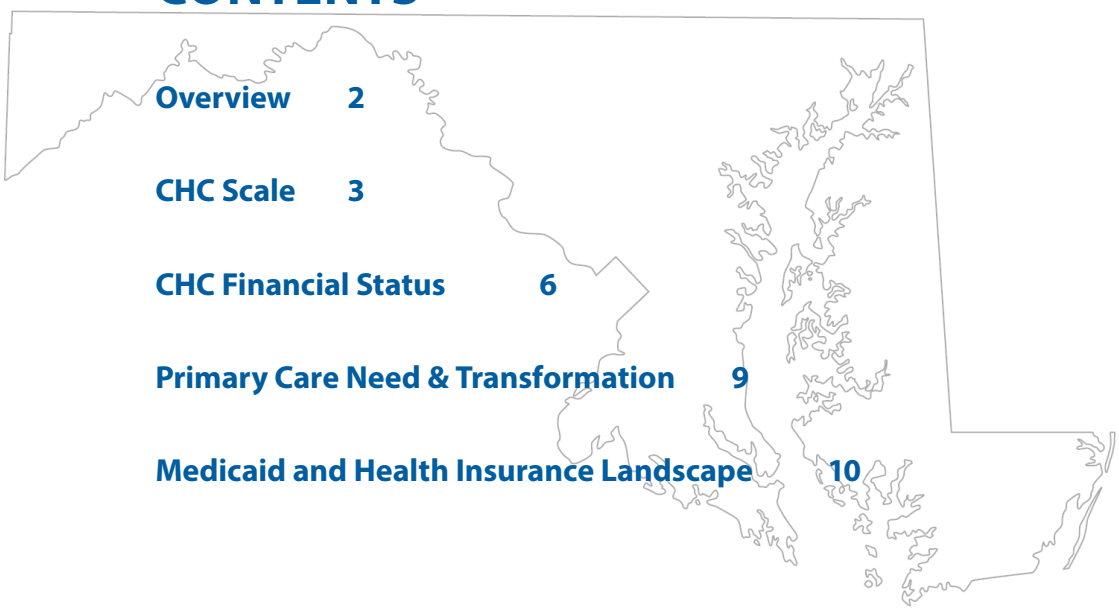
PRIMARY CARE DEVELOPMENT CORPORATION

COMMUNITY HEALTH CENTER GROWTH AND SUSTAINABILITY STATE PROFILES

MARYLAND

CONTENTS



Supported by the RCHN Community Health Foundation

OVERVIEW

Market Share & Growth

- As of 2014 there were 15 CHCs operating 113 permanent clinical service delivery sites throughout the state of Maryland. CHCs in Maryland are represented by the Mid-Atlantic Association of Community Health Centers, which also represents Delaware CHCs. [1] [2]
- Maryland CHCs provided 1,368,938 visits to 291,579 patients in 2012. [3]
- The number of people served by CHCs increased by an average of 4.7% from 2010-2012, compared to 4.1% average annual growth experienced by CHCs nationwide. [3]
- CHCs serve approximately 17% of Maryland's Medicaid population (US: 16%) and 5% of its overall population (US: 7%). Maryland CHCs serve 15.1% of individuals with incomes <200% FPL, compared with 15.9% nationally. [3]
- Medicaid enrollment, currently at 761,000, is projected with Medicaid expansion to grow by an additional 209,000 people by 2022 (27% growth), with the uninsured rate projected to decrease from 13.4% to 7% by 2020. [4]

