Thank you for the opportunity to provide testimony to 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. Primary care saves lives, leads to better individual and community health, and is central to health equity. As COVID-19 continues into 2022, New York State must move swiftly to strengthen and invest in primary care and the primary care workforce in order to achieve health equity and protect its communities throughout the pandemic era and beyond. PCDC applauds Governor Hochul’s commitment to investing $10 billion for health care, including for capital infrastructure and to grow the health care workforce by 20 percent over the next five years, and we urge the legislature and the Governor to specifically center this critical investment around primary care.

I. PCDC’s History of Impact and Service

PCDC’s mission is to create healthier and more equitable communities by building, expanding, and strengthening access to quality primary care through capital investment and practice transformation, as well as policy and advocacy. Since our founding in 1993, PCDC has leveraged more than $1.3 billion to finance over 207 primary care projects. Across the country, these strategic community investments have built the capacity to provide 4.4 million medical visits annually, created or preserved more than 18,585 jobs in low-income communities, and transformed 2.5 million square feet of space into fully functioning primary care and integrated behavioral health practices.

In New York State specifically, we have worked with health care organizations, systems, and providers across the 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 funding from 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 (61 of 63) and 89% of Assembly Districts (134 of 150) 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 provided nearly $75 million in affordable and flexible financing to expand access to primary care across New York State.

Through our capacity building programs, PCDC has trained and coached more than 11,000 health workers to deliver superior patient-centered care, from helping more than 1,000 primary care providers achieve Patient-Centered Medical Home (PCMH) recognition, to working with the Montefiore School Health Program and the New York School-Based Health Alliance to develop the first and only nationwide recognition program approved by the National Committee...
for Quality Assurance for school-based health centers, to training more than 5,000 staff at over 400 health centers to integrate high-impact HIV services into their practices. Through this work and more, PCDC supports the expansion of quality primary care, helping make primary care affordable, accessible, community-based, whole-person, and integrated with behavioral health care.

II. The Critical Importance of a Primary Care-Centered Health System

Access to primary care is a key social determinant of health recognized by the World Health Organization (W.H.O.) and the U.S. Healthy People initiative framework. Regular access to primary care is associated with positive health outcomes, especially when addressing heart disease, the leading cause of death in New York State, and other common chronic conditions such as diabetes and asthma. In addition, primary care reduces overall health care costs and is the only part of the health system that has been proven to lengthen lives and reduce population level health disparities.

However, primary care remains overburdened and underinvested. The lack of focus on primary care in the American health system has been called a “medical emergency.” That emergency was undoubtedly heightened by the COVID-19 pandemic, which further highlighted existing disparities, as communities with less access to primary care before the pandemic experienced more COVID infections, severe illness, and deaths than communities with better access to primary care. Here in New York State, it became exceptionally clear during the COVID-19 pandemic that the lack of adequate investment has left New York’s primary care infrastructure ill-equipped to protect the health of our communities.

As Governor Hochul recognized when releasing her Executive Budget, we are at a pivotal point for health care access in New York State, and she has proposed a historic investment to address some of the most critical needs. However, the released Executive Budget does not sufficiently focus these new resources on primary care. There is an urgent need to re-orient New York’s health care system towards primary care, investing in the care that will address long-standing health disparities, improve the health status of underserved communities across New York State, make New York’s health system more effective during this pandemic, and help keep all New Yorkers protected in any future public health crisis. Therefore, PCDC urges the legislature to offer a modified health budget that supports a more primary care-centered vision of health care in New York.

A. Invest in Health Equity by Creating a Primary Care Commission

A recent landmark report from the National Academies of Science, Engineering, and Medicine (NASEM) entitled Rebuilding the Foundations of Health Care, concluded that “[w]ithout access to high-quality primary care, minor health problems can spiral into chronic disease, chronic
disease management becomes difficult and uncoordinated, visits to emergency departments increase, preventive care lags, and health care spending soars to unsustainable levels.”

