Testimony from the Primary Care Development Corporation (PCDC) to the Joint Senate Finance, Assembly Ways and Means Public Hearing on the FY2022 Executive Budget Proposal: Health and Medicaid
February 25, 2021

Thank you for the opportunity to testify before the legislature today. Primary Care Development Corporation (PCDC) is a New York-based non-profit organization and a U.S. Treasury-certified community development financial institution dedicated to building excellence and equity in primary care. Our mission is to create healthier and more equitable communities by building, expanding, and strengthening primary care through capital investment, practice transformation, as well as policy and advocacy.

PCDC's History of Impact and Service

Over the last 28 years, PCDC has worked with health care organizations, systems, and providers across the Empire State on over 3,200 financing and technical assistance projects to build, strengthen, and expand primary care operations and services. Thanks in part to the New York State Legislature, we have financed and enhanced health care facilities and practices in more than 95% of New York's Senate Districts and 89% of Assembly Districts to increase and improve the delivery of primary care and other vital health services for millions of New Yorkers. In just the last five years, PCDC has provided nearly $125 million in affordable and flexible financing to expand access to primary care across New York State.

Since our founding in 1993, PCDC has improved primary care access for more than 55.6 million people by leveraging more than $1.2 billion to finance over 191 primary care projects. Our strategic community investments have built the capacity to provide 4.2 million medical visits annually, created or preserved more than 16,000 jobs in low-income communities, and transformed 2.2 million square feet of space into fully functioning primary care practices. Through our capacity building programs, PCDC has trained and coached more than 10,000 health workers to deliver superior patient-centered care. We have also assisted nearly 900 primary care practices to achieve Patient-Centered Medical Home (PCMH) recognition, improving care for more than 10 million patients nationwide. PCDC's High Impact Prevention (HIP) in Health Care program has provided free training and technical assistance to over 280 health care organizations, helping over 3,000 staff integrate high-impact HIV services into their practices.

The Pathway to COVID-19 Recovery is Through Increased Primary Care Access

- **Reject harmful cuts to Medicaid that would jeopardize access to primary care**

COVID-19 has laid bare the inefficiencies and inequities that already existed in our health care system. As the pandemic's public health emergency and health care crisis continues, New Yorkers are struggling more than ever to access the essential primary health care services they need to stay healthy. As with so many other business sectors, primary care providers have been badly hurt by the pandemic.

Because of the pandemic, many New Yorkers are forgoing essential primary care services such as vaccinations, managing chronic conditions such as asthma, depression, and heart disease, and screenings for diabetes, cancer, and substance use. In April, ambulatory care visit rates had dropped by 60%, leading many providers to reduce hours or shut their doors entirely – a devastating result for communities when they need care the most. While visit volume has rebounded in the past month, there are still many people who have not returned for regular, needed visits. This is particularly true for children aged 0-5, where there

continues to be a reduction in visits by 10-18%. The Centers for Disease Control and Prevention has called the decline in childhood vaccinations troubling.

Medicaid has provided a lifeline to health coverage and access to vital primary care services for hundreds of thousands of New Yorkers who have lost their jobs and are struggling to make ends meet in the pandemic. As part of gap-closing actions, the FY2022 Executive Budget proposes to extend the Medicaid Global Cap and advance a package of Medicaid Redesign Team (MRT) initiatives to achieve reductions in state spending – including the continuation of the authorization granted in SFY 2019-20 for the budget director to impose across-the-board Medicaid cuts, including $467 million in SFY 2021-22 and again in SFY 2022-23.

Though primary care is a small slice of New York's overall health care spending – probably no more than 5-7 cents of every health care dollar - it has a significant impact on downstream costs and quality. **PCDC is deeply concerned that cuts will be made that will compromise New York's primary care safety net – all at a time with enrollment growing by nearly 12 percent in SFY 2020-21** as of November 2020).

Medicaid redesign should focus on increasing high-value, accessible primary care. The State's drastic underinvestment in primary care drives providers to chase every dollar instead of focusing their attention on whole-person and patient-centered care. Across-the-board reimbursement cuts disproportionately affect programs, services, and community-based providers that low-income communities and communities of color rely on in the pandemic and beyond. **We must not balance the budget on the backs of Medicaid beneficiaries and the community-based providers who serve them.**

- **Increased resources are needed for primary care to help New York recover from the effects of COVID-19**

Communities that have been hardest hit by COVID-19 – low-income communities of color – had the worst access to primary care before the pandemic hit. PCDC's 2018 New York State Primary Care Profile found a **correlation between lack of access to primary care, more chronic disease, and worse health status**. The disparities in COVID-19 sickness, death, and access to vaccines reflect the pervasive and persistent racial and economic inequities in health status as well as the importance of primary care access and addressing the social determinants of health as a top priority for the State and health care organizations. The link between primary care access and health status was highlighted yet again in PCDC's spring 2020 research using New York City-wide data on COVID-19 incidence. These findings, while unsurprising, are alarming and warrant heightened attention and swift action.

