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September 2010
Special Edition - Issue #6

The Milestone (on) Times

Some News That's Fit to Print

In This Issue

Quick Links

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Dear Caryn,
Welcome to a special edition of the Milestone on Times.

Just about everyone has weighed in on health care reform but we wanted to take a slightly different approach. Instead of arguing the pros and cons of various provisions in the new law; we asked experts to look at the new law and help us identify challenges and opportunities for the companies that plan, design, build and operate healthcare facilities. Below, Lewis Lefko, an attorney with Winstead PC of Dallas, offers his take on the new law and the provisions for new funding for Federally Qualified Health Centers.

Health Care Reform and the Future of Federally Qualified Health Centers

By Lew Lefko

On several levels, health care reform is a re-design process for the U.S. healthcare system. The changes to health care payment, delivery, education, research and organization are a transformational framework primarily targeted to the uninsured, Medicaid, other vulnerable and low income populations and Medicare beneficiaries.

The re-design concepts and characteristics aim for a systematic approach and

focus on:

- Continuity of care with specific providers, provider teams and partnerships involving accountable care organizations and medical homes;
- Care coordination through community-based care transitions programs, incentives to reduce hospital readmissions, bonuses to Medicare Advantage plans with care management programs, medical homes for individuals with chronic conditions and community health teams to support medical homes;
- Enhanced access to care through expansion of Medicaid, affordable coverage through health insurance exchanges, elimination of pre-existing conditions, benefit limits and other barriers to care and emphasis on educating more primary care providers;
- Improved quality and outcomes resulting from comparative effectiveness research, electronic health records, and incentives to reduce hospital-acquired conditions; and
- Patient-centered interactions through individual prevention plans, wellness programs and increased transparency of performance data.

Healthcare reform has created new opportunities for federally qualified health centers (FQHCs) to play a greater role. FQHCs (which include federally-funded community health centers, migrant health centers, homeless health centers and public housing health centers) will receive $11 billion in new funding over the next five years to serve the expanded Medicaid population, the newly insured and medically underserved areas and populations. Approximately $9.5 billion of the funding is designated for FQHCs' expansion of their operational capacity to 20 million new patients and enhancement of their medical, dental and behavioral health services. Capital needs including expanding and improving existing facilities and constructing new sites, will be met by $1.5 billion in new spending.

FQHCs exist to improve the health of underserved communities and vulnerable populations by assuring access to comprehensive, culturally competent, quality primary health care services. Over 1,000 FQHCs with 7,500 service sites currently serve 20 million patients - 92% of those patients live in households below 200% of the federal poverty level. Besides comprehensive primary care services, FQHCs provide "enabling" services such as education, translation and transportation that promote access to care.

Performance and accountability requirements must be met in administrative, clinical and financial operations. Governance of a FQHC is the responsibility of a community board composed of a majority of patients who represent the population served. FQHCs were supported strongly by the Bush administration and are viewed as key by the Obama administration to creating the infrastructure and managing health reform's Medicaid eligibility expansion and extension of coverage to the uninsured.

Various studies have shown that FQHCs are a cost effective model of care that improves health outcomes:

- Medicaid cost of care per patient is 30% lower at FQHCs compared to other primary care providers;
- Overall costs at FQHCs are 25% lower than other primary care providers;
- Communities with FQHCs have fewer inappropriate hospital emergency room visits - 25% fewer uninsured emergency room visits; and
- Strong performance in health care quality and outcome with reduced ethnic and racial disparities in health outcomes have been demonstrated at FQHCs.

Based on their ability to increase access to primary care services and positively effect cost containment strategies, FQHCs will be pivotal in achieving the medical home concept under health reform. Medical homes serve as the first contact for an individual's care or point of entry for new problems. Medical homes serve as the individual's regular source of care and coordinate care across an individual's conditions, providers and other health care settings. The indicators for a medical home - patient tracking/registry, diagnostic test tracking (alerts and prompts to providers to contact patients with test results), referral and consultation report tracking, enhanced access (same-day/next-day appointments) and communication (telephone advice during and after office hours), and performance reporting and improvement on clinical outcomes and patient satisfaction - are also the domains of FQHCs.

Besides the direct financial support to FQHCs, other funding and payment protections under health reform will provide resources to FQHCs:

- $1.5 billion for the National Health Service Corps to place 15,000 primary care providers in medically underserved communities;
- $15 billion for the Public Health Trust Fund for electronic health record/information technology initiatives, workforce initiatives and preventive healthcare priorities.
- Authorized funds for "teaching health centers" described as community-based ambulatory care centers operating primary care residency programs, available to FQHCs that sponsor the residency program;
- Requirements for health plans that contract with state health insurance exchanges to include FQHCs in provider networks and pay no less than Medicaid rates; and
- Addition of prevention services to the FQHC Medicare rate and elimination of Medicare payment "cap" on FQHC payments.

Nonprofit hospitals have new community health assessment and community benefit requirements under tax reform. Both nonprofit and for profit hospitals desire to reduce the use of their emergency rooms for primary care and collaborate in the development of primary care alternatives and outpatient services in the community. Partnering arrangements between hospitals and FQHCs for programs, services, staffing and other areas are likely to increase in order to re-direct non-urgent patients to FQHCs.

FQHCs will be particularly needed in Texas which is burdened by uninsured ranks of over 25% of its population, about 6 million persons in Texas. Approximately 1.3 million will be covered by health reform's expanded Medicaid program, and more than 2 million will qualify for subsidized coverage through the Texas health insurance exchange. Expanded FQHC capacity and newly constructed community-based centers in medically underserved areas will be needed. Opportunities exist for creative retrofitting of blighted buildings in rural downtowns and abandoned retail strip centers in urban Texas into FQHCs.

FQHCs will face challenges in reconfiguring their operations and revenue systems to meet the new opportunities awaiting them under health reform. FQHCs now have unprecedented resources and legislative support to play a pivotal role in the nation's health care system.

About the Author

Lew Lefko has more than 35 years of experience in health planning, healthcare administration and healthcare law. He previously was a healthcare consultant and served as director of planning for a teaching hospital and hospital management company. He has ten years of experience as in-house counsel for two healthcare systems. Lew advises hospitals, medical groups, other healthcare providers, healthcare management companies, pharmaceutical companies, medical device manufacturers and medical billing companies on patient care, operations, corporate compliance, ethics, regulatory and transactional matters.

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Sincerely,

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