Georgia Department of Community Health

Georgia House of Representatives

2023-2024 House Rural Development Council Meeting

October 25, 2023

Georgia Department of Community Health

Russel Carlson, Commissioner

Joe Hood, Chief Operating Officer

Dawn Waldrip, SORH Director Hospital Services

Nita Ham, Senior Director SORH Program, Hospital Services

Mission:

The mission of the Department of Community Health is to provide access to affordable, quality health care to Georgians through effective planning, purchasing, and oversight.

Purpose:

Shaping the future of A Healthy Georgia by improving access and ensuring quality to strengthen the communities we serve.

Objectives

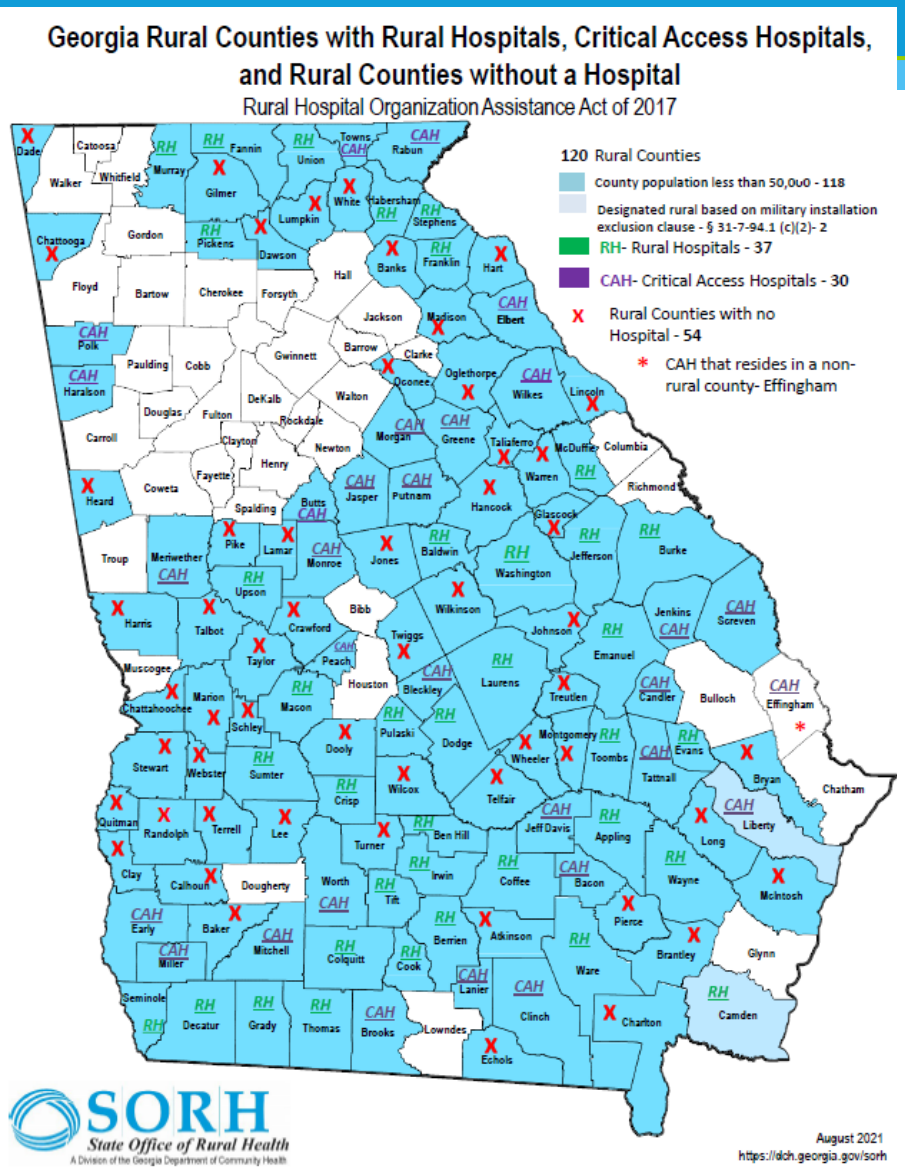
Review supplemental funding for rural and critical access hospitals

Funding Sources
State Directed Payment Preprints (DPP)
Rural Hospital Tax Credit (RHTC) Program
Rural Hospital Stabilization (RHS) Grant Program

Georgia's Rural Hospitals

Georgia has 67 small rural and critical access hospitals

- 36 rural prospective payment system (PPS) hospitals
- 30 critical access hospitals (CAHs)
  - 1 CAH resides in non-rural county
- 1 rural emergency hospital (REH)
- 54 counties with no hospital



Georgia Directed Payment Preprints (DPP) Defined

GA-AIDE - Georgia Advancing Innovation to Deliver Equity.
Grady Memorial benefits from an increased Medicaid payment rate on services provided to Medicaid members through Georgia's managed care program, which includes an at-risk % of total payment based on quality metric performance and an emphasis on health equity.

GA-STRONG - Georgia Strengthening The Reinvestment of a Necessary-workforce in Georgia.
Eligible teaching hospitals receive a uniform percentage increase for inpatient and outpatient hospital services to focus on stabilizing, developing, and diversifying the Georgia workforce. **CAHs are excluded.**

PDPP - Physician Directed Payment Preprint program.
Governmental teaching hospitals receive directed payments to eligible physicians and other professional services practitioners for improving patient quality metrics.

