

A photograph of the U.S. Capitol building in Washington, D.C., featuring its iconic dome and neoclassical architecture, set against a clear blue sky with a few wispy clouds. An American flag is visible on a pole in front of the building.

# FEDERAL POLICY INITIATIVES

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## FQHC FOCUSED POLICY UPDATE

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SEPTEMBER 17, 2020 | 11:00AM PDT

# WEBINAR

**SHARA SIEGEL, MS**  
Director of Government Affairs,  
Premier Inc.

**JENNIFER M. FLYNN, ESQ.**  
Senior Director of State Affairs,  
Premier Inc.

**BRADLEY KILE, PHD**  
President,  
Dumbarton Group, LLC



# Amy Bruce

Director of Corporate Marketing &  
Communications

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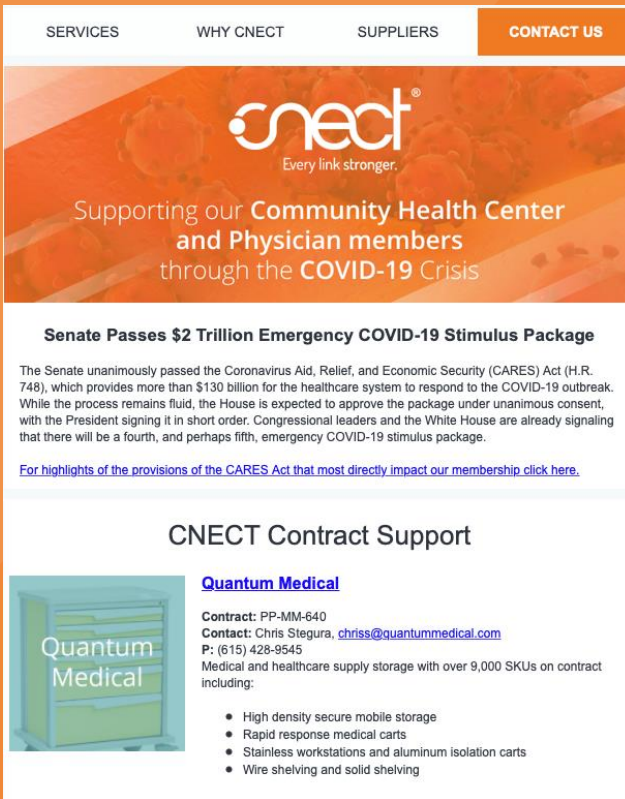
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# CNECT COVID-19 Newsletter

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Supporting our **Community Health Center and Physician members** through the **COVID-19 Crisis**

### Senate Passes \$2 Trillion Emergency COVID-19 Stimulus Package

The Senate unanimously passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748), which provides more than \$130 billion for the healthcare system to respond to the COVID-19 outbreak. While the process remains fluid, the House is expected to approve the package under unanimous consent, with the President signing it in short order. Congressional leaders and the White House are already signaling that there will be a fourth, and perhaps fifth, emergency COVID-19 stimulus package.

[For highlights of the provisions of the CARES Act that most directly impact our membership click here.](#)

