

**MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
December 8, 2011**

Members Present

Ross Mason
Norman Boyd
Clay Cox
Inman C. "Buddy" English, M.D.
Hannah Heck
Jamie Pennington
Archer Rose
William H. Wallace, Jr.

Members Absent

Jack M. Chapman, M.D.

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 10:35 a.m.

Minutes

The Minutes of the November 10, 2011 meeting were UNANIMOUSLY APPROVED and ADOPTED.

Committee Reports

Chairman Mason said that the Policy Committee will continue its discussion on setting priorities for 2012. The committee discussed conducting off-site meetings to obtain input from various entities throughout the state. One of the main goals of the committee is to explore options to use digital technology to make DCH meeting easily accessible across the state and advance the use of Tele-Medicine.

Chairman Heck said that the Care Management Committee was given an update from SHBP on enrollment of Wellness Plans for the upcoming year. The committee also discussed Plan Performance Improvement projects for the future of SHBP.

Report of the Commissioner

Commissioner Cook pointed out that the resolutions before the Board today were very important as they relate to the State Health Benefit Plan (SHBP). These resolutions were developed to address the SHBP deficit and ongoing financial stability of SHBP. If adopted, these resolutions will place SHBP on solid financial footing going forward, preserving the plan for future employees and retirees. Commissioner Cook stated that in the spring of 2011 the department was projecting a deficit of \$815 million in the SHBP for combined 2012 and 2013 fiscal years. Historically, this funding shortfall was subsidized by the state through an appropriation. However, due to the economic downturn and budget constraints, that funding has declined precipitously. In addition, all employer contributions had been decreased significantly in 2009 and virtually all of SHBP reserves were depleted.

The proposal which the board adopted included design and funding changes, and the approval of those changes reduced the near-term deficit by 80% over two years; reducing the deficit from \$815 million down to \$176 million. This process was done in a way that promotes wellness and choice and increases administrative efficiency and accountability. As a result of the action taken by the Board in August, the SHBP will have the largest wellness plan in the country beginning January 1, 2012.

Commissioner Cook said the two SHBP resolutions on today's agenda demonstrate the Board's commitment to take specific steps to support the ongoing financial stability of the SHBP and instruct the Department to take certain actions to communicate those actions. The first resolution addresses much of the remaining short term deficit by gradually increasing the employer contribution required from local school systems on behalf of non-certificated school personnel: an area that has been underfunded for several years. He said the board has attempted to maintain a 75% to 25% split in the total SHBP costs with employers paying approximately 75% of total costs and members paying 25% of total costs or approximately \$900 Per Member Per Month (PMPM); the average PMPM employer cost (across all three plans). In January of this year, the employer contribution on behalf of non-certificated school personnel was \$218.20 PMPM, which covered approximately 24% of the actual employer costs. Since January, the Board has approved three modest increases in the employer PMPM rate; raising the employer's PMPM rate from \$218.20 in January to \$296 today. The resolution before you today entitled "Employer Contributions for Non-Certificated Public School Employees; Three- Year Schedule" gradually increases the employer contribution for non-certificated school personnel by \$150 PMPM increments in each of the next three years, and instructs the Department to communicate this plan. The current PMPM is \$296. If adopted, the resolution will increase the employer contribution to \$446 beginning July 1, 2012, \$596 in FY 14, and in \$746 in FY 15. This proposal will generate an additional \$660 million over the next three years. In doing so, it addresses a significant portion of our remaining near-term deficit by moving the employer share for non-certificated school personnel closer to the traditional 75% share of total costs.

Commissioner Cook stated that the second resolution deals with the long-term liabilities referred to as Other Post Employment Benefits (OPEB). He said in August when the Board presented the plan to address the near-term deficit, he also expressed concern about the long-term liabilities of the plan and promised the Board that the Department would come back by the end of the year with a proposal to address those liabilities. This second resolution seeks to address the OPEB liabilities by making two significant changes to the Board's policies regarding subsidizing SHBP coverage for annuitants. The changes will not affect any current retirees or active employees who have five years or more of active service. The new subsidy policy for annuitants would only impact new hires and active employees with less than five years of active service.

OPEB liabilities are an estimate of the department's liabilities projected out over a 30-year period. Liabilities associated with the plan for State employees are referred to as the State OPEB liability, and liabilities associated with the plans for public school teachers and non-certificated employees are referred to as School Personnel OPEB liabilities. Commissioner Cook stated these liability projections are not only valuable to DCH and are also used in the department's planning, they are also used by others including the agencies that establish Georgia's bond rating. Georgia is currently only one of eight

states that has a AAA bond rating. Reducing the State's current OPEB liabilities is an important step in maintaining its favorable bond rating.

Commissioner Cook reported that the actuaries place Georgia's 30- year OPEB liabilities at just under \$62 billion. In order to keep pace with the incurring debt, it would take Annual Required Contributions to the State OPEB Fund and the School Personnel OPEB Fund totalling \$1.32 billion. He said since DCH is not able to fund an annual contribution at this level, this is why the Department is proposing the following policy changes.

