

## REMARKS TO TELE-TOWN HALL CONFERENCE CALL Dan Hawkins and Craig Kennedy, NACHC

Good afternoon, and welcome to our Town Hall call. I think President Obama said it best last week, when he said “Today, after nearly a century of trying, today after more than a year of debate, health reform is the law of the land.”

The new health reform law is not without its critics, to be sure – and only a fool would tell you that it is a perfect law; but it must be said that at long last, America has finally joined the league of nations that guarantee its people access to affordable health care as a birthright.

It is worth noting that we could not have reached this point without you. The plain and simple fact is that every one of you, our committed health center advocates, along with our leadership and staff at NACHC, played a central role in this momentous accomplishment. For that, we are profoundly grateful. This is YOUR victory!

What does this mean to you, your health center, and your community? Clearly, it marks the dawning of a whole new era in public policy, as the security of health insurance coverage will be extended to more than 32 million Americans who are uninsured today – many of whom are your patients. But it also marks a whole new chapter in our 45-year history, in which health centers – having just doubled the number of people they serve over the past 10 years, are now tasked with doubling again – this time within the next 5 years – in order to care for more than 40 million people by the time of our 50<sup>th</sup> anniversary, when the new insurance reforms kick in for real.

In the simplest terms, the new health reform law is perhaps the most sweeping domestic policy advance in at least 40 years (some would say since the New Deal 75 years ago), designed to expand access to care, improve health care quality, and reduce costs.

Not only that, the new law includes virtually all key health center-related improvements, consistent with *Access for All America* plan, including:

- expansion funding for CHCs, the National Health Service Corps, public health, teaching health centers, through a Trust Fund with dedicated (ie, guaranteed) funding for 5 years;
- a guaranteed role for health centers in private insurer networks, plus improved Medicare and private insurance reimbursement for FQHCs; and
- Increased funding for expanded workforce teaching and training opportunities, including a new teaching health centers program.

With respect to health center concerns, the new law addresses virtually all of our key priorities. Most notably, it contains a new Community Health Centers Fund, a dedicated source of funding for both Health Centers and the National Health Service Corps (NHSC). As for the particulars, the new law calls for the following:

- **New Funding for Community Health Centers.** It provides \$11 billion in increased funding, above the current \$2.2 billion annual funding level, for the program, over the next 5 years, beginning with \$1 billion in FY2011 and rising to \$3.6 billion in FY2015; this funding is guaranteed over that full period, thus allowing both federal program administrators at HRSA and health centers all across the country to plan in earnest for an expansion of care that will definitely be funded. By our estimates, this will provide enough funding to reach and serve Another 20 million people, in addition to the 20 million currently served by health centers today.
- **New Funding for the National Health Service Corps.** It also provides fund substantial increases for the National Health Service Corps program, more than tripling the capacity of the NHSC in the first year the bill takes effect, and continuing that growth each year through FY2015. By our estimates, the new funding will help to place 15,000 to 17,000 primary care clinicians in underserved areas over that period. And, as with the stimulus funding, it would appear that HPSA scores will be irrelevant to securing a placement.
- **New Program for Residency Training in Health Centers and Other Community Based Settings.** The new law also funds a brand new program, with dedicated funding, to support

community-based primary care residency programs, with a preference for Federally-Qualified Health Centers.

The new law also includes other important provisions, such as a requirement that health insurance plans operating within the new Health Insurance Exchanges must contract with so-called “essential community providers”, such as participants in the 340B drug discount program. This would ensure that health centers and other providers would not be excluded from insurer networks operating in the low-income and underserved communities they serve. In fact, the law addresses our top priority request – a requirement that insurers that enroll people through the Exchanges pay health centers based on their Medicaid PPS rate. And it includes several Medicare coverage improvements, including a permanent fix to our FQHC Medicare payment system.