Policy & Reimbursement

- Maryland spends slightly more than $7,000 per Medicaid enrollee annually – the 11th highest in the nation. [5]
- Maryland is implementing Medicaid expansion under the ACA, setting higher eligibility limits for parents and childless adults (138% FPL), pregnant women (264% FPL) and children (family income up to 322% FPL). [6]
- Medicaid managed care is run through the HealthChoice program. About 80% of Medicaid beneficiaries receive services through the program. [7]
- Medicaid reimbursement for Maryland's CHCs is governed by the PPS system. [8]
- Maryland Medicaid enables an array of providers) to bill Medicaid for face-to-face visits, including MDs, NPs, PAs, RNs, psychologists, LSWs and certified midwives. [9]
- Maryland has several FQHCs participating in the "FQHC Advanced Primary Care Demonstration" program, a program funded by the CMS Innovation Center; additionally, Maryland has been awarded State Innovation Model "Design Award." [10]
- Maryland has state-run Health Insurance Exchange known as the Maryland Health Benefit Exchange. [11] [12] The Maryland exchange encountered considerable technical difficulties, and had 67,757 individuals who selected a health plan in the first open enrollment period (thru 3/31/14) against a goal 150,000. [13]

Maryland CHCs Compared to CHCs Nationwide

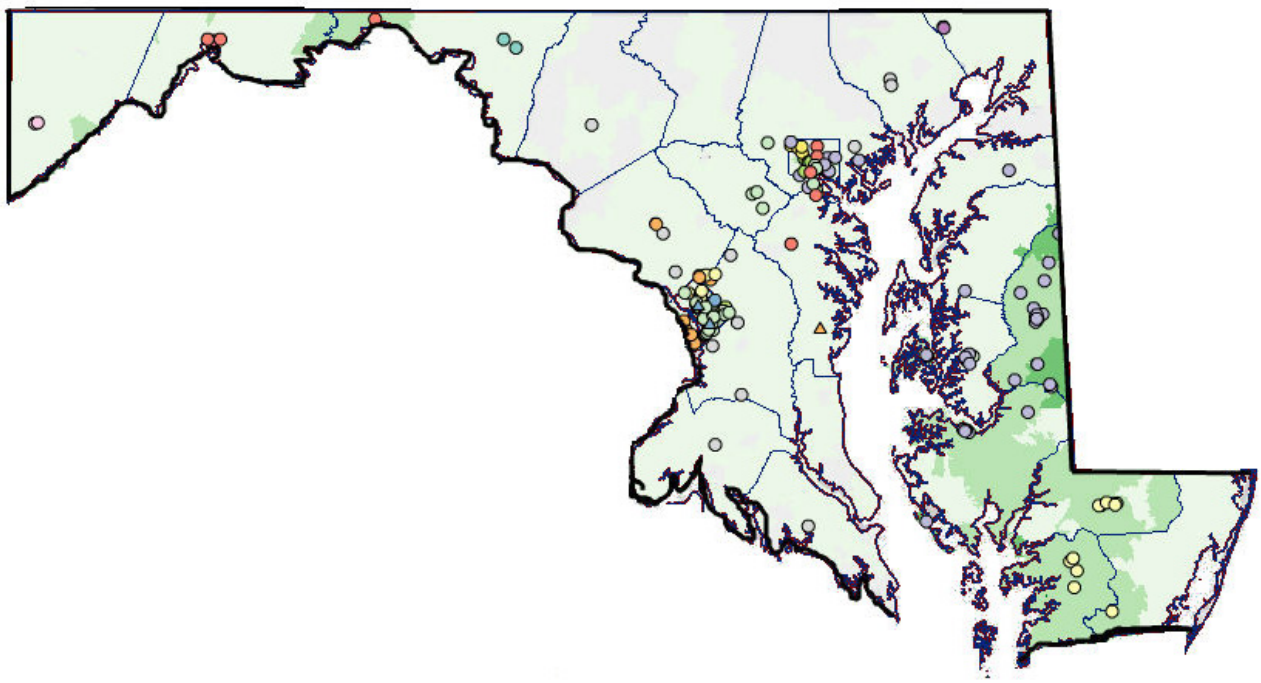
- Lower proportion of total population served at CHCs
- Proportion of Medicaid population served at CHCs near national average
- Visits per CHC is 22% higher than national average
- Significantly higher proportion of visits for Case Management/Enabling Services
- Growth rate (2010-12) in visits about 65% above national average, including very substantial growth in dental care

