# HAWAI'I PRIMARY CARE ASSOCIATION

## 2011 ANNUAL CONFERENCE
## JOURNEYS OF TRANSFORMATION

# PLENARY SESSION

## National Policy Update

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NATIONAL ASSOCIATION OF

Community Health Centers

America's Voice for Community Health Care

# NACHC Policy Update

## Hawaii Primary Care Association Annual Conference 2011

*Presented by:*

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NACHC

September 30th, 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.

# Agenda for Today's Session

- Medicaid Today and Tomorrow
- The Supercommittee
- Appropriations Update
- Regulatory Update
- Timeline for the Fall
- Q&A

# MEDICAID:
# TODAY & TOMORROW

# Medicaid Today

**Health Insurance Coverage**

34 million children & 18 million adults in low-income families; 14 million elderly and persons with disabilities

**Assistance to Medicare Beneficiaries**

8.8 million aged and disabled — 19% of Medicare beneficiaries

**Long-Term Care Assistance**

1.4 million nursing home residents; 2.8 million community-based residents

**MEDICAID**

**Support for Health Care System and Safety-net**

16% of national health spending; 41% of long-term care services

**State Capacity for Health Coverage**

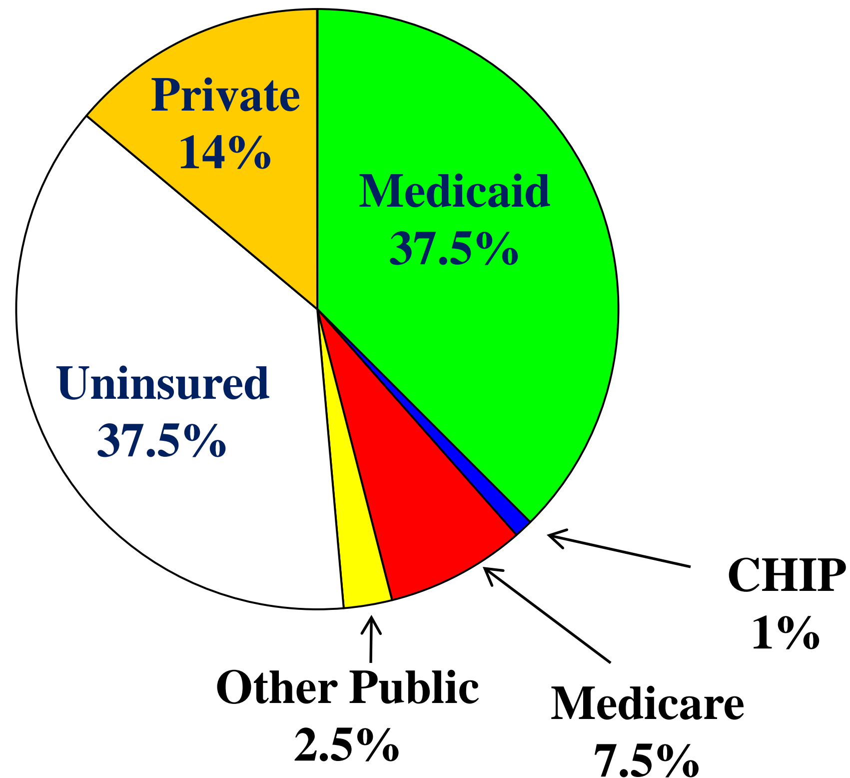
Federal share ranges 50% to 76%; 45% of all federal funds to states

SOURCE: Kaiser Commission on Medicaid and the Uninsured, 2010

THE HENRY J. KAISER FAMILY FOUNDATION

# The People Served by Health Centers

## Medicaid and Uninsured Make Up Three-fourths of Health Center Patients

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Source: 2010 Uniform Data System, BPHC/HRSA

# ACA Coverage Expansions

- **<u>Medicaid Expansion for Low-Income Non-Elderly</u>: Starting in 2014, Medicaid will be expanded to all non-elderly individuals legally residing in the U.S. earning less than 133% of poverty ($29,000 for a family of 4) – 16 million will gain coverage.**
  - **The federal government will pay 100% of total costs for these new Medicaid enrollees through 2016, after which the subsidy will decrease to 90% by 2020.**
- **<u>State-Run Health Insurance Exchanges</u>: Starting in 2014, each state will create a health insurance exchange, where self-employed, unemployed and small employers can purchase coverage – 25 million will gain coverage here.**
  - **Individuals with incomes between 133% and 400% FPL ($88,000 for a family of 4) will be eligible for subsidies to help with premium costs.**

