Health Reform & the Safety Net

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Two Health Safety Nets

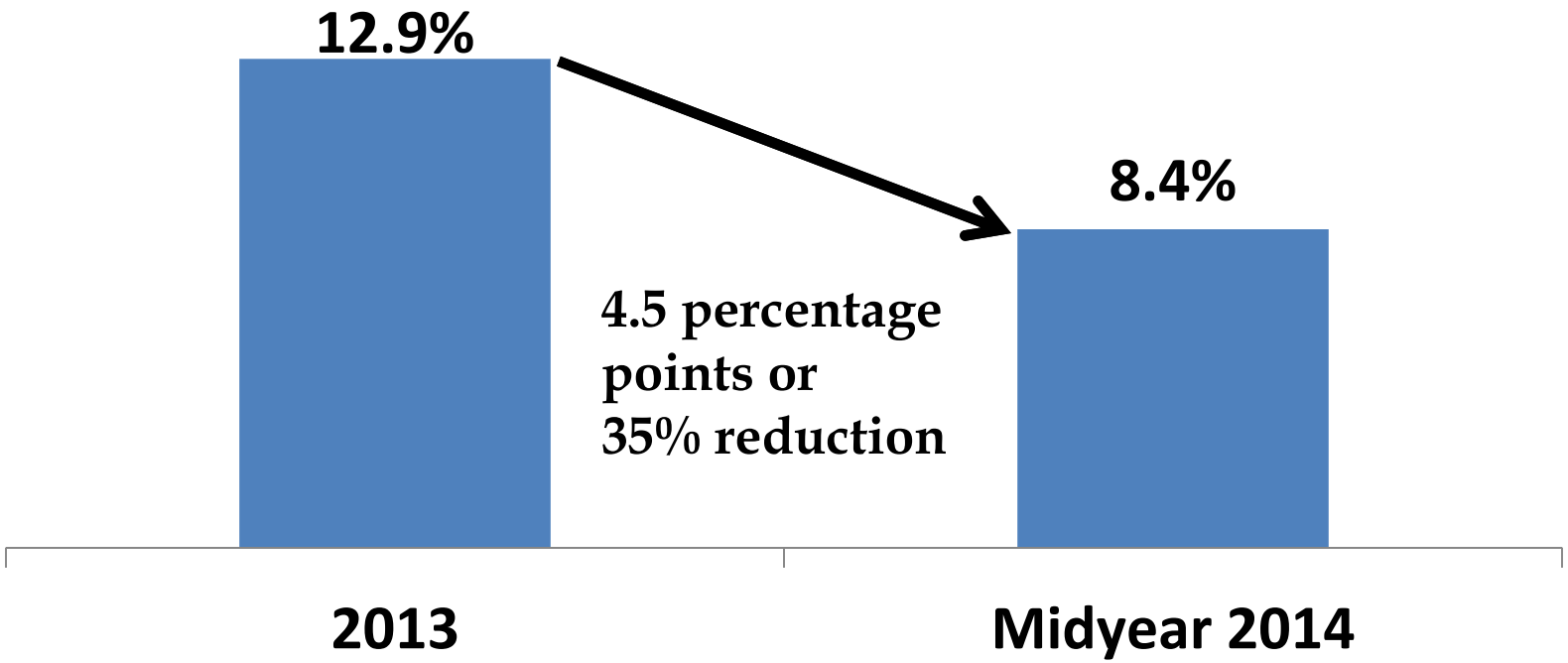
- Insurance Safety Net: Medicaid, CHIP, MD Health Connection
- ACA designed to boost insurance coverage.
- Provider Safety Net: FQHCs, public & charity hospitals, public health depts., family planning, mental health, etc. Often supported by federal, state/local, charitable grants.
- **Insurance ≠ Access.**
- Safety net provides: access for vulnerable populations, e.g., uninsured and Medicaid; access to key services; geographic access to those in underserved areas.

Initial Enrollment in Medicaid and Exchange in Maryland

	Number Gained	% Change
Medicaid (7-9/13 to 6/14)	290,554	+ 34%
Maryland Health Connection (thru 8/14)	78,666	

Sources: CMS and MD Health Connection

Early Estimate of ACA Impact on % Uninsured Adults in Maryland



Source: Gallup –Healthways Survey, Aug. 2014

Maryland vs. the Nation

- Numerous surveys indicate % uninsured at the national level fell between 2013 and early 2014. Medicaid expansion states improved more than non-expansion states.
- Maryland began with lower-than-average uninsured and appears to have had a higher-than-average reduction in uninsured. (But these are early data.)

