



District of Columbia  
Primary Care Association

*Action And Innovation For Health Equity.*

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## **Council of the District of Columbia**

OVERSIGHT HEARING on

### **DC Department of Health Care Finance**

March 10, 2011

**Committee on Health**

**The Honorable David A. Catania, Chairman**

By

**Sharon A. Baskerville**

**Chief Executive Officer**

**District of Columbia Primary Care Association**

Good morning Chairman Catania and distinguished members of the committee. My name is Sharon Baskerville, ceo for the DC Primary Care Association (DCPCA). The mission of DCPCA is to facilitate the development and sustainability of an effective integrated health care system in the District of Columbia that guarantees access to primary health care and eliminates disparities in health outcomes. DCPCA represents safety net providers and other key stakeholders who are committed to our mission of creating a community based and primary care-focused system that guarantees DC residents the right care, in the right place, and at the right time. I am here today to testify on the Department of Health Care Finance (DHCF), and how through action and innovation we might achieve health equity in the District.

I present my testimony to you today not only as the ceo of DCPCA, but also as having served as Chair of the Medical Care Advisory Committee (MCAC) for more than three years, and I will continue to chair the MCAC for another three year term. The MCAC is a committee required by Federal law which allows stakeholders to have interaction with the State's Medicaid program. While the previous administration at DHCF has been extremely supportive of the MCAC, there are a few critical areas of concern which impact providers and have not been discussed:

- DCPCA is pleased that DHCF has been working to streamline Medicaid claims processes to improve accurate and timely billing of providers through the development of an Administrative Services Organization (ASO). By procuring the services of a single ASO to perform billing, claims submittal, and related administrative functions for DCPS, CFSA, and DMH, DHCF will help maximize our Federal match in the best interest of our residents. The ASO Contractor, Public Consulting Group (PCG), began working with DCPS, OSSE and CFSA on October 1, 2010 and will be rolling out with additional services and agencies in three phases. We understand that PCG has worked with DHCF to gather data files from the Medicaid Management Information System (MMIS) which will be used as part of the ASO solution for quantitative and qualitative analysis. However, this contract has been in the works for at least 2 years, and we are interested to know when the ASO is scheduled to be fully operational. The total loss between 2003 and 2010 linked to the Child and Family Services Agency alone for documenting and billing for

Medicaid services inappropriately came to an estimated \$176 million, leaving taxpayers holding the tab for services that the Federal government might have paid for.

- One of the best things to happen in the District over the last year has been our ability to be progressive and implement Federal health reforms locally. Chairman Catania, as you well know, the District has been one of only two jurisdictions to expand the Medicaid program, and our insurance coverage rate is second only to Massachusetts (better in fact for children). This has been a triumph for District residents. Patients that we have been able to move over from Alliance to Medicaid, for example, now have a mental health benefit that they did not otherwise have when covered on the Alliance. However, this transition has had unintended consequences on the provider community, and in some ways for patients themselves, which I feel we can find some potential solutions:
  - For non-Federally Qualified Health Centers (FQHCs), which is about two-thirds of the safety-net providers, Medicaid reimbursement is on average \$45 to \$65, whereas the Alliance would have paid \$95 to the same provider for the same visit. Furthermore, Medicaid recently reduced reimbursement from 100% of the Medicare rate to 80% of the Medicare rate. In a time when philanthropy has been drying up and grants have become more restrictive, the safety net cannot continue to sustain any more financial hits.
  - Because there are fewer Alliance patients, there is less of a need for the Alliance pharmacies. We understand that some of the Alliance pharmacies have already closed: Southwest Pharmacy in October and Hunt Place Pharmacy as of December 31. However, it has not been effectively communicated to patients or providers that the remaining Alliance pharmacies will all be closed as of April 30, and patients need to know how/where they can access medications.

As DHCF gets adequately staffed and an ASO helps us to streamline the District's administrative functions, we can effectively move towards some reforms to the Medicaid program that will increase revenue, decrease cost, and improve quality, many of which I have testified on before:

1. It has already been lay upon the table that the Department is considering provider reimbursement cuts in an effort to close the budget gap. However, primary care providers, nursing facilities, intermediate care facilities, and others have all taken significant hits. Last year, Mayor Adrian Fenty proposed a one percent tax on hospitals' net patient revenue, which would have provided \$25.3 million in FY2011. However, that was never fully realized, and this Committee replaced the tax with a fee per licensed bed which will sunset in 2014 and will raise only \$6-8 million. There is reason to believe that the hospitals, collectively, could sustain a more significant assessment.
2. Find alternatives to managed care for the Medicaid program, such as Primary Care Case Management (PCCM) programs and Health Homes implementation offered through Federal health care reform (which the District will receive 90% match on for 2 years).
3. Change the existing Fee for Service model that has costs, such as long-term care for the elderly and/or disabled populations, accounting for 29% of enrollment but **73% of expenditures (or 18% of the District's overall budget)**.
4. In the next phase of the DC RHIO as we try to expand the eco-system of the health information exchange, additional providers will get connected to the exchange, including the Medicaid Patient Data Hub. The DHCF has had the Medicaid Transformation Grant (Grant #0705DCTRA1/01 ) extended now through **March 31, 2011** by the Centers for Medicare and Medicaid services to meet all grant purposes. The grant was for \$9.8 million to roll out a Medicaid Patient Data Hub. The DCPCA has been anxiously waiting to connect the Medicaid Patient Data Hub to the RHIO, but are uncertain of the status of the Medicaid Transformation Grant. Some of our concerns related to the Medicaid Patient Data Hub include:
  - a. The transition at the Department has left them without a Chief Information Officer, who the Office of the National Coordinator at the US Department of Health and Human Services looks to for implementing this grant and the HIE.
  - b. More than \$7 million had been awarded to MedPlus in 2009 to build out the patient data hub. However, to date we cannot determine that anything has been built, and we have reason to believe that MedPlus has gone bankrupt and/or is

changing their line of business. Now a contract modification would be required, and the money could potentially be used to re-compete to build out a Medicaid Patient Data Hub, connect additional providers to the RHIO, and help to sustain the RHIO until the ONC gives final approval on the District's State HIE Plan.

In closing, DCPCA respectfully requests that the Department of Health Care Finance continue to support the progress of health information exchange (HIE) in the District by fostering HIE as a key district service, working with the executive to establish an HIE Policy Board/Commission, and working with Council and other District agencies to develop regulation and governance that allows for appropriate and necessary data transfer across HIE.

This year DCPCA and its member health centers delivered on our commitments to the city. We know the city will soon face some tough choices. As the budget hearings approach in the coming months, I want to stress that the District's safety-net cannot afford to take any additional cuts. We need to have HIT tools in place and innovative financing methodologies to support the District's health care system, and to continue the progressive health reform implementation that sets us apart and distinguishes us from the rest of the country.

Thank you for providing us with this opportunity to support the director's confirmation. I am happy to answer any questions that you may have.