

HEALTH CENTERS REAUTHORIZATION

KEEP THE HEALTH CARE SAFETY NET STRONG

Reauthorize the Federal Health Centers Program

POLICY REQUEST

Health centers urge Congress to: 1) reauthorize the federal Health Centers program for at least 5 years, through FY 2011, 2) preserve the essential principles of the Health Centers' Section 330 statute that define a community health center – including a majority-patient governance board and ownership by the community that the health center serves, and 3) reauthorize other key programs, including the National Health Service Corps, Healthy Communities Access Program, and critical Rural Health programs.

BACKGROUND

In 2002, the Congress reauthorized the federal Health Centers program – which includes the Migrant Health, Health Care for the Homeless, Public Housing Primary Care, and Community Health Centers programs – through 2006. The Health Centers program was established more than 40 years ago to provide access to quality preventive and primary health care in medically underserved communities, including service to millions of Americans without health insurance. Health centers have long served as a prototype for effective public-private partnerships, demonstrating their ability to meet pressing local health needs and be held accountable to national performance standards. The Health Centers authority, set forth at Section 330 of the Public Health Service Act, expires on September 30, 2006, and therefore requires reauthorization.

The Health Centers Program succeeds because of several core features found in Section 330 of the Public Health Service Act, including requirements that (1) federal resources be targeted to communities with the most significant health care access needs, (2) services be made available to all local residents in medically underserved communities or to all individuals and families that comprise a special underserved population regardless of ability to pay (with discounts on charges for care based on patient income), (3) centers' services include preventive and primary health care, services that improve access to care (such as transportation and translation) and services that improve the effectiveness of care (such as health/nutrition education), and (4) each local health center be directed by a patient-majority governing board to ensure that they are responsive to the health care needs in their communities. Care received at health centers is ranked among the most cost-effective, and has been shown to save money through reduced hospitalizations. Scores of expert studies have demonstrated the impact that these community owned and patient-controlled primary care delivery systems have achieved both in the reduction of traditional access barriers and the elimination of health disparities in their local communities.

The *National Health Service Corps* plays a critical role in providing care for underserved individuals. The program dispatches clinicians to urban and rural communities with serious shortages of health care providers. Currently 3,900 NHSC clinicians, including physicians, dentists, nurse practitioners, physician assistants, nurse midwives, and behavioral health professionals, provide health care services to nearly 5 million Americans -- about half of those patients are at health center sites.

While the *Healthy Communities Access Program (HCAP)* was defunded in the FY 2007 appropriations process, health centers have benefited from the development of community-wide health care networks to organize and coordinate care for low-income and uninsured populations under the program. Health centers support the efforts of Congress, either through the reauthorization of HCAP or through the creation of a new program, to continue and expand the vertical integration among health care safety-net providers. Health centers, which have been successful in improving access and quality, and reducing costs by being directly responsive to community and patient needs, are well suited to serve as the hub of any integrated system of care.

The Rural Health Programs include the Rural Health Outreach and Network programs, Telehealth Network and Resource programs, and the Small Provider Quality Improvement programs, that assist safety net providers in rural and sparsely populated areas. Health centers are the primary health care provider for 1 of every 10 rural Americans, and approximately 50% of all health center patients across the country live in rural and frontier communities. Further, health centers operate nearly 2,400 delivery sites in rural communities. In addition to providing care to rural America, health centers also provide care to 725,000 migrant and seasonal farmworkers.

For more information about reauthorization of the CHC, NHSC, HCAP, and Rural Health programs, contact Lisa Cox at (202) 296-0923.



National Association of
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APPROPRIATIONS

Congress Should Increase Health Center Funding By At Least \$181 Million In FY2007

At Least \$1.963 Billion Needed to Continue Health Center Expansion

POLICY REQUEST

Health centers urge Congress to provide sufficient funding to continue the President's Health Center expansion initiative that began in 2001. The expansion initiative aims to fund new centers in the poorest counties, and to allow existing centers to keep pace with the rising numbers of uninsured. To show support, House Members can co-sign the Bilirakis/Brown Letter, and Senators can co-sign the Bond/Stabenow Letter. Appropriations Committee Members are asked to add these requests to their personal request ("wish list") to the Committee.

