

What Does Health Reform Mean for Virginia's Free Clinics?

*VAFC Road to Reform
November 13, 2012*

by

**Linda D. Wilkinson, Executive Director
*Virginia Association of Free Clinics***

U.S. Supreme Court PPACA Ruling: Key Findings

- The “individual mandate” in PPACA is constitutional.
- The decision to take advantage of the Medicaid expansion opportunity provided by PPACA is up to each state.
- The federal government cannot “coerce” the states to expand Medicaid by threatening to withhold funding for the states’ current Medicaid programs if they do not adopt the expansion.

Impact of PPACA Medicaid Expansion

- Coverage for up to 17 million uninsured individuals with incomes \leq 138 FPL nationwide; 420,000 in Virginia.
- 100% of the expansion costs will be underwritten by the federal government for the first 3 years, with the states incrementally picking up small portions of the cost (*eg. 5% in 2017*) until 2020, and beyond when they will become responsible for 10% of the costs.

Medicaid Expansion Will Produce Substantial Benefit in Virginia

- An estimated 420,000¹ uninsured Virginians will become eligible for Medicaid under the expansion.
 - ◆ Currently comprise much of the charity care in hospitals.
 - ◆ Health care safety net clinics treated approx. 80,000 patients last year.
- Over \$20 billion² in new federal funds will flow to Virginia, creating many new jobs within various parts of the health industry.

¹ Urban Institute (*Summer, 2010*)

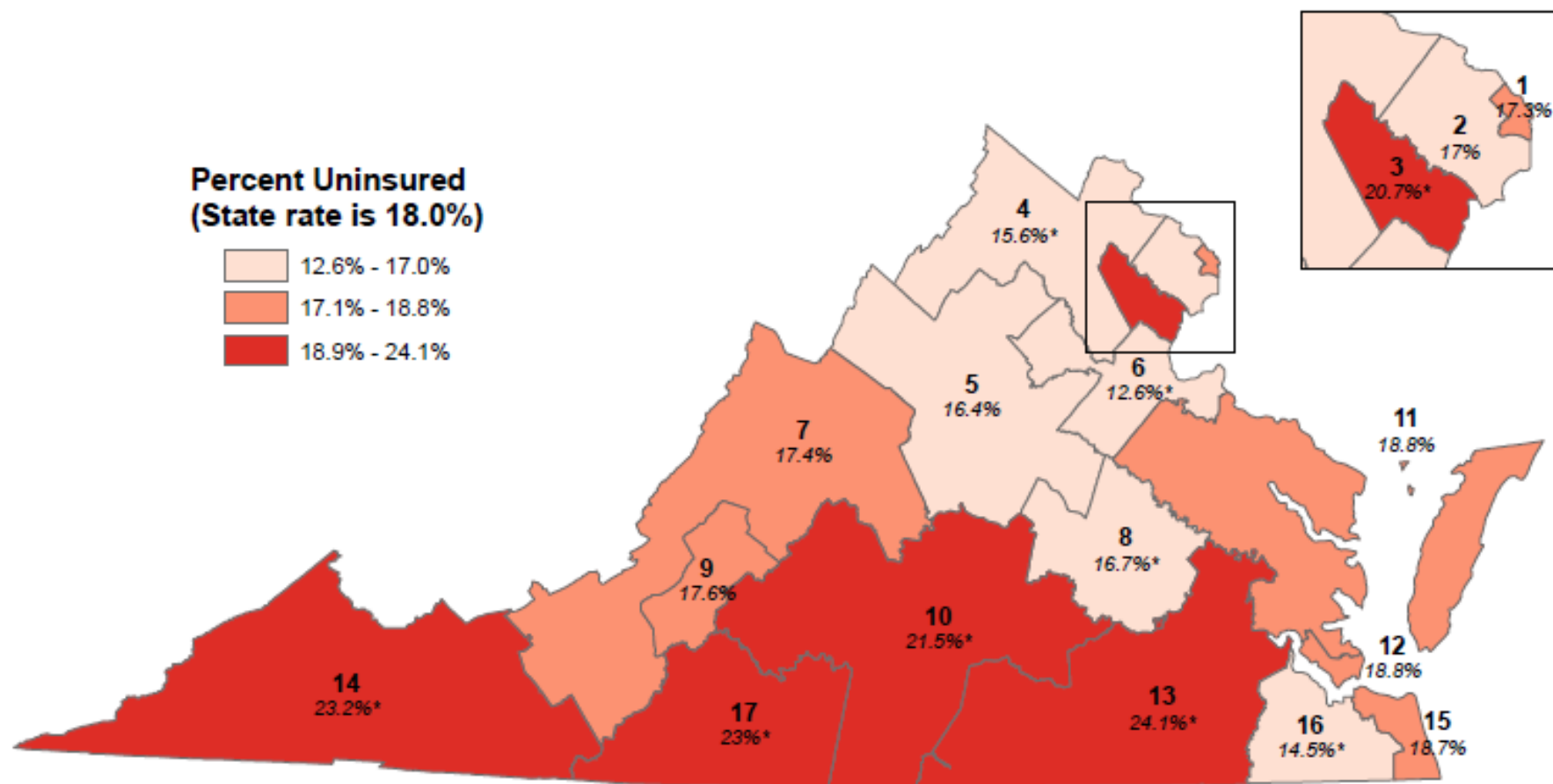
² Commonwealth Institute for Fiscal Analysis (*July 2012*)

Who Are the 1,000,000 Uninsured Virginians?

