



**President and CEO
Monthly Report
to
CHC Board of Directors
May 22, 2023**

Reporting period: April 22, 2023 through May 19, 2023

Health Center Reauthorization and Multi-Year Funding



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- H.R. 2559 includes extensions for Community Health Center and National Health Service Corps mandatory funding for 5 years, at level funding
- H.R. 3080 aligns with President Biden's budget
 - Requires all health centers provide mental health and SUD services and provides \$700 million annual funding
 - Annual \$250 million investment to support increased hours of health center operations including nights and weekends
 - \$150 million in New Access Point funding
 - Increased funding to support current NHSC field strength
- As of May 17: bipartisan support for Energy and Commerce Committee “amendment in the form of a substitute”
 - Increased health center funding for 2 years (\$4 billion to \$4.2 billion)
 - Increased NHSC funding for 2 years (\$310 million to \$350 million)
 - Incrementally increased funding for THC GME for 6 years (\$126 million to \$200 million)
- Senator Bernie Sanders introduced a Senate proposal to increase health center funding by 4.5-fold from current \$4 billion to \$130 billion plus \$60 billion for workforce development

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Given the federal fiscal environment, CHC is in regular and ongoing contact with our members of Congress with the following message:

We understand and appreciate the challenging federal fiscal environment Congress is operating in.

Even in the face of those challenges, it is essential to the health and well-being of millions of Americans that health centers have stable and predictable multi-year funding.

While it is most important that the health center be kept whole in these challenging times, if additional funding were to become available Carolina Health Centers would expand access and services in the following areas ...

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Manufacturers refusing to honor 340B pricing at contract pharmacies (estimated lost resources for health centers growing rapidly)

<https://www.nachc.org/wp-content/uploads/2023/05/340B-restrictions-summary-chart-9.pdf>

Pharmacy Benefit Managers (PBMs) and insurance companies offering discriminatory contract terms for claims filled with 340B drugs (reimbursement reduced by as much as 36%)

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340B
SPOTLIGHT

These threats remain, but are escalating and expanding

Three phases of Contract Pharmacy Restrictions

Phase	Started	Manufacturers	Policies	Impact
One	Summer/ Fall 2020	Eli Lilly, Sanofi, Astra Zeneca	First 3 manufacturers imposed restrictions; two allow ESP workaround	Most grantees managed to mitigate the impact with reporting to ESP
Two	May/ June 2022	Merck, Gilead	Added restrictions on all grantees (Gileads were limited to brand-name Hep C drugs)	Grantees began seriously re-evaluating whether to submit data to ESP
	<i>Jan. 2023</i>	<i>Third Circuit Court Decision</i>		
Three	May 2023	GSK and now Merck!!	No more than one contract pharmacy location; no ESP reporting option	Grantees have limited inhaler options; significant financial impact; concerns about future of ESP workaround.

And last week, this ...

The Energy & Commerce Subcommittee on Health's vote on Vice Chair Larry Bucshon's (R-Ind.) bill, [H.R. 3290](#), paves the way for full committee action on it possibly as soon as next week. The committee's Republican majority reportedly aims to finish work on bills addressing transparency and competition in health care by Memorial Day.

“Any Other Covered Entity”

[Bucshon's bill](#) would give the U.S. Secretary of Health and Human Services discretion to impose the 340B DSH hospital reporting requirements on “any other covered entity.” It also would authorize HHS to audit covered entities about how they use 340B program savings.

If the full committee and full House pass the bill, it very likely would face tough sledding in the Democratic-controlled Senate. Several Democratic subcommittee members spoke out against the bill as too burdensome and one-sided. Among their concerns they brought up are the contract pharmacy restrictions imposed by drug manufacturers. Bucshon said that the contract pharmacy matter should first be addressed by the courts.

The subcommittee earlier today voted 27-0 to amend, pass, and send to the full committee another bill, [H.R. 3281](#), that deeply concerns groups that represent 340B providers. The amended version includes language that would require state contracts with Medicaid managed care contractors to limit drug reimbursement—including for 340B acquired drugs—to ingredient cost plus a dispensing fee. Another provision would do more to align Medicare payments for items and services furnished in hospital outpatient departments with those furnished in physician offices.

Response: Outreach to Congressman Jeff Duncan

We at Carolina Health Centers are deeply concerned about the amendment to H.R. 3281 (highlighted below) that was passed out of subcommittee to be sent to the full Energy and Commerce Committee .

In the state of South Carolina, the Medicaid agency capitates the Managed Care Organizations at an actuarially developed rate that includes the cost of pharmaceuticals at usual and customary rates of reimbursement. This allows the FQHCs to retain a contribution margin from Medicaid MCO prescriptions that helps to support otherwise unfunded patient care programs and services. SC Medicaid understands that the programs and services supported by this contribution margin drive cost savings across the entire health care delivery system. By keeping people well - physically, mentally and emotionally -the health centers reduce the utilization of more costly settings of care.

This amendment, if retained and passed, would shift those resources away from these otherwise unfunded patient care programs and services and negatively impact both quality and cost effectiveness of health care for the people of South Carolina. For Carolina Health Centers, that means limited access to behavioral health, substance use treatment, and important early child development services.

Please convey our concern to Congressman Duncan and Let him know I am available to discuss this in greater detail at his or your convenience.

