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SUPREME COURT RULING ON ACA'S MEDICAID EXPANSION: HOW WILL NON-IMPLEMENTATION AFFECT CHC CAPACITY?

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:

- ***Katherine Hayes, J.D.,***

Associate Research Professor

Department of Health Policy

George Washington School of Public Health and Health Services

THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF PUBLIC HEALTH AND HEALTH SERVICES

Featured Speaker:

- *Peter Shin Ph.D., M.P.H.*

Associate Professor
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Research Director, Geiger/Gibson RCHN CHF Research Collaborative
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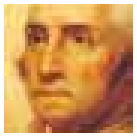

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Featured Speaker:

- ***Aurelia Jones-Taylor, MBA***

Chief Executive Officer Associate Research Professor

Aaron E. Henry Community Health Services Center

Clarksdale, Mississippi

Affordable Care Act

- **Major Components**
  - Insurance Market Reforms
  - Health Insurance Exchanges
  - Premium Tax Credits and Subsidies
  - Medicaid Expansion
  - Individual and Employer Responsibility
  - Public Health and Workforce

Supreme Court Challenges to the ACA

- **Four questions**
  - Does the Supreme Court have jurisdiction to hear the case? (Yes)
  - Is the individual requirement constitutional
    - Under the Commerce Clause (No)
    - Under the Spending Clause (Yes, it's a tax.)
  - If not, should the entire law be struck down (N/A)
  - Is the Medicaid Expansion constitutional (Not as written)

Implications of the Medicaid Decision

- **Medicaid expansion is coercive, and Secretary may not enforce by withholding all Medicaid dollars.**
- **Effectively turns the requirement to cover individuals up to 133 percent of poverty to a state option**
- **Premium tax credits and subsidies that are used through the exchange are available for individuals with incomes below 100 percent of poverty.**
- **Legal residents below poverty eligible for tax credits.**
- **Leaves coverage gap for lowest income in states that choose not to cover the option.**

State Response

- **Exchanges**
  - State Exchanges
  - Partnership Exchanges
  - Federal Exchange
- **Medicaid (shifting daily; advisory.com)**
  - Yes – (CA, CT, DC, DE, HI, MA, MD, VT, WA)
  - Leaning Yes - (AR, OR, RI)
  - Leaning No – (IA, MO, NE, NJ, NV,WI)
  - No – (FL, LA, MS, SC, TX)
  - Undecided – Everyone else

What's Next?

- **What is the scope of the decision**
  - Section 2001(a) only?
  - Broader (MOE, other provisions)
- **Subject to Administration interpretation**
  - Informal guidance – Letter from Sec. Sebelius to Governors July 11, 2012
  - Will likely see revised regulations or at a minimum State Medicaid Director Letter
- **Likely to see more litigation testing scope**
- **Likely to see more Medicaid waiver requests**