# Health Centers and Payment Reform

- **FQHC PPS Payment Systems ARE reform**
  - **Bundled payment per visit, NOT open-ended fee-for-service**
  - **Rate unique to each center's costs/scope, NOT single universal rate**
  - **Prospective Payment, with limited growth, NOT unrestricted**
  - **Effectively risk-based – if patients need more, furnished at NO additional cost**
  - **Original intent is still vital**
    - **Ensure appropriate payment for covered individuals**
    - **Ensure costs associated with serving Medicaid patients not subsidized with uninsured grant funds**

# History of the Medicaid PPS

- **Cost based reimbursement (1990s)**
  - **Ended harmful underpayments to health centers**
  - **Triggered all CHC growth during 1990s**
- **Prospective Payment System (2000s)**
  - **Created to offset loss of cost-based in 1997**
  - **Secured ‘wrap-around for managed care**
  - **Protected/improved it in 2005 Medicaid reforms**
- **Debt Deal Puts PPS at Risk Again**
  - **Governors pushing ‘flexibility’ (ie, end PPS)**
  - **Now is NOT time to call for/negotiate change**
  - **Must win now to preserve future negotiations**

# THE "SUPERCOMMITTEE"

**The Context:**

- Divided chambers: House, Senate, Freshmen;
- Push to 'control spending;' and
- Debt ceiling and deficit reduction

**The Budget Control Act of 2011:**

- $ 900 billion in discretionary cuts, requires another debt ceiling vote by early 2012
- Joint Select Committee on Deficit Reduction (aka: "Super Committee") charged to find > $1.2T in cuts
- Automatic sequestration / across the board cuts
    - Exemption for low-income programs such as Medicaid

# Meet The Supercommittee

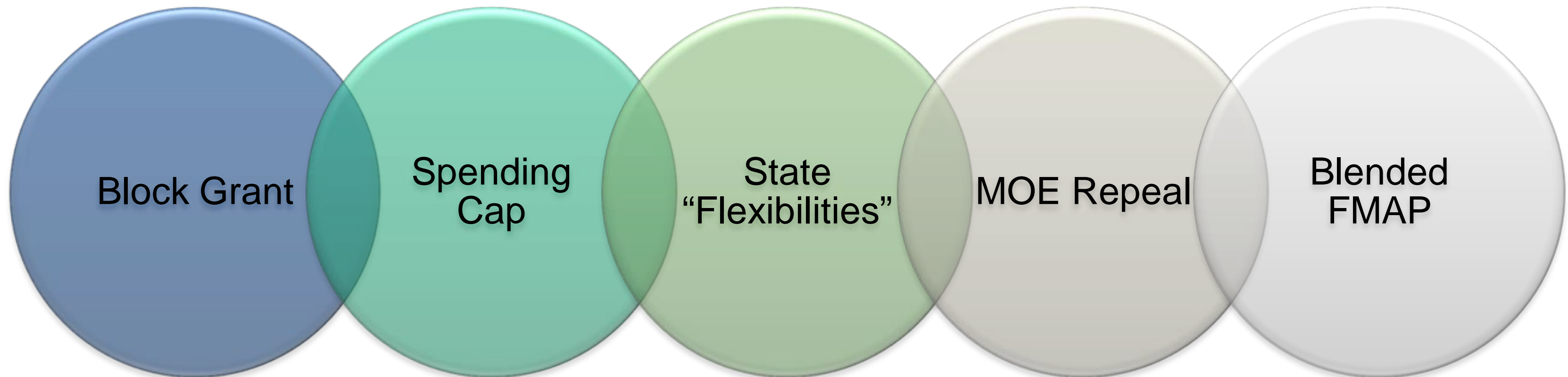
| House | Senate |
| --- | --- |
| • Rep. Jeb Hensarling (R-TX-5)* | • Sen. Patty Murray (D-WA) * |
| • Rep. Fred Upton (R-MI-6) | • Sen. Max Baucus (D-MT) |
| • Rep. David Camp (R-MI-4) | • Sen. John F. Kerry (D-MA) |
| • Rep. James E. Clyburn (D-SC-6) | • Sen. Pat Toomey (R-PA) |
| • Rep. Xavier Becerra (D-CA-31) | • Sen. Jon Kyl (R-AZ) |
| • Rep. Chris Van Hollen (D-MD-8) | • Sen. Rob Portman (R-OH) |

**Charged to find $1.5 trillion (at least $1.2 trillion) over 10 years to avoid sequestration trigger:**

- Nothing is off the table
- Medicaid, Health Center PPS, funding could be cut
- Committees of Jurisdiction will make recommendations (House Energy & Commerce, Senate Finance, Senate Health, Education, Labor &Pensions)