The historic practice of redlining or systemic disinvestment in Black communities almost 70 years ago continue to impact communities today. Current rates of uninsured adults are over three times higher, and rates of obese adults are nearly twice as high in historically redlined neighborhoods of New York City than neighborhoods rated highly by lenders during the redlining era. These historic discriminatory policies have left communities of color deeply underinvested and under-resourced, manifested in a lack of access to quality primary care, among other essential community services. We must respond forcefully and immediately to this challenge by systematically investing in these communities, and primary care should play a fundamental role in this response.

Include Connection to Primary Care in Pharmacist Scope of Role Expansion

- **Require pharmacies to coordinate and electronically connect with primary care providers**

The Governor's State of the State Address acknowledged the gap in health care access in New York State, referring to low-access areas as "health care deserts." PCDC applauds the Governor for this recognition and efforts to address this inequity. To achieve the goal of reducing health care deserts, the FY22 Executive Budget proposes expanding the role of pharmacists to include diagnostic testing, administration of all immunizations, management of chronic conditions, and entering into collaborative medication management agreements with community health care providers.

PCDC strongly supports engaging pharmacists in collaborative medication management along with primary care providers is an evidence-based approach that can lead to improved outcomes.

However, expanding the scope of pharmacists without requiring an ongoing collaborative agreement such as the type envisioned by collaborative medication management may have the unintended consequence of actually decreasing access to primary care and worsening health outcomes. For example, pediatricians and family physicians use the childhood vaccination visit as an opportunity to offer anticipatory guidance to parents about childhood development, check key developmental milestones, provide reassurance and advice, and diagnose and treat illnesses or conditions that may be found during these visits. It is unlikely that a pharmacist would have the training, or the time, to provide this critical primary care service.

Prevention, early diagnosis, and management of chronic and acute conditions are what primary care does best in collaboration with many other health professions, including pharmacists. Primary care physicians and advanced practice professionals build trusted relationships with patients over time which allows them to deliver care in a culturally competent manner, considering the social and cultural factors that impact their health. This is especially true in underserved minority communities where community-based primary care providers can provide a trusted source of support in a system that has historically left vulnerable patients behind.

Ensure Telehealth Enables Improved Care Delivery and Management

- **Enact permanent telehealth policies to allow for improved access to care along with sufficient reimbursement**

PCDC supports the Executive Budget proposal to make permanent the various telehealth regulatory flexibilities instituted during the public health emergency. Pivoting to telehealth care has been a critical resource for communities and a financial lifeline for primary care practices during the pandemic. All forms of telemedicine should be supported, including audio-only, and both the Medicaid program and commercial plans should be required to pay sufficiently for these services.

However, the State should be wary of "telehealth-only" providers who may not have the full array of primary care services and should ensure that any such providers are required to collaborate and exchange information with an individual's primary care provider of record.

Medicaid Pharmacy Transition is Harmful to Safety Net Providers and Their Communities

- **Reject or delay the 340B carve-out**

PCDC opposes the pharmacy carve-out of Medicaid Managed Care included in last year's final budget, which will eliminate vital savings that New York's safety net providers receive through the federal 340B drug pricing program. We are deeply concerned the carve-out will permanently damage the delivery of safety net care in New York, reduce access to affordable medicine, destabilize health center financing, and further harm communities already struggling with COVID-19's health care and economic crisis.

Congress specifically enumerated and identified entities qualifying for 340B as those serving low-income and disabled patients – these same entities have worked tirelessly throughout the COVID-19 pandemic to ensure the most vulnerable New Yorkers receive the vital care services they need. The creation of the 340B program itself was a recognition that reimbursement alone is insufficient. Many safety net providers rely on 340B to help offset the high unreimbursed costs of delivering comprehensive care services to the medically underserved. The 340B program has been a tool to fill that revenue gap for decades; the pharmacy carve-out proposal effectively eliminates these essential funds.

