgia’s healthcare safety net will get their eligibility re-determined prior to the end of May 2024. Georgians are losing coverage during this Medicaid unwinding, and the resulting decreases in Medicaid utilization for the Low-Income Medicaid program (which primarily covers children) are reflected in the FY 2025 budget proposal.

	AFY 2024	FY 2025
<b>Aged, Blind, and Disabled program</b> ↑ utilization among older adults and individuals with disabilities	\$120 million	\$68 million
<b>Low-Income Medicaid program</b> ↓ utilization among children, pregnant women, parents/caretakers with very low incomes, adults who work 80 hours per month (Pathways to Coverage)	(\$152 million)	(\$104 million)
<b>PeachCare program</b> ↑utilization among children whose parents make above Medicaid threshold	\$4 million	\$2 million
<b>TOTAL FUNDING CHANGE</b>	<b>(\$28 million)</b>	<b>(\$33 million)</b>

Despite these projected dips in utilization, there is no proposed funding in the FY 2025 budget proposal dedicated to proactively re-enrolling Georgians impacted by procedural denials. As of December 2023, about 85% of Georgians who lost coverage during Medicaid unwinding had lost it for procedural reasons, which means they are likely still eligible but got caught in bureaucratic red tape. Pinpointing exactly who is losing coverage and the underlying cause is challenging due to a lack of actionable, publicly available data. Commissioner Carlson stated in a January 2024 appropriations hearing that the Department is “working our way toward more actionable data where we can tell where hotspots are throughout the state and try to increase our outreach there”.<sup>3</sup> Children in rural communities and from Black and Latinx families are likely to be most impacted by procedural denials and are in need of urgent support with re-gaining healthcare coverage.<sup>4,5</sup> Acknowledging and addressing these disparities is critical in ensuring equitable access to essential healthcare services.

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<sup>i</sup> Georgia Department of Administrative Services (2023). *Annual workforce report, Fiscal year end 2023*. <https://doas.ga.gov/human-resources-administration/enterprise-talent-management-services/workforce-strategies-initiative>

<sup>2</sup> KFF (2023). *Fiscal implications for Medicaid of enhanced federal funding and continuous enrollment*. <https://www.kff.org/medicaid/issue-brief/fiscal-implications-for-medicaid-of-enhanced-federal-funding-and-continuous-enrollment/>

<sup>3</sup> Carlson, R. (2024). *Department of Community Health budget overview* [Testimony for House Health Appropriations Sub-Committee starting at 36 minutes]. <https://vimeo.com/showcase/8988927?video=905727322>

<sup>4</sup> Chan, L. (2022). *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>5</sup> Chan, L. (2023). *Children stand to lose during Medicaid unwinding, but there's more we can do to keep Georgians covered*. Georgia Budget and Policy Institute. <https://gbpi.org/children-stand-to-lose-during-medicaid-unwinding-but-theres-more-we-can-do-to-keep-georgians-covered/>