Despite its proven impact, primary care continues to be underfunded and undervalued. In the United States, primary care accounts for approximately 35% of all health care visits each year – yet only about 5 to 7% of all health care expenditures are for primary care services. In contrast, other Organisation for Economic Co-operation and Development (OECD) countries spend as much as 12-14% on primary care as a proportion of their total health care spending. Experts including the World Health Organization and the authors of the NASEM report have called on state governments to “increase[e] the overall portion of health care spending in their state going to primary care.”

New York consistently ranks below many states in key health indicators such as low birth weight, preventable hospitalizations, and childhood immunizations, all of which can be improved with better access to primary care. Yet many parts of New York State lack an adequate number of primary care providers, leaving residents in those areas without a resource for prevention, early diagnosis and treatment of common health issues such as diabetes, hypertension and depression. The lack of sufficient funding for primary care impacts both patients and providers, leading to inadequate access, low-quality care, worse outcomes, and a burdened and burnt-out workforce that loses experienced professionals and has trouble attracting new ones.

Projection analysis predicts a shortage of physicians of any specialty by 2030 in New York State, and the COVID-19 pandemic has only exacerbated health care worker burnout, including in primary care. Recent evidence shows fewer medical graduates choosing primary care in comparison to other specialties, in part because of disparate levels of anticipated income.

Infusing primary care with adequate funding has the potential to radically change the availability and utilization of primary care. At least 11 states have already initiated efforts to begin measuring and reporting their primary care spending with the goal of increasing that spending over time. New York State should do the same. A pending bill, A7240A/S6534B, would convene an expert commission that has the authority to aggregate and analyze the data regarding how much is being spent on primary care in New York State and to subsequently recommend ways to increase investment in primary care services. The commission would:

- Define primary care for the purposes of measuring spending;
- Further aggregate and analyze spending data from all payers across New York State;
- Publish a report on current primary care spending; and
- Provide recommendations for regulations and legislation to increase the proportion of health care spending that goes to primary care across all payers in the state over time.
A funded primary care commission, with staff to collect and analyze the data and ensure coordination across payors and agencies, would give New York leaders a global view of health care spending in New York and the proportion of that spending that is going to primary care, and enable policymakers to redirect resources to where they can do the most good.

PCDC urges the legislature to appropriate at least $500,000, over two years, to establish a multi-stakeholder primary care commission and to ensure it can be sufficiently staffed to achieve these critical goals.

**B. Invest in Stability for Primary Care Providers**

1. **Expand the Funds for and Uses of the Revolving Loan Fund**

Community-based health care providers, especially those located in historically disinvested communities, communities of color and rural communities, often have limited access to affordable financing from traditional sources like banks. To address this gap, the New York State Community Health Care Revolving Capital Fund (“the Fund”) was created in 2017 and has already been instrumental in providing affordable, flexible financing for several community health care organizations. The Fund, created through a public-private partnership between the Primary Care Development Corporation (PCDC) and the State of New York, was intended to facilitate investment in primary care capacity in the state by providing affordable loan capital for eligible providers to support quality primary care and behavioral health expansion and integration in the Empire State. Importantly, the Fund is currently available only for facility construction or expansion projects.

Throughout the COVID-19 pandemic, faced with unprecedented challenges, community health care capacity across the country was acutely impacted, with many providers forced to reduce staffing or even shut their doors. During the early part of the crisis, it became clear that New York’s community health care providers also needed access to flexible, low-cost financing in the form of working capital to meet their communities’ needs, yet the Fund’s statutory purpose did not include working capital or debt restructuring. In order to meet these providers where they are, especially during a public health crisis, the Fund must be more flexible and allow borrowers both to expand their facilities to meet community needs and to sustain their operations to improve access and care, especially in a public health crisis.

