

COMMUNITY HEALTH CENTER GROWTH AND SUSTAINABILITY
STATE PROFILES

VIRGINIA

CONTENTS

Overview 2

CHC Scale 3

CHC Financial Status 5

Primary Care Need 8

Primary Care Transformation 9

Medicaid and Health Insurance Landscape 10



OVERVIEW

Market Share & Growth

- As of 2014, there were 28 CHCs operating 135 permanent clinical service delivery sites throughout the State of Virginia. The CHCs are represented by the Virginia Community Healthcare Association.^{1 2}
- Virginia CHCs provided 1,018,316 visits to 283,906 patients in 2012.³
- The number of people served by Virginia CHCs increased by an average of 1.9% annually from 2010-2012, compared to 4.1% average annual growth experienced by CHCs nationwide.³
- CHCs serve approximately 8.0% of Virginia's Medicaid population (US: 16%) and 3.6% of its overall population (US: 7%). Virginia CHCs serve 9.4% of individuals with incomes <200% FPL, compared with 15.9% nationally.³
- Medicaid enrollment, currently at 769,000, is projected to grow to 80,000 individuals (10.4%) under current eligibility standards. If Virginia adopts the expanded ACA eligibility standards, enrollment would grow by an additional 407,000 individuals (52.9%) and the uninsured rate would be projected to decrease from 13.5% to 5.8%.⁴

Policy & Reimbursement

- Virginia spends slightly less than \$6,000 per Medicaid enrollee annually– the 25th highest in the nation.⁵
- Virginia's Medicaid program and eligibility limits for parents of dependent children are 52% FPL. Eligibility limits for pregnant women (148% FPL) and children (family income up to 205% FPL under CHIP) are much higher.⁶
- Virginia Medicaid uses an alternative payment methodology based on reasonable cost using Medicare principles of reimbursement. Under the methodology, the state makes interim payments to CHCs and reconciles actual costs via year end cost reports. Rates are calculated by adjusting previous years' rates based on changes in scope of services, and inflation using the Medicare Economic Index (MEI).⁷
- Virginia provides Medicaid to individuals through two delivery models: commercial managed care organizations (MCOs) and Fee-for-Service. Virginia has been increasing its use of the MCO program.⁸
- Virginia has not expanded Medicaid. Expansion is supported by the governor, but opposed by the Legislature.^{9 10}
- The federal government operates the health insurance exchange through healthcare.gov.¹¹ Through the first enrollment period, individuals who have selected health plans through the exchange reached a total of 216,356, surpassing a goal of 127,000.¹²
- Virginia has several CHCs participating in the "CHC Advanced Primary Care Demonstration" program, a program funded by the CMS Innovation Center.¹³

