LOUISIANA Department of HEALTH and HOSPITALS

Louisiana's Vision for Access to Primary Care in the New Orleans Region

WHITE PAPER

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Following the devastation of Hurricane Katrina, neighborhood-based health care sites emerged to meet the needs of the Greater New Orleans community. A number of concerned groups independently operated these sites and created new community health care capacity. These clinics became an important source of care for a largely disadvantaged population that had historically relied on the public hospital and emergency rooms for primary care.

In May of 2007, the U.S. Department of Health and Human Services (DHHS), under the authority of Section 6201 of the Deficit Reduction Act (DRA), directed $100 million to the Louisiana Department of Health and Hospitals (DHH) to support access to primary care and outpatient mental health services. This grant, the Primary Care Access and Stabilization Grant (PCASG), restored and expanded outpatient primary care and preventive health care services, including mental health services and other supportive services in the Greater New Orleans region. During the course of the grant period, the State and its local partners have explored and pursued alternative, long-term financing options with a focus on sustainability.

The funds have been distributed to 25 eligible public and private not-for-profit clinics in Orleans, Jefferson, Plaquemines and St. Bernard parishes operating the neighborhood-based care sites that targeted low income, uninsured individuals. As a result, a vulnerable population with a long history of health disparities and very poor health now has access to more appropriate and cost effective primary and preventive health care services. Innovative models of care have been developed and implemented, including Patient-Centered Medical Homes (PCMH) and integrated mental health services, as well as providing opportunities for workforce training.

With the impending end of PCASG funding in September of 2010, the state and federal governments must work together to secure a new funding stream to sustain and build on this leading edge model that preserves primary care and provides a bridge to national health care reform implementation. The providers have worked to enhance sustainability through billing third party payers, charging sliding scale fees and applying for status as Federally Qualified Health Centers (FQHC). Despite these efforts, they would have no choice but to scale back 40 percent of current patient capacity if a funding solution is not found. As a result, many of the most vulnerable patients would lose access to the care they need to stay healthy to avoid reliance on costly, episodic emergency department care; the federal government's investment in primary care and building health care capacity and infrastructure in post-Katrina New Orleans would be effectively lost.

The New Orleans region has a high rate of uninsured adults, with more than 100,000 adults between the ages of 19 and 64 lacking insurance according to the 2009 Louisiana Health Insurance Survey (LHIS). The PCASG clinics serve approximately 75,000 of these

uninsured: roughly 41,250 under 133 percent of the FPL; 18,750 between 133 percent and 200 percent of the FPL; and 15,000 above 200 percent of the FPL. If coverage under any plan were extended to these uninsured adults earning 200 percent of the FPL or less, 80 percent of the current PCASG patient base would be served. There would, however, be a disproportionate effect in St. Bernard Parish where 60 percent of the uninsured earn more than 200 percent of the FPL, but many lack access to affordable employer-sponsored insurance.

The PCASG grant focused on access to population-based care to mitigate disparities in the region. Data collected by the PCASG clinics shows that in state fiscal year 2009, they provided primary and preventative care to twice as many African American residents as any other race helping to alleviate the long-standing disparity in access to care for the minority population.

The State envisions moving this model to a risk-adjusted comprehensive care payment system in which patients are linked to medical homes for a core benefits package focused on primary and preventive care and limited mental health and pharmacy services. This is an opportunity to obtain invaluable data and experience prior to full implementation of health reform, which is critical for a number of reasons. The Greater New Orleans population is disproportionately poor, uninsured and at high risk medically, but perhaps more compelling is the necessity for primary care capacity to be maintained in preparation of the major expansion of coverage through Medicaid and the Exchange under the Patient Protection and Affordable Care Act of 2010 (PPACA) in January 2014.

One of the State's key goals is to expand access to quality primary and preventive care through Patient-Centered Medical Homes (PCMH). As a result of DHHS's investment, the State has begun to create and implement the PCMH model and experienced improved access to primary care in post-Katrina New Orleans. In order to maintain and build on those gains, the State is seeking to work collaboratively with the Centers for Medicaid and Medicare Services (CMS), the City of New Orleans and community partners in the development of an 1115 Research and Demonstration Waiver to pursue the following goals:

- Demonstrate more cost efficient use of Disproportionate Share Hospital (DSH) funding by supporting primary care service delivery in neighborhood-based PCMH settings rather than hospital-based settings;
- Provide continued access to PCMH services for uninsured adults between the ages of 19 and 64 in the New Orleans region through a risk-adjusted comprehensive care payment system, which provides enrolled individuals with a core benefits package focused on primary and preventive care and limited behavioral health and pharmacy services;
- Through selective contracting, utilize the current PCASG clinics as a defined provider group;
- Preserve and enhance the primary care provider infrastructure, which will be necessary to ensure access to care for approximately 100,000 new Medicaid enrollees in the Greater New Orleans region when coverage is significantly expanded in 2014;

- Utilize the Louisiana Public Health Institute (LPHI) for select Third Party Administrator functions, which will provide for continuity and maximization of the knowledge and data they have collected while serving as our local partner for the PCSAG initiative;
- Collect necessary data to link current clinic patients to a single PCMH for their primary care and collect income data to calculate Modified Adjusted Gross Income (MAGI) and automatically transition these individuals into Medicaid or the Exchange, effective January 2014;
- Emphasize quality by requiring all providers to attain and/or maintain recognized Medicaid Home standards, promote primary care teams, make meaningful use of Electronic Health Records (EHR), and collect and report on quality measures.