	MD	US
Population Served (2012)		
Total patients served by CHCs	291,579	21,102,391
% of population served by CHCs	5.0%	6.8%
% of under 200% FPL served by CHCs	15.1%	15.9%
% of Medicaid Enrollees Served	17.4%	16.4%
CHC Characteristics and Volume		
Number of CHCs (2014)	15	1284
Total CHC Service Delivery Sites (2014)	113	9509
Average Sites per CHC (2014)	7.5	7.4
Annual Visits (Total) (2012)	1,368,938	83,766,153
Annual Visits per CHC (2012)	85,559	69,922
Annual Visits Per Patient (2012)	4.69	3.97
Visit Mix (% of Annual Visits by Service Type) (2012)		
Medical	70.6%	73.6%
Dental	7.7%	12.8%
Mental Health	11.6%	7.5%
Case Management/Enabling	10.2%	6.2%
Compound Annual Growth Rate (2010-2012)		
Total Patients	4.7%	4.1%
Total Annual Visits	7.1%	4.3%
Medical	5.7%	3.5%
Dental	17.9%	7.6%
Mental Health	10.4%	9.6%
Case Management/Enabling	6.3%	1.6%

Note: All CHCs are Federally Qualifed Health Centers receiving Section 330 grants. Lookalikes not included.

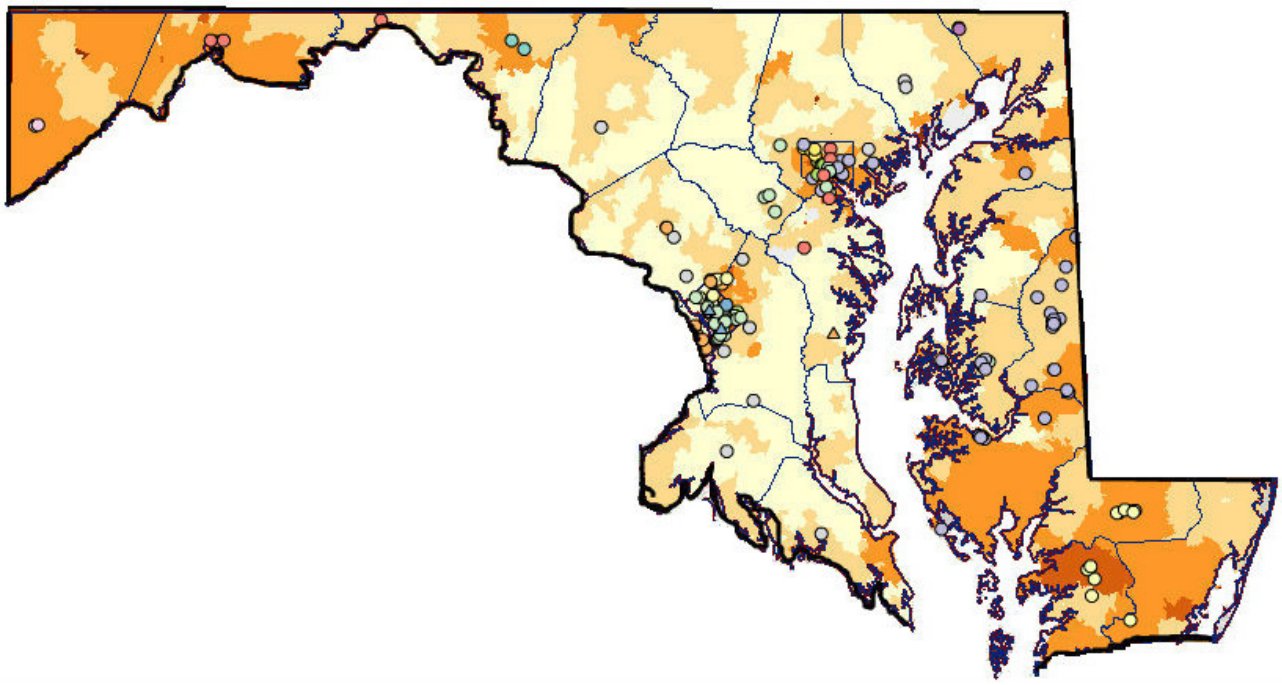
Source: UDS Summary Data 2010-2012, 2014

Share of Population Served by Maryland CHCs [14]



Source: UDS Mapper 2014

Maryland Low Income Population [14]



% of Low-income (Pop below 200% FPL)

- < 15%
- 15 - 30%
- 30 - 45%
- 45 - 60%
- > 60%

Colored circles represent CHC locations.
Unique color for each CHC network.

