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August 6, 2012

TO: California Health Benefit Exchange
2535 Capitol Oaks Drive, Suite 120
Sacramento, CA 95833

RE: Qualified Health Plan Policies and Strategies to Improve Care, Prevention, and Affordability – Comments from North East Medical Services (NEMS), San Francisco

Dear California Health Benefit Exchange Staff,

On behalf of North East Medical Services (NEMS), a federally-qualified health center serving more than 55,000 residents of the San Francisco Bay Area, I thank you for the opportunity to comment on the July 16 report "Qualified Health Plan Policies and Strategies to Improve Care, Prevention, and Affordability." As a health center that provides quality, comprehensive care to all who walk through the door regardless of their ability to pay, we look forward to working with the Exchange to realize the goals of improving health care quality, lowering costs, and reducing health disparities. NEMS' mission and goals align 100% with those of the Exchange in promoting health care services that are affordable, accessible, and high-quality. For over 40 years, NEMS has worked tirelessly provide the community with unbiased information and assistance in finding the right health care plans and programs that fits their needs, whether it is enrollment into Medi-Cal managed care plans, joining the "Healthy San Francisco" program, or enrolling in a Medicare Part D prescription drug plan. We have also made great contributions to reducing health disparities in our community, especially those that disproportionately impact the large Asian and Asian-American population in the San Francisco Bay Area.

Background

North East Medical Services (NEMS) is one of the largest community health centers in the United States targeting the medically underserved Asian population. Based in San Francisco, the non-profit health center offers comprehensive outpatient health care and enabling services to a variety of patients, a majority of whom are uninsured and/or low-income. NEMS provides services in several languages and dialects, including Cantonese, Mandarin, Taiwanese, Vietnamese, Burmese, Korean, and Spanish.

NEMS' mission is to provide affordable, comprehensive, compassionate, and quality health care services in a linguistically competent and culturally sensitive manner to improve the health and well-being of our community. NEMS provides access to services to all members of the San Francisco Bay Area, without regard to a person's ability to pay or insurance status. NEMS currently operates

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seven clinics in the San Francisco Bay Area. Five of its clinics are in San Francisco, one clinic is located in Daly City, and one clinic is located in San Jose.

NEMS was founded in 1968 and opened its doors in 1971 in response to the lack of adequate, culturally-competent health care services for the underprivileged and uninsured Asian community. Over the last 40 years, NEMS has grown from a small primary health clinic to a large, comprehensive health care organization, currently serving over 55,000 patients annually. Among our patients, 58% are uninsured or underinsured, 25% have Medi-Cal, 10% have Medicare or Medicare/Medi-Cal, and 54% live below 100% of the Federal Poverty Level. As 2014 approaches, we expect that a large majority of our uninsured patients will be covered under Medi-Cal.

As a critical safety-net provider in the community that hopes to play an active role in the provision of care for Exchange patients, we respectfully submit the following comments:

1: Essential Community Provider Definition

In the report "*Qualified Health Plan Policies and Strategies to Improve Care, Prevention, and Affordability,"* the Exchange proposes to significantly broaden the federally recommended definition of "essential community providers," which was limited to "providers that serve predominately low-income, medically underserved individuals, including…providers defined in section 340B(a)(4) of the Public Health Service Act; and 1927(c)(1)(D)(i)(IV) of the Social Security Act. The report recommends that the "essential community providers" designation be broadened to include physicians, clinics, and hospitals which have "demonstrated service" to the Medi-Cal, low-income, and medically underserved population, and suggested that "demonstrated service" be defined as a patient mix of 30% Medi-Cal for primary care providers, and 20% Medi-Cal for specialists.

NEMS strongly believes that a standard as overly-broad as that proposed by the Exchange is not consistent with Section 156.235 of the ACA Rules that requires providers serve "predominately low-income, medically underserved individuals." This standard falls short of Merriam-Webster definition of "predominant" as being "most frequent or common," implying the regulations warrant a threshold that goes beyond the 30% Medi-Cal proposed by the Exchange.

Community clinics and health centers have for decades consistently served the greatest number of patients who are "predominately" low-income and medically underserved. NEMS, along with other CCHCs in California, have served over 60% of California's Medi-Cal populations in addition to our long-standing commitment to serve the uninsured that other providers have turned away.

NEMS strongly believes that to be a true essential community provider, one must serve all members of a community, regardless of their ability to pay. For this reason, NEMS recommends that the Exchange define essential community provider as:

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"Those groups suggested within the Affordable Care Act, namely those included in section 340B(a)(4) of the Public Health Service Act and in Section 1927(c)(1)(D)(i)(IV) of the Social Security Act, as well as those entities licensed as either a "community clinic" or "free clinic" by the State under California Health & Safety Code §1204(a)(1) and (2), or is exempt from licensure under Section 1206."

Priority 2: Essential Community Provider Network Sufficiency

In their recent report, the Exchange proposes to measure the "sufficient participation" of essential community providers by showing some amount of overlap between a qualified health plan's essential community provider network and Medi-Cal Managed Care or Healthy Families networks, or independent physicians serving a high volume of Medi-Cal patients. The Report does not specify what a "minimum proportion of network overlap" might be, which makes it impossible to provide direct feedback on how this recommendation would impact NEMS. We strongly encourage the Exchange to establish what constitutes "network overlap" before soliciting feedback on the sufficiency of this recommendation.

