PENNSYLVANIA ASSOCIATION OF COMMUNITY HEALTH CENTERS

PACHC Memo 13-05

Please share with: Executive Management

September 18, 2013

TO: Chief Executive Officers of Pennsylvania Community Health Centers FQHC and Rural Health Clinics

FROM: Cheri Rinehart, President & CEO

SUBJECT: Medicaid Proposal and Primary Care Strategy in Governor's "Healthy Pennsylvania" Initiative

SUMMARY: Under the Affordable Care Act (ACA) and the subsequent Supreme Court of the United States (SCOTUS) decision, Pennsylvania and other states have the option to expand eligibility for Medicaid to individuals with incomes of 100-133% of the Federal Poverty Level (FPL). Several states have developed alternative models using the federal funding available for Medicaid expansion to offer health insurance through the commercial market to individuals who fall into this income category. This week, Governor Tom Corbett unveiled his proposal to do the same, as well as other proposals as part of his "Healthy Pennsylvania" initiative.

BACKGROUND: The ACA authorized expansion of Medicaid eligibility to individuals with incomes at or below 133 of FPL, whether or not they are categorically needy, such as married with dependent children. The result of the subsequent SCOTUS decision on the ACA was that expansion of coverage to these newly eligible was considered a new and separate Medicaid program and that states were given individual discretion to choose to add the new program or not. For those that choose to do so, significant federal funding is available to support the expansion: 100 percent of the cost of providing coverage to these newly eligible effective January 1, 2014, gradually decreasing to 90 percent in 2020.

While initially it was anticipated that states would simply expand their existing Medicaid program to cover these newly eligible individuals, several states, like Arkansas and Iowa, have developed alternative models to offer health insurance coverage by purchasing it through the private insurance marketplace. These alternatives, although developed by the states, require approval by the U.S. Department of Health and Human Services (HHS).

PENNSYLVANIA'S PLAN: This week, Governor Tom Corbett unveiled his counter-proposal to provide a health insurance option to Pennsylvanians in a remodeled Medical Assistance program and to support primary care through what he has termed the Healthy Pennsylvania initiative. The proposal focuses on three goals: improving access, quality and affordability.

PACHC met with key representatives of the administration last week for a briefing on the initiative and some of the thoughts and ideas behind it and, while we believe there is merit in some of the administration's plans, we have significant concerns about others. The administration shared that one of their goals is to find ways to leverage federal dollars to strengthen the Commonwealth's primary care infrastructure. While additional dollars for primary care is attractive, some of the options under consideration by the administration to draw down additional federal funding are not. Namely, the administration is considering requesting of HHS that Pennsylvania be permitted to administer the 330 funding currently received by individual health centers—that is, to essentially administer it as a block grant.

Here is an outline of some of the other elements of the Healthy Pennsylvania proposal:

Medical Assistance

- The administration is sending a request to HHS for the consolidation of 14 benefit packages for Medicaid believing that this will streamline and simplify the program moving forward and leave two plan options for individuals
- In this reform of Medicaid (Medical Assistance) for the existing adult population ages 19-64, the plans will use the Essential Health Benefits (EHB) of the insurance marketplace as a baseline
- The current Medicaid-eligible population would also be moved from a co-pay system to an insurance premium system on a sliding scale with a maximum of $25. This premium may be reduced through a tax credit for 1) healthy behaviors or participation in a wellness program; and 2) following work search requirements in the existing Department of Labor-Department of Public Welfare's JobGateway (based on early conversations this may be similar to work search requirements currently imposed for medically-needy)
    - Please note that the $10 co-pay for inappropriate use of an emergency room would remain in effect
- Provided that the above is approved by HHS, Pennsylvania would draw down the federal dollars available for Medicaid expansion and use them to subsidize the purchase of a Qualified Health Plan (QHP) in the insurance marketplace for individuals that are 100-133% of the Federal Poverty Level

The administration estimates that this will help an additional 520,000 newly eligible uninsured gain coverage through the marketplace, as well as 90,000 medically frail individuals who would gain coverage through the existing MA program

Access

- Currently, only 95% of eligible children are enrolled in CHIP. A reinvigorated effort will be made to enroll 100% while reauthorizing the program and eliminating the mandatory 6-month waiting period

- Under the direction of HHS, Pennsylvania will migrate 50,000 children currently in CHIP to Medicaid per the Affordable Care Act so that both the children and their families are in the same program
- Seek additional federal funding to enhance the newly established Community-Based Health Care Fund (Act 10 of 2013 or Senate Bill 5) so that there is more than the currently budgeted $4 million for the grant program to be given to health clinics
- Enhance care through the use of telemedicine for specialty care

Affordability

- Adoption of "apology rule" legislation so that health care providers can express empathy for unforeseen outcomes with patients or their families without fear those statements will be used as an "admission of error"
- Restructuring of the Medical Assistance program as outlined above

Quality

- Support older Pennsylvanians and persons with disabilities through the $68 million approved in the 2013-14 budget for community-based care and creation of a Long-Term Care Commission
- Provide the Department of Health the ability to monitor the use of Schedule 2 -5 prescription drugs to avoid their abuse and develop a statewide "Drug Take-Back" program for disposal of unused medications

It is important to note that while legislators have been engaged in the Medicaid expansion discussion, the administration may have the ability to pursue much of the above plan with little to no legislative involvement.

MEMBER ACTION:

1- Be prepared to respond to media inquiries on the Healthy Pennsylvania proposal. Some of the messages we suggest are:

► While our community of Community Health Centers FQHC is grateful the administration is willing to look at options to offer the security of health insurance to more individuals, further detail on and analysis of the full proposal and any planned 1115 waivers is necessary before we can endorse the proposed approach.

► We are pleased to see acknowledgement by the administration of the important role of primary health care and appreciate the investments the state is making in ensuring an adequate primary care work force.

► We wish there was acknowledgement in the plan of the important role Community Health Centers play in access to quality care and control of costs. For example, the most recent

research from George Washington University concludes that patients with a Community Health Center as their medical home save the healthcare system an average of $1263 per person.

► Community Health Centers represent the new paradigm for primary care: a team approach to providing access to quality primary medical, dental and behavioral health care services for communities, supported by electronic health records and necessary enabling services to improve patient engagement and outcomes, with high transparency and accountability to the patients and communities you serve.

2- Schedule time with your legislators and community partners to ensure they know:

► how the FQHC model works and the 19 Health Center Program requirements you must meet to maintain your funding and status;

► the tremendous value you bring to the community with no direct state operational or uncompensated care funding support;

► the purpose of your federal 330 grant funding and what percentage of your health center's revenue it represents

► PPS or "encounter" payment, and the importance of continuation of wraparound payments

► the public availability of your data; and

► the cap in the Community-Based Health Care Fund (Act 10), which restricts FQHC and Look Alike participation to 25 percent.

3- Be prepared to respond to a PACHC "call to action" to prevent tampering of the administration with your base grants, should the need arise.

PACHC ACTION: PACHC will continue to meet with representatives of the administration to dissuade them from requesting control of your federal grant funding in an attempt to "enhance the good work HRSA is doing and try to do it better at the local level."

FOR MORE INFORMATION: Please continue to follow PACHC's *News Community Health Centers Can Use* newsletter and website for updates on these proposals or contact our Director of Policy and Partnership, Jim Willshier, at jim@pachc.com or (717) 761-6443, ext. 206 for more information at any time.