



Federally Qualified Health Centers (FQHCs) & Medicaid:

Improving Health Outcomes and Reducing Cost for Medicaid Beneficiaries

**HRSA Primary Health Care
All Grantee Meeting
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FQHCs & Medicaid Share Objectives

- **Improve access for vulnerable populations**
- **Improve quality of care**
- **Improve health outcomes**
- **Eliminate health disparities**



State Medicaid Budget Pressures

- Medicaid spending continues to grow faster than State revenues:
 - High enrollment
 - High costs
- Cost containment measures:
 - Pharmacy cost controls
 - Freezing or reducing provider payments
 - New or higher cost-sharing
 - Eligibility restrictions (e.g. criteria, caps)
 - Restricted or reduced benefits



Proposed Medicaid “Flexibility”

- Eligibility simplification
- Different benefits/services for optional populations
- Increased cost-sharing
- Pre approval for changes as needed
- Lower costs for pharmaceuticals



Proposed Medicaid “Flexibility”

- Eliminating FQHC service as mandatory
- Redistributing disproportionate share hospital (DSH) Payments
- Reducing intergovernmental transfers
- Increasing home and community based services
- More subsidies for employer sponsored insurance



FQHC & Medicaid Partnership

- **Working together to provide health care for vulnerable populations.**
- **Generating an outstanding return for State Medicaid Agencies (SMAs) investment.**



Eight Facts Supporting the Outstanding Return from FQHCs

Health Centers* ...

1. Are a major source of care for Medicaid beneficiaries;
2. Are cost efficient;

*All Section 330-funded health centers are FQHCs.



Eight Facts Supporting the Outstanding Return from FQHCs

Health Centers^{*} ...

- 3. Tailor services to the needs of the populations and communities they serve;**
- 4. Coordinate with other providers in the community;**

***All Section 330-funded health centers are FQHCs.**



Eight Facts Supporting the Outstanding Return from FQHCs

Health Centers^{*} ...

- 5. Reduce risk and improve health outcomes for vulnerable populations;**
- 6. Provide high quality care management for patients with multiple chronic conditions;**

***All Section 330-funded health centers are FQHCs.**



Eight Facts Supporting the Outstanding Return from FQHCs

Health Centers* ...

- 7. Are strengthened by technical assistance from linkages at the National, State and local levels;**
- 8. Stand ready to serve Medicaid beneficiaries as your provider of choice.**

***All Section 330-funded health centers are FQHCs.**

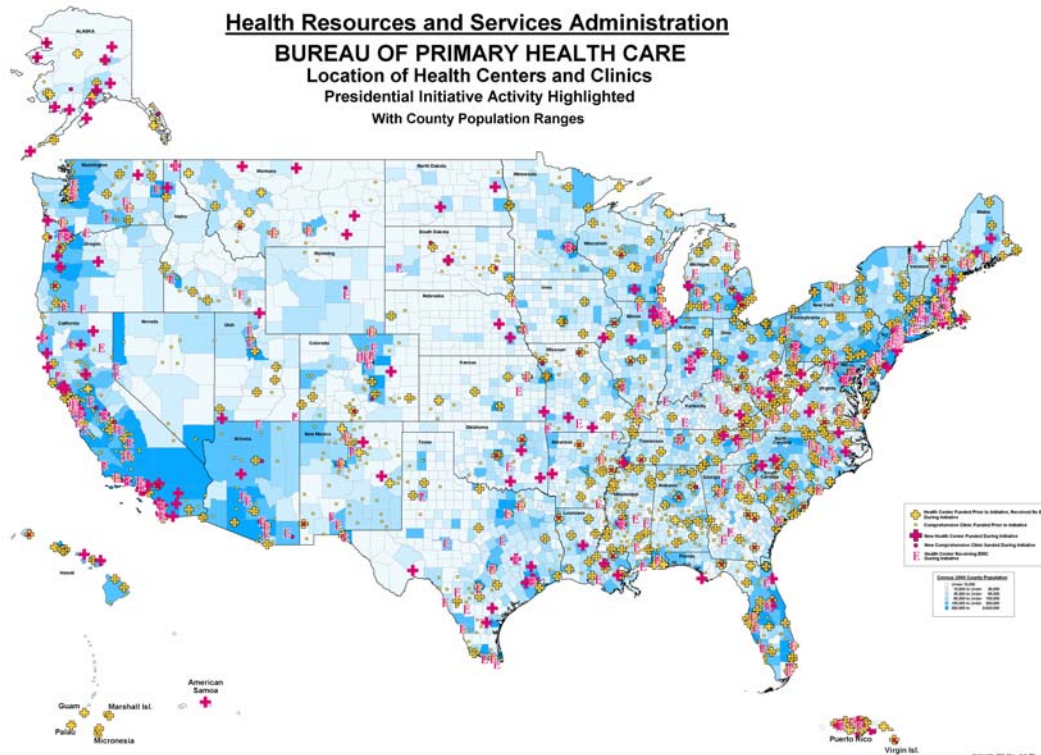


Health Centers

Fact #1

Health centers are a major source of care for Medicaid beneficiaries, serving 2.6 million beneficiaries.

