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Introduction

Chairman Baucus, Ranking Member Grassley, and Distinguished Members of the Committee:

On behalf of the more than 1,200 health center organizations nationwide, and the more than 18 million patients we serve, I want to thank you for your leadership, and for the opportunity to submit written testimony contributing to the expert pool of knowledge at this Roundtable on Coverage.

Mr. Chairman, I have personally seen the power of health centers to lift the health and the lives of individuals and families in our most underserved communities. As a VISTA volunteer assigned to south Texas in the 1960s, the residents of our town asked me to work on improving access to health care and clean water in our community. We decided to apply for funds through a relatively new, innovative program – the Migrant Health program. I stayed on and served as executive director of the health center from 1971 to 1977. That health center is still in operation today, and has expanded to serve over 40,000 patients annually.

The community empowerment and patient-directed care model thrives today in every one of our health centers in over 7,000 communities in America; I am honored to be able to share this success story and how health centers' 40-plus year track record and successful model of care delivery uniquely positions us to be important participants in a reformed health care system.

My testimony submitted for today's Senate Finance Committee Roundtable on Coverage will cover the following:

- **A Brief Overview of the Health Centers Program**
- **Community Health Centers, Access to Primary Care and Health Reform**
- **Primary Care Access as an Essential Building Block of Health Reform**
- **Health Center Participation and Payment in a Reformed Health Care System**

On behalf of the 18 million patients served by community health centers nationwide, as well as the volunteer board members, staff, and countless members of the health center movement, I want to thank you for this Committee's unyielding support for health centers and your dedication

to the all-important goal of providing affordable, accessible primary health care to all Americans. In this time of enormous challenges to our health care system and our economy, your faith in us and your support through the Recovery Act will allow us to rise and meet these challenges and continue to excel. With your ongoing support, our cost-effective, high quality system of care can continue to expand, reaching our goal of serving 30 million Americans by 2015, and eventually every individual in need of a health care home.

Health Centers are uniquely qualified to provide comprehensive health care to traditionally hard to reach uninsured and underinsured populations with demonstrated quality care, successful patient outcomes at a savings to the health care system of 18 billion dollars annually. Health Centers are America's health home to 1 in 8 Medicaid beneficiaries and 1 in 9 children enrolled in the Children's Health Insurance Program, as well as 1 of every 5 low-income uninsured individuals.

Brief Overview of the Health Center Program

For the past 43 years, the Health Centers program has grown from a small demonstration project to an essential element of our nation's primary care infrastructure. Today, health centers serve as the primary health care safety net in thousands of communities across the country, and – thanks to bipartisan support in Congress and the current and past Administrations, the federal Health Centers program enables more low-income, underserved and uninsured patients to receive care each year.

Health centers currently serve as the family doctor and health care home for one in seven rural Americans, and one in every five low-income children. Health centers are helping thousands of communities address a range of increasingly costly health problems, including prenatal and infant health development, childhood obesity, chronic illnesses, mental health, substance addiction, oral health, domestic violence and HIV/AIDS.

Federal law requires that every health center be governed by a patient majority board, which means that care is truly patient-centered and patient-driven. Each health center must be located in a federally designated Medically Underserved Area (MUA), and must provide comprehensive primary care services to anyone who comes in the door, regardless of ability to pay. Because of these characteristics, the insurance status of health center patients differs dramatically from those of other primary care providers. As a result, the role of public revenues is substantial.

Federal grant dollars, which make up roughly twenty-one percent of health centers' operating revenues on average, go toward covering the costs of delivering care effectively to our medically underserved patients and communities. Just over 40% of health centers' revenues are from reimbursement through federal insurance programs, principally Medicare and Medicaid. The balance of revenues come from State and community partnerships, privately insured individuals, and low-income uninsured patients' sliding-fee payments.