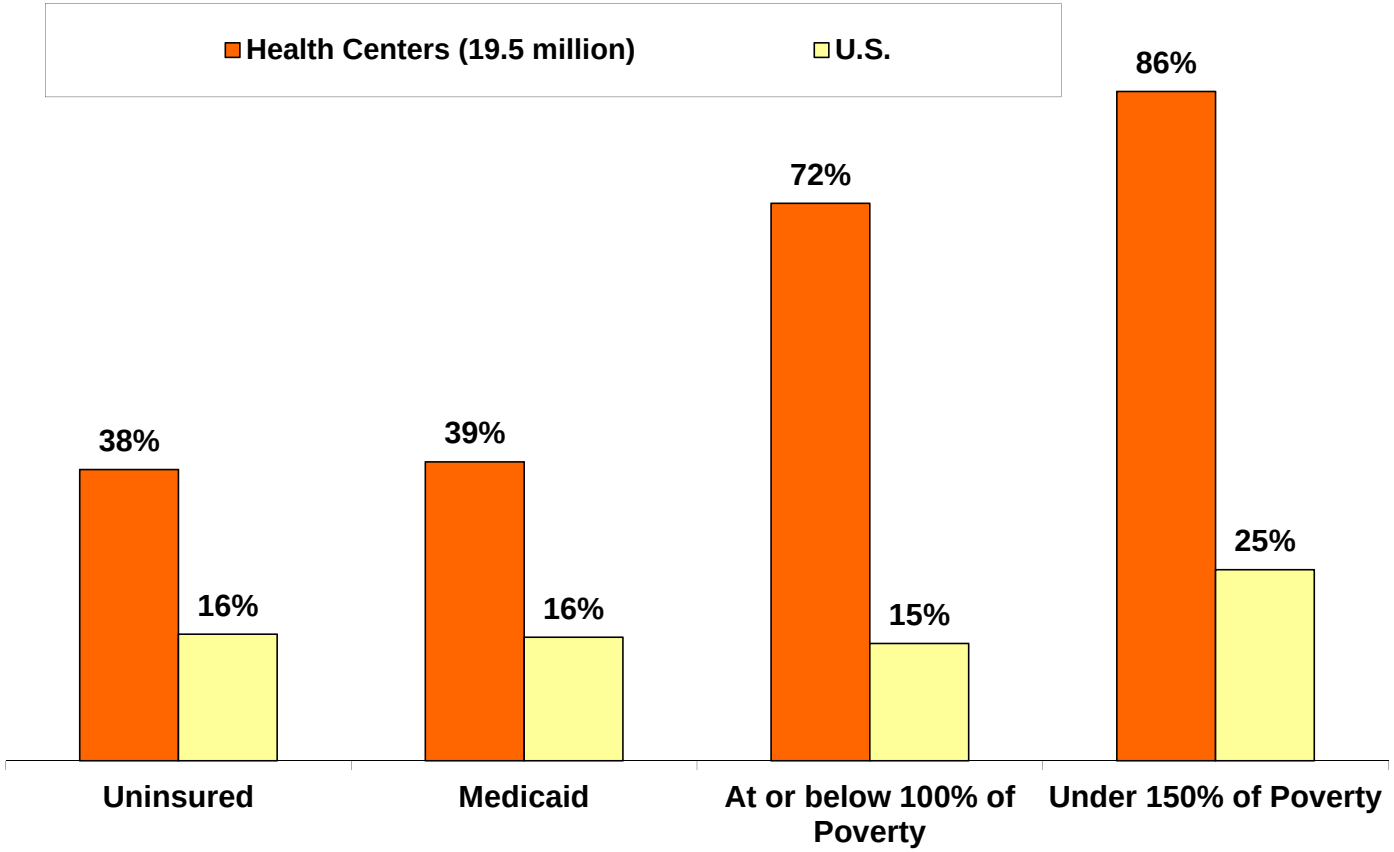
Medicaid Provider Impact

- **Uncertainty based on where you reside**
- **Continued area of focus**
  - For “yes” states, full steam ahead
  - For “no” states: continued debate at the state level

What to Watch For

- **Congress and White House**
  - Much will be decided by 2012 elections (state and federal
  - Continue monitoring implementation (nexus of Medicaid & Exchanges)
- **Next Congress**
  - House likely to remain in Republican control
  - Democratic or Republican White House
  - Democratic or Republican Senate

Health Centers Patients are Disproportionately Poor, Uninsured or Covered by Medicaid



Note: Census data for poverty is <100% and <150%, while UDS data is <=100% and <=200%
Source: 2010 UDS data, 2010 and Current Population Survey.