Health Center Program – CY03



- 12.4 Million served
- 50.0 Million patient encounters
- 3,600 service sites
- 89.7% below 200% poverty
- 39.3% uninsured
- 63.8% racial/ethnic minority
- Serve all ages
 - 12.5 % 4 and under
 - 14.2 5-12 years
 - 20.0 13-24 years
 - 46.4 25-64 years
 - 7.1 65 and over

Source: BPHC UDS, 2003



Health Centers serve

- 1 out of 10 Medicaid beneficiaries
- 1 out of 21 SCHIP beneficiaries
- 1 out of 7 migrant farmworkers
- 1 out of 5 homeless persons

Source: BPHC UDS, 2003



Medicaid Beneficiaries in Health Centers

- The number seen in health centers tripled between 1980 and 2001.¹
- 4.4 million Medicaid beneficiaries were seen in health centers in 2003.²
- The number of Medicaid beneficiaries seen in health centers is growing.

Sources: ¹Kaiser Family Foundation

² BPHC UDS Data, 2003



Health Centers

Fact #2

**Health centers are
cost-efficient providers of care.**



Health Centers Provide High Quality Cost-Efficient Care

Cost of treating Health Center Medicaid patients is 30-34% less than cost for those receiving care elsewhere; 26-40% lower for prescription costs; 35% lower for diabetics; 20% lower for asthmatics.

Center for Health Policy Studies. Final Report; November 1994.

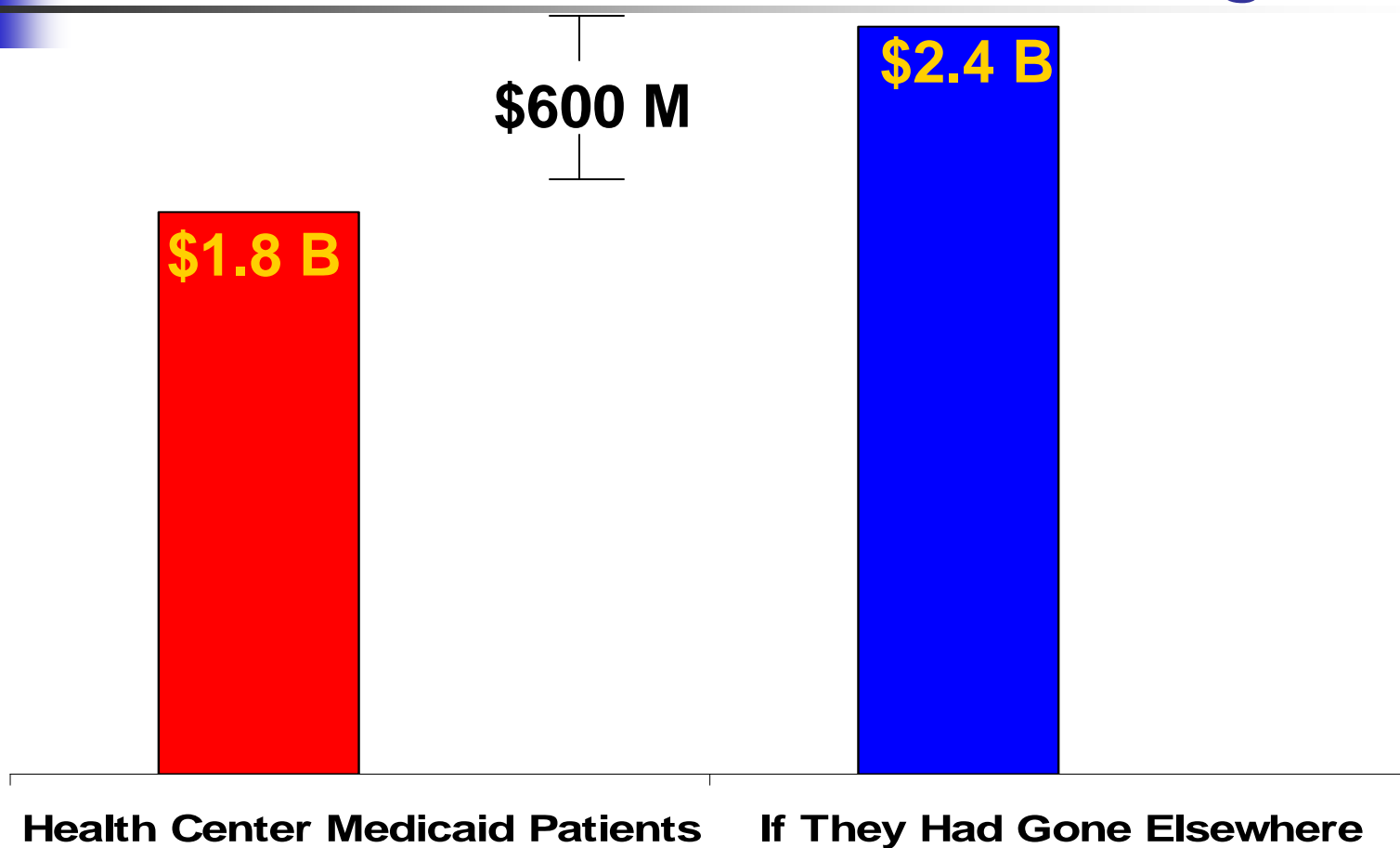
Health Center Medicaid patients are 22% less likely to be hospitalized for potentially avoidable conditions than those obtaining care elsewhere.

