

Georgia Department of Community Health  
Hospital Advisory Committee Meeting  
September 29, 2005

Commissioner Tim Burgess called the meeting to order at 1 p.m. Committee members attending were:

HOSPITAL/ASSOCIATION	MEMBER/DESIGNEE
Athens Regional Medical Center	Larry Webb
Children's Healthcare of Atlanta	David Tatum
Columbus Regional Healthcare System	Roland Thacker
Crisp Regional Hospital	Wayne Martin
East Georgia Regional Medical Center	John Erickson
Flint River Community Hospital	Curt Roberts
Floyd Medical Center	Rick Sheerin
Georgia Alliance of Community Hospitals	Julie Windom
Georgia Hospital Association	Glenn Pearson
Grady Health System	Dr. Andy Agwunobi
Habersham County Medical Center	Dick Dwozan
HomeTown Health	Jimmy Lewis
Medical Center of Central Georgia	Don Faulk
Medical College of Georgia	Don Snell
Memorial Health University Medical Center	Bob Colvin
Phoebe Putney Memorial Hospital	Kerry Loudermilk
Shepherd Center	Dr. Gary Ulicny
Sumter Regional Hospital	David Seagraves
Tanner Medical Center/Carrollton	Lee Sherseith
Wheeler County Hospital	Brenda Josey

Commissioner Burgess explained that the newly formed Hospital Advisory Committee would be asked to assist the Department with matters that may have previously been considered by two separate committees, the previous Hospital Advisory Committee and the Indigent Care Trust Fund Committee. The frequency or scheduling of future meetings may depend on either the Department's need for consultation or the Committee wanting to present matters to the Department. Commissioner Burgess expressed appreciation for the willingness of committee members to serve.

For the initial meeting, Commissioner Burgess stated that the Department had a few issues that would be presented to the committee, including a discussion of the Indigent Care Trust Fund program. The Commissioner explained that the committee would be asked to consider changes that could redefine the Indigent Care Trust Fund and Disproportionate Share Hospital programs, that all policy components were open for consideration and that the timeline for completion would be based on the committee's schedule.

Commissioner Burgess explained that it was not the Department's intent to direct the committee meetings but to act as staff to the committee, while reserving the right to bring issues to the committee for consideration. When introducing an agenda item for the election of a committee chairperson, Commissioner Burgess explained that the Department had enlisted recommendations for committee membership that would be representative of Georgia hospitals. Carie Summers, Chief Financial Officer, noted that committee members provided a balanced grouping of urban/rural hospitals and public/private hospitals and that the committee included representatives for hospitals providing significant portions of the hospital care received by Medicaid and PeachCare patients.

During a discussion regarding the election of a committee chairperson, the consensus of members was that co-chairpersons should be selected. Those nominated to serve as chairpersons were Bob Colvin, David Seagraves and David Tatum. The number of votes received for the candidates were 6 for Mr. Colvin, 15 for Mr. Seagraves and 3 for Mr. Tatum; as a result, Mr. Colvin and Mr. Seagraves were selected as co-chairmen and each accepted the position.

Ms. Summers provided background information about two rate setting policies referenced in the Department's approved Medicaid/PeachCare budget for State Fiscal Year 2006 – updating DRG rates for inpatient hospital services and an evaluation of alternative payment methods for outpatient hospital services. Bill Deck, Deputy CFO for the Department, explained that any change for inpatient rates would likely be done in 2 phases; an initial phase would update the DRG grouper and associated relative weights and rate components, while a second phase could include changes to payment policies such as the method by which outlier claims are paid. The initial phase of changes for inpatient rates may occur in January 2006 or later, while the second phase of changes for inpatient rates as well as changes for outpatient rates could occur in July 2006 or later. Mr. Deck explained that the Department has contracted with EP&P Consulting to provide technical assistance for the inpatient and outpatient rate setting projects. Yvonne Powell, a partner with EP&P Consulting, provided a detailed presentation regarding the planned approach for the firm's technical assistance (a copy of the materials presented by Ms. Powell is attached.) In follow-up discussions, committee members noted that while rates changes may be intended to be budget neutral at an aggregate level, individual hospitals could experience gains or losses because of these rate setting changes. In response to questions about the impact of changes from the introduction of services being obtained through care management organizations, Ms. Powell noted that current work plans include the consideration of payments rates that were specific to the fee-for-service population, the managed care patient population and/or a combination of both. The committee agreed that it could provide comments and recommendations at future meetings when additional information is available for presentation.

