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Community Health Care Association of New York State www.chcanys.org

COMMUNITY HEALTH CENTER FQHC QUALITY

New York City Council Health Committee

Preliminary Budget Hearing

March 23, 2015

Thank you for the opportunity to provide testimony on the Preliminary Budget Proposal. My name is Beverly Grossman and I am the Senior Policy Director of CHCANYS, the State's Primary Care Association for Federally Qualified Health Centers.

CHCANYS: Because Community Health Care is Primary

CHCANYS serves as the voice of community health centers as leading providers of primary care in New York State. We work closely with more than 33 Federally Qualified Health Centers (FQHCs) that operate 370 sites throughout New York City. Community health centers are located in medically underserved areas and provide high-quality, cost effective primary care to anyone seeking care, regardless of their insurance status or ability to pay. Each FQHC is governed by a consumer-majority board of directors who seek to identify and prioritize the services most needed by their communities.

FQHCs offer unique benefits to all communities, particularly those who have been underserved and are low income, including a model of patient-centered care that is demonstrably associated with improved outcomes and reduced costs. FQHCs are designed to be fully integrated patient-centered medical homes, providing mental health, oral health and health promotion/disease prevention services as required components of a comprehensive primary care setting. The provision of service to all, regardless of ability to pay, and demonstrated formal affiliations with specialty and hospital providers to allow "one stop shopping" for health care has been the hallmark of the FQHC model for fifty years.

Patient empowerment is an important part of the quality improvement approach at FQHCs, as chronic disease prevention and management is a cornerstone of this model. The use of practice management technology at FQHCs became prevalent in the early 1990s and a decade later

FQHCs began incorporating electronic health records in their practices. Between 2006 and 2010, CHCANYS received over $6 million from the City Council to fund hardware purchases for 30 NYC health centers to support implementation of electronic health records. Thanks in part to this investment by the City Council, by 2013 96% of New York's FQHCs had implemented practice management and electronic health systems at all service locations. FQHCs lead the nation in adoption of fully integrated technology systems and the accreditations and recognitions made possible by their adoption. The move from volume to value is as much a charge at FQHCs as anywhere else, since FQHC delivery systems must be competitive, sustainable, and capable of leading and taking risk in the larger health system.

FQHCs are central to New York City's health care safety net, serving over 972,000 patients annually, of which nearly 300,000 are under eighteen years old and 38,000 of whom were seen at FQHC-sponsored school based health centers. Three quarters of patients seen in New York City's FQHCs in 2013 were living at or below 100% of the poverty level or $23,550 for a family of four in that year. Over 63,000 patients were homeless. Twenty six percent of patients were best served in a language other than English. Over 80 percent of patients belonged to racial or ethnic minority groups and nineteen percent were uninsured, not covered by any public or private insurance program.

Specific Comments on 2015 Preliminary Budget

New York City has a severe shortage of primary care. Twenty-six NYC neighborhoods are federally designated primary care shortages areas.[i] The mismatch of supply and demand for primary care is particularly concerning given the poor financial condition of several hospitals in primary care shortage areas.[ii] Hospital emergency departments (EDs) have become significant substitutes for primary care capacity for low-income populations in NYC.[iii] Between 2011 and 2012, Medicaid enrollees made over 2.3 million visits to hospital EDs for conditions that could have been treated in a primary care or outpatient setting.[iv] Primary care access is the foundation of chronic disease management, without which health outcomes worsen and healthcare costs increase.[v] In 2012, the rate of potentially avoidable hospitalizations for Medicaid enrollees for

chronic conditions in New York City was higher than the statewide average.[vi] In the near future, the primary care shortage is projected to worsen due to overall population growth and aging as well as the expansion of health insurance coverage.[vii]

A 2013 report by CHCANYS, with support from the New York State Health Foundation, analyzed FQHC capacity in various geographic areas and the potential sustainability of capacity expansions to sort New York City neighborhoods into three tiers, ranked in order of priority areas in terms of FQHC need and sustainability.[viii] Tier one included sixteen neighborhoods found to have both the highest need for expanded access to primary care and the highest rate of sustainability, based on such factors as number of primary care doctors, percentage eligible for but not enrolled in publicly-funded health insurance, and percentage of population not covered by FQHCs. This report, entitled *The Plan for Expanding Sustainable Community Health Centers in New York,* formed the basis of Mayor de Blasio's pledge to create at least 16 community health center sites in tier one neighborhoods in NYC during his term as Mayor.

We are therefore very pleased to see that Mayor de Blasio included $16.5 million for health center expansion in his preliminary budget. This funding would provide working and capital grants to facilitate the development and expansion of at least ten high-performing, community based primary care health centers in the underserved, high need New York City communities identified as priority areas in the aforementioned report. We urge you to support the Mayor's investment in health center expansion.

Because FQHCs are embedded in and reflective of their communities, they have a history of being nimble and able to respond quickly to their communities' changing health care needs. Despite this, FQHCs tend to have less direct access to funding – and capital funding is the most difficult to access, though the most critical for increasing capacity to serve additional patients. All Affordable Care Act (ACA) capital and operating dollars available to FQHCs have been expended and additional operational funding opportunities are set to expire in 2015. [ix] Other funding streams, such as the highly competitive federal New Access Point grants, are primarily

operational and only a small percentage may be used for capital projects. Furthermore, while Governor Andrew Cuomo's 2015 budget proposed $1.4 billion in capital funding for hospital development and restructuring, there is no clear investment in community based providers, including FQHCs. Providing City resources for FQHC expansion would ensure that primary care in underserved neighborhoods is delivered by qualified providers who focus on integrated, comprehensive care and have deep roots in and an understanding of the communities they serve.

