

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
June 10, 2010**

Members Present

Richard Holmes, Chairman
Ross Mason, Vice Chairman
Archer Rose, Secretary
Norman Boyd
Hannah Heck
Dr. Inman C. "Buddy" English

Members Absent

Sidney Kirschner

The Board of Community Health held its regularly scheduled monthly meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner Clyde Reese was present also. (An agenda and a List of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Holmes called the meeting to order at 10:41 a.m.

Minutes

The Minutes of the May 13, 2010 meeting were UNANIMOUSLY APPROVED and ADOPTED.

Commissioner's Comments

Commissioner Reese began with an update on the progress of the Medicaid Management Information System (MMIS) implementation. He reported that the Department is going full speed in the User Acceptance Testing phase and is on track for a November 1, 2010 go live date.

Commissioner Reese said the Department is continuing to work to implement the hospital provider fee that was passed in the 2010 Legislative Session. A subcommittee of the Hospital Advisory Committee is working closely with DCH to be open, transparent and inclusive on rolling out the rate increase that is associated with the hospital provider fee--making sure there is an agreement on the data source and methodology for the fee. He said the Department is pleased with the progress to date. As a result of the subcommittee's work, the Department is reconvening the full Hospital Advisory Committee.

Commissioner Reese said the Board will hear about the State Health Benefit Plan (SHBP) financial issues today. As a part of Healthcare Reform, there was a pot of money set aside nationally (\$5 billion) for the Early Retiree Reinsurance Program (ERRP). This is a provision of the federal government to pay 80% of medical claims costs from \$15,000-\$90,000 for retirees ages 55-64. The Department of Health and Human Services will accept applications from the states on a first-come, first-served basis. DCH has an application ready to go and is hopeful of receiving some financial relief, but there is no guarantee of receiving the ERRP funds.

Department Updates

Ms. Lisa Flagg, Legal Counsel for the Emergency Preparedness and Response and Public Health Divisions, asked the Board to approve a fee increase for birth and death certificates. During the 2010 Legislative Session House Bill 948 directed the Department to increase the fees for the first copies of all birth and death certificates from \$15 to \$25 effective July 1, 2010. Ms. Flagg said the Office of Vital Records researched what other states are charging for first copies of birth and death certificates. Staff research indicates that fees range from \$0 (no charge in the State of Louisiana) to \$45. The statute provides for the State Office of Vital Records to charge fees for certified copies of certificates, records, research requests, etc., and the Board of Community Health to approve the fee schedule for vital records. Ms. Flagg acknowledged that the Board approved a revision to the fee schedule in December to raise the fee to \$15; however the Department had no way of knowing that the Legislature would pass HB 948 directing another increase to \$25. Commissioner Reese added that the Department received letters from probate judges and the public in opposition to the increase. He said the Department recognizes this opposition and understands that going from a fee of \$10 in December 2009 to a fee of \$25 in July 1, 2010, is a significant increase over a short period of time; however, in this instance the Department and the Board have to consider the will of the General Assembly. Mr. Mason MADE a MOTION to approve the revised schedule to increase the fees for the first copies of birth and death certificates from \$15 to \$25. Ms. Heck SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Vital Records Fees Memo to the Board of Community Health is attached hereto and made an official part of these Minutes as Attachment # 3).

Mr. Alec Steele, Director of Reimbursement Services, presented two public notices. The Hospital Services Public Notice has three elements: rate increase for Medicaid hospital inpatient and outpatient reimbursement rates to support new provider fees; increase Medicaid reimbursement for metabolic newborn screening; and Care Management Organization (CMO) pass-through increases for both hospital services and metabolic newborn screening. During the public comment period the Department received two written comments and three oral comments at the public hearing conducted on May 26. The comments from two major hospital associations were largely complimentary but indicated that their memberships would support language in the FY 2011 supplemental budget to help close the significant

shortfalls for the hospital industry and DCH. One representative from a state-owned hospital addressed concerns about the definition of state-owned hospital and consequent budget impact if it is eliminated from a payment increase. He briefly described the series of budget exercises used to analyze the impact of including the two state-owned/state operated facilities in the budget model. He said it is the Department's belief that the language in the Act excludes state-owned/state-operated hospitals from all provisions of the Act. Mr. Mason MADE a MOTION to approve for final adoption the Hospital Services Public Notice. Dr. English SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Hospital Services Public Notice is attached hereto and made an official part of these Minutes as Attachment # 4).