The first change in the new annuitant subsidy policy is that it ties the amount of subsidy for SHBP coverage to the years of service. Currently, annuitants receive the same level of subsidy as active employees until they turn 65 and become eligible for Medicare. Then, the subsidy is only offered for Medicare Advantage options. The change would set the subsidy at 15% (instead of 75%) for those who get an annuity based on the minimum 10 years of service. The amount of the subsidy would then increase with each year of service until a person has 30 years of service at which time they would get the same subsidy as active employees (approximately 75%). The second policy change reduces the subsidy provided for SHBP coverage of annuitants' dependents. The dependent subsidy is reduced slightly and tied in a similar manner to the employees' number of years of service. The actuaries estimate that, together these policy changes will reduce the OPEB liability by more than \$11 billion or more than 17%. (A copy of the SHBP Financial Overview presentation is attached hereto and made an official part of these minutes as Attachment #3).

Mr. Cox MADE a MOTION to approve the Resolution entitled "Employer Contributions for Non-Certificated Public School Employees; Three- Year Schedule". Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Resolution entitled "Employer Contributions for Non-Certificated Public School Employees; Three- Year Schedule" and Exhibit A are attached hereto and made official parts of these minutes as Attachment #4).

Ms. Heck MADE a MOTION to approve the Resolution entitled "State Health Benefit Plan Annuitant Subsidy Policies". Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Resolution entitled "State Health Benefit Plan Annuitant Subsidy Policies" and Exhibits A and B are attached hereto and made official parts of these minutes as Attachment #5).

Mr. Brian Looby, Director, Healthcare Facility Regulation Division, presented Assisted Living Communities Rules 111-8-63. He stated that these rules were necessary to implement Senate Bill 178 which created a new category of residential facilities known as Assisted Living Communities. The rules apply to the large personal care homes; those are the homes with 25 beds or more that choose to become licensed as an Assisted Living Community. To become licensed as such, they must provide Assisted living Care which is defined to include the provision of personal services, assisted self preservation, and the administration of medications by certified medication aides. The rules provide for the application process, the ownership and governance of the facilities, workforce qualifications, resident admission, retention and discharge, infection control and resident's rights as well as other details. The Board approved the rules for initial adoption on October 13; a hearing was held on November 16 and the comment period ended on November 21. The board received 22 written comments within the public comment period. Mr. Boyd MADE a Motion to approve for FINAL ADOPTION proposed changes to the Assisted Living Communities Rules 111-8-63. Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Assisted Living

Communities Rules 111-8-63 is attached hereto and made an official part of these minutes as Attachment #6).

Dr. Jerry Dubberly, Chief, Medical Assistance Plans, presented the Nursing Facility Services Public Notice for initial adoption. Mr. Dubberly stated that Nursing Facility reimbursement rates currently include some incentive payments and one of these incentive payments is based on the cognitive impairment level of the residents at a facility. The cognitive impairment impacts overall case mix of that facility as well. CMS has mandated a movement to a new data collection tool called the minimum data set from version 2.0 to version 3.0. The Public Notice contains three major components effective on and after January 1, 2012.

The first component deals with the measure of the cognitive impairment level of the residents. The migration of the version 2.0 to 3.0 necessitates the adoption of a cognitive impairment assessment tool. The proposed action calls for the adoption of the Brief Interview for Mental Status or BIMS tool to replace the cognitive performance scale or CPS tool. This would result in a slight increase in expenditures to the Department.

The second component deals with Case Mix Index. The current Case Mix Index scores are based in a 2006 MDS version 2.0. Therefore there is an adjustment factor to insure that the CMI scores are in line with the MDS version 3.0. This also would result in a slight increase in expenditures to the department.

The third component calls for an increase in Nursing Facility Provider fees in an amount sufficient to fund the 2009 Nursing Facility cost reports. Currently the Department is using the 2006 year cost report. Given that part of the Nursing Home reimbursement methodology takes into account the expenditures or the cost of those facilities, moving to an updated year is designed to more accurately reflect the cost structure of the Nursing Facilities during that reimbursement calculation. Since the Nursing Home provider fee is being proposed to fund this movement to a more recent year cost report, from a budgetary standpoint this would be a budget-neutral activity for the Department. From a fiscal impact status, the migration to the BIMS assessment tool and adjusting the Case Mix Index will result in increased expenditures of approximately \$341, 000.00 in state funds for 2012. A public hearing will be held on December 28, 2011. The Board will vote on the proposed changes at the Board meeting to be held on January 12, 2012.

Mr. Boyd MADE a MOTION to approve for INITIAL ADOPTION the Nursing Facility Services Public Notice to be published for public comment. Mr. Wallace SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Nursing Facility Services Public Notice is attached hereto and made an official part of these minutes as Attachment #7).

