



**CAROLINA HEALTH CENTERS, INC.**  
**PRESIDENT/CEO REPORT TO THE BOARD OF DIRECTORS**  
**APRIL 23, 2018**

**Advocacy and Health Policy:**

**Federal:**

- The 340B Drug Pricing Program continued to hold center stage with activity on several fronts:
  - The House PAUSE Act and the Senate HELP Act remain active and viable legislative vehicles for limiting the scope and benefit of the 340B program for covered entities. These bills continue to fuel an active discussion about the original Congressional intent of the program.
  - Witnesses who testified at the March 15, 2018 Senate HELP Committee hearing were issued a list of “Questions for the Record” (QFRs) with a request for a written response within 10 days. The questions focused on the intent of the program, patient eligibility, the percent of savings passed on to patients and the use of any retained savings, and the impact the program has on rising cost of prescription medication. Because my testimony was given, not only on behalf of CHC, but as a representative of NACHC, my response to the QFRs was compiled in collaboration with the NACHC policy and legal team. The written response will be included with other related documentation on the Board of Directors portal.
  - Follow-up meetings have been scheduled with members of the SC delegation as well as targeted Committee staff. These meetings are being coordinated by NACHC to be held in DC on April 30<sup>th</sup> and May 1<sup>st</sup>.
  - Families USA has convened a national “thought leader” meeting for Friday, April 27, 2018 to launch an advocacy initiative to protect the 340B Program, especially as it relates to the benefit for at risk families and children. CHC is included in this thought leader roundtable.
  - A new threat has emerged in the form of third party companies brokering a “reverse referral” model, whereby the 3<sup>rd</sup> party established a connection between specialists and the health center for the sole purpose of establishing 340B eligibility for the specialist prescriptions, with the 3<sup>rd</sup> party benefitting financially. These profit driven models could bring additional scrutiny on the program and result in more restricted eligibility. These models will be included in the strategy discussions to be held in DC next week.
  - The Alliance for the Integrity and Reform of 340B – known as AIR340B – is an active lobbyist organization funded by Pharma and focused on restricting the 340B

- program. They convene closed door “summits” to which only sympathetic members of Congress are invited. One such summit has been convened for May 7, 2018 with the authors and sponsors of both the House PAUSE Act and the Senate HELP Act. CHC has been invited to attend this meeting to represent the counter-perspective – i.e. the value of 340B to covered entities and the patients we serve.
- One health center in SC has been terminated from the 340B program following a HRSA audit that identified major areas of non-compliance. The leadership of this health center has hired a DC lobbyist and expressed their intent to launch an advocacy campaign that could run counter to the NACHC advocacy message. CHC has been asked (by both NACHC and the SCPHCA) to intervene and work with this health center’s leadership to align the messaging. An initial meeting has been held with the senior team of the health center and their DC lobbyist and a meeting with NACHC is planned for the time I am in DC for the Senate HELP Committee follow-up meetings.

State:

- The current state budget bill including \$5 million allocated to the health centers has survived both the House and the Senate and now goes to the budget conference committee.
- The APRN (Nurse Practitioner bill passed the Senate and has been returned for a House vote.

**CHC Staff, Leadership, and Community Development Activities:**

- Leadership team meetings have been occurring on a monthly basis and we are continuing to work on team development, communication and collaboration, and continuity planning.
- Second interviews were held with the three final candidates for the Executive Assistant position and an offer is currently pending.
- The Spring corporate-wide staff meeting was held on Tuesday, April 10, 2018 with three board members in attendance: Greg Bullard (Chair), Gail Cook, and Earl Wright. The slides supporting the presentation on the role, responsibilities, and boundary areas for the Board of Directors is attached to this report. In addition, active shooter training was conducted.
- CHC participated in the 4<sup>th</sup> Annual Dancing with the Greenwood Stars as both a sponsor and a dance team. Though our fund-raising results were a bit disappointing, this was a great event from both the public relations standpoint and team building within the organization. We also gained a great deal of insight as to how to improve fund-raising activities in the future.

**Strategic and Operational Activities**

- Department of Pharmacy:

- Pharmacy Oversight Committee continues to meet monthly working on policy and compliance review as well as looking at strategies for expansion of pharmacy services.
- We have executed and registered our first agreement for contract pharmacy services with Curant Health. A primary focus of this contract arrangement is specialty pharmacy for the target population of HIV/Aids and Hep C patients.
- An analysis of CHC's capture rate indicates that only an estimated 38% of prescriptions called in or escribed are going to Carolina Community Pharmacy. The capture rate varies widely from site to site, as well as provider to provider. This date was presented at each of the break-out sessions (i.e. providers, clinical support, and patient service representatives) and staff were asked for input as to how we could increase the use of our pharmacy while continuing to respect and support patient choice.
- Department of Pharmacy, along with senior leadership, hosted a two-day site visit from a health center in the panhandle of Florida that is planning to open their first in-house pharmacy.
- **Behavioral Health:**
  - TCC candidate identified and final interview process underway. Beckman is working with the state DMH to address the issue of low salary levels.
  - A strategy session is being planned for the joint leadership of the organizations.
- **CIMS:**
  - Molina has rescinded the termination of their contract with CIMS, which has addressed the potential threat of destabilization of the IPA business model. Terms for a new incentive reimbursement plan are being negotiated. A full day meeting of all CIMS committees was held on Tuesday, April 17, 2018 and attended by Paul Grogan, Miriam Ferguson, and me. The focus of the meeting was additional strategies for closing gaps in care, which would improve our performance in the incentive based plans.

### **Consulting:**

- Consulting engagements completed and billed during the month:
  - March 30, 2018 – statewide 340B training for the Kentucky Primary Care Association. Fee = \$2,500
- Consulting engagements pending:
  - Two state 340B Summit scheduled for June 5, 2018 in Mystic CT. Fee = \$2,500.
  - Reached agreement with 340B Health – the coordinating structure for the National 340B Coalition – for CHC to plan and organize health center specific programming for the upcoming 2018 340B Coalition Summer Conference to be held July 19-22, 2018. Final agreement is for limited scope of service (2 FQHC Expert Sessions) with a fee of \$125 per hour up to a maximum of 45 hours, plus waiver of the \$1,000 registration fee at the conference for the primary consultant. This is an activity that was previously done by CHC through the contract with NACHC. The majority of this

work will be completed locally with the exception of travel to the conference, which CHC routinely participates in.

- Consulting engagements proposed:
  - The Alaska Primary Care Association has requested a 1-day 340B Summit for their members to be held in June 2018. Note: if this consulting assignment is confirmed, I plan to take an additional 5 days of annual leave due to travel time commitment and opportunity to experience Alaska.
- A sample of the Memorandum of Agreement that is typically executed in support of these consulting agreements is attached to this report.

### **Miscellaneous CEO Activity:**

No miscellaneous activity to report.

If you have any questions or would like additional information on any of the above my contact information is as follows:

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### **Report of travel and personal time in 2018**

#### **Business travel:**

March 27<sup>th</sup> -28<sup>th</sup> – Dallas, TX for Apexus Advisory Board Meeting

March 29<sup>th</sup> – 31<sup>st</sup> – Lexington, KY for 340B trainings

April 11<sup>th</sup> – Columbia, SC for meeting at The Children’s Trust

April 17<sup>th</sup> – Columbia, SC for CIMS meeting

April 18<sup>th</sup> – Attended the monthly SCPHCA meeting by telephone

#### **Personal Time:**

April 18<sup>th</sup> – 20<sup>th</sup> – Annual leave = 3 days/24 hours