### CNECT Contract Support

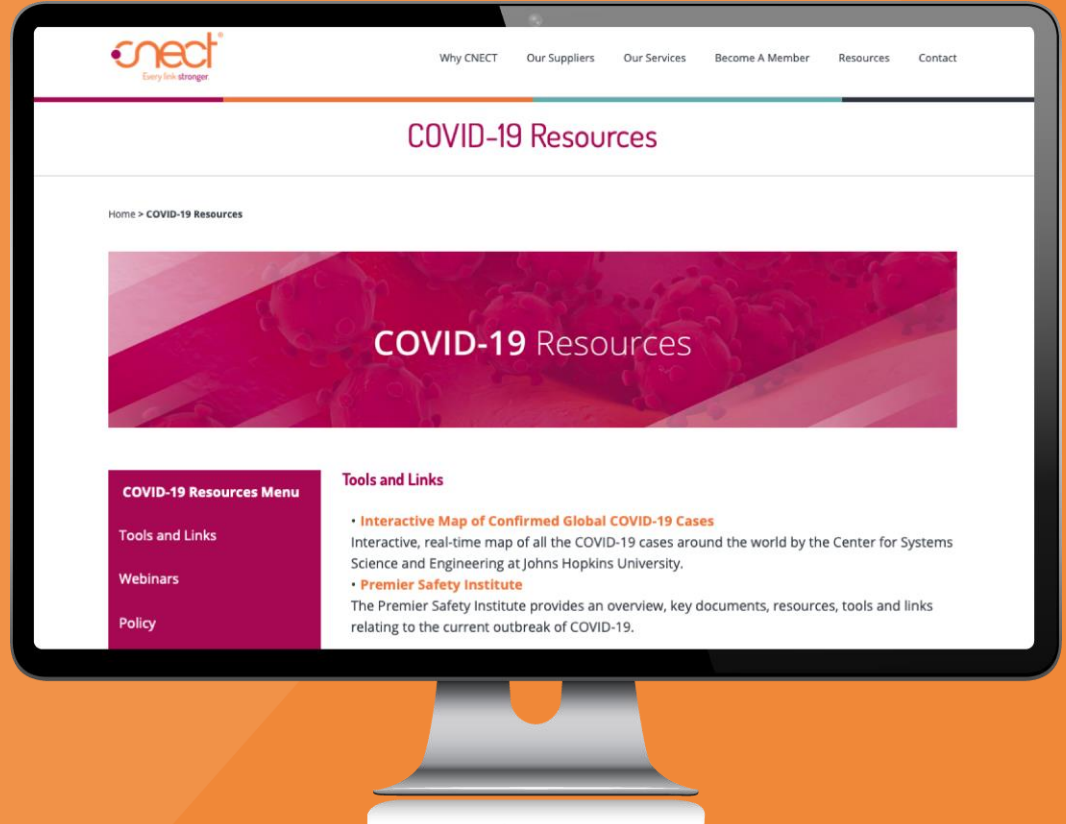
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# CNECT COVID-19 Resource Page





**Shara Siegel, MS**

Director of Government Affairs  
Premier, Inc.



**Jennifer Flynn, Esq**

Senior Director of State Affairs  
Premier, Inc.



**Brad Kile, PhD**

President  
Dumbarton Group



## **2020 Non-Acute Government Affairs Update:** What to Expect for the Remainder of the 116<sup>th</sup> Congress and Beyond

**Shara Siegel, MS**, *Director of Government Affairs*  
**Jennifer Flynn, Esq**, *Senior Director of State Affairs*  
**Brad Kile, PhD**, *President, Dumbarton Group*

- Update on political landscape as Congress returns from recess/heads into the elections
- Policy issues of note to community health centers
  - COVID Funding Issues
    - CARES Act
    - Provider Relief Funds
  - Telehealth Changes and Updates
  - 340B Program
  - Opioid Policies Update
  - Longer-term Funding Issues (Medicare/Medicaid/CHIP/Veterans Care)



# Political Landscape

# ▶ COVID-19 4.0 Package Negotiations Punted to September

August

September

October

November



4.0 COVID-19 relief package

Continuing resolution (current funding expires 9/30)

Election (November 3)

Lame duck session: Medicare Extenders, Other?



# COVID-19 Legislation: A Look Back

## Phase 1:

Coronavirus Preparedness and Response Supplemental (CPPRS) (H.R. 6074)

## Phase 2:

Families First Coronavirus Response Act (FFCRA) (H.R.6201)

## Phase 3:

Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748)

## Phase 3.5:

Paycheck Protection Program and Health Care Enhancement Act (H.R. 266)

# CARES Act: Notable Extenders for Community Health Centers

## Subtitle E—Health and Human Services Extenders

- Extends the work geographic index floor to Dec. 1, 2020;
- Extends funding for State Health Insurance Programs, Area Agencies on Aging, Aging Disability and Resource Centers, and the National Center for Benefits and Outreach Enrollment through Nov. 30, 2020
- Extends Medicaid Money Follows the Person (MFP) demonstration through Nov. 30, 2020
- Delays Medicaid DSH cuts delayed through November 30, 2020
- Extends Medicaid Community Mental Health Services demonstrations through Nov. 30, 2020
- **Extends funding for community health centers**, the National Health Service Corps, and teaching health centers that operate graduate medical education programs at current levels until Nov. 30, 2020