# Supercommittee & Medicaid

## Changes to Medicaid Already Under Consideration



## MAJOR DATES

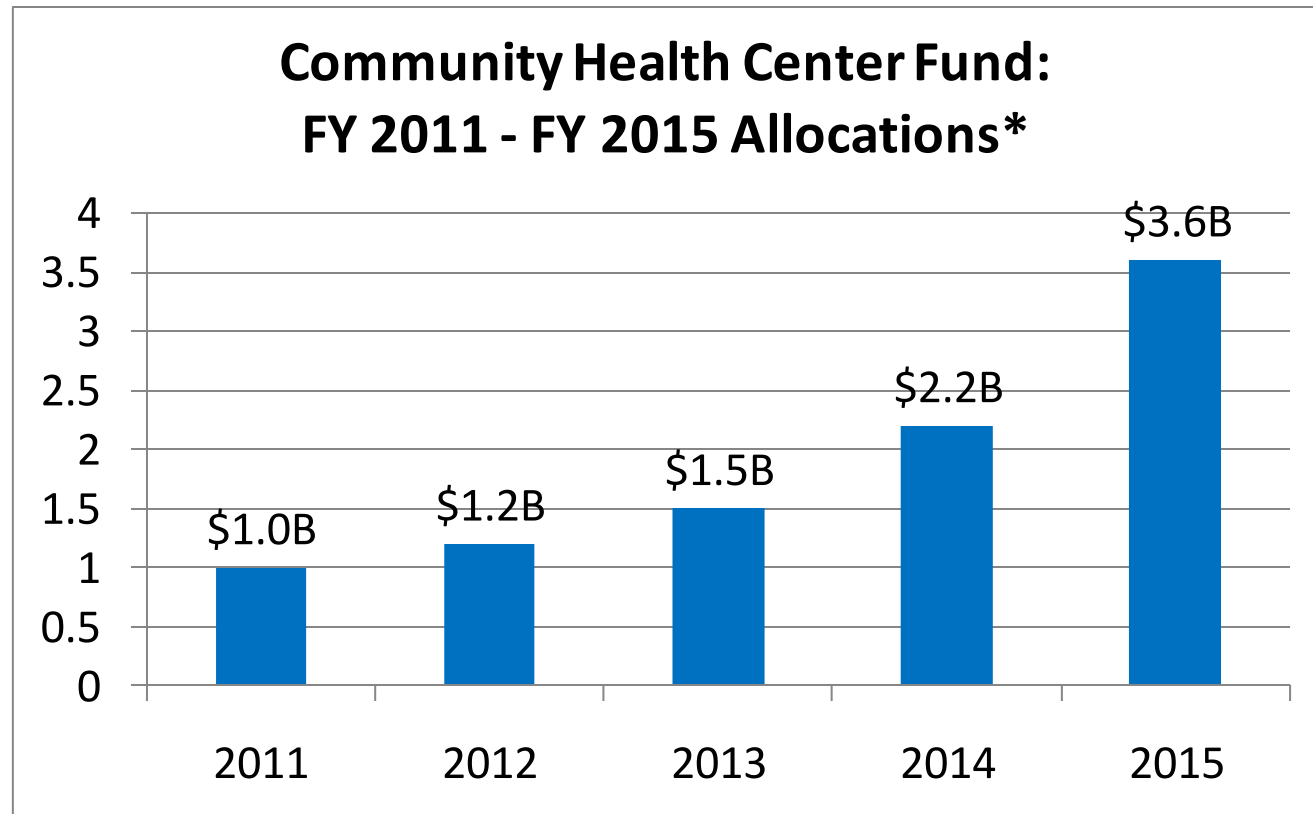
- **August 16th:** Committee Appointed
- **September 16th:** First Super Committee Meeting
- **October 14th:** House and Senate Committees of Jurisdiction submit recommendations to Joint Committee
- **November 23rd:** Committee has to vote on its recommendations
- **December 2nd:** Legislative language drafted
- **December 23rd:** Congress action to vote on the Committee's recommendations

# APPROPRIATIONS UPDATE

- **The Affordable Care Act (ACA) provides $11 billion in dedicated funding for health center operations and capital for FY 2011 – FY 2015.**
  - **$9.5 billion to support health center operations.**
  - **$1.5 billion for capital needs.**

- **Approximately half ($727 million) of the funding for capital already committed to 143 health centers across the country.**
  - **NOW: 2 open competitions (long-term and short-term) with deadlines October 12th**

# Health Reform – Funding Growth




* Does not include $1.5B for capital projects.

