

Presentation to:
South Carolina House of Representatives 3M and LCI
Pharmacy Benefit Managers Ad Hoc Committee

Presented by:

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South Carolina Primary Health Care Association



Carolina Health Centers is a Federally Qualified Health Center also known as a **Community Health Center**



“The need is not to provide medical services to passive recipients; the need is for the active involvement of the community in ways that will change their knowledge, attitude, and behavior as it relates to their health.”

Quote from Community first Health Center Grant Application submitted to the United States Office of Economic Opportunity - 1965

Community Health Centers: What They Are and Are Not

- FQHCs are **not** a state or federal agency or entity
 - Each FQHC organization is an independent, community-based non-profit corporation.
- FQHCs are **not** fully funded by the federal government
 - They are authorized under **Section 330 of the Public Health Act** to receive Federal grant funds which are used to help offset the cost of providing care to uninsured and underinsured patients.
- FQHCs are **not** free clinics
 - They are a sustainable business model.
 - They accept most forms of insurance and have an income-based sliding fee discount for families at or below 200% of FPL.
- FQHCs are **not** a clinic for only the poor
 - They are a comprehensive high quality primary care practice with a proven history of managing chronic disease , improving health outcomes, and providing care in a cost-effective manner.
 - Provide a wide range of enabling services designed to reduce barriers to care and address the social determinants of health

Program Benefits and Expectations

- Access to federal grants authorized through Section 330 of the Public Health Service Act.
- Encounter-based rates of reimbursement for services provided to Medicaid and Medicare.
- Eligibility to participate in the 340B Drug Pricing Program.
- Coverage under the Federal Tort Claims Act (FTCA) in lieu of medical malpractice.
- Eligibility under the National Health Service Corps Student Loan Repayment Program.

19 Health Center Program Requirements

1. Health Center Program Eligibility
2. Health Center Program Oversight
3. Assessment of Need
4. **Required and Additional Services**
5. Clinical Staffing
6. Accessible Locations and Hours of Operation
7. Continuity of Care
8. **Sliding Fee Discount Program**
9. Quality Management
10. Key Management Staff
11. Conflicts of Interest
12. Collaborative Relationships
13. Financial Management and Accounting System
14. Billing and Collections
15. Budget
16. Program Monitoring and Data Reporting Systems
17. Board Authority
18. Board Composition
19. FTCA Deeming Requirements

Required and Additional Services According to Section 330 of the Public Health Services Act

**General Primary
Medical Care**

**Diagnostic
Laboratory**

Diagnostic Radiology

Screenings

**Coverage for
Emergencies During
and After Hours**

**Voluntary Family
Planning**

Immunizations

**Pharmaceutical
Services**

Well Child Services

Gynecological Care

**Obstetric Care
Prenatal,
Intrapartum, and
Postpartum Care**

Case Management

Eligibility Assistance

Preventive Dental

Health Education

Outreach

Transportation

Translation

**Mental and
Behavioral Health
Services**

**Additional Dental
Services**

Specialty Care

A Snapshot of the Nation's Health Centers Today

- 1,500 health center organizations operating 16,000 service delivery sites across every state and territory.
- In 2023, these health centers served as the primary care medical home for more than 32.5 million people.
 - 18% are uninsured
 - 62% are publicly insured
 - 90% are low-income
- 42% of the health center sites are in rural communities.
- Over 9 million of the patients served are children, 2.9 million are 65 or older, and 600,000 are veterans.

There are **four key components** that define health centers & help them reach America's most underserved communities

1
Located in Areas of High Need

Designated as medically underserved areas or populations by the federal government

2
Comprehensive Set of Services

Based on community needs, health centers offer medical, dental, vision, behavioral health, and enabling services

3
Open to Everyone

Regardless of insurance status or ability to pay, and offer sliding fee scale options to low-income patients

4
Patient-Majority Governing Boards

At least 51% of every health center's governing board must be made up of patients

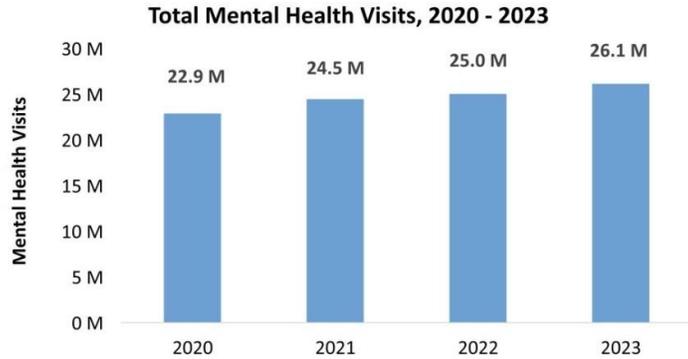


NATIONAL ASSOCIATION OF
Community Health Centers®

Responding to Increasing Mental Health Needs

Health centers continued to meet the increased demand for mental health services.

