June 23, 2017

Governor Phil Scott
Office of Governor Phil Scott
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Scott:

As Congress considers big changes to our health care system – changes that will have a profound impact on our state budget and our patients – we want to share with you the following concerns, principles and recommendations.

Vermont’s Community Health Centers (also known as Federally Qualified Health Centers) are united in our commitment to work with policymakers at all levels of government to move our health care system toward one that is more affordable, accessible and equitable for all patients in our state. We deeply appreciate the support and leadership you’ve shown over the years on behalf of Health Centers in Vermont.

We know that you and your team are working to ensure Vermont’s all-payer waiver stands as Vermont’s model for health care reform, and does so in lieu of the block grant and other proposals coming out of Washington. We support you in this goal and are grateful for your leadership.

Health Centers in Vermont and across the country are bound, both by our mission and by federal statute, to care for any patient who walks through our doors, regardless of insurance status. Also, by statute, Health Centers must be located in underserved and low-income areas with few other options for care and must provide a broader range of comprehensive primary and preventive health care services. Health Centers have a solid and long track record of improving health outcomes in these areas while at the same time lowering costs for the nation’s overall health system. In 2017, Vermont’s network of 12 Health Center organizations provided high-quality, comprehensive primary and preventive care at 63 locations to at least 1 in 4 Vermonters. When we consider, in addition, Vermont’s 3 Rural Health Clinics (RHCs), the impact jumps to over 70 sites providing excellent primary care to nearly 1 in 3 Vermonters in every county of the state. In fact, in most regions of the state Health Centers and RHCs are the only (or virtually the only) primary care. Vermonters are fortunate to have access to robust and excellent primary care.

Working collaboratively with their community partners, Vermont’s Health Centers created foundational principles that reflect 10 essential priorities for community based comprehensive primary and preventive health and social services for their patients. See enclosed document titled, Ten Critical Points to Transform Vermont’s Health System. On behalf of Vermonters and Health Center patients, we offer below both our concerns with the health-related legislation that passed the U.S. House of Representatives in May (HR1628, The American Health Care Act), and our recommendations and principles for health reform moving forward.

We know you are already considering the impact to Vermont of changes at the federal level. We are deeply concerned about the impact across the country. We wanted to share our concerns with you and ask for your help in communicating the Health Center message to your colleagues around the country as they continue their work on the AHCA and health reform in general. We would like to work with you and Vermont’s Congressional delegation in the coming weeks and months to ensure any and all legislation considered by the Senate meets the principles outlined below.
Concerns with the American Health Care Act

On May 4, 2017, the U.S. House of Representatives passed HR1628, The American Health Care Act (AHCA), by a very narrow margin. Like Health Centers nationwide, we have significant concerns about the potential impact of the House legislation on our patients and on our capacity to deliver care. In particular, we are most concerned about the following aspects of the House bill:

1. Medicaid Per-Capita Cap/Block Grant. In Vermont, Health Centers and RHCs provide care to nearly half Vermont’s Medicaid beneficiaries. The coverage and access Vermonters have is due in part to the success of the Affordable Care Act, and through the all-payer waiver we know Vermont will build on the Affordable Care Act success. At the same time, though, the House legislation puts at risk coverage and access for vulnerable patients in other states by capping the federal portion of Medicaid spending. Regardless of whether the cap is determined on a per-capita basis or on a statewide basis, a change represents an enormous shift of risk to state governments already hamstrung by significant budget challenges. More importantly, because federal Medicaid contributions would grow more slowly than health care costs, states would be forced to either raise taxes or make increasingly dramatic cuts to covered benefits, beneficiary eligibility and provider payments.

2. Rollback of Medicaid Expansion. Vermonters have long benefited from our state’s firm commitment to broad coverage and simple human compassion for our most vulnerable citizens. But, as you already know, Vermont is a leader in this area. The House bill would undo the progress made since 2014, forcing Health Center patients across the country into much more limited coverage (see concerns below with tax credit proposals) or into becoming uninsured. In states that made huge coverage leaps by taking advantage of Medicaid expansion, Health Centers were able to bolster capacity and offer a more comprehensive range of services, like behavioral health and substance abuse services. Many states simply did not cover those services Vermonters take for granted. Reversing the Medicaid expansion will mean a limited FMAP for Vermont as Vermont was an expansion state prior to March 1, 2017. It would further mean our nation’s most vulnerable citizens may lose Medicaid coverage and with it will lose access to critical specialty care services, forcing them to seek care in emergency rooms, ultimately leading to higher costs and poorer health outcomes.

