Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers Through Health Reform

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Dept. of Health Policy
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For RCHN Webinar
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Introductions:

- Welcome and Introduction to the RCHN Community Health Foundation Webcast Series by:
  Feygele Jacobs, MPH, MS
  EVP/Chief Operating Officer
  RCHN Community Health Foundation

Featured Speaker:

- Leighton Ku, Ph.D., M.P.H.
  Professor and Director, Center for Health Policy Research
  Department of Health Policy
  George Washington University School of Public Health and Health Services

Featured Speaker:

- Daniel Hawkins
  Senior Vice President for Public Policy and Research
  National Association of Community Health Centers

Acknowledgments

- Co-authors: Patrick Richard, Avi Dor, Ellen Tan, Peter Shin & Sara Rosenbaum of GW

- Supported by Geiger Gibson/RCHN Community Health Foundation Research Collaborative
Two Big Questions After Health Reform

- Will we have enough primary care providers to meet care needs of the newly insured?
- Will we be able to curb health care cost growth?

- This report indicates the expansion of health centers can play a major role in solving both problems.

Patient Protection & Affordable Care Act

- Expands health insurance coverage, particularly Medicaid and new health insurance exchanges
- Boosts mandatory Sec. 330 funding by $11 billion from 2011 to 2015. (Higher levels authorized)
- Requires insurers operating under health insurance exchanges to pay Medicaid enhanced rates

How Many Patients Could Be Served?

- Caseloads double in 10 years
- Mandatory
  - 2009: 18.8
  - 2011: 33.8
- Authorized
  - 2009: 18.8
  - 2011: 33.8

Basis for Estimates

- Statutory grant levels 2011-15, then projected
- Shifts in insurance status after 2014: more Medicaid, more exchange, fewer uninsured
- Revenues and costs from 2008 UDS, adjusted for expected inflation
- Increased payment rates for Medicare and exchanges
- Conservative estimates of growth in state, local and private funding

Savings Associated with CHCs

- Based on analyses of 2006 Medical Expenditure Panel Survey (MEPS)
- Looked at those who used CHCs for majority of visits vs. those who did not.
- Examined annual medical expenditures
- Controlled for age, gender, health status, income, health insurance status using econometric analysis.
- Other studies also show savings due to CHCs.

Estimated Savings Per Person (2006 $)

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>CHC User</th>
<th>Non User</th>
<th>CHC-Related Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory</td>
<td>$1,182</td>
<td>$1,584</td>
<td>$402</td>
</tr>
<tr>
<td>Emergency</td>
<td>$134</td>
<td>$163</td>
<td>$29</td>
</tr>
<tr>
<td>Inpatient</td>
<td>$998</td>
<td>$1,216</td>
<td>$218</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$3,500</td>
<td>$4,594</td>
<td>$1,093</td>
</tr>
</tbody>
</table>

(After adjustment for covariates)
Estimated National Savings (Mandatory Level)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2015</th>
<th>2019</th>
<th>2010-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # Patients (mil)</td>
<td>18.8</td>
<td>33.8</td>
<td>36.3</td>
<td></td>
</tr>
<tr>
<td>Increase over 2009 (mil)</td>
<td>15.1</td>
<td>17.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Person Savings ($)</td>
<td>$1262</td>
<td>$1520</td>
<td>$1756</td>
<td></td>
</tr>
<tr>
<td>Total Medical Savings ($ bil)</td>
<td>$22.9</td>
<td>$30.9</td>
<td>$181.0</td>
<td></td>
</tr>
<tr>
<td>Federal Medicaid Savings ($ bil)</td>
<td>$6.5</td>
<td>$9.6</td>
<td>$51.8</td>
<td></td>
</tr>
<tr>
<td>State Medicaid Savings ($ bil)</td>
<td>$4.2</td>
<td>$5.9</td>
<td>$33.2</td>
<td></td>
</tr>
</tbody>
</table>

Annual Medical Savings from Current + New Caseloads (Mandatory Level)

Conclusions

- CHCs could serve about 18 million more by 2019. Consistent with past growth.
- CBO estimates 32 million more insured.
- CHCs could cover primary care needs of majority of newly insured.
- Expansion of CHCs could help save about $180 billion in medical costs over the decade.
- Lower federal Medicaid costs by more than $50 billion and state Medicaid costs by more than $30 billion.

Full Citation

- Available at www.gwhealthpolicy.org

The Role of Health Centers in National Health Reform

The Case for a Robust Primary Health Care System (and More Health Centers!)

Dan Hawkins
National Association of Community Health Centers

Community Health Centers: Leaders in High Performance Care
Accomplishments of Health Centers

- **Excellent Quality of Care**: More Effective Care, Better Control of Chronic Conditions, Greater Use of Preventive Care, Fewer Infant Deaths
- **Major Impact on Minority Health**: Significant Reductions in Disparities for Health Outcomes, Receipt of Preventive and Condition-Related Care
- **Higher Cost-Effectiveness**: 24% Lower Overall Costs, Lower Specialty Referrals and Hospital Admissions, $24B in Health System Savings
- **Significant Community Impact**: Employment and Economic Effects, Contribution to Community Well-Being, Development of Community Leaders

