

Alabama Primary Health Care Association

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Chief Executive Officer

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Ms. Angela Garner
Deputy Director
Division of State Demonstration and Waivers
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

**Re: Section 1115 Demonstration Proposal
Alabama Medicaid Transformation**

Dear Ms. Garner,

On behalf of the Alabama Primary Health Care Association (APHCA) I submit this letter to offer comments on the Alabama Medicaid Agency's (AMA) Section 1115 Demonstration Proposal – Alabama Medicaid Transformation (Waiver) filed with the Department of Health and Human Service's Division of State Demonstration and Waivers (HHS). On behalf of Alabama's network of Federally Qualified Health Centers (FQHCs) operating under the authority and provisions of §330 of the Public Health Service Act and over 100,000 Medicaid beneficiaries served within its network, APHCA has engaged in the system transformation planning process available to stakeholders. APHCA is supportive of Medicaid Reform predicated on true system transformation carefully designed to increase access to comprehensive and coordinated care for Alabama's most vulnerable, low income population through a patient centered and integrated approach. Given that the AMA Waiver proposal submitted to HHS contains changes from the draft previously available for public review during the State comment period, I appreciate consideration of the comments set forth below.

Waiver Purpose

As stated in its Waiver application, the AMA seeks waiver of applicable federal regulations and request funding to restructure and transition its current health care delivery system to a risk based managed care system through the development of Regional Care Organizations (RCOs). *This new approach to care will also further develop the use of health homes...and meet the CMS triple aim objectives to improve patient experience, improve health, and reduce costs.* Specifically stated objectives are to **address fragmentation** in the State's delivery system, *improve beneficiary outcomes, support quality care and protect and further improve access to health care providers and increase transparency and fairness in the Medicaid reimbursement system*¹, emphasis added. The State's application further emphasizes throughout its application the need for system transformation to improve care coordination, access to care and health outcomes for the Demonstrations population while transitioning the State's Medicaid system to one that focuses on value. Approval of its Waiver application will authorize AMA to develop the RCOs infrastructure statewide, deliver advanced and integrated case management services,

¹ Section 1115 Demonstration Proposal: Alabama Medicaid Transformation, May 20, 2014.

enhance programs that serve the State's low income populations, increase provider performance with national standards of quality and care—all while improve statewide health outcomes and access to health care services.

Expressly fundamental to the success of its Demonstration is the alignment of the new health system anchored by the advancement of medical homes and health home services through primary care providers (PMPs) *to provide and arrange for beneficiaries health care needs and health home services*, newly authorized under the Patient Protection and Affordable Care Act of 2010. Based on initial indicators of success in the State's health home pilot program, *AMA intends for the expansion of the Health Home Program to be a building block* for its transformed system such that when fully implemented, an estimated 231,200 beneficiaries will be eligible to receive advanced care coordination through health home services because they have been diagnosed with multiple chronic conditions or, with one chronic condition and at risk to develop additional chronic conditions. Under its proposed model, AMA will require that Regional Care Organizations ensure access to adequate physical health care and behavioral health care while leveraging the medical home and expanding the availability of health home services to eligible beneficiaries. Additionally RCOs will be required *to promote integration and care for the whole person* through the provision of advanced care coordination, social services and information sharing between providers.

Current Delivery System Challenges

System Fragmentation

AMA's transformation effort seeks to remedy several problems within the current delivery system and is fundamentally predicated on its belief that its proposed system will integrate services, eliminate the current silos between services and providers and improve quality in covered Medicaid services. Its proposal acknowledges vulnerabilities in its current system which it deems are created by current fragmentation including limited access to care coordination services including *limited services provided by a PMP through the Patient 1st program*. *This service fragmentation and lack of consistent care coordination can result in potentially preventable admission and re-admissions, duplicative testing and services, and unnecessary emergency department visits, all of which contribute to the higher than average utilization rates..."* AMA further acknowledges that *is current Patient 1st program...is not sufficiently robust to comprehensively manage the State's most vulnerable populations. Expanding upon the medical home services currently provided through the Patient 1st program and providing Health Home services to beneficiaries with chronic conditions statewide will improve coordination of care and drive improved health care outcomes².*

Unustainable Costs

In addition to seeking to expand access to medical homes, health home services and integrated and advanced care coordination to all Medicaid beneficiaries, AMA's application seeks to address its challenge in funding health care costs which *continue to rise at an unsustainable rate*. Again, AMA's proposal anticipates a reduction in the growth of care expenses to *significant opportunity to control costs through more effective coordination of care for beneficiaries* and

² Section 1115 Demonstration Proposal: Alabama Medicaid Transformation, May 20, 2014.

further asserts its belief that only though more effectively managed and coordinated services can it expect to achieve reduction in cost.