In terms of its more far-reaching impacts, the new health reform law also includes the following significant provisions:

- Beginning later this year:
  - States will be allowed to cover adults up to 133% FPL at regular match rates (plus a bonus through 2014)
  - State loan repayments will no longer be subject to federal income tax
  - New insurance reforms will kick in (no pre-existing condition exclusion for children, no lifetime caps, no rescissions, kids <26 on parents' coverage, 80% of premiums for care, first \$ coverage for preventive care)
  - Medicare drug benefit 'donut hole' will be closed by \$500 (donut hole completely closed by 2020)
- Next year (2011) will see:
  - New Medicare wellness visit, no co-pays for preventive care (Medicaid also)
  - New Prevention & Public Health Fund begins with \$500M (\$5B over 5 years)
  - 10% Medicare bonus for PCMDs
  - Small business tax credit (35% of employer share of premiums) begins (24% for nonprofits) for employers of >25 FTEs
- Future years will see:

- In 2012, Medicare Primary Care Medical Home and Accountable Care Org (ACO) demos begin
- In 2013, Medicare physician value-based care begins, Medicaid PCMD rates adjusted to 100% of Medicare
- And finally, in 2014, Medicaid expands to cover all non-elderly <133% FPL now as a state requirement, Individual & employer mandates begin, State Health Insurance Exchanges open, subsidies offered to individuals <400% FPL

**So what will all this mean to you, both soon and over the next several years?**

**In terms of immediate impact, here's what we see:**

- You will have access to plenty of funding to grow and expand
  - We await word from HRSA on how the new funding will be distributed, but we are confident that it will flow to existing CHCs in the main
  - Managing growth will continue to be a challenge
  - Need for organized state-wide planning will be paramount
    - if your state has an “Access for All \_\_\_\_” plan, now is the time to re-visit it and update it; if you DON'T have such a plan, you need one NOW!
    - And we all must agree on policies that avoid “eating our own”
- Recruiting staff – especially clinical staff – will be perhaps your greatest challenge
  - NHSC will need to be marketed MUCH more aggressively
    - nationally, state-wide, and locally
  - ALL health centers need to increase their involvement in training of ALL levels of needed clinical professionals
- Facility space and equipment will also be a major challenge
  - Hopefully, the \$1.5 billion in the final reform bill will be deployed to maximize its benefit for all CHCs with capital needs

**Over the next few years, especially beginning in 2014, things will begin to change significantly:**

- You will have MORE Patients with Insurance Coverage
  - Many of these will have Medicaid coverage

- You will receive the full Medicaid PPS rate for these
- You will see FEWER employer-insured patients and many MORE Exchange-enrolled patients
  - With Menendez, you will receive your Medicaid PPS rate for the Exchange-enrolled patients
  - However, they will face high out-of-pocket costs and may need help affording their care (ie, SFS discounts)
- You will likely see FEWER uninsured patients, but they will account for a HIGHER PERCENTAGE of all uninsured
  - The uninsured will have FEWER places to turn for care
  - This is ESPECIALLY true for non-citizens and difficult-to-serve groups (mobile, homeless, HIV+, substance addicts)
- Your Medicare patient population will grow dramatically over the next decade
  - Your current 55-65 year-old group will age in to Medicare
  - With MATCH, your Medicare PPS payment will improve

So we've got our work cut out for us – but I trust that we are ALL ready to grow, and to help meet more of the need in our communities and all across the country. There will never be a more important opportunity for health centers to be recognized as the leaders we have always been in moving our country's health care system in the direction of better quality care in a more cost-effective way.

**I think it's most appropriate to close with a thought for our beloved friend, Senator Ted Kennedy, who** helped to create the first health center 45 years ago and envisioned the nationwide health center system of care that exists today. During his Address to Congress last Fall, President Obama read some moving passages from a letter he had received from Senator Kennedy before he passed – I'd like to read a couple of additional parts from that remarkable letter, because I think it speaks not so much to who we are as a people as to who we CAN BE, if we only try a bit harder. Teddy said, "When I thought of all the years, all the battles, and all the memories of my long public life, I felt confident in these closing days that while I will not be there when it happens, you will be the President who at long last signs into law the health care reform that is the great unfinished business of our society." He went on to say, "And while I will not see the victory, I was able to look forward and

know that we will – yes, we will – fulfill the promise of health care in America as a right and not a privilege. So, I wrote this to thank you one last time as a friend- and to stand with you one last time for change and the America we can become.”

I don't know about you, but with each passing day in my life I find it more pressing and more urgent to work even harder for 'the America we can become' – and now we all have the chance to truly make that happen. Let's all make the commitment today, to ourselves and to each other, that we will each do our best to make the vision we have worked to achieve for so many years a reality for everyone.

Thank you.