

Legislative Report – Week 1 "Budget Week"

Last week, Governor Deal proposed the FY 2018 Budget. We have taken a closer look into his proposal and have provided an overview of some of the larger Departments and agencies' funding. A total State appropriation for FY 2018 is around \$25 billion – only about 17 percent of that total amount is "discretionary" funding. This Budget is based on a revenue estimate of 3.6 percent growth in revenues over FY 2017. Thus, 83 percent of our State's Budget is used on necessary items – such as education and Medicaid. In terms of spending, the \$25 billion is essentially proposed to be expended as follows:

- Educated Georgia – 53.6 percent
- Healthy Georgia – 21.2 percent
- Safe Georgia – 8.2 percent
- Mobile Georgia – 7.6 percent
- Responsible and Efficient Government – 3.4 percent
- Growing Georgia – 1.2 percent
- Debt Management – 4.8 percent

Among the many items included in this proposal are salary adjustments across several Departments and agencies. Specifically, there are funds for executive, judicial and legislative agencies for merit-based pay increases for high-performing current employees and for salary adjustments to address retention of employees in jobs with high turnover rates and to recruit skilled workers. These include salary increases for Georgia's Division of Family and Children's Services caseworkers. There are also funds to assist the Board of Regents to hire premier faculty and a two percent adjustment for teachers. In total, this pay package is in excess of \$360.7 million.

Georgia's reserves (or Rainy Day Fund) are now in excess of \$2 billion. This increase in reserves has grown steadily since the uptick in the economy; Governor Deal's goal is get its growth even higher before he leaves office. Georgia's Rainy Day Fund is a statutory "savings account" (created in 1976) and its amounts have dipped and grown over the years – the lowest dip took place in 2004 and again in 2009. However, since 2011, the Fund has grown under Governor Deal's leadership.

Georgia's bond rating remains strong with the major bonding entities; Georgia is among only a handful of states with a AAA bond rating. This rating is due in part to the multi-prong approach on how Georgia obtains its revenues (sales tax, income taxes, etc.). The bulk of Georgia's revenues come from sales taxes (23.4 percent) and individual income taxes (45.8 percent). There is more than \$1.23 billion in bonds included in this FY 2018 proposal – an increase of more than \$10 million in bonds over the FY 2017 Budget.

Below are some highlights of the various Departments and Agencies:

Department of Behavioral Health and Developmental Disabilities

This Department, as a part of its work, provides support services to individuals with mental illnesses and addictive diseases and offers supports to people with developmental disabilities. It also oversees contracts with the State's 25 community service boards located across Georgia. More than \$1.09 billion is proposed to be used in State funds, and this includes an addition of more than \$64.6 million over the FY 2017 Budget. In total, this Department also receives more than \$144.6 million in federal funds to carry out its work. Approximately \$13 million of the change is for merit-based pay adjustments, employee recruitment and retention initiatives effective July 1, 2017. There were no changes in the Child and Adolescent Addictive Diseases Services (which is to address children who have substance abuse issues). There are also no funds proposed to increase assistance in the Substance Abuse Prevention program. Other changes include:

- **Adult Developmental Disabilities Services program –**
 - \$12.1 million to annualize the cost of 250 NOW and COMP waiver slots for the developmentally disabled to meet the requirements of the Department of Justice (DOJ) Settlement Agreement
 - \$11.7 million to annualize the cost of a provider rate increase for the Comprehensive Supports Waiver Program (COMP)
 - \$8.46 million to increase funds to reflect the loss of Balancing Incentive Payment Program funds (BIPP)
 - \$6.05 million to increase funding for 250 additional slots for the New Options Waiver (NOW) and Comprehensive Supports Waiver Program (COMP) for the developmentally disabled to meet the requirements of the Department of Justice Settlement Agreement
 - \$1.09 million to annualize the cost of 100 NOW waiver slots
 - A reduction of more than \$3.1 million to reflect an increase in Georgia's FMAP (Federal Medicaid Assistance Percentage) from 67.89 to 68.50 percent.

- **Adult Mental Services program –**
 - \$7.75 million is proposed to increase funds for mental health consumers in community settings to comply with the DOJ Settlement
 - \$6 million is proposed for one Behavioral Health Crisis Center
 - \$2.27 million is proposed to increase funds to reflect the loss of BIPP funds
 - A decrease of more than \$830,520 is included to reflect the increase of FMAP from 67.89 to 68.50 percent

Department of Community Health

This Department oversees Georgia's Medicaid, PeachCare for Kids®, and State Health Benefit Plan. About 1.8 million Georgians receive assistance under Georgia's Medicaid program, approximately 127,000 children are covered by PeachCare (those with family incomes of 133 percent and 235 percent of the federal poverty level), and another 640,000 individuals obtain their health insurance coverage under the State Health Benefit Plan. Governor Deal proposed

\$3.16 billion be used in State funds for this Department's work which is a decrease in State funds of more than \$43 million from the FY 2017 Budget. With federal funding attached, this Department's budget is more than \$14.87 billion (an overall increase of more than \$511.4 million over its \$14.36 billion budget in FY 2017).