Edwinlyn R. Heyward, Director of the Hospital Services Unit, provided information about the Department's recently implemented policies regarding prior authorization for radiology services,

in accordance with a 2005 legislative initiative. Ms. Heyward reported that the Department reviewed paid claims data that identified that 30 radiology procedure codes generated high utilization trends. As a result, the Georgia Medical Care Foundation was consulted to develop criteria for the prior authorization component. Providers can request multiple units of any of the applicable codes. The expiration date of the prior authorization can be up to 90 days from the date of service. This means that members with high risk conditions can be approved for multiple conditions over a 90 day period, if providers submit clinical documentation to support the member's high risk condition. Ms. Heyward also explained that two obstetric ultrasounds can be done without a prior authorization; however, the third occurrence will require prior approval. Also, retrospect approvals can be obtained for emergent or urgent procedures within 30 days of the date of service. Ms. Heyward noted that providers can log on to web site of the Georgia Medical Care Foundation at [www.gmcf.org](http://www.gmcf.org) for telnet training or to review responses to Frequently Asked Questions. Committee members agreed that it might be useful to discuss specific issues that their hospital may identify regarding the newly implemented policies. Ms. Heyward also encouraged committee members to contact her or Stacey Harris, a member of her staff, if they had any immediate questions or concerns.

With regard to Disproportionate Share Hospital (DSH) / Indigent Care Trust Fund (ICTF) funding for State Fiscal Year 2006, Commissioner Burgess and Carie Summers, Chief Financial Officer, spoke about the Department's expectation that each of the following issues would be addressed by the Hospital Advisory Committee:

- What data elements should be used in DSH funding calculations?
- How should a hospital's eligibility to receive DSH/ICTF funding be determined?
- How should available funds be allocated among eligible hospitals?

With regard to the reliability of data used in DSH funding calculations, Commissioner Burgess advised that the Department would no longer have the primary responsibility for verifying hospital-reported data. Ms. Summers also addressed changes in funding requirements. As directed by the federal Centers for Medicare & Medicaid Services (CMS), any intergovernmental transfers received on behalf of participating public hospitals will be limited to the State matching share of Medicaid DSH payments; in prior years, intergovernmental transfers at higher rates provided the source of matching funds for Medicaid DSH payments to private hospitals. Ms. Summers also commented that, given the reduced rate of intergovernmental transfers, future Medicaid DSH payments to private hospitals would require that a new source of State matching funds be available, such as State appropriations designated for such a purpose or a hospital provider fee.

Committee members discussed guiding principles that could serve as the basis for recommendations regarding the allocation of available DSH funds. After extensive discussions, the committee agreed to the following principles:

- DSH payments should be directed in proportion to uncompensated care provided.

- DSH payments should be based on uncompensated care.
- All hospitals should be reimbursed based upon a uniform methodology.
- DSH payments must be based upon available, transparent and easily verifiable data.
- The state should maximize DSH and UPL payments.
- Changes in DSH payments should not put an undue burden on any hospital group.

In order to provide the committee with useful resource information, Ms. Summers explained that the Department has contracted with Myers & Stauffer, a CPA firm that has worked with DSH programs in multiple states, to provide technical assistance. At the Department's request, Myers & Stauffer is conducting a survey of DSH practices in other states; additionally, Myers & Stauffer will be available to provide data models for policies options that the committee may identify in future meetings. Kevin Londeen, a partner with Myers & Stauffer, provided the committee with initial findings from the survey of DSH programs in other states as well as information about draft DSH regulations recently issued by CMS (a copy of the materials presented by Mr. Londeen is attached.) The committee agreed that data issues should be considered by an appointed subcommittee, with any recommendations from the subcommittee to be presented for review by the full committee. Glenn Pearson was appointed to chair the subcommittee, with Mr. Colvin and Mr. Seagraves to appoint the remaining members.

With regard to a timetable for funding decisions and committee recommendations, Commissioner Burgess noted that any DSH funding policy decisions would require CMS approval before funds could be disbursed. Mr. Colvin recommended that the committee should attempt to complete work on its recommendations within 60 days. The committee agreed that the data issues subcommittee should meet within the following two weeks, while the full committee would reconvene in the week following the subcommittee meeting.

The meeting was adjourned at approximately 3:30 p.m.