The Impact of Changes to Medicaid Reimbursement and Federal Funding on Squirrel Hill Health Center

Squirrel Hill Health Center ("SHHC") is a Federally Qualified Health Center ("FQHC") created in 2006 to provide comprehensive, integrated primary health care to vulnerable, underserved residents of Pittsburgh, PA. Over the years, SHHC has grown 25-30% annually, adding integrated behavioral health services in 2007, prenatal care in 2008, dental care and a mobile medical unit in 2010. In 2012, SHHC was certified as a Patient Centered Medical Home, a quality recognition which denotes a practice in which interdisciplinary clinical teams use technology and data derived from electronic health records to drive continuous improvements in highly individualized care.

In late 2015, SHHC opened a second site in Brentwood PA, funded through a HRSA New Access Point award, which helped us grow 25% in 2016, providing 25,000 face-to-face clinical visits, everything from prenatal services through geriatrics, behavioral health care and dental services, to nearly 6,000 unique patients. We anticipate continuing this growth, reaching 8,300 patients in 2018. Approximately 90% of SHHC patients live in low income households and Medicaid accounts for 65% of SHHC's payor mix. A valued employer in our communities, SHHC expects to employ 70 full-time equivalents in 2017, including five physicians, six nurse practitioners/physician's assistants, one full-time and two part-time dentists, and a half-time psychiatrist, all of whom have dedicated their careers to serving high risk patients.

As an FQHC, SHHC is supported in part through an annual "330" grant from HRSA and in part through revenue derived from insurance reimbursements, with the remainder made up by foundation grants and individual contributions. The 330 funding is critically important to our work: in 2017 our federal grant, which now includes several quality awards and a grant that significantly increased Behavioral Health Integration, will be $2,266,440. If Congress does not re-appropriate the bipartisan Health Center Fund, we will return to previous funding levels of $650,000. Rather than continuing to grow, we would be forced to cut off care to 1,500 individuals next year and entirely eliminate our behavioral health program.

Yet vital as all of the 330 funding is, it covers only a portion of the actual cost of the comprehensive services that SHHC provides to everyone, regardless of their insurance status or ability to pay. As an FQHC, SHHC is reimbursed by Medicaid on a Prospective Payment System or "PPS" rate that is unique to each FQHC. This rate starts with a base year cost of our integrated, comprehensive services, although future reimbursement is increased only by an annual cost of living adjustment. Even though reimbursement falls short of actually covering costs, it helps. Unlike the fee-for service payment model, which is fraught with waste for needless procedures, there is no incentive for unnecessary testing or services in an FQHC under the PPS rate, but there is support for the extensive care coordination that SHHC provides to each patient, according to his or her needs. Our care coordinators help our patients manage chronic conditions such as diabetes and hypertension, ensure that they have access to affordable medications, and remind them to return for follow up visits as needed. They also connect patients to a wide variety of external resources from appointments with specialists, to job or housing supports, to programs for young mothers.

The PPS rate is a fundamental element of the FQHC program, helping us provide the comprehensive care that our patients need in order to live healthier and more productive lives, and to keep them out of

emergency rooms and other unwarranted utilization of more expensive medical resources. As several studies have confirmed, Medicaid insured patients who receive their primary care in an FQHC cost the taxpayer 24% less each year than those who receive care elsewhere – and their care has better outcomes, as measured in annual quality reports that are publicly available. With 25 million Americans getting their care in FQHCs annually, in rural and urban areas alike, that adds up to $6 billion in annual savings.[1]

SHHC already leverages our federal dollars significantly through private funding, including foundation grants and individual contributions of at least a million dollars a year. Yet these resources are also always stretched thin. In order to maintain our existing services and our growth trajectory, SHHC is depending on the continuation of current HRSA funding levels and of the Medicaid PPS rate. But our patients also need continued access to expanded Medicaid coverage. Far from being a poor substitute for commercial insurance for both our patients and our center, Medicaid is a lifeline. Expanded Medicaid has increased our Medicaid insured population from 39% of SHHC patients in 2013 to more than 60% of SHHC patients in 2016, allowing approximately 3,600 individuals last year access to all of our high quality comprehensive services, while helping us have the means to sustain those services.

The current Medicaid appropriations process, which maintains a degree of federal control over the allocation of these funds, actually allows FQHCs greater freedom at the most basic level to provide the services needed by their own unique communities and patient populations. We are concerned that not only cuts to Medicaid funding, but also any block granting or capitation of Medicaid dollars that relinquishes more control to states, would put our funds in jeopardy of diversion and our patient population at risk. While all FQHCs are grass roots organizations, growing out of and responding to community need and overseen by independent patient-majority boards of directors, federal involvement in directing the distribution of Medicaid dollars is essential to maintaining our PPS reimbursement rates and helping us protect our vulnerable patients.

These pillars of community health care structure, direct 330 grants, Medicaid reimbursement rates, and access to Medicaid for patients, have allowed the network of independent FQHCs to flourish, and made our centers the most cost effective means of providing responsive and responsible health care to local populations. But although it is important to focus on the mechanisms that make our work possible, it is essential to remember why we do this work. The story of just one patient from among the thousands who received life-saving care at SHHC in 2016, illustrates this point. Ms. D. has lived her whole life in Pittsburgh, struggling to make ends meet and to resist the tide of mental illness and addiction that has plagued her family. Last year, a family tragedy pushed her back over the edge. Although SHHC had been her health home for years, she stopped coming to appointments and seemed to drop off the face of the earth. Determined to remain her safety net, her SHHC team refused to give up on her. Coordinating their efforts, her PCP, behavioral health therapist, RN and care coordinators worked diligently to track her down, talk with her, urge her back into care, and to support her as she entered an in-patient addiction treatment program. Now clean and sober, she is back receiving integrated primary medical and behavioral health care at SHHC and the same team that fought to save her is working with her again to keep her life on track and make her future brighter. For an investment of $877 per patient per year, that is a story worth remembering.

[1] http://nachc.org/wp-content/uploads/2016/12/Medicaid-FS_12.16.pdf