

# Medicaid Service Delivery: Federally Qualified Health Centers

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A Primer

# **MEDICAID**

## Medicaid: Overview

- ❑ **A federal and state program for health care and social services**
  - One in five Americans (72.2 million) were enrolled in Medicaid in 2012
- ❑ **All states participate in Medicaid**

## Medicaid: Services

### ❑ Covered services include

- Inpatient hospital services
- Outpatient hospital services
- Other laboratory and X-ray services
- Nursing facility services
- Services furnished by a certified pediatric nurse practitioner or certified family nurse practitioner
- Freestanding birth center services
- Others...

# Medicaid: Eligibility

## □ Eligible Populations

- Mandatory and Optional Eligibility Groups
  - States with a Medicaid program must cover mandatory groups
  - States may elect to cover additional optional groups
- Generally, Medicaid covers low-income individuals, including
  - Children
  - Pregnant women
  - Parents of dependent children
  - Persons with disabilities
  - Elderly persons
- Income thresholds vary by state

# Medicaid: A Federal-State Partnership

- ❑ **Medicaid is jointly funded by states and the federal government**
  - Federal government contributes a specified percentage of state Medicaid expenditures
    - Referred to as the federal medical assistance percentage (FMAP)
      - FMAP varies by state and type of social service

# Medicaid: A Federal-State Partnership (Cont.)

## ❑ Federal Medicaid framework

- States must comply with Federal Medicaid requirements to receive FMAP
  - But flexibility in requirements for states to
    - Cover different populations
    - Cover different services
    - Determine healthcare provider reimbursement rates



## Affordable Care Act (ACA)

- ❑ **Federal health reform law passed in 2010**
  - Expands Medicaid eligibility and services
- ❑ **National Federation of Independent Business v. Sebelius, 132 S. Ct. 2566 (2012)**
  - US Supreme Court decision allows states to choose whether to expand Medicaid under the ACA
    - 27 states choosing ACA Medicaid expansion in 2014 (including DC)
    - 21 states opting against ACA Medicaid expansion
    - 3 states still debating ACA expansion

# Medicaid and Health System Transformation

- ❑ **Federally Qualified Health Centers (FQHCs)**
  - States can use Medicaid's Prospective Payment System and FQHCs to expand healthcare access to:
    - Underserved populations
    - Newly-eligible Medicaid populations

New Approaches to Healthcare Delivery

# **FEDERALLY QUALIFIED HEALTH CENTERS**

# Federally Qualified Health Centers (FQHCs)

## ❑ What is an FQHC?

- Nonprofit organizations receiving grants through Section 330 of the Public Health Services Act and certain tribal organizations

## ❑ Purpose

- The FQHC program is intended to increase the provision of primary care services in underserved communities

## ❑ Types

- Community health centers
- Migrant health centers
- Healthcare for the homeless centers
- Public housing primary care centers
- FQHC “Look-Alikes”

Section 330 of the Public Health Services Act is found at 42 U.S.C. § 254b.

