PRIMARY CARE DEVELOPMENT CORPORATION

Catalyzing Excellence in Primary Care

30

30

www.pcdc.org

Testimony from the Primary Care Development Corporation to the Joint Senate Finance, Assembly Ways and Means Public Hearing on the 2017-18 Executive Budget Proposal: Health and Medicaid February 16, 2017

Thank you for the opportunity to testify in front of the committee today. I am Louise Cohen, Chief Executive Officer of the Primary Care Development Corporation (PCDC). PCDC is a non-profit organization and Community Development Financial Institution headquartered in Manhattan providing services throughout New York State and around the country. We are dedicated to catalyzing excellence in primary care through community investment, practice transformation, and policy and advocacy.

PCDC believes that quality primary care is transformational and a cornerstone of healthy, thriving communities. Access to primary care is the foundation of our health care system and essential to better health outcomes, healthier families, and lower costs. Particularly in this moment of uncertainty for the future structure of our nation's health care system, investment in high-quality, culturally-competent primary care for all New Yorkers is paramount.

Since our founding in 1993, PCDC has created and leveraged investments of almost $850 million in 130 primary care health center projects, leveraging more than $5 of private investment for each $1 of public investment. These projects have provided primary care access for more than 980,000 patients, created more than 8,200 jobs in low-income communities, and transformed more than 1.6 million square feet of space. PCDC has also trained and coached more than 7,000 health workers to deliver high-quality patient-centered care. In New York State, PCDC has worked with over 400 health care organizations, including eight Delivery System Reform Incentive Program (DSRIP) Performing Provider Systems (PPS) in all corners of the state.

To us, primary care means the first point-of-care addressing comprehensive health needs. It is screening, diagnosis, and treatment; referral to and coordination with other care settings and providers; health education and preventive services; and serves people across the life span from childhood through old age. Primary care includes family and adult medicine as well as community behavioral health, women's health care, and geriatrics. It is care provided in doctors' offices, large group practices, federally qualified health centers, women's reproductive health centers, and hospital ambulatory care.

While primary care accounts for more than half of health encounters nationwide, it is estimated that it only receives about 5-8% of the total health care spend. Yet when the health system looks for cost reductions, primary care is often the first service to be cut. This is a short-sighted approach. A 2013 study[1] published by the NYS Department of Health comparing costs associated with Patient Centered Medical Home (PCMH) providers in the Adirondack Medical Home Pilot and those in the same region without the PCMH designation showed that primary care costs went up 43% but inpatient costs, pharmacy, and other outpatient costs were significantly less, resulting in a 24% decrease in total cost of care. Other studies have shown a correlation between high-quality

[1] https://www.health.ny.gov/health_care/medicaid/redesign/dsrip/technical_design/2015-10-21_td1_dist_of_shared_info.htm Accessed 2/15/17

primary care and better outcomes. This kind of transformed, patient-centered, high-quality primary care system is what PCDC aims to support.

We are encouraged that many primary care transformation efforts are being undertaken throughout New York State through the state's DSRIP, the State Health Innovation Plan (SHIP), and other initiatives. However, we are concerned that while these programs rely heavily on primary care, they do not provide the full and necessary support to ensure success.

- First, the DSRIP program must fulfill its promise by providing a larger proportion of funding directly to primary care providers to support transformation of services and operations in order to assure quality and the sustainability of their efforts.
- Second, New York State health care capital programs should increase the proportion of dollars that go to primary care and community-based providers.
- Third, the pace of regulatory reform that supports improved primary care access, including integration of behavioral health and primary care, should be accelerated.
- Finally, we encourage the development and use of a primary care definition across all payers that can be used to measure and track New York State spending on primary care. This data would then be used to increase the proportion of our state's health care dollars that go to primary care. Several other states have undertaken similar initiatives, and PCDC believes that New York State should be a national leader in its commitment to funding a strong primary care system.

Given the importance of New York State's primary care delivery system, and the uncertainty in access to coverage given potential decreases in federal matching support, particularly for Medicaid, this is the moment to recommit to the provision of primary care services which can help reduce overall spending and improve population health. We must continue to financially support primary care providers and systems across New York State if we hope to achieve better health care, healthier communities, and lower costs.

The following comments and recommendations reflect PCDC's views on key elements of the 2017-18 Executive Budget that impact primary care.