The State anticipates that the waiver's goals would be accomplished by transitioning the current PCASG grant model to a risk-adjusted comprehensive care payment system, an alternative to traditional capitation, to support the PCMH. The PCHM would provide care coordination, measure care effectiveness/population health and support patient engagement for uninsured adults.

Based on income levels of the uninsured, the State and its partners propose coverage up to 250 percent of the FPL (the State's income maximum for children); no cost coverage would be offered to individuals up to 133 percent of the FPL and a sliding scale for individuals with income levels between 134 percent and 250 percent of the FLP. Under the waiver, the State would like to assess the use of Modified Adjusted Gross Income (MAGI) in determining Medicaid eligibility prior to mandatory implementation in January 2014.

By redirecting DSH and transitioning to a patient-centered primary care model, the waiver would allow the State to provide more cost effective care than the current DSH funding methodology, which supports costly hospital-based care. The State proposes costs not otherwise matchable (CNOM) authority through Section 115(a)(2) to establish a flexible funding pool with DSH funds that may be used to support this initiative.

The State anticipates approximately $20 million in redirected federal DSH funding would be needed each year to provide a primary care benefit model. The residents who would benefit from this waiver are those in the Greater New Orleans region, which includes St. Bernard, Plaquemines and Jefferson parishes who continue to cope with recovery from Hurricane Katrina and have now been negatively impacted by the Deepwater Horizon Oil Spill.

The State intends to establish a risk-adjusted comprehensive care payment system, which would provide a core benefits/medical home package for enrolled patients, with payment handled by the TPA. The TPA would link participants to a clinic, which would serve as the patient's medical home, and be responsible for care coordination and referrals for specialty care and inpatient care through the existing safety net providers. The TPA would work in collaboration with the State to track service utilization that includes specialty, emergency department and

inpatient hospital care. This data would be used to assess the impact of these services on burden of condition, utilization of services and associated health care costs. During this bridge period, quality metrics would be collected to measure improvements in patient health and population health outcomes. The not-for-profit TPA would be reimbursed accordingly to handle administrative and quality improvement functions.

Louisiana believes implementation of this demonstration should be expedited. In addition to the expiration of the PCASG funds in 2010, the 2014 expansion of Medicaid could add as many as 550,000 adults to the Louisiana Medicaid program, more than 20 percent of which are expected to reside in the New Orleans region. To prepare for these two events, and provide continued access to meet current needs, the State must safeguard the gains that have been made and further redesign and improve the systems for delivery of health care.

When comparing state budget deficits, Louisiana ranks fourth in the nation with a budget deficit of 19.8 percent of its total state general fund budget, according to the National Conference of State Legislators. Additionally, the State is experiencing a significant decrease in federal funds. For example, the permanent loss of federal dollars as a result of the DSH audit rule results in a substantial and permanent adverse impact on funding streams for the State's system of public, LSU-operated hospitals, state mental health institutions and rural hospitals. The total loss of allowable DSH is $198.5 million, with $134.2 million of this loss being in federal funds. The State's budget is currently under consideration by the Louisiana Legislature; in the proposed Executive Budget, Medicaid services have been preserved even in the face of significant revenue shortfalls in the current fiscal year and a projected deficit of nearly $1 billion in the next fiscal year.

The State is exploring various potential financing options for the state match requirement for this Section 1115 Medicaid Demonstration Waiver. We have identified opportunities for the State to more efficiently utilize local funding sources through a CMS approved intergovernmental transfer (IGT) or certified public expenditure (CPE) funding mechanism. Currently, the city of New Orleans and surrounding parishes are paying for medical services with local tax dollars. The IGT and CPE process would allow the State to use monies already being spent by the local governing entity as the state match for federal Medicaid funds. Additionally, the State is evaluating potential options to free up funds for state match.

The State is also researching grants and enhanced match available through PPACA that may help in addressing building infrastructure and improving access to primary and preventive care. Possible new federal funding opportunities include expansion of FQHCs, community health centers, and the health home planning grant and State Plan options.

Ultimately, the State is ready to work with federal, city, and local partners to assure the investment for primary and preventive care made by DHHS is preserved and retooled to facilitate a delivery model that meets the needs of the community and provides valuable insight for the future of health care at the local, state and national levels.