




STRENGTHENING PRIMARY CARE TO BEND THE COST CURVE: THE EXPANSION OF COMMUNITY HEALTH CENTERS THROUGH HEALTH REFORM

Introductions:

- Welcome and Introduction to the RCHN Community Health Foundation Webcast Series by:
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EVP/Chief Operating Officer
RCHN Community Health Foundation



WEBINAR | RCHN Community Health Foundation | August 5, 2010

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



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Featured Speaker:

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



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

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For RCHN Webinar
August 5, 2010

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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

Source: L. Ku, Aug. 2010

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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.

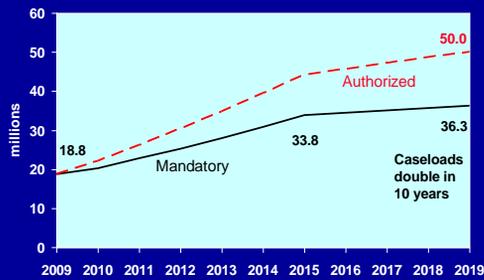
Source: L. Ku, Aug. 2010

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

Source: L. Ku, Aug. 2010

How Many Patients Could Be Served?



Source: L. Ku, Aug. 2010

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

Source: L. Ku, Aug. 2010

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.

Source: L. Ku, Aug. 2010

Estimated Savings Per Person (2006 \$)

Type of Service	CHC User	Non User	CHC-Related Savings
Ambulatory	\$1,182	\$1,584	\$402
Emergency	\$134	\$163	\$29
Inpatient	\$998	\$1,216	\$218
TOTAL	\$3,500	\$4,594	\$1,093

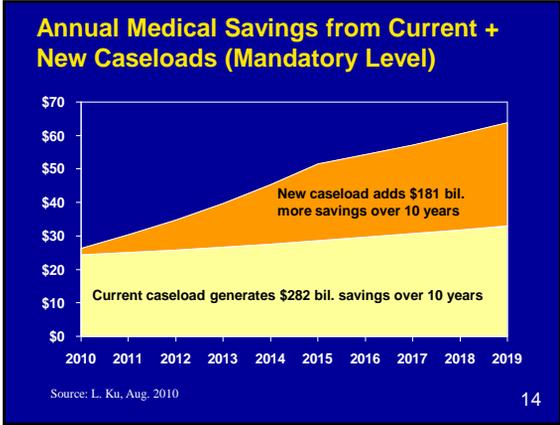
(After adjustment for covariates)

Source: L. Ku, Aug. 2010

Estimated National Savings (Mandatory Level)

	2009	2015	2019	2010-2019
Total # Patients (mil)	18.8	33.8	36.3	
Increase over 2009 (mil)		15.1	17.6	
Per Person Savings (\$)	\$1262	\$1520	\$1756	
Total Medical Savings (\$ bil)		\$22.9	\$30.9	\$181.0
Federal Medicaid Savings (\$ bil)		\$6.5	\$9.6	\$51.8
State Medicaid Savings (\$ bil)		\$4.2	\$5.9	\$33.2

Source: L. Ku, Aug. 2010



- ### 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.
- Source: L. Ku, Aug. 2010

- ### Full Citation
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 - Available at www.gwhealthpolicy.org
- Source: L. Ku, Aug. 2010

The Role of Health Centers in National Health Reform

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

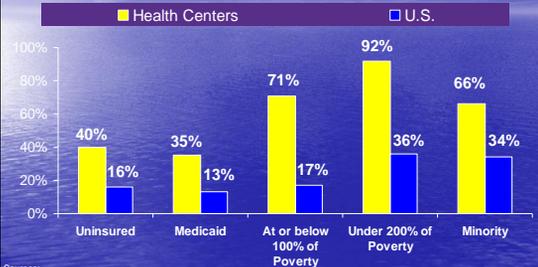
Dan Hawkins
National Association of Community Health Centers