Implications for Safety Net Providers

- Fewer uninsured lowers uncompensated care burdens.
- More insured means demand for care increases, particularly primary care.
- But some newly insured still need financial help.
- Many insurance plans have high deductibles (e.g., $2000-$5000) or cost-sharing (20%-30%)
- Some safety net providers might be excluded from insurance networks or patients unaware of networks.
- Should be easier to refer newly insured patients for specialty or inpatient care.

Changes for Safety Net Providers After Health Reform

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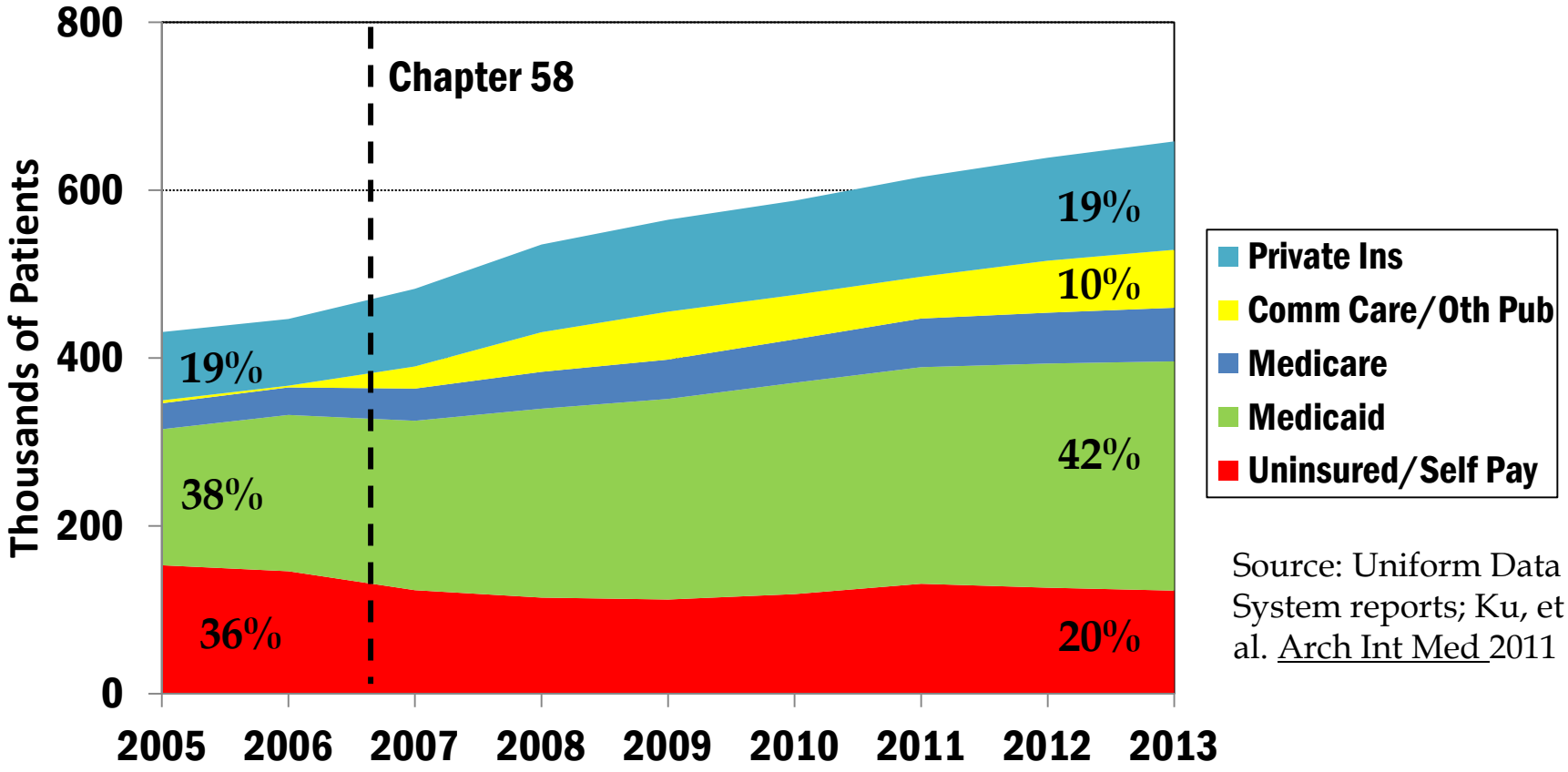
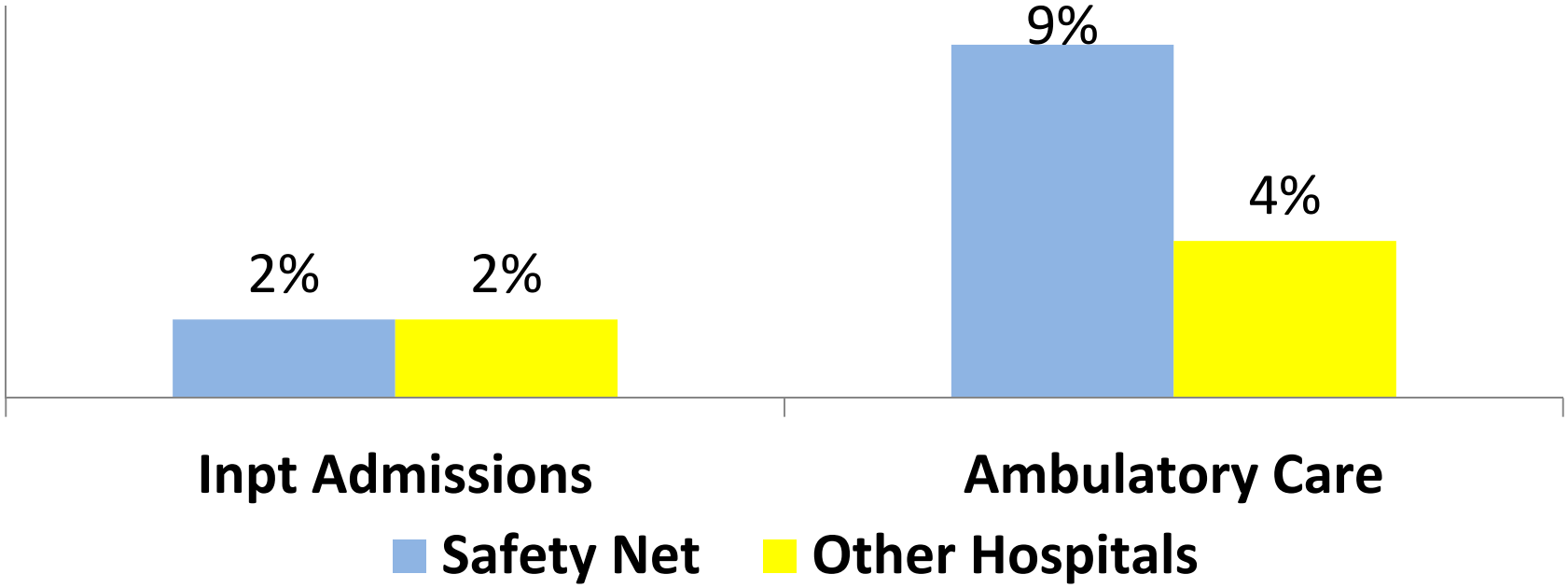
After Massachusetts' Health Reform, Community Health Centers Served 210,000 More Patients (+50%)