- Nearly 70% live in families with at least one full or part-time worker
- Almost half are white, non-Hispanic (*Black/AA = 23.5%, Hispanic = 20.4%*)
- About 80% are U.S. citizens
- About 70% have incomes \leq 200% FPL
- About 80% do not receive Food Stamps



Uninsured Rate Among Adults (19-64) in Virginia by Area¹, 2010



Source: Urban Institute, February 2012. Based on the 2010 American Community Survey (ACS) data from the Integrated Public Use Microdata Series (IPUMS) of the Minnesota Population Center.

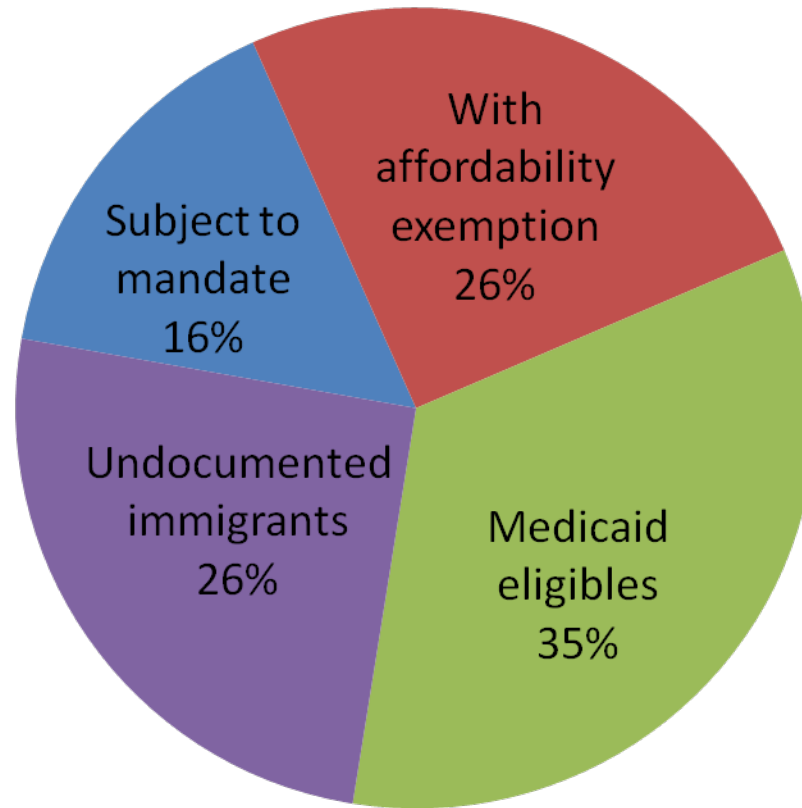
¹ Shaded areas represent regions of Virginia which are defined in terms of counties or a combination of counties (see Table 13).

Note: Estimates reflect additional Urban Institute adjustments for the underreporting of Medicaid/CHIP and the overreporting of private nongroup coverage (See Lynch et al, 2011). Coverage estimates were developed under a grant from the Robert Wood Johnson Foundation.

* indicates that the region percentage is statistically different from the percentage for the areas in the rest of state at the .05 level.

Those left uninsured under reform

N=515,000



Source: Urban Institute analysis, HIPSM 2011

***Note:** We simulate provisions of the Affordable Care Act fully implemented in 2011.

Profile of Virginia Free Clinic Medical Patients

- 78,000 in 2011 (58 member clinics)
- Almost two thirds are 35-64 years of age
- 70% have one or more chronic illnesses
- An average of about 70% will be eligible for Medicaid in 2014
 - ◆ Will vary among clinics



PPACA Medicaid Expansion: Free Clinic Options

- Maintain current free clinic business model
- Current model, and allow Medicaid eligible at clinic, without charge
- Transition to a “hybrid” model
- In eligible areas of state:
 - ♦ Apply to become a Federally Qualified Health Center (FQHC)
 - ♦ Become an FQHC “Look-a-like”
 - ♦ Become a Rural Health Clinic
- Transition eligible patients to Medicaid, help them find a provider if clinic is not a Medicaid provider



What Is a Hybrid Model?

- Enables a free clinic to become a Medicaid provider, and maintain its “free clinic roots” and mission.
 - ♦ Provides medical care to low income patients (*uninsured and Medicaid*)
 - ♦ Utilizes paid providers, often supplemented with volunteers (*providers and otherwise*)
 - ♦ Charges fee for services on a sliding scale, which can allow for free care for lowest income patients

Examples of Hybrid Models

San Jose Clinic (*Houston, TX*)

- Large 89 year old clinic, in process of becoming a Medicaid provider
- 140 volunteer providers (*specialists, resident programs*), 200 lay volunteers
- 42 staff
- Medical, dental, mental health and pharmacy services = 30,500 visits/year

Olde Towne Medical Center (*Williamsburg, VA*)

- Large 20 year old clinic that became a hybrid early on
- 500-600 hrs/mo of volunteer providers (*more for dental*)
- Medical, dental and mental health services = 16,000 visits/year
- Became a rural health clinic = 10% payment bump (Medicaid/Medicare)

Summary

- PPACA Medicaid coverage expansions will cut the number of uninsured Virginians in half.
 - ♦ Many, including 70% of free clinic patients, will be eligible for Medicaid
- About 289,000 Virginians \leq 200% FPL will remain uninsured. (*undocumented immigrants, those who can't afford insurance*)
- This creates locality-specific opportunities and challenges for Virginia's free clinics.
- One option under consideration by a growing number of clinics is transitioning to be a hybrid clinic:
 - ♦ Blends paid and volunteer providers to treat low income patients (*uninsured and Medicaid*)
 - ♦ Requires thoughtful planning and sufficient infrastructure
- Each free clinic must evaluate the impact of PPACA on its patients and community, in determining its future direction.