- Medicaid Aged, Blind and Disabled program – (funded with \$1.4 billion in State funds; a total of \$5.59 billion with federal funds attached)
 - \$4.01 million is proposed to support increased waiver rates and slots previously funded by the BIPP program
 - \$16.9 million is proposed as a reduction in funding to reflect the change in the FMAP from 67.89 percent to 68.50 percent
 - \$2.92 million is proposed as a reduction in the hold harmless provision in the Medicare Part B premiums (with total funds this is a decrease of more than \$9.25 million)
 - \$1.37 million is proposed to reduce the waiting list in the Community Care Services waiver program (CCSP) (total funding is \$2.74 million)
 - \$250,000 is proposed to increase funds for an adjustment to congregate and home delivered meals rates for Medicaid waivers for the elderly
 - Nursing Home Provider fees are to reflect an increase of \$3.5 million in added revenue
 - Hospital Provider Payment fees are to reflect more than \$2.8 million in added revenue (total funds of more than \$8.9 million)
 - Other changes:
 - Utilization of one-time Tenet Settlement Agreement funds for the growth in Medicaid based on projected needs of \$33.6 million (total funds of more than \$106.2 million)
 - Utilization of one-time Tenet Settlement Agreement funds for the projected increase in Medicare Part D Clawback payment in the amount of \$11.06 million (total funds of \$34.96 million)
 - Utilization of the Tenet Settlement Agreement funds to increase reimbursement rates for select primary care and OB/GYN codes to 100 percent of the 2014 Medicare levels in the amount of \$3.15 million (total funds of almost \$1 million)
 - Evaluate options to ensure mental health coverage for Medicaid and Children's Health Insurance Program beneficiaries with what is provided in the commercial market
 - Low Income Medicaid (funded with more than \$967 million in State funds; with federal funds attached more than \$4.5 billion)
 - \$29.9 million reduction in funds to reflect an increase in the FMAP from 67.89 to 68.50 percent
 - \$12 million replacement of State general funds with Tobacco Settlement Funds
 - \$32.2 million reduction in funds for one year Hospital Insurance Fee moratorium
 - Reflection of more than \$24 million in added revenue from the hospital provider payment (total funds of more than \$76 million)
 - Other changes

- Utilization of one-time Tenet Settlement Agreement funds for the growth in Medicaid based on projected needs of \$4.8 million (total funds of more than \$15.19 million)
 - Utilization of one-time Tenet Settlement Agreement funds to comply with federal Hepatitis C treatment access requirements (total funds of more than \$5.17 million)
 - Utilization of the Tenet Settlement Agreement funds to increase reimbursement rates for select primary care and OB/GYN codes to 100 percent of the 2014 Medicare levels in the amount of \$14.7 million (total funds of almost \$46.7 million)
 - Evaluate options to ensure mental health coverage for Medicaid and Children's Health Insurance Program beneficiaries with what is provided in the commercial market
 - Utilization of Tenet Settlement Agreement funds for behavioral health services to children ages 0-4 in the amount of \$2.5 million (total funds of more than \$8 million)
 - Utilization of Tenet Settlement Agreement funds to cover behavioral health services for children under age 21 who are diagnosed as autistic in the amount of \$20.7 million (total funds of \$65.6 million)
- PeachCare for Kids (now a total budget of \$424.4 million in all federal funds)
 - Evaluate options to ensure mental health coverage for Medicaid and Children's Health Insurance Program beneficiaries with what is provided in the commercial market
 - Provide funds to increase reimbursement rates for select primary care and OB/GYN codes to 100 percent of the 2014 Medicare levels (total funds of \$370,036) Family member services by Katie Dempsey. Said she needs advocacy groups to come get there. Renee Unterman will have an omnibus bill including.
 - State Health Benefit Plan (changes reflect those made by the Board of Community Health)
 - \$27.6 million reduction in funds to reflect projected Dependent Verification Audit savings
 - 2.5 percent average increase in employee premiums for non-Medicare Advantage plans, effective January 1, 2017 (total funds of \$14.4 million)
 - Increase the five-year benefit level for children's hearing aids from \$3,000 to \$6,000 (total funding is \$9,4710)
 - Reflect a \$20 premium increase for Medicare Advantage premium plan members effective January 1, 2017 (total funds of more than \$1,056 million)
 - Increase funds to reflect membership, medical services utilization, and medical trend changes since prior projection (more than \$200.3 million)

Within the attached Board for Physician Workforce Graduate Medical Education, there is a proposed transfer of more than \$1.95 million (using \$1.2 million from the Public Service/Special Funding initiatives program within the Board of Regents) and an increase of funds (in the amount of \$725,511) for 126 new residency slots in primary care medicine.