- Served **2.8 million** patients seeking mental health services from a dedicated mental health provider
- 72%** of patients 12 years and older received depression screening and follow-up plans as appropriate
- + 7 percentage points** from 2020



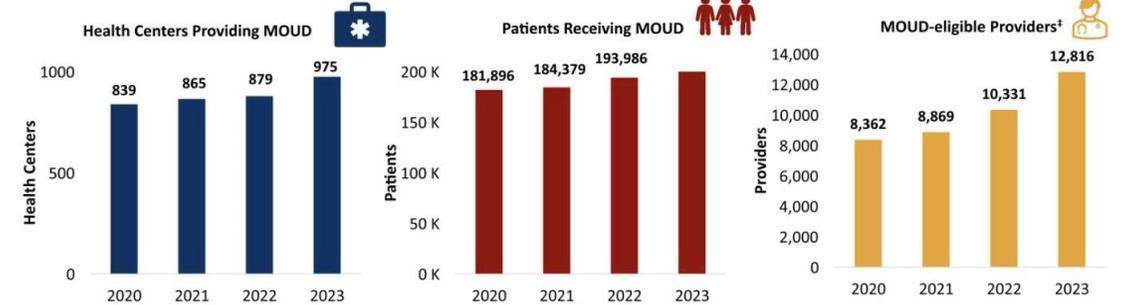
Source: Uniform Data System 2020-2023 – Table 5, Table 6B
Note that the number of patients seeking mental health services is from the main Table 5 data, while the number of mental health visits is from the combined main and addendum Table 5 data.



Addressing Substance Use Disorder Needs

Health centers continued to address the increased need for substance use disorder services nationwide by increasing access to Medication for Opioid Use Disorder (MOUD) services.

+136 health centers providing MOUD **+25,950** patients receiving MOUD **+4,454** MOUD-eligible providers



Source: Uniform Data System, 2020-2023 – Appendix E: Other Data Elements
Due to the retirement of Drug Addiction Treatment Act of 2000 (DATA) waiver, these measures changed from health centers with providers with a DATA181,896 waiver in 2022 to health centers with providers who treat opioid use disorder with medications specifically approved by the U.S. Food and Drug Administration (FDA) (e.g., buprenorphine) for that indication.

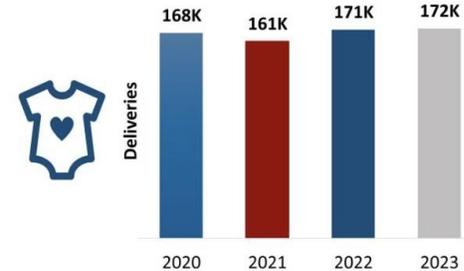
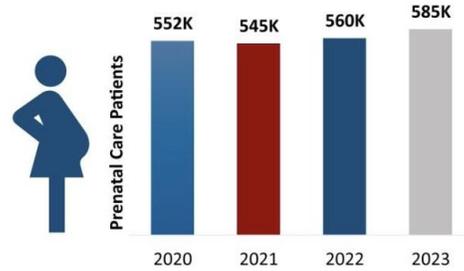


Supporting Maternal Health Needs

Health centers served more prenatal care patients and supported more deliveries.