CHC SCALE

Virginia CHCs Compared to CHCs Nationwide

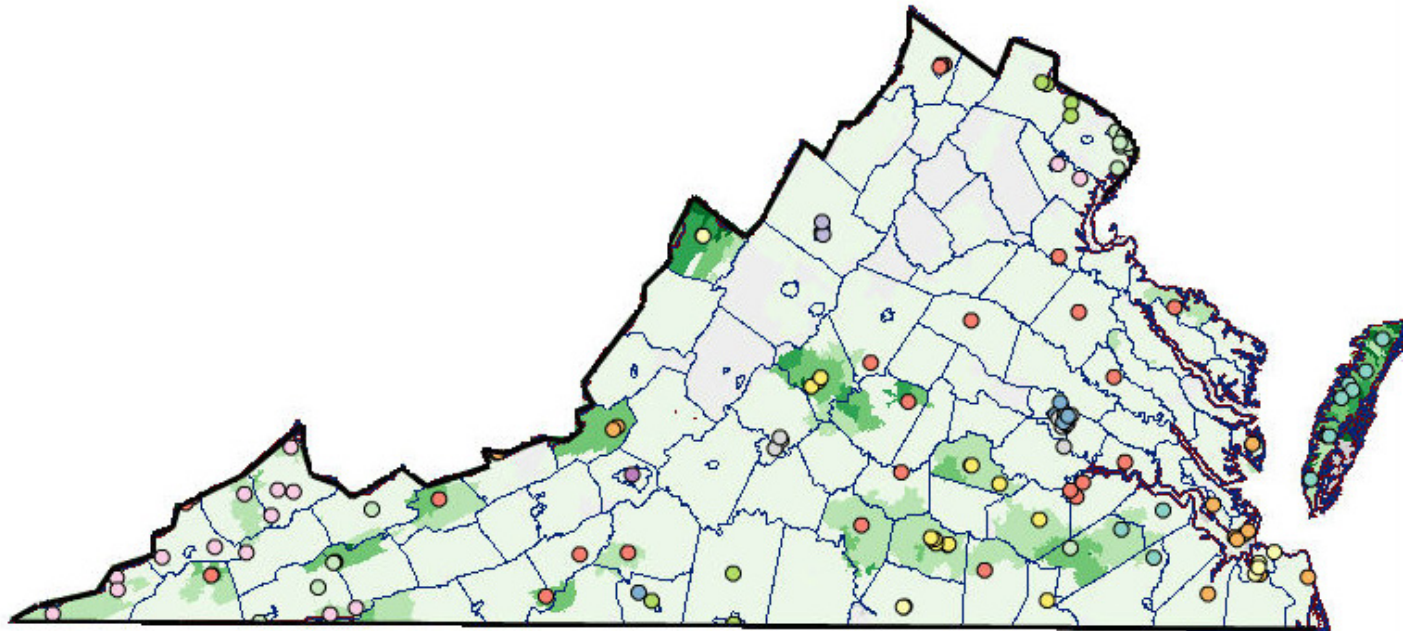
- Approximately half the proportion of the total population served and Medicaid enrollees served as nationally
- Approximately 80% the visit volume as CHCs nationally
- Visit volume growth slower than national average

	VA	US
Population Served (2012)		
Total patients served by CHCs	283,906	21,102,391
% of population served by CHCs	3.6%	6.8%
% of under 200% FPL served by CHCs	9.4%	15.9%
% of Medicaid Enrollees Served	8.0%	16.4%
CHC Characteristics and Volume		
Number of CHCs (2014)	26	1284
Total CHC Service Delivery Sites (2014)	135	9509
Average Sites per CHC (2014)	5.2	7.4
Annual Visits (Total) (2012)	1,018,316	83,766,153
Annual Visits per CHC (2012)	42,430	69,922
Annual Visits Per Patient (2012)	3.59	3.97
Visit Mix (% of Annual Visits by Service Type) (2012)		
Medical	83.5%	73.6%
Dental	8.2%	12.8%
Mental Health	4.0%	7.5%
Case Management/Enabling	4.3%	6.2%
Compound Annual Growth Rate (2010-2012)		
Total Patients	1.9%	4.1%
Total Annual Visits	2.9%	4.3%
Medical	2.4%	3.5%
Dental	3.5%	7.6%
Mental Health	13.8%	9.6%
Case Management/Enabling	2.0%	1.6%

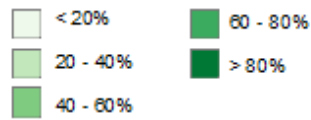
Note: All CHCs are Federally Qualified Health Centers receiving Section 330 grants. Lookalikes not included.

