MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
March 12, 2009

Members Present

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

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. Dr. Rhonda Medows, Commissioner, 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 10:42 a.m.

Approval of Minutes

The Minutes of the February 12 and February 25 meetings were UNANIMOUSLY APPROVED AND ADOPTED.

Committee Report

Kim Gay, Chair of the Care Management Committee, reported that Myers and Stauffer provided the Committee with an overview of the draft Georgia Families Assessment Project. She said next month Myers and Stuffer and Dr. Jerry Dubberly and CMO staff will provide reports on the CMOs' responses to the findings.

Commissioner's Comments

Dr. Rhonda Medows, Commissioner of DCH, stated that the Department will provide several important updates: information concerning the Amended FY 2009 Budget that has passed both the House and Senate; significant changes in the Governor's Revised FY 2010 Budget; and a legislative update regarding bills that impact the Department as well as bills addressing the Health and Human Services Reorganization. Dr. Medows said in subsequent meetings the Department will share the results of legislation relative to the HHS Reorganization and information about Stimulus opportunities.

Dr. Medows said the Department is looking at opportunities in the American Reinvestment and Recovery Act (ARRA) in several areas: all components of Medicaid including FMAP and DSH; Health Information Technology- both Medicaid and non-Medicaid; funding for Primary Health Care Centers; prevention and wellness; telemedicine (broadband) opportunities; and workforce development (in partnership with other state agencies). Dr. Medows said the Department, as well as other departments, has to apply for the use of the stimulus grants. The applications will be coordinated by the Governor's Office. There is a central point of contact in the Governor's Office and once the proposals are reviewed, the Department will have an opportunity to present them to the Governor for his approval, and if approved, apply directly to the federal government for those dollars. The Department is also developing its own transparency and accountability web site on how stimulus dollars are used in addition to the State's web site and the federal web site.

Department Updates

Russell Crutchfield, Director of Legislative and External Affairs, gave an update on bills that affect the Department.

- Senate Bill 122 Other Post Employment Benefits - the Department's bill divides the existing OPEB Trust Fund into two retiree health benefit funds; State Employee Retirement Fund and School Employee Retirement Fund. This will ensure that OPEB contributions are appropriately linked to the intended beneficiaries.
- Senate Bill 165 authorizes the Department of Community Health to obtain income eligibility verification from the Department of Revenue for Medicaid and PeachCare for Kids Program applicants. The enhanced income verification proposed in SB 165 will be used as a secondary check in addition to income verification methods already in place.
- House Bill 228/Senate Bill 222 – Mr. Crutchfield said the Governor's Health and Human Services Task Force originally proposed a bill before the Session that would have created three new departments: Department of Health consisting of the Department of Community Health and Division of Public Health and a few functions of the Office of Regulatory Services; a Department of Human Services consisting of the Division of Family and Children's Services, Child Support Services and the Division of Aging Services; and the Department of Behavioral Health consisting of Mental Health, Addictive Diseases and Developmental Disabilities. When the bill was first

dropped it was sent to the House and was assigned to a specially created Subcommittee of House Appropriations called the DHR Governance Subcommittee. Last week the Subcommittee passed out a substitute that creates a new Department of Behavioral and Physical Health consisting of Public Health, Mental Health, Addictive Disease and Developmental Disabilities; and creates a new Department of Human Services consisting of DFCS, Child Support Services and Aging Services.

- In Senate Bill 222, three new departments are created: Department of Health (DCH and Public Health); Department of Human Services and Department of Behavioral Health. Mr. Crutchfield thinks both bills will go to conference committee and the differences will be hammered out.

Other bills that could impact the Department are:

- Senate Bill 92 – converts Medicaid and the PeachCare for Kids Program to premium assistance and allows low income families to participate in private sector health plans;
- House Bill 426/Senate Bill 161 – requires insurance plans in Georgia to cover certain treatments and therapies for autism; specifically the Applied Behavior Analysis school of therapy;
- Senate Bill 146 – requires DCH to contract with a single administrator for dental services in the Medicaid program.

Mr. Crutchfield concluded his overview after addressing questions from the Board. (A copy of the 2009 Legislative Update is attached hereto and made an official part of these Minutes as Attachment # 3).