Community Health Centers, Access to Primary Care and Health Reform

In discussions about reforming the health care system, one element remains constant across all platforms and proposals: the need to invest in accessible, affordable, high-quality primary care for all as a down payment on a more effective and efficient health care system.

Even before the recession, a lack of access to affordable primary health care posted one of the most persistent challenges to our health care system. In our 2007 report, *Access Denied*, NACHC found that 56 million people lacked adequate access to primary care because of shortages of physicians in their communities. Even those with insurance coverage can be medically disenfranchised. Yet low income, uninsured, and minority populations are disproportionately affected. These are the very populations that experience some of the most egregious health care disparities. **In an updated study released in March, we found that the number of medically disenfranchised has risen to 60 million people nationwide.**

The medically disenfranchised, the uninsured and the under-insured, along with millions of others who confront additional barriers to care require a source of regular, continuous, primary and preventive care - a “health care home” - to maximize the value of our investments in health reform. Health centers stand at the ready to be full participants in health reform with our **ACCESS for All America** plan to provide a health care home to over 30 million people by 2015, and to eventually serve every individual who today is without a health care home.

Primary Care Access: Essential Building Block of Health Reform

Clearly, the expansion of insurance coverage, while a vital step, can only take the country so far. From states and communities already experimenting with their own reform efforts, we know that federal, state, and local governments must continue investing in the health care safety net even if universal coverage is achieved. We also know that true progress in resolving this crisis entails removing all barriers to care, including provider shortages, the lack of insurance coverage, and cost, as well as geographic, linguistic, and cultural barriers. Most importantly, the increased demand for care that comes from expanding coverage must be met with an augmented primary care infrastructure.

Producing a high performing health care system – one that improves access to needed care, reduces health disparities, and is cost-effective – is dependent upon broader access to primary care, particularly in the form of medical or health care homes. Moreover, targeting the medically disenfranchised and underserved for such efforts will produce significant gains in national health. Building on their success as leaders in primary care, community health centers stand as exemplary partners in national health reform. Their well-regarded experience in meeting the needs of underserved communities includes effective outreach and enrollment, care coordination and integration, chronic care management, and cultural competency – all essential elements in expanding access to effective care.

Health Center Participation and Payment in a Reformed Health Care System

From the perspective of the nation's health centers, our current public health insurance programs – Medicare, Medicaid and CHIP – are uniquely qualified to meet the needs of our most vulnerable communities. Patients can access not just primary care, but a full spectrum of services tailored to meet their individual and family needs including case management, transportation and language assistance as well as dental care, mental health services and prescription assistance programs. **Community Health Centers strongly support expanding Medicaid to cover at least everyone with incomes up to the federal poverty level without restriction, and higher if possible.** These are the very people who most need the services and benefits offered through Medicaid.

However, as coverage expands, we must also ensure patients have access to doctors and other health professionals who will treat them. Health centers support adequate and reliable primary care provider reimbursement by all public and private payers to reflect the value – in system-wide cost savings and improved health outcomes – that these doctors provide. **We also support making Medicare coverage available to those over age 55 or even age 50, who do not have access to employer or other public coverage, on a "buy-in" basis.** This generation is currently the fastest-growing age group of health center patients, and far too many have NO access to affordable coverage.

Not only, as noted above, are current public programs the **ONLY** insurers that cover services necessary to meet the unique health care needs of low-income and underserved people. They are also the **ONLY** payers that both recognized the unique role of safety net providers like Health Centers in serving their beneficiaries and the only insurers that pay them adequately. By contrast, nationwide, the private insurance market pays health centers less than 50 cents on the dollar for the care they furnish to the 3 million privately-insured individuals they serve. For all of these reasons, **we believe there is a real value to including a public plan option as part of any health care reform effort this Committee undertakes.**

Literally dozens of studies – and research over the past three decades and up through this year – conclude that health center patients are significantly less likely to use hospital emergency rooms or to be hospitalized for ambulatory care-sensitive (that is, avoidable) conditions, and are therefore less expensive to treat than patients treated elsewhere.ⁱ In fact, a recent national study done in collaboration with the Robert Graham Center found that people who use health centers as their usual source of care have 41% lower total health care expenditures than people who get most of their care elsewhere.ⁱⁱ **As a result, health centers saved the healthcare system up to \$18 billion last year alone.** Thus, in effect, the investment in primary and preventive care that Medicaid and CHIP, and for the most part Medicare, make in paying health centers adequately for their care yields significant savings to the health care system and to taxpayers as well.