Source: UDS Summary Data 2010-2012, 2014

Share of Population Served by Virginia CHCs ¹⁴

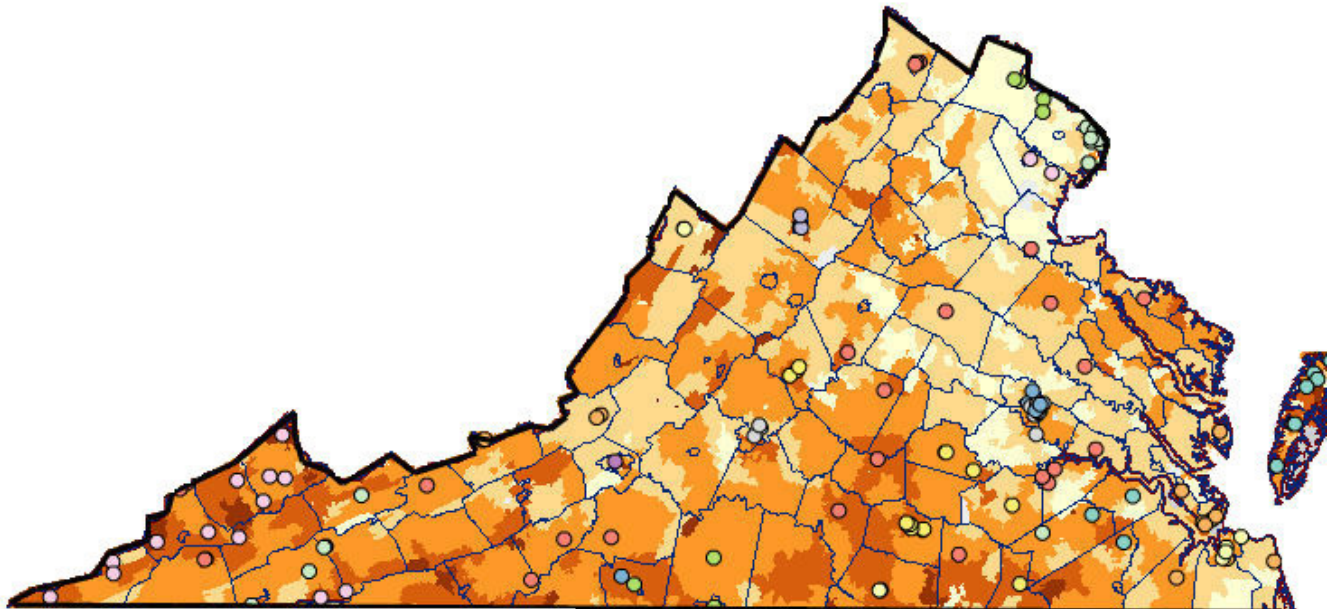


% of Total Population Served by CHCs

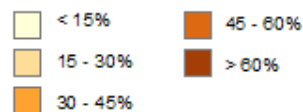


Colored circles represent CHC locations.
Unique color for each CHC network.

Virginia Low Income Population ¹⁴



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



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

Source: UDS Mapper 2014

CHC FINANCIAL STATUS

Virginia CHCs Compared to CHCs Nationwide, 2012

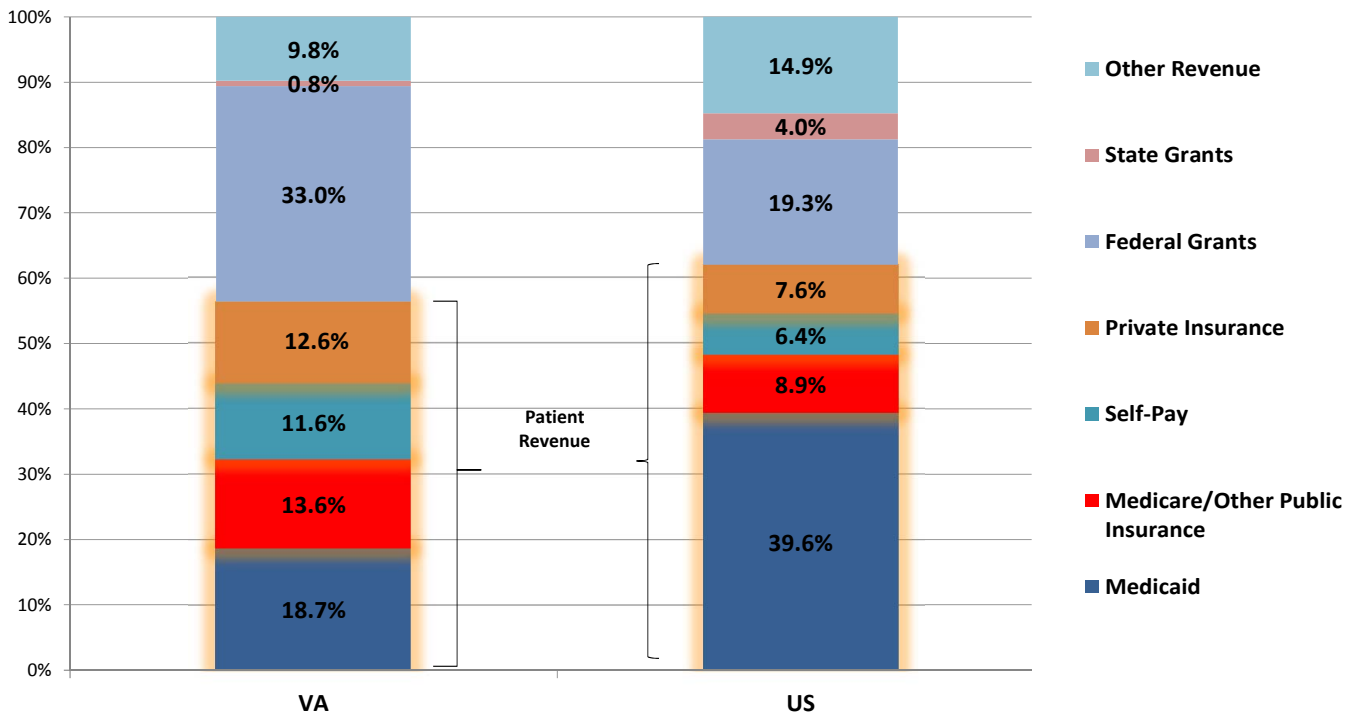
- Lower proportion of revenue from patient services
- Lower proportion of patient revenue from Medicaid
- Higher proportion of revenue from Medicare, self-pay, and private insurance
- Much higher reliance on federal grants than national average

