

Board of Community Health
Meeting
August 27, 2015

Members Present

Norman Boyd
Michael Kleinpeter
Russ Childers
Allana Cummings
Anthony Williamson
Mark Trail

Members Absent

Clay Cox
Donna Thomas Moses
Roger Folsom

The Board of Community Health held its regularly scheduled meeting at the Department of Community Health (DCH), Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner Clyde L. Reese, III was also present. (An agenda and a List of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Norman Boyd presided and called the meeting to order at 10:30 a.m.

Minutes

None to approve.

Opening Comments

None to report.

Committee Reports

None to report.

Commissioner's Report

None to report.

Elizabeth Brady, Chief Financial Officer, presented to the Board the proposed FY2016 Amended and FY2017 budgets. Ms. Brady began by summarizing the just concluded 2015 fiscal year. She noted that during FY2015 DCH served one in four Georgians and 51% of Georgia's children through its various programs. She further noted that the Department expended over \$2.9 billion in state funds over the course of the fiscal year

of which 97% were expended in the Medicaid and PeachCare programs. She concluded her comments on FY2015 by indicating that the Department has a projected budget surplus of about \$116 million.

Ms. Brady made a few comments regarding the FY2016 budget and informed the Board that the Department has a budget of nearly \$3 billion in state funds for the year with 97% of those funds budgeted in the Medicaid and PeachCare programs. She concluded her comments regarding the FY2016 budget by noting the budget cut of \$2 million in the Administration program, and the following appropriations of funds: \$3.3 million for the Healthcare Facility Regulation program to hire additional nurse surveyors and address the structural deficit in the program; \$8.7 million to support provider rate increases for nursing facilities with a change in ownership between January 1, 2012 and June 30, 2014; \$5.9 million for rate increases for select OB/GYN codes; as well as \$17.2 million for certain primary care procedure codes.

Turning next to the proposed FY2016 Amended and FY2017 budgets, Ms. Brady reviewed the cost drivers influencing the budget requests. These cost drivers include benefit growth via projected enrollment and CMO (Care Management Organizations) rates, high cost prescription drugs for Hepatitis C and cystic fibrosis, as well as an increase in the Medicare Part D clawback payments, and federal directives such as hospital presumptive eligibility and 1095-B reporting requirements. She reviewed with the Board each individual request item for FY2016 Amended and responded to questions. The 7 request items include a projected growth need of \$46.4 million; \$23.1 million for Hepatitis C drugs; \$3.3 million for cystic fibrosis drugs; \$9 million for hospital presumptive eligibility; \$4.1 million for Part D clawback payment increases; \$15.9 million for private Disproportionate Share Hospital (DSH) payments; and \$1.8 million for 1095-B reporting costs for a total Amended FY2016 budget request of \$103,966,692.

Next, Ms. Brady addressed the Department's budgetary needs for FY2017. She informed the Board that a number of the items contained in the FY2017 request were continued over from FY2016. FY2017 budget requests include \$86.7 million in projected benefit growth need in Medicaid and PeachCare; \$20.6 million in state funds savings as a result of the 100% federal financial participation rate for the PeachCare program; \$23.1 million for Hepatitis C drugs; \$3.3 million for cystic fibrosis drugs; \$9 million for hospital presumptive eligibility; \$8.3 million for annualized Part D clawback payment increases; \$1.8 million for 1095-B reporting costs; and a \$3 million General Obligation Bond request to cover the projected design, development, and implementation costs of the Integrated Eligibility System. The total state funds budget request for FY2017 is \$111,768,609.

Ms. Brady concluded the budget presentation with a financial status update of the State Health Benefit Plan. The Department has projected revenue and expense through

FY2018 with the Plan Year 2016 benefit design and employee and retiree premium contributions, and the FY2016 employer contribution rates approved by the Board on August 13, 2015. The Department is projecting an operational deficit of \$42 million in FY2017, which grows to a projected operational deficit of \$300 million in FY2018. The projected deficits are based on the "status quo" revenue and expense assumptions that are built in to the projection. Any changes to plan design, growth assumptions, premium rates, and employer contribution rates would result in a recast of the plan's projected financial status.

Allana Cummings MADE a MOTION to approve AFY16 and FY17 Budget. Michael Kleinpeter SECONDED the MOTION. ON THE MOTION, the yeas were 6, nays 0, abstained 0, and the MOTION was APPROVED. (A copy of the AFY16 and FY17 Budget is attached hereto and made an official part of these minutes as Attachment #3).

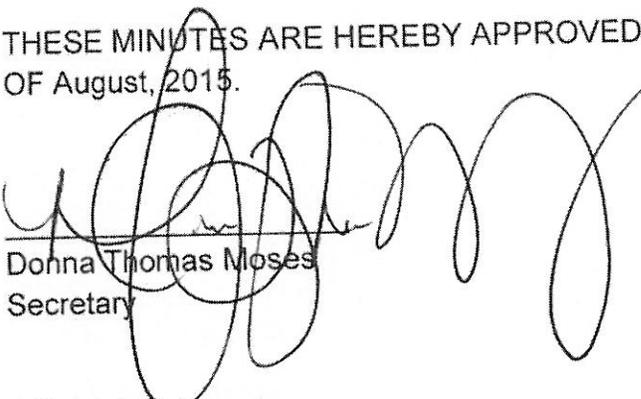
New Business

None to report.

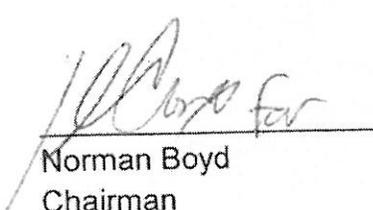
Adjournment

There being no further business to be brought before the Board, Chairman Norman Boyd adjourned the meeting at 11:06 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE 27th DAY OF August, 2015.



Donna Thomas Moses
Secretary



Norman Boyd
Chairman

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 AFY16 and FY17 Budget