

**Testimony of Rose Duhan
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**Joint Legislative Hearing of the
Senate Finance and Assembly Ways and Means Committee
on the State Fiscal Year 2018-2019 Executive Budget**

February 12, 2018

Thank you for the opportunity to provide testimony on the Governor's State Fiscal Year (SFY) 2018-19 Executive Budget proposal. My name is Rose Duhan and I am the President and CEO of the Community Health Care Association of New York State (CHCANYS), the State's Primary Care Association for federally qualified health centers.

CHCANYS: Supporting New York's Primary Care Safety Net Providers

CHCANYS serves as the voice of community health centers as leading providers of primary care in New York State. We work closely with more than 68 federally qualified health centers (FQHCs) that operate over 750 sites statewide. FQHCs, also known as community health centers, are non-profit, community run centers located in medically underserved areas that provide high quality, cost effective primary care, including behavioral and oral health services, to anyone seeking it, regardless of their insurance status or ability to pay. Each FQHC is governed by a consumer-majority board of directors who seek to identify and prioritize the services most needed by their communities.

In the five years since the implementation of the federal Affordable Care Act, New York's FQHCs have experienced exponential growth both in their number of sites and patients served. New York's 750 sites now serve 2.2 million, or one in nine, New Yorkers annually -- 700,000 more people than were served at health centers five years ago. In 2016, nearly 90% of patients served were below 200% of poverty, 59% received Medicaid, and 16% were uninsured statewide, although numbers at individual health centers vary. More than one quarter of New York's FQHC patients are best served in a language other than English, and two-thirds identify themselves as black and/or Hispanic. In short, FQHCs are New York's primary care safety net providers -- keeping people well in the community and out of higher cost institutional based settings.

Specific Comments and Requests Regarding the SFY 2018-19 Executive Budget Proposal

CHCANYS is appreciative that the SFY 2018-19 Executive Budget acknowledges the critical role that FQHCs play in New York's health care system by allocating funding for programs that support FQHCs, including the Safety Net Pool and the Statewide Health Care Facility Transformation Program. Transforming New York's health care delivery and payment system

through the Delivery System Reform Incentive Payment program (DSRIP) and related initiatives, including the State Health Innovation Plan (SHIP) and the transition to Value-Based Payment, is a massive undertaking, which relies on FQHCs and other community health care providers to participate in a variety of intensive projects. State support for FQHCs ensures the successful transformation of New York's health care delivery system and continued access to high quality, cost efficient primary health services for all New Yorkers.

As the State undertakes bold transformation initiatives, New York's health care system is also experiencing instability from federal budget uncertainty, the likes of which has not occurred in many years. Since the start of the new federal fiscal year, the federal government has been funded through a series of Continuing Resolutions (CRs) that provide only minimal stop-gap measures to keep the federal government operational. Funding for numerous critical health programs, including the health center program, have been in a state of limbo for the past four months due to a lack of Congressional action. Despite the fact that FQHCs have long enjoyed bipartisan support, it was only last week that Congress finally reauthorized the \$3.6B mandatory Health Center Fund, which expired September 30, 2017. Without this funding, FQHCs across the country had been facing a 70% reduction in federal funds. In New York, that meant a potential loss of up to \$166M to FQHCs during 2018. At some smaller FQHCs that serve high numbers of homeless patients, federal funding comprises half of their annual revenue, and without it they would likely have been unable to continue services.

Needless to say, it is incredibly challenging to continue operating at full service levels and plan for and implement system transformation goals while functioning under such federal insecurity. That is why it is imperative that the State ensure stable, level funding support for FQHCs, which serve as a critical partner and foundation for the State's transformation efforts. The FQHC model was designed to provide high quality, comprehensive, community-based primary care to all New Yorkers, a signature component of New York's wide-ranging health care delivery system and payment reform initiatives. The bipartisan federal and state support that FQHCs have long enjoyed underscores the broad recognition that FQHCs – which provide health care services to one in nine New Yorkers – are essential to ensuring the health and well-being of the residents of this State.