HDPP - Hospital Directed Payment Preprint program.
Rural acute hospitals (excluding general cancer, free-standing children's, and rehab/psych/long term acute hospitals) receive additional Medicaid funding for inpatient and outpatient services provided to Medicaid CMO members for decreasing ER and hospital stays. **CAHs are excluded.**

2023 Program Benefits for Rural

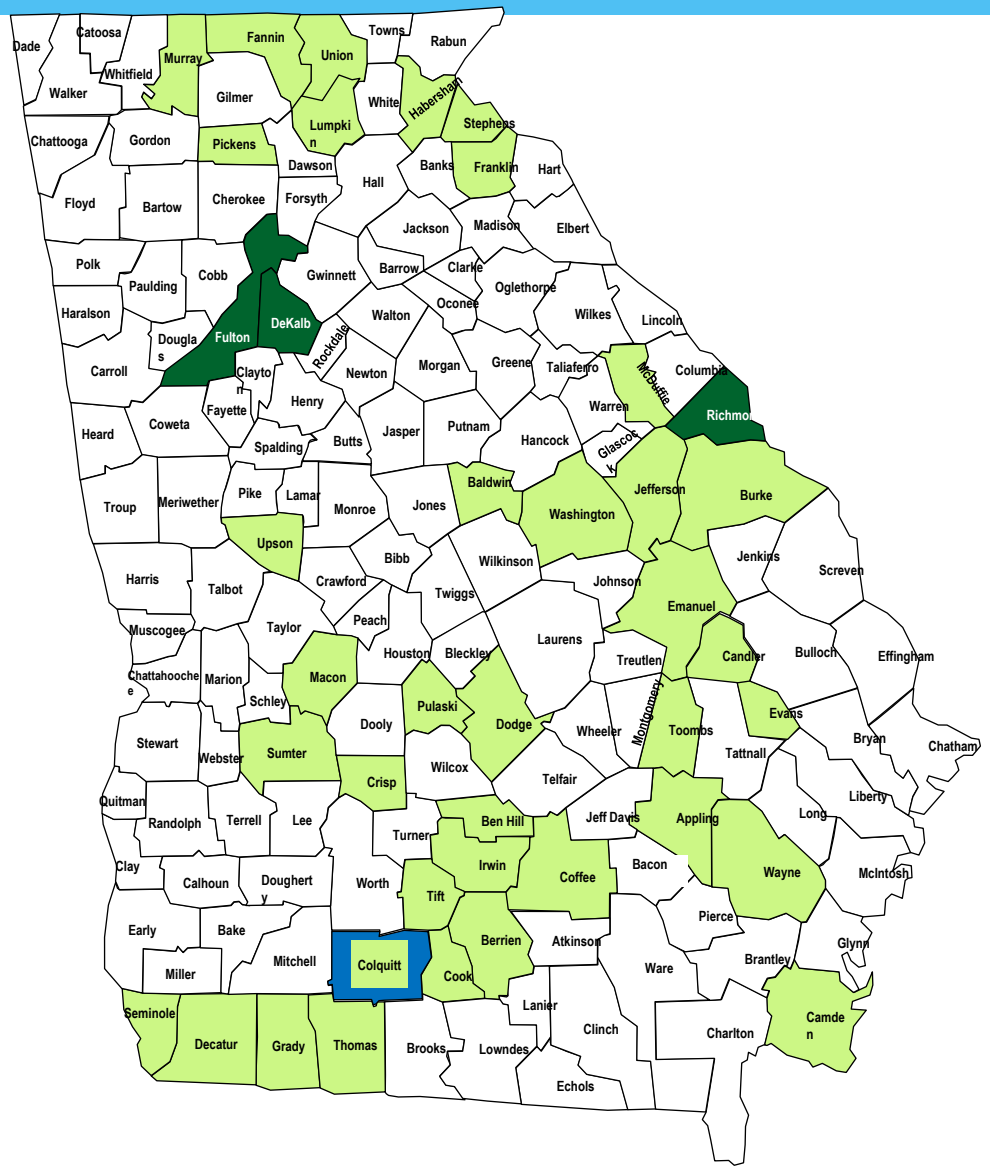
2023 Rural Hospitals directly benefitting from State DPP payments

GA-AIDE	*Grady and Augusta University hospitals only*	**$411,479,984**
GA-STRONG	*Teaching hospitals only, no CAHs (Colquitt Regional)*	**$15,917,553**
HDPP (Public & Private)	*24 Public/13 Private rural acute hospitals, no CAHs*	**$63,035,346**
PDPP	*Government teaching hospitals only (Colquitt Regional)*	**$5,019,490**
Total funding		**$495,452,373**

- *Only 37 rural acute hospitals benefitted from state directed payments*
- *No CAHs received DPP funding*