Carie Summers, CFO, asked the Board to ratify a Resolution - Employer Rates for State Health Benefit Plan for FY 2009 that was adopted at the February 25 meeting held by conference call. Mr. Mason MADE a MOTION to ratify the Resolution. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Resolution - Employer Rates for State Health Benefit Plan for FY 2009 is attached hereto and made an official part of these Minutes as Attachment # 4).

Next Ms. Summers began discussion on the Amended FY 2009 Budget. The General Assembly passed the AFY 2009 Budget on March 10, 2009. The final budget results in a 6.8% decrease in total funds or about $778 million and a decrease in state funds of 23.2% or $583.7 million. The majority of the decreases in state funds have to do with enhanced federal funds that the Department will receive as a result of the ARRA ($427 million reduction in state funds and $427 million increase in federal funds). The Department is planning on additional federal dollars for Medicaid benefit programs through higher FMAPs. Other material differences from the agency's September 1, 2009 budget request include: reductions to the SHBP Employer Contributions; significant cuts to the Administration and Health Care Access and Improvement budget; and use of tobacco funds to supplant state general funds for Medicaid benefits. Ms. Summers reviewed the additions, reductions, restored reductions, and fund source adjustments. The FY 2009 base budget was $11.5 billion, reduced by $778 million, with a final Amended FY 2009 total of $10.7 billion. The state share of those funds has decreased from $2.5 billion to $1.9 billion.

Ms. Summers said last week the Governor announced revised FY 2010 revenue estimates for the State and made recommendations to the General Assembly as to how they could address that reduction in state revenue estimate. Changes in the Medicaid and PCK budgets from the original recommendations include consideration of updated enrollment and inflation projections; budget no longer predicated on CMO/HMO or hospital provider fees; and reflection of stimulus funding for enhanced FMAP. She detailed the loss of use of hospital and managed care provider fees ($317 million) and provider reimbursement cuts ($149.6 million). Ms. Summers emphasized that these recommendations include no rate enhancements in FY 2010 and for most providers, cuts below what they are being paid today. Relative to the Federal Stimulus Package Enhanced FMAP, the Governor's revised recommendation contemplates the receipt of $605 million in additional federal funds and allows the Department to retain $155 million to fund projected increases in enrollment growth; but $450 million state funds are removed from the department's budget and supplanted with enhanced federal funds.

The Governor's original recommendation in the State Health Benefit Plan budget removed the 4% of payroll for state agencies on the OPEB contribution and recommended a 5% premium increase for those members who continued enrollment in an HMO or PPO option. The Governor's revised recommendations include an increase in members' share of premium cost from 25% to 30% for Calendar Year 2010. She emphasized this is a 5% percentage point shift in what the member pays in cost in addition to the 5% increase in member premiums which could translate into a 28% increase in premiums. The impact of those changes is about $114 million; $80 million for increase in employee premiums and $33.9 million use of the remaining fund balance—totaling about a $114 million employer reduction. Ms. Summers said the fund balance at the end of 2010 is $0; however, that does not mean the Plan cannot cover its liabilities. The plan would be fully funded based on expected revenues and expected expenses.

Chairman Holmes stated that the reduction in the state revenue forecast dramatically impacts everyone and the recommendations include significant reductions. A discussion ensued about the average salary of state employees, the impact of furloughs and premium increases to employees, the likelihood of some state employees applying and becoming eligible for Medicaid, and the indirect ramifications on some state programs. (A copy of the Governor's Recommended Budget Revised FY 2010 presentation is attached hereto and made an official part of these Minutes as Attachment # 5).

Adjournment

There being no further business to be brought before the Board, Chairman Holmes adjourned the meeting at 11:31 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____

DAY OF _____, 2009.

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RICHARD L. HOLMES
Chairman

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KIM GAY
Secretary

Official Attachments:

#1 List of Attendees
#2 Agenda
#3 2009 Legislative Update
#4 Resolution - Employer Rates for State Health Benefit Plan for FY 2009
#5 Governor's Recommended Budget Revised FY 2010 Presentation