Medicaid Service Delivery:
Federally Qualified Health Centers

Cason Schmit, JD
ORISE Fellow, Public Health Law Program

Public Health Law Program
Office for State, Tribal, Local and Territorial Support
Centers for Disease Control and Prevention
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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

42 U.S.C. § 1396a(a)(10)(A)
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

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
  - 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. 
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

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

<table>
<thead>
<tr>
<th>PROGRAM GRANTEES</th>
<th>LOOK-ALIKES</th>
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<tbody>
<tr>
<td><strong>SERVED</strong></td>
<td><strong>SERVED</strong></td>
</tr>
<tr>
<td>21.7 MILLION PATIENTS</td>
<td>1 MILLION PATIENTS</td>
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<tr>
<td>93% Below 200% poverty</td>
<td>93% Below 200% poverty</td>
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<tr>
<td>73% Below 100% poverty</td>
<td>74% Below 100% poverty</td>
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<tr>
<td>35% Uninsured</td>
<td>32% Uninsured</td>
</tr>
<tr>
<td>1,131,414 homeless individuals</td>
<td>20,011 homeless individuals</td>
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<tr>
<td>861,120 agricultural workers</td>
<td>10,681 agricultural workers</td>
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<tr>
<td>227,665 residents of public housing</td>
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<tr>
<td><strong>PROVIDED</strong></td>
<td><strong>PROVIDED</strong></td>
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<tr>
<td>86 MILLION PATIENTS VISITS</td>
<td>4 MILLION PATIENTS VISITS</td>
</tr>
<tr>
<td>in 1,202 organizations across more than 9,208 service sites</td>
<td>in 100 organizations across more than 310 service sites</td>
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<tr>
<td><strong>EMPLOYED MORE THAN</strong></td>
<td><strong>EMPLOYED MORE THAN</strong></td>
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<tr>
<td>156 THOUSAND STAFF</td>
<td>6 THOUSAND STAFF</td>
</tr>
<tr>
<td>including 10,733 physicians, 8,156 nurse practitioners, physicians assistants, and certified nurse midwives</td>
<td>including 588 physicians, 325 nurse practitioners, physicians assistants, and certified nurse midwives</td>
</tr>
</tbody>
</table>

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


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)

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: 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

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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


Thank you!

Cason Schmit

CSchmit@cdc.gov

(404) 498-2387

For more information, please contact CDC’s Office for State, Tribal, Local and Territorial Support

4770 Buford Highway NE, Mailstop E-70, Atlanta, GA 30341
Telephone: 1-800-CDC-INFO (232-4636)/TTY: 1-888-232-6348
E-mail: OSTLTSfeedback@cdc.gov Web: http://www.cdc.gov/stltpublichealth

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