Increase Capital Funding for Community Health Care Providers

- **Allocate $125M of the $500M Health Care Facility Transformation Funding (25% of the pool) to Community Health Care Providers**
- **Allocate an additional $20M in financing for the Community Health Care Revolving Capital Fund**

In the past several years, community-based primary care providers have received disproportionately less of New York State's capital grants although primary care is the backbone of the health care system and central to cost reductions and health improvements. We are proud to be the administrators of the new New York State revolving capital fund created by the legislature and designed to support New York State-licensed primary care and behavioral health care facilities. This new fund is just being launched, and we look forward to working with all of you as we reach out to providers throughout the state to let them know about this new low-cost financing mechanism.

We are particularly enthusiastic about supporting the integration of primary care with behavioral health services. In our lending and practice transformation work, we have assisted practices to renovate their facilities and train providers and their staff on how to integrate services successfully so that patients benefit from a full complement of primary care and behavioral health services.

With the astronomic rise in opioid use and abuse and increasing awareness of the chronic health needs of people with behavioral health conditions, there is a desperate need in New York State to incorporate the services of community health and diagnostic and treatment centers licensed under Article 28, mental health clinics licensed under Article 31, and alcohol and substance abuse treatment clinics licensed under Article 32. Further, by creating facilities where all of these services are collocated and coordinated and where providers work collaboratively to address the full needs of patients, the stigma of visiting a center that is focused on a specific health condition is reduced, and therefore access and outcomes are enhanced.

This integration is easier said than done. Licensure regulations continue to hinder behavioral health services from co-location with primary care practices without significant structural changes to the site. Making changes to support this enhanced service mix to a facility takes both time and capital investment by a practice.

While the current grant pool financing is a strong step forward on the part of the State, it is not proportionate to the financing provided to hospitals and other providers. We strongly believe that at least 25% - or $125M of the $500M made available in the Health Care Transformation Fund - should be allocated to Community Health Care providers to allow them to meet the changing health needs of their patients. The demand is apparent – the $30M in grant funding allocated last year for community-based primary care was met with applications for over 15 times the available funding, approximately $450M in requests.

In addition, PCDC, as the administrator of the Community Health Care Revolving Capital fund, feels strongly that increasing the amount of loan fund capital will allow us to better meet the need; to help organizations that are unable to fully finance projects using grants and currently available low-interest and long-term capital such as we have in the revolving fund. Currently, there is $19.5M in the Community Health Care Revolving Capital Fund and PCDC is working with bank partners to leverage the public funds from New York State with private investment to increase the amount of capital available through the loan fund. Even considering this larger pool of loan capital, we recommend an additional $20M allocation for FY17-18 given the demand demonstrated recently for the Health Care Transformation Fund.

As well, PCDC believes that coupling capital grants with additional loan financing would increase primary care providers' access to capital to allow more centers to fully fund construction projects and to accelerate the pace of development across the state. One way in which this could be accomplished is by having PCDC administer both the revolving fund and capital grants as a unified financing program.

Restore and increase funding for the Primary Care Development Corporation

- **Allocate $500,000 for the Primary Care Development Corporation**

The Legislature included $400,000 for PCDC in the final 2016-17 budget. This funding enabled PCDC to undertake important initiatives to ensure sustainable growth of primary care in underserved

communities, assist providers in becoming PCMHs, and support New York State's commitment to primary care. Our work is even more critical as health care transformation projects continue to require more from the primary care sector and PCDC works with these providers to help them succeed. To allow us undertake this important work, PCDC respectfully requests restoration of $400,000 and an increase of $100,000 in the 2017-18 budget.

Last year's allocation allowed PCDC to:

- **Build Sustainable Primary Care Capacity:** PCDC provided over $27 million in affordable financing to important primary care projects, including the Damian Family Health Center, the Institute for Community Living, the Asian and Pacific Islander Health Center (APICHA), Brightpoint Health, and Community Health Center of Richmond. As well, PCDC managed a full portfolio of loans to providers throughout the State including Open Door Family Medical Center, Schenectady Health Center, Hudson River HealthCare, and many others, and has conducted financial and operational analysis of approximately 41 primary care safety net organizations to ensure they are strong and sustainable and helping providers develop viable plans to expand primary care access.