Source: UDS Mapper 2014

Maryland CHCs Compared to CHCs Nationwide, 2012

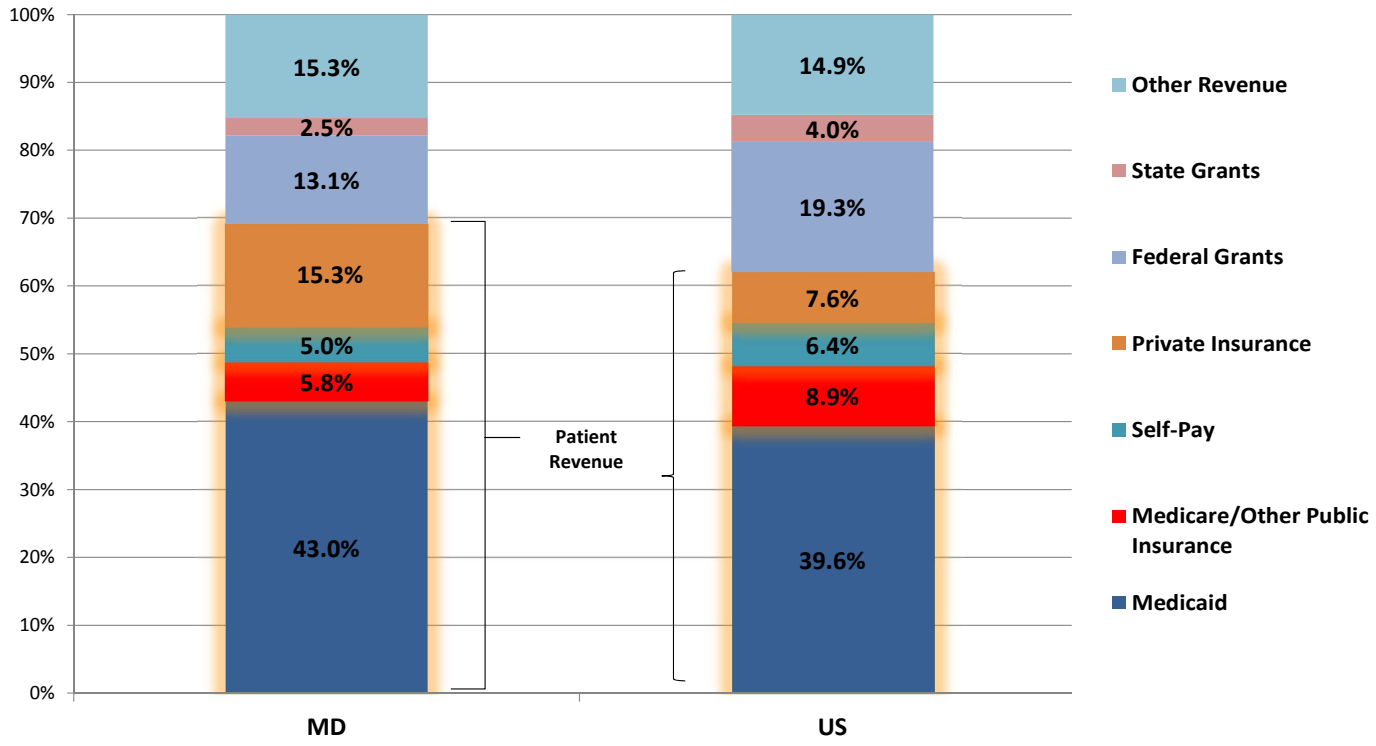
- Higher proportion of revenue from patient services
- Slightly higher portion of patient revenues from Medicaid
- Twice the proportion of revenue from private insurance
- Lower reliance on federal grants