Mr. Steele said the Nursing Home Services Public Notice provides for an increase in the nursing home provider fee from \$12.21 per day to \$12.61 per day effective July 1, 2010. The purpose of the change is to comply with provisions in House Bill 948. The change is contingent on approval of available federal financial participation by the Centers for Medicare and Medicaid Services. Mr. Mason MADE a MOTION to approve for initial adoption the Nursing Home Services Public Notice to be published for public comment. Ms. Heck SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Nursing Home Services Public Notice is attached hereto and made an official part of these Minutes as Attachment # 5).

Mr. Scott Frederking, Interim Chief Financial Officer, presented two Resolutions relating to the State Health Benefit Plan. The Board is required by law to set employer contribution rates for the State Health Benefit Plan for the fiscal year. The Board passed a resolution earlier in the year recognizing the old rates; however the Department of Education's contribution was changed by the Legislature in the Amended Appropriations Act for FY 2010. A Resolution, Reduction in Annual Department of Education SHBP Employer Contribution for Remainder of Fiscal Year 2010, reduces the Department of Education's employer contribution to the Public School Employee Health Insurance Fund in Fiscal Year 2010 to \$22,836,311.00. Mr. Mason MADE a MOTION to adopt A Resolution, Reduction in Annual Department of Education SHBP Employer Contribution for Remainder of Fiscal Year. Mr. Rose SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of A Resolution, Reduction in Annual Department of Education SHBP Employer Contribution for Remainder of Fiscal Year 2010, is attached hereto and made an official part of these Minutes as Attachment # 6).

Mr. Frederking said A Resolution, State Health Benefit Plan Employer Contribution Rates in Fiscal Year 2011: Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit, formally approves by the Board rates set in the Appropriations Act for FY 2011. Some of the highlights of the Resolution include: the State Employee Plan Employer Contribution Rate for July 1, 2010-June 30, 2011 will be 22.165% of total salaries; the Teachers' Plan Employer Contribution Rate will be 18.534% of state-based salaries; the Department of Education annual maximum contribution is set at \$30,261,983.00; and the non-certificated public school employer contribution from the local school systems will be \$162.72 per member per month.

Mr. Frederking stated that the Department has done projections of the Plan's finances and is predicting that based on these revenues and expenses, the Plan will incur a \$200 million deficit. He said the Department is working on strategies to mitigate the deficit. The Resolution also addresses the projected deficit by collecting the State Employer's Plan Contribution and Teachers' Plan Contribution at a higher rate in the first quarter of FY 2011; collecting the entire Department of Education lump sum contribution in the first quarter of FY 2011; increasing the State Employee Plan Employer Contribution Rate to 25.586% for the first quarter of FY 11; and increasing the Teachers' Plan Employer Contribution Rate to 21.955% for the first quarter of FY 2011. Mr. Frederking said the idea is to increase the employer share for a temporary amount of time to ensure that the Department has adequate funds in the Plan balance to cover expenses. The Department thinks these actions will get them through the first few months of the fiscal year and later adopt new benefit changes that will enable the Department to pay expenses and be on solid financial footing. Mr. Frederking stated that these changes will not affect employees or agency budgets. Finally the Resolution orders that the Commissioner shall take all actions deemed necessary and appropriate to address the projected deficit.

Mr. Frederking assured the Board that the Department is working on strategies to address the projected deficit. He said one item that the Department may be able to use is the federal dollars for early retirees (Early Retiree Reinsurance Program) if the Department receives the funds.