Rural Counties Receiving State DPP Funds

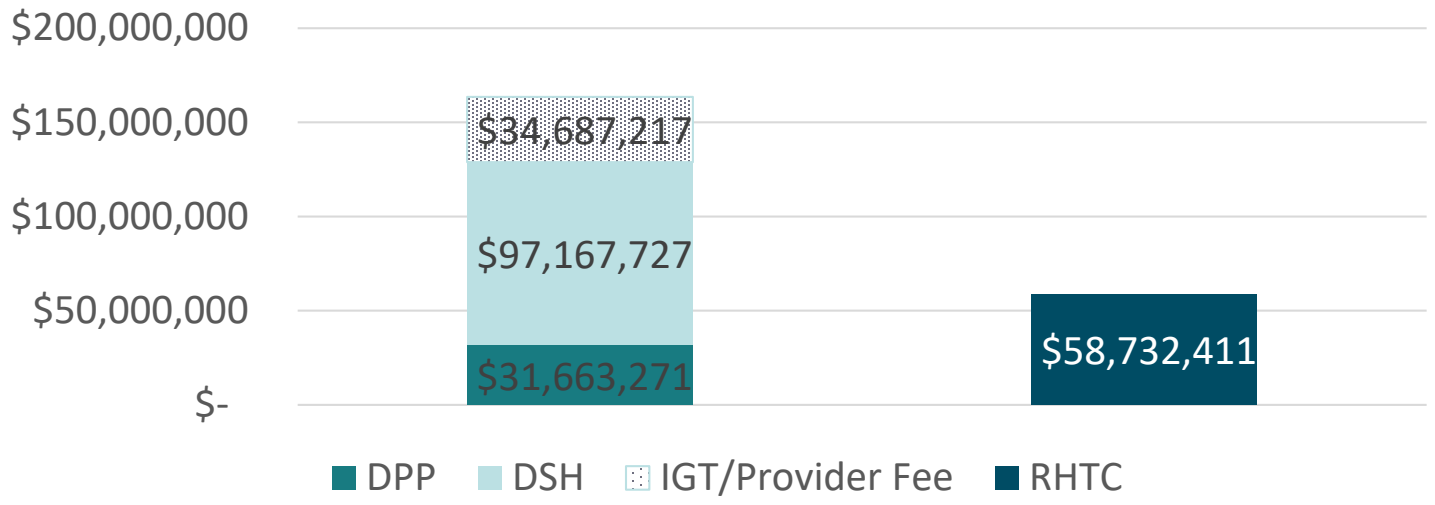
2	GA-AIDE
1	GA-STRONG
37	HDPP (Public & Private)
1	PDPP



