23

Family Planning Advocates of New York State

JOINT LEGISLATIVE BUDGET HEARING ON HEALTH AND MEDICAID

FAMILY PLANNING ADVOCATES OF NEW YORK STATE

FEBRUARY 8, 2012

TESTIMONY OF M. TRACEY BROOKS, PRESIDENT AND CEO

Family Planning Advocates of New York State ("FPA"), represents the state's family planning provider network in New York. Our provider members include eleven Planned Parenthood affiliates, hospital-based and freestanding family planning centers, and a wide range of health, community and social service organizations that collectively represent an integral part of New York's health care safety net for uninsured and underinsured women and men throughout New York State. Family planning centers serve over 400,000 patients annually, and provide critical preventive services such as family planning care and counseling, contraception, pregnancy testing, prenatal and postpartum care, health education, abortion, treatment and counseling for sexually transmitted infections, HIV testing and prevention counseling, as well as breast and cervical cancer screenings. Family planning providers also enroll patients into public health insurance programs.

GRANT FUNDING FOR FAMILY PLANNING

We were pleased to see that the funding relied on by family planning providers was kept whole in the proposed executive budget. As New York continues to experience budget gaps, we are very appreciative of the state's continued support for these programs and its recognition that these are cost-effective and vital public health programs. ***We ask you to maintain these funds at the levels proposed in the Executive budget.***

Like all states, New York receives funding from the federal Title X program. New York's family planning network relies on these funds to provide needed care to many men and women who could not otherwise afford access to family planning services. Title X serves individuals whose incomes are too high for Medicaid but who are either uninsured, who do not have coverage for contraception in their health insurance plans or are underinsured. Depending on their income level, patients receive care on a free or sliding-scale basis. The current attacks on this program have us very concerned. In last year's federal budget, New York State received a 5% cut in funding and we expect Congress to make additional cuts to the program for the next fiscal year. We make you aware of this now, because the State counts on these funds to prevent additional costs from unintended pregnancy in the Medicaid program. We may be coming to the State next year with the request that this expected Title X funding gap be filled with state funds so New York can continue to see the health and cost benefits seen when all individuals have access to affordable family planning care. We outline those savings in the MRT portion of our testimony.

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Medicaid Redesign Team (MRT) Proposals

We are happy to be in New York, which instead of slashing Medicaid benefits has engaged in a process to redesign its Medicaid program to improve quality while reducing costs. Although there have certainly been some obstacles with the early phases of implementation, we feel that many of the phase I initiatives will positively affect the family planning field. Our providers want to be part of new care delivery methods, and many are engaged in reaching out to other providers in their communities to participate in coordinated care delivery models.

Family Planning Benefit Program

We recognize the unusual nature of requesting additional funds for next year's budget; but we expect that the state will realize additional savings that could be reinvested into the program through expanded access to the Family Planning Benefit Program (FPBP) as recommended by the Health Disparities Work Group in Phase II of the MRT. FPBP was enacted as part of Chapter 57 of the Laws of 2000 with the intent of expanding eligibility for family planning services to individuals with incomes at or below 200% of the federal poverty level (FPL). The state received CMS approval of the program on September 27, 2002, and the program was implemented October 1, 2002. New York also extends these benefits for up to 26 months post-partum to women losing full Medicaid coverage at the conclusion of their pregnancy, including undocumented women, through the Family Planning Extension Program. The Health Disparities MRT Workgroup recommended expanding access to FPBP with the following proposals:

- Expansion of financial eligibility for FPBP from 200% FPL to 300% FPL
- Consideration of only the income of the applicant and counting the applicant as a household of two (or more) when determining eligibility
- Extending FPBP coverage for undocumented women who are not pregnant

FPA supports the advancement of all of these proposals as a means to realize additional cost savings that could then be used to supplement the decrease in federal Title X funds.

