



# NC’s Community Health Centers Can Help Make Medicaid More Predictable and Sustainable

## What are community health centers?

Federally-qualified health centers, or community health centers (CHCs), are community-based, patient-governed primary care practices designed to serve individuals on a sliding fee basis. CHCs provide coordinated medical, dental, behavioral health, pharmacy, and enabling services<sup>1</sup> to over 466,000 North Carolinians. The health center network consists of 180 clinical sites in 66 counties across NC from the barrier islands to the mountains.

Compared to their counterparts nationally, NC health centers see more uninsured patients and fewer Medicaid patients:

North Carolina Health Centers	VS	Health Centers Nationally
52% of patients are uninsured		36% of patients are uninsured
25% have Medicaid insurance		41% have Medicaid insurance

NC health centers are safety-net providers, and they are also industry leaders. CHCs lead primary care innovation as patient-centered medical homes and utilize team-based and integrated care, 340b discount drug pricing, and telehealth remote patient monitoring while stressing community engagement through outreach and collaboration.

## What can community health centers do NOW to reduce Medicaid costs?

**PROBLEM:** Expensive and oftentimes unnecessary hospital care is a significant Medicaid cost.

**SOLUTION:** Partner with health centers to reduce hospital utilization among both Medicaid and uninsured patients.

- The Health Center Model works: A 2011 study found that Medicaid patients in CHCs are one-third less likely to utilize expensive hospital care compared to Medicaid patients in other settings.<sup>2</sup>
- Health centers must be located in high-need areas, provide extended hours of service, and provide after-hours coverage when the health center is closed. These factors help to reduce hospital utilization.
- Hospitals charge \$1,233 for a non-acute emergency room visit. A single primary care visit at a CHC costs \$129.<sup>3</sup>
- NC CHCs coordinate (ER) diversion programs with partner hospitals. Three models in action include: (1) CHC provides ongoing primary care for the partner hospital’s “high flyer” patients, dramatically reducing hospital utilization; (2) CHC allows partner hospital to directly schedule patients into the CHC’s practice management system to insure post-discharge follow-up; and (3) CHC embeds a clinic in the hospital emergency room, and the hospital encourages patients with non-emergent conditions to visit the CHC clinic instead of the hospital ER.

**PROBLEM:** Medicaid reimbursement incentivizes face-to-face visits with a provider even when other care models are more effective and efficient.

**SOLUTION:** Incentivize use of remote patient monitoring to decrease care utilization and improve patient self-management.

- NC CHCs have utilized remote patient monitoring for chronic disease patients to reduce hospitalization and encourage self-care. The NC Telehealth Network was directly responsible for a 72% decrease in costs, a 50%

<sup>1</sup> Enabling services include eligibility assistance, outreach, transportation, case management and interpretation.

<sup>2</sup> Rothkopf J., Brookler K., Wadhwa S. et al. Medicaid patients seen at federally qualified health centers use hospital services less than those seen by private providers. *Health Aff*, July 2011, 30:1335-1342.

<sup>3</sup> Health center cost: BPHC, HRSA, DHHS, 2012 Uniform Data System (UDS). Hospital charge: Median charge for 10 most common outpatient conditions in ED. Caldwell N., Srebotnjak T., Wang T., Hsia R. (2013) “How Much Will I Get Charged for This?” Patient Charges for Top Ten Diagnoses in the Emergency Department. *PLoS ONE* 8(2): e55491.

decrease in hospital bed days, and an 81% decrease in ER visits among participating patients.<sup>4</sup> Currently, Medicaid does not reimburse for remote patient monitoring.

**PROBLEM:** Health centers can reduce Medicaid costs, but the Health Center Model is underutilized in NC.

**SOLUTION:** Auto-assign Medicaid patients to CHCs if they do not designate a primary care provider.

- CHCs have extensive experience caring for vulnerable patients and have developed a range of services to meet patients' needs. They provide integrated behavioral health services and many have on-site dental and pharmacy services. CHCs' also provide enabling services to facilitate access to care.
- CHCs continue to care for North Carolinians who cycle between Medicaid coverage and uninsurance. Providing continuity of care and ongoing case management reduces Medicaid costs when individuals cycle back onto Medicaid coverage.
- CHCs utilize the 340b Drug Pricing Program to provide significant prescription drug savings to both the Medicaid program and Medicaid recipients. Through the 340b program, CHCs save Medicaid an average of \$60 per Medicaid prescription.

## **How can community health centers help to achieve a predictable and sustainable Medicaid?**

**PROBLEM:** The current fee-for-service system prevents resources from being moved along the health care continuum to where they can have the most impact – in primary care. Because effective, low-cost interventions are not reimbursed, providers are perversely incentivized to bring patients in for office visits and unnecessary labs, exams and other procedures.

**SOLUTION:** Create stepping stones to transition providers from fee-for-service to value-based payment.

- In moving from a system that pays for volume to a system that pays for value, providers need the flexibility and appropriate reimbursement to innovate in ways that demonstrate quality improvement, outcome attainment, and cost savings. The transition is time and resource intensive and will require a realignment of human resources, information technology and care delivery models.
- Invest in resources to expand evening and weekend hours at CHCs to give Medicaid patients an option for care other than the emergency room.
- Provide payments to support nurse advice phone lines, health education, and outreach resources.
- Champion the establishment of CHC services embedded in hospital emergency departments.

Give CHCs a seat at the table when designing and implementing payment reform and system redesign. We encourage the move from volume-based to value-based reimbursement and want to participate in the strategic discussions and implementation of Medicaid reform that will help to achieve these goals.

## **Start laying the roadmap to a more sustainable and predictable Medicaid program.**

Medicaid will always need some improvements. "Fixing" the program is process, not an event. Start by laying the roadmap to a more sustainable and predictable Medicaid program. Once the roadmap is in place, we should use all available resources to start addressing the problem of the uninsured.

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<sup>4</sup> Schwartz, Kim A., Piland, Wanda. "TELEHEALTH: Success with Remote Patient Monitoring." Roanoke Chowan Community Health Center, Inc.