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Commissioner David Cook
Georgia Deptartment of Community Health
2 Peachtree Street
Atlanta, Georgia 30334

Dear Commissioner Cook:

Thank you for the opportunity to provide input on the report that Navigant's consultants recently completed on Medicaid reform and redesign. As a private, not-for-profit healthcare system serving the southwest corner of Georgia, we feel it necessary to express some serious concerns we have about the findings, conclusions and recommendations, particularly the proposed expansion of the Medicaid care management program (CMO) to additional beneficiary programs.

First and foremost, we at Archbold strongly oppose the expansion of risk-based capitation care management to include those individuals covered by Georgia Medicaid's Aged, Blind & Disabled (ABD) program. Providers have struggled since the inception of Georgia Families with logistical, administrative and contracting issues, as the State attempted to adapt to a one-size fits all "care management" model run by for-profit insurance companies onto a diverse Medicaid population over the past five years. The existing CMO program, as analyzed by Navigant, has shown only marginal clinical performance improvement, and a 2009 analysis found the CMOs performed at or below the 50th percentile on 40 of 47 performance measures compared with other state Medicaid managed care programs. True cost avoidance for the State – all of which has come at the expense of Georgia providers – has been minimal, and DCH has had to constantly require and monitor hundreds of corrective action plans to attempt to address ongoing issues that continue still today.

Second, the State must consider the serious negative impact on healthcare providers and on the Medicaid budget itself were risk-based care capitation care management expanded to the ABD population. Hospitals and health systems will see an estimated 10-15% reduction from current Medicaid ABD payments, similar to the more than $700 million estimated loss to providers and the state in the first four years (1997-2010). Since 2007, the implementation of CMOs for low-income Medicaid, Georgia hospitals have lost another $632 million in supplemental payments funded by federal

Upper Payment Limit (UPL) dollars; the additional annual UPL loss if Medicaid ABD populations are moved to risk-based capitation is estimated at $150 million for hospitals alone, plus another $100 million estimated UPL impact on nursing homes. Further, a new federal insurance premium tax on for-profit insurance companies, including those that would provide capitated Medicaid care management to expanded populations, will add significant cost to the system that will be passed along to the State. These significant financial pressures on the healthcare system in Georgia can only exacerbate issues of provider access that already exist in areas around the state.

We at Archbold join other healthcare providers across the state – hospitals, nursing homes, physicians – in questioning the need for further expansion of Medicaid care management to new populations, especially since Navigant's own findings indicate Georgia's Medicaid growth rate is already much more favorable than national averages. Further, the Navigant analysis shows no evidence of the existing CMO programs' meeting DCH's own care management requirements or substantially increasing quality performance. Forcing another untested and unproven "care management" model on additional Medicaid populations will add not only financial, but also administrative burdens and pressures to Georgia's healthcare providers and to the Department's Medicaid budget.

We strongly urge you to reject any recommendation to expand risk-based capitation care management to additional populations, including those Georgians who depend on Medicaid's Aged, Blind & Disabled program for their healthcare. Thank you again for the opportunity to provide feedback and input on this recent consultant's report.

Sincerely,

J. Perry Mustian, FACHE
President and CEO