There is ample evidence of the benefits realized when access to family planning services is expanded. California's family planning waiver program, Family PACT, has had extensive evaluations, which consistently demonstrate the program's ability to deliver significant cost-savings and improved health outcomes. In a review of 2007 data, it was found that the Family PACT program successfully averted an estimated 296,200 unintended pregnancies in California. It was estimated that each pregnancy averted saved the state approximately $6,557 in medical, welfare and other social service costs for a woman and child from conception to age two and saved $14,111 from conception to age 5[1]. The study concluded that the impact of the program "underscores that investing in pregnancy prevention results in fiscal savings at every level of government."

1 Bixby Center for Global Reproductive Health, Cost-Benefit Analysis of the California Family PACT Program for Calendar Year 2007, San Francisco Bixby Center for Global Reproductive Health, University of California, 2010 < http://bixbycenter.ucsf.edu/publications/files/FamilyPACTCost-BenefitAnalysis2007_2010Apr.pdf>, accessed December 14, 2011.

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It is critical to note that another key component of the cost-effectiveness of family planning is the fact that it receives a 90/10 federal match - meaning for every dollar a state spends on family planning services and devices in the Medicaid program, the federal government reimburses the state $.90. Expanding access to the FPBP is consistent with Phase I MRT proposal 1434, which was aimed at maximizing the federal 90/10 match.

Additional MRT Proposals FPA Supports

FPA has a particular interest in several of the MRT initiatives that were included in the budget. We strongly support the following initiatives and encourage the Legislature to include these measures in the enacted budget:

- Promotion of language accessible prescriptions for LEP individuals.
- Coverage for lactation counseling services; harm reduction counseling and services to reduce the impact of drug use; and hepatitis C wrap-around services.
- Loan repayment for licensed health professionals providing care to underserved patient populations or in underserved regions of the state.
- Increased integration of physical and behavioral health services.
- Adding Article 28 providers as entities eligible to receive HEAL grants.

MRT Impacts to Monitor

One overriding concern that we hear over and over from family planning providers is their concerns about sustainability as the state moves to a system of nearly universal enrollment into Medicaid Managed Care. Family planning providers do not have the bargaining clout of large hospital systems and thus have difficulty negotiating rates that are commensurate with the costs of providing services. Because of this, many family planning providers do not accept managed care. For example, one of the Phase I MRT initiatives required all pregnant women to enroll into managed care programs. One of our providers who offers prenatal care is now getting one-third the rate they had been paid by Medicaid fee-for-service, a rate that does not cover the cost of providing the prenatal care required by law for Medicaid patients. Because this is mission-driven care, the provider is using charitable donations to cover the costs of providing this service. Another of our providers has announced that they will discontinue their prenatal program as of April 1, as they are not able to cover the deficit caused by the inadequate Medicaid Managed Care rates.

As the State moves to a system of full enrollment in Medicaid Managed Care plans, this problem will only grow. We mention this because we feel ***the state needs to be more cognizant of the impact low managed care rates have on safety net providers and the access problems that will result if they are not able to receive reimbursement that covers the costs of providing care.*** Family planning providers are essential community providers, and their continued ability to offer their primary preventive services is vital to preserving New York's health care safety net. The low rates will also jeopardize MRT 1434 as the State will not fully realize its projected impact for the Medicaid program overall. Additionally, as we discussed above, many family planning services have a 90% reimbursement rate from the federal government, and this should be taken into consideration when the state is contracting with managed care plans.

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Health Exchange

FPA was very pleased to see the Health Exchange-enacting legislation in the Executive Budget. Creating a health exchange is not only important for consumers, but for small businesses as well. FPA is a small business as are many of the health providers we represent, and like all small businesses, the costs of providing insurance to employees is an enormous burden. Currently, small businesses pay higher prices for less coverage than large employers—and the time involved in reviewing plans, which change every year, can be insurmountable for small employers. The proposal in the budget has specific provisions—the creation of the SHOP (Small Business Health Options Program)—which would give small businesses the opportunity to purchase quality, affordable health care coverage for employees. The SHOP would expand coverage options, increase buying power and lower costs by expanding coverage pools and creating a more transparent, streamlined method to purchase health coverage. This can only help New York's business climate by driving down the costs of providing coverage for small business employers who struggle to purchase health insurance that meets the needs of employees. Additionally, this will help smaller health care providers, who already compete for employees against large hospital systems that can offer higher wages and better benefits, remain competitive in a rapidly changing environment.

