

2011

FEDERAL LEGISLATIVE AGENDA



NATIONAL ASSOCIATION OF

Community Health Centers



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AMERICA'S HEALTH CENTERS: A SOUND BIPARTISAN INVESTMENT IN AMERICA'S HEALTH

The health care and economic challenges we face as a country today are tremendous, and everyone is rightly focused on value – patients, providers, payers, and federal, state and local governments. Designed to be an effective primary care safety net, America's Health Centers have achieved an unparalleled record of **stability, cost-effectiveness, and quality improvement** as they have grown to serve greater than 23 million people in more than 8,000 communities across the country. Thanks to their documented record of providing **real value** for every dollar invested, Health Centers have received incredibly strong **bipartisan support**. The decade-long Health Center expansion championed by Members of Congress and Presidents of both parties has resulted in significant cost savings, improved health outcomes, and access to comprehensive primary care in rural and urban medically underserved communities in every state and territory.

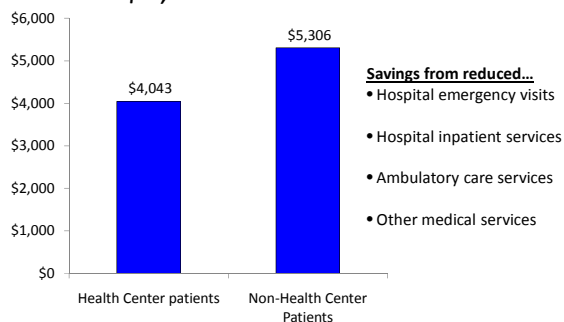
Health Centers Deliver High Quality Care to Their Patients...

Every Health Center is a **not-for-profit, locally controlled and operated entity** with a Board of Directors that is comprised of a **patient-majority** (and often having other community leaders on the Board as well) making it the only sector of the health care system that is truly of, by, and for the community. By being responsive to their communities' individual needs, Health Centers improve the health and well-being of their patients utilizing a locally-tailored **health care home model** designed to coordinate care, manage chronic disease and keeping patients out of costly hospital emergency rooms and reduce referrals to specialty care. Numerous studies have proven that Health Centers significantly reduce the incidence of diabetes complications including blindness, kidney failure and heart disease. Health Centers are quick to incorporate and share evidence-based **quality improvement practices** and are moving rapidly to implement electronic health records to enhance the ability to better **coordinate patient care**.

TODAY, HEALTH CENTERS:

- ❖ **Save more than \$1,200 Per Patient Annually in total care costs**
- ❖ **Provide \$20 Billion Dollars in Economic Activity in their communities annually and create nearly 200,000 jobs**
- ❖ **Eliminate Disparities by Race and Ethnicity in quality of care for chronic conditions such as asthma and diabetes**

Health Centers Save Money Over \$1,200 Per Patient Per Year



Source: NACHC analysis based on Ku L et al. Using Primary Care to Bend the Curve: Estimating the Impact of a Health Center Expansion on Health Care Costs. GWU Department of Health Policy, Policy Research Brief No. 14, September 2009.

... and Value to the Health Care System

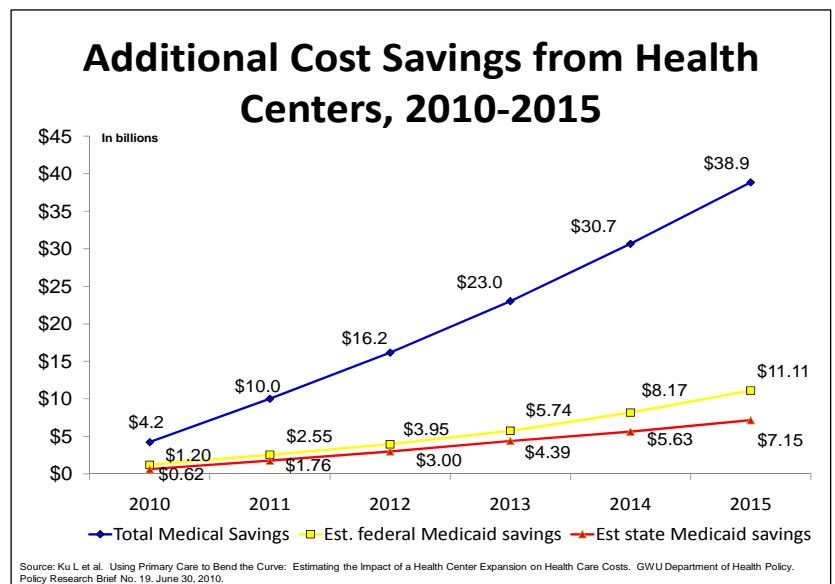
The value of Health Centers is well-documented. More than two dozen research studies over the last 25 years have consistently demonstrated that Health Centers save the health system money. Health Centers currently **save over \$1,200 per patient annually**, in large part by reducing the rate of preventable hospitalizations, inpatient days, and unnecessary Emergency Department (ED) use by their patients compared to non-health center patients.