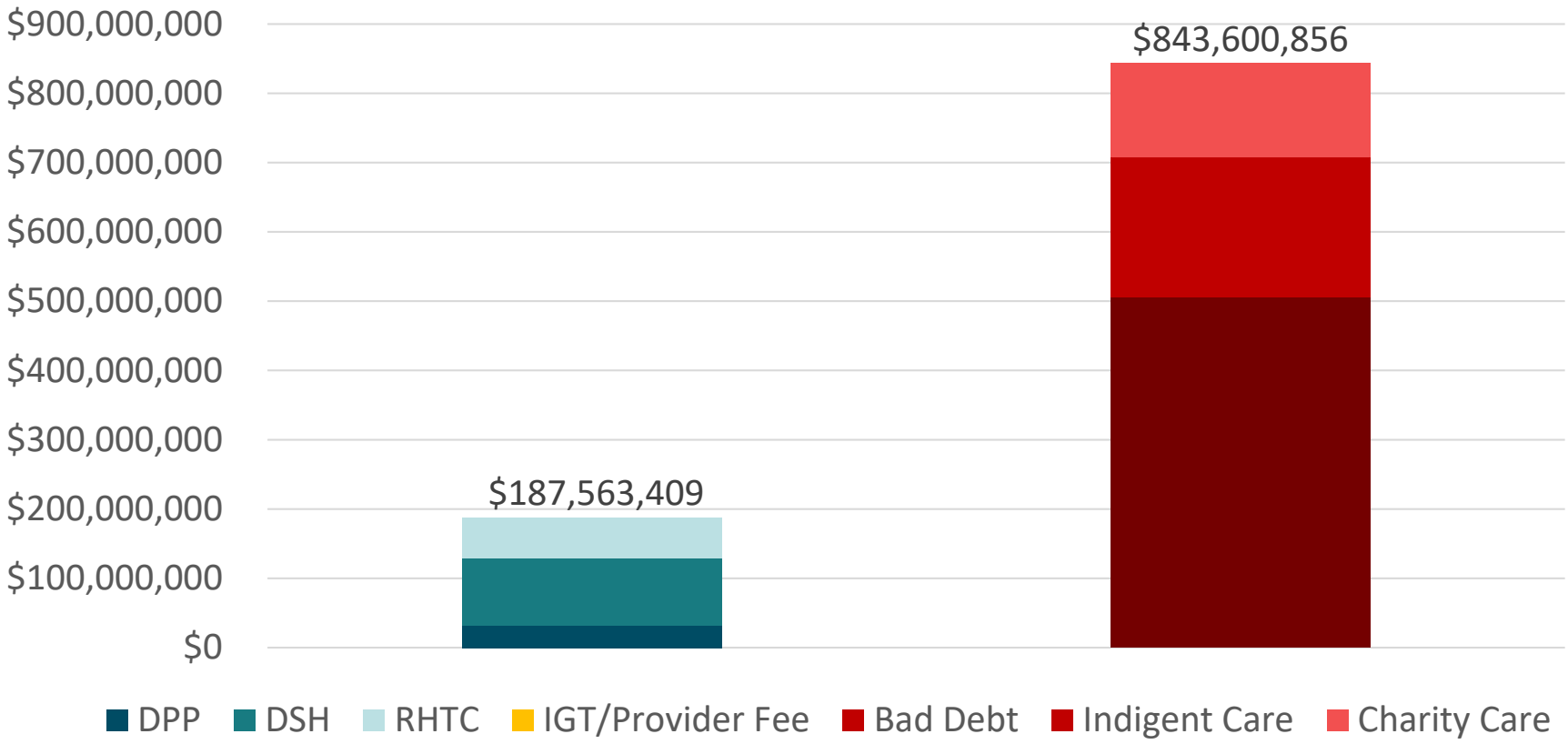
GEORGIA DEPARTMENT OF COMMUNITY HEALTH

RHTC Hospitals
DPP and DSH Impact vs. RHTC Benefit

- DPP and the DSH Waterfall provide approximately $101M in additional revenue to hospitals presumably eligible for the RHTC, while the RHTC itself provides about $59M.
- The state share to receive DPP and DSH is about $34.6M, funded either through Intergovernmental Transfer (IGT) or a DPP-specific provider fee. Funds provided through the RHTC may act as a source for the state share.



RHTC Hospitals
DPP and DSH Impact vs. Bad Debt/Indigent/Charity Care

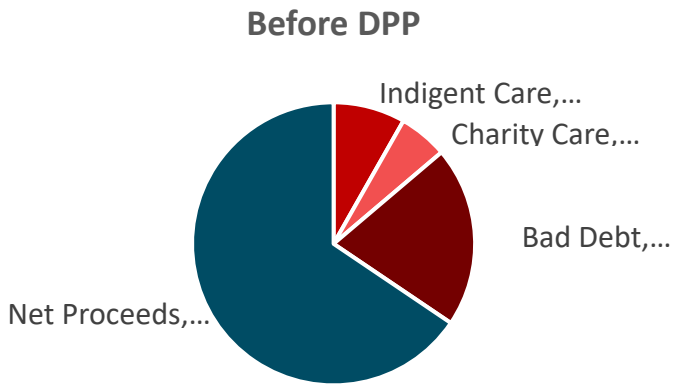


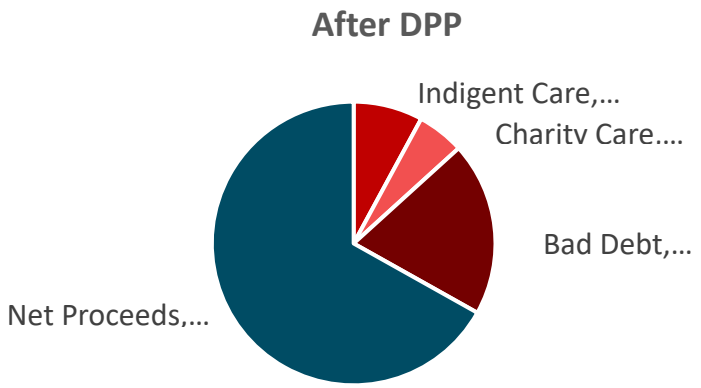
GEORGIA DEPARTMENT OF COMMUNITY HEALTH

Rural Hospital Tax Credit (RHTC) FAQs

Question: How do the DPPs and DSH Waterfall impact the number of hospitals that are eligible for the RHTC?
Answer: Preliminary eligibility analysis suggest that **50** hospitals are eligible for the RHTC based on those hospitals that have at least 10% annual net revenue from indigent care, charity care, or bad debt. The projected number of eligible hospitals does not increase or decrease when DPP and DSH Waterfall revenue is considered.

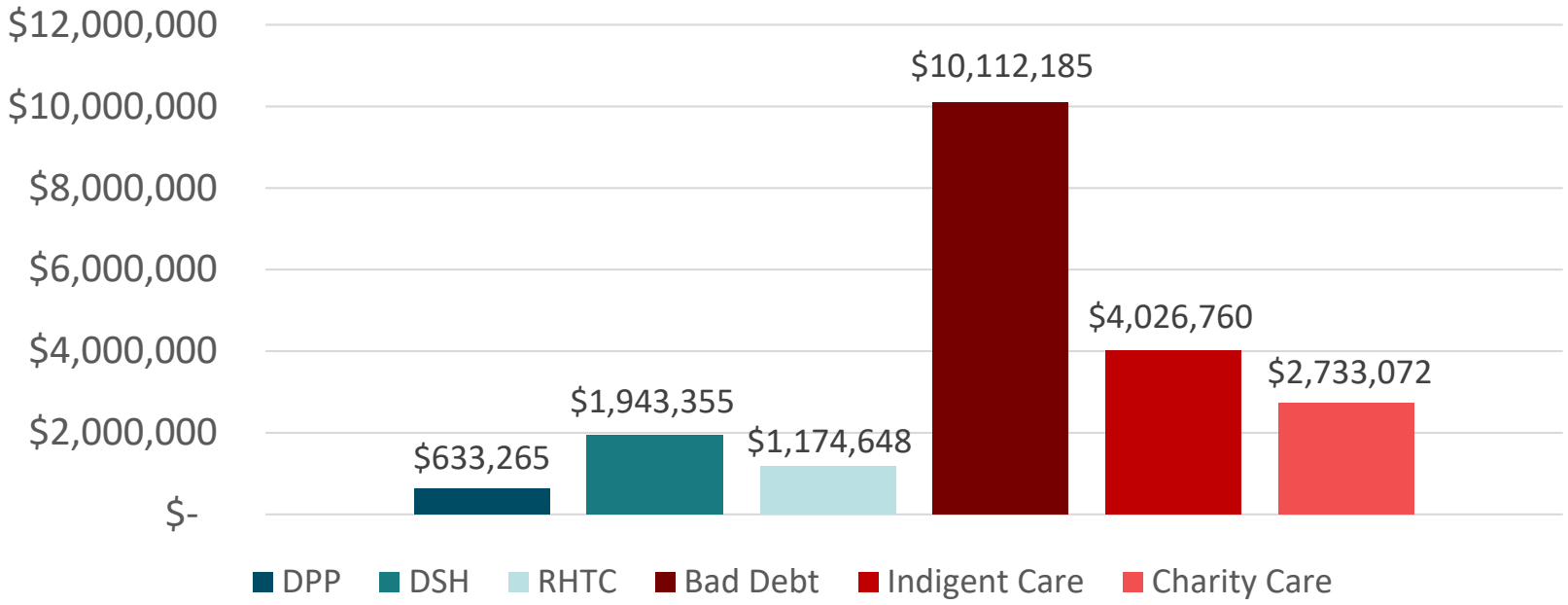
Question: How does the DPPs and DSH Waterfall impact the percentage of indigent care, charity care, or bad debt?
Answer: Based on data sourced from the *SFY 2021 Hospital Financial Survey (HFS)*, hospitals presumably eligible for the RHTC reported a combined total of approximately $843.6 in indigent care, charity care, and/or bad debt. Compared to the total revenue before DSH and the DPP Waterfall of $2.449B, the average percentage was 34.5%. After adding in directed payment programs and DSH reallocations, the total revenue for these hospitals increases to $2.546B, and the overall percentage decreases to 33.1%.