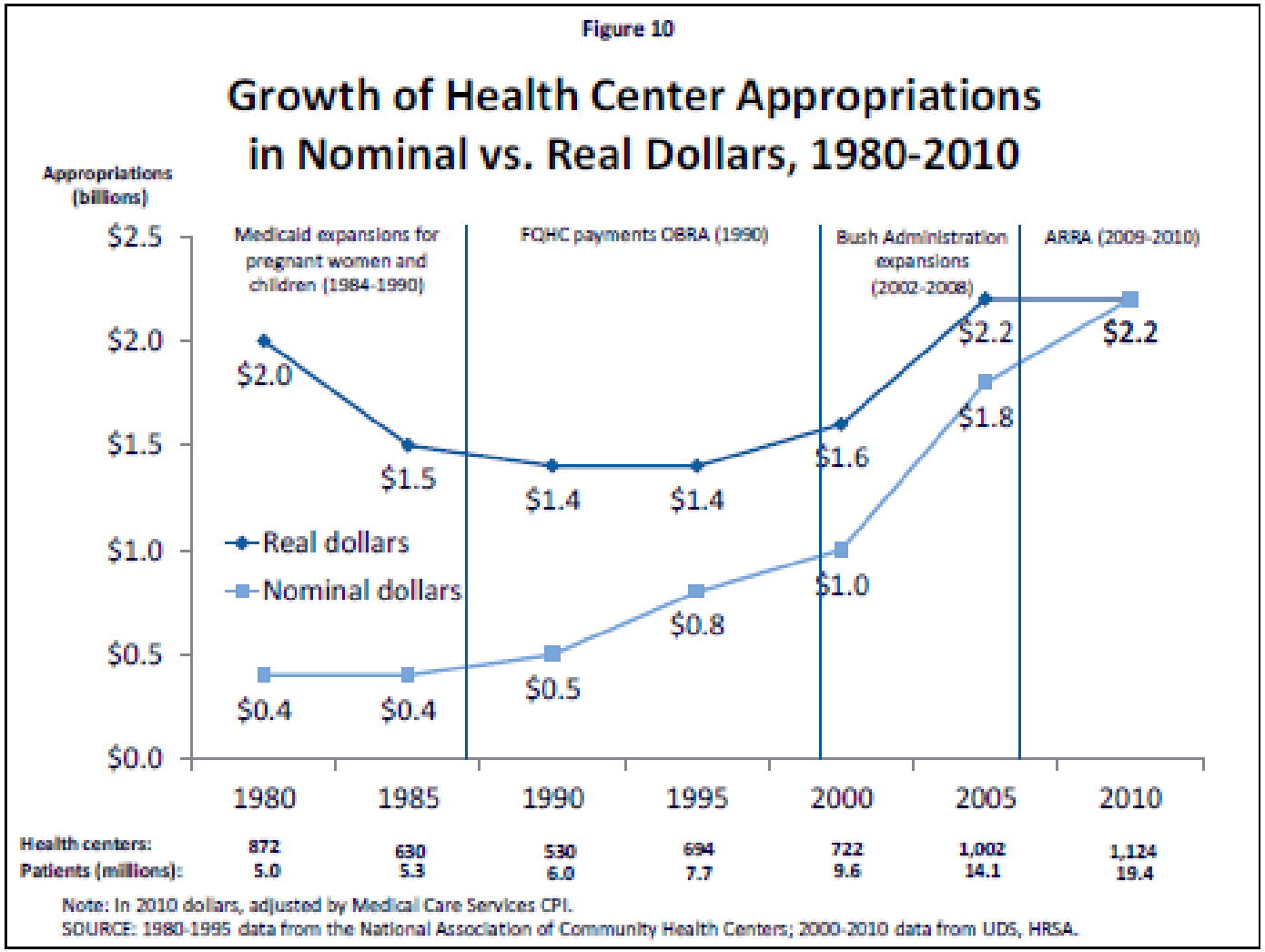
Expected Growth Pre-SCOTUS Decision

- **$11 billion five-year investment in CHCs**
- **Medicaid expansion (and tax subsidies for other low-income individuals and families)**

- **Early estimates:**
  - 2010 study: Increase from 19 million in 2009 to 36 million to 50 million by 2019
  - Driven largely by CHC funding and state Medicaid expansions