# Current COVID-19 4.0 Packages: Negotiations Underway



## Democrats

**>\$3.5T HEROES Act passed 5/15/20 by vote of 208-199**

\$1T for states and local governments

**\$100B in provider relief funding**

**1% Accelerated & Advance loans interest rate (vs. 10.25%), extends prepayment period, repayment cap**

\$75B for testing & contact tracing

**Increases DSH payments by 2.5%**

**Increases Medicaid FMAP to 14%**

**Prevents MFAR implementation**

**Front-line healthcare workers bonus pay, child & family care assistance, expanded access to behavioral health**

**IPPS outlier payments for COVID-19**

0 cost-sharing for COVID-19 (Medicaid, Medicare, MA, private)

Imposes CMPs on price gougers

**Supply chain provisions (prevent drug & device shortages and increase domestic manufacturing, bolster SNS)**



## Republicans

**~\$500B targeted relief package- vote failed 9/10/20 by vote of 52-47**

**Protect healthcare providers, workers, businesses and schools from COVID-related malpractice lawsuits (limited to gross negligence and intentional misconduct, capped damages)**

\$16B for testing and contact tracing & surveillance

\$31B for vaccine, therapeutic and diagnostic development

**Supply chain provisions (increase domestic manufacturing, bolster SNS and state stockpiling)**

Paycheck Protection Program (streamlined loan forgiveness and \$257.7B for business)

\$300 bump in weekly federal unemployment benefits through Dec. 27

## Keys to the Senate

- To gain majority in the Senate, Democrats would need to gain four seats or three seats and the presidency for power in a tie-break
- Out of the 35 seats up for reelection, 12 are currently held by Democrats and 23 are currently held by Republicans
- Four of the Republican seats are rated as Toss Up by The Cook Political Report (Arizona, Colorado, Maine, and North Carolina)

## Senate Republicans mostly on defense for 2020

- The 2020 Senate election map put Senate Republicans on defense for this election
- Sen. Doug Jones (D-AL), currently rated as Lean R, and Sen. Gary Peters (D-MI), currently rated as Lean D, seem to be the only opportunity for Republicans to increase their majority in the Senate

# 2020 Congressional Races- House

## Keys to the House

- To win the majority in the House, Republicans must pick up 18 seats
- Out of the 22 seats rated as Toss Ups by The Cook Political Report, 16 belong to incumbent Democrats while six belong to incumbent Republicans
- Out of the 88 seats rated as competitive, 50 belong to Democrats and 33 belong to Republicans

## Democrats' strong position in the House

- Heading into the 2020 election, about three times as many Republicans (27) will not seek reelection as Democrats (10)
- Only one of these seats (Rep. Dave Loebsack (IA-2)) is at risk of flipping from D to R

# 2020 Presidential Race

## President Donald Trump

- Cut prescription drug prices
- Put patients and doctors back in charge of our healthcare system
- Lower healthcare insurance premiums
- End surprise billing
- Cover all pre-existing conditions
- Protect social security and Medicare
- Protect our veterans and provide world-class healthcare and services



## Former Vice President Joe Biden

- The Biden plan to protect and build on the Affordable Care Act.
- Proposed health plan offers a new public insurance option
- Stop surprise billing
- Repeal the existing law explicitly barring Medicare from negotiating lower prices with drug corporations
- Allow consumers to buy prescription drugs from other countries

<https://joebiden.com/healthcare/#>

<https://www.donaldjtrump.com/media/trump-campaign-announces-president-trumps-2nd-term-agenda-fighting-for-you/>



# Policy Update



# Provider Relief Funding: \$125.2B of \$175B Allocated to Date

## Congress has allocated \$175 billion for the Provider Relief Fund

### General Distribution (~\$68B)

#### General Distribution Phase 1 (\$50B):

- \$30 billion was initially announced for distribution on April 10, 2019- based on a providers' share of Medicare fee-for-service reimbursements in 2019.
- Additional \$20 billion was distributed beginning April 24, so that whole \$50 billion general distribution will be allocated proportional to providers' share of 2018 net patient revenue.