Falik et al. Medical Care Vol. 39, No 6; 2001.

Health Center Medicaid patients are 19% less likely to use the ER and 11% less likely to be hospitalized for potentially avoidable conditions than those with a usual source of care who obtained care elsewhere.

ACSC II Study to be published.

Health Center Medicaid Savings, 2002



Source: Center for Health Policy Studies, 1994



Medicaid Savings through Health Centers

- Lower prescription drug costs (340B Drug Pricing Program)
- Lower medical costs due to effective chronic disease management
- Avoidable hospitalizations prevented



Health Centers

Fact #3

Health centers tailor services to the needs of the populations and communities they serve.



Tailoring Services to the Community

- 51% user-majority governing board directs the center.
- Services are based on community needs assessment and prevalent diseases.
- Respects the local language, values and culture.
- Conveniently located in underserved areas.



Health Centers

Fact #4

**Health centers coordinate
with other providers in the
community.**



Health Centers are in Networks

- **Integrated Service Delivery Initiative (ISDI)**
- **Shared, Integrated Management Information Systems (SIMIS)**
- **Information and Communication Technology (ICT) Networks**
- **Electronic Health Record (EHR) Networks**
- **Healthy Communities Access Program**



Typical Health Care Linkage

- **Other primary care providers**
- **Specialists, hospitals and health departments**
- **Social services, business and faith based institutions**



Health Center are “Economic Engines”

- Linked throughout the community
- Purchasing goods and services
- Employing community residents