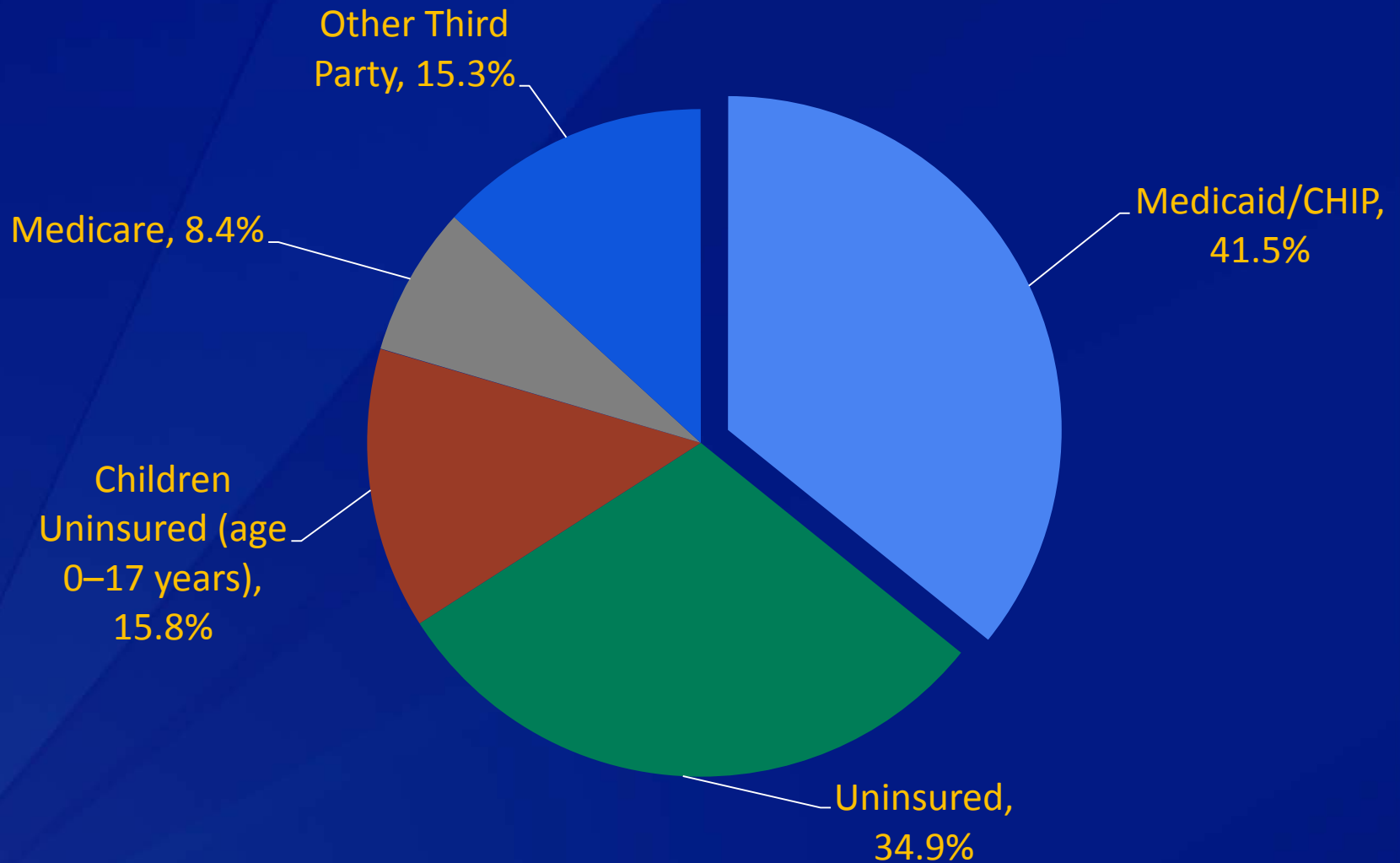
*Federally Qualified Health Center*, CENTERS FOR MEDICARE AND MEDICAID SERVICES, 2013. Available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/fqhcfactsheet.pdf>.

# FQHC “Look-Alikes”

## □ FQHC “Look-Alike”

- Meets the same eligibility requirements for receiving Section 330 Public Health Service Act grants, but do not receive grant funding.
- FQHC “Look-Alikes” receive some of the same benefits as FQHCs:
  - e.g. Prospective Payment System or state-approved Alternative Payment Methodology reimbursement

# FQHC: Insurance Status of Patients



2013 Health Center Data, Health Resources and Services Administration. Available at <http://bphc.hrsa.gov/uds/datacenter.aspx?year=2013>.