	MD	US
CHC Revenue Mix		
Patient Revenue	69.2%	62.9%
Medicaid	43.0%	39.6%
Medicare/Other Public Insurance	5.8%	8.9%
Self-Pay	5.0%	6.4%
Private Insurance	15.3%	7.6%
Federal Grants	13.1%	19.3%
State Grants	2.5%	4.0%
Other Revenue	15.3%	14.9%

Note: All CHCs are Federally Qualifed Health Centers receiving Section 330 grants. Lookalikes not included.

Source: UDS Summary Data 2010-2012, 2014

Overall CHC Revenue and Payer Mix 2012



Source: UDS Summary Data 2012

Maryland CHCs as a Group, 2009-2011

- Median Total Assets increased by 139%
- Unrestricted Net Assets grew by 32%
- Median Days Cash on Hand increased by 40%, from 39 to 54 days, well above 30-day benchmark

MD Financial Performance 2009- 2011					
	Statewide CHC Medians			% Change	Benchmark
	2009	2010	2011		
Growth					
Total Assets ($)	$4,384,400	$5,881,237	$10,487,327	139%	N/A
Total Revenues ($)	$10,046,949	$11,652,282	$12,662,731	26%	N/A
Profitability					
Total Margin (%)	5.1%	6.6%	1.8%	-65%	N/A
Unrestricted Net Assets ($)	$4,520,670	$5,457,258	$5,963,292	32%	N/A
Liquidity					
Days Cash on Hand	39	47	54	40%	>30 Days
Days in Accounts Receivable	26	23	30	11%	<60 Days

Note: CHC 990s have limitations, and certain indicators could not be accurately analyzed as a result. For a more complete picture of CHC financials, audited financial statements should be consulted.

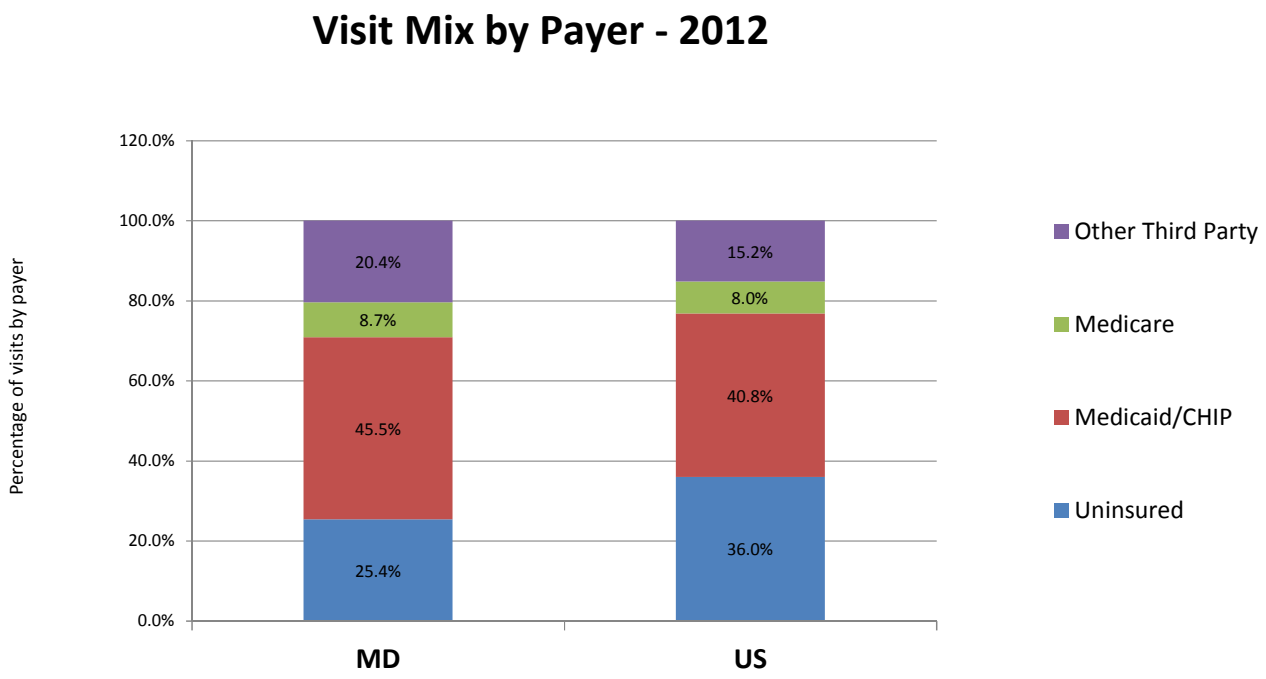
Sources: UDS Summary Data 2009-2011 and CHC Form 990s