Additionally, several programs that are critical to the successful operation and expansion of health centers should be expanded. Health centers urge Congress to provide increased funding for the HRSA Loan Guarantee Program (LGP), the National Health Service Corps (NHSC), the Ryan White CARE Act, and key health professions programs, including Area Health Education Centers (AHECs), in FY 2007.

BACKGROUND

Since 2001, Congress has increased funding for health centers in order to stabilize existing centers and meet the goals of the President's initiative--1,200 new or expanded centers and an additional 6.1 million patients served by 2006. To date, the expansion has brought high-quality services to an additional four million Americans and has produced new or expanded facilities in over 750 communities nationwide. While the expansion initiative will not be complete by 2006, health centers call on Congress to fully fund the completion of this initiative in FY 2007. Even with the increases provided by the Congress over the past several years, hundreds of communities submitted applications that were approved but could not be funded, due to lack of funds. There is clearly a tremendous need and a tremendous desire to expand health center services to new communities.

The health centers program has succeeded in expanding access to primary and preventive care services in underserved communities across the country. The Office of Management and Budget rated the Health Centers program as one of the top 10 federal programs, and the best competitive grant program within all of HHS. With additional resources, health centers stand ready to provide low-cost, highly effective care to millions more uninsured and underserved Americans.

In 2005, President Bush called for "a community health center in every poor county" in America. NACHC strongly supports this goal and urges Congress to provide funds to begin this critical expansion effort. In addition, health centers already serve one in five low-income uninsured Americans. As health care costs continue to rise, and as more uninsured patients seek care at health centers, it is critical that federal funding for health centers keep pace with these growing costs. Congress should designate \$50 million of any increase in funding to be used to make base grant adjustments for existing centers, allowing an average increase of 2.8% in current health center grants, equal to the Medicare Economic Index.

OTHER FUNDING PRIORITIES

In addition, health centers urge Congress to adequately fund for other programs within HHS that are integral to the future success and expansion of the Health Centers program. These include:

- **\$5 million** for the HRSA Loan Guarantee Program, which would allow health centers to obtain access to capital markets in order to expand and improve their facilities;
- **\$150 million** for the National Health Service Corps, which is the largest source of health professionals for health centers;
- **\$250 million** for Title III of the Ryan White CARE Act, which provides grants to health centers and other safety net providers for outpatient early intervention services;
- **\$550 million** for Title VII and Title VIII Health Professions programs, particularly Area Health Education Centers, which bring together academic and community partners to improve the supply and distribution of health professionals in underserved communities.
- **\$170 million** for health information technology (HIT) resources through various programs at the Department of Health and Human Services. Health centers must have adequate resources through HHS to facilitate the utilization of electronic health records and other important HIT tools to promote health disparities reduction.

For more information regarding federal Appropriations for Health Centers and related programs, please contact John Sawyer at (202) 331-4603.

THE MEDICAID PROGRAM

PRESERVE ACCESS TO VITAL PRIMARY AND PREVENTIVE SERVICES

*Clarify Several Key Provisions of the Deficit Reduction Act and
Cosponsor the Bipartisan Health Center Medicaid Payment Resolution (Sen.Con.Res 65/H.Con.Res 231)*

POLICY REQUEST

The nation's Community Health Centers strongly recommend that Congress clarify or correct key provisions in the Deficit Reduction Act of 2005 that affect all safety net providers, and urges Members to co-sponsor the bipartisan Health Center Medicaid Prospective Payment Resolution (S.Con.Res. 65/ H.Con.Res. 231), reconfirming the long-term commitment to adequate payments to Community Health Centers in any future Medicaid reform proposals.

BACKGROUND

Health centers and the Medicaid program enjoy a special relationship, as twin pillars of a broad effort to improve health care for poor, minority, and underserved Americans. Recognizing the importance of this relationship, the Congress in 1989 made health center services a guaranteed benefit under the Medicaid program. In 2000, a bipartisan majority of Congress reaffirmed this key relationship and established the Medicaid Prospective Payment System (PPS) for health centers, allowing centers to provide and expand primary care and preventive services to more people in need, while promoting efficient operation of and ensuring adequate Medicaid reimbursement.

