Georgia Department of Community Health
Hospital Advisory Committee Meeting
February 27, 2006

The meeting was called 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 | Bob Bigley |
| Flint River Community Hospital | Andy Smith |
| Floyd Medical Center | Rick Sheerin |
| Georgia Alliance of Community Hospitals | Julie Windom |
| Georgia Hospital Association | Joe Parker |
| Grady Health System | John Henry |
| Habersham County Medical Center | Dick Dwozan |
| HomeTown Health | Jimmy Lewis |
| Meadows Regional Medical Center | Alan Kent |
| Medical Center of Central Georgia | Rhonda Perry |
| Medical College of Georgia | Don Snell |
| Memorial Health University Medical Center | Bob Colvin |
| Minnie G. Boswell Memorial Hospital | Brenda Josey |
| Phoebe Putney Memorial Hospital | Kerry Loudermilk |
| Sumter Regional Hospital | David Seagraves |
| Tanner Medical Center/Carrollton | Lee Sherseth |

The minutes for the meeting on February 13, 2006 were approved without changes. The committee then received an update from Jim Connolly, Director of Reimbursement Services for the Department, regarding UPL calculations for State Fiscal Year 2006. Mr. Connolly reported that the Department's target date for completing UPL calculations was March 9, but the timing of UPL transactions would be dependent on the review and approval of the federal Centers for Medicare and Medicaid Services.

Kevin Londeen of Myers & Stauffer then presented the committee with summary data demonstrating the impact of an example application of DSH-related data calculations. Based on discussions with the Department and the committee co-chairmen, Bob Colvin and David Seagraves, the summary data reflected several changes to the allocation model that was discussed at the prior advisory committee meeting:

- The initial allocation pool was expanded to include small rural private hospitals as well as small rural public hospitals;

- An enhanced allocation rate for hospitals meeting the federal Medicaid Inpatient Utilization Rate (MIUR) or Low Income Utilization Rate (LIUR) standards was applied to the pool of small rural hospitals as well as to all other hospitals;
- The IGT portion of UPL payments to public hospitals was added back to hospital DSH limits when determining the basis for allocations;
- Supplemental rate adjustments for medical education and neonatal services were deducted for determining DSH limit amounts, in accordance with federal requirements, but then added back when determining the basis for allocations.

In subsequent discussion, the following are some of the items mentioned about the revised data model:

- The allocation model gives too much consideration to funding levels in prior years and does not address the type of major reform that is needed.
- In order to avoid continued delays in distributing SFY2006 funds, attempts for major changes in the allocation should be deferred until SFY2007 to allow sufficient time for discussion and debate. The impact of potential changes to the sources of matching funds, if required by CMS, might also need to be considered for SFY2007, so that would be the appropriate time to look at major allocation changes.
- The enhanced allocation factor for "deemed" facilities addresses the committee's goal that the distribution of DSH funds should be related to disproportionality.
- The impact of an enhanced allocation factor creates too big of a difference for public deemed and public eligible facilities in the rate of DSH limit coverage.
- The basis for establishing an allocation pool for small rural hospitals may be too restrictive.
- Because some hospitals are in difficult financial condition and have an immediate need for DSH funds, if the model is acceptable, the committee should proceed so that funds can be disbursed as soon as possible.
- While changes to allocation amounts may result from data validation efforts, it is expected that the full allotment of federal funds would still be allocated among eligible hospitals.

Following the discussion, the committee then considered a motion that proposed to accept the example allocation model. After an extended discussion about the possible causes or impacts for hospitals that might have a reduction in DSH funds, the committee agreed that it should review model data that identified hospitals by name when presenting model data. The committee agreed that it would meet again on March 6. Mr. Colvin asked that the Department and Myers & Stauffer to consider whether any outlier data elements may warrant immediate corrections. The Department was asked to distribute detailed model data, identifying hospitals by name, to the committee members by March 2nd or 3rd.

As a final item, the Department asked for clarification about the committee's recommendation that the prior year's eligibility criteria should also be applied for State Fiscal Year 2006. The

specific item of concern was the Georgia criterion providing eligibility if a hospital's Medicaid and PeachCare charges are 15% of a hospital's total charges. The Department's preliminary SFY2006 eligibility calculations had used the same basis for measurement as had been used in the prior year, with Medicaid and PeachCare covered charges selected from the Department's HS&R paid claims reports. Prior year eligibility calculations had also considered an alternate data source, Medicaid charges that had been self-reported in a hospital's ICTF addendum to the Hospital Financial Survey. Because the ICTF addendum had been replaced by the DSH survey, as recommended by the advisory committee, the alternate data source was no longer available. After discussion of the item, the committee recommended that the 15% eligibility determination should be determined solely by use of Medicaid and PeachCare covered charges from the HS&R paid claims reports.

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