#### General Distribution Phase 2 (\$18B):

- Providers participants in state Medicaid/CHIP programs and Medicaid managed care plans; Dentists; Assisted Living facilities; Certain Medicare providers who may have missed Phase 1 General Distribution payment equal to 2 percent of their total patient care revenue or had a change in ownership in 2019 or 2020.

### Targeted Distribution (~\$57.2B), includes:

- \$22B distribution for providers in COVID-19 high impact areas
- \$11B distribution rural Hospitals and rural health clinics
  - Rural Health Clinics (RHCs): Using RHC cost report data, HHS calculated a distribution using the following formula: Per Independent RHC \$ Allocation = \$100,000 per clinic site + 3.6% of the RHC's operating expenses
  - **Community Health Centers- Federally Qualified Health Centers (FQHCs) in rural areas received a flat payment of \$100,000 per site**
- \$13B for safety net hospitals
- \$9.9B for long-term care facilities/ nursing homes

Pre-COVID Focus: Legislative Focus

Current 116<sup>th</sup> Congress: ***Creating Opportunities Now for Necessary and Effective Care Technologies for Health Act (CONNECT Act)***

- Support in House and Senate in current and previous sessions; will need to be reintroduced
- Section 7 provides for Federally Qualified Health Centers and Rural Health Clinics to be designated as distant or originating site and allow for Medicare reimbursement of remote patient monitoring

## COVID Response: CARES Act + Regulatory Guidance

- Rural Health Clinics (RHCs) and Federally Qualified Health Centers (FQHCs) may furnish distant site telehealth services to Medicare beneficiaries during PHE
- Some services can be furnished using audio-only technology (no video needed)
- Includes any telehealth services under Physician Fee Schedule, including those added on interim basis during PHE
- Patient can be at any location, including their home

<https://www.cms.gov/files/document/covid-rural-health-clinics.pdf>



## Deep Cut to Reimbursement Formula

- January 2018 –22.5% cut
- Lawsuit filed by hospitals immediately; 2020 Court of Appeals upheld CMS rule
- 2021 proposed rule average sales price (ASP) minus 34.7%, plus 6% overhead/handling costs, net of ASP minus 28.7%.
- Final rule expected by November 1

## Pharmaceutical Companies 340B changes – August 2020

- Merck, Eli Lilly, Sanofi, Novartis, and AstraZeneca notified hospitals they will end discounts to hospitals in the 340B program if they do not abide by new requirements set by each company
- Requirements include:
  - More detailed reporting to verify companies are not paying duplicate discounts on 340B drugs
  - Ending distribution of 340B drugs if hospitals already has their own in-house pharmacy
  - Hospitals without an in-house pharmacy would also see their 340B drug shipments decrease

The SUPPORT for Patients and Communities Act (H.R. 6) signed into law October '18

- Medication-Assisted Treatment (MAT) - \$8 million Medicare funding in FQHC and health clinics
- Creates Comprehensive Opioid Recovery Centers
- Supports Substance Use Disorder (SUD) workforce through education loan repayments
- Improvements to telehealth services

## Regulatory proposal to implement SUPPORT Act

- Requires Initial Preventive Physical Examination (IPPE) and Annual Wellness Visit (AWV) to include screening for potential substance use disorders (SUDs) and a review of any current opioid prescriptions.
- Clinicians in the course of conducting the AWV and IPPE may also determine referral for further evaluation and management is appropriate for patients who are identified as high risk for SUD.





