



NATIONAL ASSOCIATION OF
Community Health Centers

Medicaid Incentives Clarification for Health Centers *Payments to FQHCs Entities*

The American Recovery and Reinvestment Act (ARRA) made significant investments in health information technology (HIT) designed to encourage the nationwide adoption of HIT. The Medicaid HIT incentives offer tremendous resources to providers serving predominantly low-income populations, aimed at ensuring these providers are able to adopt and use HIT effectively.

BACKGROUND: HEALTH CENTERS AND HEALTH INFORMATION TECHNOLOGY

Health centers provide comprehensive, quality primary care and preventive services at a health center home for more than 20 million patients nationwide, regardless of their ability to pay. Health center homes integrate primary and preventive care for the whole patient, coordinating care among a team of providers and ensuring patients are able to easily access the wide variety of services they need to stay healthy.

Health centers' care coordination is greatly improved through the use of HIT, which allows health center providers to communicate across the health center system about patients' diagnoses, care and follow-up. As of 2008, more than 95% of all health centers are using a practice management system and submit billing and claims information electronically. **However, over half of health centers still do not have an electronic health record (EHR) installed.** Although most health centers are interested in adopting HIT and many are using aspects of HIT to improve patient care, the initial start-up costs of purchasing HIT equipment and software and the ongoing costs of training and maintenance are simply too expensive for most health centers.

ISSUE: PAYMENTS ARE CURRENTLY SLATED TO GO TO INDIVIDUAL PROVIDERS, NOT HEALTH CENTERS

The Medicaid HIT incentives in ARRA have the potential to provide health centers with nearly \$1 billion for HIT adoption and utilization. As enacted, however, ARRA directs the Medicaid HIT incentive payments to be made to individual health center providers (including physicians, nurse practitioners, certified nurse-midwives and dentists), not the health center entity. This despite the fact that health centers acquire and maintain HIT at the organizational level, and individual providers do not bear the costs of these investments. Allowing state Medicaid offices to make HIT incentive payments directly to health centers will ensure that health centers' costs of investing in and maintaining HIT are covered. This modification is consistent with health centers' current Medicaid reimbursement in which state Medicaid offices make these payments directly to the FQHC as an entity, rather than the provider.

Legislative Request: Allow Medicaid Incentive Payments to Be Made Directly to Health Centers

In order for health centers to benefit from the ARRA HIT incentives as Congress intended and to remain consistent with health centers' current Medicaid reimbursement system, NACHC urges Congress to revise the Medicaid HIT Incentives to allow state Medicaid agencies to make these payments directly to FQHC entities.