RHTC Hospitals Average DPP and DSH Impact vs. Bad Debt/Indigent/Charity Care

- While previous slides demonstrated cumulative impact, the chart below shows the average across 50 RHTC eligible hospitals.



Rural Counties Receiving RHTC Funds

In CY **2022**

55

Rural and Critical Access Hospitals received total of

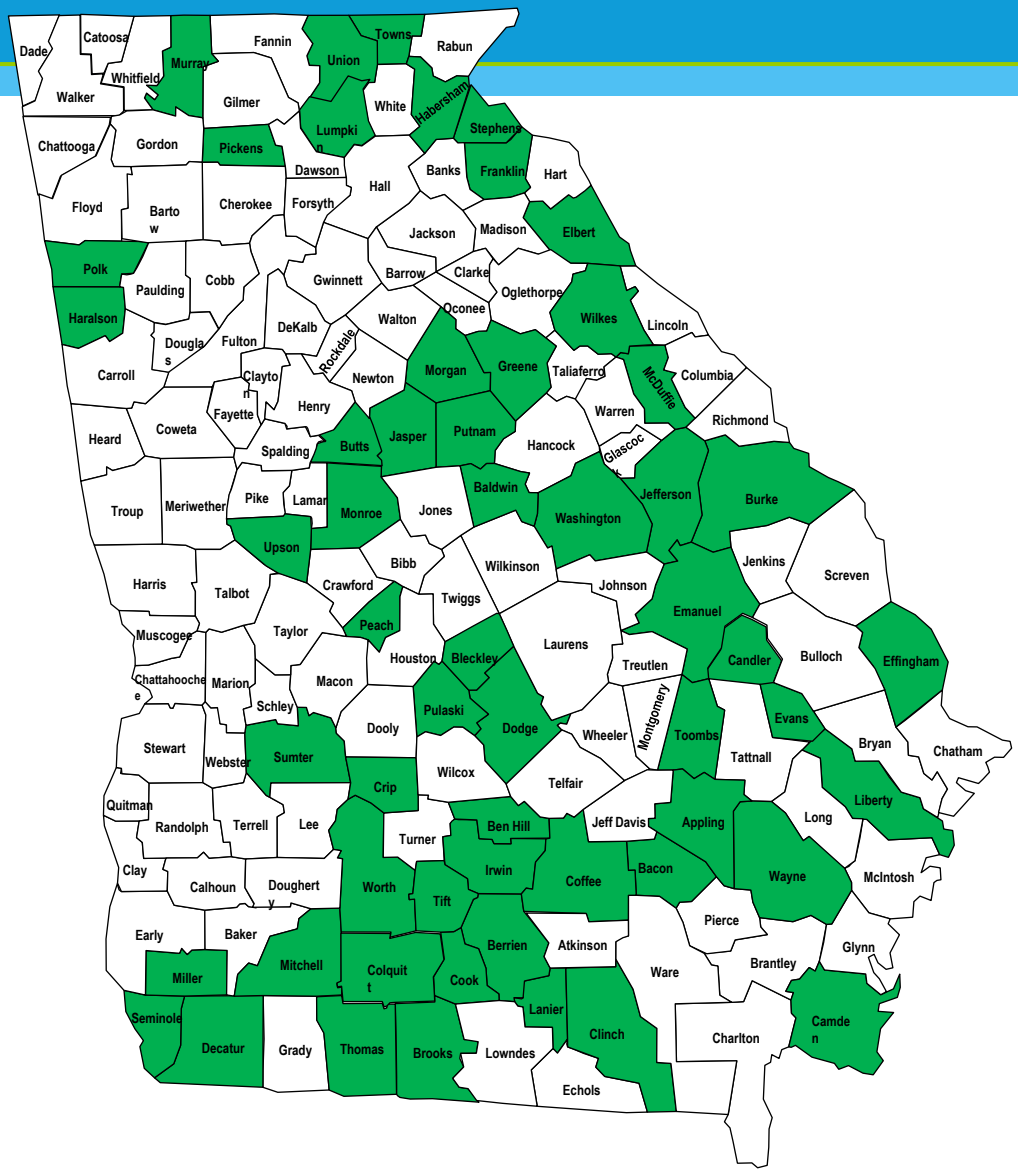
$58,732,411

in RHTC funds

Average funding per hospital
$1,067,862

Largest donation - $3,996,999

Smallest donation - $66,846



GEORGIA DEPARTMENT OF COMMUNITY HEALTH

Benefits of RHTC Program

Hospitals may use funds as needed for:

- Personnel expenses
- Regular operating expenses
- Payments to reduce long-term debt
- Motor vehicle purchases
- Equipment purchases
- Capital expenditures
- Contracts

Examples of 2022 expenditures:

- Physician and surgeon recruitment and retention
- Reduce burden of uncompensated care
- Cover increase in employee health insurance
- Bad debt expenses
- Loan repayments
- Computer system upgrades
- Medical education center
- Geri-psych unit
- Pediatric center
- Breast and cardiac MRI imaging center
- Infrastructure repairs and improvements
- Operating room equipment
- Day to day expenses, payroll
- Oncology upgrades
- Recruit surgeon, upgrade surgery center
- Expand outpatient and ED services
- Fetal monitoring and ultrasound equipment

2023 RHTC Hospitals

52

Rural hospitals are eligible to receive 2024 funding per **2023 Preliminary Eligibility List**

Anticipated funds

$75,000,000

Estimated average per hospital - **$1,442,307**

Program sunset – December 2024

GEORGIA DEPARTMENT OF COMMUNITY HEALTH

GEORGIA DEPARTMENT OF COMMUNITY HEALTH

Rural Hospital Organizations Eligible for the Rural Hospital Tax Credit
Preliminary List
October 20, 2023

The Rural Hospital Organizations listed below have been determined to be preliminarily eligible for the Rural Hospital Tax Credit Program for Calendar Year 2024. To gain final eligibility for the program, Rural Hospital Organizations are required to submit the following documents to the Department of Community Health by October 27, 2023: (1) Five-Year Plan Document, (2) 990 Proxy Form, and (3) Dun & Bradstreet Supplier Evaluation Risk Rating (SER). Documentation may be emailed to tax.credit@dch.ga.gov.

County	Facility Name	County	Facility Name
Appling	Appling Hospital	Decatur	Memorial Hospital and Manor
Bacon	Bacon County Hospital	Miller	Miller County Hospital
Bleckley	Bleckley Memorial Hospital	Mitchell	Mitchell County Hospital
Brooks	Brooks County Hospital	Monroe	Monroe County Hospital
Candler	Candler County Hospital	Morgan	Morgan Memorial Hospital
Towns	Chatuge Regional Hospital	Baldwin	Navicent Health Baldwin
Clinch	Clinch Memorial Hospital	Lumpkin	Northeast Georgia Medical Center Lumpkin
Coffee	Coffee Regional Medical Center	Sumter	Phoebe Sumter Medical Center
Colquitt	Colquitt Regional Medical Center	Worth	Phoebe Worth Medical Center
Crisp	Crisp Regional Hospital	McDuffie	Piedmont McDuffie Hospital
Dodge	Dodge County Hospital	Pickens	Piedmont Mountainside Medical Center
Seminole	Donalsonville Hospital, Inc.	Putnam	Putnam General Hospital
Ben Hill	Dorminy Medical Center	Berrien	South Georgia Medical Center - Berrien
Effingham	Effingham Health System	Lanier	South Georgia Medical Center Lanier
Elbert	Elbert Memorial Hospital	Camden	Southeast Georgia Health System - Camden
Emanuel	Emanuel Medical Center	Cook	Southwell Medical
Evans	Evans Memorial Hospital	Greene	St. Mary's Good Samaritan Hospital
Grady	Grady General Hospital	Franklin	St. Mary's Sacred Heart Hospital
Habersham	Habersham County Medical Center (NGMC)	Stephens	Stephens County Hospital
Haralson	Higgins General Hospital	Pulaski	Taylor Regional Hospital
Jasper	Jasper Memorial Hospital	Tift	Tift Regional Medical Center
Jefferson	Jefferson Hospital	Union	Union General Hospital
Jenkins	Jenkins County Medical Center	Upson	Upson Regional Medical Center
Thomas	John D. Archbold Memorial Hospital	Washington	Washington County Regional Medical Center
Liberty	Liberty Regional Medical Center	Butts	WellStar Sylvan Grove Hospital
Peach	Medical Center of Peach County, Navicent Health	Wilkes	Wills Memorial Hospital

SORH Providing RHTC Technical Assistance

- **SORH** will provide technical assistance to hospitals to ensure accuracy in submission of RHTC Donation and Expenditure reports
- **SORH** will draft RHTC Donation and Expenditure Summary Reports going forward