- **Help Practices Improve Operations and Become Medical Homes:** PCDC has helped nearly 250 practices develop more effective operations that improve health care for their patients, including coordinating patient care and becoming National Commission on Quality Improvement (NCQA)-recognized PCMHs. Recent and ongoing projects include support for DSRIP PPSs including the Hudson Valley Collaborative, Leatherstocking Health Partners, OneCity Health, Community Care of Brooklyn, Nassau-Queens, the New York and Presbyterian Hospital, Brooklyn Bridges, and the Suffolk Care Collaborative.

- **Strengthen Care Coordination and Care Management Capacity:** Effective care coordination is at the heart of the medical home and front line healthcare workers play an increasingly important role in coordinating patient care. With new attention focused on the needs of complex high-risk and high-cost patients, PCDC provided technical assistance and trainings to support 150 organizations' care coordinators, care managers, patient navigators, and medical assistants to successfully implement care management programs. With five New York State health providers, PCDC developed approaches and a toolkit on how to most effectively deliver team-based care management in *Delivering Team-Based Chronic Care Management: Overcoming the Barriers.*[2]

- **Integrate HIV/AIDS Prevention into Primary Care.** Primary care has never been more important to preventing the transmission of HIV. PCDC's High Impact Prevention (HIP) in Health Care, a U.S. CDC-funded capacity-building assistance program, provided free training and technical assistance to over 117 health care organizations, helping 585 staff integrate high-impact HIV services into their practices.

- **Ensuring Strong Primary Care in a Changing Landscape:** PCDC provided feedback and comments on the DSRIP Midpoint Assessment and Primary Care Plans, advised on the NYS Advanced Primary Care model, and pressed for pro-primary care polices in value-based payment arrangements. We have also convened two Primary Care Innovation Circles, PCDC's annual policy event, to discuss measuring and increasing the primary care share of health care spending and the impact of new

[2] http://www.pcdc.org/resources/delivering-team-based-chronic-care-management-overcoming-barriers/

federal health policy on primary care; launched a new website to better disseminate information; and presented at state and national conferences on subjects including value-based payment, primary care capacity building, and the need for measurement and investment in primary care.

Restore the Diagnostic & Treatment Center Uncompensated Care Pool

- **Increase funding by $20 million for FY17-18**

Increases in health insurance affordability and access have helped to decrease the number of uninsured in New York, but there are still many patients who do not have coverage. Health centers that provide care regardless of a patient's ability to pay must receive adequate reimbursement to allow them to continue to see these patients. As such, we request a $20M increase from the budgeted amount to increase the indigent care pool and assist those providers seeing a predominantly uninsured population who do not qualify for funding triggered by a Medicaid volume threshold.

Prevent Unilateral Changes to Appropriations

- **Remove language giving authority to the Executive to make changes to Medicaid financing mid-year**

The Executive Budget includes multiple instances where the Governor is given authority to change appropriations if there is a change in financing given to the state. In this time of ambiguity in health care financing and program structure, we believe the legislature must be consulted if funding changes are necessitated as a result of federal policy change. We ask that language allowing the executive to make changes outside of regular channels be removed from the budget.

Continue enhanced payments for practices becoming Patient-Centered Medical Homes

- **Reject $10M decrease in medical home incentive payments**

PCDC provides support to providers of all sizes and structures in New York to achieve PCMH recognition. From our work with nearly 250 providers, large and small, it is clear that while the rate of recognition has increased significantly due to incentive payments, there is still need for these payments for smaller and more rural practices. Eliminating PCMH payments for lower-level recognition has the potential to leave certain providers without the necessary funding to be successful at achieving higher levels of recognition over time. The availability of these incentives have both motivated and financially allowed practices to begin the process of PCMH recognition. We request that the $10M decrease in medical home incentive payments included in the executive budget be removed.

Conclusion

With overwhelming evidence of its positive impact on improving health care quality and outcomes while lowering health care costs, primary care faces a growing responsibility for patient and community health outcomes. To meet this responsibility, primary care must be supported with sound policies and adequate resources. We look forward to working with the Governor and Legislature to ensure that the 2017-2018 New York State Budget supports these goals.

Thank you for your consideration of PCDC's recommendations.

Contact: Sasha Albohm, Chief of Staff. 212-437-3937; salbohm@pcdc.org