Now, as many providers are recovering from the height of the pandemic and some public funding is available through other State programs – specifically the New York State Health Care Facilities Transformation Fund – providers are planning new projects. Because the Health Care Facilities Transformation Fund grants are reimbursable rather than providing up-front funding, many providers who receive these grants still must come up with up-front cash to begin their projects. In addition, costs may have risen since the proposals were first received and therefore
there may be a funding gap. As a result, a number of providers who have received grant awards from the HCFTF have turned to the Community Health Revolving Loan Fund program and the Fund is likely to run out of available funds in the near term. Notably, with interest rates scheduled to rise very soon, the low-cost funds available through the Revolving Loan Fund will be an even more important resource to health care providers in the near future.

PCDC encourages the legislature to include the following in the FY23 budget: First, existing legislation, A.4593/S.5139, would expand the list of allowable uses of the Revolving Loan Fund to include working capital, including for expenses such as recruitment of and training for staff or enhancing telehealth infrastructure, as well as debt restructuring. These additional uses are crucial to ensuring Article 28, 31 and 32 providers can continue to offer quality care to all New Yorkers throughout the COVID era and beyond. Given the role of the Fund, we urge the legislature to include A.4593/S.5139 in the FY23 Budget. Second, given the success of the Fund in acting as a bridge for facilities that are grantees of the Health Care Facilities Transformation Fund, and the likelihood of more funding in that program, we urge the legislature to include an additional $19.5 million in the Revolving Fund to account for the greater need.

2. Continue Funding for the Primary Care Development Corporation

The Legislature included $450,000 for PCDC in the FY22 budget, and we are very appreciative of your continued support. This funding enabled PCDC to undertake important initiatives to ensure sustainable growth of primary care in underserved communities, assist providers in becoming PCMHs, and support New York’s commitment to primary care. Our work is even more critical 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 an FY23 appropriation of $525,000. This request is born of the tremendous need for PCDC’s services as New York continues to undertake major health system reforms and respond to unprecedented changes in the midst of the pandemic. Before the 2009 budget crisis, the Legislature regularly included $525,000 in the budget for PCDC.

Last year’s allocation 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.

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 recent 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.

• Support Practice Transformation: PCDC provides strategic consulting, training, and coaching to transform primary care to deliver better quality, access and equity. PCDC helps practices with operational, clinical quality and financial sustainability, including helping to move towards the infrastructure, data analytics, and operational strength to engage in value based payment contracts. In addition, PCDC has supported providers to address needs arising from the pandemic – for example, this year, PCDC helped providers in New York City meaningfully and sustainably integrate telehealth to maintain a critical access point for underserved communities. To date, nationally, PCDC has partnered with more than 4,800 primary care organizations, trained more than 11,000 providers and staff, and has coached over 1,000 practices to achieved National Committee on Quality Assurance (NCQA) Patient-Centered Medical Home Recognition.

• Analyze and Evaluate Primary Care in New York: In 2021, PCDC published multiple research reports providing valuable insight into the primary care landscape in New York State and New York City, which can help inform policymakers about primary care access and challenges in the state and how best to deploy public resources to address need. Our findings underscore the inequitable and detrimental impact of COVID-19 on undeserved communities that lacked primary care before the pandemic, particularly for Black and Latinx New Yorkers. PCDC published three unique Data Briefs, each with analyses that demonstrate where primary care is most needed and how health status can be improved by expanding access. The first data brief (Points on Care: Rising Need for Behavioral Health Integration) reviewed the most recent information on primary–behavioral health care integration, and presented emerging data on rising behavioral health needs amid the COVID-19 pandemic. In the second issue brief (Points on Care: New York FQHCs Help Reduce Community-level COVID-19 Mortality) PCDC found an association between delays in accessing health care and worse COVID-19 outcomes across the state; importantly we also found that communities in New York with more Federally Qualified Health Centers had reduced COVID-19 mortality. Our recently released data brief (Points on Care: Characteristics of Primary Care Providers in New York State) provides a survey of the types of providers currently practicing primary care across New York State and how this varies by region and in rural areas. A new, detailed report on primary care provision and access is forthcoming and underscores new challenges to primary care access and how inequities have been deepened by the pandemic for many New Yorkers.
3. **Repeal the 340B Carve-out**

Last year’s final budget included, with a two-year delay, a pharmacy carve-out of Medicaid managed care that 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.