Department of Economic Development

This entity provides the State a sales and marketing arm to recruit new business investment in the State. It oversees areas of global commerce; small and minority business development; innovation and technology; film, music and digital entertainment; tourism; Council for the Arts; and a workforce area. Its proposed FY 2018 Budget is more than \$33.1 million which includes \$886,837 in added State funds over FY 2017. Within Global Commerce, there is a proposed \$400,000 to be used for contractual services for the economic development outreach initiative in China and another \$180,000 in funding for one trade representative position (\$90,000) and one project manager position (\$90,000). Under Tourism, there is an addition of \$125,000 for a new visitor information center at Hartsfield-Jackson Atlanta International Airport and two cuts totaling \$200,000 (elimination of \$100,000 for one-time funds for the National Infantry Museum and the elimination of \$100,000 of one-time funds for the Martin Luther King Center for Nonviolent Social Change).

Legislative Tracking – Week 1

Bill	Sponsor	Committees	Status	Analysis
HB35	(1) Broadrick, Bruce 4th	HC: Insurance	Jan/23/2017 - House Second Readers	Rep. Bruce Broadrick (R-Dalton), would create a new Code Section relating to the licensure of pharmacy benefit managers at O.C.G.A § 33-64-10. The new language requires pharmacy benefit managers to provide notification of receipt of a request for prior approval for a prescription drug to a pharmacy or contracting representative within 48 hours of receipt of such request. Such notification must also include a claim reference number and return contact phone number for follow up. This new code section shall only apply to health insurance plans established under Article 1 or Chapter 18 of Title 45 or under Article 7 of Chapter 4 of Title 49.
HB36	(1) Ehrhart, Earl 36th	HC: Health & Human Services	Jan/23/2017 - House Second Readers	Rep. Ehrhart (R-Powder Springs), would amend O.C.G.A § 43-30-1 by making various changes to the definition of 'Optometry'. It removes the requirement that the State Board of Optometry establish a list of pharmaceutical agents

Bill	Sponsor	Committees	Status	Analysis
				<p>to be used by optometrists. It also removes the requirement that prohibited a doctor of optometry from administering pharmaceuticals by injection. It would add new language that sets requirements for pharmaceutical agents that are administered by injection by optometrists. Such agents may not be sub-tenon, retrobulbar, intraocular, or a botulinum toxin. Such injectible agents must be administered by either A) a licensed doctor of optometry who is licensed or certified by the board and who has obtained a certificate indicating completion of an injectibles training program; or B) A doctor of optometry who is enrolled in a qualified injectibles training program and who is under the supervision of doctor of optometry who holds a current license, or under a board certified physician in ophthalmology.</p>
HB61	(1) Powell, Jay 171st	HC: Ways & Means	Jan/23/2017 - House First Readers	<p>Rep. Jay Powell (R-Camilla), amends O.C.G.A. § 48-8-30 to require delivery retailers (defined as a retailer that has a gross revenue exceeding \$250,000 for one calendar year or conducts more than 200 retail sales) to collect and remit the tax imposed by this Code section. The retailer must notify consumers that the tax collected on their purchases may be remitted to the State, and must send a statement to the Department of Revenue detailing the total amount of sales and use tax collected for each year. Failure to submit such documentation will result in a fine.</p>

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SB08	(1) Unterman, Renee 45th	SC:	Jan/23/2017 - Senate Hopper	Analysis forthcoming
SB12	(1) Unterman, Renee 45th	SC: Health and Human Services	Jan/23/2017 - Senate Read and Referred	Analysis forthcoming
SB14	(1) Burke, Dean 11th	SC: Finance	Jan/12/2017 - Senate Read and Referred	Sen. Dean Burke (R-Bainbridge), amends O.C.G.A § 48-7-29.20 relating to tax credits for contributions to rural hospital organizations. The bill provides that members of a limited liability corporation, shareholders of a subchapter "S" corporation, or partners in a partnership are permitted a credit against the tax imposed by Chapter 7 of Title 48 (relating to rural hospital organization expenses) in the amount expended or \$10,000 per tax year, whichever is less, on the portion of income on which such tax was paid.
SB25	(1) McKoon, Joshua 29th	SC: Insurance and Labor	Jan/23/2017 - Senate Read and Referred	Analysis Forthcoming