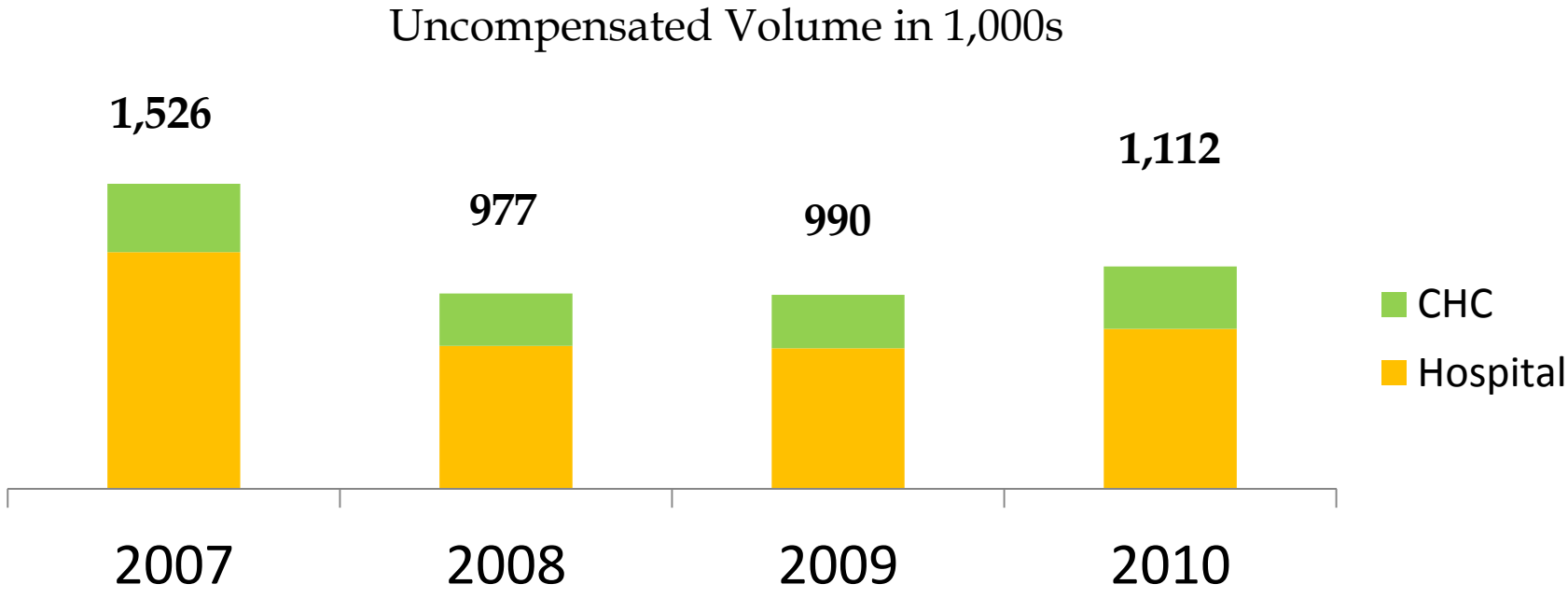
Source: Uniform Data System reports; Ku, et al. Arch Int Med 2011