- **Limitations**
  - Applying state eligibility estimates against UDS data
  - State variability, uncertainty, and other external factors

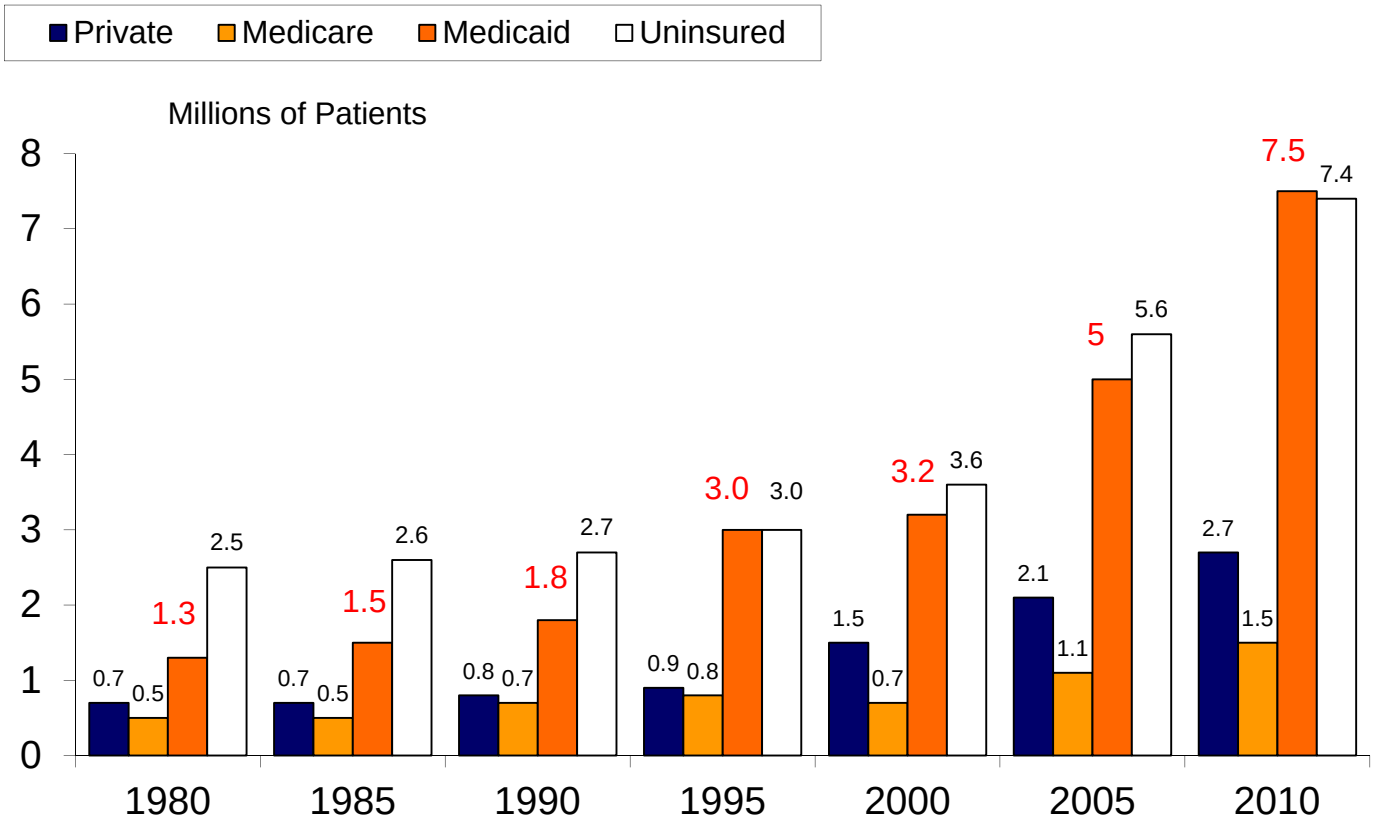
Understanding CHC Funding Impact on Capacity



