Keeping Our Eyes on the Prize in Turbulent Times

Presentation to

The Massachusetts League of Community Health Centers

Presented by:

Kaitlin McColgan
Director of Federal Affairs
National Association of Community Health Centers

May 13th, 2011
America’s Voice for Community Health Care

The NACHC Mission

To promote the provision of high quality, comprehensive and affordable health care that is coordinated, culturally and linguistically competent, and community directed for all medically underserved people.
Health Reform: What was it about for us?
Coverage PLUS Access

• Expanded coverage for the very people & communities served by CHCs, AND-

• Guaranteed funding to expand CHCs & the NHSC to reach 40 million by 2015

=PLUS=

• Changes designed to revitalize (or at least re-emphasize) primary care: THC, training, payment improvements and promotion of integrated care for better quality & lower costs
• The Affordable Care Act (ACA) provides $11 billion in dedicated funding for health center operations and capital for FY2011-FY2015.
  –$9.5 billion to support health center operations.
  –$1.5 billion for capital needs.

• Approximately half ($727 million) of the funding for capital has already been granted to 143 health centers across the country (FIP “have-nots”).

• HRSA will make awards for previously-announced FY2011 funding opportunities contingent upon this year’s final CHC program funding level.
The Affordable Care Act (ACA) provides $1.5 billion over 5 years in new, dedicated funding for the National Health Service Corps (NHSC).

- Fund was intended to be in addition to existing discretionary funding, which was $142 million in FY 2010, and will support 17,000 additional clinicians by 2015.

ACA also provides $230 million in total funding for FY2011 through FY2015 for Teaching Health Centers (THCs) that establish or expand primary care residency training programs.

- Companion unfunded provision in legislation is authorized program to support development of THC.
Status of NHSC and THC Efforts

• HRSA has publicly stated that NHSC field strength is over 10,000 and will reach 11,000 this year.
  – HRSA has streamlined the site application process; if all health centers seeking NHSC placements apply, the proportion of NHSC assignees at CHCs could reach 50%

• HRSA recently announced designation of 11 THCs that will receive funding in the final months of this fiscal year to conduct community-based training of primary care residents.
  – 9 of 11 grantees are health centers or CHC-involved
Medicaid Changes in the ACA

Key Changes to Medicaid in the Health Reform Law:

- **Expanded Eligibility to Non-Elderly Under 133% FPL:** Starting January 1, 2014, Medicaid will be expanded to all individuals legally residing in the U.S. under age 65 earning less than 133% of poverty or about $29,000 in 2009 for a family of 4 (*with new “MAGI”-Modified Adjusted Gross Income- disregard, effective rate for many will be 138%).

- **100% FMAP for Newly Eligible:** Starting in 2014, the federal government will pay states a 100% federal match for their newly eligible Medicaid patients. This subsidy gradually decreases to 90% match by 2020.
What Happened in November?

• A WAVE Election in the House: when one party experiences a net loss of at least 20 House seats and the other party has minimal losses. This was the third consecutive wave election, an anomaly of recent US history. (Courtesy, Roll Call)

Often dominated by national issues or themes, not individual candidates:

– November 2010 Midterms: Democrats lost 63 seats and the House majority
– November 2008 Presidential year: Republicans lost 20 seats
– November 2006: Republicans lost 31 seats and the House majority.
What Changes Did the Election Bring?

111th Congress vs. 112th: Major Changes

111th House
112th House
111th Senate
112th Senate

Democrats
Republicans
House Today

- 242 Republicans (87 freshmen)
- 193 Democrats

Senate Today

- Democrats lost 6 seats, Republicans gained 6, including Alaska Senator Lisa Murkowski, who won as an Independent, but returned to the Senate as a Republican.
- 53 Democrats (hence Democrats retained majority status)
- 47 Republicans
- However, to move anything in the Senate essentially requires 60-senator filibuster-proof margin, which neither party has on its own.
Within a bill that proposed to cut $61 billion in discretionary spending for the current year:

- A $1 billion cut to CHC Funding
  - Claim that cut is offset by ACA Funding ($1B)
- Elimination of all NHSC Funding (-$142M)
  - Claim that ACA Funding offsets it (+$290M)
- Deep cuts to other Federal Programs
  - Family Planning, CDC, MCH, etc.
What Was At Risk …

• All FY2011 growth funding, resulting in lost capacity to serve 7 million patients

• Incorporation of ARRA annualized amount of IDS funding into base grants. Capacity to serve approx. 4 million existing patients lost.

• Additional base reduction as money transferred out of necessity to keep FTCA fund solvent
Final Agreement on FY 2011 Funding

• CHC funding cut by $600 million
  – ACA Fund’s $1 billion can backfill, meaning net +$400m, BUT
  – $250M needed to continue ARRA NAPs+IDS, $55 M for FTCA, leaving little for growth

• NHSC fate still unclear (current=$142M)
  – ACA Funding is +$290M

• Health professions training cut $164M
What about FY2012?

