

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
May 14, 2009**

Members Present

Richard Holmes, Chairman
Ross Mason, Vice Chairman
Kim Gay, Secretary
Dr. Inman C. "Buddy" English
Dr. Ann McKee Parker
Raymond Riddle
Archer Rose

The Board of Community Health held its monthly meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. (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 10:38 a.m.

Chairman's Comments

Chairman Holmes called for the ratification of several actions taken on the May 1, 2009 Conference Call. The Board unanimously ratified for final adoption Certificate of Need Rule 111-2-2-.03, final adoption of State Health Benefit Plan Rule 111-4-1-.06(6), and initial adoption of the Community Mental Health Services Public Notice to be published for public comment.

Commissioner's Comments

Commissioner Medows provided information about the Health and Human Services reorganization. She reviewed an organizational chart of the new Department of Community Health that will become effective July 1, 2009 in which she highlighted two new divisions; the Healthcare Facility Regulation led by Doug Colburn, and the Division of Public Health. She said the Governor will be appointing a Public Health Director in the future, but for now, the Department is moving forward with the transition with the current leadership in place. Dr. Medows stated that the four program areas—Medical Assistance, State Health Benefit Plan (SHBP), Health Care Facility Regulation and Public Health—will have their own resources and budget categories. The individuals who have administrative functions in Public Health now in the Department of Human Resources will remain identified as Public Health and those resources used only for Public Health—similar to what is done for the SHBP and Medicaid program.

Dr. Medows reported that there will be about 215 full time employees in the Health Care Facility Regulation Division; of which 162 positions are filled. This division's budget is approximately \$15 million total state and federal dollars. In the Division of Public Health there are 1,061 filled positions and a \$678 million total budget and \$70 million of that amount appropriated to the county health departments.

Dr. Medows reassured the Board that the current Department staff and leadership are working with Public Health and Emergency Preparedness Teams to integrate efforts for a smooth transition. This entails visiting the Emergency Operations Center, State Operations Center, and learning to work as a team in the event of a crisis.

Department Updates

Dr. Jerry Dubberly, Chief, Medical Assistance Plans, presented several public notices for the Board's initial adoption. For each public notice presented today, there will be opportunity for public comment on May 26 in the Fifth Floor Board Room at 1:00 p.m. and those wishing to submit written comments have until June 4, 2009. Dr. Dubberly first discussed the Developmental Disabilities Waiver Programs Public Notice. He said on October 31, 2008, the Mental Retardation Waiver Program and Community Habilitation and Support Services Waiver Program both ended and the Department transitioned those services to two new waivers—New Options Waiver (NOW) and Comprehensive Supports Waiver (COMP). The public notice serves to correct an issue the Department found post-transition in the rates for Community Living services and Respite Services. These changes are estimated to be budget neutral.

Next Dr. Dubberly presented the Physicians' Injectable Drug List (PIDL) Public Notice. He said the current reimbursement methodology for these products which are drugs that are administered in a physician or outpatient setting and individually billed is based off an 11% discount off of Average Wholesale Price. This public notice services to change the reimbursement methodology effective July 1, 2009 to be based upon 80% of the 2007 Medicare reimbursement rates set for the Atlanta area. This change is anticipated to be a savings to the Department by avoiding costs totaling \$14.4 million or \$3.6 million in state funds.

Dr. Dubberly moved on to Further Delay of HB 990 (2008) Rate Enhancements Public Notice. He said House Bill 990, the Appropriations Act for FY 2009, called for certain rate changes for specific provider types. Those rate changes went through a public notice process and were later delayed pending the budget crisis. Part of the 2010 Appropriations Act (HB 119) further delayed those reimbursement rates with the exception of some of the reimbursement scenarios under Nursing Facilities. The purpose of this public notice is to notify the public of this further delay in these reimbursement rate changes. This public

notice will affect reimbursement rates for dentists, physicians, HealthCheck services, digital mammography, inpatient hospitals, outpatient hospitals, home health services and certain services under the Independent Care Waiver Program and emergency ambulance services. This change will be a cost savings to the Department by avoiding costs in the amount of \$170 million total funds; \$42.8 million state funds.

The Durable Medical Equipment Services Public Notice would change the maximum allowable reimbursement rates to the lesser of submitted charges or 80% of the 2007 DMEPOS rate as specified by Medicare for the Atlanta region. This change would more accurately match reimbursement rates to the services provided and the level of funding that was made available in the FY 2010 Appropriations Act. This change is estimated to reduce annual expenditures by \$3.4 million total funds; \$864,268 state funds.

Dr. Parker MADE a MOTION to approve for initial adoption the Developmental Disabilities Waiver Programs, Physicians' Injectable Drug List, Further Delay of HB 990 Rate Enhancements, and Durable Medical Equipment Services Public Notices to be published for public comment. Mr. Rose SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (Copies of the Developmental Disabilities Waiver Programs, Physicians' Injectable Drug List, Further Delay of HB 990 Rate Enhancements, and Durable Medical Equipment Services Public Notices are attached hereto and made official parts of these Minutes as Attachments # 3, 4, 5, and 6 respectively).

Carie Summers, Chief Financial Officer, presented two public notices. The public will have opportunity to present public comments on May 26 and can submit comments in writing up to June 4. The Disproportionate Share Hospital (DSH) Payments for Private Hospitals Public Notice relates to DSH hospitals that are considered private but rely on the State to provide the state matching funds sources to finance their federal DSH payments. This public notice reflects a change to the current State Medicaid Plan to allow the Department to pay a percentage less than 100% of the non-deemed, private hospital DSH allocation so the Department can match payments with the available state matching fund source appropriated for this purpose in FY 2009.