As the State continues to transform its health care system, FQHCs need access to resources to support increased integration of services, the expansion and reimagining of care coordination models in preparation for value based payments, modernization and expansion of technology and facilities and solidifying new and existing community partnerships to continue to address social determinants of health. It is therefore critical that the State invest in community health care providers, including FQHCs, to support the necessary and cost efficient health care services they provide to 2.2 million New Yorkers and their ongoing participation in transformation efforts.

A. Maintain Level Funding for Safety Net Pool

The Governor and Legislature have historically supported funding for the Safety Net Pool, which provides funding to eligible FQHCs to help cover the cost of caring for the uninsured. As in prior years, this year's Executive Budget includes \$54.4M in state funding, which would draw down a federal match for FQHCs, who comprise approximately 85% of the recipients. This funding partially reimburses FQHCs for the cost of caring for the uninsured, the rate of which is three times higher at FQHCs (16%) than in the general New York State population (5%). However, at some health centers, more than half of the patients are uninsured. Funding provided through the Safety Net Pool provides vital assistance to community health centers, thereby helping to off-set the overall cost of caring for the uninsured. Maintaining Safety Net Pool funding levels is aligned with the State's focus on ensuring access to primary care, reducing unnecessary hospitalizations and improving health outcomes for all New Yorkers, not just those who have access to insurance coverage.

CHCANYS urges the Legislature to maintain the Safety Net Pool at current funding levels and ensure that all New Yorkers, regardless of insurance status, continue to have access to high quality, community-based primary care.

B. Reject Cuts to Primary Care Medical Home Incentive Payment Program

One of the key ways that the State has sought to enhance the existing primary care network through DSRIP is by increasing the number of primary care practices with National Committee for Quality Assurance (NCQA) Primary Care Medical Home (PCMH) certification. As an incentive to achieve PCMH certification, which is a rigorous and time consuming process, the

State provides an “add-on” level of reimbursement to those practices that are PCMH certified. FQHCs have enthusiastically participated in these efforts and now over 90% of New York’s FQHCs have achieved some level of PCMH certification, with 82% of health centers having reached PCMH 2014 level 3 certification. The high adoption rate of PCMH certification amongst New York’s FQHCs is a testament to health centers’ commitment to the DSRIP goals and to providing high quality comprehensive care through care coordination, team-based care, population management capacity, health IT and a focus on measures that increase patient access.

The Executive Budget proposes a \$20M reduction to the PCMH program. In a recently released document, the Department of Health (Department) states that the reduction is necessary because the current rate of incentive payments will be “over the expected PCMH cap.” As a result, the Department proposes to eliminate incentive payments for providers with PCMH 2014 level 2 certification and severely curtail payments for PCMH 2014 level 3 certification - from \$7.50 per patient per month (PMPM) to \$2 PMPM, a nearly 75% reduction. While the State is considering various scenarios under which payments to providers with PCMH 2014 level 3 certification could be increased, under no scenario is funding fully restored to current levels. Additionally, under the scenarios the Department is currently considering, PCMH incentive payments are tied to the provider being in value based contracting arrangements.

CHCANYS is very concerned not only with the negative impacts this funding reduction will have on the 90% of FQHCs who have eagerly embraced and participated in the program, but also questions the premise on which the reduction is based. It appears the Department is claiming that payments must be cut because too many practices were successful in achieving a key DSRIP goal. Rather than celebrating the increased number of primary care practices now providing high quality, comprehensive care, the Department is instead seeking to punish these providers by reducing the payments that support the Department-endorsed program. In order to achieve its health care delivery system transformation goals, the State must commit to continued investment in the development of high quality primary care. Reducing incentive payments for PCMH is in direct contradiction with the State’s own goals for improving access to quality care.

CHCANYS urges the Legislature to reject the reduction in PCMH payments.

C. Support \$425 M for the Statewide Health Care Facility Transformation Program with Increased Carve Out for Community Health Care Providers, and Ensure that Funding is Available to Support Telehealth Services at FQHCs

CHCANYS is pleased that the Executive Budget includes \$425M in capital funding to support the Statewide Health Care Facility Transformation Program. Of that, the Governor proposes to carve out \$60M for New York State's community-based providers, provided that \$20M of the \$60 M would be set aside specifically for Assisted Living Program (ALP) providers. Thus, non-ALP community-based providers, including FQHCs, behavioral health, substance use disorder and home care providers, would be eligible to receive up to \$40M, or less than 10% of the total amount available.