http://www.kff.org/uninsured/8098.cfm

Understanding Changes in Medicaid and Uninsured Patient Volume

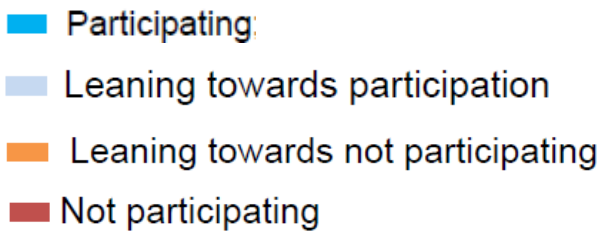
Health Center Patient Growth, by Payor Source, 1980-2010



NOTE: Totals reflect the sum of the four insurance categories and excludes other public coverage.
SOURCE: 1980-1995 estimates from NACHC; 2000-10 from UDS, HRSA.

Estimated Impact of States' Medicaid Expansion Decisions on Health Centers' Growth Capacity by 2019

State	Total Patients (No Medicaid Expansion)	Total Patients (Medicaid Expansion)	Medicaid Expansion Impact on New Patients	Number of New Patients Eligible for Medicaid	Pct of New Patients Eligible for Medicaid	Total State Population Eligible for Medicaid
AR	247,200	316,500	69,300	24,600	35%	275,000
CA	5,381,600	6,168,200	786,600	367,600	47%	2,875,000
CT	596,200	626,400	30,200	18,600	62%	122,000
DC	212,300	230,200	17,900	8,900	50%	21,000
DE	60,500	69,600	9,100	4,400	48%	42,000
FL	1,786,700	2,185,000	398,300	162,500	41%	1,795,000
HI	249,900	273,700	23,800	12,200	51%	51,000
IA	298,400	359,000	60,600	24,000	40%	148,000
LA	360,300	434,700	74,400	34,000	46%	422,000
MA	1,164,800	1,235,000	70,200	32,000	46%	117,000
MD	524,600	559,000	34,400	16,100	47%	251,000
MO	706,400	824,900	118,500	57,200	48%	452,000
MS	509,000	660,700	151,700	59,800	39%	333,000
NE	97,300	132,400	35,100	12,700	36%	110,000
NJ	822,800	907,900	85,100	43,400	51%	395,000
NV	128,900	157,700	28,800	10,400	36%	266,000
OR	494,700	583,000	88,300	40,200	46%	325,000
RI	232,000	257,000	25,000	11,900	48%	57,000
SC	534,300	655,500	121,200	48,200	40%	447,000
TX	1,552,700	1,992,300	439,600	150,800	34%	2,502,000
VT	226,700	236,800	10,100	3,100	31%	18,000
WA	1,415,000	1,581,900	166,900	81,700	49%	419,000
U.S.	34,638,200	39,960,600	5,322,400	2,350,110	44%	22,349,000



Note: Estimates based on state proportion of uninsured (potentially) eligible for Medicaid by the Urban Institute (*Making the Medicaid Expansion an ACA Option*, 2012) and from 2010 UDS data. FQHCs in the U.S. territories are excluded. Estimates are rounded.

