

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
May 12, 2011**

Members Present

Ross Mason
Norman Boyd
Hannah Heck
Jamie Pennington
William H. Wallace, Jr.
Mary Eleanor Wickersham, D.P.A.

Members Absent

Archer Rose
Inman C. "Buddy" English, M.D.

The Board of Community Health held its regularly scheduled meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner David A. Cook was also present. (An agenda and a List of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Mason called the meeting to order at 10:37 a.m.

Minutes

The Minutes of the April 14 Meeting were UNANIMOUSLY APPROVED and ADOPTED.

Committee Reports

Chairman Mason reported that the Policy Committee heard presentations from several groups. Children's Healthcare of Atlanta discussed childhood obesity and its initiatives and preventive measures to combat childhood obesity. The Georgia Center for Child Advocacy, Street Grace, and the U.S. Attorney's office spoke on childhood sexual abuse. The Committee discussed the possibility of convening a meeting with the DCH Division of Public Health, Department of Human Services Division of Family and Children Services, State School Superintendent, Chair of the Board of Corrections, Chair of the Board of Pardons and Paroles, hospitals and others to strategically educate and address childhood sexual abuse because it could lead to health concerns such as obesity, behavioral health and substance abuse issues.

Ms. Hannah Heck, Chair of the Care Management Committee, stated that the Committee discussed the growing enrollment in the PeachCare for Kids™ program as the economy improves, geographical access to pediatricians, and the medical impact of having fewer physicians in certain geographical areas. The Committee also discussed the CMO disease management efforts for asthma and diabetes--specifically the decrease in ER utilization for those related services. The Committee and staff reviewed CMO savings figures. Ms. Heck said the Commissioner asked the Committee to review and compare in future meetings quality of care measures in both the Fee-for-Service and Care Management programs.

Report of the Commissioner

Commissioner announced the appointment of two staff members: Brian Looby, Chief, Healthcare Facility Regulation Division, and Jesse Weathington, Legislative and External Affairs Director.

Mr. Scott Frederking, Budget Director, presented the FY 2012 Budget Highlights for the Medicaid and PeachCare, Public Health, State Health Benefit Plan, Administration and Health Care Access, and Healthcare Facility Regulation budgets. In the Medicaid-PeachCare for Kids™ budgets state general funds totaling \$684 million were put back into the budget to replace expiring federal stimulus dollars; Medicaid reimbursement will be reduced by one-half of one percent for all providers except hospitals, nursing homes, home and community based services and those whose rates are set by CMS); existing member co-pays will increase and new co-pays will be started for PeachCare members six years and older; state matching funds in the amount of \$77.6 million were removed from the budget based on projected benefits needs; ten million dollars in general obligation bonds will be issued to match \$90

million in federal funds to implement a new eligibility system; the Department is authorized to increase the nurse home provider fee and use those revenues to rebase reimbursement rates based on the most recent year cost report; and the Department is authorized to increase provider reimbursement rates to nursing facilities and long-term care services managed through the SOURCE program. In the Public Health budget, programmatic and administrative funds were transferred from DCH to establish and operate the new Department of Public Health. The Legislature restored the county level general grant in aid to counties. In the State Health Benefit Plan the per member per month billing for non-certificated school service personnel will increase from \$218.20 to \$246.20 effective July 1, 2011; funds were added to reflect an increase in the employer share to the SHBP (\$147.4 million) and recognized savings from maximizing the use of minimally invasive procedures in outpatient settings (\$21.8 million). Mr. Frederking said according to the Department's actuaries, DCH has already achieved these savings; consequently this may be properly viewed as an additional cut to the budget. (A copy of the FY 2012 Budget Highlights presentation is attached hereto and made an official part of these Minutes as Attachment # 3).