It is critical that adequate funding be available to all health care sectors and that the entirety of the \$60M be available to non-ALP, community-based providers to support their ongoing participation in transformation efforts. The proposed \$20M set aside for ALP providers can appropriately be preserved and carved out of the remaining \$365M.

Last year's Enacted Budget required that a minimum of \$75M, or 15%, of the \$500M for the Statewide Health Care Facility Transformation Program be set aside for community-based providers. In the most recent program awards that were announced in July 2017, 163 community-based provider applicants requested \$436M in funding and ultimately, 45 projects were funded at a total amount of \$87M, or 20% of the total amount requested. The overwhelming response to the previous rounds of capital funding makes clear that there is an enormous need from the community-based sector for capital resources to support their participation in transformation initiatives. CHCANYS urges the Legislature to support proportional investment in community-based health care providers and set aside a minimum of \$60M of the \$425M in funding for their use, notwithstanding the proposed \$20M set aside for ALP providers. A carve out totaling \$60M specifically for community-based providers would mirror the percentage of funding set aside in previous appropriations for this program.

Additionally, CHCANYS is pleased that the Article VII language in the Executive Budget includes expansion of telehealth services as an eligible project for this health care capital

program. However, as written, the language appears to limit the use of funding for telehealth services to only those projects that support acute, post-acute or long-term care. For several years FQHCs have been at the forefront of providing telehealth services, particularly in rural areas, and have achieved remarkable success in using telehealth to expand access to primary and specialty care for their patients. At one Central New York FQHC that implemented a pediatric teledental program for children with severe dental caries, completion rates (i.e., patients who completed treatment) increased from 15% to 94%. Clearly, telehealth has the potential to greatly increase access to care for patients throughout the health care system. In light of this, CHCANYS recommends that the language pertaining to telehealth services be expanded to ensure that capital funding may be used to support the adoption and expansion of telehealth providing primary care, not just acute, post-acute or long-term care.

FQHCs and other community health care providers are the backbone of access to care in many communities because they are heavily relied upon by the uninsured, underinsured and publicly insured -- the very population that tends to over utilize hospitals. Capital funds available through the Statewide Health Care Facility Transformation Program will help support the development of new and expanded community-based care, which will be essential to achieving true delivery system transformation.

CHCANYS urges the Legislature to allocate a minimum of \$60M of the \$425M in funding for the Statewide Health Care Facility Transformation Program solely to community health care providers, including FQHCs, behavioral health, substance use disorder and home care providers, while maintaining the proposed \$20M set aside for Assisted Living Program providers from the remaining \$365M. Additionally, the Article VII language should be amended to ensure that funding may be available to support telehealth services for primary care services.

D. Support the Recommendations of the Regulatory Modernization Initiative to Establish a Limited Integrated License and Expand Telehealth Services

CHCANYS was honored to participate in the Department of Health's Regulatory Modernization Initiative (RMI) as a member of the Integrated Care and Telehealth workgroups. As RMI

members, we participated in several meetings to develop recommendations to promote increased integration of primary care, behavioral health and substance use disorder services and to expand the use of telehealth throughout the State. We are pleased that many of these recommendations were included in the Governor's Executive Budget and, in particular, urge the Legislature to support the Governor's proposals to a) lift the limits on the volume of substance abuse and behavioral health services that may be offered by primary care providers and permit primary care providers to offer integrated services without obtaining an Article 31 or 32 license and b) expand the definition of originating site for the delivery of telehealth services.