Community Health Centers: Leaders in High Performance Care

Accomplishments of Health Centers

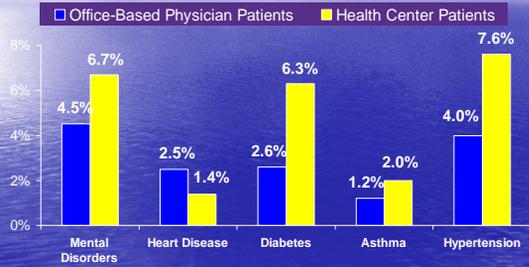
- **Excellent Quality of Care:** More Effective Care, Better Control of Chronic Conditions, Greater Use of Preventive Care, Fewer Infant Deaths
- **Major Impact on Minority Health:** Significant Reductions in Disparities for Health Outcomes, Receipt of Preventive and Condition-Related Care
- **Higher 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



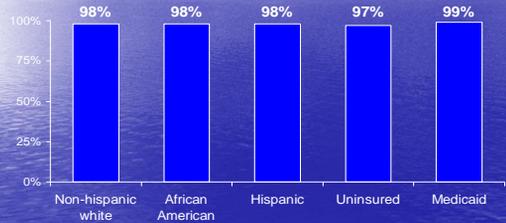
Sources: Health Center: 2006 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS. US: Kaiser Family Foundation, State Health Facts Online, www.statehealthfacts.org. See the following tables: "Health Insurance Coverage of the Total Population," "Distribution of Total Population by Federal Poverty Level," and "Population Distribution by Race/Ethnicity." US data are from 2006.

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



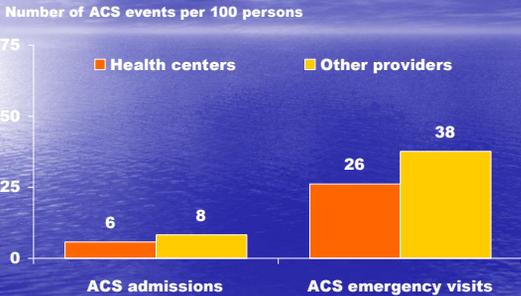
Source: Rosenbaum et al. "Health Centers as Safety Net Providers: An Overview and Assessment of Medicaid's Role." 2003. Kaiser Commission on Medicaid and the Uninsured. Center for Health Services Research and Policy analysis of 2004 U.S. Office-based physician data based on 2002 National Ambulatory Medical Care Survey.

Nearly All Health Center Patients Report that They Have a Usual Source of Care



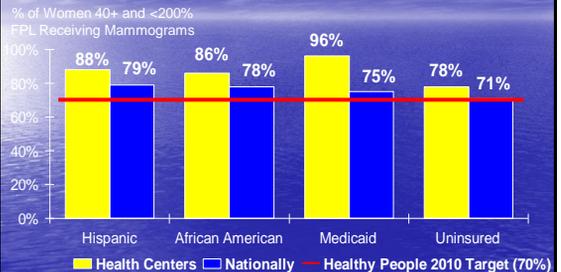
Source: AHRQ. "Focus on Federally Supported Health Centers." 2002. National Healthcare Disparities Report. <http://www.ahrq.gov/disparities/ReportThroughaCourse.aspx?id=681>

Fewer Health Center Patients Experience Ambulatory Care Sensitive Events



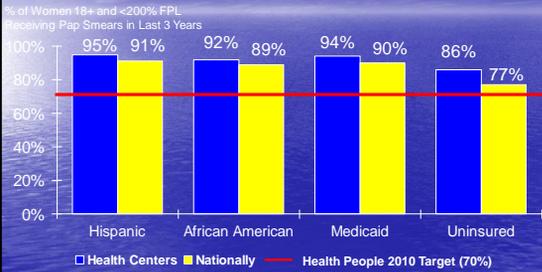
Source: M. Falik et al., "Comparative Effectiveness of Health Centers as Regular Source of Care," *Journal of Ambulatory Care Management* 29, no. 1 (November 26, 2005): 24-35.