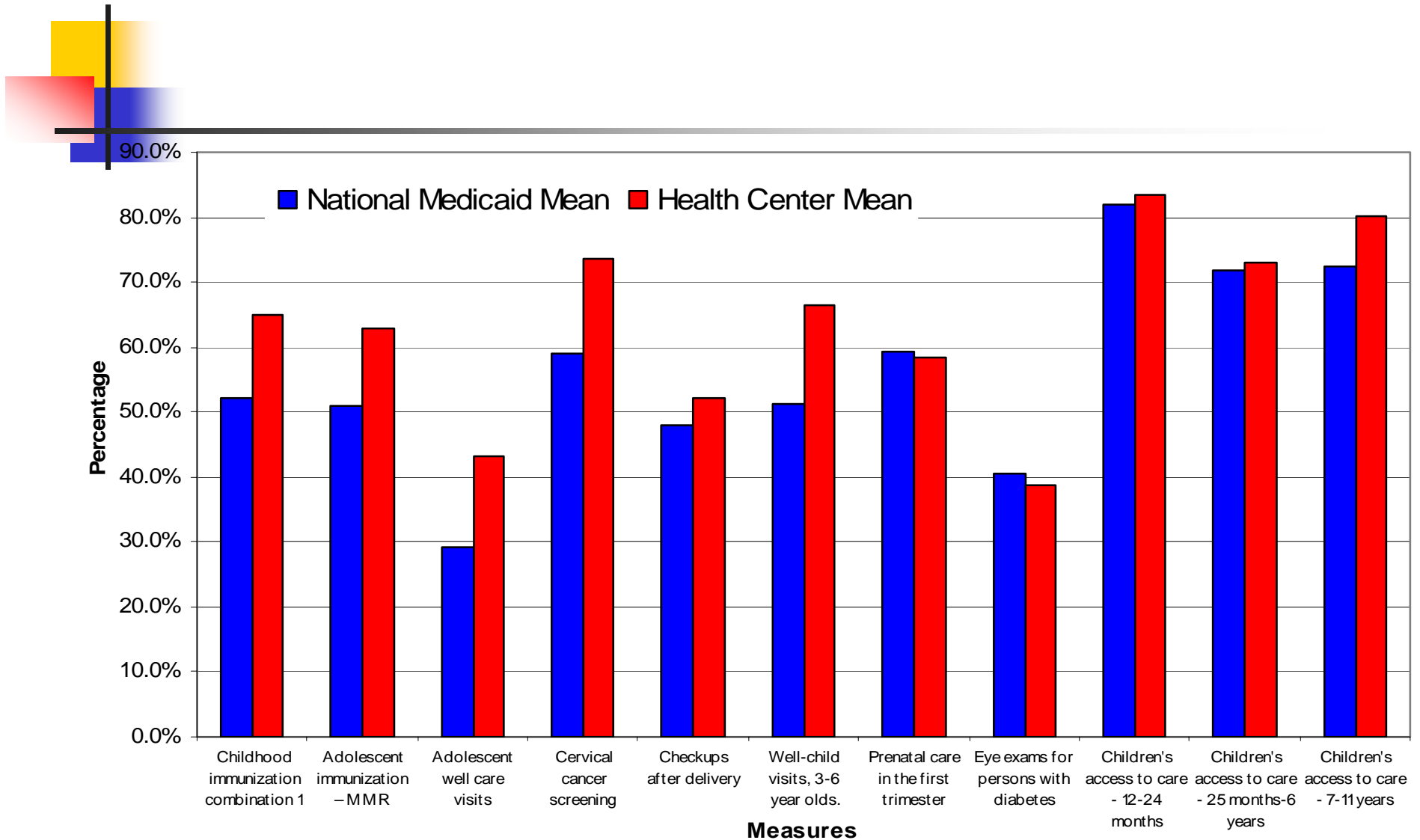


Health Centers

Fact #5

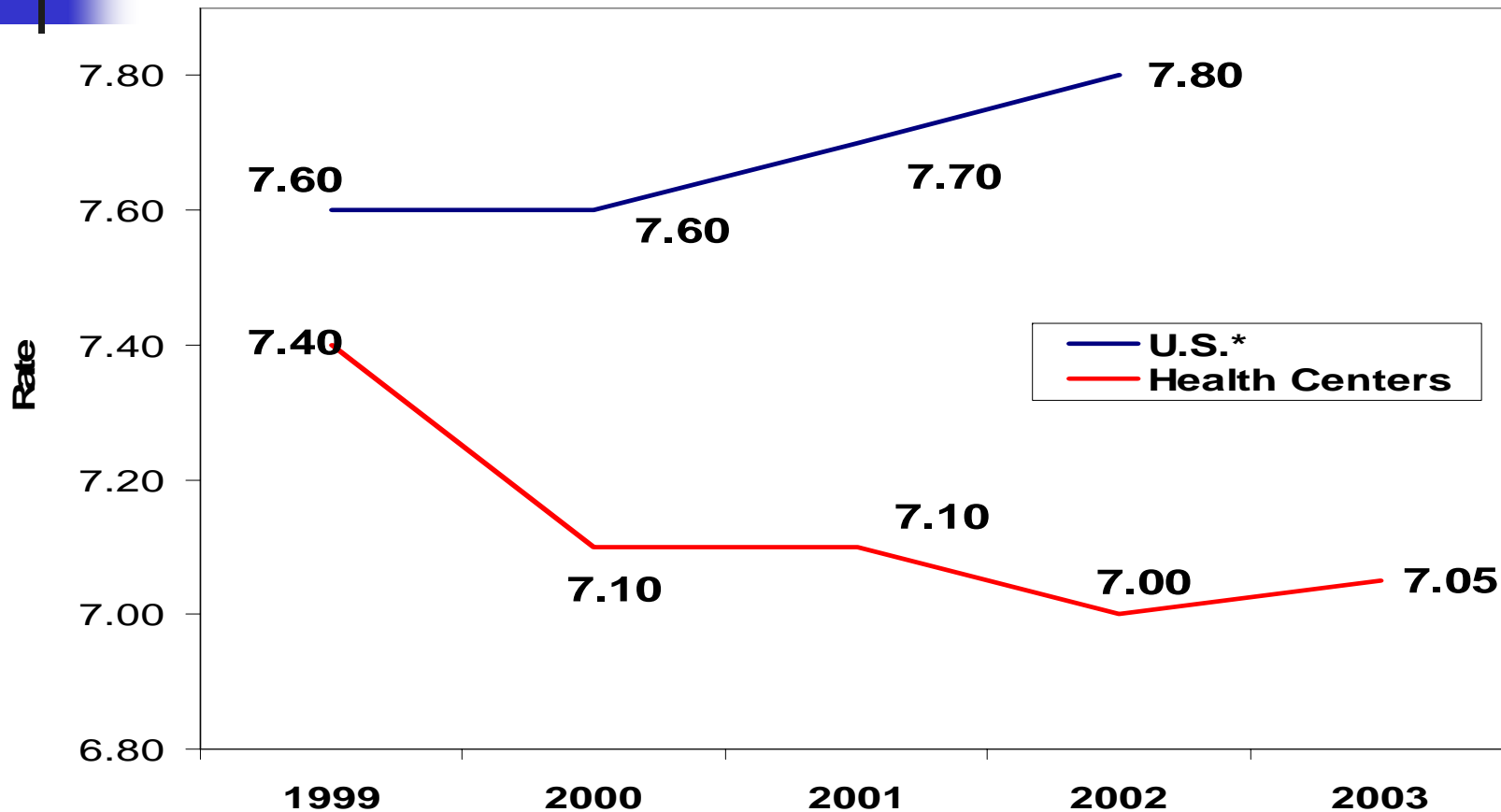
Health centers reduce risk and improve health outcomes for vulnerable populations.

