

**MINUTES OF THE  
BOARD OF COMMUNITY HEALTH MEETING  
September 11, 2008**

**Members Present**

Richard Holmes, Chairman  
Ross Mason, Vice Chairman  
Kim Gay, Secretary  
Dr. Inman C. "Buddy" English  
Richard Robinson  
Archer Rose

**Members Absent**

Dr. Ann McKee Parker  
Raymond Riddle

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 10:41 a.m.

**Chairman's Comments**

Chairman Holmes asked the board and attendees to take a moment of silence to recognize and remember those who lost their lives on September 11, 2001.

**Approval of Minutes**

The Minutes of the August 28, 2008 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

**Committee Reports**

Mr. Richard Robinson, Chair of the Audit Committee, reported that the Committee discussed three items: the required communications from the Independent Auditor to the Audit Committee, an update on the audit of the Medicaid Management Information System (SAS 70 Report), and an overview of the federal government's Payment Error Rate Measurement (PERM) program.

**Commissioner's Comments**

Dr. Rhonda Medows, Commissioner of DCH, reported that she has no new news about the administrative cuts that were proposed for state agencies and is still waiting to hear from the Governor's Office on whether there will be a 6, 8 or 10 percent cut. In addition, Dr. Medows said she has no news to share regarding the Medicaid program reduction proposal that was discussed at the August 28 board meeting.

Dr. Medows invited members of the board to the Women's Health Summit on September 25 at the Georgian Terrace and a town hall meeting on September 30 at Morehouse School of Medicine regarding health disparities and efforts to resolve and achieve health equity.

**Department Updates**

Clyde Reese, General Counsel, asked the Board to consider two administrative actions: 1. approval of most of the Certificate of Need Administrative Rules that were published for public comment to implement the CON Reform measures from Senate Bill 433; and 2. revise two rules that have been proposed, and since the changes are substantive, the rules will have to be reissued.

Mr. Reese summarized the public comment period. The substantial body of administrative rules to implement the CON Reform Bill (Senate Bill 433) were initially adopted at the July 10 meeting and released for public comment; a public hearing was held on August 19; and the public comment period ended on August 20. During the public comment period the Department received seven written comments, and at the public hearing, only one oral comment. One of the written comments that coincided with the oral comment was concerning the new statutory exemption for hospitals that perform therapeutic cardiac catheterizations without CON review and approval. The first part of that exemption dealt with hospitals that are currently participating and were previously selected to participate in the C-PORT Study; the second part provides that the Department will publish standards for those hospitals that wish to perform therapeutic cardiac catheterizations according to C-PORT criteria but were not selected for that study so that they may avail themselves of that exemption. Two of the comments were proposals on what those standards should be but were not really a part of the rules that were out for comment. Mr. Reese said the Department will come back to the Board at a later date with the proposed rule that will accomplish those standards.

Mr. Reese said the Georgia Hospital Association submitted a written comment stating the proposed rules to implement SB 433 were not specific enough to determine how the Department would apply the new statutory provisions. The Department's position is that the rules were written to mirror the statutory provisions which contained a great deal of specificity and the administrative discretion of the department, along with the clear direction of the statute, will be sufficient.

The Medical Association of Georgia submitted a written comment was about who would be required to submit a request for a Letter of Determination to avail themselves of any particular exemption. Mr. Reese said this is one of the areas that the Department will be recommending a change to the language of the proposed rule in response to this comment.

There were several comments from the Georgia Alliance of Community Hospitals that dealt with the review procedure and who would be allowed to oppose during a particular timeline; clarification in the definitions of "limited purpose ambulatory surgery center" and "single specialty" to recognize the new language in the statute; objections to a provision in the proposed rules regarding Letter of Nonreviewability for the establishment of a single specialty ambulatory center; and finally a recommendation to sunset the current CON rules to provide rule framework for pending applications that were filed prior to July 1. The Department recommends no changes as a result of these comments.

Mr. Reese said the Department is recommending two changes to what has been proposed. The first is Rule 111-2-2-.10(2) with regard to who is required to request a Letter of Determination. The proposed rule said any person who would avail themselves of the new exemptions would otherwise be exempt from the CON statute. There was a concern that this language was overly broad and the Department concurred. DCH is proposing an amendment to the rule, so the Department will not ask for approval for this particular subsection only.

The Department, in its internal review of the rules during the comment period, is making a recommendation that the language of proposed Rule 111-2-2-.20(3)(k)(vi) be amended. The proposed rule is in the service specific rules governing the standards for an applicant of a destination cancer hospital. An applicant for a destination cancer hospital must commit to a 3% indigent care commitment. The proposed rule that was published for public comment went on to say the CON holder may be subject to revocation of its CON for failure to meet this commitment. The Department was concerned that the rule could be interpreted to mean that this facility or anyone who received a CON for this type of facility would not be able to pay a monetary penalty of the difference between the amount of indigent charity care committed and that actually provided as all other providers can. Currently if a facility does not meet the indigent charity care commitment, the Department can impose a monetary penalty for the difference between those two amounts, and that money goes into the Indigent Care Trust Fund. A destination cancer hospital would have the same ability to do that, as with all other facilities. The Department is recommending that 111-2-2-.20(3)(k)(vi) be amended and republished for public comment.