In the early 1990s, Congress instituted a health center-specific Prospective Payment System (PPS) to guide health center reimbursement under Medicaid, complementing the existing cost-based reimbursement structure under Medicare. The PPS structure ensures that health centers receive adequate payment through an all-inclusive per-visit payment rate that balances both higher and lower costs for all of the services provided to our publicly insured patients. With the

passage earlier this year of the Children's Health Insurance Program Reauthorization Act (CHIPRA), the CHIP program will begin paying health centers according to the same PPS structure.

Mr. Chairman, in your "Call to Action" White Paper earlier this year, you cited health centers' Medicaid PPS as a "successful model" and called for mirroring that system in the Medicare program. Bipartisan legislation introduced by Senators Bingaman and Snowe, S. 648, would do just that, and NACHC has strongly endorsed that legislation. Yet in health reform, it makes sense to **align health center payments from all insurers** with the structure currently in place under Medicaid, to assure the continuity and quality of care that health centers have been proven to deliver. The PPS structure for health centers appropriately and predictably reimburses health centers for the comprehensive care we provide. **The same should be ensured in any expanded insurance model, whether public or private. In addition, it is critical that insurers enrolling people in underserved communities be required to include health care providers located there, and especially health centers and other primary care safety net providers, in their networks.**

Under a reliable and fair payment structure, and with full participation in the reformed health insurance system, health centers stand ready to provide low-cost, highly effective care to millions more individuals and families in need. Reimbursing health center providers appropriately for the comprehensive, coordinated care we provide will help to grow the primary care infrastructure - an essential step toward ensuring that investments in health reform translate into improved health and wellness for the nation.

Conclusion

I know that the members of this Committee are well aware that the Health Centers program is an unprecedented health care success story, improving patient outcomes and reducing health disparities in communities nationwide. Entities ranging from the Institute of Medicine (IOM) to the White House Office of Management and Budget (OMB) to the Government Accountability Office (GAO) have recognized the efficiency and effectiveness of our model, which hinges on our ability to provide comprehensive primary care to all patients.

We, and all of the 125,000 professionals who work at health centers today, as well as the 30,000 community board members who govern and direct the operations of those health centers, fervently believe that health reform must strive to achieve universal coverage that is available and affordable to everyone, especially to low income individuals and families. We believe that this care must be comprehensive, including medical, dental and mental health services with an emphasis on prevention and primary care. And we believe that reform must strive to guarantee that everyone – especially the 60 million medically disenfranchised Americans – has access to a health care home where they can receive high quality, cost-effective care for their health needs.

Thank you.

ⁱ McRae T. and Stampfly R. "An Evaluation of the Cost Effectiveness of Federally Qualified Health Centers (FQHCs) Operating in Michigan." October 2006 Institute for Health Care Studies at Michigan State University. www.mpca.net. Falik M, Needleman J, Herbert R, et al. "Comparative Effectiveness of Health Centers as Regular

Source of Care.” January - March 2006 *Journal of Ambulatory Care Management* 29(1):24-35. Falik M, et al. “Ambulatory Care Sensitive Hospitalizations and Emergency Visits: Experiences of Medicaid Patients Using Federally Qualified Health Centers.” 2001 *Medical Care* 39(6):551-56.

ⁱⁱ NACHC and the Robert Graham Center. *Access Granted: The Primary Care Payoff*. August 2007. www.nachc.com/access-reports.cfm.