Health Center Plans Outperform Nation in Most Medicaid Preventive Services



Source: 1999 Health Plan Employer Data and Information Set (HEDIS), Partridge, et. al.
Based on Performance of Nine Health Center-Based Plans

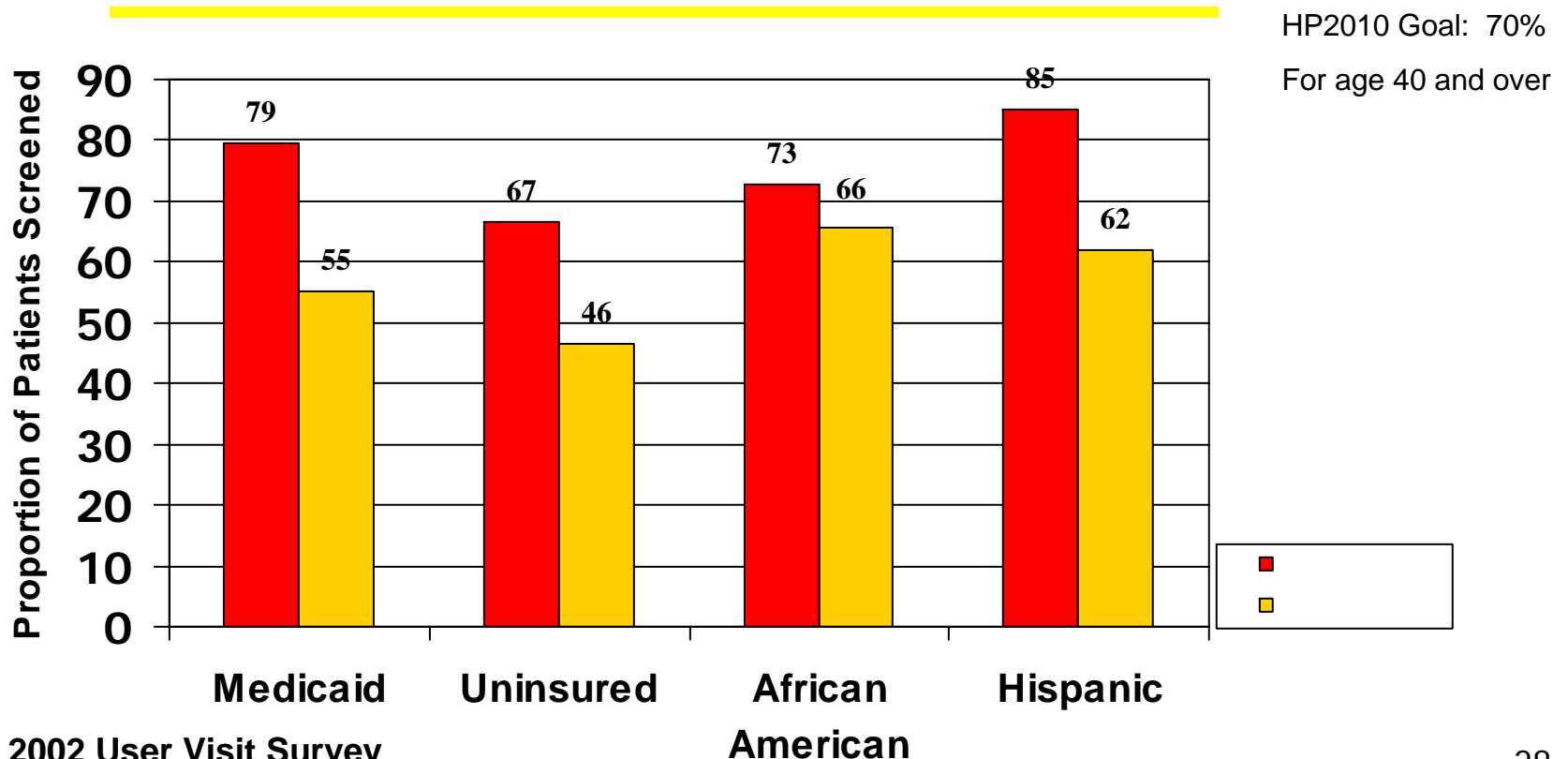
Low Birth Weight: Health Centers Better



Sources: Uniform Data System, 1999 – 2003
National Center for Health Statistics (NCHS) - Health U.S. 2002
* 2003 NCHS data available Dec 2004