- **Seven Continuing Resolutions (CRs) before passage and enactment of H.R. 1473.**

- **Agreement reached in the 11th hour to avoid a government shutdown:**
  - Signed into law one week after President Obama, Leader Reid, and Speaker Boehner announced "budget deal."
  - Reduced discretionary spending by nearly $40 billion relative to the FY 2010-enacted level.

- **In total, programs in the Labor-Health and Human Services (HHS)-Education Subcommittee's jurisdiction absorbed a $6 billion cut.**

# FY2011: The Result for Health Centers

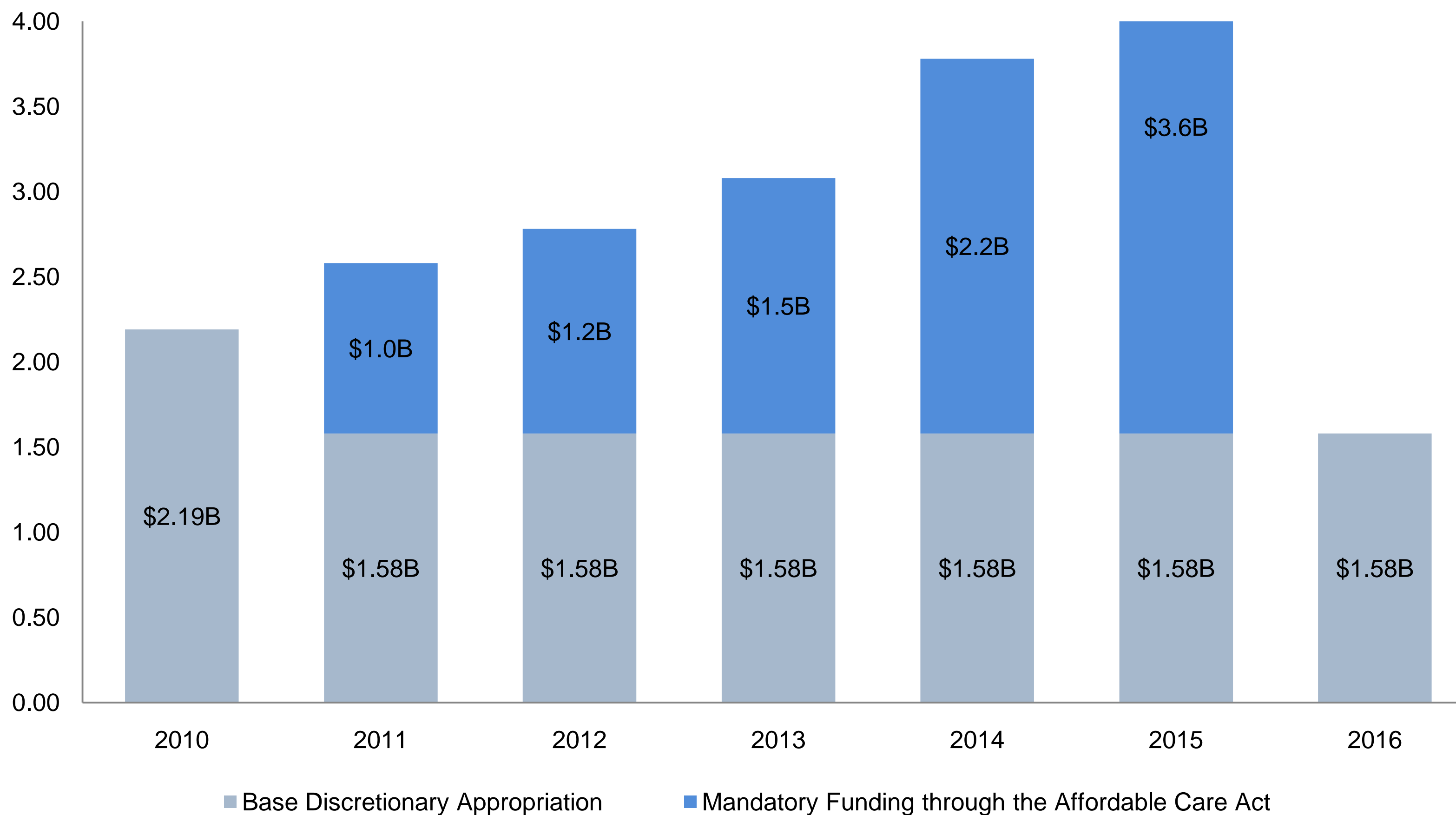
- **Health Centers Program funded at total programmatic level of $2.58 billion ($396 million above FY 2010 level):**
  - $1.58 billion in discretionary funding.
  - $1.0 billion in mandatory funding (funding available this year from ACA).