In recognition of "the importance of the 340B program to safety net providers [and] the need to address revenue reductions," the State has committed to the reinvestment of $102 million in the first year for 340B covered entities, and in this Executive Budget, has made this reimbursement fund permanent. **However, this reinvestment falls far short of the fiscal impact the carve-out will have on all covered entities across the state**. Estimates are that as much as $250 million in revenue will be lost in the first year across all of the safety net providers in New York State that participate in the 340B program in Medicaid Managed Care. The Community Health Center Association of New York (CHCANYS) projects at least $100 million in losses annually for community health centers *alone* as a result of this transition. This does not include the other "covered entities" such as AIDS service organizations, Title X family planning clinics, and Urban Indian health centers.

At a time when the State's most vulnerable populations are suffering disproportionately as a result of the pandemic and economic crisis, these communities cannot afford to lose the vital services that health centers and other safety net organizations provide. With the overall State goal of controlling costs given the fiscal crisis, looking for savings in the Medicaid program is understandable. However, the impact of the pharmacy benefit transition on covered entities and the communities they serve will be catastrophic and of minimal consequence to the program's overall financing.

Our point of view is unique. As a community development financial institution and community lender to many 340B entities across New York, we know that 340B savings are, in many cases, a critical financial lifeline for safety net providers. Even before the COVID-19 pandemic and resulting financial hardships, access to capital was limited for health centers and other safety net providers. The uncertainty imposed on the market by recent regulatory changes to 340B at the federal level is compounded by this State action, on top of the impact of COVID-19 and the resulting economic crisis. This confluence of factors increases the real risks associated with financing health centers and other safety net providers, particularly for commercial lenders at a time when revenues have already decreased drastically due to the pandemic's effects.

Further Support and Expand Primary Care and Behavioral Health Integration

- **Merge OMH and OASAS to create better systems of integrated care, expanded reimbursement, and bi-directional workforce training.**

PCDC supports the merger of OMH and OASAS and urges the Legislature to further expand bi-directional integration of primary care and behavioral health.

PCDC sees great potential in integrating two mission-aligned agencies to support New Yorkers with unified behavioral health services. Especially now – amidst an opioid epidemic and the COVID-19 pandemic – we see the compounding consequences of addiction, heightened stress, depression, anxiety, and tragically, deaths of despair.

We strongly believe comprehensive primary care is inclusive of behavioral health treatment and prevention, and the State's regulatory framework should support robust integration. Primary care providers are increasingly screening for and treating common behavioral health conditions such as depression and anxiety, yet are still held back from full service behavioral health due to lagging licensure requirements. In addition, many people with serious mental illness or substance use disorders, who are often seen in behavioral health settings, generally lack adequate primary care access and die decades earlier from chronic disease.

PCDC was heartened to see that the Executive Budget seeks to address these barriers by establishing a single license authorizing the licensee to provide a full array of physical, addiction, and mental health services. Primary care access in poor and minority communities has been hampered by the byzantine regulatory framework of New York's licensure system and reimbursement practices. The maze of requirements by the three involved agencies (DOH, OMH, and OASAS), along with other state and federal requirements, has made it extremely difficult to provide needed primary care services in behavioral health settings. As one behavioral health provider said to us, "I have a Ph.D., but I can't figure out these regulatory requirements."

The merger of OMH and OASAS provides an opportunity for increased information sharing and a reduction in duplicated systems found across funding streams and payer types. Further, it is essential that the newly integrated agency provides the funding and reimbursement support to enable providers to adopt integrated care models. Many behavioral health facilities are heavily reliant on annual grant funding and have limited access to flexible capital. Current Medicaid billing requirements do not allow reimbursement of core integrated care services such as provider consultation time and care team meetings, which hinders expanding behavioral health integration. Finally, with the consolidation of these agencies and the integration of primary care into this framework, providers and staff will need additional training and support to effectively work in integrated health care facilities and adequately meet the needs of their patient populations.

Restore Funding for the Primary Care Development Corporation

- **Include $450,000 to fund vital health policy work in New York**

The Legislature included $450,000 for PCDC in the final FY21 budget, and we are very appreciative of your continued support. Last year's allocation (which was not disbursed due to COVID-19 funding concerns) would have enabled PCDC to carry out our critical mission: evaluating primary care access in New York City,

strengthening care delivery by promoting strategies for interdisciplinary care, and developing public and payer policies critical to the advancement of primary care, among other important successes. Our work is even more critical now, as the COVID-19 pandemic continues to ravage New York's primary care providers and communities. PCDC works closely with these providers to help them meet and exceed their goals.