Indeed, multiple studies have specifically demonstrated that for Ambulatory Care Sensitive Conditions (such as asthma, diabetes, and hypertension, in particular), Health Center patients are far less likely to seek care in the ED and have markedly lower hospitalization rates. **As a result, the return on investment in Health Centers is significant.** One very recent study from George Washington University estimated that Health Centers produced **\$24 billion in annual health system savings.** That is more than **twice** their total sources of revenue, including all Medicaid and direct grant funding combined.

Health Centers Stand Ready to Do More

In less than a two-year period, Health Centers have added **over 3.7 million new patients**, and with studies indicating over 60 million Americans continue to lack access to a health care home, Health Centers stand ready to do more:

- Health Centers are on track to double their number of patients by 2015, to 40 million.
- With this expansion Health Centers will save up to **\$122 billion in total** health care costs through 2015, including **\$55 billion in cumulative savings to the Medicaid program.**
- By 2015, Health Centers will be able to generate a combined **\$54 billion in economic activity** and create over 284,000 new jobs if the expansion remains on track.



To Double the Reach of the Cost-Effective Health Center model, We Are Asking Congress to:

- **Providing Level Discretionary Appropriations and Maintaining the Existing Health Center Fund** - To keep existing operations at Health Centers intact and to ensure the Health Center expansion stays on track, we ask for your support for level funding of \$2.19 billion in discretionary appropriations for the Health Centers program and that the Health Center Fund be maintained.
- **Ensuring Timeliness and Fairness in Health Center Revenue Sources** - Health Centers need fair and reliable reimbursement to maintain their cost-effective health care home model including timely payments from Medicaid and the alignment of Medicaid incentive payments with the entity making the investments. *Both changes are no cost to the federal government.*
- **Fair Access to Capital Financing** - Health Centers have more than \$7 billion in construction projects today, with billions more needed in the future. Providing access to low-cost private financing to make much-needed capital investments, including an improved Loan Guarantee Program, will be critical to the future success of the program. *These improvements could be done at no cost to the federal government.*

- FEDERAL APPROPRIATIONS - PROTECT THE PROVEN HEALTH CENTER MODEL OF CARE!

Health Centers at a Glance

Health Centers are non-profit entities that provide primary care, dental, behavioral, pharmacy and a variety of enabling and support services to 20 million patients. There are more than 1,200 Health Centers currently operating in 8,000 rural and urban underserved communities nationwide. Health Centers specialize in providing high-quality, cost-effective primary and preventive health care to their patients all while serving as drivers of economic activity in the communities where they are located.

Essential to Ensuring Health Care Access in Underserved Areas

Without Health Centers, the rural & urban underserved populations would encounter dramatically **reduced or no access** to primary and preventive health care services. Further, these patients would be forced to turn to costlier health care settings (if they even exist in their communities) for routine care, like emergency rooms, or delay care altogether – resulting in preventable hospitalizations and declining health.

- Cost Savings to the Health Care System: Over the last 25 years, dozens of research studies have demonstrated that Health Centers **yield substantial cost savings** to the health care system. A recent study by George Washington University concluded that the expansion of the Health Centers program will generate \$122 billion in *additional* health care savings by 2015, including \$55 billion in new savings to Medicaid.
- Positive Economic Impact in Underserved Communities: In 2009, Health Centers generated \$20 billion in combined economic impact and were responsible for nearly 200,000 jobs.

Impact of the Proposed Cuts to Health Centers

Last month the U.S. House of Representatives voted to reduce funding for the Health Centers program by \$1.0 billion in FY11. The impact of this proposal would reduce access to primary care, result in the closure of numerous centers, increase overall health care costs, and cost thousands of jobs in these underserved communities.

- Nearly 4 million people would lose access: Health Centers have increased the number of patients served by 3.7 million over the last two years. The proposed reduction in funding would immediately end the access to care for these new patients.
- More than 100 sites will close: Over the past two years, Health Centers opened 127 new centers with federal funding. If Health Centers' funding is reduced as proposed, all 127 new sites would be forced to close their doors, further swelling the ranks of the underserved. This would also result in a number of layoffs, furthering the economic decline in many communities.
- Millions Remain Underserved: Today there are 60 million people who lack access to primary care across the country, despite 20 million being served at Health Centers. Through the Health Center Fund, Health Centers would be able to serve an additional 6.5 million in the next year. The proposed cuts would totally undermine that progress.

The Health Center Request

America's Health Centers request that Congress Preserve the Vital Work of the Health Centers Program. Health Centers urge Congress to **maintain funding** for the program in FY11, recognizing and supporting the essential role health centers play in ensuring access to primary and preventive health care for all Americans. We urge Congress to:

- ◆ **Oppose Any Attempt to Undermine the Health Centers Program.** Health Centers urge **no less than their existing funding level of \$2.19 billion in FY2011** in order to support an increased demand for Health Center services and:
 - To prevent service disruption at existing centers;
 - To expand access to primary and preventive care to communities in need; and,
 - To keep much-needed jobs in disadvantaged communities.



- 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.