+33,000 Prenatal Care Patients

+4,000 Health Center-Supported Deliveries



Source: Uniform Data System, 2020-2023 - Table 6B, Table 7



South Carolina's Community Health Centers

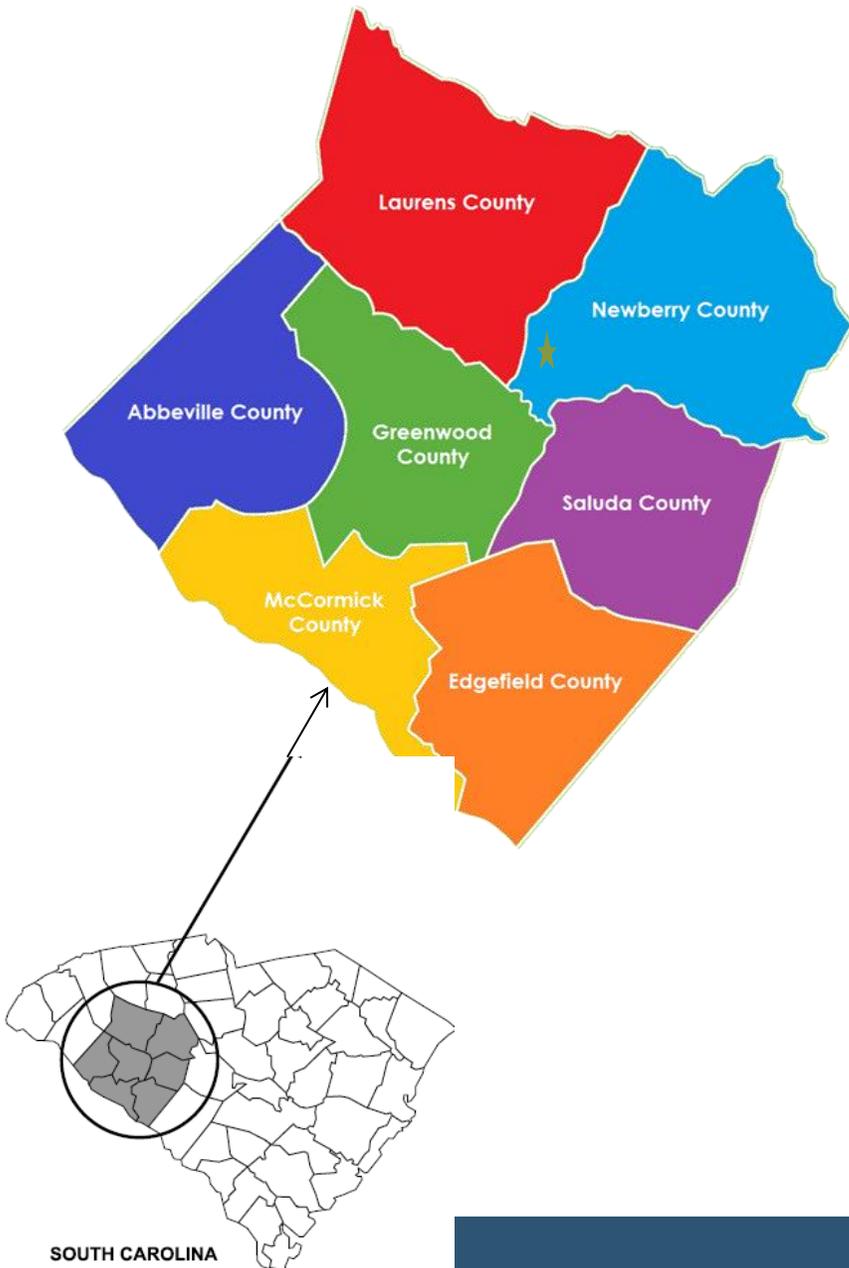
Improving the
Health and
Wellbeing of
Individuals, Families,
and Communities

- 24 Community Health Center organizations
- 296 Service Delivery Sites
 - 46% located in rural communities
- Serving a total of 444,147 unduplicated patients
 - 46 % below FPL
 - 23% uninsured
 - 32% Medicaid recipients (20% of the state's total enrollees)
 - 108,581 children and 74,046 older adults
 - 8,641 veterans
- Providing employment opportunities for a total of 4,779 FTEs
- 24% Lower cost for health center Medicaid patients
- \$334.8 million savings to Medicaid
- \$720.4 million savings to overall health care system
- Total economic impact = \$167,890,185

Overview of Carolina Health Centers, Inc.

- Established in 1977, Carolina Health Centers is community health center organization that has grown to serve as the home for over 26,000 patients, providing over 125,000 medical encounters annually.
- CHC operates the following practice sites located in nine communities and serving seven rural counties:
 - Sixteen medical practice sites (4 located in local mental health centers as a partner in the Beckman Center for Mental Health Certified Community Behavioral Health Center initiative)
 - Evidence-based child development and home visitation programs integrated as part of the pediatric medical home model
 - Integrated Behavioral Health on-site serving all locations and supporting our Substance Use Disorder interventions
 - Farmworker Health Services (Ridge Spring)
 - Oral health services provided through a network of contracted dentists
 - Carolina Community Pharmacy with 2 convenient locations, delivery service to each of our practice site, mail order, and home delivery
- Medical staff is comprised of 50+ physicians, PAs, APRNs, behavioral health professionals, and clinical pharmacists.
- Support staff = 230+ employees with a provider to support staff FTE ration ranging from 2.0-4.7 depending upon site complexity.

