



*Helping People Help Themselves*

July 19, 2016

Ms. Victoria Wachino  
Deputy Administrator and Director  
Center for Medicaid and CHIP Services  
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Dear Ms. Wachino:

Opportunities Industrialization Center, Inc.(OIC) in Rocky Mount, NC is pleased to provide comments on the North Carolina Medicaid and NC Health Choice Section 1115 Demonstration Waiver Application that was submitted by the North Carolina Department of Health and Human Services (NC DHHS) to the Centers for Medicare and Medicaid Services (CMS) on June 1, 2016.

OIC operates several sites which are funded by HRSA under the charter of a federally qualified health center (FQHC) organization that provides comprehensive primary care services to the medically underserved in Nash and Edgecombe Counties in eastern North Carolina. As a community health center, OIC serves all patients regardless of their ability to pay. We served 6,534 individual patients who generated 19,700 visits for the period spanning January 1, 2015 – December 31, 2015. During 2015, OIC Family Medical Center (OICFMC) provided care to 2,464 Medicaid and Healthchoice patients and 1,909 uninsured patients. Using our 2014 Uniform Data Set Cost per User of \$607.87, the 1,909 uninsured patients represented \$1,160,424 in uncompensated care provided by our organization. As an FQHC, it is our mission to serve medically underserved populations and our Board is committed to the viability and wellbeing of our area's residents. OIC has always had an expectation that we provide the best care that we can to everyone. Our entire vision centers on our core theme and motto that OIC "Helps People Help Themselves." However, we recognize that many of our uninsured would be better able to help themselves if they had access to Medicaid coverage which would enable them to access the full scope of healthcare services they need and maintain access to medications. It is critical that we achieve Medicaid Expansion in North Carolina and other enhancements to FQHC funding so that we can promote and support individuals who strive for self-sufficiency.

Along with North Carolina's 37 other community health centers and its Medicaid primary care providers, we form the backbone of North Carolina's safety net. In the Rocky Mount MSA, we are the largest safety net provider and have very close working relationships with our local hospitals, health departments, social service agencies and most of the other providers of

healthcare in our region. We are by statute, and by mission, required to serve Medicaid and NC Health Choice patients. OIC has a vested interest in ensuring that the Medicaid program maintains accessibility for patients and providers alike, promotes sustainability, and operates with integrity throughout the transformation process.

However, OIC has several significant concerns regarding the waiver application as submitted by the State and we urge CMS to consider our concerns and recommendations.

### **Concern #1: Expand Medicaid to Improve Access and Health Outcomes**

*CMS should encourage the State of North Carolina to expand Medicaid by extending insurance coverage options to all adults ages 18-64 with incomes at or below 138% of the Federal Poverty Level.*

The 1115 Demonstration Waiver submitted by NC DHHS lacks the most important health policy change needed to improve access and quality of care for North Carolinians and to strengthen the provider community — Medicaid expansion as called for under the Affordable Care Act. Medicaid coverage should be extended to all adults ages 18-64 with incomes at or below 138% of the Federal Poverty Level (FPL). In North Carolina, expanded Medicaid would cover more than 400,000 people; at least 244,000 of those in the Coverage Gap are uninsured as a result.<sup>i</sup>

In 2014, 43% of all FQHCs patients in North Carolina were uninsured and more than 70% of patients lived at or below 100% FPL. FQHC providers see firsthand the significant health challenges and barriers to needed services that these uninsured and low-income patients face. In North Carolina, nearly 40,000 women are not receiving recommended preventive screenings, 27,044 diabetics cannot get much needed medications and 45,500 individuals with depression are not getting the treatment they need.<sup>ii</sup> In fact, providers often have to modify treatment plans for uninsured patients because of their inability to afford a specialist visit or pay for needed medications.

North Carolina community health centers estimate statewide health center revenues would increase by up to \$35 million if the state increased access to affordable insurance for low-income populations. If Medicaid were expanded, we estimate that OICFMC would receive an estimated  $\$110.20 \times 3.5 \text{ visits per year} \times 1,336 \text{ uninsured patients with incomes below } 138\% \text{ FPL} = \$515,295$  in annual revenue through reimbursement from the Medicaid program, a vast increase over the revenue we collect from our uninsured patients now. This additional funding would allow us to enhance and expand our existing operations and explore innovations to better deliver care to our communities.

A policy brief from the Georgetown Center for Children and Families finds that federally qualified health centers and safety net hospitals in states that expanded Medicaid see fewer uninsured patients, provide less uncompensated care, and experience more budget savings

compared to their peers in states that have not expanded the program.<sup>iii</sup> The report highlights research showing health centers experience decreases in uninsured visit rates drop by as much as 40% following Medicaid expansion. These budget savings have provided the safety net with more flexibility to expand their sites and services, hire new staff, update clinical and medical equipment, and integrate and improve the care they provide.<sup>iv</sup> For example, health centers in expansion states were significantly more likely than those in non-expansion states to report having expanded their capacity for dental and mental health services since the start of 2014.<sup>v</sup>

Health centers in our state remain hampered from expanding their efforts to innovate and improve their practices due to a lack of funding streams to support them. Under Medicaid reform as proposed by this Waiver application, our state will not achieve such levels of integrated care without expanding access to coverage for the remaining uninsured population in our state.