Mammography: Health Centers Better

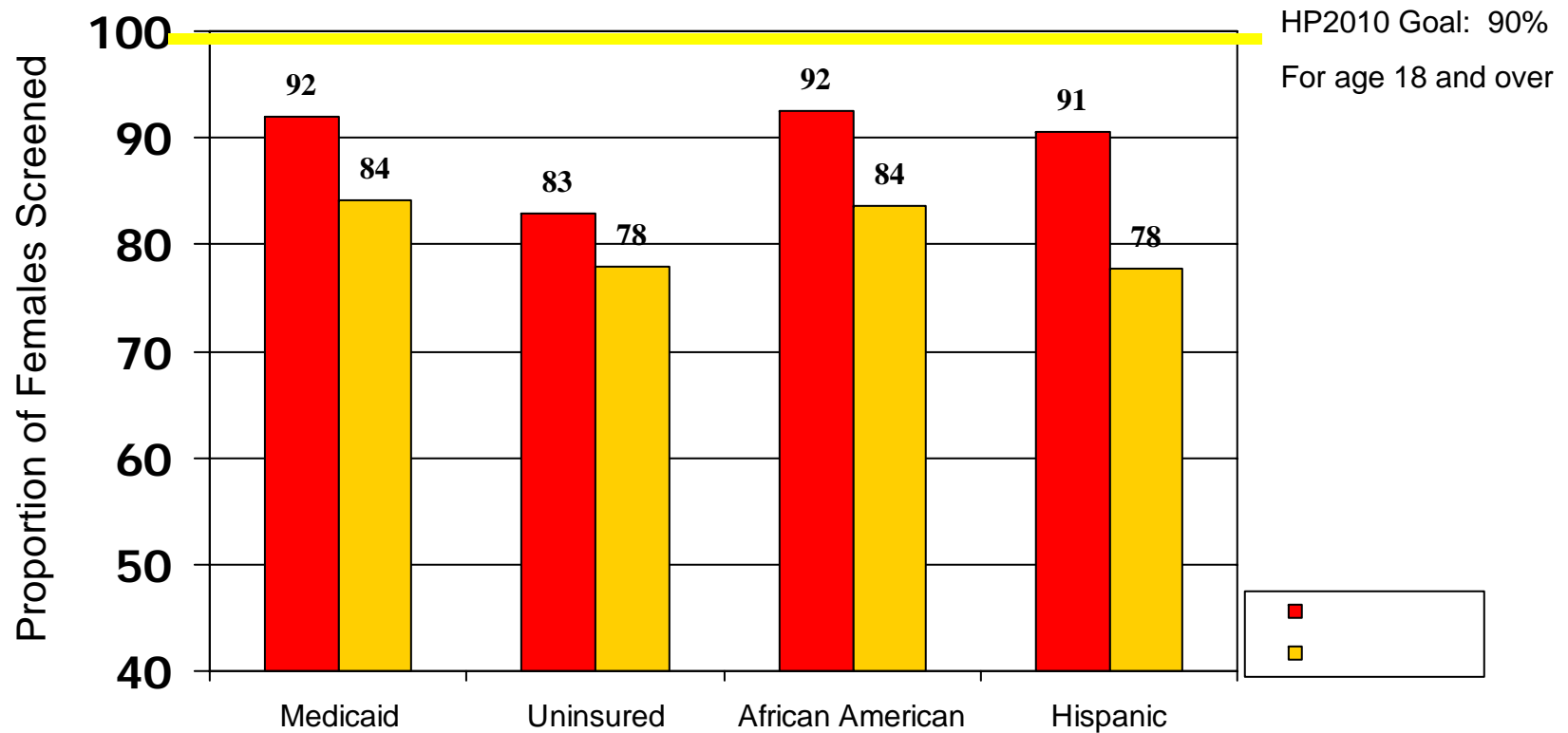
Mammography Screenings Among Health Center Females Remain Higher Than Females Below 200% FPL in the Nation



Sources: 2002 User Visit Survey
2000 National Health Interview Survey

Pap Smears: Health Centers Better

Pap Tests Among Health Center Females Remain Higher Than Females Below 200% FLP in the Nation



Sources: 2002 User Visit Survey
2000 National Health Interview Survey

Health Centers

Fact #6

Health centers provide high quality care for patients with multiple chronic conditions.