	VA	US
CHC Revenue Mix		
Patient Revenue	56.4%	62.9%
Medicaid	18.7%	39.6%
Medicare/Other Public Insurance	13.6%	8.9%
Self-Pay	11.6%	6.4%
Private Insurance	12.6%	7.6%
Federal Grants	33.0%	19.3%
State Grants	0.8%	4.0%
Other Revenue	9.8%	14.9%

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

Source: UDS Summary Data 2010-2012, 2014

Overall CHC Revenue Mix 2012



Source: UDS Summary Data 2012

CHC FINANCIAL STATUS

Virginia CHCs as a Group, 2009-2011 ¹⁵

- Median Total Assets increased by 22%
- Unrestricted Net Assets grew 22%
- Median Days Cash on Hand decreased by 8%, from 57 to 53 days, remaining well above 30-day benchmark

VA Financial Performance 2009- 2011					
	Statewide CHC Medians			% Change	Benchmark
	2009	2010	2011		
Growth					
Total Assets (\$)	\$3,067,603	\$3,521,386	\$3,734,092	22%	N/A
Total Revenues (\$)	\$4,352,262	\$5,162,266	\$5,379,076	24%	N/A
Profitability					
Total Margin (%)	3.6%	8.4%	1.9%	-47%	N/A
Unrestricted Net Assets (\$)	\$1,404,950	\$1,687,560	\$1,710,146	22%	N/A
Liquidity					
Days Cash on Hand	58	71	53	-8%	>30 Days
Days in Accounts Receivable	27	23	27	-1%	<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

