



Alerts

The Impact of Health Care Reform on Community Health Centers

April 19, 2010

Health Care Alert

This is the fifth in a series of health care alerts that Hinshaw & Culbertson LLP will publish on the topic of health care reform.

The recently enacted health care reform provides for major changes for community health centers and federally qualified health centers. The following summary highlights key provisions that will directly or indirectly impact these organizations.

Health Center Program Expansion

The health care reform package contains a total of \$11 billion in new funding for the community health centers program over five years, beginning in fiscal year 2011. \$9.5 billion of the funding will allow health centers to expand services and add new staff at existing sites to double their operating capacity and serve nearly 20 million new patients. The remaining \$1.5 billion may be used by community health centers to expand and improve existing facilities, and to construct new sites. The law establishes new programs to support school-based health centers (effective in fiscal year 2010) and nurse-managed health clinics.

Health Care Personnel

The health care reform package includes \$1.5 billion over five years for the National Health Service Corps, which will place an estimated 15,000 primary care providers in provider-shortage communities. It provides grants for up to three years to employ and provide training to family nurse practitioners who give primary care in federally qualified health centers and nurse-managed health clinics. The bill will also provide funds to train new community health center providers for health care career training, including federal funding of \$230 million over five years to community-based entities.

Medicaid Expansions

The law expands mandatory Medicaid coverage as of January 1, 2014, to individuals under 65 years of age (including children, pregnant women, parents, and adults without dependent children), who are not entitled to or enrolled in Medicare Part A and whose incomes do not exceed 133% of Federal Poverty Guidelines for the applicable family size. This will provide Medicaid coverage to an additional 16 million individuals.

Community Health Center Participation in Health Insurance Exchanges

The law requires that community health centers receive no less than their Medicaid Prospective Payment System (PPS) rate from private insurers offering

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plans through the new health insurance exchanges, and that health insurance exchanges contract with community health centers.

Medicare Expansions

The health care reform package adds preventative services (e.g., mammograms) to the Federally-Qualified Health Center (FQHC) Medicare payment rate.

Medicare Payment Improvements

The law eliminates the outdated Medicare payment cap on federally qualified health center payments.

Physician Residency Training

The health care reform package establishes Teaching Health Centers, which are defined as community-based, ambulatory patient care centers, including federally qualified health centers and other federally funded health centers that are eligible for Medicare payments for the expenses associated with operating primary care residency programs.

For more information, please contact [Michael A. Dowell](#) or your regular [Hinshaw attorney](#).

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