## Funding: Longer-term Funding Issues

**Medicaid** - States have flexibility in how to pay health centers including value-based payment structures

- Hospital Disproportionate Share Hospital (DSH) Payments: freeze on cut continues

**CHIP – Children’s Health Insurance Program**

- Congress extended funding through 2023



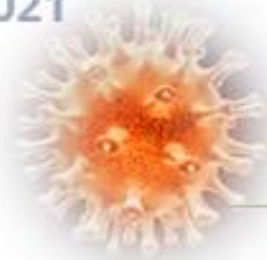
## Funding: Longer-term Funding Issues

### Medicare

- 2020- established payment for comprehensive care management services of a single high-risk disease
- 2021- propose to add HCPCS code G0511 for Principal Care Management (PCM) services furnished in RHCs and FQHCs beginning 1/1/21
- 2021 - proposing to rebase and revise market basket that would increase FQHC payments by 1.9 percent

# State Budgets – Revenue Declines

## Revised State Fiscal Year 2021 Revenue Declines



### Percentage Decline

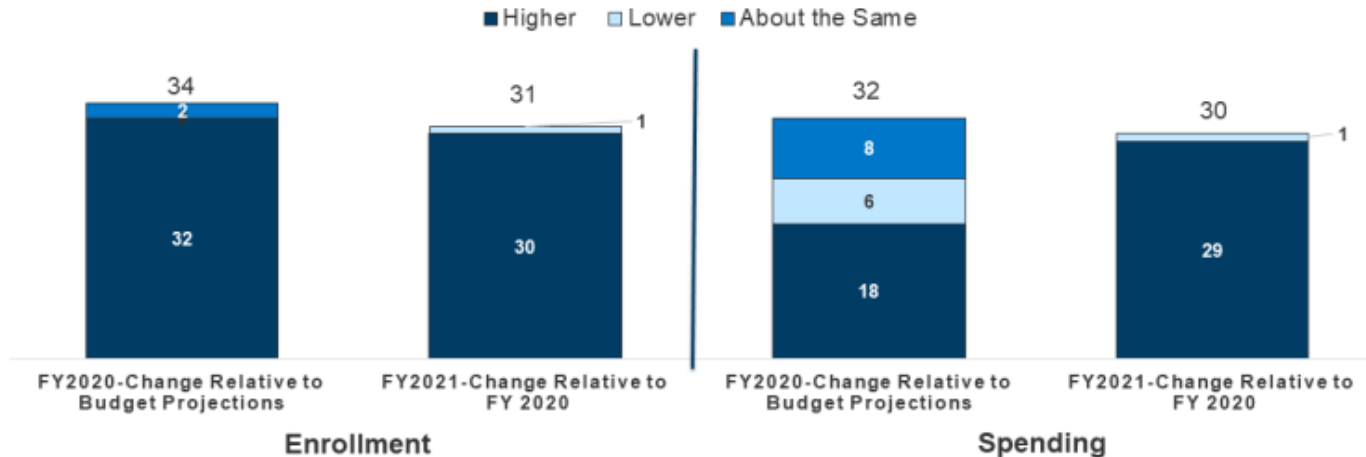
- < 5%
- 6-10%
- 11-15%
- 16-20%
- > 20%



# Medicaid Enrollment and Spending Growth

## Medicaid enrollment and spending growth rate projections for FY 2020 and FY 2021 amid COVID-19

Based on number of states with projections available



NOTES: *Spending and Enrollment*: FY 2020—States were asked about current projections relative to pre-pandemic projections. FY 2021—States were asked about FY 2021 growth projections relative to FY 2020. We do not show data for states with no projections available.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, April – May 2020.