Virginia CHCs Visit Mix Compared to CHCs Nationwide ¹⁶

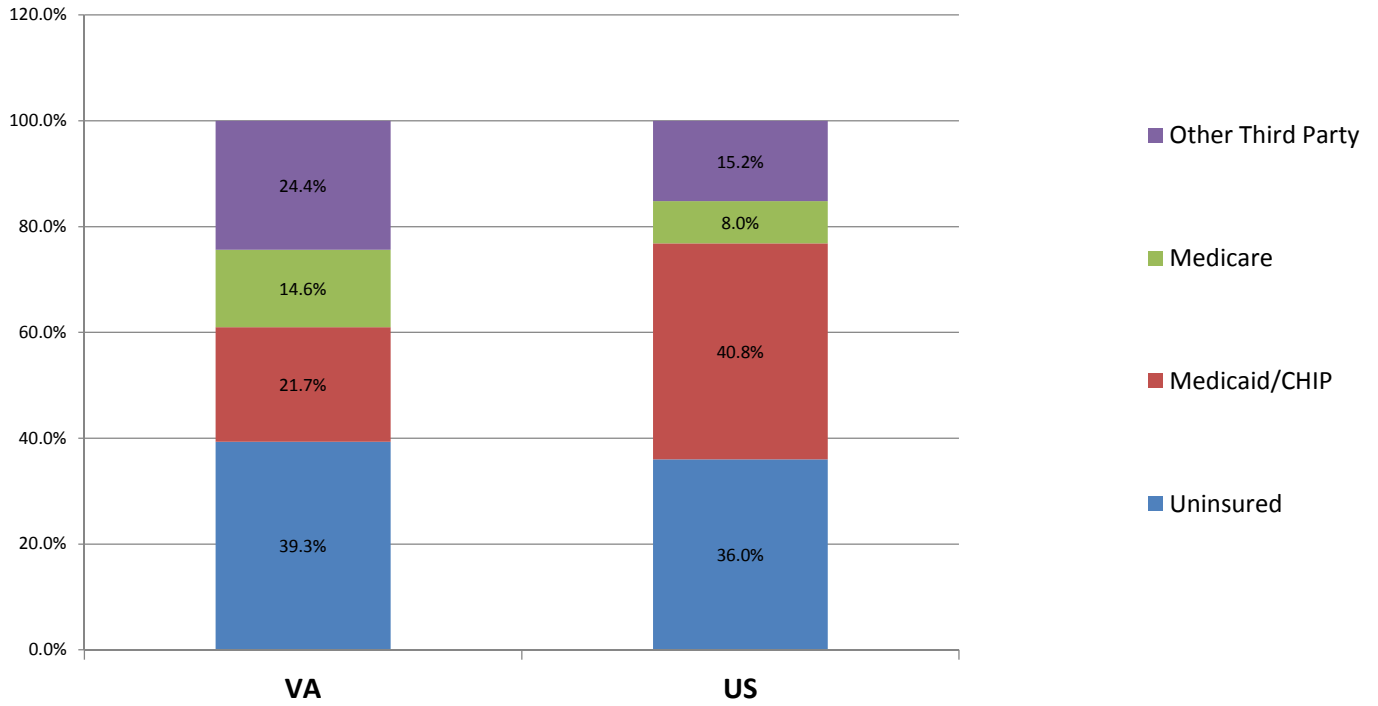
- Lower proportion of patients living in poverty than national average.
- Higher proportion of patients are uninsured
- Lower proportion of patients covered under Medicaid/CHIP
- Higher proportion of patients covered by private insurance

	VA	US
CHC Visit Mix - 2012		
<u>Income Status</u>		
Patients at or below 200% poverty level	82.5%	92.6%
Patients at or below 100% poverty level	56.7%	71.9%
<u>Coverage Status</u>		
Uninsured	39.3%	36.0%
Medicaid/CHIP	21.7%	40.8%
Medicare	14.6%	8.0%
Other Third Party	24.4%	15.2%

Source: UDS Summary Data 2012

CHC FINANCIAL STATUS

Visit Mix by Payer - 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 #26 in America's Health Ranking[®]

Statewide Primary Care Shortage & Workforce Indicators

- Lower proportion of population underserved for primary care
- Lower proportion of population underserved for dental care

	VA	US
Primary Care & Prevention Clinical Indicators		
% births to women with late/no prenatal care	3.9%	5.3%
% low birthweights	8.2%	8.1%
% adults diagnosed with diabetes	8.4%	9.3%
Adult diabetes deaths per 100,000	18.8	20.8
Adult heart disease deaths per 100,000	168.5	179.1
Avoidable Hospitalizations per 1,000	58.3	66.6
America's Health Ranking (United Health Foundation)	26	NA
Primary Care Shortage and Workforce Indicators		
Estimated underserved population for primary care	578,287	35,057,608
<i>% of total population</i>	7.3%	11.3%
Estimated PCPs needed to achieve target PCP:Population	93	7067
Estimated underserved population for dental	478,881	31,707,007
<i>% of total population</i>	6.1%	10.2%
Estimated dental providers needed to achieve target Practitioner:Population ratio	123	6531

Source: Kaiser State Health Facts 2012

PRIMARY CARE TRANSFORMATION

Electronic Health Record Adoption ¹⁷

- CHC sites ahead of national average in EHR availability (96% in Virginia compared to 88% in the US)
- Virginia CHCs perform better than the national average in 7 of 12 EHR functionality categories.

Patient Centered Medical Home ^{3 18}

- 73% of Virginia CHCs have achieved PCMH recognition or certification as of 7/31/14, compared to 58% nationally.
- In 2010, the Virginia Department of Medical Assistance Services (DMAS) began developing plans for a medical home pilot with a CHC in southwest Virginia called Southwest Community Health Services. A focus of the pilot includes review of the infrastructure and system investments needed to deliver care and reward practices for demonstrating high quality efficient care.