Key Findings

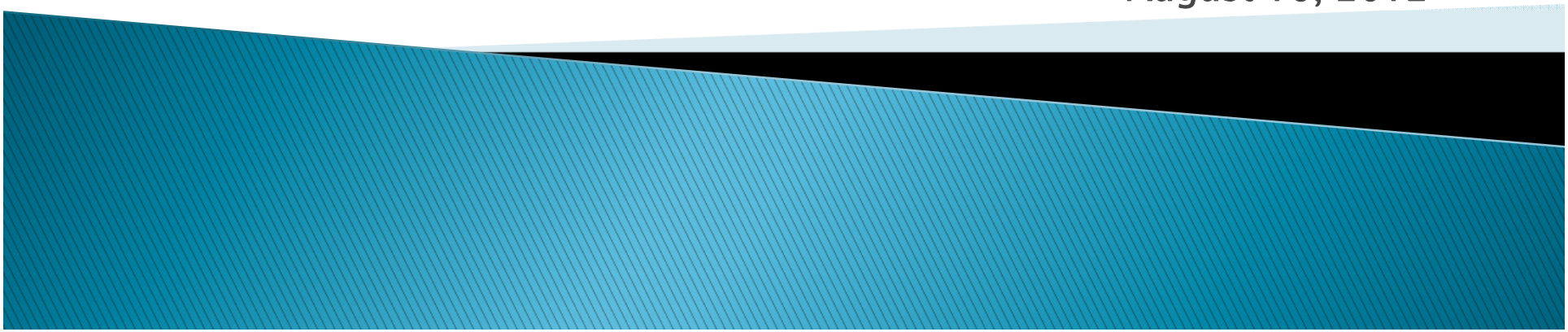
- **Non-implementation across all states:**
  - Lose capacity to serve 2.4 million Medicaid patients
  - Overall loss in capacity to serve 5.3 million new patients
  - *Loss accounts for quarter of projected 20 million new patients*

- **Non-implementation across 5 states (FL, LA, MS, SC, TX):**
  - Decrease capacity from 5.9 million to 4.7 million
  - Add other states (IA, MO, NE, NJ, NV) means another 328,000 lose access to care, totaling 1.5 million
  - *Loss represents half of projected 2.8 million new patients*

- **Non-implementation of Medicaid expansion adversely and severely affects CHC capacity**

IMPACT OF MEDICAID EXPANSION ON MISSISSIPPI COMMUNITY HEALTH CENTERS

Aurelia Jones-Taylor, MBA
Chief Executive Officer
Aaron E. Henry Community Health Services Center, Inc.
Clarksdale, MS
August 16, 2012



ACA OPPORTUNITIES

- Over 500,000 uninsured children and adults may obtain coverage
- Children's Health Insurance Program extended through 2019
- Tax Credits to purchase private insurance
- State-based Health Benefit Exchanges
- Streamlined and consumer-friendly eligibility determination
- Coverage for pre-existing conditions and eliminating coverage caps
- Children on parent's insurance up to age 26

Affordable Care Act, "Providing Opportunities for Mississippi 's Children and Families", Pg 2,
See Mississippi Center for Justice

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MISSISSIPPI'S RESPONSE

- MS is moving forward in implementing Health Benefit Exchange Planning
- MS Insurance Department received $20M Level One Exchange Establishment grant
- 2012 Legislative Session
  - Increase patients covered by Coordinated Care Program from 15% to 45% on December 1, 2012
  - SCHIP transfers to Division of Medicaid
  - Includes Mental Health Services

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WHO'S COVERED

- MS Medicaid covers 614,454 Mississippians (22%)
- Public Health Insurance Covers majority of children (69%),
- Rural Dwelling Children experience higher numbers of uninsured and public coverage
- Nearly all rely of Medicaid and SCHIP
- Pregnant Women and Parents covered based on % of Poverty

See Mississippi Center for Health Policy

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Who's Not Covered

- Older children tend to be uninsured but 65,000 are eligible for public coverage based on FPL
- 29% of young adults between 25-44 are uninsured
- 41% of MS low income non-elderly adults are uninsured
- Working adults without employer sponsored plans

