



# FULTON COUNTY TAXPAYERS FOUNDATION

501©(3) Non-Profit Advocate of Lower Property Taxes in Atlanta/Fulton

October 2007

## Saving Grady (Part II)

“Grady’s Health System’s abilities and capacities to carry out its mission have reached a crisis point and unless immediately and strategically addressed, Grady will close its doors.”

Grady Task Force  
Metro Atlanta Chamber of Commerce

Accepting the statement of the Grady Task Force, the Fulton County Board of Commissioners, on September 5th, authorized an additional funding for Grady of \$15 million “with no strings attached”, for a total of \$96 million in 2007, the highest single item by far in the General Fund Budget. The taxpayers deserve an independent audit, supervised by someone other than the Grady Board, to inform the taxpayers how large is the Grady debt and to point out the inefficiencies that presently exist. This was already done by the Grady Consultants, Alvarez & Marsal, Inc., but in view of the Grady CEO statement above, **an independent audit is warranted.**

### Background of This Paper

Saving Grady (Part I) was published by the FCTF in August. The paper outlined the financial crisis threatening to close Grady by the end of 2007. Saving Grady (Part II) presents specific political solutions to Grady’s problems, solutions proposed by various members of the State Senate and House. These proposed political solutions are a major step forward for Grady and the State, since **many of Grady’s services are statewide, i.e., Burn Center, Georgia Cancer Center, Infectious Disease Center (HIV), Neonatal, Poison Control Center, Trauma**

“Despite talk of gloom and doom, Grady won’t close at the end of the year or in the foreseeable future, even in a worst case scenario.”

Otis Story  
CEO, Grady

**Clinic, etc.** Moreover, Grady has a million out-patients annually; its closing would negatively impact these patients and would devastate other area hospitals.

Here are a few planned proposals of State Legislators, proposals which should be carefully considered by every legislator in the coming General Assembly:

### State Funding of Grady’s Statewide Services

As stated above, many Grady services are utilized by Georgia citizens statewide, warranting consideration of the financial support by the State.

State Representative Harry Geisinger (District 48, Roswell) has prepared legislation that would raise as much as \$150 million annually through the imposition of a telephone subscriber fee to help the State pay for maintaining a network of Trauma Care. An alternative to a tax on telephones is the proposal of Lt. Gov. Casey Cagle to levy a significant fine on speeders who cause the accidents that produce the trauma cases. Still another Bill that may be reintroduced by Rep. Tom Rice (District 51, Norcross) is a Seat Belt Law for truck drivers, a law which is estimated to generate \$20 million annually in revenues.

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## State Requiring Every Employer To Provide Health Care For Every Employee

**At the current rate of increase, the projected number of uninsured in the State of Georgia will exceed 2 million by 2008, with 37% living in the five-county Atlanta area.** With a State population of 9.3 million, such a huge percentage of uninsured represents an unbearable burden on the taxpayers throughout the State. In the next session of the General Assembly (January 2008), a small group of bi-partisan legislators – who prefer to remain anonymous at this time - plan to propose a bill that would require every employer in the State to provide some fair and reasonable health care for every employee. To minimize the burden on small and medium-size businesses, the bill will provide some form of tax relief to these small and medium-size employers.

## Could the Taxpayers Afford to Pay For Health Care For Illegal Immigrants?

Although it is difficult to obtain statistical data on the illegal immigrants using public health care facilities, the number is large and growing. There should be a **State Committee On Illegal Immigrants** which should research the subject and make recommendations to the State Legislature.

## According to the Greater Grady Task Force of the Metro Atlanta Chamber of Commerce, Grady Could Vastly Improve its Governance “were it to be free of the restrictions of the Hospital Authorities Law.”

Lt. Gov. Casey Cagle must be commended for stressing the importance of following the recommendations of the Metro Atlanta Chamber of Commerce’s Grady Task Force, the Grady Consultants and the Atlanta Regional Commission.

**“A Grady failure would be a disaster of epic proportions for our health care system.** The first step in addressing these issues must be a significant and sustained move by Grady to reform its own governance. The simple reality is that any legislative effort to fund Grady is unlikely to succeed until the system can demonstrate an ironclad ability to be good stewards of state funds. After that issue has been resolved, **the state should move forward rapidly to consider our role in funding Grady** and how that funding fits within an overall imperative to build a robust statewide trauma network.”