The federal 340B program is a drug pricing program, enacted by Congress in 1992, that allows qualifying providers to purchase outpatient drugs from pharmaceutical manufacturers at discounted prices. The explicit purpose of the program is “to stretch scarce federal resources as far as possible, reaching more eligible patients, and providing more comprehensive services.” By definition, 340B providers serve low-income and disabled patients. These safety net providers use the savings from the 340B program as a financial lifeline that allows them to fund additional care and ancillary services for their patients, increasing overall access to primary care for their communities. It is effectively a form of value based payment that can support the care management and integrated care that keeps people out of costly acute care.

PCDC borrowers enrolled in the 340B program derive a substantial portion of their total revenue from 340B – an average of 11% but for some borrowers, as much as 40%. This provides financial sustainability which enables mission-driven lenders like PCDC to offer affordable interest rates and terms, and may attract additional private investment from traditional financing institutions – ultimately reducing costs for the safety-net primary care provider in the long term and opening financing avenues for future expansions and improvement.

The 340B program offers substantial financial stability and additional unrestricted resources to eligible providers. The majority of safety net providers are not able to finance expansion, renovation, or remediation of facilities from their revenue, reserves, or fundraising alone; instead, they must seek out loans and other sources of capital funding. Commercial lenders are wary of lending to safety net providers because the very nature of these providers’ mission to provide care to all regardless of ability to pay, and the worse health status of their patients, results in thin margins and can lead to financial instability. Even community development banks and CDFIs need assurance that an entity’s funding sources are sufficient and stable in order to approve a loan. Some have been reluctant to finance safety net provider facilities, particularly in the wake of the COVID-19 pandemic and the ensuing financial crisis. For lenders and other stakeholders, the savings that safety net providers secure through the 340B program are seen as one stable component of their comprehensive revenues that demonstrate their financial sustainability and ability to manage debt over several years.
Changes to the 340B program that threaten the financial stability of these critical providers, particularly when combined with the impact of COVID-19 and the resulting economic crises, increase perceived and real risks associated with financing health centers and other safety net providers and may limit their access to necessary capital. These changes could have devasting effects on the safety net infrastructure, eroding the health center landscape after it has been proven to be critical for so many New York communities in the wake of the pandemic.

We urge the legislature to fully repeal the 340B carve out in the FY23 Budget.

4. Global Cap Repeal

PCDC was encouraged to see the Governor’s proposal to modify the Medicaid Global Cap and to use a formula more in line with changes in health care costs. However, PCDC opposes the Global Cap in general and urges the legislature to fully repeal it. The Cap applies only to some Medicaid spending, is arbitrary and contributes to low reimbursement levels for Medicaid, including primary care services.

C. Center Primary Care in Health Policy

The Executive Budget’s commitment to improving New Yorkers’ health and access to care, including during the global pandemic, as well as to supporting the health care workforce, is a welcome response to the moment we are in. However, it is critical that New York’s health care system be centered around primary care if we are to move towards health equity and allowing all New Yorkers “to attain his or her full health potential” as envisioned by the World Health Organization. Therefore, PCDC encourages the legislature to review each health proposal within the budget to ensure that primary care providers, patients, and the primary care workforce in general are included at the table and are given the right proportion of relevant resources. As noted earlier, many countries and experts have determined that 12-14% of health care spending should be spent on primary care – PCDC recommends that all health care appropriations follow that recommendation.