Mr. Vince Harris, Chief Financial Officer, presented the State Health Benefit Plan Financial Status and rate Resolution. Projected Revenue for FY 2011 is a \$409.6 million or 16% growth in employee and employer revenues as compared in FY 2010. The majority of the increases on the employer revenue side is a result of the following factors: in FY 2010 there was a three-month reduction in employer revenue due to a liquidation of long term investments for Other Post Employment Benefits (OPEB); employer contributions to the Plan were reduced during that time, and available OPEB reserves were used to pay retiree health claims; in FY 2011 the Department front loaded the employer percent of payroll for state and teacher percent of payroll for annualized rates to get more revenue to the Plan at the beginning of the fiscal year. Through the legislative process the Plan did secure percent payroll increase for state employer contributions, but teacher employer contributions will be dramatically reduced on the May and June bills in order to balance to appropriated levels. Also in FY 2011 due to strong advocacy from the Commissioner the per member per month rate for noncertificated employer rates was increased twice from \$162.72 to \$218.20 (December 2010) and from \$218.20 to \$246.20 (May 2011). Member premiums and surcharges were increased in the 2011 Plan Year; however, this increase is mitigated by migration to cheaper plans. Employees in dependent coverage tiers pay an additional premium add-on in order to cover a portion of the cost of covering dependents aged 19 through 25 as required by Federal Health Care Reform.

In FY 2012 the Department is projecting a \$219.5 million or 7.6% decrease in revenue and a 4.1% increase in member premium revenues due to premium increase and surcharges increases in Plan Year 2011, in addition to an assumed 10% employee premium increase in Plan Year 2012. The projected expense for FY 2011 is a negative \$150.8 million. In FY 2012 the projected expense is negative \$135.8 million. Assumptions are negative growth for active state employees, teachers, and school employees; continued positive growth for early retirees and Medicare retirees in all groups; and the impact of federal health care reform.

Next Steps include the Office of Planning and Budget updating projections with survey results from Boards of Education; develop Calendar Year 2012 plan changes and budget strategies to address remaining projected deficit; submit a budget proposal to the Board in August with updated financial status report and proposed plan changes. In addition, the Resolution presented today for the Board's consideration would approve employer contribution rates for FY 2012 based on the FY 2012 Appropriations Act. The Resolution sets employer contribution rates for state agencies and authorities at 27.363%; 18.534% for teachers, libraries and RESAs; and no proposed changes to the non-certificated per member per month rate in this Board Resolution. (A copy of the State Health Benefit Plan Financial Status presentation is attached hereto and made an official part of these Minutes as Attachment # 4).

Mr. Wallace said he read the Resolution and it states in Preamble 8, *"A deficit is projected for Fiscal Year 2012 because, on a combined basis, these projected employer contributions and project contributions from members and other sources will not be sufficient to pay benefits expected to be payable under the State Health Benefit Plan through June 30, 2012."* He said in addition the Resolution states in Operative Clause 3, *"Now, therefore, let it be ordered that the Department of Education will not make a contribution to the plan for non-certificated public school employees in Fiscal Year 2012."* Mr. Wallace stated there is

a fiduciary and legal responsibility to ensure sufficient funding to cover projected and anticipated costs. Mr. Wallace said in reading those two statements it gives him concern because the Department has publicly stated it will not generate or have sufficient revenue to cover anticipated expenditures. He said this is a concern for himself as a board member, a concern for the Commissioner, and a concern for the citizens of Georgia because the deficit will have to be made up some way. Mr. Wallace asked if the Board was being asked to support a resolution that the Department and Board know unequivocally will not be sufficient to pay benefits expected to be incurred under the SHBP through June 30, 2012. Mr. Harris said the Legislature put in an amount in the Appropriations Act and language that puts the Commissioner and agency in a position to identify plan changes that would address the deficit. Mr. Wallace said his point was not to embarrass but to make a statement and reiterate a point he made last month: if there is an employee group covered under the SHBP that is not providing sufficient revenue to cover their costs, there should be some consideration if they are to continue to be covered by the SHBP. A discussion ensued about the benefits of adopting the Resolution today rather than after the plan changes have been presented in the future. Dr. Wickersham MADE a MOTION to ADOPT a Resolution entitled "State Health Benefit Plan Employer Contribution Rates for Fiscal Year 2012; Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit." Ms. Pennington SECONDED the MOTION. The MOTION was ADOPTED with one dissenting vote from Mr. Wallace. (A copy of A Resolution entitled "State Health Benefit Plan Employer Contribution Rates for Fiscal Year 2012; Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit" is attached hereto and made an official part of these Minutes as Attachment # 5).