Growth in Massachusetts Hospital Utilization by Safety Net Status 2006-2009



Source: Data from Mass Dept of Health Care Finance & Policy

After Reform in Mass, Uncompensated Care Volume Fell More Than One-third, But Rose Again as Recession Continued



Source: Mass DHCFP Reports

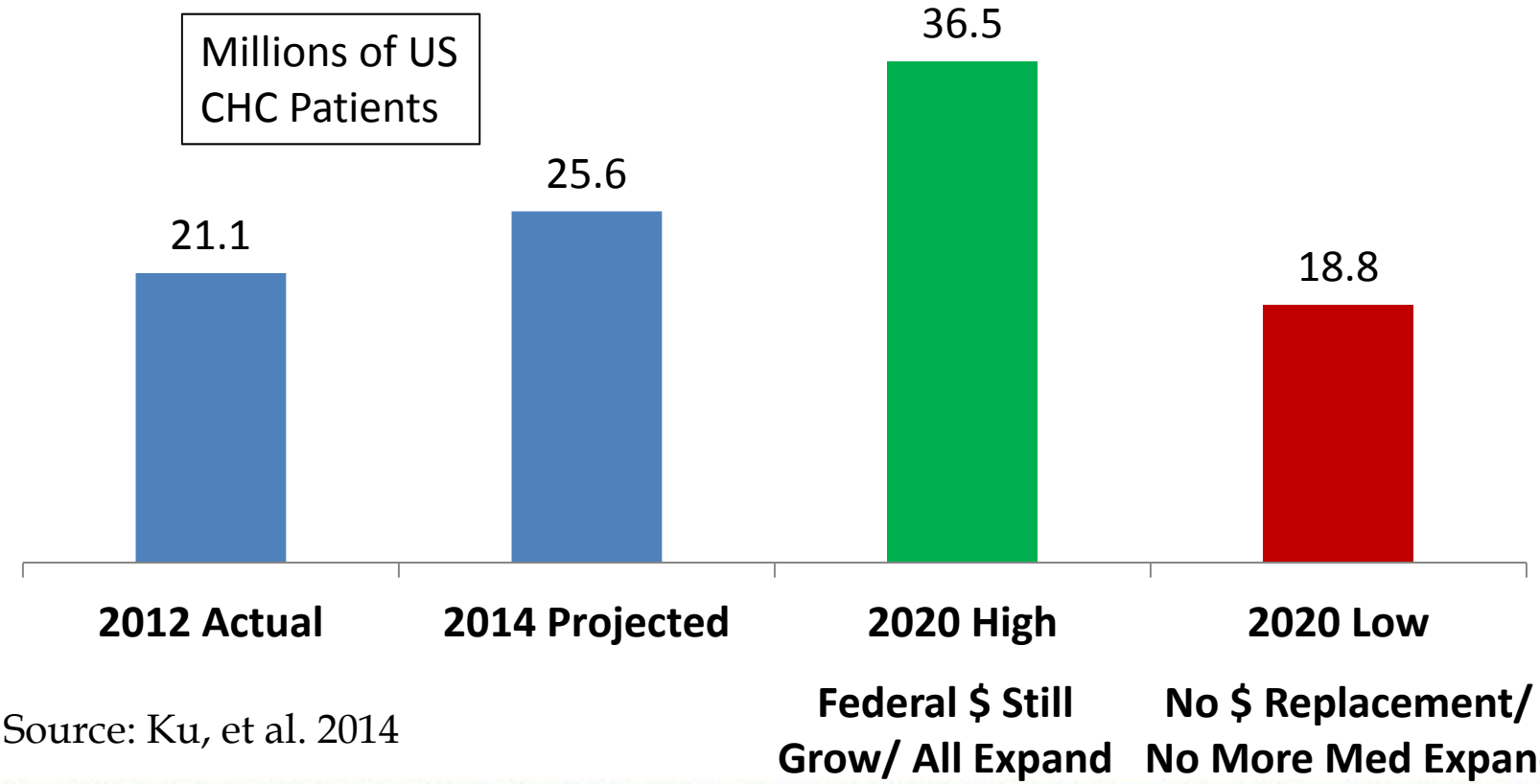
Unique Maryland Issues

- Closure of People's Community Health Center. Who is taking their patients & getting their resources?
- MD hospital all payor system is unique and changing.
- Uncompensated care system reduces burdens on safety net hospitals, but does this mean that they don't gain if there is a reduction in care for the uninsured?
- How will Medicaid DSH reductions play out in all payoer system?

Some Important Risks at Federal Level

- Medicaid primary care physician payment increases ending Dec. 2014.
- Changes beginning Oct. 2015:
  - Medicaid DSH cuts begin
  - Mandatory funding for CHCs expires
  - CHIP funding expires
- Federal budget still being squeezed under sequestration.

Potential Changes in CHC Caseloads, Based on Federal Funding & Medicaid Expansions



Source: Ku, et al. 2014

Transitioning from Grants to Insurance

- Many safety net providers rely on grant funding. But insurance becoming more important.
- Often have difficulty working with insurance:
  - Difficulty with billing systems.
  - Often use non-physician personnel.
  - No electronic health record systems.
  - Social mission may conflict with financial needs.
- Insurance companies have difficulty deciding how to work with them: Are they primary care or specialty care?

Issues Vary Across the Safety Net

Provider Type	Issues	Strengths/Weaknesses
Community Health Centers	Potential federal funding loss. Difficulty getting staff	Reduction in uninsured. Modernized systems.
Safety Net Hospitals	Potential DSH cuts. Exclusions from networks?	Reduction in uninsured. How does this work with all payor?
Local Health Depts	Changes in public health priorities: direct care or not? Erosion of federal/state funds?	Able to work with insurance? Ability to coordinate?
Specialized Clinics (family planning, HIV)	Remain specialized or shift toward primary care? Erosion of federal/state funds?	Able to work with insurance or with CHCs?
Mental Health Agencies	Insurers may try to avoid MH patients with serious problems. Erosion of federal/state funding?	Often weak in working with insurance. Ability to integrate with primary care?

CHRC: Laying Foundations for Change

- Helping safety net providers plan for future, while also recognizing current needs.
- Developing management and financial systems to work with insurance
- Improving ability to coordinate care and information with other provider types (e.g., between primary care, specialty care and hospital)
- Continuing to recognize innovations in safety net, including work on social determinants of health.
- Addressing needs of remaining uninsured, including immigrants.