

For more information:

CHCANYS: Libby Post, 518/438-2826

Cell: 518/857-6788

E-mail: lpost@commservices.net

RCHN: Victoria Grantham, 917/328-3287

Email: vgrantham@rosecomm.com

For Release:

October 1, 2007

Commercial Insurers' Reimbursement Rate to New York's Community Health Centers Jeopardizes Care

New Study Calls for Measures to Recognize Value and Enhance Payments

NEW YORK (October 1, 2007) – Inadequate reimbursement rates from private insurers threaten the future of many of New York State's community health centers (CHCs) and their ability to continue serving all patients, concludes a new study released by the Community Health Care Association of New York State (CHCANYS), and funded by CHCANYS and the RCHN Community Health Foundation. CHCs receive significantly lower reimbursement rates from private insurers compared with those from public payers including Medicaid and Medicare. Commercial reimbursement rates are far below the actual costs of care.

CHCs, which provide comprehensive primary care to over 1 million patients at more than 400 urban and rural CHC delivery sites throughout New York State, serve as "medical homes" for their patients. They are federally mandated to provide primary and preventive health services as well as a wide range of enabling services crucial to underserved populations. Numerous studies demonstrate that CHCs' comprehensive model provides high-quality care that meets or exceeds national benchmarks, while remaining cost-effective. While CHCs are driven by mission and legal mandate to provide care to the uninsured and underserved communities, they also serve large numbers of patients with private, commercial insurance.

The study, entitled **Improving Commercial Reimbursement for Health Centers: Case Studies and Recommendations for New York**, was conducted by Manatt Health Solutions, a policy and advisory division of one of the nation's premier law and consulting firms, and RSM McGladrey, the fifth-largest provider of accounting, consulting and business advisory services in the U.S.

After completing an in-depth analysis of six CHC networks across New York State, the study found that:

- Commercial payment rates per visit were, on average, \$38 less than Medicaid fee-for-service rates and \$17 less than Medicare rates.
- Together the six community health centers lost more than \$5.8 million dollars in 2006 on the care they provided to commercially insured patients.
- The profiled CHCs lost an average of \$41, without co-insurance or co-payments, on each medical visit they provided to a patient with commercial insurance.
- The average loss per visit increased to over \$55 when accounting for the required supportive services, or enabling services, that community health centers provide in addition to medical care.

The six CHC networks included in the study are the Callen-Lorde Community Health Center in New York City; the Family Health Network of Central New York; Hudson Headwaters Health Network, which covers the Adirondacks and the North Country; the Institute for Family Health, which serves both New York City and the mid-Hudson Valley; Northwest Buffalo Community Health Center and Oak Orchard Community Health Center, which serves the rural areas of Genesee County. Together, 40 percent of their total patient visits are by people who are commercially insured.

“Commercial insurance reimbursement rates are woefully inadequate to cover the costs of providing medical care,” said Elizabeth Swain, CEO of CHCANYS. “Medicaid and other public payer rates are also too low but they do come closer to covering the costs of caring for patients. The total losses for all community health centers across the state are substantial, and constitute a serious threat to New York’s health care safety net.”

“Our Foundation’s continued mission is to support and benefit the work of community health centers nationally. The finding that commercial rates do not adequately meet the costs of care signifies an alarming crisis – not only for these six community health center networks here in New York, but potentially throughout the country,” said Julio Bellber, president and CEO of the RCHN Community Health Foundation.

The study also reports on the administrative burdens CHCs encounter in managing commercial contracts; the lack of standardized performance data, benchmark comparisons, or incentives; and the unilateral nature of commercial rate-setting by the insurers.

In order to improve commercial reimbursement rates for CHCs and, in turn, ensure the ongoing stability of the state’s community health centers, the study recommended a variety of strategies:

- ***Require the inclusion of CHCs in commercial insurance provider networks and ensure adequate reimbursement*** to cover the full range of federally mandated services
- ***Create a unified incentive fund*** to recognize superior quality of care and establish uniform methods for measuring care and administering these funds
- ***Establish community reinvestment strategies*** to redirect commercial profits and fill the gaps in reimbursement to CHCs
- ***Create more effective business partnerships*** with commercial plans and strengthen CHCs’ business practices through investment in health information technology to support information gathering, data analysis, and center operations

The complete report and recommendations are available at www.rchnfoundation.org and at www.chcanys.org.

About CHCANYS

CHCANYS was established in 1971 to give a voice to the state’s network of community health centers as leading providers of primary care. Now seen as one of the premiere primary care associations in the country, CHCANYS not only works to increase access for those who would otherwise go without care through advocacy and education but also creates major new programs and initiatives that showcase community health centers as centers of excellence. CHCANYS defines new directions in primary care delivery at the more than 50 community health care centers with over 425 sites throughout the state. From clinical excellence to health information technology, from emergency preparedness to eliminating health care disparities, CHCANYS’ goal is to provide community health centers with the resources needed to provide high quality, community-based primary care to anyone in need regardless of their ability to pay. For more information about CHCANYS, contact Chief Executive Officer Elizabeth Swain at 212/710-3802 or go to www.chcanys.org.

About the RCHN Community Health Foundation

The RCHN Community Health Foundation (RCHN CHF) is a New York-based not-for-profit operating foundation dedicated to supporting and benefiting community health centers (CHCs) in New York state and nationally. The Foundation develops and supports programmatic and business initiatives related to community health center access, pharmacy and health information technology through strategic investment, research, outreach, education, and coalition building and advocacy. For more information about RCHN CHF, contact Chief Operating Officer Feygele Jacobs at (212) 246-1122, ext. 712, or visit www.rchnfoundation.org

###