Funding primary care expansion in New York City is also well aligned with state and federal healthcare delivery transformation initiatives, including New York's Delivery System Reform Incentive Payment (DSRIP) Program, which aims to reduce avoidable hospital admissions by 25% over five years. As safety net primary care providers, FQHCs are integral to the success of the DSRIP Program and have been working closely with Performing Provider Systems (PPS) in all regions throughout the City and State to design and implement transformative projects to support the program's goals. We agree that focusing on reducing hospitalizations and strengthening community-based care models in the primary and behavioral health care sector is essential.

In order to fulfill DSRIP's laudable goal of system transformation and reduction in avoidable hospitalizations, there is a need to build a larger system of FQHCs and other community-based healthcare providers in many neighborhoods in the City. FQHCs are the backbone of access to care in many communities because they are heavily relied upon by the uninsured, underinsured, and publicly insured—the very population that tends to over utilize hospitals. This expansion requires access to affordable capital that enables community-based primary care providers to build or expand facilities in targeted neighborhoods, which will be essential to achieving true delivery system transformation.

While the $16.5 million for primary care expansion in the Mayor's preliminary budget is an important first step toward expanded primary care services, this funding will likely only cover a small portion of the costs associated with health center expansion. While costs can vary widely, a rough estimate of capital costs for developing an FQHC facility is approximately $477 per

square foot, or $7.6 million for a 16,000 square foot facility to provide 10,000 patients an average of 3.5 visits per patient per year.[x] Constructing ten health centers of this size, or the equivalent, would be estimated to cost $76 million. These figures include average site acquisition costs, which are highly variable.

Due to the high cost of health center expansion, it will be critical that providers leverage additional outside resources, such as FQHC equity, NYS and federal programs, New Market Tax Credits, nonprofit and private lenders, foundations, and other sources. We understand that the City plans to develop a loan guarantee program to compliment the proposed $16.5 million in grants, which will be a necessary component of a successful expansion project. We look forward to working with the City Council and the Mayor's Office to ensure the success of this initiative.

I am happy to answer any questions you may have.

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[i] A federally designated Health Professional Shortage Area (HPSA) is "(1) An urban or rural area (which need not conform to the geographic boundaries of a political subdivision and which is a rational area for the delivery of health services); (2) a population group; or (3) a public or nonprofit private medical facility." U.S. Department of Health and Human Services. http://bhpr.hrsa.gov/shortage/hpsas/designationcriteria/designationcriteria.html

[ii] Brooklyn Health Systems Redesign Work Group. "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn." November 28, 2011. https://www.health.ny.gov/health_care/medicaid/redesign/docs/brooklyn_mrt_final_report.pdf

[iii] Centers for Medicare & Medicaid Services, U.S. Department of Health and Human Services. "Reducing Nonurgent Use of Emergency Departments and Improving Appropriate Care in Appropriate Settings." Federal Policy Guidance, CMS Informational Bulletin. Jan. 16, 2014. http://www.medicaid.gov/Federal-Policy-Guidance/downloads/CIB-01-16-14.pdf

[iv] https://www.health.ny.gov/health_care/medicaid/redesign/dsrip/performance_data/docs/chartbook1_avoidable_hospitalization_new_york_city.pdf

[v] Reviewing 20 years of research from over 100 studies in high-performing clinical settings, the American College of Physicians provided evidence for the critical role of primary care in chronic disease management – at a lower cost – and the urgent need to prevent shortages in primary care access. American College of Physicians. "How Is a Shortage of Primary Care Physicians Affecting the Quality and Cost of Medical Care?" Philadelphia: American College of Physicians; 2008: White Paper. http://www.acponline.org/advocacy/current_policy_papers/assets/primary_shortage.pdf

[vi] Medicaid Institute at the United Hospital Fund, Medicaid Regional Data Compendium, November 16, 2014. http://www.uhfnyc.org/publications/881021

[vii] Petterson S., et al. Projecting US Primary Care Physician Workforce Needs: 2010-2025. Annals of Family Medicine. 2012 Nov-Dec; 10(6): 503-509

[viii] *The Plan for Expanding Sustainable Community Health Centers in New York* developed by CHCANYS and the NYS Health Foundation.

[ix] While ACA provided $11 billion to Section 330 of the Public Health Service Act, which grants funding to FQHCs, this mandatory funding authority is set to expire after September 30, 2015. From the Geiger Gibson Community Health Policy and RCHN Community Health Foundation Research Collaborative. Policy Research Brief No. 37: "How Medicaid Expansions and Future Community Health Center Funding Will Shape Capacity to Meet the Nation's Primary Care Needs: A 2014 Update" http://publichealth.gwu.edu/pdf/GGRCHN_PolicyResearchBrief_37.pdf .

[x] *The New York State Community Health Center Capital Grant Program Request for Grant Applications developed by PCDC.*