## FQHC: Patient Population

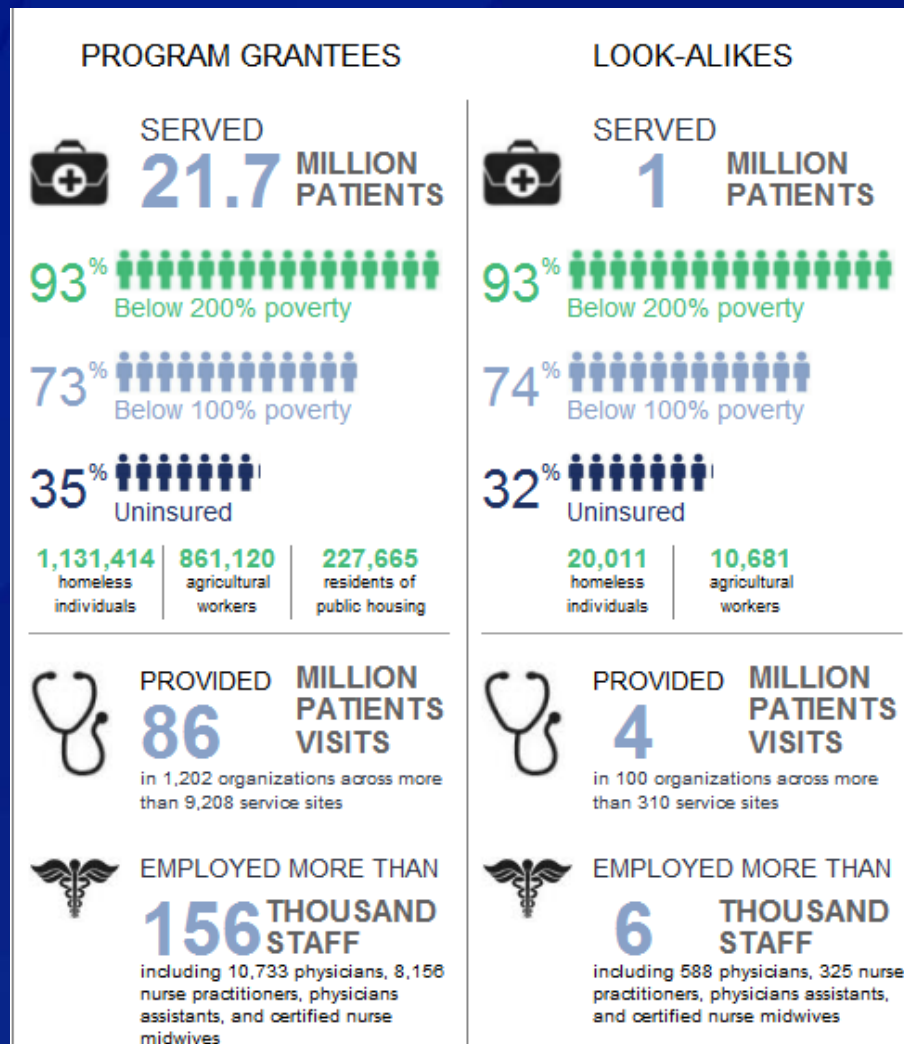
### □ Age

- Children (< 18 years old) = 31.7%
- Adult (18–64 years) = 60.9%
- Older Adults (age 65 years and over) = 7.4%

### □ Income

- 92.8% of patients at or below 200% of FPL
- 71.9% of patients at or below 100% of FPL

# FQHC: 2013 Health Center Impact



2013 Health Center Data, Health Resources and Services Administration. Available at <http://bphc.hrsa.gov/uds/datacenter.aspx?year=2013>.



## FQHC: Care and Services

- ❑ **FQHC provide primary and preventive care services, including**
  - Medical (18.6 million patients)
  - Dental (4.4 million patients)
  - Mental Health (1.1 million patients)
  - Substance Abuse (105,000 patients)
  - Vision (388,000 patients)
  - Enabling (2.1 million patients)
- ❑ **Specialty referrals**

# FQHC: Cost and Quality

## □ Healthcare quality

- Some evidence that quality of care at FQHCs is comparable, if not superior, to private primary care practitioners
  - “FQHCs and look-alikes demonstrated equal or better performance than private practice PCPs on select quality measures despite serving patients who have more chronic disease and socioeconomic complexity.”

## □ Healthcare cost

- Some evidence that FQHCs are cost-effective, due in part by
  - Greater access to preventive care
  - Reduced emergency room visits
  - Reduced hospitalizations

Goldman L, et al. *Federally Qualified Health Centers and Private Practice Performance on Ambulatory Care Measures*, 43. AM J PREV MED., no. 2, 2012;142,148.

Rothkopf J, et al. *Medicaid Patients Seen At Federally Qualified Health Centers Use Hospital Services Less Than Those Seen By Private Providers*. HEALTH AFFAIRS, 30, no.7, 2011;1335–1342.

