



UnityPoint Health

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Victoria Wachino
Director Center for Medicaid & CHIP Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850
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Re: Rural Health Clinic reimbursement under Request for Amendment of Iowa's §1115 Waiver Demonstration: Iowa Wellness Plan, Project #11-W-00289/5

Submitted electronically via <https://public.medicaid.gov/connect.ti/public.comments>

Dear Director Wachino:

UnityPoint Health respectfully requests that CMS support the current alternative payment methodology for Rural Health Clinics (RHC) and deny the State of Iowa's request for amendment to the Iowa Wellness Plan in regard to RHC reimbursement. UnityPoint Health and our affiliated clinics are concerned that the implementation of RHC reimbursement structure under this proposed amendment will force the closure of RHCs throughout the state and severely hamper access to primary and preventive care services for our rural residents. UnityPoint Health is the nation's fifth largest nondenominational health system, and its clinic arm, UnityPoint Clinic, works with our affiliated hospitals and home health services to provide patient-centered, coordinated care. Specifically, UnityPoint Clinic is an integrated network of primary care and specialty physicians and clinics providing quality health care services to patients and communities in Iowa and Illinois. With nearly 900 physicians and providers at more than 280 clinic locations, UnityPoint Clinic specializes in family medicine, internal medicine, pediatrics, OB/GYN, surgery, cardiology, and a wide variety of additional specialty services.

BACKGROUND:

Iowa is primarily a rural state and providing healthcare for our rural communities has always been a struggle. Primary care physicians are an important resource for rural health care to provide needed access; however, physicians have been drawn into urban areas for higher pay, a more favorable payer mix, and urban living conveniences. In 80 of our 99 counties, Iowa has Healthcare Provider Shortage Area (HPSA) designations for primary care. HPSA designations are most prevalent in rural areas. In addition to provider shortages, access to healthcare in rural areas is hampered by financial constraints. Rural areas tend to have a greater proportion of financially vulnerable residents - median incomes are lower, unemployment rates are higher, and poverty rates are elevated. Given this income disparity, Medicaid is an important healthcare payer in rural areas and not all providers accept Medicaid payment. Rural Health Clinics are a safety net provider for rural Iowans, providing much needed primary care

locally to lowans who would otherwise need to travel a great distance to receive equivalent care. In the State of Iowa, UnityPoint Clinic operates or is affiliated with 20 RHCs.

RHC alternative reimbursement was established to improve healthcare access in HPSAs. The increase in reimbursement is necessary because of higher costs to RHCs to recruit physicians, pay for clinic overhead, and help offset a less than favorable payer mix. All payers have realized that in order to decrease healthcare expenditures, accessible primary care services must be provided to this extremely vulnerable rural population. Medicare pays RHCs a per diem visit rate and then cost settles at the end of the year, Wellmark (Iowa's Blue Cross and Blue Shield plan) increases the allowed amount for mid-levels by 15%, and Iowa Medicaid Enterprise (IME) pays for services on a cost settled basis.

PROPOSED REIMBURSEMENT CHANGE:

Under current RHC Medicaid reimbursement, RHCs receive an interim rate throughout the year. At the end of the year, RHCs submit a cost report and then a wraparound payment is made to cover any expenses incurred that were above and beyond the interim rate. If our costs decrease, RHCs are required to pay reimburse the State. Under the proposed request for amendment, Iowa Medicaid Enterprise will no longer require a cost settled basis for RHC reimbursement. Specifically, the Project #11-W-00289/5 filing states:

MCOs are required to reimburse all in-network provider types at rates that are equal to or exceed the Agency designated floor for current Iowa Medicaid fee-for-service rates. These rates are established pursuant to 441 Iowa Administrative Code 79.1. Generally, institutional providers are reimbursed on a prospective or retrospective cost-related basis, and practitioners are reimbursed according to a fee schedule. The latter are determined with advice and consultation from appropriate professional groups and are increased on an annual basis by an economic index reflecting overall inflation as well as inflation in office practice expenses of the particular provider category involved.

By shifting negotiations for RHC rates to Managed Care Organizations (MCOs), the State has abdicated its responsibility to establish policy to promote rural access to a group of private vendors with no direct accountability to residents.

IMPACT OF PROPOSED REIMBURSEMENT ON RHCs:

Under current RHC Medicaid reimbursement, the interim rate is \$133.90. In contrast, the current Medicaid PPS for RHC is \$101.90. If the MCOs decide to set the floor at \$101.90, RHC reimbursement will decrease by roughly \$32 per Medicaid visit (assuming no increase in costs). Assuming an average of 1100 annual Medicaid visits per RHC, we estimate a total reimbursement reduction in excess of \$700,000 for our RHCs and this total cut would escalate to \$4.8 million for the 152 RHCs statewide.

Fort Dodge example: In the last 12 months in our rural Fort Dodge region, seven RHCs provided approximately 7500 Medicaid visits. Adopting a Medicaid PPS rate would equate to a decreased in reimbursement of \$240,120 in that region alone. Pocahontas County is a prime example of an area within the Fort Dodge region that will require additional analysis if Iowa Medicaid discontinues reimbursing RHCs on a cost basis. Factoring in drive time for a provider, clinic expenses, and a large Medicaid payer mix, a potential \$32 reimbursement reduction per Medicaid visit could threaten to close two clinics in this county, essentially leaving that county without primary care services.

The elimination of the alternative payment method for RHCs will compromise the already fragile financial state of RHCs. This reimbursement change also seems at odds with the stated goals of the Iowa High Quality Healthcare Initiative. In the cover letter to this filing, the State opines that "By requiring mandatory enrollment in managed care, the State will be positioned to improve care coordination among providers and incentivize active management of member's healthcare as a whole." Enhanced care coordination and active management of holistic services for rural residents are not supported or achieved by altering reimbursement methodology for RHCs and other safety net providers. A reimbursement strategy needs to be implemented that will continue to allow rural Iowa to seek out primary care services and proactively manage chronic conditions. We are extremely concerned that MCOs have been given free rein to reduce rates for safety net providers to achieve the State of Iowa's projected savings - \$56 million. We request that CMS carefully examine the impact of enabling MCOs to establish RHC reimbursement policy and target rural residents to achieve cost savings for the State's managed care goals.

Sincerely,



Sabra Rosener
Vice President / Government Relations Officer
UnityPoint Health