

American Osteopathic Association

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Introduction to Federally Qualified Health Centers

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of



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In the Beginning ...

- 1964: Title VI of the Economic Opportunity Act
 - First health center model, combining community resources with Federal funds
- 1965: First two “neighborhood health center” demonstration projects funded in Boston and Mound Bayou, Mississippi
- 1966: Community Health Centers Act



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Authorization of Various Health Center Programs

- 1975: Title V of the Special Health Revenue Sharing Act
 - Permanently authorized neighborhood health centers as “community and migrant health centers”
- 1987: The Stewart B. McKinney Homeless Assistance Act
 - Authorized Health Care for the Homeless program
- 1990: The Minority Health Improvement Act
 - Authorized Public Housing Primary Care program



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And Then There Was One

- 1996: The Health Centers Consolidation Act
 - Consolidated the community, migrant, homeless and public housing primary care programs under one authority – Section 330 of the Public Health Service Act

What started as a demonstration project 40 years ago and grew into several programs separately authorized is now a single program

- FY 2010: \$2.19 billion
- President's request for FY 2011: \$2.435 billion (Senate Report for FY 2011 appropriates \$2,185,146,000 but CR still in effect)



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Health Center Appropriations

- The Affordable Care Act provides \$11 billion in funding over the next 5 years for the operation, expansion, and construction of health centers throughout the Nation.
- \$9.5 billion is targeted to:
 - Create new health center sites in medically underserved areas.
 - Expand preventive and primary health care services, including oral health, behavioral health, pharmacy, and/or enabling services, at existing health center sites.
- \$1.5 billion will support major construction and renovation projects at community health centers nationwide.
 - This increased funding will enable health centers to nearly double the number of patients seen.



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Health Centers Today

- Located in all 50 states and all U.S. territories
- 1,250 nationwide with locations in rural and urban medically underserved communities
- Provide comprehensive preventive and primary care to 20 million Americans



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Core Requirements for FQHCs

- Serve a medically underserved area (MUA) or medically underserved population (MUP)
- Have a governing board (comprising 9-25 individuals)
 - Majority are active consumers of the FQHC services and are demographically representative of the populations served by the FQHC
 - Non-consumer Board members must represent the community served and be selected for expertise in areas such as finance and banking, legal community affairs, etc. No more than 1/2 of non-consumer board members may derive 10% of income from the health care industry



Core Requirements for FQHCs

- Provide, or arrange for the provision of, the required services, which include comprehensive primary and preventive health care services (including essential ancillary and enabling services) across all life stages
 - basic health services related to family medicine, internal medicine, pediatrics, obstetrics, or gynecology
 - diagnostic laboratory and radiologic services
 - preventive health services (e.g., prenatal and perinatal services; cancer and other disease screening; eye, ear, and dental screening for children; family planning services; and preventive dental)
 - emergency medical services
 - pharmaceutical services as may be appropriate
 - referrals to providers of other health-related services (including substance abuse and mental health services)



Core Requirements for FQHCs

- Have a schedule of charges designed to cover reasonable costs of operation and consistent with locally prevailing (community) rates
- Have a corresponding schedule of discounts
 - Adjusted based on ability to pay for all uninsured or underinsured patients earning annual incomes below 200% of the federal poverty level
 - Full discounts or “nominal” charges for uninsured or underinsured persons earning annual incomes at or below 100% of poverty



Types of Federally Qualified Health Centers

- SECTION 330 GRANTEE or Sub-Grantee: Private, charitable, tax-exempt nonprofit organization or public entity that receives grant funding under one or more programs of Section 330 of the Public Health Service Act
- LOOK-ALIKE: Private, charitable, tax-exempt nonprofit organization or public entity that is determined by DHHS to meet requirements to receive funding but does not receive a Section 330 grant



Federal Benefits

- Section 330 grantees only
 - Loan guarantees
 - Federal Tort Claims Act ("FTCA") coverage
 - Federal anti-kickback statute safe harbor for certain arrangements that benefit the underserved populations served by the health center



Federal Benefits

- Section 330 grantees and look-alikes
 - Opportunity to apply for Federal grants to support the otherwise uncompensated costs of providing comprehensive primary and preventive health care and enabling services in medically underserved communities
 - Favorable drug pricing under Section 340B of the Public Health Service Act
 - Cost-related Reimbursement ("fair payment") from Medicare, Medicaid, and CHIP
 - Reimbursement by Medicare for "first dollar" of services rendered to Medicare beneficiaries, *i.e.*, deductible is waived