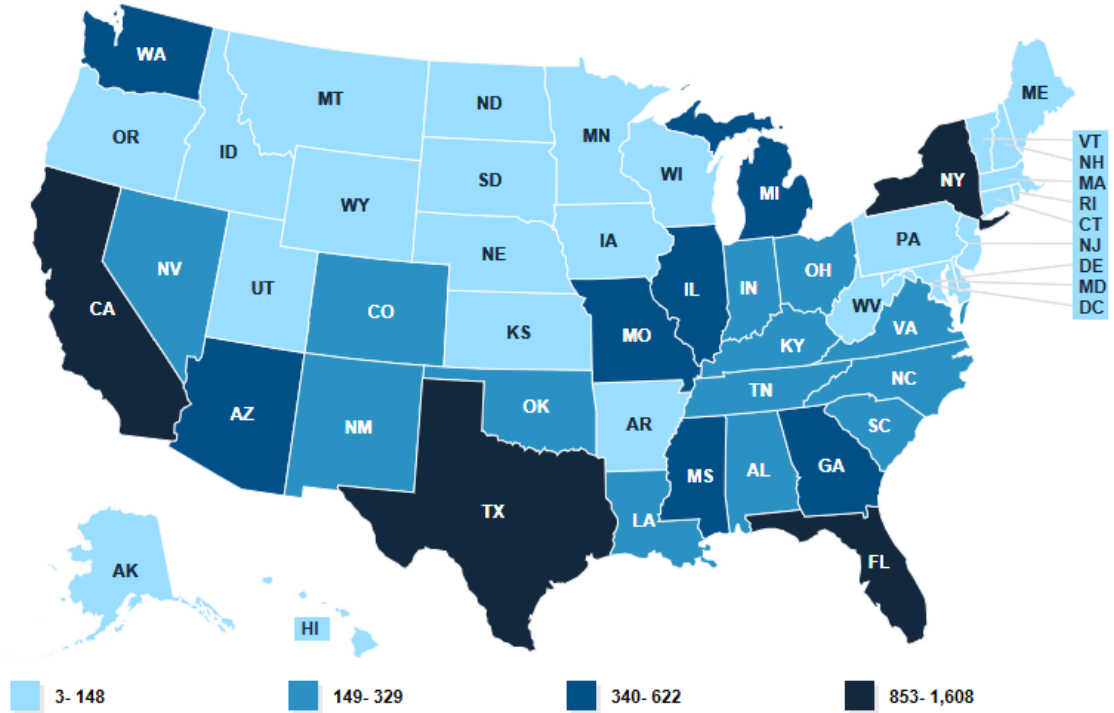


# Workforce Shortages

- The United States faced a significant shortage of healthcare providers before the pandemic.
  - The Association of American Medical Colleges (AAMC) publishes an annual report on the physician shortage; in its 2019 report, AAMC projected a shortfall of 40,000 to 122,000 physicians over the next decade, with a shortage of 29,000 to 42,900 doctors in 2020, depending on several factors.
- After the pandemic, several factors will impact shortages -
  - Expanding the scope of doctors by letting them do more telehealth
  - Bringing retired doctors back into the workforce
  - Allowing medical students to graduate early
  - Impact of COVID on the providers themselves

# Workforce Shortages

Number of targeted primary care practitioners needed in specific categories to remove the primary care HPSA designations, as of Sept. 30, 2019





# Telehealth – Medicaid Reimbursement

The governors of four western states have announced plans to coordinate their activities on telehealth access and coverage.

The announcement by Colorado, Nevada, Oregon and Washington is the first regional agreement of its kind and could impact how the states manage such connected health issues as Medicaid and private payer coverage, license portability and population health programs.

As with nearly every other state, the four states charted their own individual courses for telehealth coverage and access during the early days of the coronavirus pandemic, issuing emergency orders to relax or expand existing guidelines. The partnership may help those states coordinate their efforts to make some of those emergency rules permanent.

Colorado has already taken a step in that direction, with a new law signed in July that requires the state Medicaid program to reimburse for telehealth services at rural health clinics, federally qualified health centers and the federal Indian Health Service at the same rate as for in-person treatment; expands coverage to include speech therapy, physical therapy, occupational therapy, hospice care, home health care, and pediatric behavioral health care; and allows home health care providers to supervise their own telehealth services.



# Thank You!

## Contact Information:

Shara Siegel: [Shara\\_siegel@premierinc.com](mailto:Shara_siegel@premierinc.com)

Jennifer Flynn: [Jennifer\\_Flynn@premierInc.com](mailto:Jennifer_Flynn@premierInc.com)

Brad Kile: [bkile@dumbartonassociates.com](mailto:bkile@dumbartonassociates.com)



# Q & A



# Contact Us



(800) 640-1662



[cnect@cnectgpo.com](mailto:cnect@cnectgpo.com)



[cnectgpo.com](http://cnectgpo.com)

