CHCANYS DEFINING NEW DIRECTIONS
Community Health Care Association of New York State

COMMUNITY HEALTH CENTER FQHC QUALITY

News Release

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CHCANYS Testifies at Senate Finance and Assembly Ways & Means Joint Legislative Hearing in Albany, Urges Capital Investment for Safety Net Providers, Restored Funding

The Community Health Care Association of New York State (CHCANYS) offered testimony during the Senate Finance and Assembly Ways and Means Joint Legislative Hearing on February 2, 2015, which focused on the Executive Budget – Health and Medicaid.

Delivered by Beverly Grossman, Senior Director of Policy, CHCANYS reiterated its support of New York's efforts to transform the healthcare delivery system and noted that the State has recognized the importance of expanding access to comprehensive, community-based care — a model that federally qualified health centers (FQHCs) have relied on for the past 50 years. Ms. Grossman also noted that sustainable delivery system transformation will only be achieved if the State provides appropriate financial and capital investment directly to the community-based safety net providers whose work is at the center of the reimagined care delivery system. However, the Governor's budget proposes no clear investment into these community-based safety net providers.

Overall, CHCANYS urged the Legislature to:

- Earmark 25% of the Governor's proposed $1.4 billion hospital system capital investments for community-based safety net healthcare providers;
- Reject the proposal to disincentivize participation in the 340B program, which allows safety net providers to affordably access prescription medication;
- Restore funding to School Based Health Centers;
- Accept the Governor's proposal to maintain funding for the Diagnostic & Treatment Center (D&TC) Uncompensated Care Pool;
- Restore funding for health services for migrant and seasonal farm workers;
- Support continued investment in the primary care workforce through the Primary Care Service Corps (PCSC) and Doctors Across New York (DANY);

A transcript of the full CHCANYS testimony is attached

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About Federally Qualified Health Centers (FQHCs)

In New York State, more than 60 Health Resources and Services Administration (HRSA) - supported community health centers (otherwise known as Federally Qualified Health Centers) operate approximately 600 service delivery sites that provide care to nearly 1.7 million patients. Nationally, nearly 1,300 HRSA-supported health centers operate more than 9,200 service delivery sites that provide care to nearly 22 million patients in every state, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and the Pacific Basin.

About the Community Health Care Association of New York State (CHCANYS)

CHCANYS' mission is to ensure that all New Yorkers, including those who live in medically underserved communities, have continuous access to high quality community-based health care services, including a primary care home. CHCANYS serves as the voice of community health centers as leading providers of primary health care in New York State. For more information visit www.chcanys.org.

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COMMUNITY HEALTH CENTER FQHC QUALITY

Senate Finance and Assembly Ways and Means
Joint Legislative Hearing on the 2015-16 Executive Budget-
Health and Medicaid
February 2, 2015

Thank you for the opportunity to provide testimony on the Governor's FY 2015-16 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 Healthcare 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 60 Federally Qualified Health Centers (FQHCs) that operate over 600 sites across the state. These 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 serve 1.7 million New Yorkers annually. In 2013, 86% of patients served were below 200% of poverty and 52% received Medicaid. Furthermore, one quarter of New York's FQHC patients are best served in a language other than English and three-fourths are racial and/or ethnic minorities. In short, FQHCs are New York's primary care safety net providers.

Specific Comments and Requests Regarding the 2015-16 Executive Budget Proposal

FQHCs are facing numerous funding cuts, both at the state and federal level, which could severely impact their ability to continue to provide high quality, comprehensive community-based care. Federally, FQHCs face a 70% reduction in funding in September 2015 unless Congress acts to fix the health center funding cliff. And unfortunately, despite New York's focus on community-based care as means to transform the healthcare delivery system, the proposed Executive Budget underinvests in these important partners who are at the heart of this transformation. Taken together, these actions would severely impact health centers' financial viability at a time when the State should be supporting the expansion of the primary care safety in furtherance of its own goals.

A. **Capital Investment in Community Based Safety Net Healthcare Providers**

CHCANYS has been supportive of the State's efforts towards health care transformation and the goals outlined in New York's Delivery System Reform Incentive Payment (DSRIP) Program**,** including reducing avoidable hospital admissions by 25% over five years. As safety net primary care providers, FQHCs are integral to the success of DSRIP Program and have been working closely with Providing Performing Systems (PPS) in all regions to design and implement transformative projects to support the programs' goals.

Focusing on reducing hospitalizations and strengthening community-based care models in the primary and behavioral health care sector is essential. We are therefore dismayed that the Governor's budget proposes no clear investment into community safety net providers and instead continues to reinforce status quo through its allocation of $1.4 billion in capital funding. While we appreciate that transformation funding is included in the Executive Budget, we have significant concerns, based on our repeated

past experiences, that this money will not flow beyond hospital walls to community based safety net providers. Although only the $400 million intended for upstate rural providers is specifically restricted to hospitals, it is our understanding that the additional billion is intended for hospital transformation in Brooklyn and Oneida County.