Dr. Dubberly presented the Copayment Increase for Medicaid and New Copayments for PeachCare for Kids® Members-Rescission Public Notice. On October 13, 2011, the Board approved the final adoption of a Copayment increase for Medicaid and New Copayments for PeachCare for Kids®. He said the Department would like to rescind that action. DCH has worked hard to find alternative mechanisms to avoid having to implement the entirety of these copayments as were originally presented. The formal procedure is to ask for initial adoption of the Public Notice to rescind the previous actions. A public hearing will be held on December 28, 2011. The Board will vote on the proposed changes at the Board meeting on January 12, 2012.

Dr. English MADE a Motion to approve for INITIAL ADOPTION the Co-Payment Increase for Medicaid and New Co-Payments for PeachCare for Kids® Rescission Public Notice to be published for public comment. Mr. Boyd SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Co-Payment Increase for Medicaid and New Co-Payments for PeachCare for Kids® - Rescission Public Notice is attached hereto and made an official part of these minutes as Attachment #8).

Dr. Dubberly presented New Copayments for PeachCare for Kids® Members Public Notice for Initial Adoption. The Department intends to move forward on the Co-payments for PeachCare for Kids® for children ages 6 years of age and older for dates of service on and after April 1, 2012. Those co-payments would be consistent with the CMS co-payments for Medicaid. The co-payments have been rounded down to the nearest dollar or half dollar amount as a result of public comments received prior to the initial adoption of Copayment Increase for Medicaid and New Copayments for PeachCare for Kids® Members Public Notice. A public hearing will be held on December 28, 2011. The Board will vote on the proposed changes at the Board meeting to be held on January 12, 2012.

Ms. Heck MADE a MOTION to approve for INITIAL ADOPTION the New Copayments for PeachCare for Kids® Members Public Notice to be published for public comment. Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the New Copayments for PeachCare for Kids® Members Public Notice is attached hereto and made an official part of these minutes as Attachment #9).

Dr. Dubberly presented Provider Rate Cuts – Rescission Public Notice. This a rescission of the rate reduction of one half percent for all Medicaid providers with certain exclusions; hospitals, FQHCs, RHCs, hospice providers, home and community based waiver services and nursing facilities. The Department has worked hard to find alternative measures for the previous action of the Board. A public hearing will be held on December 28, 2011. The Board will vote on the proposed changes at the Board meeting to be held on January 12, 2012.

Ms. Heck MADE a MOTION to approve for INITIAL ADOPTION the Provider Rate Cuts – Rescission Public Notice. Ms. Pennington SECONDED the MOTION. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Provider Rate Cuts – Rescission Public Notice is attached hereto and made an official part of these minutes as Attachment #10).

Dr. Jerry Dubberly presented an update on the Medicaid and CHIP Redesign initiative. The project is envisioned to provide DCH with input as the department develops strategies to ensure the future fiscal and programmatic sustainability of the programs. Dr. Dubberly stated that the Department has developed three key strategic goals and six strategies by which programmatic options or models will be evaluated. The three goals are: enhance appropriate use of services by members; achieve long-term sustainable savings from services provided; and improve health care outcomes for members. The six key strategies which are vital to goal achievement include: achieving administrative efficiencies to allow Medicaid/CHIP to become a more attractive payer for providers; providing timely and appropriate access to care for members within a reasonable geographic area; ensuring operational feasibility from a fiscal and administrative oversight perspective; aligning reimbursement with patient outcomes versus volume of services delivered; encouraging members to be accountable for their own health and health care with a focus on prevention and wellness; and developing a scalable solution to accommodate potential changes in member populations as well as potential changes in legislative and regulatory policies. Each option will be evaluated based on its ability to achieve the three primary goals for this initiative. (A copy of the Memorandum to the Board of Community Health re: Medicaid and CHIP

Redesign Initiative – Update is attached hereto and made an official part of these minutes as Attachment #11).

Chairman Mason called on Commissioner Cook to present a resolution on behalf of the Board. Commissioner Cook presented a resolution commending DCH Executive Assistant to the Commissioner, and board coordinator, Deborah Bevelle on the occasion of her retirement after 34 years of service to the State of Georgia. The board unanimously adopted the resolution and thanked Ms. Bevelle for her dedicated service to the Department and the State of Georgia.

Adjournment

There being no further business to be brought before the board, Chairman Mason adjourned the meeting at 11:35 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE ____ DAY OF _____, 2012.

ROSS MASON
Chairman

ARCHER R. ROSE
Secretary

Official Attachments:

- #1 List of Attendees
- #2 Agenda
- #3 SHBP Financial Overview presentation
- #4 Resolution - “Employer Contributions for Non-Certificated Public School Employees; Three-Year Schedule” and Exhibit A
- #5 Resolution - “SHBP Annuitant Subsidy Policies” and Exhibits A and B
- #6 Assisted Living Communities Rules 111-8-63
- #7 Nursing Facility Services Public Notice
- #8 Co-Payment Increase for Medicaid and New Co-Payments for PeachCare for Kids® - Rescission Public Notice
- #9 New Copayments for PeachCare for Kids® Members Public Notice
- #10 Provider Rate Cuts – Rescission Public Notice
- #11 Memorandum – Medicaid and CHIP Redesign Initiative

