

Board of Community Health
Audit Committee Meeting
June 14, 2007

The Board of Community Health Audit Committee met June 14, 2007, Twin Towers West, Floyd Room, 200 Piedmont Avenue, Atlanta, Georgia.

Committee members present were Mark Oshnock, Chairman, Ross Mason and Richard Robinson.

DCH Staff available were: Carie Summers, Chief Financial Officer; John Hankins, Director, Internal Audit and Program Evaluation; Sonny Munter, Chief Information Officer; Nancy Goldstein, Director, State Health Benefit Plan; Megan Wyatt and Jim Connolly.

Mr. Oshnock called the meeting to order and moved to the first agenda, Financial and Single Audit Work Status.

SAS 70 Report

Sonny Munter, Chief Information Officer, reported the following:

- The SAS (Statement of Auditing Accounts) 70 Report is progressing but is not complete for the Medicaid Management Information System (MMIS);
- DCH does not expect a repeat of the same problems reported in 2006;
- So far, Mayer Hoffman McCann has not reported any finding that would be as serious as those reported in 2006.

Benefits Testing

John Hankins, Director, Internal Audit and Program Evaluation, reported the following:

- Myers and Stauffer is working with the State Auditor's Office and DCH on FY 07 benefits testing;
- FY 07 testing is organized into four groups:
 - In process, Group 1: Sample of fee-for-service payments other than pharmacy, July through December;
 - In process, Group 2: Georgia Families capitation and "kick" payments, July through March;
 - In process, Group 3: Fee-for-service payments associated with Georgia Families members, July through March; and
 - In process, Group 4: Capitation payments other than Georgia Families, July through December.
- After Myers and Stauffer has reviewed payments, asked questions, and received DCH answers including DCH management review when necessary:
 - Myers and Stauffer, consulting statisticians, and DCH will use the results from Group 1-4 to calculate estimated FY 07 errors for the entire fiscal year 2007;
 - Myers and Stauffer statisticians and BKR Metcalf Davis Mauldin and Jenkins's statistician can communicate with each other along the way
- After all the steps described, DCH management will then evaluate whether an adjusting journal entry is needed.
- In response to a question from the Committee about possible adjustment, Ms. Summers responded:
 - The effort was planned to prove that DCH didn't need an adjustment.
 - Preliminary feedback indicates a potentially significant issue (Group 2) caused by duplicate Member IDs.
 - For FY06, Georgia Families was not implemented until June, and only for two regions.
 - For FY07, 12 months and all regions, the amount could be material.
 - DCH is hoping for the best, but now realistically seeing that DCH may need to make an adjustment for Georgia Families payments.
 - The August meeting is when DCH expects to present the Myers and Stauffer report to the Audit Committee.
- BKR Metcalf Davis Mauldin and Jenkins is conducting the Single Audit.
 - In process of visiting several DFCS offices to review eligibility determinations and records; and

- o Testing pharmacy claims.

Financial Services

Barry Head, Acting Director of Financial Services, reported that most of the unit's efforts have been directed toward year end close activities:

- Responding to the independent auditors' request for information by providing samples, control questionnaires and supplying data;
- Focusing on loading Accufund (software used to produce financial statements) and updating the financial structure in Accufund;
- Assisting outside resources with information and data needed for analytical work (IBNR and PERM);
- Working with the Contracts unit and business owners during a Contracts audit;
- Adjusting federal receivables; and
- Working with the OPEB fund to ensure that funds are segregated into two funds for active and retired financial activity.

Ms. Summers discussed the resolution for FY 2007 OPEB allocations---Resolution for Establishment of Segregated Employer Contributions for Active and Retired Members State Health Benefit Plan for FY 2007. This Resolution has been discussed in several Audit Committee meetings and allows the Department to begin the process of segregating assets and liabilities between retired and active members of the SHBP. She reviewed the Resolution with the Committee. Mr. Oshnock recommended that the Resolution be presented to and voted on by the full board.

The next resolution, FY 2008 SHBP Employer Contribution Resolution, was passed at the May 10 meeting. Ms. Summers said the resolution that the board considered and approved at the May board meeting needs a correction. The amount of funds that are to be contributed to the trust fund for retired teachers and non-certificated employees was established originally at \$307,163,848 and approved by the Board. She said in subsequent discussions with the Governor's Office of Planning and Budget (OPB), they pointed out that the amount available is \$279,209,528. Ms. Summers said she will present the resolution to the full board for approval.

Ms. Summers also reviewed the four public notices that will be presented to the full Board for final approval—Children's Intervention Services and Children's Intervention School Services, Dialysis Services, Nursing Home Services, and Service Options Using Resources in Community Environments (SOURCE) Public Notices. She disbursed to the Committee Members a handout entitled *FY 2008 Proposed Provider Rate Increases: Comparison to Medicare and Cost* and discussed each of the four services, the current and proposed Medicaid rates and the differences in the Medicaid and Medicare rates (SOURCE Case Management is not covered by Medicare). After addressing questions from the Committee, Ms. Summers concluded her review.

Ms. Summers said the Department is working on metrics that will give the Board a historical review and comparison of category of services, rate increases, change in the number of providers with paid claims, and average cost per unit.

There being no further business, the meeting was adjourned at 10:10 a.m.

MARK D. OSHNOCK, CHAIRMAN
Audit Committee