CHCANYS respectively requests that a minimum of 25% of the $1.4 billion--or $350 million-- in capital funding allocated in this year's Executive Budget be earmarked for community based safety net care providers statewide, including FQHCs. This amount is equal to the 25% reduction in avoidable hospital use that DSRIP seeks to achieve within five years.

New York's stated priority is to transform the healthcare system by providing access to high quality, coordinated care in every region of the state through the integration of primary care services with other community-based care providers. Continuing to invest capital dollars in hospital development and restructuring directly contradicts this priority and would further entrench the existing inpatient-focused healthcare delivery system. Without a clear policy directive in the Budget, it will likely be extremely challenging, if not impossible, for community safety net providers to access these capital dollars.

Transformation of New York's healthcare delivery system through DSRIP, and related initiatives including SHIP, is a massive undertaking which relies on FQHCs and other community based safety net providers to design and implement a variety of intensive projects. FQHCs and other community partners have expended extensive staff time and financial resources preparing for the implementation of DSRIP projects. However, because DSRIP planning dollars are only available to PPS leads (the vast majority of which are hospital systems), at this time no downstream community partners have received any funding under DSRIP, despite DOH's expectation and urging that they be active participants in the project planning phase. The Governor's capital funding proposal seems to further exacerbate this funding inequity- much of New York's

healthcare transformation is reliant on the work of FQHCs or other downstream community-based safety net providers, yet no dollars are available solely to them.

CHCANYS, with support from the New York State Health Foundation, released *A Plan for Expanding Sustainable Community Health Centers in New York* (The Plan), which was developed through extensive quantitative and qualitative analyses. The Plan focuses on 4 domains to expand FQHCs capacity and, in turn, increase access to comprehensive, community based primary and preventative care services for all New Yorkers. 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 illustrates that, in order to fulfill DSRIP's laudable goal of system transformation and provider collaboration, there is a need to build a larger system of FQHCs and other community-based healthcare providers in many regions of the State. 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. However, this expansion requires access to affordable capital. Capital funds help support the development of new and expanded community-based primary care which will be essential to achieving true delivery system transformation.

B. Maintain Current Reimbursement Scheme for 340B Drugs

The Governor's Budget proposal includes language requiring claims for payment of outpatient drugs submitted to a managed care provider by a covered entity, including FQHCs, pursuant to section 340B of the federal public health service act or by such covered entity's authorized contract pharmacy to be at actual acquisition cost for the drug.

In order to become a designated 340B entity, an organization must be a safety net provider – serving low-income, underserved geographies and populations. The purpose of the 340B program is to lower the cost of acquiring covered outpatient drugs for safety net healthcare providers in medically underserved areas, including FQHCs, so they can stretch their limited resources in order to serve more patients or improve services.

Under the Governor's proposal, it is presumed that the State will pay the MCO participating 340B pharmacy at 340B Acquisition Cost plus a small fee consistent with the current 340B Fee-For-Service Medicaid requirements. The net result of this change is that the State and/or the MCO will reap the 340B benefit and not the covered safety net provider.

New York State FQHCs rely on 340B revenue to fund numerous items that are integral to ensuring patient access to high quality, comprehensive care. In fact, FQHCs' 340B revenue saves New York State money by:

- Reducing emergency department usage through expanded hours and increased access to care;
- curtailing serious workforce shortages by funding provider recruitment and retention;
- covering telemedicine services not currently reimbursed by Medicaid;
- funding innovative and enhanced care coordination services, such as home delivery of prescription medications to at-risk chronic patients and medication education and counseling programs for patients with complex medical issues.

340B revenue is used by FQHCs to cover precisely the kind of innovative programs to improve patient care and reduce system costs that are being promoted in DSRIP and New York's other delivery transformation initiatives. Cutting 340B revenue while relying on FQHCs and other providers to implement large scale new programs, for which they have yet to receive any funding, is shortsighted and antithesis to the goals of system

transformation. CHCANYS urges the legislature to reject this proposed amendment to the 340B program, and not rely on cuts to safety net providers to offset Medicaid's pharmacy costs.

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' robust insurance outreach and enrollment programs make every effort to ensure that eligible people are enrolled in coverage, 22 percent of health center patients are uninsured 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, 2015, 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 and to ensure that D&TC UCP funding is kept whole. The D&TC UCP is critical to ensuring that FQHCs are able to continue to serve as safety net providers for uninsured New Yorkers.

D. **Restore 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, an extremely vulnerable population that is integral to New York State's agribusiness. 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 exponential growth in the number of migrant and seasonal agricultural workers they serve. Between 2008 and 2013, FQHCs saw a 36 percent increase in the number of migrant and seasonal agricultural workers served with no corresponding increase in State funding to care for these patients.

E. **Support for Primary Care Workforce Initiatives: Primary Care Service Corps and Funding for a New Class of Doctors Across New York**

The DSRIP program, draft State Health Innovation Plan (SHIP), and private health care marketplace are all calling on health care providers to rapidly change how health care is delivered. At the same time, the Affordable Care Act (ACA) has added hundreds of thousands of persons to the insurance rolls in New York State, challenging providers to have enough capacity to provide patient-centered care to the newly insured. CHCANYS has concerns about the ability of providers to respond to these transformative changes without an adequate workforce in place. These changes not only require an adequate primary care workforce, but also one that is appropriately trained for emerging models for patient centered and coordinated care.