While only a small handful of FQHCs have either an Article 31 or Article 32 license in addition to their Article 28 license, many health centers are providing behavioral health services pursuant to current integrated licensure models. Additionally, all FQHCs recently received federal funding from federal Health Resources & Services Administration (HRSA) to expand their substance use disorder services to respond to the opioid crisis and as such, are increasing these services across their sites. The Governor's proposal to permit primary care providers to provide additional behavioral health and substance use disorder services through a limited integrated license will be incredibly beneficial to both FQHCs and the patients who rely on them for comprehensive care. CHCANYS urges the Legislature to support the RMI recommendations related to integrated care.

As mentioned previously, FQHCs in New York have been at the forefront of providing telehealth services in rural communities and have successfully increased access to care for patients who otherwise may have needed to travel far distances to receive necessary care. The Governor's proposal to expand the locations at which a patient may receive telehealth services will exponentially increase flexibility to serve patients wherever they are. Permitting patients to receive services in their own homes or other temporary locations will vastly increase access for those who live in rural areas, have limited access to transportation, or have physical disabilities that may make travel difficult. CHCANYS enthusiastically supports expanding the definition of originating site and encourages the Legislature to do the same.

E. Health Homes

FQHCs have played a critical role in the State's Health Home program since its inception. The FQHC model of providing culturally and linguistically diverse community-based care is well aligned with the goals of the Health Home program, as demonstrated by the fact that FQHCs lead three of the Health Home networks, and four FQHCs support Health Home networks as care management leads. As such, CHCANYS is concerned about the Executive Budget proposal to reduce funding for Health Homes by \$67M. While reforms to strengthen the program and improve outcomes may be warranted, the lack of details regarding the \$67M savings target makes it extremely difficult to comment on this proposal. CHCANYS urges the Legislature to reject any reductions that diminish the ability of Health Home leads or care managers to continue to provide high quality care management to those most in need.

F. Maintain Support for Health Centers Serving Migrant & Seasonal Farm Workers

CHCANYS supports maintaining level funding for health centers that operate migrant health care programs across New York State. Migrant Health Care funding allows health centers and other eligible providers to serve over 18,000 migrant and seasonal agricultural workers and their families, an extremely vulnerable population that is integral to New York State's agribusiness. It is estimated that 61% of farmworkers live in poverty, with a median income of less than \$11,000 annually. New York's migrant health centers keep farmworkers healthy by providing primary and preventive health care services, including culturally competent outreach, interpretation, transportation, health education and dental care. CHCANYS urges the Legislature to maintain \$406,000 in funding for the Migrant Health Care program.

G. Maintain Level Funding for Doctors Across New York

Since 2008, the Doctors Across New York (DANY) program has provided loan repayment and practice support funding to address physician recruitment and retention in locations throughout the State that lack sufficient capacity to meet community needs. While DANY has helped place physicians in communities across the State, the number of placements has not kept pace with the growing physician shortage. In the ten years since DANY became law, there have only been

four solicitation cycles, with the program historically receiving more applications than awards available. In those four cycles, 228 awards have gone to primary care physicians, at least 25 of which were located at FQHCs.

Over the history of the program, DANY has faced numerous challenges, including initial limitations on the specialties that could be recruited, a mandate that an applicant must have an executed contract to be eligible to apply, a cumbersome application form and timing that was inconsistent and not aligned with medical school recruitment timelines. However, CHCANYS and other provider associations who are members of the Workforce Advisory Group (WAG) have worked closely with the Department over the past several years to help streamline the program and make it more appealing as a recruitment tool for providers and medical students.

We look forward to continuing to collaborate with the Department to improve program effectiveness, utilization and outcomes. Additionally, CHCANYS will continue to promote the DANY program to health centers as a tool to address recruitment and retention challenges in an effort to increase health center participation in the program.

The Executive budget proposes level funding of \$9M for the DANY program, which would support 75 new awards. We urge the Legislature to maintain funding for this critical workforce program, in addition to ensuring a consistent timeline and annual RFA application process, to align with the job search cycle of final year residents and maximize outreach and recruitment.