- **Saw discretionary (base program) reduction of $604 million relative to FY 2010.**

# The Result for Health Centers (Cont'd)

- **Allocation of $396 million:**
  - $250 million for continuation of all ARRA-funded activities which were slated to end without new funding.
  - $56 million for the Federal Tort Claims Act (FTCA) program to address FTCA claims.
  - $29 million for 67 NAP grants.
  - $10 million for up to 125 grants to support initial planning activities for new centers.
  - $37 million for quality improvements.

# More on the Base Funding Reduction



- **Today 60 million people lack access to a routine source of care.**
- **Over 700 applications for NAPs remain unfunded but in the queue at HRSA.**
- **None of the 1,100+ applications submitted for Expanded Services (ES) opportunity will be funded this year.**

# Debt Deal Sets Stage For FY 2012

- **The Budget Control Act of 2011 sets FY 2012 discretionary spending limit at $1.043 trillion:**
  - $7 billion less than FY 2011-enacted level.
  - $24 billion better than House-approved Ryan Budget.

- **Labor-HHS-Education bill expected to see at least $2 billion funding reduction relative to FY 2011.**

- **"Clean" C.R. to fund government through November 18th – votes in coming days**
  - Working under BCA topline; better than House-passed budget (Ryan)

# Senate Labor-HHS-Education Bill

- **Provides $2.78 billion in total programmatic funding ($200 million increase):**
  - $1.58 billion in discretionary funding (maintains FY2011 level).
  - $1.2 billion in mandatory funding (leaves untouched $200 million increase available next year from ACA).

- **Translates to at least 1.5 million people gaining access to care.**

- **Allows funding of *some* pending NAPs and/or ES applications.**

# REGULATORY UPDATE

# CMS Updates

- **State Exchange Comments: September 28th**
  - –Essential Community Provider Requirements
  - –PPS in the Exchanges
  - –NACHC Draft comments are available
- **Exchange Eligibility Comments: October 31st**
  - –Newly eligible Medicaid populations, 2014 transition
  - –NACHC working on draft comments
- **CODING: ICD-10 and HCPCS**

# TIMELINE & THE BOTTOM LINE

# The Timeline: Fall 2011

- **September**
  - –Supercommittee meetings
  - –1 month C.R.; Appropriations mark-up in Senate
- **October**
  - –October 14th committees to Supercommittee
  - –Appropriations action to prepare for expiring C.R.
- **November**
  - –November 23rd Supercommittee recommendations
  - –CR Expires, Appropriations action required
- **December**
  - –December 23rd Congress votes on Supercommittee proposal

# The Bottom Line

- **Our mission and goal is unchanged: extending access to care to those who do not have a primary care home.**
- **But there's no question that there's significant pressure on Members of Congress to reduce spending and approve a long-term solution to address our deficit.**
- **First and foremost, we must protect the PPS, as it represents health centers' very viability and solvency.**

# Health Centers Have Tools for Success

- **Even in this challenging budget climate, we continue to stress the strong (and proven) track record of health centers:**
  - High-quality and cost-effective care.
  - Savings to the health care system, including Medicaid.
  - Local solution to our nation's primary care challenges.
  - Engines of economic growth.

- **And there are many other reasons we are well-positioned to make a convincing case for continued support of our program, including our:**
  - History of bipartisan support.
  - Dedicated funding in statute for program expansion.

# Importance of Advocacy

- **NACHC staff continue outreach to Members of Congress and their staff on the need to ensure there is sufficient funding to:**
  - Maintain existing operations and activities at health centers, and
  - Improve access to cost-effective primary and preventive care services in rural and urban underserved communities across the country.

- **But now more than ever, we need your help in:**
  - Sharing your stories and data on the importance of health centers back home, and
  - Making clear to Members of Congress that health centers in their states and districts are counting on their support.

# Where Can I Get More Information?

- **Website:**
  - **NACHC.org > Policy Issues > Federal**
  - **Talking points, newest research and data, webcasts and trainings**

- **Blog:**
  - **Health Centers on the Hill**

- **Washington Update:**
  - **Sign up to be a Health Center Advocate**

***Join the Campaign for America's Health Centers today!***

**Kaitlin McColgan** – Federal Affairs

**Marc Wetherhorn** – National Advocacy

**Roger Schwartz** – Regulatory Affairs

**Dawn McKinney** – State Affairs

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