MEDICAID AND HEALTH INSURANCE LANDSCAPE

Medicaid Policies – Highlights

- Near national average in per-enrollee Medicaid spending.
- Has not implemented Medicaid expansion.

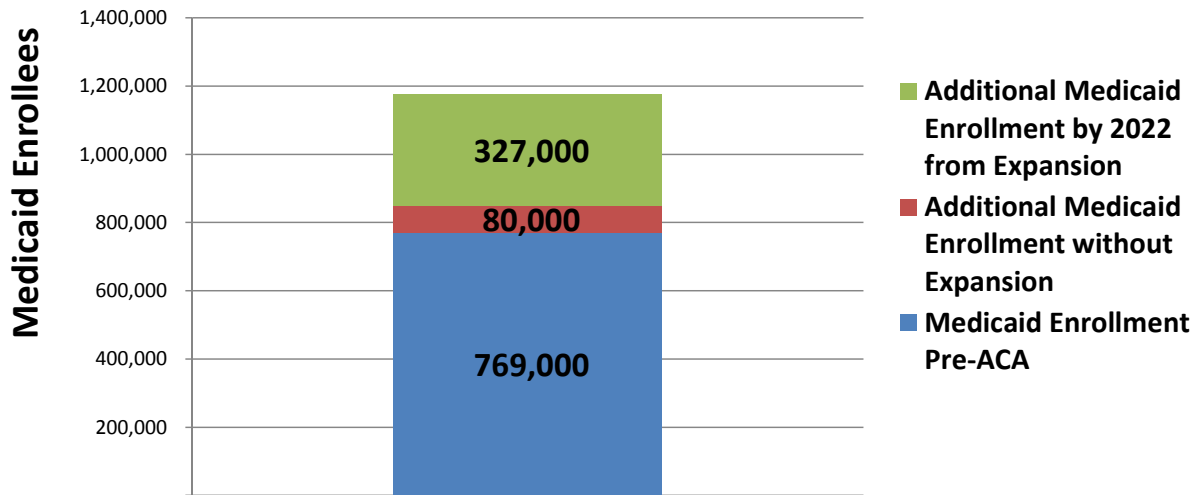
	VA	US
Medicaid Policies		
Medicaid Payments Per Enrollee	\$5,985	\$5,563
Federal Medical Assistance Percentage (FMAP)	50.0%	50.0%
Health Insurance & Medicaid Expansion		
Implementing Medicaid Expansion	Open Debate	
Health Insurance Exchange	Federal	
Total Uninsured	1,071,000	53,277,000
<i>% of Uninsured Individuals (all ages)</i>	13.5%	17.2%
Medicaid Enrollment Pre-ACA	769,000	52,410,000
<i>% of Total Population</i>	9.7%	16.9%
Additional Enrollment with ACA but no Medicaid Expansion	80,000	5,659,000
Additional Enrollment with ACA and Medicaid Expansion	407,000	21,280,000
<i>% Growth in Medicaid Enrollment from ACA + Expansion</i>	52.9%	40.6%
Estimated Number Remaining Uninsured After ACA	517,000	27,930,000
<i>Estimated % Uninsured After ACA (2020)</i>	5.8%	8.7%

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

Health Insurance & Medicaid Expansion – Highlights

- Virginia is using the Federal healthcare.gov health exchange
- Under current policies, with no expansion, Medicaid enrollment is expected to grow 10.4% over the next 10 years. If the state does adopt expansion, growth will be greater than 50%.
- Proportion of residents who are uninsured, if expansion is adopted, would be expected to decline from 13.5% to 5.8% by 2020, without expansion, uninsured are expected to decline to just over 8%.

IMPACT OF MEDICAID EXPANSION



Source: Kaiser State Health Facts 2012

Virginia Medicaid Spending

Virginia spends nearly \$6,000 per Medicaid enrollee annually – the 25th highest in the nation for all health care services provided.⁵

While children, pregnant women and parents of dependent children make up 73% of the Medicaid population, the elderly and disabled account for 65% of total expenditures.⁸

Expenditures on disabled clients and elderly adults in long term care average nearly \$50,000 per recipient, whereas expenditures on non-disabled adults and children are about \$5,000 and \$3,000 respectively.¹⁹

Medicaid Coverage & Administration

Though Virginia has yet to implement a Medicaid expansion, the Department of Medical Assistance Services (DMAS) has prepared requests and recommendations should the State choose to expand Medicaid.