• Right back in the fight:
  - House Labor-HHS cap announced: proposed $18 billion cut; 13% compared to FY2011 “deal”; 30% compared to FY2008; equals pre-FY2005 levels.
  - May not move to the floor, instead saved for year-end deal.

• Health Center ask:
  - +$200 mil. discretionary (to $1.59B), added to ACA trust fund for total of $400 million increase
  - Would produce 200 NAPs, approx. $275M ES.
  - Asking for individual Member requests, bipartisan sign-ons coming soon.
What Does This Mean for Our Growth Plans?

• ACCESS for All America goal- 60 million Americans need a health care home

• ARRA- Over 4 million patients in 2 years

• ACA- funding for 20 million new patients, now reduced.

• Our trajectory still the same, though pace may have slowed.

We have the best model, we are dedicated to our goal, we have a roadmap and we will get there.
House Budget’s Impact on Programs for Low- and Moderate Income People

Low-income program cuts.................
(e.g. Medicaid, Pell Grants, food stamps, low-income housing)
$2.9 trillion

Other program cuts.........................
$1.4 trillion

Source: “The Path to Prosperity” FY2012 Budget Resolution
Debt limit vote looms pre- August 2. Meanwhile. . .

- **House-Approved Budget (Ryan) Plan for FY 2012**
  - Cap on all entitlement spending, including Medicaid
  - Block grant Medicaid (ends all guarantees)
  - Cut Medicaid by at least $1.4 trillion over next 10 years

- **Obama/Senate Proposals**
  - Deficit reduction proposals: limit total federal spending w/ automatic cuts, some proportional to growth in spending from previous year, some capped at historic averages

- **Other Medicaid issues/areas of concern**
  - Maintenance of Effort (MOE) provisions
  - State flexibility – GOP Govs seeking freedom from limits
NACHC Medicaid Priorities

• **Preserve Medicaid**
  – Health Centers payer mix: 36% Medicaid and CHIP
  – 46% Medicaid and CHIP expected in 2015

• **Protect Health Center Payment**
  – Preserve the PPS/APM and Service Package

• **Partnership for Medicaid**
  – Work with Congress to protect and strengthen Medicaid
What is at stake and what can you do?

The health center model of care itself is at risk.

- Block grants OR global spending caps could end our payment and service protections.

What can you do?

- NACHC Policy page-Federal Affairs-Medicaid. Host of tools, 1-pagers, Talking Points, etc.
- Must educate every lawmaker, ally, board member, etc. about the risks of these proposals to CHCs.
- Read our Health Centers on the Hill blog, advocacy alerts, etc.
Other NACHC Medicaid Priorities

• **Medicaid Health Information Technology Incentive Payments: The FIX-HIT Act (H.R. 1187, S. 643)**
  – Automatic reassignment of ARRA Medicaid HIT Incentive Payments directly to health centers rather than providers

• **Prompt Pay**
  – Current statute requires health centers be reimbursed within 12 months
  – Proposed statutory change: 90% of claims within 30 days, 99% within 90 days (current law for many other providers)
New Medicare Payment System

• New Reimbursement Methodology: Modified version of the MATCH Act
  – Eliminates caps & screens
  – Includes preventive services coverage
  – Based on HCPCS code reporting
    • Began January 1
    • Important to report codes accurately as reimbursement rates will depend on it; initial challenges with reporting

• MATCH Act
  • Still preferred payment method; remains priority
  • Anticipate reintroduction
  • Cost will be an issue in current climate
FTCA Coverage for Volunteers

• Legislation that would extend Federal Tort Claims Act (FTCA) malpractice coverage to volunteers passed House by overwhelming majority at the end of the 111th Congress.

• Representatives Tim Murphy (R-PA) and Gene Green (D-TX) have reintroduced this bill.

• Senators John Thune (R-SD) and Bob Casey (R-PA) introducing companion bill.
The Takeaway

• The times on Capitol Hill are turbulent, with the parties taking dramatically different approaches on many big issues, especially the budget.

• Yet, we are still here, 23 million strong, with bipartisan support & a great record on quality and cost-effectiveness.
  –Our message remains the same: health centers offer a real solution that can appeal to all Members and contribute to improving fiscal health through system-wide and Medicare/Medicaid savings.
Finally, Doc Brown was wrong. . .

Where Can You Get More Information?

• Visit our improved, expanded web site…
  – for more information on all issues,
  – for the latest on federal & state policy developments, including health reform,
  – for the schedule of webcasts and trainings on key health center management topics
  – Latest research & data on health centers

• Read the Washington Update each week…

All Are available at www.nachc.org
Thank You!

Any Questions?