Regardless of the actual standard of "minimum proportion of network overlap," NEMS is concerned that no aspect of this "sufficient participation" standard takes into account the need to ensure that services are available to low income, medically underserved populations outside of the Medi-Cal population. Moreover, no part of this "sufficient participation" guideline requires or even encourages the inclusion of NEMS and other health centers, since under this standard a Qualified Health Plan may meet essential community provider network requirements through contracting with private physician practices, many of whom see a majority of insured patients and already hold contracts with commercial plans.

In NEMS' experience, many commercial plans do not understand the role of community clinics and health centers, and generally have a very small volume of low-income or public insurance beneficiaries. Usage of community clinics and health centers by their commercial clients tend to also be small in number, mostly due to lack of awareness of the breadth and quality of services available. Because of these reasons, commercial plans have been historically uninterested in contracting with safety-net providers like NEMS. This can be problematic for previously uninsured NEMS patients who later gain commercial insurance coverage through employment, but cannot remain with NEMS as their primary care provider.

Because the recommendation in the report is too vague to effectively evaluate, **NEMS recommends that the Exchange apply DMHC standards regarding ratio of primary care providers to population, timely access, adequate language access, and cultural competence to the essential community provider network (Option A). Should the Exchange develop a standard for "minimum proportion of network overlap" that is effective in encouraging the participation of community clinics and health centers in Qualified Health Plan provider**

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networks, NEMS would encourage the Exchange to *also* ensure that there is a minimum proportion of network overlap between a Qualified Health Plan network and Medi-Cal and Healthy Families networks (Options A and B together). Without meaningful metrics by which to measure "sufficient participation" and strict standards for inclusion of true essential community providers, low income, medically underserved populations are at risk to continue being underserved, and community clinics and health centers may not have the opportunity to meaningfully participate in the Exchange.

Priority 3: Payment Rates to Federally Qualified Health Centers

NEMS is concerned that the Exchange staff are recommending to the board that Qualified Health Plans not be required to contract with FQHCs, and that Qualified Health Plans are not required to pay FQHCs their PPS rate. NEMS PPS rate provides for comprehensive, bundled, patient-centered services, which include **primary medical care services in Internal Medicine, Family Practice, and Pediatrics; Obstetrics & Gynecology; basic outpatient medical specialty care services in Cardiology, Gastroenterology, Medical Dermatology, Nephrology, Ophthalmology, Otolaryngology (Ear Nose Throat), Podiatry, Rheumatology, and Surgery; preventive and emergency Dental Services; Behavioral Health Services; Optometry; and ancillary services such as on-site Pharmacy, Laboratory, Radiology, Health Education/Promotion, Nutrition, Social Services, and patient eligibility assistance/enrollment.** This comprehensive set of bundled, patient-centered services also result in better outcomes for patients, keeps cost down and prevents hospitalization – all goals consistent with ACA.

Through the bundled PPS payment system, health centers have pioneered the high quality, cost-effective service delivery model that the rest of the health care system is now trying to emulate. By not requiring PPS payment, the Exchange is undervaluing the quality, comprehensive care that is the hallmark of the FQHC and the savings that this will provide to health care costs and the improved health outcomes for patients.

In recognition of the value of community clinics and health centers and the cost-effective preventive services they provide to both Medi-Cal and uninsured, sliding-fee patients, **NEMS encourages the Board to adopt Option A (Require Qualified Health Plans to contract with all FQHCs and mandate PPS payment). However, should the Exchange not exercise Option A, NEMS hopes, at the very least, the Board will adopt Option D**, which will allow the Exchange to assign greater weight to Qualified Health Plan networks that include in-network FQHCs during the Qualified Health Plan evaluation process. NEMS hopes that this no-cost incentive will encourage Qualified Health Plans to offer quality FQHC services to their beneficiaries.

Priority 4: Creation of a "Community Benefit Plan"

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In much the same vein as the adoption of "Option D," above, NEMS hopes that the Exchange Board will consider further prioritizing the inclusion of CCHCs and their comprehensive, high quality services through the creation of a "community benefit plan."

This plan is similar to the Community Provider Plan model successfully utilized in the Healthy Families program. The success of this model is based upon the ability to bring low-income underserved populations into care through the incentive of discounted premiums, and the partnerships between providers and health plans that translate into greater quality of care for hard to reach populations. Under the Healthy Families Community Provider Plan, NEMS currently serves 2,151 children in San Francisco, or more than 20% of the county's Healthy Families participants, the majority of whom participate in San Francisco Health Plan, the local initiative. Year after year, NEMS' HEDIS scores in pediatric care ranks among the highest of all San Francisco Health Plan providers.

With the goal of ensuring safety-net provider participation and bringing critical populations into coverage, **NEMS encourages the Board to designate a Community Benefit Plan in every region, which is the participating health plan with the highest percentage of true essential community providers within it network.** Subscribers selecting the Community Benefit Plan should be given a premium discount, have lower out-of-pocket maximums, or otherwise be incentivized to select the plan.

If you have any questions about these recommendations, please do not hesitate to contact me directly at 415-352-5005. Thank you for your attention and consideration.

Sincerely,

Eddie W. Chan
President & CEO
North East Medical Services

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