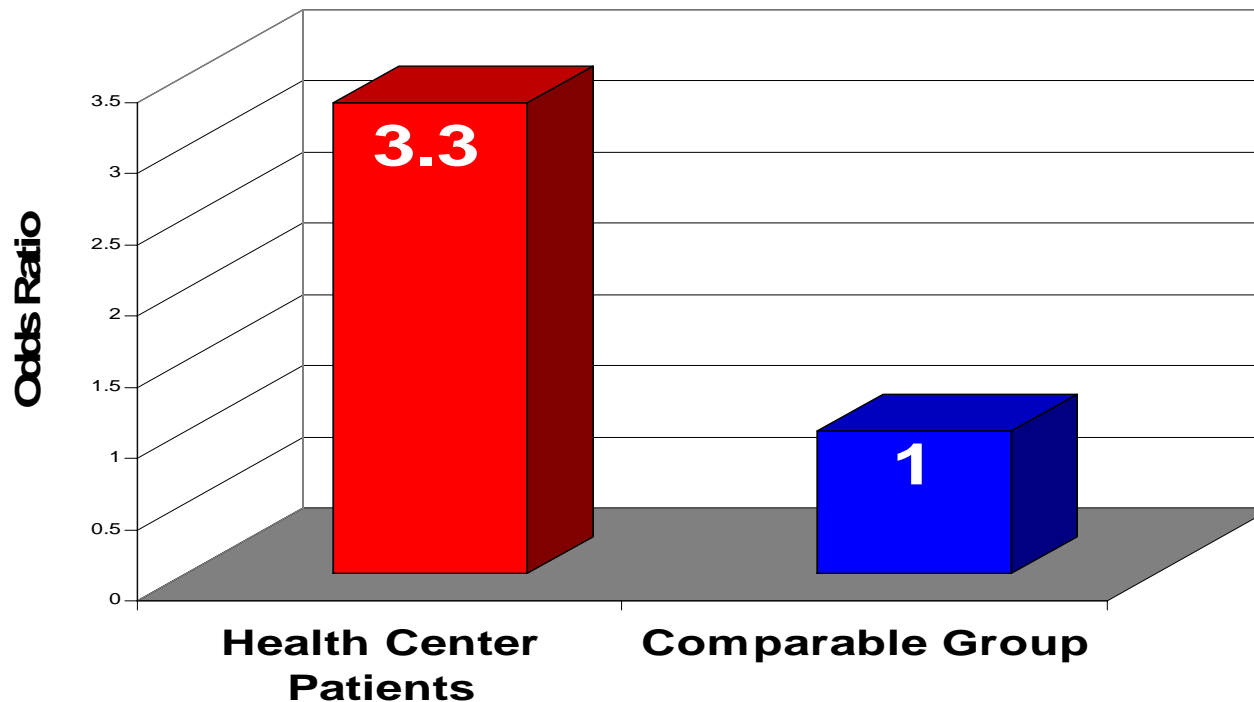


Health Centers Provide Leadership in Disease Management

- More than half of health centers have participated in at least one Chronic Disease Management Collaborative:
 - Cancer
 - Diabetes
 - Depression
 - Asthma
 - Perinatal
 - Prevention

Health Center Chronic Disease Management

African Americans & Hispanics with Hypertension at Health Centers are 3 Times as Likely to Report Blood Pressure Under Control as NHIS Comparable Group



Source: National Health Interview Survey - Measure is 140/90 and hypertension control is self-reported.



Collaboratives: A Success in Health Centers

“With federally funded health centers having fully embraced the (Disease Management Collaborative) model...**this has become arguably the largest, most important health care quality improvement initiative in the country.**”

