Senate Finance and Assembly Ways and Means
Joint Legislative Hearing on the 2014-15 Executive Budget - Health and Medicaid
February 3, 2014

Thank you for the opportunity to provide testimony regarding the Governor's FY 2014-15 budget proposal. My name is Elizabeth Swain and I am the President and CEO of CHCANYS, the State's primary care association of community, migrant, and homeless health centers.

I. Introduction

Through his Medicaid Redesign Team (MRT) and the State's 1115 Medicaid Waiver application, Governor Cuomo clearly emphasizes the imperative of shifting New York's health care infrastructure from inpatient hospital settings to primary care delivery systems. Execution of this model will improve the quality of care and reduce costs, but it is dependent on a robust primary care system in the state of New York. Federally Qualified Health Centers (FQHC or health centers) can serve as a foundation for the sustainable expansion necessary to grow primary care, and the Governor's FY 2014-15 Executive Budget can further this innovative health agenda.

A. CHCANYS: The People We Serve

Today, health centers serve 1.6 million New Yorkers annually and are central to New York's health care safety net. New York State's FQHCs have grown steadily since 2007, through federal investment and diligent efforts by the health centers themselves. Additionally, FQHCs serve low-income patients of which: two-thirds are below the poverty level, one-quarter are best served in a language other than English, three-fourths are racial and ethnic minorities, one-quarter are uninsured, 75,000 are homeless and 110,000 are elderly.

CHCANYS, with support from the New York State Health Foundation, recently released *A Plan for Expanding Sustainable Community Health Centers in New York* (The Plan). CHCANYS led the creation of the Plan, which was developed through extensive quantitative and qualitative analyses. In particular, the Plan: (1) identifies statewide geographic areas that have the greatest need and potential for sustainable growth, (2) estimates potential increases in capacity within the existing system, and (3) highlights strategies for creating more capacity. The Plan identifies opportunities across four domains to expand FQHCs' capacity and, under each, provides specific recommendations. The four domains are:

- **Development of high-performing community-based primary care.** There are opportunities for health centers to implement practice redesign strategies that decrease patients' waiting times, reduce patient no shows, maximize productivity and patient volume, and eliminate waste in their systems. Health centers also need support to implement team-based care, enhance their health information technology (HIT) capabilities, and expand the use of telemedicine.
- **Primary care workforce recruitment and retention.** Health centers must be able to recruit, train, and retain a workforce that is stable and well qualified to serve low-income patients. Filling vacant positions through expanding existing programs is an immediate means to expand the capacity of providers to see more patients while implementing longer-term strategies to "grow their own" providers.

- **Access to affordable capital.** Capital funds and capital project assistance are needed to help providers build new sites, expand existing sites, purchase HIT, renovate outdated facilities, and increase patient access through the use of telemedicine and mobile medical vans.
- **Community-level planning.** Additional, ongoing planning efforts at the community level will be a critical complement to regional planning efforts and will support the development of expansion plans that are feasible and sustainable.

Notably, each of these domains is central to Governor Cuomo's MRT Action Plan, necessary to care for the influx of newly insured people under the New York State of Health (the Marketplace), and essential to ensure a strong safety net for those who remain uninsured. The Governor's FY 2014-15 Executive Budget advances this agenda and – with the Legislature's further input – we believe we can take significant steps towards increasing access to primary care while sustaining the primary care safety net.

B. Overview of Budget Testimony

CHCANYS respectfully urges the Legislature to:

- support State capital investment while ensuring primary care safety net providers receive their fair share;
- support continued investment in the primary care workforce through the Primary Care Service Corps (PCSC) and Doctors Across New York (DANY);
- maintain funding for the Diagnostic &Treatment Center (D&TC) Uncompensated Care Pool;
- maintain funding for health services for migrant and seasonal farm workers;
- ensure primary care safety net providers are included in shared savings under the Medicaid global cap;
- support the Vital Access Provider (VAP) appropriation;
- support investment for the inclusion of behavioral health services in primary care;
- authorize the Basic Health Plan (BHP);
- support regional health planning through Regional Health Improvement Collaboratives (RHICs) and;
- support the proposals for Certificate of Need (CON) reform.

II. Specific Comments and Requests Regarding the 2014-15 Executive Budget Proposal

A. Expanding and Sustaining the Primary Care Safety Net: $1.2 Billion Capital Investment & Extension of the Availability of the Health Facility Restructuring Program Loans

CHCANYS supports the Governor's $1.2 billion appropriation for capital investment. However, it is critical that a significant proportion of the dollars be designated to primary care safety net providers. The Governor's budget proposes an annual distribution of $200 million per year for the first five years and $100 million dollars per year, subsequently. CHCANYS urges the Legislature to ensure primary care safety net providers receive a substantial portion of the $200 million in annual distributions proposed in the Governor's budget.