Misaligned Reimbursement System

Finally, AMA acknowledges the ongoing challenge created by a system of reimbursement *primarily focused on utilization and volume, rather than value and quality*. IN seeking to address this issue, its reform plan develops and implements a full at risk managed care model that will shift risks from AMA to the RCOs while holding regional care organizations—through the performance of its provider networks—accountable for improved access, quality and outcome performance against standardized measures. As stated in its Waiver application, *Contracting with locally-led RCOs will...better engage providers in solving cross-cutting health system issues such as how to coordinate and work with PMPs to establish standards of care, assist providers in effectively managing more costly and complex beneficiaries, and better utilize claims and other data to identify beneficiaries most likely to benefit from intervention*.

Leveraging Alabama's Safety Net to Strengthen the Medicaid's Reform Effort

The implementation of AMA's proposed RCO model will require extensive changes to the current delivery system as well as the need to support the development of RCO capacity and infrastructure, the delivery of advanced and expanded care coordination services, the enhancement of programs that serve the State's low income population while improving statewide health outcomes and access to health care services. As part of its proposal, AMA request the authority and funding support to make transitional payments that will fundamentally enhance Alabama's ability to improve access and move into a value based system of care. APHCA is supportive of the structural proposal for implementation of regionally based managed care as well as for the provision of necessary resources to ensure a responsible system transformation. APHCA is concerned, however, that without reconsideration of several specific policy and implementation strategies, there may be unintended consequences to the primary care safety net and to FQHCs their patients in particular.

FQHCs are an essential component of Alabama's safety net and annually provide medical homes for almost 350,000 individuals, over 100,000 who are Medicaid beneficiaries. The majority of the remaining 250,000 individuals are uninsured. Beyond playing a critical role in the Medicaid provider network, health centers have significant experience with individuals with one or more chronically conditions. In fact, health centers generally provide care for a more complex and sicker sub-population when compared to traditional office-based physicians. These patients are often attracted by their need for care across the primary and behavioral health spectrum as well as need for enabling services such as patient transportation, interpretive services, social services and patient education³.

³ The share of health center visits that involve the treatment of major chronic conditions is greater in health centers (18%) than in office-based physician practices (14%, p<.01). That includes depression (11% vs. 8% p<.10),

FQHCs as Accredited Patient Centered Medical Homes

Additionally, over the last several years, Alabama's health center network has begun the foundational process of redesigning their practices into a system of patient-centered medical homes (PCMH). The Department of Health and Human Services through CMS and the Health Service and Resources Administration has recognized the PCMH model as being foundational to health care system transformation. PCMH requires the development of a more resource-intensive primary care delivery system which yields higher value since it enhances coordination, especially during transitions of care, and reduces medical errors, duplication of services, and non-evidenced based care.

Alabama's health center have actively engaged in the rigorous process of transforming the traditional health center model into a more advanced primary care system providing timely care through team based approach and advanced coordination. National PCMH standards require organizations seeking accreditation or recognition as a PCMH to demonstrate a team based approach where quality and safety are combined with advanced care coordination and whole-person orientation ultimately leading to higher quality and lower costs, and can improve patients' and providers' experience of care. **Each of these outcomes directly aligns with the stated purposes and objectives of AMA's Transformation Waiver.**

Waiver Application Concerns

There are several components of the AMA Waiver application and implementation plan that are concerning and that APHCA request CMS review and consideration:

1. Specific Waiver Implementation Provisions are Inconsistent with National and State Goals
 - a. Access – AMA has expressly established goals and objectives within the Demonstration application to improve access, increasing quality, improving patient experience, expanding advanced care coordination, and reducing the fragmentation of service delivery. While the Demonstration application clearly expresses one of the primary methods of obtaining these objectives as the advanced and expanded use of medical homes and expanded health home services, AMA has determined that it will not allow FQHCs to serve as advanced medical homes through the provision of health home services as defined by the Affordable Care Act (ACA) as “comprehensive and timely high quality services provided by a designated provider, a team of health care professionals operating with such a provider, or a health team.” The services include:
 - i. Comprehensive care management;

diabetes (15% vs. 11% p<.01), and asthma (8% vs. 6 % p<.05) based on a George Washington University analysis from the Kaiser Commission on Medicaid and the Uninsured; Community Health Centers: The Challenge of Growing to Meet the Need for Primary Care in Medically Underserved Communities. (March 2012)
<http://www.kff.org/uninsured/upload/8098-02.pdf>