H. Reject Consolidation of Public Health Funding

CHCANYS and our member FQHCs have worked hand in hand over the years with both the State and local health departments to protect and improve public health. Public health concerns underlie the reasons that patients come to FQHCs for care, from chronic diseases such as asthma, hypertension and obesity, to environmental factors that impact health, and to outbreaks of contagious diseases, such as the current flu epidemic. Over the past several years, there have been repeated budget proposals that would greatly diminish state funding to protect public health. Last year's Enacted Budget included a 20% reduction to numerous public health programs, a number of which are implemented at the local level by FQHCs. This year, the

Executive Budget again proposes to reduce by 20% (\$9.18M) almost all of the same programs that were impacted by last year's reduction. For these programs, that equals a 40% reduction in state assistance in just two years. Because the State uses this funding to partner with health care providers and organizations in the community, it is those entities, and ultimately the patients and residents in those communities, not the State, that absorb this cut. We strongly recommend the Legislature prevent any further reductions to the public health system by rejecting the proposed 20% reduction to public health awareness and prevention programs.

I. Support School-Based Health Centers

New York's 250 school based health centers (SBHC) provide services to over 200,000 children in medically underserved neighborhoods including primary, dental, behavioral and reproductive health care services. Over half of SBHCs are sponsored by FQHCs.

SBHCs are a powerful tool for reducing racial and ethnic disparities. According to the Department, 44% of students served are Hispanic or Latino and 31% are Black or African American. They are safety-net providers for children who are undocumented and/or uninsured and are a critical point of care for immigrant children.

Many of the young people served in SBHCs live in communities with a high incidence of drug and alcohol abuse, violence, teen pregnancy and sexually transmitted diseases. Fourteen percent (14%) live in rural areas where geography and shortages of health and behavioral health providers make access to services extremely difficult. For some youth SBHCs are their only source for counseling, health screenings, reproductive care and immunizations. Repeated studies have shown that SBHCs improve the health and mental health of children and save the State money. SBHCs prevent unnecessary hospitalizations, reduce emergency room visits, improve school attendance and avoid lost workdays for parents.

CHCANYs urges the Legislature to support and maintain the \$17M in non-Medicaid grant funding for School Based Health Centers included in the Executive Budget and to restore \$4M to the 16 SBHC sponsors whose grants funds were disproportionately reduced last year as a result of a 20% cut included in the 2017-18 Enacted Budget and a subsequent administrative action.

J. Support First 1,000 Days of Medicaid

Nearly one-third of FQHC patients are children under the age of 18, and FQHCs serve nearly one in five children on Medicaid. CHCANYS was pleased to participate in the State's First 1,000 Days of Medicaid workgroup and supports the increased focus on the needs of children who received Medicaid. We are pleased that the Executive Budget allocated \$1.45M to support this innovative initiative and urge the Legislature to support this funding.

Conclusion

CHCANYS supports New York's efforts to transform the health care delivery system and is pleased that the State has recognized the importance of expanding access to comprehensive, community-based care—a model that FQHCs have relied on for fifty years. Meaningful sustainable delivery system transformation will only be achieved if the State provides appropriate financial investment directly to the community health care providers whose work is at the center of the reimagined care delivery system. CHCANYS stands ready to work with the State's legislative leaders to support New York's ambitious health care agenda.

Specifically, CHCANYS respectfully urges the Legislature to:

✓ Support:

- Level funding for the Safety Net Pool (\$108.8M gross / \$54.4M state share);
- A minimum carve out of \$60M for community-based providers through the Statewide Health Care Facility Transformation Program, notwithstanding the \$20M carve out for Assisted Living Program (ALP) providers;
- RMI recommendations pertaining to telehealth and integrated care;
- Level funding for health services for migrant and seasonal farm workers (\$406,000);
- Continued investment in the primary care workforce through the Doctors Across New York program (\$9M)
- Level funding for School Based Health Centers (\$17M)
- First 1,000 Days of Medicaid Initiative (\$2.90M gross / \$1.45 state share)

✓ Reject:

- Reduction to Patient Centered Medical Home incentive payments (\$20M gross / \$10M state share);
- Reduction to the Health Home program (\$67.65M gross / \$33.30 state share);
- Consolidation and reduction of public health pools (\$9.18M);

✓ Restore:

- Funding to school based health centers sponsored whose grants funds were reduced last year (\$4M)