PCDC has identified several proposed programs or changes in the Executive Budget that would be stronger if they included or focused more on primary care or would be more likely to strengthen primary care access and quality if they were adjusted. Specifically:

a. Health Care Facilities Transformation Fund

PCDC strongly supports the Health Care Facility Transformation Program (HCFTP), which has been an important investment in community providers. The Governor’s proposal to add a new infusion of funding is an important step to help providers cope with and recover from the impact of the pandemic. PCDC offers two suggestions to make this program stronger and more likely to
lead to better long-term health access and outcomes for communities with the greatest need: First, while there are some funds earmarked for primary care within the proposed funds, the earmark does not approach the 12 to 14% of health spending recommended by experts. **We encourage the legislature to set aside more of these funds specifically to support primary care providers in the state.**

Second, this program has not and will not meet the substantial capital needs of primary care and safety net providers throughout the state. PCDC urges the legislature to maximize HCFTP funds by explicitly prioritizing applicants that request less than their full project costs, thereby leveraging limited state funding with other financing to accelerate the pace of development across the state. Enhancing HCFTP capital grants with private investments and other public funding would allow for greater impact, more providers to receive funding, and more projects able to hit the ground running quickly.

b. **Nurses Across New York and Doctors Across New York**

PCDC strongly supports the new Nurses Across New York program proposed in the Executive Budget, as well as the increased resources for the Doctors Across New York (DANY). We are well aware that our health care workforce has been under unprecedented pressure and stress during the pandemic, and was suffering from burn out and stress even before. The Governor’s proposals to support the health care workforce are welcome and necessary.

To ensure that Nurses and Doctors Across New York contributes to expansion in primary care, **PCDC strongly encourages the legislature and the Governor to add a primary care-specific element to these programs**. A higher number of primary care providers in a given region is consistently associated with significant gains in life expectancy and reduced morbidity for resident populations. Importantly, increased provider supply has powerful effects on increasing health equity and reducing disparities. One study showed that, in terms of state-level all-cause mortality, an increase in primary care supply was predicted to reduce mortality by an average of 68 per 100,000 – and result in “a fourfold greater reduction in mortality for [b]lack populations than for white populations.”

**In addition, PCDC encourages the legislature to add a primary care representative to the work group that will assess applications for the program to ensure that the needs of the primary care workforce are prioritized throughout the state.**

c. **The State Emergency Medical Services Council**

PCDC supports the expansion in responsibilities of the State Emergency Medical Services Council and its regional councils, particularly during this pandemic. We also appreciate the recognition of the need to address ongoing preventive and chronic care during a public health
emergency. As we have seen over the past two years, the deferral of necessary health care during the pandemic is leading to a crisis of its own, with people now coming back to primary care with more severe preventable diseases, including more advanced cancers and a drop in childhood vaccinations that could impact children and communities for decades to come. Moreover, primary care not only has proven to be key to keeping people healthy and protected against severe disease as well as reducing health disparities, it is clear that primary care has a critical role to play in public health emergency preparedness.

Although the Executive Budget recognizes this situation and envisions that the newly required “statewide comprehensive emergency medical system plan” will include some coordination to “develop approaches for persons who are presently using the existing emergency department for routine, nonurgent, primary medical care,” the statewide medical services council does not have any specific primary care representatives to help ensure that the plan reflects the best way to ensure continuity of services. **PCDC urges the legislature to add a representative of primary care to the Council to ensure better public health crisis planning across emergency medicine and primary care.**

d. **Office of Health Equity**

PCDC is encouraged to see the proposal for the newly renamed Office of Health Equity, which will have a more targeted focus on health disparities, health equity and social determinants of health. As we have noted throughout this testimony, primary care is a key driver of health equity. We hope to see that office focus on access to quality primary care for the underserved populations intended to benefit from the office’s work as an essential pillar of health equity.

e. **Medicaid managed care**

Whether the Medicaid managed care program is rebid at this time or not, PCDC encourages additional requirements on Medicaid managed care companies to, over time, reach a goal of 12-14% of the total cost of care on primary care as well as promoting and preferencing bidders that provide support for integrated primary and behavioral health care. This should include an emphasis on providing prospective payment for primary care providers and enhanced payments for wrap-around services.