Technical Assistance Contact

Dawn Waldrip

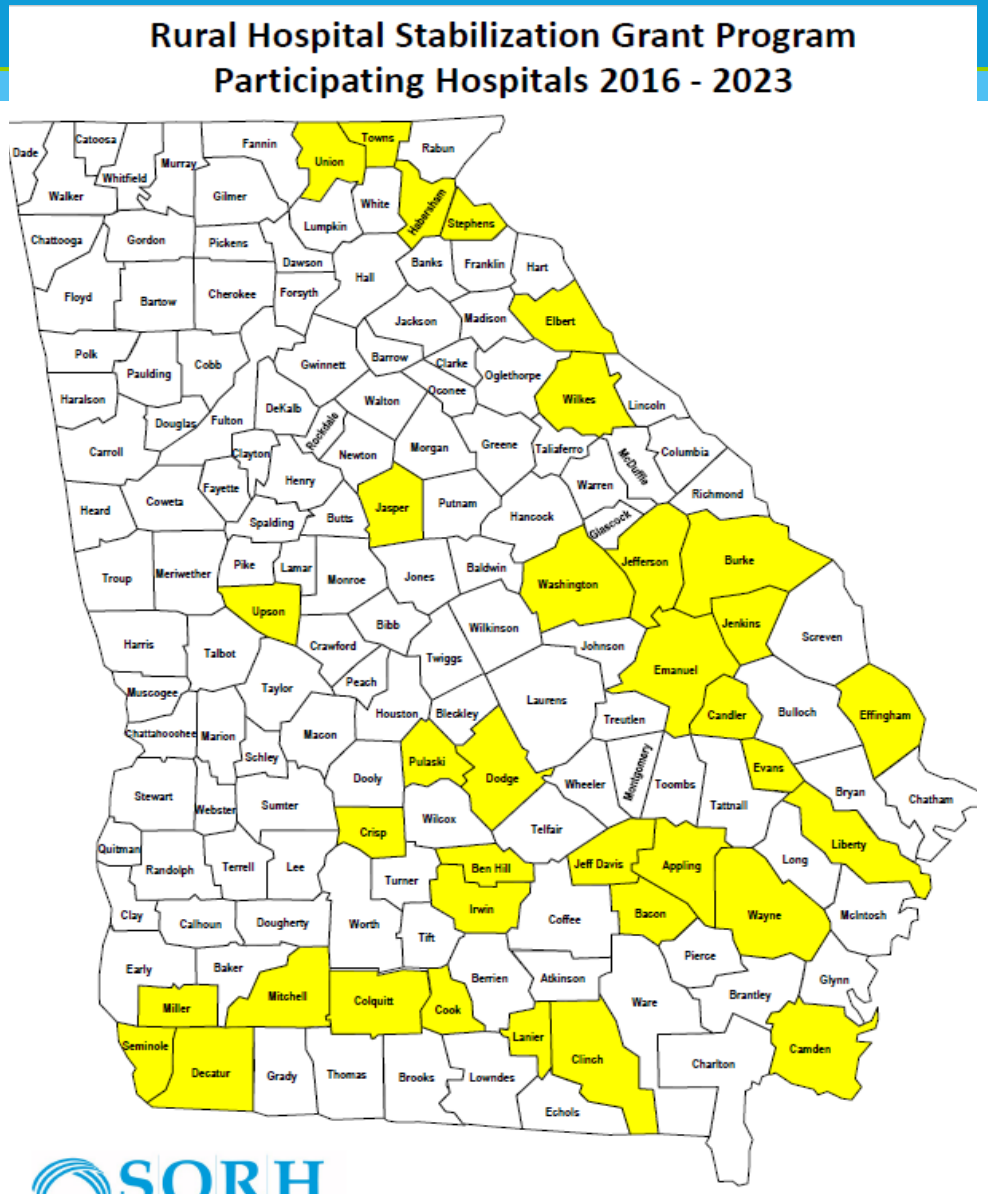
Director, Hospital Services
Georgia State Office of Rural Health
502 South Seventh Street
Cordele, Georgia 31015
Office: (229) 401-3088
Cell: (470) 409-2816
Email: dawn.waldrip@dch.ga.gov

Rural Hospital Stabilization Grant Program

- Legislatively directed program
- Pilot program SFY 2016
- Currently in 8th year of funding
  - FY2023 funds
    - Funding period June 30, 2023 through August 31, 2024
    - 8 sites
    - $875,000 award per site

Stabilization Funding Distribution

- Total funding of $46M during years 1-8
  - 64 total awards
  - 35 rural hospitals have participated to date
  - 20/35 hospitals have participated in more than one funding cycle
- 52% of all rural hospitals have participated in the program



