

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
September 10, 2009**

Members Present

Richard Holmes, Chairman
Ross Mason, Vice Chairman
Kim Gay, Secretary
Norm Boyd
Inman C. English, M.D.
Hannah Heck
Sid Kirschner

Members Absent

Raymond Riddle
Archer Rose

The Board of Community Health held its monthly meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. (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 10:37 a.m.

Minutes

The approval of the Minutes was postponed until the next monthly meeting.

Committee Report

Kim Gay, Chair of the Care Manage Committee, reported that they received updates from the CMOs. The Myers and Stauffer audit reports were posted on the DCH Web site on September 9. Myers and Stauffer will give the Committee an update at a future meeting.

Commissioner's Comments

Dr. Medows said at the last meeting the Department presented for the board's review and consideration the Medicaid, PeachCare for Kids, Healthcare Access and Improvement, Department Administration, Public Health and Emergency Preparedness budgets. The Department received a few public comments that the staff will share with the Board, in addition to some suggested changes. She said the Department will present the State Health Benefit Plan's financial status, design changes and budget today.

Dr. Medows invited the Board to the Department's communications campaign kickoff on September 15. The campaign is called *Roll Up Your Sleeve* which gives basic information on seasonal flu and H1N1 flu and strongly urges everyone to get the seasonal flu shot as soon as it becomes available. The Governor will participate in this media event and receive his seasonal flu shot.

Department Updates

Doug Colburn, Chief, Healthcare Facility Regulation Division, and Clyde Reese, General Counsel, began discussion on the proposed rule changes to Personal Care Homes. Mr. Reese outlined the procedural ground work for the rule changes. House Bill 228 and Senate Bill 432 changed some licensure functions to DCH effective July 1, 2009, and with that, transitioned all the administrative rules regulating those services including personal care homes. The rules were located in the administrative code for the Department of Human Resources (Chapter 290). The Department of Community Health administrative code is Chapter 111 citation. The proposed rule changes presented today will accomplish two things: 1. renumber the existing personal care home rules from Chapter 290 to Chapter 111; and 2. propose changes to the rules in regards to memory care services. Mr. Reese stated that the vast majority of the rules are not changing. The Secretary of State's Office requires that when administrative rules are renumbered, a public comment period and public hearing are to be held. If the rules are approved for initial adoption, a public hearing will be held in October and the rules presented for final adoption in November.

Mr. Colburn discussed three specific changes to the rules. Rule 111-8-62-.19 sets minimum standards for personal care homes serving individuals with memory loss. Memory loss encompasses dementia, Alzheimer's Disease, traumatic brain injury and any condition affecting one's memory. Rule 111-8-62-.20 inserts new requirements for providers who offer services as a memory care unit and charge a differential rate for those services. Rule 111-8-62-.31 establishes reporting requirements to the Department upon initiation and discontinuation of a Mattie's Call with local law enforcement authorities and other serious incidents. Mr. Mason MADE a MOTION to approve for initial adoption moving Personal Care Homes Rules and Regulations from Chapter 290-5-35 to Chapter 111-8-62 and proposed changes to Rule 111-8-62; both to be published for public comment. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Proposed Changes to Rule 290-5-35 (Repealed) and Chapter 111-8-62 is attached hereto and made an official part of these Minutes as Attachment # 3).

Next Chairman Holmes asked Carie Summers, CFO, to discuss the Amended FY 2010 and FY 2011 budget Proposals. Ms. Summers said the Department received few comments on the initial budget proposal. DCH received no comments for the Healthcare Access and Improvement, Department Administration, or Healthcare Facility Regulation budgets. The Department received one comment on the

Public Health budget concerning reductions to the new colorectal screening program and one comment on the Medicaid/PeachCare budget regarding the department's legal ability to utilize CMOs to manage care for adopted foster children. Ms. Summers said as she reviews the changes to the initial proposal the board will see how the Department addressed those particular comments.

In the Healthcare Access and Improvement and Departmental Administration budgets the department reduced the cut levels to match the budget targets by eliminating grant cuts at the 4% level; reduced personal service cuts at the 4% level in Healthcare Access and Improvements and restored some computer contract funding at all levels. There were no changes in the Medicaid and PCK budgets. As it relates to concern about the Department's ability to move adopted foster children in the CMO program, Ms. Summers said this is allowable. The department will have to request a waiver from the Centers for Medicare and Medicaid Services and is in the process of doing so.

In the Public Health budget the following changes are proposed: reduced fee revenue to consider some portion of citizens needing lab tests will not have an ability to pay and delayed the start date to implement new collection mechanisms; eliminated an additional \$100 fee for septic tank contractors; reviewed changes to the cost allocation plan and identified additional federal funds that could supplant state funds; set the cut to Formula Grant-in-Aid at the maximum level under each scenario and reduced that cut in the 4% and 6% scenario due to savings from the cost allocation plan in Public Health Administration; restored the cut to the new colorectal screening program and instead took the reduction in state administration; and eliminated contract cuts at the 4% level in Maternal and Child Health in FY 2011.