To allow us to undertake this important work, PCDC respectfully requests restoration of $450,000. Note that before the 2009 budget crisis, the Legislature regularly included $525,000 in the budget for PCDC.

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Specifically, funding from the Legislature supports PCDC programs to:

- Build Sustainable Primary Care Capacity: Over the last several years, PCDC provided nearly $75 million in affordable financing to expand access to primary care across New York State. In the last years, PCDC partnered with sites across New York, including Evergreen Health in Buffalo, Housing Works in Manhattan, and Callen-Lorde Community Health Center in Downtown Brooklyn. PCDC has also been awarded nearly $250 million in federal New Markets Tax Credits in the last ten years to finance innovative projects in New York and across the country.

- Ensure Practice Transformation: PCDC provides expert consulting, training, and coaching to transform the delivery of primary care. This past May, as a result of PCDC's expert coaching, PCDC achieved a significant milestone, with over 800 practices achieving National Committee on Quality Assurance (NCQA) Patient-Centered Medical Home Recognition. PCDC is also a NYSDOH Practice Transformation Technical Assistance provider for the NYS Advanced Primary Care Program.

- Analyze and Evaluate Primary Care in New York City: In PCDC's COVID-19 Points on Care Brief, it was revealed that New York City neighborhoods with higher rates of chronic disease and a higher proportion of black and low-income residents have disproportionately high rates of COVID-19 and many of these same neighborhoods also have poor access to primary care. Additionally, PCDC's recent research on redlining highlighted that deliberate disinvestment practices in NYC have contributed to persistent disparities in health and socioeconomic status across the city. We are currently analyzing data to understand the relationship between Federally Qualified Health Center (FQHC) access and COVID-19 mortality in NYS.

- Integrate HIV/AIDS Prevention into Primary Care: Primary care has never been more important to prevent HIV transmission. PCDC's High Impact Prevention (HIP) in Health Care program, funded by the CDC for capacity building assistance, provides free training and technical assistance to over 284 health care organizations, helping over 3,000 staff integrate high-impact HIV services into their practices. We are proud to be an active partner in New York State's effort to end the HIV/AIDS epidemic.

- Promote Engagement and Innovation: PCDC brings leaders together and provides essential resources aimed at building strong primary care that works for everyone. This fall, PCDC held a special briefing for NYS legislators and policy experts, which focused on the importance of primary

care to New York communities and highlighted primary care providers' experience in the state during COVID-19 thus far.

Primary Care is Undervalued and Underfunded

- **Increase investment in primary care**

Historic underfunding of primary care has led to mounting chronic disease rates and increased vulnerability to threats such as COVID-19. The pathway to recovery from COVID-19 is through increased investments in primary care to more efficiently and effectively strengthen the system's ability to keep us healthy. To date, ten states have acted to rebalance their current health care expenditures – rather than increasing total spending – towards more efficient and cost-effective primary care. Massachusetts Gov. Charlie Baker was one of the most recent leaders to take action to increase primary care investments – requiring spending on primary care and behavioral health to increase by 30% by 2023.

PCDC calls on New York to lead by increasing from all payors to create a more robust primary care system and rebalance health care spending from sick care to preventive care.

The evidence is clear: more primary care leads to better outcomes, better community health status, and reduced cost. Primary care is a cornerstone of vibrant, thriving communities and helps keep families healthy, children ready to learn, and adults able to pursue education and participate in the workforce. **An increase of just one primary care physician per 10,000 people can generate 5.5% fewer hospital visits, 11% fewer emergency department visits, and 7% fewer surgeries.** Investment in primary care has vast economic benefits, including improved health outcomes, better health system efficiency, and increased health equity. New York is overdue in taking action to make smarter investments in primary care to meet immediate COVID-19 needs, reduce health inequities, and help reduce burgeoning health care costs.

Conclusion

With overwhelming evidence of its positive impact on improving health care quality and outcomes while lowering health care costs, primary care is the most reliable means of ensuring individual and community health during the COVID-19 pandemic and beyond. To meet its responsibility, primary care must be reinforced with sound policies and adequate resources.

We look forward to working with the Governor and Legislature to ensure that the FY22 New York State Budget supports these goals.

Thank you for your consideration of PCDC's recommendations.

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