



- REIMBURSEMENT & CAPITAL - ENSURING FAIR OPPORTUNITY FOR ALL HEALTH CENTERS

Health Centers understand the current fiscal climate and also recognize the important role the federal government plays in ensuring a fair and level playing field for health care providers. Without any additional cost to the federal government, there are several proposals that will ensure fairness for Health Centers today.

Medicaid Reimbursement

Health Centers consistently provide high quality, cost-effective health care services to eight million Medicaid beneficiaries. Currently, more than 35% of all Health Center patients are insured through Medicaid; **using only 1% of total Medicaid funding, Health Centers currently serve nearly 15% of all Medicaid beneficiaries.** With the changes to the Medicaid program within the Affordable Care Act, Health Centers project that millions more of their patients will be insured through the program. Ensuring appropriate HIT systems and timely Medicaid payments to Health Centers is therefore vital to the solvency of these local providers.

- **Health IT Payments:** Interoperable health information technology (HIT) at Health Centers facilitates care coordination and improved patient outcomes. Over one half of Health Centers today do not have an electronic health record system, although most are interested in adopting one. However, current law is structured so that payments would go to the individual providers rather than the Health Centers, despite the fact that it is the Health Center making the up-front investment in HIT. Modifying this so that incentive payments are made to the Health Center would also make these payments consistent with Health Centers' current Medicaid reimbursement mechanism.
- **Prompt-Pay for Health Centers:** Today, Health Centers are among the only institutional providers not afforded prompt payment protections in statute or regulation. Federal statute requires health care providers to be reimbursed for 90% of services within 30 days of receiving claims and 99% of services within 90 days. This does not apply to Health Centers, despite having a disproportionate number of patients insured through Medicaid, and therefore threatens their very solvency.

Capital Financing

As Health Centers in every state and territory work to strengthen the primary care infrastructure, they face significant obstacles in securing the capital financing needed to build new sites and improve existing facilities. Health Centers' capital financing needs are both immediate, with over \$7 billion in projects waiting in the pipeline, and longer-term as Health Centers plan to serve an additional 20 million patients by 2015. As non-profit health care providers, Health Centers have little to no operating margins (<1%), low cash reserves, and complex funding streams from federal, state and private funds. This combination of factors makes access to traditional capital financing sources difficult. HRSA's Loan Guarantee Program is designed to assist Health Centers' access capital, but it needs to be updated and revised to truly be effective in today's complex capital marketplace. Specifically, the current guarantee should:

- Have the highest possible guarantee level;
- Be modified so it can be used with tax-exempt debt;
- Have a streamlined approval and review process;
- Be self-funded through a new fee structure.

The Health Center Requests

Health Centers ask Congress to enact the following **no-cost improvements** to federal law. Recognizing the difficult fiscal environment, these requests for Medicaid and capital relief will greatly help level the playing field for Health Centers at **no cost** to the federal government. We therefore urge Congress to enact the following:

- ◆ **Legislation (sponsored by Reps. Kinzinger/Inslee and Sens. Stabenow/Snowe) making a technical correction to the Medicaid HIT incentive payment program** so that payments are made directly to the Health Center;
- ◆ **Legislation requiring Prompt Payment for all Health Centers** which will ensure they are paid on a timely basis (similar to other institutions);
- ◆ **Legislation to update and revise the HRSA Loan Guarantee program** to improve Health Centers' access to capital financing and ultimately, patients' access to Health Centers nationwide.