Ms. Summers restated that there are no changes in the Medicaid-PeachCare budget proposal. Generally the Department is exceeding the budget cut target in AFY 2010, primarily by assuring accurate eligibility records; re-projecting PeachCare membership to reflect lower trend in enrollment; and reflecting the impact of member merge adjustments. In FY 2011, the Department is utilizing reserves expected at the end of FY 2010 to cover growth in Medicaid and most of the required cuts; however, additional reductions were necessary, including an across-the-board 1.8% Medicaid provider reimbursement cut. In summary, Ms. Summers said the entire budget is compliant with budget instructions when combining the AFY 2010 and FY 2011 budgets together. The FY 2010 budget is currently \$12.245 billion total funds and will be reduced to \$12.05 billion total funds. The current FY 2011 budget is \$12.245 billion and \$30 million is expected to be added to total funds. Ms. Heck MADE a MOTION to approve the FY 2010 Amended and FY 2011 budget proposal as presented by the Department. Mr. Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Amended FY 2010 & FY 2011 Program Budgets proposal is attached hereto and made an official part of these Minutes as Attachment # 4).

Ms. Summers began discussion on the State Health Benefit Plan (SHBP) Financial Status. Calendar Year 2009 was Year 2 of a five-year strategy to promote consumer directed health care by redirecting the members' focus on plan design not vendors; providing incentives for consumerism; offering a Medicare Advantage Plan statewide; and utilizing excess fund balance.

Ms. Summers described the Calendar Year 2009 SHBP enrollment, "Good" HRA Trends and other SHBP Cost Drivers. She also discussed FY 2009 Expense, Revenue, and changes in Employer Contributions. In FY 2009 revenue there was a 3.3% increase in employee premium revenue; a 20% reduction in current year employer contributions as a result of using prior year fund balance or a \$410.4 million or 14.9% reduction in current year revenues collected in FY 2009 as compared to FY 2008, leaving a \$5.3 million fund balance as of June 30, 2009.

Ms. Summers said for years the State has tried to set a benchmark of about 75% of premium cost to be funded by the employer and 25% by the member. Since 2008, the amount the member is paying of the total premium has slowly eroded and is projected to fall to 19.4% by 2011. She stated that total revenue is much less than needed for expense. The FY 2011 fund balance is projected to be a \$509 million deficit. She described Plan changes to address the deficits: plan solvency, increasing the percent of premium paid by the employee to 23%; addressing trends in the HRA Plan; improvements to provider discounts; and comparability to other employer sponsored plans.

Plan design changes include setting the member medical coinsurance at 20% for HMO/PPO and 15% for HRA; increasing office visit co-pay set at \$35 for HMO and PPO; increasing ER co-pay set at \$150 for HMO and PPO; setting the pharmacy HRA coinsurance for brand drugs at 25%; increasing pharmacy co-pays for HMO/PPO at \$15/\$40 for generic/preferred brand; setting the HMO/PPO deductible at \$600, HRA \$1100, HDHP \$1200; out of pocket maximums \$2000 for HMO/PPO, \$2,500 HRA and \$1800 HDHP; 10% increase for all member premiums; \$40 premium add-on for spouses with access to other insurance; \$60 premium add-on for tobacco users; United PPO plan will switch to an Open Access network; and the addition of another Medicare Advantage Plan option. If these changes are implemented the projected fund balance deficit will be \$69.5 million for FY 2010 and \$73.7 for FY 2011.

Ms. Summers said next steps are present a Resolution for the board's consideration to approve employee premiums and approval to submit an Amended FY 2010 and FY 2011 budget request to the Governor's Office of Planning and Budget that will include a request to address the remaining fund balance deficit. (A copy of State Health Benefit Plan Financial Status presentation is attached hereto and made an official part of these Minutes as Attachment # 5). After addressing questions from the Board concerning cost drivers, the Plan's ability to implement stop-loss measures, quarterly review of trends, and generic drug use, Ms. Summers presented two resolutions.

A Resolution – State Health Benefit Plan Retiree Rates for Plan Year 2010 and a Resolution – State Health Benefit Plan (active) Employee Rates for CY 2010 Plan Year sets member premium rates from January 1, 2010 through December 21, 2010. She reiterated that the rates are 10% higher than Calendar Year 2009. Mr. Mason MADE a MOTION to approve A Resolution – State Health Benefit Plan Retiree Rates for Plan Year 2010 and a Resolution – State Health Benefit Plan Employee Rates for CY 2010 Plan Year. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (Copies of a Resolution – State Health Benefit Plan Retiree Rates for Plan Year 2010 and a Resolution – State Health Benefit Plan Employee Rates for CY 2010 Plan Year are attached hereto and made official parts of these Minutes as Attachments # 6 and 7 respectively.)

Adjournment

There being no further business to be brought before the Board, Chairman Holmes adjourned the September 10 meeting at 11:49 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____
DAY OF _____, 2009.

RICHARD L. HOLMES
Chairman

KIM GAY
Secretary

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 Proposed Changes to Rule 290-5-35 (Repealed) and Chapter 111-8-62
- #4 Amended FY 2010 & FY 2011 Program Budgets proposal
- #5 State Health Benefit Plan Financial Status presentation
- #6 Resolution – State Health Benefit Plan Retiree Rates for Plan Year 2010
- #7 Resolution – State Health Benefit Plan Employee Rates for CY 2010 Plan Year