Maryland CHCs Visit Mix Compared to CHCs Nationwide [15]

- Slightly lower proportion of patients live at or below poverty level
- Higher percentage of patients have Medicare and Medicaid
- Lower percentage of uninsured patients

	MD	US
CHC Visit Mix - 2012		
Income Status		
Patients at or below 200% poverty level	90.3%	92.6%
Patients at or below 100% poverty level	64.6%	71.9%
Coverage Status		
Uninsured	25.4%	36.0%
Medicaid/CHIP	45.5%	40.8%
Medicare	8.7%	8.0%
Other Third Party	20.4%	15.2%

Source: UDS Summary Data 2012



Source: UDS Summary Data 2012

PRIMARY CARE NEED

Statewide Primary Care & Prevention Clinical Indicators

- Near national average on most primary care & prevention indicators
- Ranked #24 in America's Health Rankings®

Statewide Primary Care Shortage & Workforce Indicators

- Lower proportion of population is underserved for primary care
- Underserved population for dental also significantly below national average

	MD	US
Primary Care & Prevention Clinical Indicators		
% births to women with late/no prenatal care	6.2%	5.3%
% low birthweights	8.8%	8.1%
% adults diagnosed with diabetes	9.0%	9.3%
Adult diabetes deaths per 100,000	19.9	20.8
Adult heart disease deaths per 100,000	182.2	179.1
Avoidable Hospitalizations per 1,000	62.7	66.6
America's Health Ranking (United Health Foundation)	24	NA
Primary Care Shortage and Workforce Indicators		
Estimated underserved population for primary care	294,417	35,057,608
% of total population	5.0%	11.3%
Estimated PCPs needed to achieve target PCP:Population	163	7067
Estimated underserved population for dental	185,412	31,707,007
% of total population	3.2%	10.2%
Estimated dental providers needed to achieve target Practitioner:Population ratio	62	6531

Source: Kaiser State Health Facts 2012

PRIMARY CARE TRANSFORMATION

Electronic Health Record Adoption [16]

- Close to national average EHR availability at state CHC sites (75% in Maryland compared to 79% in the U.S.)
- Scores higher than the national average in 9 of the 12 EHR functionality categories

Patient Centered Medical Home [3] [29]

- 50% of Maryland CHCs have achieved PCMH recognition or certification as of 7/1/14 compared to 58% nationally.
- In April 2010, Maryland enacted legislation which required the Maryland Health Care Commission (MHCC) to establish a Maryland Patient Centered Medical Home (PCMH) multi-year program. All payers with revenues over $90 million are required to participate.
- CHCs can share in 65% of savings for patients with Medicaid coverage, whereas other practices will be able to share in 30 to 50%.