Mr. Boyd said his understanding is the Resolution would increase employer contributions and would not affect the employee directly, but the employee potentially would be affected as the Department revises the Plan which would go into effect January 1, 2011. Mr. Frederking stated that the Resolution would not affect the employee contribution at this time, but there are plans to increase employee premiums by 10% in the 2011 Plan Year.

Commissioner Reese stated that every summer the Department sets employer rates after the Appropriations Act has been passed. He said basically this Resolution repeats this annual process; however, this year the projected revenues and expenses show a deficit for FY 2011. The Department traditionally sets the employee rates in the fall prior to the beginning the Plan year. This Resolution directs the Commissioner and the Department to find a way to address the projected deficit so the Plan remains on sound financial footing. He said the Department will continue to work to determine exactly what Plan design changes are necessary in order to address this. The Department will come back to the Board in its normal fashion in the fall to set employee rates, and address this temporary three-month

change in employer contributions. He said it is incumbent upon the Department to address the deficit. Commissioner Reese stated that this is not related to Plan management but the overall fiscal situation of the State. Chairman Holmes asked the Department to give employees as much advance notice and education as possible about changes to the Plan and premium increases.

Mr. Boyd MADE a MOTION to adopt A Resolution, State Health Benefit Plan Employer Contribution Rates in Fiscal Year 2011: Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit. Mr. Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of A Resolution, State Health Benefit Plan Employer Contribution Rates in Fiscal Year 2011: Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit, is attached hereto and made an official part of these Minutes as Attachment # 7).

Mr. Frederking continued with an overview of the FY 2011 Budget. The reduction in state funds in the overall FY 2011 compared to FY2010 is about \$679 million or 4%. The DCH FY 2011 budget was reduced about \$215 million in state funds and \$200 million overall—down to \$12.1 billion total funds and about \$2.1 billion state funds. Mr. Frederking said the share of the dollars going to various programs has not changed much from the FY 2010 budget. The two biggest changes were the reductions in PeachCare for Kids™ and administration budgets. Mr. Frederking reviewed the budget recommendations for each program. The DCH Administration base budget was reduced by \$25.35 million or about 23%. The Healthcare Access base budget was reduced by \$3.4 million or 35%. The Healthcare Facility Regulation base budget was increased by \$435,885 or 7%. Mr. Frederking presented the Public Health budget in three parts: Public Health Programs - \$3.5 million cut or 2.9% reduction; Public Health Grant-in-Aid - \$6.4 million cut; and Emergency Preparedness - \$26.2 million state funds (\$23 million is for the Trauma Commission which will become an administratively attached agency to DCH). Mr. Frederking said the Legislature added specific language for the Indigent Care Trust Fund to create a third [funding] pool for the Disproportionate Share Hospital program. He also reviewed the recommendations for the Medicaid and PeachCare for Kids™ budgets which include an increase in PeachCare for Kids™ premiums by setting premiums on a graduated scale. The total changes include a \$124.2 million reduction in the Medicaid-PeachCare budget. Finally, Mr. Frederking reviewed the budget recommendations for the State Health Benefit Plan which includes a 10% increase in employee premiums in Plan Year 2011, implement plan design changes to reduce expenses in Plan Year 2011 and implement direct billing for revenue collection for the employer share of premium costs. He reiterated that the Department will be looking at strategies to ensure that the Plan does not incur a deficit. (A copy of the FY 2011 Program Budget Presentation is attached hereto and made an official part of these MINUTES as Attachment # 8).

Adjournment

There being no further business to be brought before the Board, adjourned the meeting at 11:44 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____ DAY OF _____, 2010.

RICHARD L. HOLMES
Chairman

ARCHER R. ROSE
Secretary

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 Vital Records Fees Memo
- #4 Hospital Services Public Notice
- #5 Nursing Home Services Public Notice
- #6 A Resolution Reduction in Annual Department of Education SHBP Employer Contribution for Remainder of Fiscal Year 2010
- #7 A Resolution State Health Benefit Plan Employer Contribution Rates in Fiscal Year 2011: Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit
- #8 FY 2011 Program Budget Presentation