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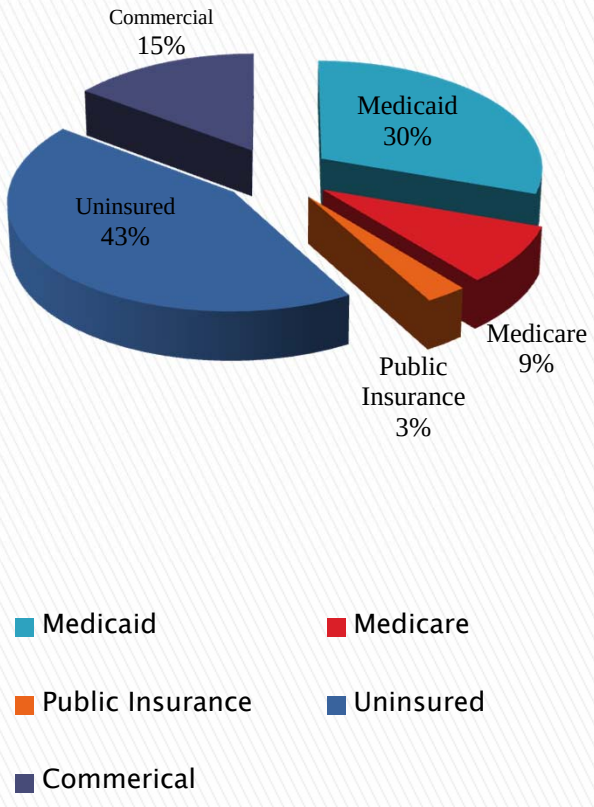
MS 2010 UDS SUMMARY

	Patients	% Served	Visits	Utilization Rate	Current Charges	Current Collection
Medicaid	95,371	30%	269,208	2.8	$41,443,158	$28,715,575
Medicare	27,618	9%	77,958	2.8	15,172,334	10,344,062
Public Insurance	8,734	3%	24,654	2.8	1,878,241	1,371,735
Uninsured	136,384	43%	384,977	2.8	55,827,784	11,357,842
Commercial	46,505	15%	131,272	2.8	18,179,598	9,905,181
Total	**314,612**	**100%**	**888,068**	**2.8**	**$132,501,115**	**$61,694,395**

Current Served Patients



CHC PATIENTS CHARACTERISTICS

- Over 30% of CHC patients are Medicaid beneficiaries
- 43% of CHC patients are uninsured
- 16% of Medicaid patients are served in CHCs
- 22% of Mississippi's 618,000 uninsured are served in CHCs
- Close to 15% of patients have private insurance coverage
- CHCs report $44,469,942 in uncompensated Care

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PROJECTED IMPACT ON ACCESS

- Expansion would add approximately 400,000 new Medicaid beneficiaries
- 100,000 New private insurance beneficiaries
- Reduce CHC uninsured patients by 71%
- Increase CHC Medicaid by 46%
- Increase CHC Private insurance by 29%
- Improved enrollment system for Medicaid
- Hold Steady on Kids Coverage – MOE

* Mississippi Center for Justice

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ASSUMPTIONS

- Total Uninsured is 618,000
- Medicaid Eligible 394,066*
- Health Insurance Exchange Eligible 109,786
- CHCs will redistribute uninsured
- Proposed that CHCs will attract an additional 15% of the Medicaid and HIE eligible
- CHCs will also continue to attract 15% of the newly uninsured
- CHCs will attract 87,312 new patients

* Center for Mississippi Health Policy: 2014 estimates from the 2009 Small Area Health Insurance Estimate, United States Census Bureau