Today, health centers help to form the backbone of America's health care safety net, providing quality health care to 15 million underserved individuals nationwide, nearly 5.5 million of whom are enrolled in Medicaid, while also delivering cost savings to all payers, especially Medicaid and the states. Indeed, dozens of studies over the past three decades have found that health centers save the Medicaid program 30 percent or more in total annual spending per beneficiary, compared to other providers. With health centers already struggling to meet growing patient demand, it is now more critical than ever that Congress preserve the ability of health centers to provide quality affordable primary and preventive care to both Medicaid patients and the uninsured. By cosponsoring the Health Center Medicaid Payment Resolution, Congress will once again reaffirm the importance of adequate payments to health centers within the Medicaid program.

Health centers also urge Congress to prohibit the waiver of FQHC services and payments in any state Medicaid waiver approved by the Secretary under either Section 1115 or Title XIX of the Social Security Act.

DEFICIT REDUCTION ACT (DRA) POLICY DETAILS

The vitality of the health center safety net faces new challenges with the enactment of the Deficit Reduction Act of 2005 (DRA). By allowing states to impose virtually unlimited premiums and cost sharing on the poor and near-poor, and by severely weakening many existing coverage protections and permitting states to reduce critical program benefits, the law puts health centers and other safety net providers at risk. The impact of the new law will boost the odds that health centers will see an increase both in uncompensated care and in the number of uninsured patients they serve. Therefore, health centers urge policymakers to:

- Modify the DRA to ensure that Medicaid's guarantee of comprehensive benefits, including medically necessary care and vital children's benefits like dental, vision, and hearing care (collectively known as Early and Periodic Screening, Diagnostic and Treatment benefits, or EPSDT), remains a federal commitment;
- Restore appropriate protections against excessive cost-sharing burdens, including the imposition of premiums, deductibles, or coinsurance payments, on enrollees with incomes below 100% of the federal poverty level;
- Clarify that health centers can continue to bill and be reimbursed for Targeted Case Management (TCM) services under Medicaid; and,
- Ensure that the new documentation requirements for eligibility do not threaten the enrollment of individuals who qualify for Medicaid coverage.

*For information about health centers and Federal Medicaid Policy and
Legislation, contact Licy Do Canto at (202) 296-1721.*

MEDICARE

ALLOW HEALTH CENTERS TO PROVIDE ALL MEDICARE-COVERED PRIMARY AND PREVENTIVE HEALTH SERVICES

Congress Should Revise the Health Centers Payment Cap and Update the Definition of Medicare FQHC Services

POLICY REQUEST

To ensure access to Medicare-covered primary and preventive services to seniors living in underserved areas, health centers ask Members of Congress to urge CMS to reevaluate and update the payment cap for health centers and to finish the job of updating the definition of Medicare FQHC services to include all Medicare-covered ambulatory care services provided by a health center. Additionally, CMS should allow health center expenditures for prescribed drugs provided to Medicare beneficiaries to count as true out-of-pocket (TrOOP) expenditures.

BACKGROUND

America's health centers provide care to more than one million medically underserved Medicare beneficiaries. Health centers provide exactly what policy-makers and health care experts want: primary and preventive health care services that are cost-effective and save federal taxpayer dollars by reducing inpatient care among the Medicare population, even as they improve overall health. In addition health centers also provide other crucial services to this population, including treatment of chronic diseases and care for mental health and other needs. In short, health centers provide "one-stop health care," allowing seniors to receive all of their essential primary health care in one place.

Recognizing this, the Medicare Federally Qualified Health Center (FQHC) program was created in 1990 to ensure that people living in America's rural, frontier and inner-city medically underserved areas have access to a wide range of services, including all of the Medicare-covered preventive and primary health care benefits at that time. To ensure that health centers were not forced to subsidize Medicare payments with federal grant dollars, and in recognition of the documented savings that health centers have produced for all insurers, Congress required centers to be paid at a rate that covers the reasonable cost of providing their services.