Passage of the health exchange legislation will also make the State eligible for federal grants for creation of its exchange. New York should not leave federal money on the table when it could give us the opportunity to update our outdated enrollment and eligibility systems for all public programs. Regardless of what happens with the federal law, creating a new portal for enrollment will be a benefit to the State, streamlining and modernizing government.

New York State has been a leader in creating strong consumer protections in the health insurance market—with many of these protections passed under the leadership of a Republican-controlled Senate. Assuming the federal law does go forward, any failure to create a health exchange will result in the federal government operating a health exchange for New York, leaving the State without the power to shape its exchange in a way that meets the unique needs of the State and its people.

The Health Exchange is important for New York's budget, its people and its businesses, and we urge you to keep this important provision in final budget legislation.

Areas of Concern

There are provisions in the proposed budget where a lack of detail causes us significant concern. As we all know, "the devil is in the details," and here that old adage is applicable, as we truly do not know if there is devil without detail. Our most significant concerns involve some of the Brooklyn MRT Workgroup proposals and the Executive Order that addresses executive compensation and requires a set percentage of state funds to go toward direct services.

Executive Compensation & Administrative Expense Cap

The proposed executive compensation and administrative expense caps raise significant questions. Family planning providers already follow requirements that limit administrative

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expenses in the family planning program to 15% and they report their costs to the Department of Health, so we are uncertain if these new requirements will duplicate those requirements, add to them or change them. Our providers are very worried this will impose new administrative burdens and costs if they need to make a second set of cost reports or calculations. We realize that these requirements are intended to ensure state dollars are not wasted, however, cannot help but be concerned about the prospect of enacting into law requirements that are not defined, are duplicative, and have the potential of having dire impacts on providers, particularly safety-net programs that largely rely on state funds to provide services to needy individuals.

FPA is not the only organization that is concerned with these provisions; our concerns, along with the concerns of many not-for-profit agencies, are more fully detailed in the testimony prepared by Manatt, Phelps and Phillips for the February 6 public hearing on Executive Compensation at Not-for-Profit Organizations held by the Senate Standing Committee on Investigations and Government Operations. We can provide that testimony on request. Because these provisions are also the subject of an Executive Order, we are beginning to work with the Governor's office on the details of implementation; however, we are also interested in working with the Legislature to address concerns.

Brooklyn Workgroup Proposals

We understand that valid concerns led to the creation of these provisions. However, we cannot help but be concerned about the ability of the commissioner to suspend or limit the operating certificate of a health care entity, without adequate due process. As representatives of Planned Parenthood providers, we are very sensitive to the potential for politically motivated targeting of reproductive health providers, given the relentless efforts we have witnessed across the country to prevent Planned Parenthood health centers from providing health care services. We fear that significant harm could be created in a different political climate than the one we have today in New York, and therefore ***we urge the Legislature to amend this provision to ensure that operating certificates cannot be suspended without the assurance of due process.***

Another point of concern is the proposed requirement that all hospitals provide the DOH with 120 day notice prior to a change in a board member. This provision, as currently drafted, would apply to all health care providers licensed under Article 28 of the Public Health law, including family planning providers and a broad range of other types of providers. Requiring this type of notice would be very burdensome on smaller nonprofits, particularly those that have community representation requirements that apply to board composition. This requirement would be an administrative burden on both the DOH, which would need to process and review countless numbers of such notices, and our providers who would see long delays between the identification and selection of board members, with little benefit to patient outcomes. ***We urge to you to narrow this provision by restricting it to general hospitals or by eliminating it entirely.***

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We thank you for your time and look forward to working with the Legislature in shaping the 2012-2013 budget.

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