Medicaid Policies – Highlights

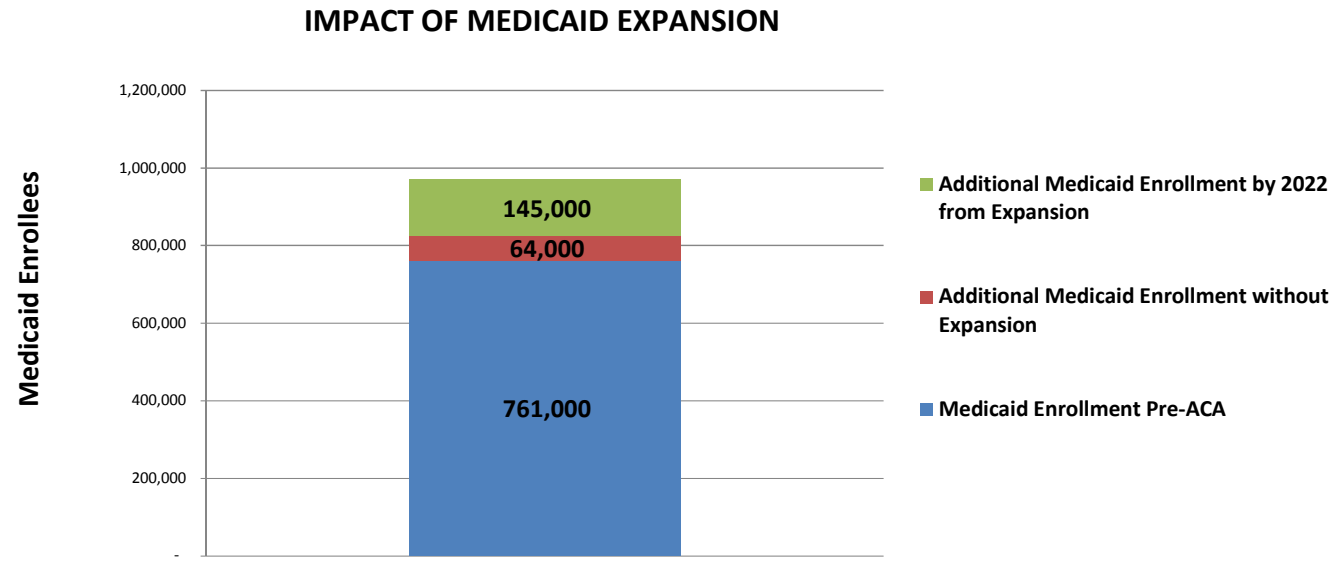
- Higher per-enrollee Medicaid spending than the national average
- Positive changes in Medicaid and medical home initiatives should increase access and expand enrollment.

	MD	US
Medicaid Policies		
Medicaid Payments Per Enrollee	$7,046	$5,563
Federal Medical Assistance Percentage (FMAP)	50.0%	50.0%
Health Insurance & Medicaid Expansion		
Implementing Medicaid Expansion	Implementing	
Health Insurance Exchange	State	
Total Uninsured	780,000	53,277,000
% of Uninsured Individuals (all ages)	13.4%	17.2%
Medicaid Enrollment Pre-ACA	761,000	52,410,000
% of Total Population	13.0%	16.9%
Additional Enrollment with ACA but no Medicaid Expansion	64,000	5,659,000
Additional Enrollment with ACA and Medicaid Expansion	209,000	21,280,000
% Growth in Medicaid Enrollment from ACA + Expansion	27.5%	40.6%
Estimated Number Remaining Uninsured After ACA	453,000	27,930,000
Estimated % Uninsured After ACA (2020)	7.0%	8.7%

Source: Kaiser State Health Facts 2012, Urban Institute HIPSM 2012

Health Insurance & Medicaid Expansion – Highlights

- State is implementing Medicaid expansion and already has a state-run health insurance exchange
- Slightly lower proportion of uninsured than U.S. average
- Proportion of residents who are uninsured is expected to decrease by from 13.4% to 7% over the next decade as a result of ACA.