- ii. Care coordination and health promotion;
- iii. Comprehensive transitional care, including appropriate follow-up, from inpatient to other settings;
- iv. Patient and family support;
- v. Referral to community and social support services, if relevant; and
- vi. Use of health information technology to link services, as feasible and appropriate.

Alabama FQHCs are uniquely positioned and qualified to provide these health home services to Medicaid patients. Currently, Alabama FQHCs serve as the medical homes to 100,000 Medicaid beneficiaries through national accredited and recognized Patient-Centered Medical Homes which by design through national standards and accreditation demonstrate a team based approach where quality and safety are combined with advanced care coordination and whole-person orientation ultimately leading to higher quality and lower costs, and can improve patients' and providers' experience of care. Almost 70% of Alabama's health centers have been accredited by either The Joint Commission or recognized by the National Council of Quality Assurance (NCQA) as PCMHs. 20% of health centers are in survey review and the remaining 10% are in the final stages of organizational transition for accreditation application submission. Additionally, all of Alabama's FQHCs have completed Adopt/Implement/Upgrade (AIU) of certified electronic health records systems and are in final phase of 90 day meaningful use reporting period to transition into readiness for Stage 2 meaningful use compliance upon national vendor certification completion.

AMA's has expressed a fundamental Demonstration goal of leveraging the *expansion of the Health Home Program to be a building block* for its transformed system such that when fully implemented, an estimated 231,200 beneficiaries will be eligible to receive advanced care coordination through health home services because they have multiple chronic conditions or, with one chronic condition and at risk to develop additional chronic conditions. Almost 20% of these 231,200 beneficiaries estimated to be eligible and in need of advanced care coordination and other health home services are currently served in FQHCs through advanced accredited patient-centered medical homes.

Through its proposed Demonstration, AMA will require each RCO to provide expanded health home services to eligible beneficiaries. AMA expresses throughout its application the need to reduce system fragmentation, silo care, enhance system communication and improve continuity of care. However, given AMA's decision to prohibit FQHC participation in the health home program, RCOs will be required to refer Medicaid beneficiaries currently receiving care through advanced primary care models within a FQHC to other health home service providers (likely to service providers that are not nationally accredited or recognized by NCQA or TJC as PCMHs). FQHC patients are most notably medically underserved populations in medically underserved areas—FQHC

patients have a higher level of chronic disease or risk for multiple chronic disease development—have transportation and continuity of care challenges. Yet the prohibition by AMA of FQHCs as health home service providers will require RCOs to refer FQHC patients to other providers to receive health home services (which fundamental design deal with underlying medical and chronic disease conditions being treated by the FQHC Health Team).

There is significant precedent nationally to include and in some instances give preference to FQHC participation as health home service providers, Alabama officials have declined to include FQHCs in the expanded role of advanced medical homes. As of last week State Medicaid Officials continued to affirm the critical role of FQHCs as providers and acknowledge their unique position to effectively provide health home services and leverage their advanced primary care models. Despite these recognitions, however, AMA has declined to include FQHCs in the expanded role of advanced medical homes due to the fiscal requirement of approximately \$800,000 for Demonstration Years 1-2 annually and \$1.3 million in Demonstration Years 3 and beyond.

Although discussions with Medicaid Officials continue, APHCA believes it is imperative that CMS ensure that the structure of the Waiver and implementation policies is consistent with its own medical home goals. While federal regulations delegate authority to States to restrict the provider from whom an individual eligible for medical assistance can obtain services, the exclusionary authority is not absolute. In this case, AMA's exclusion of FQHCs as providers of advanced medical homes through the delivery of health home services is being exercised despite the fact that FQHCs exceed the quality, safety, and service requirements of other providers being allowed to provide health home services. Additionally, the exclusion of FQHCs as providers of health home services is expressly inconsistent with expressed access, quality and efficiency provisions of AMA's own Demonstration application, with CMC's own national initiatives and demonstration projects around advanced primary care medical home demonstration projects, and with HRSA program expectations of FQHCs related to use of the advanced model of primary care delivery through accredited PCMHs to provide advanced coordination and related services.