Health Reform: Patient Protection and Affordable Care Act

• Reimbursement

- Expands Medicaid coverage up to 133% of FPL
- Establishes new FQHC Medicare Prospective Payment System (“PPS”)
- Requires that FQHCs be paid no less than FQHC Medicaid PPS rates from private plans participating in State-based health insurance exchanges



Payment and Delivery System Reforms

• Center for Medicare and Medicaid Innovation (CMI)

- Begins January 1, 2011
- \$10 billion appropriated during FY 2011-2019
- Tests innovative payment and service delivery models to reduce program expenditures while preserving or enhancing quality of care
- Preference for models that improve the coordination, quality, and efficiency of healthcare services
- Models should address defined populations for which there are deficits in care leading to poor clinical outcomes or potentially avoidable expenditures



Payment and Delivery System Reforms

• Medicaid Global Payment System Demonstration

- Up to five states
- States may adjust payments to eligible safety net hospital systems or networks from a FFS structure to a global capitated payment model

• Medicare Pilot Testing of Bundled Payments

- An eligible entity consists of providers and suppliers, including a hospital, physician group, a SNF, and a home health agency
- Bundled payment would cover costs of all services furnished to a beneficiary during an episode of care

• Medicare Shared Saving (ACO) Program

- Participating ACOs will be eligible to receive payments for shared savings if it achieves quality and cost containment standards



Health Reform: Patient Protection and Affordable Care Act

• Section 330-Related Funding Opportunities

- New Access Point
 - Application must be submitted to grants.gov by November 17, 2010, and then submitted through the HRSA EHB system by December 15, 2010
- Expanded Medical Capacity
- Service Expansions
- Oral / Behavioral Health
- Other Federal Grant Opportunities
- Community Transformation Grants
- Community-Based Collaborative Care Networks
- Community Health Teams and Patient-Centered Medical Homes



Health Reform: Patient Protection and Affordable Care Act

• National Health Service Corps

- Allocates \$1.5 billion over five years for the National Health Service Corps, which will place an estimated 15,000 primary care providers in communities with health professional shortages (FY 2011 - \$290 million; FY 2012 - \$295 million; FY 2013 - \$300 million; FY 2014 - \$305 million; and FY 2015 - \$310 million)



Health Reform: Patient Protection and Affordable Care Act

• Title VII Teaching Health Centers Development Grants

- Grants will cover the costs of establishing or expanding a primary care residency training program, including costs associated with:
 - curriculum development;
 - recruitment, training and retention of residents and faculty;
 - accreditation by the Accreditation Council for Graduate Medical Education, the American Dental Association, or the American Osteopathic Association; and
 - faculty salaries during the development phase
- \$25,000,000 for FY 2010, \$50,000,000 for FY 2011, and \$50,000,000 for FY 2012



Health Reform: Patient Protection and Affordable Care Act

- Co-locating Primary and Specialty Care in Community-Based Mental Health Settings
 - Authorizes grants and cooperative agreements to community mental health centers
 - For establishing demonstration projects for the provision of coordinated and integrated services to special populations through the co-location of primary and specialty care services in community-based mental and behavioral health settings
 - Funding amount: \$50,000,000 for FY2010 and such sums as may be necessary for FY2011 through FY2014

New Models of Care

- Patient-Centered Medical Homes:
 - Personal physicians
 - Whole person orientation
 - Coordinated and integrated care
 - Safe and high-quality care through evidence-informed medicine, appropriate use of health information technology, and continuous quality improvements
 - Expanded access to care
 - Payment that recognizes added value from additional components of patient-centered care

New Models of Care

- Accountable Care Organization:
 - Group of providers jointly responsible for the quality and cost of healthcare services for a population of patients
 - Combination of one or more hospitals, physician groups (primary care and specialty), and other providers
 - Financial incentives to meet quality benchmarks or cost-savings
 - Shared governance structure
 - Formal legal structure that allows organization to receive and distribute payments for shared savings to participating providers
 - Leadership and management structure that includes clinical and administrative systems

Affiliation Opportunities

- Referral agreement
- Co-location agreement
- Lease of clinical personnel, administrative support staff, space and equipment, and/or management / administrative services contracts
- Community Benefit Grant
- Alternate Non-Emergency Services Initiatives
- Collaborative agreements with residency programs
- Health center formation / conversion



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