Source: Kaiser State Health Facts 2012

Maryland Medicaid Spending

Maryland spends just over $7,000 per Medicaid enrollee annually – the 11th highest in the nation. [5]

Parents and children in low-income families make up over three-fourths of Medicaid and MCHP beneficiaries, but they account for a little more than one-third of Medicaid and MCHP spending. [13] Older adults and individuals with disabilities account for the majority of spending because of their intensive use of acute and long-term care services. [13]

Medicaid Coverage & Administration

NHealthChoice, Maryland's statewide mandatory Medicaid managed care program, enrolls over 80% of the state's Medicaid population. The program also enrolls children in the Maryland Children's Health Program (MCHP). [17] [18] Under the HealthChoice Rare and Expensive Case Management Program (REM), Medicaid recipients with specific rare and expensive conditions receive fee-for-service benefits and may receive an expanded set of benefits. [18]

Prior to the Medicaid expansion, Maryland provided coverage to parents of dependent children (116% FPL), pregnant woman (250% FPL), and children (300% FPL through the CHIP program). [19] [20] [21] While childless adults were not covered under Medicaid prior to the expansion, they were given limited coverage under the "Primary Adult Care" (PAC) program, using savings generated under HealthChoice. [22]

Following Medicaid expansion, eligibility was expanded for children (up to 322% through CHIP), Pregnant Women (264% FPL), and Parents of Dependent Children (138% FPL). Coverage is now available for childless adults as well (138% FPL). [9]

There are no enrollment fees for participation in the Medicaid program; however, premiums are required for individuals who earn above 200% FPL. Premiums are $50 for those living between 200% and 250% FPL, and $63 for the remainder of those eligible. Co-payments are limited for most services, but required for mental health and HIV medications. [23]

Medicaid and CHIP Income Eligibility Limits as % of FPL

	Children Ages 0-19	Pregnant Woman	Parents of Dependent Children	Non-Disabled Adults
2013	300%	250%	122%	116%
2014	322%	264%	138%	138%

*There is some variability in eligibility limits for children in 2013 under Medicaid based on age; however, the eligibility level chosen reflects the year's CHIP eligibility and/or highest eligibility level under Medicaid.

Source: Kaiser State Health Facts 2012

CHC Medicaid Reimbursement Policies

Maryland CHCs are paid in accordance with the federal PPS system. According to the Maryland Statute, Federally Qualified Health Centers are required to be reimbursed at 100% of their "reasonable and allowable" costs. [24] The allowable costs are determined in accordance with Medicare principles of reasonable cost reimbursement:

> "Payment is to be made on the basis of current costs…All necessary and proper expenses of an institution in the production of services, including normal standby costs, are recognized."

Reimbursements to CHCs are made on a per-visit basis, with CHC-specific rates that vary by service (i.e., medical and dental services have different rates). Final rate determinations are reached by including the cost of additional services (such as OB/GYN physicians) and will include adjustments based on the Medicare economic index at the end of each year. [25]

Maryland devotes only a nominal amount of funding to CHCs for indigent care just below $170,000 in 2012. [26]

A relatively wide range of types of providers are eligible to generate a reimbursable encounter. MDs, NPs, PAs, RNs, psychologists, LCSWs and certified midwives can all generate a billable encounter. [27]

Primary Providers Eligible for Reimbursement

State	MD	DMD	NP	Psychologist	Other
MD	Yes	No	Yes	Yes	PA, DMD

Secondary Providers Eligible for Reimbursement

State	RN	LCSW	Physical Therapist	Dental Hygienist	Nutritionist
MD	Yes	Yes	No	No	No

Source: Update on the Status of the FQHC Medicaid Prospective Payment System in the States. NACHC, 2011

Collaboration with CMS [28]

Maryland has collaborated with the Centers for Medicare and Medicaid Services (CMS) Innovation Center on a number of programs intended to develop and test service delivery models. The models typically provide incentive payments to participating providers, and include:

- **FQHC Advanced Primary Care Demonstration** – Select FQHC Grantees will receive funding to demonstrate how the patient-centered medical home (PCMH) model improves quality of care, promotes better health, and lowers costs. There are 4 grantees and 7 total health centers participating in the demonstration in Maryland.
- **State Innovation Model** -- Maryland was one of 16 states to receive Model Design funding to produce a State Health Care Innovation Plan. Maryland seeks to create a model that both integrates patient-centered medical care with community-based resources through a statewide expansion of Community-Integrated Medical Homes (CIMH) and enhances the capacity of local health entities to monitor and improve.

Notes

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