f. **Telehealth parity**

PCDC believes, along with many other experts and government agencies, that telehealth has proven its merits as a sustainable innovation that can ensure patient access to quality care as well as giving providers access to reliable revenue streams. PCDC has long advocated for expansion of telehealth access for patients, given its potential to expand access for underserved patients, but this expansion must be coupled with policies that ensure that telehealth can be
provided in a financially sustainable way. The proposal in the Executive Budget does not allow for full reimbursement parity for providers, because it contemplates a lower reimbursement rate when patient and provider are both at remote sites such as their homes. However, it is critical that health care providers be able to reach their patients when and where they need the care, and as we learned due to necessity during COVID, a provider need not always be in her office to provide quality health care. There should be no blanket reduction in rate based on the provider’s location.

Telehealth is an evolving method of providing health care that proved to be an essential lifeline during the pandemic for both basic primary care, including behavioral and mental health, as well as specialist care. Telehealth may not always be the best modality for care for every patient in every circumstance, and health care providers do and should continue to exercise their professional judgement about when telehealth may or may not be appropriate. As we come through and hopefully past the pandemic, PCDC acknowledges the complexity of ensuring that patients receive appropriate, quality care through every modality and encourages the policymakers to continue to consider thoughtful regulation of telehealth that will benefit both patients and providers.

III. PCDC Supports Existing and Proposed Programs That Strengthen Primary Care

The Executive Budget also proposed a number of proactive budget items relating to health care more broadly that will have a positive impact on New Yorkers’ access to primary care. We strongly support the Governor’s proposal to repeal the 1.5% Medicaid cut imposed in 2021 as well as the 1% increase across the board. While Medicaid reimbursement rates are still far too low, in particular for primary care, increasing reimbursement rates for primary care providers in particular has been shown to increase the likelihood that individuals will access care.

PCDC also strongly supports the moves towards coverage expansion in the areas of maternal health, especially the full year of postpartum coverage for a number of different covered individuals, expansions in access to the Essential Plan and the Child Health Plus program, and the requirement that abortion be covered by all health plans. All of these policies will increase access to critical elements of primary care, and we urge the state to continue developing new and expansive ways to make health insurance coverage accessible to and affordable for as many New Yorkers as possible.

IV. Conclusion

Primary care is the most reliable means of improving individual and community health, moving towards health equity, and ultimately lowering health care costs, during the COVID-19 pandemic.
and beyond. We encourage the legislature to carefully consider how to best use vital state resources in the health budget to expand access to quality primary care.

We look forward to working with the Governor and Legislature to ensure that the FY23 New York State Budget supports these goals. Please contact Jordan Goldberg, Director of Policy, at jgoldberg@pcdc.org with any questions or to request any additional information.

Thank you for your consideration of PCDC’s recommendations.

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7 See National Academy of Science, Engineering and Medicine, *Implementing High-Quality Primary Care Rebuilding the Foundation of Health Care*, Chapter 3 (2021), [available at](https://www.nap.edu/read/25983/chapter/3).


11 Id.


17 World Health Organization, Health Equity, https://www.who.int/health-topics/health-equity#tab=tab_1, (last visited February 2, 2022).


21 Barbara Starfield, Primary Care And Equity In Health: The Importance To Effectiveness And Equity Of Responsiveness To Peoples’ Needs, 33 Humanity & Society 56 (2009), available at https://www.jhsh.edu/research/centers-and-institutes/johns-hopkins-primary-care-policy-center/Publications_PDFs/A243.pdf; James Macinko, Barbara Starfield, Leiyu Shi, Quantifying the Health Benefits...


25 Chad Ellicottville, Understanding The Case For Telehealth Payment Parity, https://www.healthaffairs.org/do/10.1377/hblog20210503.625394/full/ (last visited September 5, 2021) (recommending full payment parity for a period after the pandemic and robust study of that period, and dispelling many myths about why payment parity might be unnecessary)