CHCANYS urges the Legislature to commit to a diverse and strong primary care workforce by safeguarding programs like Primary Care Service Corps (PCSC) and Doctors Across New York (DANY) that advance the recruitment and retention of primary care providers, including the following recommendations:

- Provide consistent funding and an annual date certain for these applications would encourage medical school students and residents to choose primary care, knowing that they could get debt relief.
- Increase state DANY funding to allow awards for at least 150 physicians per year; 100 Loan Repayment, at a first year cost of $5.25M in 2015-16. Because of the way the program is structured with respect to commitment to practice, these amounts will have to be carried forward in future years to honor the obligation for loan repayment and practice support.
- Specify appropriations in the DANY statute for each year of the current HCRA authorization, in addition to the appropriations bill for new and needed reappropriated funds.
- Support state budget funding for PCSC. Sustaining this small program, established by the Legislature in 2012, is a critical tool in addressing primary care workforce shortages in under-served parts of the state.

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 are 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. 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.

F. **Support Funding Increase for the Vital Access Provider Program**

CHCANYS recognizes and applauds the Executive's Budget proposal to create a new $290 million Vital Access Provider Program (VAP) allocation for essential community providers in rural/isolated areas and to maintain previous VAP funding levels for Article 28 providers. However, to date FQHCs have not been able to avail themselves of these funds because CMS has not approved payments to FQHCs. The State VAP program was not aligned with the federal payment requirements for FQHCs and therefore the State has not received approval from CMS for a federal match.

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. 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. Additionally, State-only funding should be used to fund approved FQHC VAP applications if federal

approval is not given. FQHC's with current approved VAP applications should be paid with State-only dollars immediately. If federal match approval has not been obtained by the approval of future rounds of VAP applications, then the State should continue to pay FQHCs fully with State VAP funding.

G. Restore Funding to School Based Health Centers

The Executive Budget proposes consolidating 40 discrete programs, including school based health centers (SBHC), into five block grants and reducing the total available funding by 15%. This proposal would require SBHCs to compete for funding with 10 other block grant programs and could result in a significant loss of funding for 2015. CHCANYS urges the legislature to reject the block grant proposal and restore SBHC funding to FY2014-15 level of $21.2 million.

SBHC are a critical access point for many children across New York for whom accessing quality comprehensive care, including oral and behavioral health, in other settings may be difficult or impossible. Many SBHCs are sponsored by FQHCs, which have long considered SBHCs an essential part of their comprehensive primary care model.

SBHC have already seen a $3.2 million reduction in State Aid and the loss of 8 sites since 2008. However, during this same period, the number of students served at FQHC-sponsored SBHCs increased by 67%. Further reducing funding for SBHCs at a time when New York is seeking delivery system transformation through improved access to comprehensive, community based care is at best shortsighted and could be disastrous for the health of millions of New York's school children.

H. **Ensure continuity of care within Urgent and Retail Clinics.**

The Executive Budget proposal included proposed legislation that would regulate "Minute Clinics" (also known as retail clinics) and define Urgent Care Centers for purposes of licensure. CHCANYS urges the legislature to consider expanding the existing Diagnostic and Treatment Center (D&TC) regulatory structure rather than creating a new category of healthcare provider. D&TCs could expand their scope of services but are often limited by inadequate reimbursement methodologies that do not promote expansion of services and/or regulatory barriers to co-location ventures.

However, should the legislature choose to create these new licensure categories, CHCANYS recommends that the legislation be amended to (a) create an workgroup of provider associations to advise the commissioner on regulations for retail clinics and (b) require providers to give patients a list of primary care providers, including FQHCs and other providers who serve Medicaid and low-income patients. Furthermore, protections should be included in the urgent care legislation to ensure that centers are required to treat all patients regardless of insurance status.

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 supports New York's efforts to transform the healthcare delivery system and is pleased that the State has recognized the importance of expanding access to comprehensive, community based care- a model that FQHCs have relied on for fifty years. However, meaningful, sustainable delivery system transformation will only be achieved if the State provides appropriate financial and capital investment directly to the community based safety net providers whose work is at the center of the reimagined care delivery system. CHCANYS stands ready to

work with the State's legislative leaders to support New York's ambitious heath care agenda.

Specifically, CHCANYS respectfully urges the Legislature to:

- Designate State capital investment for community based safety net healthcare providers;
- Maintain Current Reimbursement Scheme for 340B Drugs
- Maintain funding for the Diagnostic &Treatment Center (D&TC) Uncompensated Care Pool;
- Maintain funding for health services for migrant and seasonal farm workers;
- Support continued investment in the primary care workforce through the Primary Care Service Corps (PCSC) and Doctors Across New York (DANY);
- Support funding increase for the Vital Access Provider (VAP) program;
- Restore funding to School Based Health Centers;
- Ensure continuity of care within Urgent and Retail Clinics.

Again, I thank you for the opportunity to present my testimony to you today.