Ms. Leslee Pool, Deputy Director, Healthcare Facility Regulation Division, presented proposed Proxy Caregivers Rule 111-8-100 for initial adoption. These rules were developed in response to House Bill 1040 which was passed by the Legislature in the 2010 Legislative Session to address the required training for and use of proxy caregivers in healthcare facility settings that the Division licenses except hospitals, nursing homes, and Medicare certified home health agencies and hospices which were exempted from the use of proxy caregivers by HB 1040. The rules were developed with input from an informal rules advisory group, a working draft of the rules was posted on the DCH web site for the public to review, and the Division held an informal town hall meeting for the public to offer comments. The rules are designed to be flexible to allow individuals who receive services from licensed providers or who live in licensed facilities to either hire their own proxy caregivers and bring them into that facility or to have facilities provide proxy caregivers available to individuals to use in that facility. The rules require written plans of care developed by a licensed healthcare professional. Proxy caregivers have to be trained by a licensed healthcare professional and complete skills competency checklists before a licensed healthcare professional. Training will be specific to the individual to which the proxy caregiver is providing services. Dr. Wickersham commended the HFRD staff for bringing together the various stakeholders who worked on drafting the rules. Ms. Pennington MADE a MOTION to approve for initial adoption proposed Proxy Caregivers Rule 111-8-100 to be published for public comment. Dr. Wickersham SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of proposed Proxy Caregivers Rule 111-8-100 is attached hereto and made an official part of these Minutes as Attachment # 6).

Dr. Jerry Dubberly, Chief, Medical Assistance Plans, presented the Developmental Disabilities Waiver Programs Public Notice for final adoption. This public notice includes two waivers: the New Options Waiver (NOW) and Comprehensive Supports Waiver (COMP) programs. The purpose of the public notice is to establish maximum rates for services under the NOW and COMP waiver programs and to provide notice of three additional services in the COMP Waiver. Dr. Dubberly summarized the oral and written comments. Ms. Pennington MADE a MOTION to approve for final adoption the Developmental Disabilities Waiver Programs Public Notice, the New Options Waiver rate table, and the Comprehensive Supports Waiver rate table. Ms. Heck SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Developmental Disabilities Waiver Programs Public Notice, the New Options Waiver rate table, and the Comprehensive Supports Waiver rate table are attached hereto and made an official part of the Minutes as Attachment # 7).

Dr. Dubberly presented the Independent Care Waiver Program (ICWP) Public Notice. The public notice adds one additional service, Alternative Living Service, which will provide a residential care option for waiver participants. He provided a summary of the written comments. Ms. Heck MADE a MOTION to

approve for final adoption the Independent Care Waiver Program Public Notice and Rate Table. Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Independent Care Waiver Program Public Notice and Rate Table is attached hereto and made an official part of these Minutes as Attachment # 8).

Dr. Dubberly presented the Pharmacy Services Public Notice for final adoption. The public notice expands the specialty pharmacy list and will apply to selected preferred and non-preferred medications used in the treatment of certain disease states. The Department received no oral comments and one written comment. Dr. Dubberly reviewed each concern outlined in the written comment. A discussion ensued about the Department's ability to maintain access to medications, the timely publication of specific drugs subject to the specialty pharmaceutical reimbursement schedule, and the possibility of pharmacies discontinuing participation in the Medicaid and PeachCare for Kids™ programs. Mr. Boyd MADE a MOTION to approve for final adoption the Pharmacy Services Public Notice. Mr. Wallace SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Pharmacy Services Public Notice is attached hereto and made an official part of these Minutes as Attachment # 9).

Dr. Dubberly discussed the Hospital Services Public Notice. In the 2010 Legislative Session, the Provider Payment Act was passed which called for a provider fee for the hospital provider community. The provider fee was instituted, and there was a corresponding provider rate increase for which part of the federal matching funds were used to accommodate. The Department reviewed the actual revenues to expenditures in terms of increased payments to hospital providers. As a result of the review, the Department is proposing to decrease hospital inpatient and outpatient add-on reimbursement rates from the current level of 11.88% to 10.49% for hospital services provided between July 1, 2011, and the sunset of the Provider Payment Act which is June 30, 2013. The purpose is to more closely match the expenditures on the rate increase to the revenues from the provider fees. Ms. Heck MADE a MOTION to approve for initial adoption the Hospital Services Public Notice to be published for public comment. Mr. Wallace SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Hospital Services Public Notice is attached hereto and made an official part of these Minutes as Attachment # 10).