Generally, if Medicaid is ultimately expanded, DMAS expects to:

- Use incentives and disincentives to that reward the responsible use of the health care system;
- Shape the service benefit package to more closely resemble services that citizens receive through private health insurance; and
- Update payment and reimbursement processes to reward high quality and effective delivery of care.²⁰

MEDICAID AND HEALTH INSURANCE LANDSCAPE

The Virginia Medicaid program covers medical services, nursing facility services and behavioral health. Virginia enrollees may also receive coverage through home and community-based “waivers,” which provide community-based long-term care services as an alternative to institutionalization. ⁸

Virginia’s managed care program, known as the “Medallion II” covers approximately two-thirds of Medicaid enrollees; 94% of the state’s CHIP enrollees are also covered under a managed care health plan. ¹⁹ The CHIP program in Virginia is called Family Access to Medical Insurance Security Plan (FAMIS). ²¹ The majority of individuals still receiving services through fee-for-service include those residing in long-term care, and dual eligibles (Medicaid and Medicare). ²¹

MCOs cover the majority of services for individuals enrolled in their program; however, some services for MCO enrollees continue to be covered through the fee-for-service system. These “carved out” services include community behavioral health services, early intervention and dental services for children. ²¹

Medicaid eligibility limits are:

- Up to 52% FPL for parents of dependent children;
- Up to 205% FPL for children.
- Up to 148% FPL for pregnant women.
- Childless adults are not currently eligible in Virginia. ²¹

Virginia has a limited cost sharing structure with no premiums required and no co-payments required for enrollees below 134% FPL. ²² For those required to pay co-payments, the state limits payments to only select services and only for nominal amounts, ranging from \$1 to \$3 for adults (except for inpatient hospital visits) and \$5 to \$25 for children. ²²

VA Medicaid and CHIP Income Eligibility Limits as % of FPL				
	Children Ages 0-19	Pregnant Woman	Parents of Dependent Children	Non-Disabled Adults (individual)
2013	133%	133%	30%	N/A
2014	205%	148%	52%	0%

*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

MEDICAID AND HEALTH INSURANCE LANDSCAPE

Virginia CHC Reimbursement Policies

Medicaid reimbursement is the second largest revenue source for CHCs in Virginia after federal grants.²³ State CHCs can choose either the Prospective Payment System (PPS) or an alternative payment methodology similar to PPS for reimbursement.

Using the alternative method, the state will make interim payments on a per-visit basis and reconcile to actual costs via the year-end cost report. The methodology used to determine payment amount is: (i) agreed to by the state and the CHC and (ii) results in payment to the center or clinic of an amount that is at least equal to the PPS rate.

CHCs that adopt the alternative payment methodology have their initial payments established through pro forma cost reporting methods. At the end of the cost reporting cycle, the state compares the alternative per-visit rate to the PPS rate and reimburses the CHC at the higher of the alternative rate or the PPS rate for the number of visits recorded during the reporting period.

CHCs that do not select the alternative payment methodology, are provided payments consistent with the traditional Prospective Payment System (PPS).

The baseline PPS rate is determined by averaging 100% of FHCs reasonable costs of providing Medicaid-covered service adjusted to take into account any increase or decrease in scope of services furnished and adjusted by the percentage change in the Medicare Economic Index (MEI) for primary care services.⁷

Only a limited number of categories of providers are eligible to generate a reimbursable PPS encounter. MDs, NPs, and psychologists can generate a PPS encounter for face-to-face visits.²⁴

Primary Providers Eligible for Reimbursement

State	MD	DMD	NP	Psychologist	Other
VA	Yes	No	Yes	Yes	None

Secondary Providers Eligible for Reimbursement

State	RN	LCSW	Physical Therapist	Dental Hygienist	Nutritionist
VA	No	No	No	No	No

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

Collaboration with CMS²²

Virginia is collaborating with the Centers for Medicare and Medicaid Services (CMS) Innovation Center on a **CHC Advanced Primary Care Demonstration**. Under the program, select CHC 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 6 grantees and 6 total health centers participating in the demonstration in Virginia.

Notes

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