Additionally, the Governor's proposed budget expands the availability of the Health Facility Restructuring Program. This provision allows the Department of Health (DOH) to work with select providers to access an interest-free loan program to help sustain their services. Historically, these loans have only been available to hospitals. The extension will include D&TCs, thereby allowing DOH to leverage this resource for FQHCs as well.

As the Plan illustrates, there is a need to build a larger system of FQHCs and other community-based primary care providers in many regions of the State. FQHCs are the backbone of access to care in many communities across the State because they are heavily relied upon by the uninsured, underinsured, and publicly insured. As a result of Medicaid expansion, an estimated 950,000 individuals are eligible for Medicaid and Child Health Plus but are not currently enrolled, including those newly eligible under the ACA[1], many of whom are already being served by FQHCs. Similarly, FQHCs are also seeing their privately insured patient numbers rise, as New Yorkers gain new access to care under employer insurance and other means. In 2012, 273,443 FQHC patients had private insurance, up from 239,691 patients in 2007 — a 14 percent increase.

Overall, primary care capacity expansion requires access to affordable capital. Capital funds help support the development of new community-based primary care. In addition, a capital technical assistance program should be established to help community-based primary care providers accurately assess their capital needs, assess their risks, and identify and secure capital financing for expansions.

B. Support for Primary Care Workforce Initiatives: Primary Care Service Corps ($500,000) and Funding for a New Class of Doctors Across New York

A strong, diverse, and proficient workforce is essential to the transformation of health care in New York State. CHCANYS urges the Legislature to commit to a diverse and strong primary care workforce by safeguarding programs like PCSC and DANY that advance the recruitment and retention of primary care providers. Specifically, CHCANYS urges the Legislature to support an appropriation of $500,000, including a federal match for the PCSC program, as well as the provision of sufficient funding for a new DANY class.

Also, primary care providers must be able to recruit, train, and keep a workforce that is stable and well-qualified to serve low-income patients. Filling vacant positions is an immediate means to expand the capacity of existing providers to serve more patients. Further, the next generation of primary care workforce will need a thorough understanding of and skills for providing new integrated care models, including patient centered medical homes (PCMHs), Accountable Care Organizations, and others.

At the same time demand for primary care services is increasing, FQHCs are struggling to maintain primary care providers. Both the oral and behavioral health sectors suffer from provider shortages and mal-distribution of qualified providers in rural and underserved communities. This uneven access results in greater health disparities. Meanwhile, New York faces challenges in access to primary care, needing an additional 2.8 full-time primary care physicians per 100,000 people to meet the needs of its population.[2] Filling existing provider vacancies in FQHCs increases their capacity to serve more patients. If all vacant positions are filled, capacity would increase by approximately 850,000 visits a year, or 12.6 percent statewide. This increased provider capacity could accommodate 185,000 additional patients.

C. Maintain $54.4 Million for the Diagnostic & Treatment Center Uncompensated Care Pool

The Executive Budget proposes to continue funding at $54.4 million for D&TC Uncompensated Care Pool (UCP). The D&TC UCP provides funding to health centers for services provided to uninsured patients. Though FQHCs try hard to ensure that eligible people are enrolled in coverage, 23 percent

---

[1] The Henry J. Kaiser Family Foundation. Interactive: A State-by-State Look at How the Uninsured Fare Under the ACA. (December 2013). Website: http://kff.org/interactive/uninsured-gap

[2] The American College of Emergency Physicians. American's Emergency Care Environment: *A State-by-State Report Card* – 2014 Edition.

of health center patients are uninsured – a 6.5 percent increase over the past five years – and the number of uninsured is as high as 50 percent at some health centers. Although the D&TC UCP is underfunded, it does provide vital assistance to community health centers, thereby helping to off-set the overall cost of caring for the uninsured. The more uninsured care a health center provides, the greater proportion of the pool the center receives.

In 2009, New York State submitted a State Plan Amendment to CMS for a federal Medicaid match for the D&TC UCP. CMS approved the request for matching federal dollars in 2011, and added Article 31 mental health providers to the D&TC UCP as well. The match approval expired on January 1, 2014, and to date, CMS has not approved DOH's request to renew the match. CHCANYS urges the State to take proactive steps to ensure CMS receives the information needed to make a determination on the request for a federal match renewal. The D&TC UCP is critical to ensuring FQHCs are able to continue to serve as safety net providers for uninsured New Yorkers.