Mr. Reese asked the Board to approve for final adoption the bulk of the rules (with the exception of the two revisions) and transmit them to the Secretary of State where the rules would become effective early October. Mr. Rose MADE a MOTION to approve for final adoption Certificate of Need Rules 111-2-1-.01, 111-2-1-.02, 111-2-2-.01, 111-2-2-.03, 111-2-2-.04, 111-2-2-.05, 111-2-2-.06, 111-2-2-.07, 111-2-2-.08, 111-2-2-.09, 111-2-2-.11, 111-2-2-.21, 111-2-2-.24, 111-2-2-.31, 111-2-2-.33, 111-2-2-.34, 111-2-2-.40 and repeal in its entirety Rule 272-2-.07. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rules 111-2-1 et seq and 111-2-2- et seq are attached hereto and made an official part of these Minutes as Attachment # 3).

Mr. Reese asked the Board to approve for initial adoption Rules 111-2-2-.10(2) and 111-2-2-.20(3)(k)(vi). A public hearing is scheduled for October 23, 10:00 a.m. Ms. Gay MADE a MOTION to approve for initial adoption Rules 111-2-2-.10(2) and 111-2-2-.20(3)(k)(vi) to be published for public comment. Mr. Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rules 111-2-2-.10(2) and 111-2-2-.20(3)(k)(vi) is attached hereto and made an official part of these Minutes as Attachment # 4).

Carie Summers, Chief Financial Officer, discussed the State Health Benefit Plan Financial Status. She reviewed the FY 2008 status, particularly revenue collections, SHBP Reform milestones, expenses, annual changes in net payments per member and the revenue/ expense statement. Total revenue for FY 2008 is \$2.941 billion which includes employer contributions \$2.1 billion, member premiums \$624.2 million, other revenue (primarily interest earnings) \$21.2 million, and contributions earmarked for OPEB \$184.9 million. Total expenses for FY 2008 is \$2.7 billion which includes \$2.5 billion cash expenses and \$184.9 million transfer to OPEB—a surplus of \$238.3 million.

Ms. Summers said predicting the FY 2009 and 2010 revenue projections has been challenging since most of the revenue receipts come from employer contributions, and given the state of the budget, payrolls are likely to go down because of the hiring freeze, no pay raise for state employees and other agency budget cuts. In FY 2009 the Department is projecting a 5.4% growth in revenues or \$148 million, 4.0% increase in employer revenues and a 10.2% increase in member premiums. In FY 2010, the Department is projecting a 0.4 % decrease in revenues, 2.0% reduction in employer revenue, and a 4.5% increase in the collection of member premiums due to CY 2009 premium increases. The Department's actuaries project 7.6% or \$192.4 million growth in expenses in FY 2009 and 5.3% growth or \$143.8 million in FY 2010. The Department expects a \$193.8 surplus in FY 2009 and \$37.2 in FY 2010.

Ms. Summers explained what happens to the surplus. The Fund Balance is increased when annual revenues exceed annual expenses. The Fund Balance currently exceeds the recommended level of one month's worth of SHBP expenditures. In FY 2009, employer contributions are expected to be reduced, allowing employers to lapse the state share of their contributions back to the Treasury for other use. The SHBP would utilize part of the Fund Balance to cover the loss of annual employer contributions. The Governor and General Assembly will determine how much of the fund balance is used.

Ms. Summers said the Plan's fiscal health suggests the Department should reconsider CY 2009 member premiums and since active state employee members will see no pay raise on January 1, 2009, she will present a Resolution for the Board's consideration that would eliminate premium increases for members already in the CDHP options. Members in HMO and PPO options who switch to a CDHP option would see lower premiums in CY 2009 as compared to what they are currently paying.

Mr. Robinson asked if the actuaries made revenue projections on the assumption of every member choosing the CDHP option to get more members to consider the CDHP option. Ms. Summers said the Department asked the actuaries this question. The Department expects this Resolution to cost about \$1.2 million since there is no revenue increase. The actuaries indicated that the assumptions on Plan choice is that since the price difference in the HMO and PPO premiums compared to the CDHP is so significant that if members were not going to make the change, this CDHP premium decrease would not be a significant factor. This Resolution is to reward members who have chosen CDHP.

The Resolution revises the rates approved at the August 14 board meeting effective January 1, 2009. Mr. Mason MADE a MOTION to approve a Resolution - State Health Benefit Plan Employee Rates for CY 2009 Plan Year from January 1, 2009 through December 31, 2009. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Resolution - State Health Benefit Plan Employee Rates for CY 2009 Plan Year from January 1, 2009 through December 31, 2009 is attached hereto and made an official part of these Minutes as Attachment # 5).

Ms. Summers said at the August 28 meeting public notices were initially approved for public comment that would delay rate increases, or in the case of programs administered by the Department of Human Resources (DHR), rescind rate increases. At DHR's request, Ms. Summers asked the Board to withdraw the public notice that rescinded rate increases for the Community Care Services Program (CCSP) and Psychiatric Residential Treatment Facilities (PRTF) that had been scheduled to go into effect July 1, 2008, and instead asked the Board to approve initially a public notice that will rescind the CCSP rate increase only (the PRTF rate increase would go forward effective July 1, 2008). The MOTION to approve the Community Care Services Program Public Notice to be published for public comment was UNANIMOUSLY APPROVED. (A copy of the Community Care Services Program Public Notice is attached hereto and made an official part of these Minutes as Attachment # 6).

### **Adjournment**

There being no further business to be brought before the Board, Chairman Holmes adjourned the meeting at 11:34 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2008.

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RICHARD L. HOLMES  
Chairman

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KIM GAY  
Secretary

### Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 Certificate of Need Rules 111-2-1 et seq and 111-2-2- et seq
- #4 Rules 111-2-2-.10(2) and 111-2-2-.20(3)(k)(vi)
- #5 Resolution - SHBP Employee Rates for CY 2009 Plan Year
- #6 CCSP Public Notice