Additionally, the State's authority to exclude providers from provision of covered services is prohibited if the restriction discriminates among classes of providers on grounds unrelated to their demonstration of effectiveness and efficiency in providing those services. Specifically, AMA's exclusion of FQHCs from the provision of the

newly defined health home services despite their exceeding quality and safety requirements of providers providing and receiving payment for health home services places the FQHCs at a disadvantage in the new context of risk based managed care. AMA will require RCOs to provide health home services for eligible Medicaid beneficiaries, although by exclusion, AMA will not allow FQHCs to provide health home services under its State Plan. Since the RCO will be required to provide the service, AMA will not deem FQHCs an eligible provider, the RCO will be making referrals of FQHC patients out of their medical home model, while the FQHC will remain responsible for outcomes for its Medicaid beneficiaries who will be required to seek health home services from non-accredited providers. FQHCs not allowed to participate in the health home program nor reimbursed for the provision of health home services will be held to the same performance expectations of traditional office based physicians who are eligible as health home providers and reimbursement for health home services. Additionally, FQHC patients will be referred by the RCO to competing primary care providers for health home services, despite the advanced qualifications for the provision of health home services to their own patients for whom the FQHC is providing routine medical and preventive care.

2. Disruption in Access to and Quality of Care

In addition to the disruption in access to the medical home as discussed above, AMA's exclusion of FQHCs from the provision and reimbursement for health home services creates additional barriers to coordinated care and not only disrupts care, but is also inconsistent with the State's efforts to increase quality through care integration and the delivery of advanced care systems based on national models of quality. The very premise of services through accredited patient-centered medical homes recognizes added value from the team based approach to care and enhanced opportunity to provide advanced coordination.

APHCA has additional concerns related to the continued exclusion of reimbursement to health centers for health home services. The current FQHC prospective payment system (PPS) was developed and tied to the average of their year 1999 and 2000 encounter rates with inflationary increases since that time. Even basic care management of complex individuals has evolved since that time and the basis of advanced care coordination through Health Home Services funding under Section 2703 of the Affordable Care Act was clearly outside of the PPS rate development. FQHCs are key health home providers in states that have implemented programs supported by this funding. Again, in AMA's proposed risk based model of care, FQHCs will be responsible for the outcomes of its patients, many of whom have complicated chronic conditions and are at heightened risk of additional disease while not given the same resources to provide for advanced care coordination services clearly outside of their reimbursement, seemingly inconsistent with AMA's expressed Demonstration objectives of increasing fairness in Medicaid reimbursement

APHCA respectfully request consideration of AMA's position of exclusion of FQHCs as advanced medical home providers through the prohibition of their provision of health home

services. While it is clear from State Medicaid Officials that their position of exclusion has been based on the state fiscal requirement of \$800,000 (Y1-2) and \$1.3 million (Y3 and beyond), the impact of the exclusion seems to exceed the State's discretionary authority. The Demonstration issues presents significant inconsistencies with AMA's expressed access, quality and efficiency objectives of the Demonstration as well as the expressed national goals of CMS and HRSA in the advancement of primary care through accredited PCMHs and health home service provision. Also, FQHCs operating within nationally accredited medical home models offer advanced primary care and care coordination which exceed standards of included providers. Additionally, the exclusion serves to create additional barriers to access for FQHC patients, fails to reduce care fragmentation and in fact actually fosters care disruption within the medical home, and creates a discriminatory impact on FQHCs when taken in the context of the mandatory nature of health home service provision within the proposed risk based, outcome based system of care. Based on these concerns and the impact on AMA's exclusionary policies within the Demonstration implementation plan on FQHC patients and overall impact on the FQHC safety net, APHCA request CMS require inclusion of FQHCs as eligible health home service providers to the same extent traditional office based physicians are provided and that if necessary to initiate the program, funds from AMA's request for infrastructure and Demonstration implementation be allocated as a condition of Waiver approval.

Thank you for the opportunity to provide comments and I appreciate your consideration.

Sincerely,



Mary Hayes Finch, JD, MBA
CEO

cc: Roger Bates
APHCA Board of Directors