D. Continue Support for Health Centers Serving Migrant & Seasonal Farm Workers

CHCANYS strongly supports restored funding to previous fiscal year levels (FY 2012-13, $430,000) for Migrant Health Care programs across New York State. Migrant Health Care funding allows health centers and other eligible providers to care for over 18,000 migrant and seasonal agricultural workers and their families, who are integral to New York State's agribusiness. Migrant and seasonal agricultural workers are an extremely vulnerable population. More specifically, it is estimated that 61 percent of farmworkers live in poverty, with a median income of less than $11,000 annually. New York's migrant health centers keep farmworkers healthy by providing primary and preventive health care services, including culturally competent outreach, interpretation, transportation, health education and dental care.

Notably, FQHCs have experienced a growth in the number of migrant and seasonal agricultural workers they serve. Between 2007 and 2012, FQHCs saw a 25 percent increase in the number of migrant and seasonal agricultural workers served with no corresponding increase in New York State funding to care for these patients.

E. Ensure All Providers Are Included in Discussions Regarding Shared Savings Under the MRT Global Cap Initiative

CHCANYS applauds the State for its efforts to advance shared savings under the Medicaid global cap; however, it is critical to discuss in greater detail how savings are shared. FQHCs and other community-based providers should be included in future discussions with DOH regarding shared savings.

Definition of New York's Primary Care Safety Net Should Include FQHCs

We recognize that relevant discussions turn on the definition of the term "safety net provider." The Institute of Medicine (IOM) offered a definition of safety net providers that states, "safety net providers are providers that deliver a significant level of health care to uninsured, Medicaid, and other vulnerable patients." More specifically, the IOM provides, "core safety net providers have two discerning characteristics: (1) either by legal mandate or explicitly adopted mission, such a provider *offers care to patients regardless of their ability to pay* for those services, and (2) a *substantial share of their patients are uninsured, Medicaid, and other vulnerable patients*."[3] The IOM further outlines

[3] Institute of Medicine Report Brief. *America's Health Care Safety Net: Intact But Endangered.* (2000)

that these select "core safety net providers" include community health centers, among other providers such as school-based health clinics.[4]

CHCANYS recommends the State adopt a definition that is in alignment with the one put forth by the IOM because it complements FQHCs as federal, legal entities and because it has utility within the realms of Medicaid and Uncompensated Care.

F. Support Funding Increase for the Vital Access Provider Program

CHCANYS recognizes and applauds the Executive's Budget proposal to double the appropriation allocated for the Vital Access Provider Program (VAP) in FY 2014-15. VAP provides funds to essential safety net providers who care for high Medicaid or uninsured populations. Providers participating in VAP must demonstrate restructuring plans to address their financial challenges and to improve outcomes. Also, VAP has utility for initiatives under the 1115 MRT Waiver. For example, VAP can be leveraged within a provider's Delivery System Reform Incentive Payment (DSRIP) application.

To achieve the Triple Aim, primary care must be at the center of any system of care. This requires a profound shift in New York's health care system, which has historically been focused on large institutional care settings and has underinvested in less costly primary and preventive care. Decades of underfunding for community-based primary and preventive health care have left some safety net primary health care providers, including some FQHCs, on the verge of collapse. Additionally, primary care capacity is at risk from hospital consolidations, mergers, restructuring, and closings. Resources should be deployed through VAP, not only to hospitals, but also to community health centers and other community-based providers who play a vital role in absorbing and strengthening primary care capacity across New York.

G. Integration and Coordination of Behavioral Health Services in Primary Care: Support the Reallocation of Medicaid Savings for the Expansion of Behavioral Health Services and the Investment in Community-Based Behavioral Health Services

We urge the Legislature to support the reinvestment of Medicaid savings to the Office of Mental Health (OMH) and the Office of Alcoholism and Substance Abuse Services (OASAS) for the expansion of behavioral health services for the purpose of increasing access to and integrating behavioral health, including community-based behavioral health services.

FQHCs are designed to be fully-integrated PCMHs with mental health, oral health, and disease prevention as requisite components of a comprehensive primary care setting. In the five-year period 2007-2012, FQHC patients using mental health services increased by 70 percent, patients using substance abuse services grew by 78 percent, and patients requiring various "enabling services[5]" increased by 29 percent. As a result of these shifts in service demand, approximately 90,000 FQHC patients in New York State received mental health services in 2012, about 13,000 received substance abuse counseling or treatment, and over 150,000 availed themselves of FQHC "enabling services."

As the State shifts its focus from emergency and in-patient services to expanding the primary care infrastructure, it should continue its efforts to partner with community-based innovators, such as FQHCs, in order to build upon existing, successful, team-based integration models. In particular, the State should augment primary care activities to diagnose and manage chronic conditions by utilizing

---

[4] Supra note 3.
[5] Enabling services include translation, transportation, and care management.

FQHCs' existing community-based programs and services. Notably, FQHCs: (1) have connectivity to local service systems via operative patient referral protocols; (2) have experience in the provision of behavioral health services and chronic care management; and (3) make viable partners for local health departments due to their community-based infrastructure and relations with schools, community centers, arts programs, and other health systems partners.