A “Virtual” Tour of CHC’s Service Area



- Calhoun Falls Family Practice
- Carolina Community Pharmacy at The Village
- Carolina Community Pharmacy Northwest
- Hometown Pediatrics
- Lakelands Family Practice and Pediatric Center
- Laurens County Community Care Center (LC4)
- McCormick Family Practice
- Ridge Spring Family Practice
- Saluda Family Practice
- The Bethany Center
- The Children’s Center
- Uptown Family Practice
- Pendergrass Family Health Center
- Village Family Practice
- CHC at Greenwood MHC
- CHC at Abbeville MHC
- CHC at Laurens MHC
- CHC at Newberry MHC

Overview of CHC's Pharmacy Program and Services

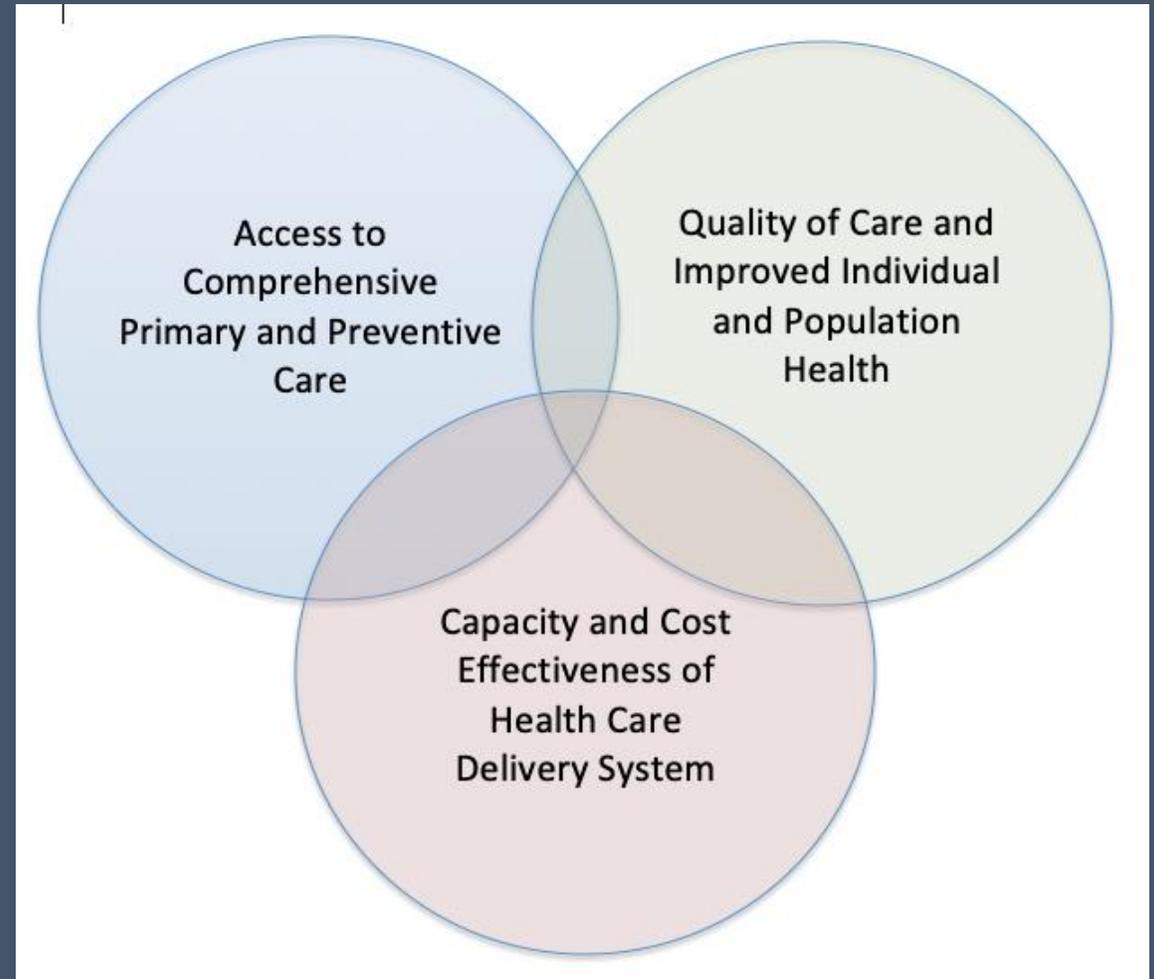
- Two entity owned community pharmacies located in Greenwood
 - Entity owned pharmacies are open to all Carolina Health Centers' patients as well as the retail public and maintain separate inventories with 340B purchased medications available to only the former.
 - Courier service delivering prescriptions daily to patients at our outlying medical practices.
 - Direct delivery to patients via mail order and home delivery.
- Contract pharmacy arrangements with both chain and independent pharmacies.
- Clinic administered drugs and devices purchased through 340B and available at all medical practices.
- Clinical pharmacy is integrated with Clinical Leadership Council, Quality and Population Health, Controlled Substance Stewardship, and Substance Use Disorder (SUD) initiatives.