Dr. Dubberly presented the Hospital Services: Morehouse Medical Education Partnership Expansion Public Notice. The purpose of the public notice is to enable the Department to make a State Plan Amendment change that would ensure that federal funds available for Morehouse medical training of physicians would continue to be available. Effective for dates of service on and after July 1, 2011, the Department is proposing an expansion of the current Morehouse Medical Education Partnership to include eligible hospitals in addition to Grady Memorial Hospital to mitigate the negative impact of the Pass-Through Grant on Grady Memorial's adjusted disproportionate share hospital limit. Ms. Pennington MADE a MOTION to approve for initial adoption the Hospital Services: Morehouse Medical Education Partnership Expansion Public Notice to be published for public comment. Mr. Wallace SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Hospital Services: Morehouse Medical Education Partnership Expansion Public Notice is attached hereto and made an official part of these Minutes as Attachment # 11).

Jesse Weathington, Legislative and External Affairs Director, presented the 2011 Legislative Session Summary. He said the Department tracked over 70 bills during the Session. He reviewed 32 bills and resolutions that directly impacted DCH. Highlights include HB 509 which combines the State Medical Education Board with the Georgia Board for Physician Workforce; HB 87, the Illegal Immigration Reform and Enforcement Act of 2011, requires the Department to enroll in the federal e-verify program to determine immigration status of employees, applicants, and contractors, and requires the HFR Division to check a "secure and verifiable document" when processing applications for licenses; HB 107 allows for continuation of health coverage for surviving dependents and spouses of state employees killed in the line of duty; HB 117 imposes an excise duty on SOURCE Case Management services; HB 214 creates a Department of Public Health; and SB 178 creates an intermediate care setting called Assisted Living Communities that will be regulated by the HFR Division. (A copy of the 2011 Legislative Summary is attached hereto and made an official part of these Minutes as Attachment # 12).

Commissioner Cook said he felt it was important to bring to the Board an update on the Women, Infants, and Children (WIC) Program. The WIC program serves about 300,000 clients per month. Services are available to pregnant and postpartum women, infants and children under five years of age within 185% of the Federal Poverty Level. The WIC program provides nutritious supplemental food such as low fat milk, wheat bread, peanut butter, fruits and vegetables. Commissioner Cook stated he met with U.S. Department of Agriculture staff regarding longstanding concerns with the WIC program. He worked in coordination with the USDA, Dr. Brenda Fitzgerald and Brian Castrucci, Director, Maternal and Child Health, and took actions specifically designed to address fraud within the WIC system. Some instances of fraud include buying and trafficking vouchers, unauthorized vendors accepting vouchers, redeeming vouchers without inventory and price gouging. He asked Mr. Castrucci to give an overview of current initiatives. Mr. Castrucci said a strong contributor to WIC fraud is the vendor authorization process. The Commissioner approved a series of actions that would help strengthen the vendor authorization process. The first action was a six month moratorium on new vendor applications to review the vendor authorization process, improve eligibility criteria, change maximum allowable prices and establish a program integrity unit. Another program challenge is the declining enrollment in the program. The WIC program has partnered with the Medicaid program by entering into a data sharing agreement to reach out to Medicaid eligible children. Mr. Castrucci thanked Commissioner Cook, Dr. Fitzgerald and all DCH partners for their help with addressing the challenges in the WIC program.

Ms. Pennington asked about the status of an automated enrollment system. Mr. Castrucci said the program submitted an Advanced Planning Document to the USDA for a front-end automated client enrollment system. The projected implementation date for transition to the new automated system is June 1, 2013.

Adjournment

There being no further business to be brought before the Board, Chairman Mason adjourned the meeting at 12:18 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____ DAY OF _____, 2011.

ROSS MASON
Chairman

ARCHER R. ROSE
Secretary

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 FY 2012 Budget Highlights Presentation
- #4 State Health Benefit Plan Financial Status Presentation
- #5 A Resolution - State Health Benefit Plan Employer Contribution Rates for Fiscal Year 2012; Authorization of Commissioner to Take Actions Necessary to Address Projected Deficit
- #6 Rules 111-8-100
- #7 Developmental Disabilities Waiver Programs Public Notice and Rate Tables
- #8 Independent Care Waiver Program Public Notice and Rate Table
- #9 Pharmacy Services Public Notice
- #10 Hospital Services Public Notice
- #11 Hospital Services: Morehouse Medical Education Partnership Expansion Public Notice.
- #12 2011 Legislative Summary