H. Authorize and Fund a Basic Health Plan in New York State

CHCANYS appreciates the opportunity to be seated on the State's Basic Health Plan (BHP) Workgroup and would like to ensure the BHP moves forward. The Executive Budget proposes a contingent provision for a BHP to cover noncitizens that would otherwise be ineligible for Medicaid. CHCANYS supports the implementation of a BHP; however, we request more clarity regarding premium and cost-sharing provisions.

Generally, the BHP is a provision in the ACA that allows states to develop a new insurance program to cover impoverished adults and certain legal immigrants not eligible for Medicaid. Under a BHP, people between 133-200 percent of federal poverty level will receive insurance coverage, while those who exceed this level will pay for insurance within the Marketplace. Additionally, the State offers Family Health Plus (FHP) in addition to Medicaid to provide a means of health insurance, and "if the State eliminates the FHP program this year, 36,000 participants will be required to pay over $1,000 per year to get coverage in the Marketplace."[6] Accordingly, New York should adopt the BHP to protect these New Yorkers. By adopting the BHP, the State can transfer the cost of providing coverage for these select groups to the federal government without shifting costs to the consumer. This cost shifting would generate between $500 million and $1 billion in savings to New York State annually.[7]

I. Support the Executive Budget's Provision for Investment in Regional Health Planning

CHCANYS urges the Legislature to support provisions for Regional Health Improvement Collaboratives (RHICs) throughout New York. FQHCs can be informed and innovative partners in regional health planning efforts, and their participation should be encouraged and supported. Community-level planning will support the development of plans that are relevant and actionable at the local level. Under the leadership of the RHICs, community-level planning efforts will require resources to develop the infrastructure for and support the implementation of this level of planning. The State should look to leverage existing community-based resources and data system tools to further their community-level planning efforts. In addition to conducting data analyses on needs and opportunities, the community planning work should also include: conducting environmental assessments, considering social determinants of health, soliciting input from all stakeholders, and facilitating the community planning process.

J. Support for the Executive Budget's Exemption of Certificate of Need

CHCANYS strongly supports New York State's efforts towards Certificate of Need (CON) reform. As part of these activities, the Executive Budget includes the proposal to exempt D&TCs and hospitals from CON for primary care where construction does not involve change in capacity, services provided, major medical equipment, facility replacement or geographic location. The State should work concurrently on CON reform and activities to enhance its support of local health planning initiatives. Collaborations that support combined regional and state-level planning efforts

[6] Health Care for All New York (HCFANY). Policy Brief: *The Basic Health Program Option in the Affordable Care Act*. No. 51 (January 2013).
[7] Supra note 6.

help focus the building of sustainable primary care capacity where it does not currently exist. There is a critical need to build New York's community-based health care infrastructure, and every effort should be made to encourage expansion.

III. Conclusion

For decades, a hallmark of the FQHC model has been the provision of services to all, regardless of ability to pay. This remains true for FQHCs today, and their demonstrated formal affiliations with specialty and hospital providers allow for "one stop shopping" for quality, cost-effective health care. CHCANYS stands ready to work with the State's legislative leaders to expand a high quality and sustainable system at the core of New York's health care delivery transformation. Again, I thank you for the opportunity to present my testimony to you today.

IV. CHCANYS: Who We Are

CHCANYS' mission is to ensure all New Yorkers, including those who are medically underserved, have continuous access to high-quality, community-based health care services, including a PCMH. To do this, CHCANYS serves as the voice of community health centers by leading providers of primary health care in New York State. CHCANYS works closely with more than 60 FQHCs that operate approximately 600 sites across the state.

FQHCs are not-for-profit, PCMHs located in medically underserved areas. Our community-based health centers provide comprehensive primary care in: family medicine, pediatrics, obstetrics and gynecology, internal medicine, oral health, laboratory, mental health, substance abuse and pharmacy services. These extensive clinical services are supported by health centers' community-based Board of Directors, where a majority of the members are patients of the health center.

Between 2007 and 2012, patient volume increased by 31 percent, while the number of annual visits increased by 33 percent. Also during this period, full-time equivalent positions at FQHCs increased by 35 percent, and clinical staffing (excluding administrative and facility support) increased by 40 percent. By 2012, FQHCs employed over 11,353 full-time equivalent positions, many of which were filled by local residents.

Please contact Elizabeth Swain with any questions at 212-710-3802 or via e-mail at eswain@chcanys.org.

Community Health Care Association of New York State
(CHCANYS)

Albany Office	**New York City Office**
90 State Street, Suite 601	111 Broadway, Suite 1402
Albany, NY 12207	New York, NY 10006

Website: www.chcanys.org