Our Core Belief:

Pharmacy services are a core component of the primary care medical home.

The value proposition for a fully integrated health center pharmacy program lies at the intersection of access, quality, and the capacity of our health care delivery system.

The 340B Drug pricing Program has been essential to enabling Community Health Centers to deliver on that value proposition.



340B DRUG PRICING PROGRAM

Enacted in 1992, the 340B Drug Discount Program is a **federal program** that requires **pharmaceutical manufacturers** to sell drugs to **eligible providers** at a **discount**, for **outpatient** use.

Take-away #1:

The 340B Program is not federally funded. It is a public/private partnership.

“To permit eligible entities to **stretch scarce Federal resources as far as possible**, reaching more eligible patients and **providing more comprehensive services.**”

H.R. Rep. No. 102-384(II) at 12 (1992)

Take-away # 2:

- There is a two-fold intent for the program:
- Ensure access to affordable medication for low-income, uninsured, and underinsured patients AND
 - Provide resources to support increased access to more comprehensive services

Key Areas Where Health Center Program Expectation Impact 340B Implementation

Oversight and Transparency

- Community health centers are under the oversight of HRSA, which approves our Scope of Project to which all 330 program requirements apply.
- Health centers are expected to provide pharmacy services as appropriate for their patients.
- Health centers that offer pharmacy are required to participate in the 340B Program or a purchasing agreement that yields equal savings.

Charges and Contribution to Operating Margin

- The 340B statute is silent on the issue of how much patients are charged but Section 330 is not: sliding fee discounts must apply to 340B prescriptions all health center patients at or below 200% FPL and we serve everyone regardless of inability to pay.
- While the 340B statute does not mandate how savings are used, HRSA requires that 330 grantees and look-alikes reinvest all program revenues into activities that promote the purpose of their HRSA/BPHC Scope of Project.

How 340B contributes to CHC's operating margin and supports otherwise unfunded programs and services

- 340B purchased medication may be used for all eligible patients regardless of income and insurance status.
- Only patients who have established their medical home with CHC are eligible for medications purchased under 340B.