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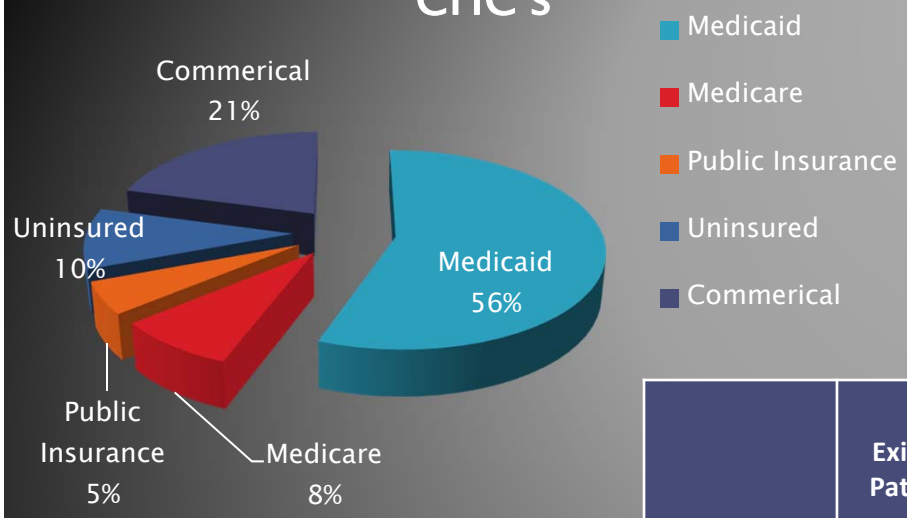
Proposed Patient Served by MS CHC's



Proposed Medicaid and HIE Expansion

	Existing Patients	New Patients	Total	Percent	Visits	Utilization Rate	Current Collection
Medicaid	177,201	46,835	224,036	56%	631,782	2.82	67,392,135
Medicare	27,618	5,489	33,107	8%	93,362	2.82	12,388,169
Public Insurance	15,553	5,489	21,042	5%	59,338	2.82	3,301,591
Uninsured	27,277	13,031	40,308	10%	112,168	2.82	3,308,965
Commercial	66,963	16,468	83,431	21%	235,275	2.82	17,753,883
Total	314,612	87,312	401,924	100%	1,131,925	2.82	104,144,743

PROPOSED ECONOMIC IMPACT

- MS will receive Federal Funding for 100% of Medicaid expansion coverage through 2016, and at least 90%, thereafter
- Reduces uncompensated care for CHCs by $31.5M
- Increases CHC Private and Public Revenue by $42M
- Job Creation to increase capacity
- New and improved facilities
- New Services… enabling and clinical

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WHAT SHOULD CHCs DO?

- Advocate for expansion
- Continue to serve on HIE committees
- Build capacity through aggressive recruitment and retention and workforce training
- Achieve PCMH recognition
- Reduce cost while maintaining quality
- Expand services

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GG/RCHN CHF Collaborative Briefs

- Hayes, K., Shin, P., Rosenbaum, S. "How the Supreme Court s Medicaid Decision May Affect Health Centers: An Early Estimate."*Geiger Gibson / RCHN Community Health Foundation Research Collaborative Policy Research Brief # 30*, Jul 19, 2012
  - http://www.gwumc.edu/sphhs/departments/healthpolicy/dhp_publications/?pubsdisplay=RecentPubs
  - www.rchnfoundation.org

Additional Suggested Readings

- *Medicaid and Community Health Centers: the Relationship between Coverage for Adults and Primary Care Capacity in Medically Underserved Communities.* Kaiser Family Foundation and the RCHN Community Health Foundation, Mar 2012.
- *Community Health Centers: The Challenge of Growing to Meet the Need for primary Care in Medically Underserved Communities*. Kaiser Family Foundation. March 2012.
- *Community Health Centers and the Economy: Assessing Centers Role in Immediate Job Creation Efforts*. Issue No. 25. Geiger Gibson/RCHN Community Health Foundation Research Collaborative, Sep 14, 2011
- *Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers through Health Reform*. Issue No. 19. Geiger Gibson/RCHN Community Health Foundation Research Collaborative, Jun 30, 2010
- *National Health Reform: How Will Medically Underserved Communities Fare?* Issue No. 10. Geiger Gibson/RCHN Community Health Foundation Research Collaborative. Jul 10, 2009.
  - http://www.gwumc.edu/sphhs/departments/healthpolicy/dhp_publications/?pubsdisplay=RecentPubs
  - www.rchnfoundation.org

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Thank You

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