Health Centers Reduce Disparities in Access to Mammograms



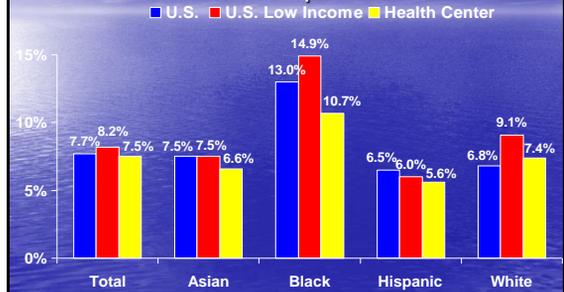
Source: Leliyu Shi, "The Role Of Health Centers In Improving Health Care Access, Quality, And Outcome For The Nation's Uninsured," Testimony Al Energy and Commerce Committee, Subcommittee on Oversight and Investigations, Congressional Hearing "A Review Of Community Health Centers: Issues And Opportunities." Washington, DC, May 25, 2005. Based on Community Health Center Liver Survey, 2002, and National Health Interview Survey, 2002.

Health Centers Also Reduce Disparities in Access to Pap Tests



Source: Lilyu Shi, "The Role Of Health Centers In Improving Health Care Access, Quality, And Outcomes For The Nation's Uninsured," Testimony At Energy and Commerce Committee, Subcommittee on Oversight and Investigations, Congressional Hearing "A Review Of Community Health Centers: Issues And Opportunities," Washington, DC, May 25, 2005. Based on Community Health Center User Survey, 2002, and National Health Interview Survey, 2002.

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



Source: Shi, L., et al. "America's health centers: Reducing racial and ethnic disparities in prenatal care and birth outcomes." 2004. Health Services Research, 39(6), Part 1, 1981-1991.

Most Health Centers Meet Key Medical Homes Criteria



Source: Health center data from 2007 UDS, HRSA, and the 2006 HIT survey conducted by Harvard University, George Washington University, and the National Association of Community Health Centers.
 Note: All health centers are required to be governed by patient majority board to ensure quality care meets the needs of the community. Additionally, starting in 2008, all health centers must provide quality of care data to HRSA in their annual UDS report.

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 CHC program **1st** among all HHS programs and one of the top 10 federal government programs for effectiveness

What Health Reform Will Mean for Community Health Centers

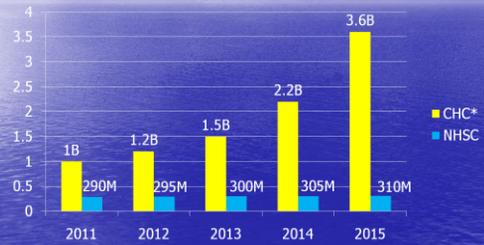
Health Reform Law's Support for Health Center Growth

- **New Funding for Health Centers:** \$11 Billion over 5 years (dedicated funding), over and above the \$2.2 billion in annual CHC funding
 - \$9.5 billion for CHC operations under Sect. 330
 - \$1.5 billion for Capital over 5 years
- This essentially **DOUBLES** the federal support for CHCs 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 CHC model will remain intact well into the future

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 – Funding Growth Chart



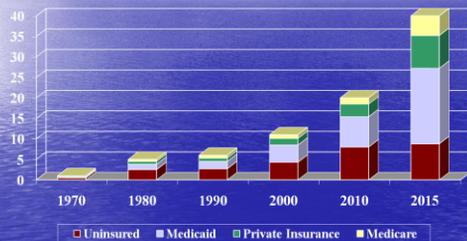
* Does not include \$1.5B for capital projects

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.

Growth of Health Centers: 1970-2010 (and 2015)

Number of Persons Served by Coverage Source



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



Thank You

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