Expansion of Medicaid and further enhancements to FQHC reimbursements would help our organization achieve the following:

1. Increase access to integrated medical services to include medical, dental, behavioral health and wellness services aimed at creating positive health outcomes for our community.
2. Secure well-trained provider staff as a result of being able to pay competitive salaries and benefits. Given the pending shortage of primary care providers throughout the country, centers located in rural communities are negatively impacted as a result of serving a high number of uninsured clients. Our patient service revenue streams are diminished because the households that we serve have fewer resources than those in other, more prosperous areas of NC. In turn, OIC is unable to pay competitive salaries and benefits for our staff. OICFMC is a 45 minute drive to Raleigh and the Research Triangle Area, North Carolina's capital and the United States' fastest growing region. OIC finds it increasingly difficult to recruit qualified and seasoned providers because the Raleigh/Research Triangle Area's wages and benefits eclipse those that we can afford. Our funding streams are limited and our region (which consistently ranks as NC's #1 or #2 region for unemployment rates) has a disparately high proportion of resource challenged individuals and families.
3. Increase our center's ability to modify its electronic health record, increase the provision of patient centered medical home services, while enhancing the resources available to the clinical team such as modern clinical care assessment equipment.

In short, the additional revenues that OIC would be eligible to receive would help us cover a portion of the existing uncompensated liability our centers experience by providing care to the uninsured/underinsured in our region.

**Concern #2: Develop a Plan to Replace Eliminated Resources and Services**

*CMS must require the North Carolina Department of Health and Human Services to articulate how they will maintain current levels of investment to primary care providers for integrating on-the-ground, Medicaid case management services in their practices.*

The State claims that it plans to build upon the successes of North Carolina's nationally acclaimed enhanced primary care case management program, Community Care of North Carolina (CCNC). However, the Waiver eliminates this program entirely from the new system without any articulated model to replace the services it provides. The CCNC program provides FQHCs and other primary care providers with vital financial support to integrate case management services that address Medicaid beneficiary needs. Federally qualified health centers served more than 144,000 Medicaid beneficiaries in 2015 and stand to lose at least \$5.6 million in PMPM payments for case management services under the current Waiver proposal. OICFMC received \$152,535 in CCNC PMPM payments in our fiscal year that ended June 30, 2016 to support case management functions. Without this financial support, we expect to lose four (4) case manager positions and our capacity to assist our patients in addressing life challenging situations that directly impact their ability to purchase medications and adhere to the directions and advice that our provider teams give them for their health and recovery would be severely compromised.

The PMPM funds allow OIC to compensate for loss revenue associated with OICFMC's provision of care to 1,909 uninsured patients who generated an estimated 5,755 visits during FY 2015. Based on our FY 2014 UDS cost per visit, this represented \$3.5 million in estimated uncompensated care provided by our health center. The PMPM funds helped secure the care manager positions noted above. Additionally, CCNC has been a significant and valued component of OIC's team assisting with care coordination, providing invaluable data analytics, and expanding the resource base for our clinical care team. North Carolina's CCNC program is a national model and has helped hundreds of thousands of North Carolinians with their healthcare, while supporting providers such as community health centers and other Medicaid providers in the care coordination of their patients.

Without our care management team, all of our patients will lose the support resources that assist them with specialty care referrals, prescription assistance coordination, housing, food resources, utility resources, vocational rehabilitation, child care referrals, training and education referrals, coordination with other community resources such as social services, public health, transportation and other clinical support services. The loss of CCNC will negatively impact our quality improvement initiatives because reductions in our enabling and support services/systems will make it more difficult for us to help patients comply with standards of care, which are aimed at establishing healthy outcomes.

The Waiver fails to explain how the newly-developed Person-Centered Health Communities (PCHCs) or Prepaid Health Plans (PHPs) will continue current levels of financial support for case management services. We question whether the PHPs replacing CCNC will be willing to provide primary care providers with resources to continue critical on-the-ground case management services so our providers can offer the same quality of care and achieve comparable savings. We anticipate that the elimination of CCNC, regardless of what the state's plans are, will immediately reduce the effectiveness our center and others throughout the state to continue to assist our patients in becoming self-sufficient while improving their health status. We see demise, not opportunity.

Currently 90% of all North Carolina's primary care providers serve Medicaid patients, but lost case management resources and increased administrative burdens for providers will likely push many private physicians away from participating in the Medicaid program. FQHCs will continue to serve Medicaid patients, but losing \$5.6 million across our health centers will make it very difficult for us to provide the same quality of care. The increased administrative burdens, lost case managers and high uninsured patient rates will significantly increase the financial strain on our organizations and once again, threaten the health status of the state's already most vulnerable residents.