Non-340B acquisition cost: \$100

– 340B acquisition cost: \$70

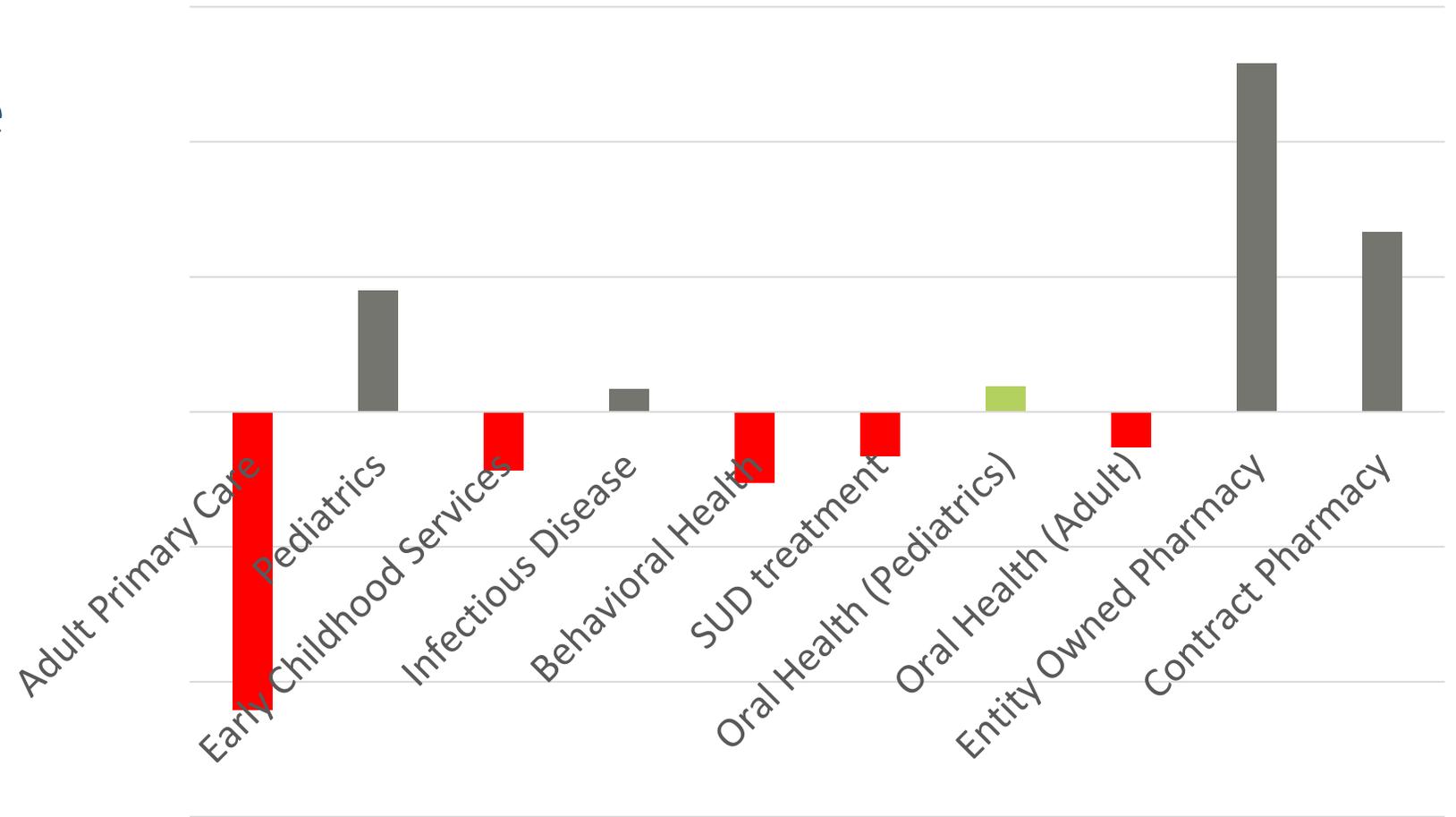
\$30 contribution to operating margin

For those patients who are low income, uninsured, or underinsured, that savings enables CHC to provide prescriptions at a deep discount.

If the patient is insured or at full-pay, that savings increases the contribution to CHC's operating margin to support otherwise unfunded programs and services.

A representative example of the value the contribution CHC's 340B pharmacy makes to the health center's operating margin.

Contribution/Deficit By Service



Additional value and benefits:

- As a result of the contribution 340B pharmacy made to their operating margin, HopeHealth, serving Florence, Clarendon, Aiken, Orangeburg, and Williamsburg Counties, has:
 - Assisted 2086 uninsured patients with radiology and diagnostic services in the amount of \$38,360
 - Sent 264 indigent patients to outside specialists (medical, dental and vision) and paid \$32,632 for them to receive care (after securing discounts for the services)
 - Provided \$137,157 worth of direct drug assistance to patients (not including the hundreds of thousands provided through outside drug assistance programs)
 - Provided \$700,000 worth of uncompensated care to people without access to dental services
 - Provided over \$1 million in behavioral health services that would have otherwise been uncompensated and unavailable.
- The margin retained above acquisition cost for Medicaid Managed Care prescriptions supports care management and enabling services that have positively impacted appropriate patient utilization, HEDIS measures, and management of Medical Loss Ratio (MLR) for the Medicaid Program.

One of the longest running threats to the value and positive impact of Community Health Center 340B pharmacies has been discriminatory contracting by PBMs third party payers – a practice often referred to as “pickpocketing”.



- PMBs across the country are targeting 340B providers with “discriminatory contracts” (contracts that absorb all or part of the 340B savings, generally by reducing reimbursement).
- As a result, the PBM diverts the 340B savings - intended to care for underserved patients - and directs it to their for-profit corporation.
- Unfortunately, due to a lack of options, covered entities are left in “take-it-or-leave-it” contract scenarios.
- If a covered entity signs a discriminatory contract, they give away the contribution to their operating margin that was intended to support essential health care programs and services. However, if the covered entity does not sign, they both lose the savings and support, and can only offer few, if any, locations for their patients to access needed medications.
- Both options present significant access to care issues, regardless of the patient’s insurance status, in some of our most medically-underserved communities.



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