On a more positive note:
Senate Finance Committee focus
on regulating Pharmacy Benefit
Manager (PBM) practices:

- During Senate Finance Committee hearing, Senator Tim Scott raised questions about the impact of discriminatory reimbursement on FQHCs
- Forwarded inquiry to SV
- SV met virtually with Senator Scott staff in advance of Senate Finance Committee staff “circling the wagon” on PBM reform. Focus on two profit driven PBM practices: 1) discriminatory reimbursement of 340B claims; 2) discriminatory exclusion from PBM provider networks.

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340B
SPOTLIGHT

- Revised FQHC Medicaid encounter rates included in the SC DHHS budget were officially announced at the May meeting of the Medical Care Advisory Committee (MCAC) and will become effective July 1, 2023.
- SB520 – South Carolina’s attempt at PMB legislation – has passed in the House and was returned to the Senate with an amendment delaying the effective date to allow health centers 6 months to provide data that demonstrates the potential negative impact to patients.
 - Two provisions in the bill allow PBMs to designate all high-cost drugs and drugs they designate as “specialized delivery drugs” to limited distribution networks and direct prescriptions away from other pharmacies to PBM affiliate pharmacies.
 - Work group jointly convened by the Chair of the SCPHCA Board and Chair of the SCPHCA Legislative Committee assigned responsibility for impact analysis.

Advocacy & Health Policy State Focus



- **Leadership and Staff Development:**
 - Leadership Team weekly briefings/monthly meeting with clinical department heads.
 - Collaborating with Lander University to expand the scope of public health curriculum to include information about the Community Health Center Program and specific training for related jobs such as Community Health Workers, Quality and Population Health professionals, and Child Development Specialists. Also entered into an agreement offering CHC employees and family members reduced tuition.
- **Covid-19 Response** – suspended until further notice
- **Funding:**
 - In “waiting for response” mode on three grant applications.

Strategic & Operational Updates



- Administration Department:
 - No specific activity to report
- Clinical Departments:
 - Department of Pediatrics:
 - Focus is on provider recruitment
 - Department of Family Medicine:
 - Focus on provider recruitment
 - Transition in clinical leadership roles underway
 - Department of Pharmacy:
 - No specific activity to report
 - Integrated Behavioral Health:
 - Happy to announce we are fully staffed!!!! (at least until we identify and/or receive funding for critically needed additional staff)

Strategic & Operational Updates



- John Britt, Brooke Holloway, and Sue Veer attended a meeting with leadership of Shiner's Hospital in Greenville and will be following up regarding opportunities for collaboration .
- Health Center Board Training and development opportunities available at <https://www.nachc.org/trainings-and-conferences/governance/>

Board Development and Community Engagement



- NACHC Executive Committee meets on 2nd Tuesday of each month.
- In person meeting of the full board to be held June 9th -11th
- Current focus areas of board:
 - CEO search (plans to interview 4 candidates at June meeting of the full Board)
 - Supporting interim CEO in recruitment and realignment of key staff consistent with approved organization redesign
 - Health Center Funding Proposals
 - 340B Reform
 - **Work Group convened to provide guidance to NACHC representative on the Board of ASAP340B – SV assigned**

External Partnerships , Affiliations, and Civic Activities

National Association of Community Health
Centers

NACHC

Secretary of the Board of Directors/Member of the
Executive Committee

Chair, Membership Committee

Co-chair, Subcommittee for Pharmacy Policy and
Operations

Member of Legislative, Health Policy , and Clinical
Practice Committees

Member of Task Force on Undoing Racism

Member of the Oversight Team for Organizational
Assessment

Member of ASAP340B Work Group

- OCHIN:
 - Regularly attend monthly CEO Steering Committee Meeting.
- SCPHCA:
 - Attended monthly meetings of Legislative Committee, 330 Network, and Board of Directors.
 - Planning underway for SCPHCA Annual Conference
- CIMS:
 - Monthly meeting of Managing Partners and Clinical and Care Coordination Committee
- Community Voices for 340B (CV340B)
 - Monthly Steering Committee meeting
 - CV340B working with Rachel Manner on CHC specific public relations material

External Partnerships , Affiliations, and Civic Activities

Community Integrated Management Services (CIMS)

- Managing Partner – Parliamentarian
- Chair of the Clinical and Care Coordination Committee

South Carolina Primary Health Care Association (SCPHCA)

- Board Member
- Chair of Legislative Committee

Beckman Center for Mental Health Services

- Partnership overseen by Director of Behavioral Health

OCHIN CEO Steering Committee

Community Voices for 340B

- Member of CV340B Steering Committee

Consulting Activities

- 340B consultant to Community Health Center Association of Connecticut (CHCACT)
 - Monthly briefing for 16 health center CEOs held on May 18th
- Retained to plan 340B Coalition Summer Conference – plan to transition away from this project
- 340B Grantee Conference held in New Orleans May 3rd-5th
 - 475+ attendees and 53 vendors
 - Excellent responses on evaluations
- Planning underway for Fall 340B Grantee Conference
- Ongoing work with Cempa Community Health (Ryan White Clinic and FQHC-LA) to assist in facilitation of their board strategic planning process and serve as mentor to the CEO
 - Opportunity to expand knowledge of Ryan White funding and program operations to support possible future direction for CHC

SV Personal Leave Time
No leave taken during this reporting period

PTO planned: for the following days:
Monday, May 29th
Friday, June 2nd

Please don't hesitate to email or call with any questions you may have or additional information needed:

sveer@carolinahealthcenters.org
864-554-7102 (mobile phone)