National Academy for State Health Policy Forum

Aligning Incentives: FQHC Reimbursement

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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.
• For services provided between January 1 – September 30, 2001:

Payment calculated on a per visit basis.

• States required to pay current FQHCs 100 percent of the average of their reasonable costs of providing Medicaid-covered services during FY1999 and FY2000.

• Adjusted to take into account any increase (or decrease) in the scope of services furnished during FY2001 by the FQHC.
For FY2002 and each fiscal year thereafter, each FQHC is entitled to a payment amount equal to the amount the center was entitled to in the previous fiscal year, adjusted by:

- The change in the Medicare Economic Index (MEI) for primary care services, and
- Increase (or decrease) in the scope of services furnished by the FQHC during that fiscal year.
• FQHC Services, as defined in Medicaid Statute: 42 USC §§ 1396a(a)(10)(A) and 1396d(a)(2)(C) and 1396d(l)(2):

FQHC services are Medicare rural health clinic services and any other ambulatory service in the State Medicaid plan provided by the FQHC.
Payments to FQHCs Under CHIP

• CHIP – Medicaid Extension – same as Medicaid.
• CHIP—Stand Alone: PPS reimbursement but FQHC services are not defined, nor are they required.
• Effective October 1, 2009

See CMS-SHO #10-003 (2/4/10)
Payments to FQHCs by Qualified Health Plans

• “Not less than the amount of payment that would have been paid to the center under” the FQHC payment provision in Medicaid. Section 10104 of PPACA

• To be certified as a qualified health plan, plan must include in its networks essential community providers “…such as health care providers defined in section 340B(a)(4)” of the PHSA. Section1311 of PPACA.
FQHCs Are Providers of Cost Effective Care

• Reduce ER use and fewer hospitalizations*
• National Savings**
  – Total patient care costs are 24-50% lower than those served in other settings
  – Produce up to $24 billion in annual health system savings
  – Savings generated through lower costs, more efficient utilization
  – Increasing health center capacity by another 20 million patients will generate an additional $35.6 billion in savings in 2019 and a total of $212 billion between 2010—2019.

* See NACHC summary of studies: www.nachc.com/research
--- If health centers serve an additional 22 million by 2019 through exchange health plans and PPS applies: overall health care savings of $39.7 billion in 2019 and $251 billion for 2010-2019.**

Addressing Disparities, Improving Quality

• Care is equal to or greater than the quality of care provided elsewhere*

• 99% of patients satisfied with the care they receive at health centers**

• No racial/ethnic disparities in health life among health center users***


Effectively Managed Chronic Conditions

• Shown to improve outcomes and processes of care*
• Meet or exceed nationally accepted practice standards**


How Will Health Centers Fare in New Payment Models?

- Does not appear to be substantial body of information or studies on which to base conclusions as yet

  **But**

- PPS reimbursement does not necessarily limit payment variations
  --PPS vs. fee-for-service vs. per member per month, etc.
-- Alternative payment methodology (APM) allows for additional case management payments, and most other payment variations (P4P) as long as no less than PPS

-- “Shared Savings” and PPS:
  CMS can define the term broadly and it can be exempt from wrap-around or part of APM.

How Will Health Centers Fare in New Payment Models?

-- Other variables will impact health center’s ability to succeed under new payment models.
  -- Advanced HIT (EMRs, electronically ordering Rx and tests, patient registries, etc.)
  -- Formal referral and coordination partnerships with specialty care providers and local hospitals
  -- Additional grant-funds to open new sites, expand services, improve 24/7 access.
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