Fulton County Commission Chairman, John Eaves, has shown leadership in pushing through a Fulton County Commission vote to support a private, nonprofit board. **Unshackled by the restrictions of the Hospital Authorities Law, Grady would be able to raise additional funds from such new sources as foundations, businesses and private grants, etc. and would be able to develop a broader scope of profitable services not permitted under the present structure.** Under the new governance, the private non-profit would

appoint a Blue Ribbon Board comprising the most professional and highly qualified members with expertise in Hospital Administration, Hospital Fund Raising, Hospital Finance, etc. Lt. Gov. Casey Cagle sent a letter to the Fulton County Commission Chairman, John Eaves, and DeKalb CEO Vernon Jones saying: “I believe State support is there for a significant State role in saving Grady, but a restructuring effort absolutely must precede any discussion of that role.”

State Senator David Shafer (District 48, Duluth) is planning to file a Bill to change the Grady management to a private non-profit organization recommended by the Grady Task Force, the Grady Consultants and the Atlanta Regional Commission. Senator Shafer also proposes a requirement that Grady comply with the recommendations of the Grady Consultants, **improving Grady’s much-needed efficiency.**

### **Members of the State House Are Planning To Propose Increasing the Medicaid Reimbursement Rate For Hospitals Like Grady.**

In the August 23rd edition of the AJC, Mike King, a member of the Editorial Board, stated “In 2005, according to information Grady certified to the State Dept. of Community Health, Grady wrote off \$144 million in charges for its 12,836 Medicaid patients it admitted. **Medicaid is crippling Grady.**” Medicaid is the federal and State program, supposedly paying for health-care for the very-low income and disabled Georgia residents. Unfortunately, the federal government has reduced its payments during the past four years, and, according to Mike King, “Medicaid sets payments for hospitals less 15% of the payment off the top, paying 85% of the hospital’s actual costs for providing patient care.” To save Grady, changing the Medicaid reimbursement structure is one of the most important decisions facing the State Legislature! In recent weeks, several House Members – wishing to remain anonymous at this time – are planning to propose increasing the State portion of Medicaid reimbursement.

### **Speaker Glenn Richardson has appointed a House Study Committee, stating that “each of Georgia’s 159 counties sends patients to Grady.”**

Speaker Richardson is to be commended for appointing a House Study Committee, referring to Grady as a “statewide institution offering services to patients across Georgia.” Members of the Study Committee include Chair Sharon Cooper, District 41, Marietta, Rep. Melvin Everson, District 106, Snellville, Rep. Ben Harbin, District 118, Columbia County, Rep. Penny Houston, District 170, Nashville, Rep. Pam Stephenson, District 92, DeKalb County. In his comments at the time of appointing this Grady Committee, Speaker Richardson referred to the fact that “Grady services patients across Georgia, with many Georgians flown in for treatment following serious accidents and injuries.” As of September 1st, the Grady Study Committee has met once, but promises to issue a report prior to January 1st. **The House Study Committee should address the State funding of statewide services, the formation of a private non-profit management for Grady, the alarming growth of uninsured, the impact of illegal immigrants, and increasing the State portion of Medicaid reimbursements.**

### **Conclusion**

**There will be many more legislative proposals to save Grady. Those legislators making such proposals are to be commended for their public service.**

**According to the Grady Consultants, Alvarez & Marsal, Inc., “Grady has a cash shortfall of \$120 million, with key supplies presently obtained by Grady on a COD basis.” With many Grady services utilized statewide, with 25% of the physicians in Georgia trained at Grady, and with a million outpatients annually, it is only fair and reasonable for the State to play a vital role in turning around Grady.**

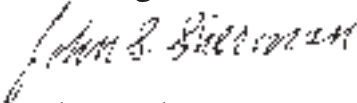
# Call To Action

To solve such a serious crisis, it is absolutely necessary that Governor Perdue, Lt. Gov. Casey Cagle and House Speaker Glenn Richardson work closely together to save Grady from closure. After a private, non-profit governance has been established and an independent audit performed, the State should consider funding statewide services, appointing a Blue Ribbon non-profit Board of the best and the brightest, proposing legislation to require every employer to pay some fair and reasonable form of health-care insurance for every employee, etc.

Members of the FCTF – their friends and neighbors – are urged to email Governor Sonny Perdue ([www.gov.state.ga.us](http://www.gov.state.ga.us)<<http://www.gov.state.ga.us/>>) Lt. Gov. Casey Cagle ([Casey.Cagle@ltgov.ga.gov](mailto:Casey.Cagle@ltgov.ga.gov)) and House Speaker Glenn Richardson ([grichardson@vtrc-lau.com](mailto:grichardson@vtrc-lau.com))

In the words of the Grady Task Force, **“This hospital is too important to the State to let it go under.”**

Kind regards,



John S. Sherman  
President

*Please detach here*

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