We ask the Centers for Medicare and Medicaid Services to require that the North Carolina Department of Health and Human Services make a commitment to and present a clearly articulated plan for how the State plans to ensure that current levels of financial and case management support services among primary care providers are retained in the transitioned Medicaid program.

OIC has identified additional areas of concern:

### **Issue Area 1: FQHC Medicaid Reimbursement rates**

FQHC and rural health center (RHC) Medicaid Prospective Payment System (PPS)/Alternative Payment Methodology (APM) rates are inappropriately suppressed because of North Carolina's failure to follow all federal guidelines with respect to FQHC/RHC PPS rates. OICFMC's PPS rate was based on other centers' rate when the initial rate was determined eight years ago. Since that time, our health center has experienced changes in the scope of services we provide, however, our state has yet to develop a process whereby we can apply for an adjusted rate that takes into account the changes in cost of those new services. Our cost is impacted by the expectation that we provide integrated health care to include primary care, behavioral health, dental, pharmacy and other enabling services to our population due to the inability of many of our patients to obtain access to care due to their insurance status and limited financial resources. Many private providers in our service area do not accept Medicaid and Medicare given the high level of chronic illness associated with our area's socioeconomically depressed communities. In

response to this need, our organization has increased our staffing in primary care, behavioral health and dental. We are weeks away from opening our first pharmacy. As stated earlier, the existing PPS rate does not incorporate the costs associated with many of the services we've added since our health center first became an FQHC.

It is integral that the State follow federal guidelines to ensure FQHCs are being reimbursed properly for Medicaid so that the state's Medicaid payments are not cutting into our federal grant funds, which are meant to help us serve our uninsured patients.

### **Issue Area 2: Increased administrative burden on providers**

All provider groups are being impacted by the ever changing medical care marketplace. With the addition of electronic medical records, Patient Centered Medical Home requirements, managed care, integration of primary care and behavioral health and case management have all greatly increased the administrative burden on our medical providers. This is even more of an extreme burden for federally qualified health centers given the makeup of our patient population and the associated socioeconomic and clinical conditions that confront our provider care teams. By introducing managed care for Medicaid recipients this will require major modification of both clinical and administrative systems during a time when the system of care is already undergoing major operational changes. These changes will result in more of the limited healthcare dollars going towards administrative management systems and away from direct patient care. Combined with the increasing scarcity of primary care providers, this introduction of Managed Care for the Medicaid population is ripe for failure and many lives will be negatively impacted.

### **Issue Area 3: Regional issues, networks, and conflict of interest concerns**

This is a major area of risk to the care of the Medicaid Population. It also represents a significant potential for financial waste, when the State of North Carolina already has a proven Medicaid Care Management entity: Community Care of North Carolina. We strongly urge leadership to support the existing CCNC program and build on its more than 18 years of success.

At its core, I thought the purpose of the Affordable Care Act was to increase access for every American and improve delivery of care systems that serve the most vulnerable Americans. North Carolina's plan does not achieve either of these expectations. OIC is not only concerned, but adamant in our advocacy, that the requested waiver that our state is requesting will REDUCE access of residents that we already serve by stripping our centers of resources, people and confidence in OIC's ability to help people help themselves.

In addition to the preceding, we would like to echo the comments of the North Carolina Community Health Center Association, which is North Carolina's primary care association of which we are a member. Please see their comments for additional details.

Thank you for considering our comments. Any questions about the preceding should be directed to:

Reuben Blackwell, CEO/President  
OIC Family Medical Center  
[rblackwell@oicone.org](mailto:rblackwell@oicone.org)  
252-212-3480

Sincerely,



Reuben Blackwell, CEO/President

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<sup>i</sup> Dorn, S., McGrath, M., Holahan, J. (August 2014). What is the Result of States Not Expanding Medicaid? Robert Wood Johnson Foundation & Urban Institute. Retrieved from: <http://www.urban.org/UploadedPDF/413192-What-is-the-Resultof-States-Not-Expanding-Medicaid.pdf>

<sup>ii</sup> Dickman, S., Himmelstein, D. McCormick, D., and Woolhandler, S. *Opting Out of Medicaid Expansion: The Health and Financial Impacts*. (January 30, 2014). Health Affairs Blog. Available online at: <http://healthaffairs.org/blog/2014/01/30/opting-out-of-medicaid-expansion-the-health-and-financial-impacts/>.

<sup>iii</sup> Georgetown University Health Policy Institute Center for Children and Families. (June 2016). *Beyond the Reduction in Uncompensated Care: Medicaid Expansion Is Having a Positive Impact on Safety Net Hospitals and Clinics*. Retrieved from: [http://ccf.georgetown.edu/wp-content/uploads/2016/05/Medicaid\\_hospitals-clinics-June-2016.pdf](http://ccf.georgetown.edu/wp-content/uploads/2016/05/Medicaid_hospitals-clinics-June-2016.pdf)

<sup>iv</sup> Ibid.

<sup>v</sup> Ibid.