### Health Center Patients are Poorer, More Uninsured and More Minority than US Pop

<table>
<thead>
<tr>
<th>Category</th>
<th>Health Centers</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>40%</td>
<td>16%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>35%</td>
<td>15%</td>
</tr>
<tr>
<td>At or below 100% of Poverty</td>
<td>71%</td>
<td>17%</td>
</tr>
<tr>
<td>Under 200% of Poverty</td>
<td>36%</td>
<td>34%</td>
</tr>
<tr>
<td>Minority</td>
<td>92%</td>
<td>66%</td>
</tr>
</tbody>
</table>

### Health Center Patients are Generally More Likely to Have a Chronic Illness than Patients of Office-Based Physicians

<table>
<thead>
<tr>
<th>Condition</th>
<th>Office-Based Physician Patients</th>
<th>Health Center Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental Disorders</td>
<td>6.7%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Heart Disease</td>
<td>2.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>2.6%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Asthma</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Hypertension</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Fewer Health Center Patients Experience Ambulatory Care Sensitive Events

<table>
<thead>
<tr>
<th>Category</th>
<th>Health Centers</th>
<th>Other providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACS admissions</td>
<td>6</td>
<td>26</td>
</tr>
<tr>
<td>ACS emergency visits</td>
<td>8</td>
<td>38</td>
</tr>
</tbody>
</table>

### Health Centers Reduce Disparities in Access to Mammograms

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Uninsured</th>
<th>Medicaid</th>
<th>Under 200% of Poverty</th>
<th>Healthy People 2010 Target (70%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>96%</td>
<td>79%</td>
<td>78%</td>
<td>88%</td>
</tr>
<tr>
<td>African American</td>
<td>96%</td>
<td>78%</td>
<td>75%</td>
<td>86%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>78%</td>
<td>75%</td>
<td>78%</td>
<td>96%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>78%</td>
<td>75%</td>
<td>71%</td>
<td>96%</td>
</tr>
</tbody>
</table>

### Sources

**What Health Reform Will Mean for Community Health Centers**

- **New Funding for Health Centers**: $11 billion over 5 years (dedicated funding), over and above the $2.2 billion in annual GHS funding
  - $3.5 billion for GHS operations under Sect. 330
  - $7.5 billion for Capital over 5 years
- **This essentially DOUBLES the federal support for GHSs over the next 5 years, allowing them to reach and serve 20 million additional patients**
- **Permanent Authorization**: Original Sanders language with increasing authorization levels, ensuring that the GHS model will remain intact well into the future

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**Recent Recognition of Health Centers by Key Government Agencies**

- **IOM**: recommended health centers as THE model for reforming the delivery of primary health care (Rapid Advances in Health Reform)
- **GAO**: credited CHCs for Collaboratives success and recommended expanding them further
- **OMB**: ranked GHS program 1st among all HHS programs and one of the top 10 federal government programs for effectiveness

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**Health Reform Law's Support for Health Center Growth**

- **New Funding for Health Centers**: $11 billion over 5 years (dedicated funding), over and above the $2.2 billion in annual GHS funding
  - $3.5 billion for GHS operations under Sect. 330
  - $7.5 billion for Capital over 5 years
- **This essentially DOUBLES the federal support for GHSs over the next 5 years, allowing them to reach and serve 20 million additional patients**
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**Most Health Centers Meet Key Medical Homes Criteria**

<table>
<thead>
<tr>
<th>Quality of care report</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient involvement in governance</td>
<td>100%</td>
</tr>
<tr>
<td>Care management</td>
<td>92%</td>
</tr>
<tr>
<td>Enabling services</td>
<td>91%</td>
</tr>
<tr>
<td>24-hour coverage</td>
<td>80%</td>
</tr>
<tr>
<td>Behavioral health</td>
<td>77%</td>
</tr>
<tr>
<td>Dental health</td>
<td>74%</td>
</tr>
<tr>
<td>Pharmacy services</td>
<td>74%</td>
</tr>
<tr>
<td>Disease registry</td>
<td>86%</td>
</tr>
<tr>
<td>Electronic medical records</td>
<td>13%</td>
</tr>
</tbody>
</table>

**Health Center Patients Have Lower Rates of Low Birth Weight than Their U.S. Counterparts**

- **Total**: 7.7%
- **Asian**: 8.2%
- **Black**: 7.5%
- **Hispanic**: 6.6%
- **White**: 7.4%

**Health Centers Also Reduce Disparities in Access to Pap Tests**

- **Hispanic**: 94%
- **African American**: 86%
- **Medicaid**: 95%
- **Uninsured**: 92%

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Health Reform Law’s Support for Health Center Workforce

- New Funding for NHSC: $1.5 Billion over 5 years (also dedicated funding) over and above the $142 million in annual NHSC funding.
  - Will provide assistance to an estimated 17,000 clinicians placed in underserved communities.

- New Funding for Community-Based Residency Training: Provides funding for establishment of freestanding “Teaching Health Centers.”

Health Reform Law’s Support for Health Center Payment & Participation

- Guaranteed Contracting: Exchange insurers must include all 340B eligible providers in networks, including FQHCs.

- Menendez Amendment: Requires Exchange Plans to pay FQHCs no less than their Medicaid PPS rate.

- Medicare: Modified Medicare PPS for FQHCs. Inclusion of all preventive benefits, and elimination of current caps and screens.

Upcoming Webinars

Featured topics:
- Medical-Legal Partnerships: Addressing the Unmet Legal Needs of Health Center Patients
- The Affordable Care Act, Medical Homes, and Childhood Asthma
  - Dates: TBD, Invitations and web announcements out soon