The Congressional Budget Office cost estimate of AHCA released May 24, 2017 has an estimated decrease of $834 billion of federal spending on Medicaid, and the President’s most recent budget released on May 23, 2017, calls for an additional $627 billion cuts to Medicaid. Restructuring the Medicaid program with this magnitude could be the largest ever transfer of risk from the federal government to the states and municipalities. With the pressure on our state and municipal budgets, it would be a daunting task for Vermont to absorb this downshift in risk.

3. Change in Tax Credits for Purchase of Private Insurance. Both the Affordable Care Act and House-passed AHCA legislation call for tax credits to individuals to assist in the purchase of private insurance. We are concerned that the AHCA would shift this credit away from one based on income and geography toward one based almost exclusively on age. In Vermont and elsewhere, this change poses a major barrier to the affordability of coverage for patients, leads inexorably to poorer health outcomes for patients, and ultimately increases costs for the system.

The Congressional Budget Office scores released May 24, 2017 indicate a decrease of $276 billion over 10 years regarding tax credits and select coverage provisions.

4. Weakening Covered Benefits and Consumer Protections. The late addition of the so-called Meadows-MacArthur amendment to the House bill would allow insurers to once again discriminate against individuals with pre-existing conditions, by allowing state waiver of so-called “community rating” requirements that no patient be charged more for insurance based on health status.
We are grateful for Vermont’s underlying state law that ensures community rating for small groups. At an individual level, however, the shift will cause our patients who are most in need of coverage to face the greatest challenge in affording it.

The bill would also allow waivers of the Essential Health Benefits package, meaning insurers could offer plans that don’t cover many basic services, including many that Health Centers are required to provide. This issue is already a problem for Health Centers in Vermont, and we are very concerned about changes to federal law that would exacerbate the gap between critical Health Center services and commercial payer coverage policies. Health Centers encounter many patients who we consider “underinsured”—as providers open to all, this leads to significant strain on the federal investments Congress and the Administration make in our system of care. The Meadows-Macarthur provisions would only make this problem worse in Vermont and across the country. In addition, the proposed legislation eliminates funding for planning and reproductive health services from Planned Parenthood organizations. Bi-State does not support defunding nor the elimination of reproductive health services from Planned Parenthood. As well, as states have an ability to waive some of the 10 Essential Health Benefits, the lack of essential benefits could also significantly reduce needed access.

5. **Overall Impact on Coverage.** The Congressional Budget Office estimates that the original version of the House bill would cause 24 million Americans to lose coverage within 10 years. Yet, every Health Center clinician and staff member can attest to the difference having health insurance makes in the lives of our patients—in terms of their personal and family security, access to specialty care, and likelihood to seek the cost-saving, primary and preventive care services we offer. Our nation can do better.

**Principles and Recommendations for Health Reform**

Vermont’s Health Centers serve on the front lines of a changing health care system. We believe in the goals of the all-payer waiver—specifically to become a more equitable, accessible and affordable health system by investing in primary care and promoting population health. We hope at the national level to see a system that cares about all patients in need, while driving efficiency and promoting high-quality, high-value care. To that end, we offer the following principles and recommendations to help guide your work on any effort to reform the health care system moving forward.

1. **First, do no harm; do not eliminate coverage for any American.** This should be the guiding principle of our national work on health care—to at least sustain both the number of people covered by insurance and to maintain the accessibility, affordability and quality of that coverage for every American.

2. **Maintain a strong and viable Medicaid program including a strong, viable and stable safety net through Medicaid.** Medicaid and the nation’s Health Centers work synchronously to ensure patients have access to affordable, high-quality care and reliable and predictable coverage. Health reform legislation should build on successes within Medicaid, not simply shift the burden of operating and financing the program to the states. Specifically, Health Centers in Vermont and elsewhere cannot support proposals to place caps on the federal share of Medicaid payments or to institute broad block grants, or attempts to roll back the federal commitment to Medicaid expansion.

3. **Strengthen Medicaid’s connection to Health Centers.** Medicaid not only covers a significant number of Vermonters, but nationally it is the largest revenue source for Health Centers, accounting for 44% of Health Center revenue nationwide. Health Centers deliver significant return on that investment. Within Medicaid, this is especially true—a recent 13-state study found that Health Center Medicaid patients had 24% lower total costs of care when compared to similar patients cared for in other settings. Vermont was part of that study, and we shared it with you when we met in January. Health Centers are a prudent investment in scarce public state or federal funds. The Health Centers take their role as stewards of public funds, and assuring appropriate use of these funds, exceedingly seriously.
This record of success is due largely to the unique Federally Qualified Health Center Prospective Payment System (FQHC PPS)—a bundled payment designed by Congress to ensure Health Centers can fully treat the whole patient, while not diverting other federal investments intended to support care for the uninsured. Congress has since implemented similar payment systems for Health Centers in Medicare and CHIP, and most states implemented FQHC PPS for qualified health plans as well. Congress also replicated the bundled payment for other key safety net providers. Any proposals related to Medicaid must preserve and build upon this successful system.