GEORGIA DEPARTMENT OF COMMUNITY HEALTH

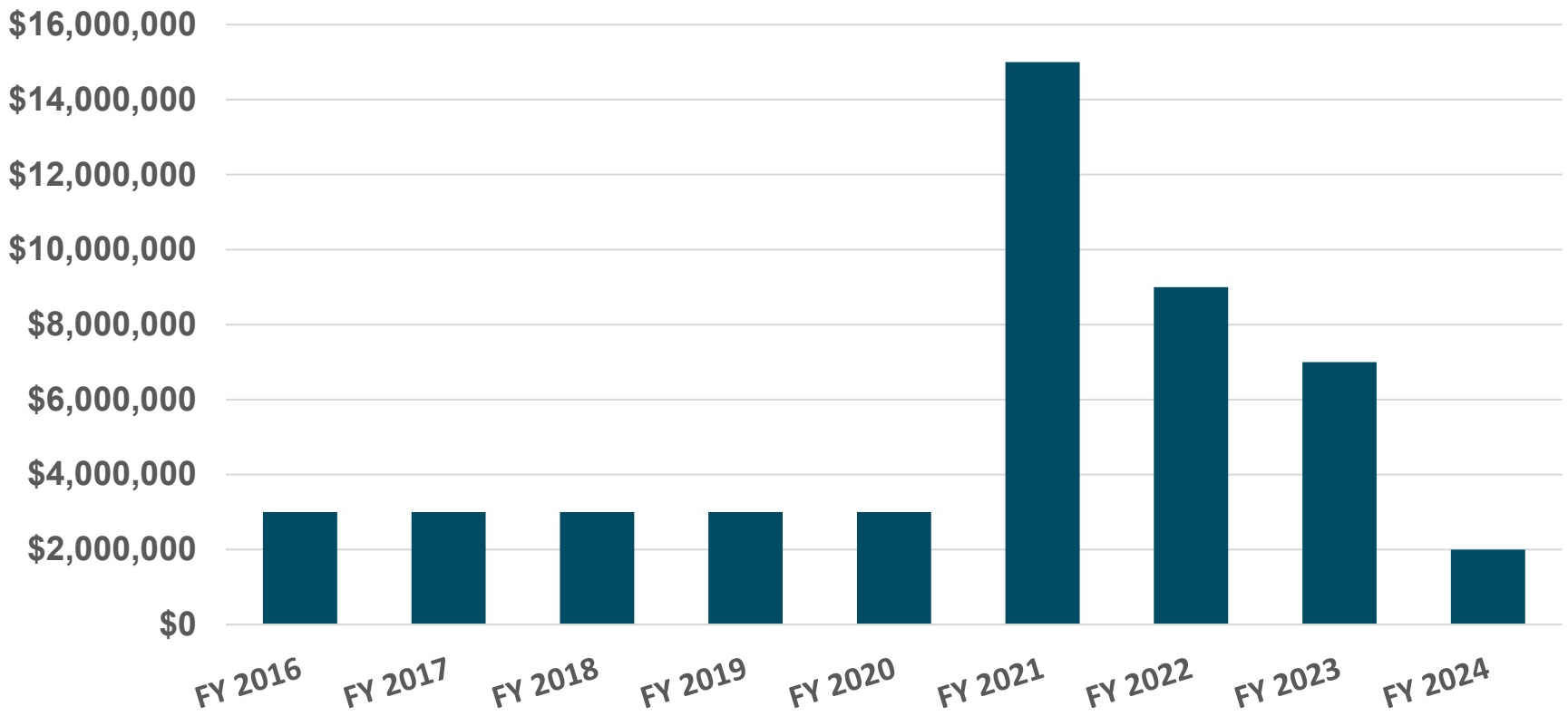
SORH
State Office of Rural Health

Rural Hospital Stabilization Grant Program

- Funding amounts and number of participating hospitals has fluctuated year-to-year
- *Average* award amount per hospital is $718,750
- Program analysis has determined award range between $750K - $900K supports initiatives with best ROI potential

- DCH used competitive application process for funding years 7 and 8
  - Hospitals have shown increased interest in participation
  - Funding year 7
    - 22 applications; 10 awards
  - Funding year 8
    - 28 applications; 8 awards
  - Funding year 9
    - Anticipate funding will only support 3 awards

Rural Hospital Stabilization Grant Funding History



Benefits of Rural Hospital Stabilization Grant Program

Program requirements for use of funds:

- Utilize “Hub and Spoke” model
- Engage community
- Increase access to primary care
- Increase market share
- Reduce avoidable readmissions
- Reduce inappropriate utilization of emergency department
- Strengthen operational foundation

Examples of Use of Funds:

- Enhance current service lines to increase market share/revenue
- Create new service lines based on market needs and profitability
- Implement/expand telemedicine services
- Renovate/update existing areas of facilities to improve through-put and increase capacity
- Upgrade medical equipment and technology
- Infrastructure repairs and improvements
- Recruit primary care providers, surgeons, and advanced practice providers
- Recruit nurses, other allied health professionals, and non-clinical staff
- Professional development and personnel retention initiatives
- Staffing services, consultants,
- Marketing and community engagement

Total Supplemental Funding to Rural Hospitals

Totality of DPP, RHTC, and RHS Programs for Small Rural and CAHs

Program	Funding	Rural hospitals	CAHs	Average funding per hospital
GA-AIDE	$411,479,984	0	0	$205,739,992
GA-STRONG	$15,917,553	1	0	$15,917,553
HDPP	$63,035,346	37	0	$1,703,658
PDPP	$5,019,490	1	0	$5,019,490
Rural Hospital Tax Credit	$58,732,411	25	30	$1,067,862
Rural Hospital Stabilization	$7,000,000	5	3	$875,000

Rural Hospital Leaders: Taking on the Challenge

GEORGIA DEPARTMENT OF COMMUNITY HEALTH

Contact Information

- **Russel Carlson, Commissioner**

Georgia Department of Community Health
russel.carlson@dch.ga.gov

- **Joe Hood, Chief Operating Officer**

Georgia Department of Community Health
joseph.hood@dch.ga.gov

- **Dawn Waldrip, Director of Hospital Services**

Georgia Department of Community Health, State Office of Rural Health
dawn.waldrip@dch.ga.gov

- **Nita Ham, Senior Director SORH Program, Hospital Services**

Georgia Department of Community Health, State Office of Rural Health
nham@dch.ga.gov