

Georgia Department of Community Health
Hospital Advisory Committee Meeting
September 11, 2006

The meeting was called to order at 1 p.m. Committee members attending were:

HOSPITAL/ASSOCIATION	MEMBER/DESIGNEE
Athens Regional Medical Center	Todd Cox
Children's Healthcare of Atlanta	Doug Moses
Columbus Regional Healthcare System	Roland Thacker
Crisp Regional Hospital	Charlotte Vestal
East Georgia Regional Medical Center	Mike McNair
Floyd Medical Center	Rick Sheerin
Georgia Hospital Association	Cal Calhoun
Grady Health System	John Henry
HomeTown Health	Jimmy Lewis
Medical Center of Central Georgia	Rhonda Perry
Medical College of Georgia	Don Snell
Memorial Health University Medical Center	Bob Colvin
Phoebe Putney Memorial Hospital	Kerry Loudermilk
Shepherd Center	Gary Ulicny
Sumter Regional Hospital	David Seagraves
Tanner Medical Center/Carrollton	Lee Sherseth

The minutes for the meeting on April 10, 2006 were approved without changes. The committee then received a report from Cal Calhoun of GHA concerning the recommendations of the DRG work group subcommittee and a presentation by Yvonne Powell of EP&P Consulting regarding updates to DRG payment rates for inpatient services. Copies of Mr. Calhoun's written report and Ms. Powell's presentation are attached.

During her presentation, Ms. Powell reported on the Department's efforts to develop updated payment rates that would rely on a more current method, using the Tricare grouper version 23, for classifying claims into DRG categories. Using claim data for services provided during State Fiscal Year 2005, analysis indicated that the cost of services provided were approximately 7% greater than direct benefit payments. Because the Department's appropriation required that the updated payment rates must be budget neutral, different alternatives for adjusting cost-based payments were considered and discussed with the DRG work group subcommittee. Among the alternatives discussed were:

- Make reductions to capital payments per case as well as to base rate amounts
- Make reductions to base rate amounts based on comparison to current payment levels or to estimated costs of services
- Maintain budget neutrality on a statewide basis or specific to each peer group (pediatric, specialty and statewide.)

As indicated in their report, the DRG work group subcommittee recommended that any budget neutrality adjustments be limited to base rate amounts, with any reduction applied in a manner that would provide equal cost coverage for each of the peer groups. The work group also recommended that any changes to payment rates be deferred for one year, to allow time for a greater understanding about the impact of changes related to the start up of the Department's managed care program. After extended discussion, the advisory committee voted to accept the work group recommendation that Department should defer plans to revise DRG rates and continue to meet with the DRG work group regarding continuing data reviews or policy planning.

The advisory committee also received a report from Kevin Londeen of Myers and Stauffer on the final data calculations for the DSH program for State Fiscal Year 2006. Mr. Londeen discussed the data validation efforts performed by his firm as well as the final allocation results. The data validation review included both the DSH survey and a separate survey for calculating ratios of Medicaid costs and charges. Mr. Londeen reported that about 67 hospitals were selected for review, and while there were a few exceptions, most hospitals had provided reasonable data for review.

In discussions regarding the DSH program for State Fiscal Year 2007, Carie Summers, Chief Financial Officer for the Department, reported that the Department was researching whether out of state hospitals must be considered for Georgia's DSH program. This research was being conducted in response to recent inquiries from 2 out of state hospitals that provide services to Georgia hospitals. Committee members representing hospitals near other states reported their understanding that the inclusion of out of state hospitals was solely at a state's discretion. Other immediate issues for the State Fiscal Year 2007 program concerned the availability of matching funds for DSH payments to nongovernmental hospitals, and whether payments must be delayed until more information is available. Committee members agreed that they would submit a request to the governor asking that up to \$20 million in State funds should be made available as a source of matching funds for DSH payments to private hospitals.

In the absence of any CMS rulings to the contrary, intergovernmental transfers could continue to be used as the source of matching funds for DSH payments to governmental hospitals. Intergovernmental transfers have also been used as a source of matching funds for UPL payments to governmental hospitals. Ms. Summers reported that UPL payment calculations will require CMS approval for a method of estimating the impact of managed care services on UPL amounts. Based on discussions to date with CMS representatives, Ms. Summers reported that the Department must wait until at least the end of September to obtain Medicaid managed care enrollment data that could be used in the UPL calculations. If CMS approval can be obtained, the Department would try to make UPL payments in December 2006 for both the 1st and 2nd quarters of State Fiscal Year 2007.

With regard to the DSH program in State Fiscal Year 2007, following discussions about delays that might occur due to the time required to obtain CMS approval, committee co-chairman Bob Colvin suggested that no major changes be made to the allocation methodology. The committee agreed that updated survey data should be obtained for use in DSH eligibility and allocation calculations for State Fiscal Year 2007. Kevin Londeen reported that a revised DSH survey format had previously been reviewed the DSH data subcommittee, and the revised DSH survey would be combined with the Medicaid cost to charge survey to simplify the reporting required by hospitals.

The meeting was adjourned at approximately 3:00 p.m.