

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
August 25, 2011**

Members Present

Ross Mason
Norman Boyd
Clay Cox
Inman C. "Buddy" English, M.D.
Jamie Pennington
Archer R. Rose (via phone)
William H. Wallace, Jr.
Mary Eleanor Wickersham, D.P.A.

Members Absent

Hannah Heck

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 10:34 a.m.

Minutes

The Minutes of the August 11, 2011 Meeting were UNANIMOUSLY APPROVED and ADOPTED.

Chairman's Opening Remarks

Chairman Mason reminded everyone that on September 1, the First Lady of Georgia Sandra Deal and U.S. Senator Isakson will host "Celebration of Service and Sacrifice 10 Years after 9/11" to recognize and honor military men and women and their families.

Report of the Commissioner

Dr. Jerry Dubberly, Chief, Medical Assistance Plans, announced that the Department received a \$2.5 million grant from the U.S. Department of Health and Human Services. It is the largest award in the nation and will be used for enrollment and renewal technology for Medicaid and PeachCare for Kids®. The two-year grant is authorized under the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009. The funds will be used for several technology solutions that are eligibility related including: pre-populated renewal forms; enhanced citizenship verification; equipment to facilitate off-site enrollment and verification; implementation of an on-line renewal module; and development of an electronic referral from Medicaid to PeachCare so that children may access care sooner and not lose coverage when their family circumstances change.

Mr. Scott Frederking, Budget Director, presented the Amended FY 2012 and FY 2013 Budget Proposals. Mr. Frederking reviewed the FY 2012 State Funds Budget. Ninety-five percent of the state funds in the DCH budget are spent on the Aged, Blind and Disabled (ABD) and Low Income Medicaid (LIM) population benefits, 2.3 percent on PeachCare; less than 0.5 percent on Healthcare Access and Health Facility Regulation and 2.7 percent for Administration. The Governor's Office of Planning and Budget budget instructions require state agencies to submit budget requests reflecting a 2 percent cut to state funds in both the Amended FY 2012 and FY 2013 budgets. Medicaid and PeachCare benefits, revenues from Hospital Provider Payments and Nursing Home Provider Fees are exempt from cuts. DCH must identify additional cuts to cover any enhancements to the budget. The two percent target is based on three programs supported by state funds: Administration, Health Care Access and Improvement and Healthcare Facility Regulation. The budgeted state funds for the three programs total about \$76 million; a 2 percent cut would total about \$1.5 million. Proposed administrative cuts include: Regular Operating Expenses - \$164,050 in AFY 12 and \$113,075; Contracts - \$1.355 million in AFY 12 and \$1.5 million in FY 13.

Mr. Frederking gave an overview of new and expanded initiatives that will need funding; some of which are mandates beyond the Department's control: two IT projects - ICD-10 (a federally mandated major change to the official system of assigning codes to

report diagnoses and procedures) and 5010 (a HIPAA mandate that changes how electronic transmissions of healthcare transitions occur); managed care consultants for the Medicaid Redesign and Solution; Health Information Exchange Project; Electronic Health Records Incentive Project; Medicaid Redesign Impacts (actuaries and project assistance); Georgia Medical Care Foundation enhanced file reviews; expanded Category of Service case file review; and MMIS matching funds if certification is delayed.

A discussion ensued about partnering with private, nonprofit and for-profit sectors on the Health IT projects and grants and the safety and privacy of exchanging health records.

In total, DCH will ask for \$21 million of new state funds in AFY 12 and about \$9 million in FY 13. DCH will request the use of projected budget surplus from FY 11 to cover Medicaid IBNR and administrative needs in AFY 12. Also DCH will request use of federal reimbursement from MMIS certification to cover administrative needs in FY 13.

In addition, the Department will request transferring funds for Health Planning-Certificate of Need activities from the Health Care Access Program to the Healthcare Facility Regulation program for better coordination and transfer the funds for the Office of Rural Health from Health Care Access (which will be eliminated) to the Administration program.

Mr. Frederking reviewed the Medicaid Benefits Financial Status. In FY 12 the projected total revenues is \$2.28 billion. The projected state fund expense is \$2.479 billion. The Department is projecting a deficit of \$192.65 million this fiscal year. For FY 13, the projected state revenues will remain about the same \$2.28 billion, but the state fund expense is projected at \$2.6 billion which will result in a \$326 million deficit. Mr. Frederking stated most of the reasons for the deficit are based on budget decisions that were made during the last Legislative Session: restore state funds taken from the LIM budget that were used to fund the SHBP and the Department of Labor; restore one month's CMO capitation payment to return to 12 monthly payments; and restore MMIS funding in Medicaid benefits. Additional budget deficits include a change in federal match rate and Medicaid program growth.

Mr. Frederking described the PeachCare for Kids financial status. He said overall PeachCare for Kids enrollment has not changed significantly since 2009; however, a very significant change may occur beginning January 2012. The federal government now allows state employees or those who participate in state health plans to participate in the State Children's Health Insurance Program for those who qualify. The Department estimates over 42,000 children will move from SHBP to PCK on January 1, 2012. There will be an additional state cost to PCK of \$8.4 million in AFY 12 and \$17.2 million in FY 13. Commissioner Cook added that no one will be required to move from SHBP to PCK; it is a voluntary choice or option that parents can make. The fund status for PCK is a projected deficit of \$21 million in FY 2012 and a projected \$33.4 million deficit in FY 13. He listed several reasons for the budget deficit: restore one month's CMO capitation payment; PCK program growth; SHBP children eligible for PCK; and a change in the federal match rate.

Mr. Wallace asked the Department to monitor and report back to the Board in December the impact of three elements to the budget and DCH operations: the reduction of provider reimbursement in the Medicaid-PCK programs; increased enrollment growth in PCK; and the reduction of entitlement programs at the federal level.

Dr. English asked if physicians will realize a rate decrease when the children once covered by the SHBP move to PCK. Mr. Frederking stated the rate schedule for PCK is lower than the rates for SHBP.

Mr. Frederking pointed out that a small part of the budget request is due to growth; most of the request is due to gaps in funding either as part of balancing steps in FY 12 or because the federal match percent is expected to be less favorable. He said the Department will be working very closely over the next several months with the Governor's Office, OPB, and the Legislative Budget Offices to review the numbers and justify the budget requests.

Mr. Frederking said at the last board meeting the Department submitted for the Board's adoption changes to the SHBP designed to address the FY 12 operating deficit: increased the non-certificated school service personnel employer PMPM contribution; increased employee premiums and adopted plan design changes. Based on those changes the projected budget deficit in FY 13 is now about \$176 million. The Department proposes several recommendations: increase employer PMPM for non-certificated employees in July 2012, request \$69 million as part of the Governor's recommendations to the Legislature, and develop plan design changes to address the remaining projected deficit of \$63 million. This does not include IBNR liability or OPEB.

Mr. Frederking said the Department is not asking for the Board's approval today. At the September 8 Board meeting, the Department will share with the Board any recommendations received from provider groups and stakeholders and ask the Board to vote on these budget proposals. (A copy of the Amended FY 2012 & FY 2013 Program Budget Request is attached hereto and made an official part of these Minutes as Attachment # 3).

New Business and Closing Remarks

Chairman Mason commended Commissioner Cook for his leadership. He reiterated that the Board is there to serve the public. He asked attendees to bring their issues, concerns and ideas regarding healthcare delivery to the Board and Department.

Adjournment

There being no further business to be brought before the Board, Chairman Mason adjourned the meeting at 11:20 a.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 Amended FY 2012 & FY 2013 Program Budget Request