Ms. Summers continued with the Nursing Home Services Public Notice. In June 2008 the Board approved a rate increase for nursing facility providers which modified the Dodge Rate property allowance with a new property methodology called the fair rental value (FRV) system; provided additional reimbursement for facilities meeting higher standards in quality of care; and updated to the 2007 cost report in order to maintain the relationship between case-mix rate information and the underlying costs associated with an individual provider's overall acuity-based patient mix. Due to the downturn in the economy, the funding was not made available in the FY 2009 budget. In the FY 2010 budget, funds were made available to do two items that had been originally planned for FY 09. Those two items relate to a conversion to a fair rental value system and enhancements to the existing Nursing Home Services quality incentive program effective for dates of services provided on or after July 1, 2009 and subject to payment at fee-for-service rates. The quality improvement criteria remained the same from last year, but there was less money appropriated for the FRV in the FY 2010 budget.

Dr. Parker MADE a MOTION to approve for initial adoption the Disproportionate Share Hospital Payments for Private Hospitals and Nursing Home Services Public Notices to be published for public comment. Mr. Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (Copies of the Disproportionate Share Hospital Payments for Private Hospitals and Nursing Home Services Public Notices are attached hereto and made official parts of these Minutes as Attachments # 7 and 8 respectively).

The next agenda item was the FY 2010 Employer Contribution Rate Resolution. Ms. Summers said this resolution is slightly different from what the Board has seen in the past. The revised wording and format is designed to clarify that the SHBP is made up of three separate plans, and that all moneys deposited in the combined fund that supports the plans are, and must continue to be, allocated to these separate plans. The Commissioner has statutory authority to co-mingle those dollars as needed to pay benefits due under any of the plans. Ms. Summers reviewed the fund balance as of June 30, 2008, the FY 2009 projected total revenue, projected expenses, and projected fund balance and the projected FY 2010 surplus and deficits and projected fund balance as of June 30, 2010. The FY 2010 employer rates as set by the Appropriations Act will be 22.165% of payroll for state employees and 18.534% of payroll for teachers. For school employees there are two funding sources from the employer's perspective: an appropriation made to the Department of Education for non-certificated employees (\$82.2 million) and \$162.72 per member per month from local boards of education on behalf of their school employees who are members. A discussion ensued about trends in expenditure growth going forward, ongoing SHBP consumer directed strategy, Medicare Part B and Medicare Advantage Plan incentives, segregation of funds and the Commissioner's authority to combine those funds. Dr. Parker MADE a MOTION to adopt a Resolution – State Health Benefit Plan Employer Rates for FY 2010. Dr. English SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Resolution – State Health Benefit Plan Employer Rates for FY 2010 is attached hereto and made an official part of these Minutes as Attachment # 9).

Ms. Summers said the Resolution – State Health Benefit Plan Retiree Rates for July 1, 2009 through December 31, 2009, is in line with the SHBP's consumer directed strategy. This resolution sets new employee premiums for a certain subset of members who are age 65 or older who have not elected to enroll in Medicare Part B or who have not notified the Department that they are enrolled in Medicare Part B. The Department identified about 2,600 people who fit these categories. SHBP did significant

communication and education efforts to outreach to these members to notify them of these changes so they would have an opportunity to provide proof they were enrolled in Part B or to sign up for Part B during Medicare's open enrollment. Communication efforts to the 600 members who have not responded to the SHBP include three mailings with rates attached, post card reminders, radio and newspaper advertisements, and personal phone calls. If members do not participate in Part B, their premiums could increase on a per member per month basis by \$300; however, members would realize a reduction in premiums if they participate in Part B. The rates would be effective July 1, 2009 to December 31, 2009. Dr. Parker MADE a MOTION to adopt a Resolution – State Health Benefit Plan Retiree Rates for July 1, 2009 through December 31, 2009. Dr. English SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Resolution – State Health Benefit Plan Retiree Rates for July 1, 2009 through December 31, 2009 and Attachment A are attached hereto and made an official part of these Minutes as Attachment # 10).

Minutes

The Minutes of the March 12, April 14, and May 1, 2009 meetings were UNANIMOUSLY APPROVED AND ADOPTED.

New Business and Chairman's Closing Comments

Chairman Holmes reminded the board to file with the State Ethics Commission their Personal Financial Disclosure Statement by July 1.

Chairman Holmes stated that he has asked Mr. Rose to chair the Audit Committee and Mr. Rose has agreed to do so.

Dr. Medows informed the Board that the Governor announced this week the April revenue estimates. The estimates are about 20% lower than last year in April. She said the reason she is mentioning this is because even though state agencies have not received a formal request for budget reductions, the Department is preparing for a possible reduction. At the end of the fiscal year agencies will be asked to account for every dollar spent or unspent. Dr. Medows said although the Department has survived and made it successfully through the Legislative Session, the budget cuts are not over.

Adjournment

There being no further business to be brought before the Board, adjourned the May 14 meeting at 11:25 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____

DAY OF _____, 2009.

RICHARD L. HOLMES
Chairman

KIM GAY
Secretary

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 Developmental Disabilities Waiver Programs Public Notice
- #4 Physicians' Injectable Drug List Public Notice
- #5 Further Delay of HB 990 Rate Enhancements Public Notice
- #6 Durable Medical Equipment Services Public Notice
- #7 Disproportionate Share Hospital Payments for Private Hospitals Public Notice
- #8 Nursing Home Services Public Notice
- #9 Resolution – State Health Benefit Plan Employer Rates for FY 2010
- #10 Resolution – State Health Benefit Plan Retiree Rates for July 1, 2009 through December 31, 2009