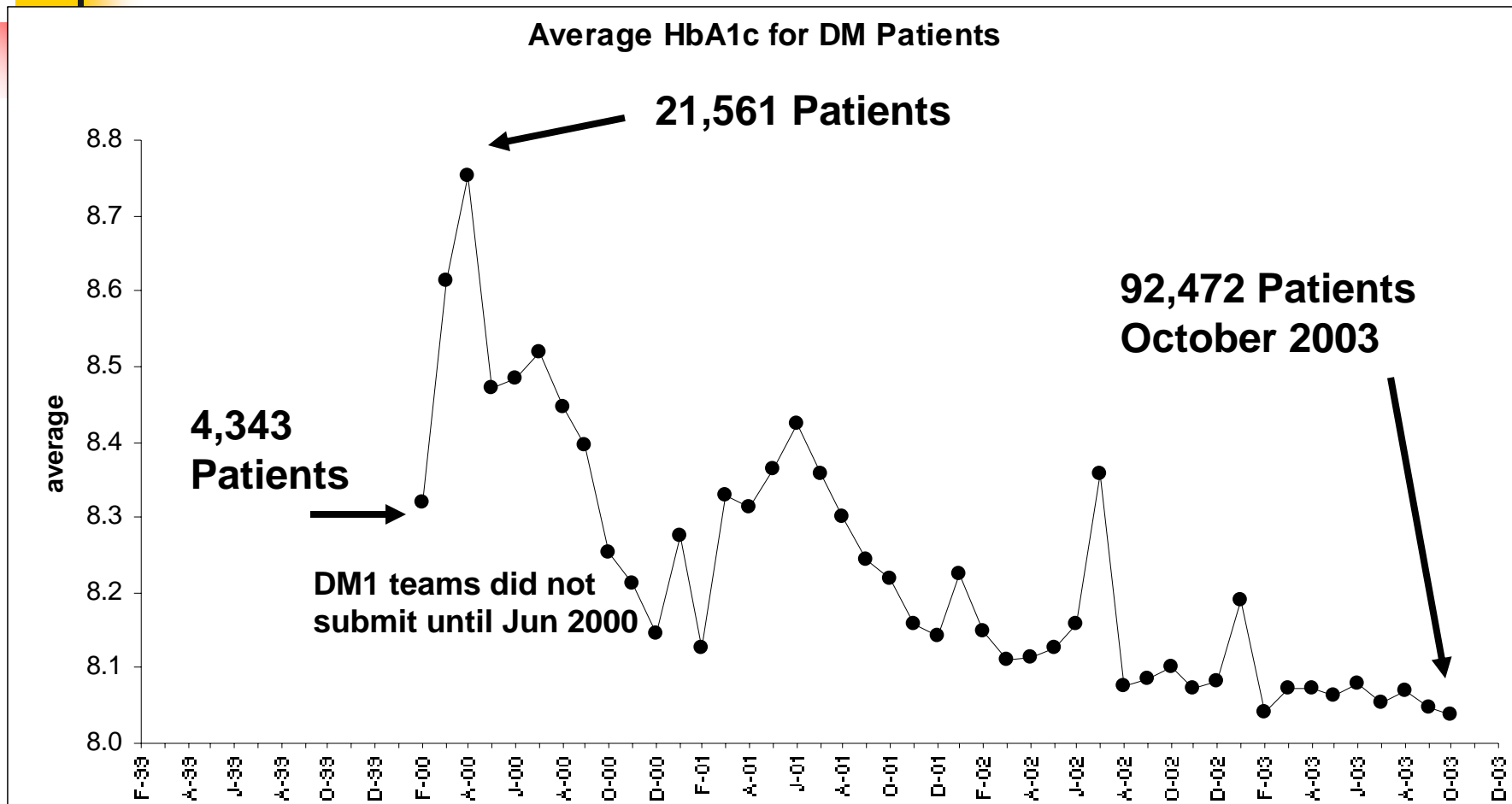
It’s exactly what the health care system needs right now – a demonstration that it is possible both to improve care dramatically and even reduce health care costs.”

Tracy Orleans, Ph.D., senior scientist at the Robert Wood Johnson Foundation

Advances Online, Robert Wood Johnson Foundation Newsletter, October 2002

Summary Measures: Diabetes Collaboratives

Feb 2000-Oct 2003



Source: HRSA/BPHC/IHI Contact: Jerry Langley

Email: jlanglej@apiweb.org



Federal Tort Claims Act (FTCA) Covers Most Health Centers

- **69% of health centers are “deemed” (covered) under the Federal Torts Claim Act.***
- **Health centers save the cost of malpractice insurance when covered by FTCA.**
- **Deeming indicates they have peer review, quality assurance and primary source verification of provider credentials.**

*Based on data as of 10/25/2004



Health Centers

Fact #7

Health center operations are strengthened by technical assistance from National, State and local partners.



National Linkages for FQHCs

- **HRSA's Bureau of Primary Health Care (BPHC)**
- **National Association of Community Health Centers (NACHC)**
- **National Health Care for the Homeless Council (NHCHC)**
- **National Center for Farmworker Health (NCFH)**
- **National Rural Health Association (NRHA)**
- **White House – President's Health Center Initiative**



State-Level Linkages for FQHCs

- **Primary Care Associations (PCAs)**
 - **Workforce Recruitment**
 - **Statewide Strategic Planning**
 - **Emergency Preparedness**
- **Primary Care Offices (PCOs)^{*}**
 - **Shortage Area Designations**

*Located in State Health Departments



Local Linkages for FQHCs

Collaborating with local providers:

- Local health departments
- Local hospitals
- Other primary care providers
- Managed Care Organizations
- Specialists
- Pharmacies



Local Linkages for FQHCs

- Schools & universities
- Community-based programs
- Medical society
- Business groups
- Employers
- Faith-based institutions



Health Centers

Fact #8

Health centers stand ready to serve as the State Medicaid Agency's (SMAs) provider of choice.



As Medicaid Providers of Choice, Health Centers...

- Help SMAs ensure access and quality in local provider networks.
- Accept new Medicaid patients when other providers do not.
- Are opening new access points in areas of greatest need.
- Reduce overall costs by 30% (emergency room, inpatient, drugs).



Next Steps to Improve the Value of Partnership with FQHCs

- **SMAAs partner with PCAs in developing Medicaid waiver applications and legislation.**
- **SMAAs, health centers and PCAs jointly address the issues.**

AMERICA'S HEALTH CENTERS



**Reducing Medicaid cost while sustaining quality
and improving health outcomes**



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