Unfortunately, Medicare FQHC payments have been subject to a payment cap that is now sixteen years old and adversely affects more than three-quarters of all health centers, including those that offer a broader range of Medicare-covered services, those in higher cost areas, and those with sicker populations that need more health services. Health centers have urged CMS to modernize its payment cap calculation to ensure that it neither jeopardizes the delivery of high-quality, comprehensive primary and preventive care to seniors nor threatens the bipartisan efforts in Congress and the Administration to expand the health center safety net. Despite repeated assurances that it would do so, CMS has yet to update the FQHC cap.

In 2005, Congress took the first step toward updating the Medicare FQHC benefit package by adding coverage of diabetes self-management and medical nutrition therapy services. While this was a strong step in the right direction, health centers need Congress to finish the job by including the remaining primary and preventive benefits that have been added to the Medicare program over the last 15 years, including: Screening Mammograms, Pap Smears, Colorectal & Prostate Cancer Screenings, Flu/Pneumococcal Vaccinations, Glucose Monitoring, and Bone Mass Measurement. Without these updates, and a revision of the Medicare payment cap, health centers will continue to be denied adequate reimbursement and experience significant losses for the primary and preventive services they provide to underserved Medicare beneficiaries.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) established important new initiatives that will benefit health center patients. Although the new drug benefit may have significant benefits for health center patients, these individuals may have significant cost sharing obligations that they are unable to meet. Health centers urge CMS to revise its definition of true out-of-pocket (TrOOP) expenditures to include health center expenditures, so that the MMA stays true to Congressional intent for the health care safety net to best meet the pharmacy needs of disabled and elderly patients.



INSURANCE COVERAGE EXPANSIONS

CONGRESS SHOULD EXPAND THE AVAILABILITY OF HEALTH INSURANCE COVERAGE

Health Centers Support Expanded Insurance Coverage Options and Inclusion in the FEHBP

POLICY REQUEST

Health centers urge Congress to take steps to preserve and expand health coverage opportunities and to fix the nation's fragmented health care system. Millions of individuals and families are in dire need of affordable health insurance coverage and access to health care within a system that can address a broad range of health care needs. Health centers can help serve as the hub in an integrated health system. In addition, health centers, as small employers, have struggled to continue offering health insurance to their own employees. As such, in order to continue current insurance coverage for employees, health centers support federal legislation to allow health center employees to participate in the Federal Employee Health Benefit Program.

BACKGROUND

Studies confirm that people with health insurance have greater ease in accessing health care services and suffer fewer delays in receiving care when it is needed. New reports confirm that almost one million Americans joined the ranks of the uninsured in 2004 – bringing our Nation's total to almost 46 million people without health insurance. Health centers and their patients urge the Congress to find an appropriate combination of public and private sector solutions to ensure access to health care insurance. Such a combination could include: an expansion of existing coverage programs like Medicare, Medicaid and SCHIP for those whom the private sector cannot or will not offer affordable and adequate insurance; direct assistance to those who cannot afford insurance (either through tax credits or vouchers); the promotion of collective purchasing arrangements; and the greater use of high-risk pools and reinsurance mechanisms that significantly lower the cost of private coverage for all insured individuals. Congress should recognize that only in combining these public and private approaches will a compromise emerge that has the real potential to expand care to the growing number of uninsured Americans. Health insurance coverage can be made even more meaningful with the implementation of health systems which puts community health centers at its hub.

Like most small businesses, health centers have seen their health insurance premiums sky-rocket, forcing them to channel their federal grant dollars (intended to support care for the uninsured) to pay these rising costs. Extending coverage under FEHBP to health centers would allow health centers to continue to offer health insurance to their employees so they too don't join the ranks of the uninsured. Health centers are already deemed as federal entities for medical malpractice coverage under the Federal Tort Claims Act (FTCA), and current FEHBP law extends coverage to the employees of federal grant recipients such as Gallaudet University and local farmers who are USDA grant recipients. Congress should enact similar legislation for health centers within the FEHBP program.



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