2024 NACHC State Policy Assessment Summary

Since 2003 and through funding from Health Resources and Services Administration (HRSA), The National Association of Community Health Centers (NACHC) has conducted an annual State Policy Assessment in partnership with state Primary Care Associations (PCAs) to determine state-level high-priority policy issues affecting health centers and their patients. Together with Health Management Associates (HMA), NACHC's State Policy Team fielded the State Policy Assessment and received responses from 50 of its 52 PCA members in April 2024. *The results are official as of June 2024.*

The information provided by PCAs through the State Policy Assessment informs policy initiatives, technical assistance resources, assists PCAs with policy approaches at the state level, and enables NACHC to measure both annual progress and areas for increased focus in the future.

This year's Assessment was divided into three sections with 40 questions that addressed the following topics: Medicaid Prospective Payment System (PPS) implementation, cost-limiting and same-day billing policies, and alternative sources of funding.

To make the State Policy Assessment data more accessible, NACHC developed the Health Centers & State Environments Atlas (Atlas) containing an assortment of maps and tables with brief narratives where appropriate on select questions that were identified by NACHC as key insights to share with all community health centers across the nation. The following summarizes these findings from the 2024 Atlas.

Key Takeaways

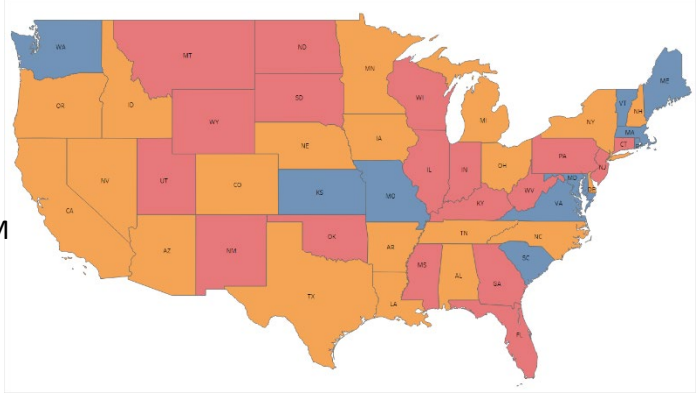
Medicaid Prospective Payment System (PPS) Implementation

Congress, on a bipartisan basis, created a specific Medicaid payment methodology for health centers, the FQHC Prospective Payment System (PPS). Under the *Benefits Improvement and Protection Act of 2000*, FQHCs receive a single cost-based fee for service, bundled rate for each qualifying patient visit. This cost-based rate pays for all covered services and supplies provided during the visit. Payment methodology is central to the successful relationship between FQHCs and Medicaid, and to health centers' continued viability. Over the years alternative payment models (APMs) have been implemented across states to better align evolving health care practice with provider reimbursement. The State Policy Assessment asked PCAs about their state's current reimbursement methodology for FQHC Medicaid services. Eleven states have implemented an APM, 20 states utilize the FQHC PPS methodology only, and 21 states have implemented both methodologies.

PPS only

APM only

Both PPS and APM



VT	NH	MA
DC	CT	RI
AK	HI	PR

Billable Providers

Over 270,000 dedicated professionals work at 14,000+ health center locations across the United States, including territories. Health center staff, including physicians, nurse practitioners, physician assistants, dentists, pharmacists, behavioral health staff, licensed clinical social workers, case managers, and allied health professionals are the backbone of the health center program. As such, it is vital that health centers understand how their providers are reimbursed for the services they furnish. The State Policy Assessment Atlas provides 50+ slides detailing how various providers are reimbursed for their health center patient encounters. Specifically, the Atlas details whether various providers are either: 1) reimbursed at the FQHC's PPAS/APM rate; 2) reimbursed at a rate other than PPS/APM; 3) Not reimbursed but whose cost can be included in the FQHC's cost report; 4) neither billable to the State Medicaid Agency nor allowed to be listed in the FQHC's cost report; or, 5) don't know. We believe this information will be extremely valuable to PCAs as they explore various options for increasing reimbursement for certain provider types.

State Funding for Health Centers

We asked PCAs to share their most recent state budgets for state fiscal year 2023 and what the purpose(s) of direct funding was for FQHCs from the state government. Reviewing how states have allocated funding for FQHCs will be helpful to understand how federal, state, and local governments prioritize health center needs. Please note for this budget question, PCAs were allowed to provide multiple responses.

Purpose of Direct State Funding	Number of States	% of States
Expand Access: to increase capacity to provide services to underserved populations	13	39.4%
Uncompensated Care: funding to support care of uninsured and underinsured patients	11	33.3%
Capital Projects: funds to make immediate improvements and expand facilities	13	39.4%
Health Profession Training Including Teaching Health Centers: workforce recruitment, retention, and education	10	30.3%
Outreach and Enrollment: funding to support efforts to connect eligible persons to coverage	3	9.1%
Medicaid Graduate Medical Education (GME)	3	9.1%
Other	7	21.2%

Next Steps

The 2024 State Policy Assessment provides greater understanding of various health care policy issues and how implementation impacts health center operations. The topic areas in the State Policy Assessment are current and evolving issues that are important to community health centers. Health centers have reached a historic milestone of serving over 31.5 million patients, including one in six Medicaid beneficiaries and one in three people living in poverty. The feedback from this State Policy Assessment will provide direction for NACHC on priority policy issues and training and technical assistance needs identified in several areas, including but not limited to, Medicaid PPS implementation, cost-limiting and same-day billing policies, and alternative sources of funding. Education and training developed in response to health center needs will continue to support the growth and quality of care provided by community health centers.

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