Ku R, et al. *Using primary care to bend the curve: Estimating the impact of a health center expansion on health care costs*. GEORGE WASHINGTON UNIVERSITY, SCHOOL OF PUBLIC HEALTH AND HEALTH SERVICES, DEPARTMENT OF HEALTH POLICY, 2009. Available at [http://hsrc.himmelfarb.gwu.edu/cgi/viewcontent.cgi?article=1024&context=sphhs\\_policy\\_ggrchn](http://hsrc.himmelfarb.gwu.edu/cgi/viewcontent.cgi?article=1024&context=sphhs_policy_ggrchn)

*Federally Qualified Health Centers: Are They Effective?*, CENTER FOR HEALTH CARE RESEARCH & TRANSFORMATION, 2013. Available at [http://www.medpac.gov/documents/reports/Jun11\\_Ch06.pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/Jun11_Ch06.pdf?sfvrsn=0)

## FQHC: The Medicaid Prospective Payment System (PPS)

- ❑ Medicaid operates on PPS for FQHC services
- ❑ PPS is intended to compensate FQHCs the estimated actual cost of services to patients
- ❑ PPS is intended to cover comprehensive services, including
  - Primary care
  - Dental
  - Mental health
  - Prescriptions
  - Enabling services that improve patient access to care and encourage healthy behavior

42 U.S.C. § 1396a(bb); *see also* 42 U.S.C. § 1395m(o) (relating to Medicare PPS); 42 C.F.R § 2400 et al (relating to CMS Medicare PPS rules).

*FQHC Prospective Payment System: Essential to the Health Center Model*, NATIONAL ASSOCIATION OF COMMUNITY HEALTH CENTERS. Available at [http://www.nachc.org/client/Health%20Center%20PPS%20Fact%20Sheet\\_final.pdf](http://www.nachc.org/client/Health%20Center%20PPS%20Fact%20Sheet_final.pdf). (Last accessed Aug. 28, 2014.)

# FQHC: The Medicaid Prospective Payment System (PPS) (Cont.)

- ❑ **Payments are based on**
  - The total number of patient encounters
  - The historical use and costs of FQHC services
    - PPS rates are facility-specific
    - PPS rates are adjusted annually
- ❑ **Payments can be adjusted for changing circumstances**
  - For example, changes to the utilization of services
- ❑ **Enhanced Medicaid Payments**
  - PPS reimbursements are typically more than standard Medicaid rates
    - Enhanced rate incentivizes FQHCs to serve greater Medicaid population

# FQHC: Funding and Funding Cuts

## □ Recent Appropriations for FQHCs

- American Reinvestment and Recovery Act (2009)
  - \$2 billion in funding for FQHCs, including \$1.5 billion for the cost of new equipment and construction of new facilities
- ACA (2010)
  - \$11 billion appropriation (to be spent in FY 2011–2015) for a Health Center Trust Fund
    - Intended to support expanded operations and cost of new equipment and construction of new facilities

American Reinvestment and Recovery Act, PL 111-5, 123 STAT. 115 (2009).  
Patient Protection and Affordable Care Act, PL 111-148, 124 STAT. 119 (2010).

# FQHC: Funding and Funding Cuts

## □ Funding Cuts

- A federal budget agreement reduced FY 2011 funds by \$600 million
- Funding reduction continued in FY 2012
- Funding reductions have limited the expansion of FQHC services

*Community Health Centers: The Challenge of Growing to Meet the Need for Primary Care in Medically Underserved Communities*, THE HENRY J. KAISER FAMILY FOUNDATION, 2012;12–15. Available at <http://www.nhchc.org/wp-content/uploads/2011/09/Kaiser-health-center-challenges-March-2012.pdf>.

*Federally Qualified Health Centers: Are They Effective?*, CENTER FOR HEALTHCARE RESEARCH & TRANSFORMATION, 2013. Available at [http://www.medpac.gov/documents/reports/Jun11\\_Ch06.pdf?sfvrsn=0](http://www.medpac.gov/documents/reports/Jun11_Ch06.pdf?sfvrsn=0).

# Thank you!

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