NATIONAL ASSOCIATION OF Community Health Centers

# *HEALTH CENTERS AND HEALTH CARE REFORM:*

## *PAYMENT AND PARTICIPATION*

*The Reconciliation Act of 2010 makes changes to Patient Protection and Affordable Care Act (PPACA). Together, the Reconciliation Act and PPACA are considered the final health care reform package.*

The participation and payment protections included in the health care reform package ensure that health center patients will not be excluded from new insurance products nor will they be underpaid for their services. Furthermore, these provisions will ensure that health centers can continue to provide affordable, accessible, high quality care for their patients, regardless of payer source.

### *WHAT IS AN EXCHANGE PLAN?*

The health reform package creates regulated, consumer-oriented state-based health insurance marketplaces – or exchanges – through which individuals and small businesses can purchase coverage. These exchanges will be operational in 2014 and the Congressional Budget Office estimates that within five years, by 2019, 24 million people will carry an exchange plan as their health insurance. Individuals who purchase private insurance through the exchange and earn between 133% - 400% of the Federal Poverty Level (that's $29,460 - $88,600 for a family of 4 in 2009) are eligible for premium and cost-sharing credits.

Insurance plans that are sold through an exchange are referred to as "exchange plans." These plans must offer a minimum, standardized level of benefits and will be regulated to meet cost, quality and other guidelines set by Congress and the Administration.

## *HEALTH CENTER PAYMENT IN EXCHANGE PLANS*

The health reform package aligns health center payment within private insurance plans with reimbursement under the Medicaid program to ensure that Federally Qualified Health Centers (FQHCs) do not lose revenue when they treat patients insured under the new Exchange-based plans.

Bipartisan majorities in Congress have widely recognized the importance of the FQHC Medicaid Prospective Payment System (PPS) and have also created a similar payment structure under CHIP. The new health reform law requires that, starting in 2014 when insurance exchanges are operational, health centers receive no less than their Medicaid PPS rate from private insurers offering insurance plans through the new exchange. This requirement applies to all FQHCs (including grantees and non-grantees, also called Look-Alikes).

## *HEALTH CENTER PARTICIPATION IN EXCHANGE PLANS*

The health reform package also includes a provision that mandates full participation by safety-net providers in Exchange plans, requiring Exchange plans to contract with all safety net providers. Safety net providers are defined in the new law as those eligible to participate in the 340B drug discount program – including all FQHCs and other entities that serve predominately low-income, medically underserved individuals.

This requirement will ensure that as uninsured patients gain coverage through the new insurance Exchanges, the plans covering them will not exclude those low-income communities and individuals most in need of access to care.