



**National Association of
Community Health Centers, Inc.**

November 17, 2003

The Honorable Bill Thomas
Chair, House Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Charles Grassley
Chair, Senate Finance Committee
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

SENT VIA FACSIMILE AND E-MAIL

Dear Mssrs. Chairmen:

On behalf of the National Association of Community Health Centers (NACHC), I am writing to congratulate you and express our support for your compromise agreement that will expand prescription drug (Rx) coverage to America's Medicare beneficiaries while ensuring that critical safety net providers like health centers can continue to provide care to uninsured and underserved Americans.

Although pharmaceuticals are integral to the delivery of modern healthcare, the Medicare program does not currently provide coverage of most prescription drugs to more than 40 million seniors. Particularly hard hit by this lack of coverage are low-income elders who must decide whether to purchase food, pay their rent, or cover their health and Rx costs. One cannot overstate the immense burden that a lack of drug coverage has on our most vulnerable seniors.

Since Congress began debating the addition of an Rx benefit to Medicare, NACHC has maintained a consistent position, approved by our Board of Directors, supporting the creation of a Medicare benefit that is accessible to all beneficiaries, affordable for low-income seniors, and does not undermine existing federal discount drug programs to low-income Americans, specifically the 340B discount drug pricing program. Our initial analysis indicates that this compromise meets all four of these key goals.

In addition to providing a Medicare drug benefit to elders, the Rx compromise also includes three provisions that will expressly benefit FQHCs and the patients they serve. These provisions have also been endorsed by our Board of Directors and are included in H.R.1377/S.654, the *Medicare Safety Net Access Act of 2003*. They are:

- **Wrap-Around Payments to Federally qualified health centers under the Medicare Advantage program:** This provision would ensure that Medicare adequately reimburses health centers for services provided to enrollees of Medicare Advantage plans. Under traditional Medicare (and Medicaid), health centers are reimbursed for the cost of providing care to their patients to ensure that the \$1.5 billion in Federal grants are dedicated to caring for uninsured patients, rather than subsidizing Medicare underpayments. This provision is critical to the participation of FQHCs in the Medicare Advantage program and continued efforts to ensure that seniors in medically underserved areas have access to care. This "wrap-around" provision already exists under Medicaid managed care and has been extremely successful in protecting Federal financial investment in health centers, as well as preserving access to Medicaid benefits for underserved beneficiaries enrolled in managed care plans.

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- **Community Health Center Safe Harbor:** This provision would provide a “safe harbor” for arrangements between health centers and other providers/suppliers of services that protect or expand accessibility or reduce the cost of services provided to health center patients (including very strong provisions protecting against fraud and abuse). Health centers have been seeking action on this safe harbor since 1992. Despite Congressional requests for OIG to expedite the approval of this safe harbor and the elevation of the safe harbor on the Department of Health and Human Services regulatory work plan, the OIG has never implemented the safe harbor – resulting in the loss of millions of dollars in free or reduced-cost services to health centers’ patients. The Department of Health and Human Services’ Office of Inspector General approved the safe harbor in 2002. NACHC estimates that health centers and their patients will save millions of dollars annually and, in turn, expand care to more and more uninsured and underserved Americans at current levels of Federal funding.
- **Health Center Services Provided to Patients in Skilled Nursing Facilities (SNFs):** This provision would make a technical correction in the consolidated billing provisions that allow other providers of services to bill separately for services provided to patients in SNFs, but not FQHCs. Although the current law list of providers that can bill for services is the same as the list of FQHC services, Congress neglected to carve-out the services of a FQHC for separate billing. This has a particular impact on health centers in rural areas where the health center doctor may also do rotations through the local hospital or SNF. This provision is an important technical correction.

In conclusion, while NACHC recognizes that this is a compromise, that the agreement does not contain 100% of what anyone wanted, and that all sides were forced to give some ground to achieve it, we believe that this is an important step forward for Medicare, and especially for beneficiaries who currently lack coverage of their prescription drug costs. We also believe that these provisions for health centers will ensure that they can continue providing care to more Medicare beneficiaries, as well as more uninsured and underserved Americans.

As always, please do not hesitate to contact me or Chris Koppen, NACHC’s Director of Health Care Financing Policy (ckoppen@nachc.com), if you have any questions or if we can be of any assistance.

Sincerely,



Daniel R. Hawkins, Jr.
Vice President, Federal, State and Public Affairs

Cc:

The Honorable Bill Frist, Senate Majority Leader
The Honorable J. Dennis Hastert, Speaker of the House of Representatives
The Honorable Billy Tauzin, Chair, House Energy and Commerce Committee
The Honorable Michael Bilirakis, Chair, Commerce Subcommittee on Health
The Honorable Nancy Johnson, Chair, Ways and Means Subcommittee on Health
The Honorable Max Baucus, Ranking Member, Senate Finance Committee
The Honorable Orrin Hatch, Chair, Senate Judiciary Committee