4. **Strengthen tax credits, minimum benefits and consumer protections in the individual marketplace.** Several Senators have already indicated a desire to enhance the system of tax credits called for in the House bill to improve affordability for low-income patients. We strongly support changes in this direction. Further, it is critical that any final legislation ensure individual market plans cover a minimum set of Essential Health Benefits, and either maintain or strengthen protections afforded to the millions of patients with pre-existing conditions.

5. **Sustain and grow direct investments in Health Centers and the primary care workforce.** For decades and through bipartisan administrations, Congress has consistently seen the value in growing the federal investment in the Health Center system of care. The Trump administration has continued that support, calling investment in Health Centers one of the “highest priorities” in its March budget document and funding the Health Centers in his May proposed budget. Without that support, a crisis could loom for every Health Center in the nation with the scheduled expiration of the Health Centers Fund at the end of September. We strongly urge you to weigh in with our Congressional Delegation and other Republican Governors to sustain and grow this and other key federal investments in primary care on a long-term basis, by encouraging Congress to act well ahead of the September deadline to extend funding for at least five years for Health Centers, the National Health Service Corps and the Teaching Health Centers Graduate Medical Education program.

**Given the urgency of this discussion, we would like to discuss these concerns with you in person at your earliest convenience.** Please contact Suzanne Palmer at spalmer@bistatepca.org to schedule a visit. We deeply appreciate the opportunity to offer these recommendations and stand ready to work with you and your colleagues to develop health policy proposals that improve both our overall system and the lives and health of those we serve.

Sincerely,

[Signature]
Tess Stack Kuenning, CNS, MS, RN
President and Chief Executive Officer

[Signature]
Sharon Winn, EdD, MPH
Director, Vermont Public Policy

Enclosure
Ten Critical Points to Transform Vermont’s Health System

Vermont’s federally qualified health centers (FQHCs) recognize and value the work of the past year on payment reform. However, Vermonters will be healthier and better off only if the system transforms to address social determinants as a priority, commits to comprehensive primary care, invests in strong community-based care systems, and builds capacity to accomplish these goals.

A successfully transformed health system has the following characteristics:

1. Primary care practices are strong and well-supported patient-centered medical homes, with the resources they need to prevent chronic disease, promote wellness, and manage patient care outside the hospital setting.
2. Primary care practitioners have the time they need to address the issues underlying chronic disease and mental health and the resources to maximize primary care practitioner time in direct patient care.
3. Mental health, behavioral health, and primary care work together to provide seamless care to patients.
4. Home health services and primary care practices work together to provide seamless care to patients, and home health is available without regard to Medicare or Medicaid legacy rules around coverage for home health services.
5. Community-based social service agencies are fully-integrated or tightly coordinated with primary care practices, including:
   - Area Agencies on Aging who serve as the eyes and ears of the system, working to keep vulnerable elders housed and out of impoverished living conditions.
   - Mental Health Centers who offer integrated services and supports to Vermonters affected by developmental disabilities, mental health conditions and substance use disorders.
   - The Vermont Food Bank and local food shelves with a pulse on food insecurity in the community, working to feed low-income and underserved Vermonters.
   - Parent Child Centers, shaping solutions to meet the needs of working families.
6. Primary care practices work with community partners to offer a “health coach” option to help patients in making better health decisions and following a healthy lifestyle.
7. Communities integrate wellness-initiatives with schools, employers, community centers, etc.; i.e. meet people where they are.
8. Hospitals are stable and positioned to meet the acute inpatient and outpatient needs of the community, and participate as equals in the delivery system.
9. Systems of care are focused on the local and regional levels, with resources deployed efficiently to meet the needs of the community, and with local strategic and project plans that roll up to a statewide plan.
10. Vermont’s Blueprint team retains independence and neutrality to lead the transformation effort, using community collaboration boards (e.g. Blueprint UCCs) with broad community representation to shape and drive the transformation at the local level.

Adopted by Bi-State FQHC CEOs December 2015
For more information, contact Sharon Winn, Esq., MPH, Director of Vermont Public Policy
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