

The State of Federally Qualified Health Centers (FQHCs)

CEO, ROBERT HILLIARD, JR. | FEBRUARY 2024



This session describes the unique characteristics of FQHCs, the challenges that they face, and opportunities for success in an ever-evolving regulatory landscape.

We take this opportunity to highlight a case study of how Legacy Community Health grew into the largest FQHC in the state of Texas.

What is a Federally Qualified Health Center (FQHC)?

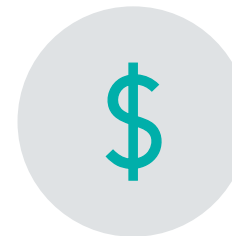
A community-based organization that provides comprehensive primary care and preventive care, including health, oral, and mental health / substance abuse services to people of all ages, regardless of their health insurance status or ability to pay.



Deliver high-quality, comprehensive primary care



Serve medically underserved areas and populations



Provide services to all patients, regardless of ability to pay



Governed by a patient-majority Board of Directors

Provide health care for the entire community, including underserved populations

Many FQHC patients earn incomes below the federal poverty line and are either uninsured or rely on public benefits such as Medicaid.

These patients often face challenges accessing regular preventive care and treatment for chronic conditions.



Build connections with those we care for...



Shawn Kingsley
Patient at Legacy

“Just to have somebody really talk to me and carefully explain to me what was happening. ..To really take the care and tell me that they were concerned. It was important and I felt a connection with her.”

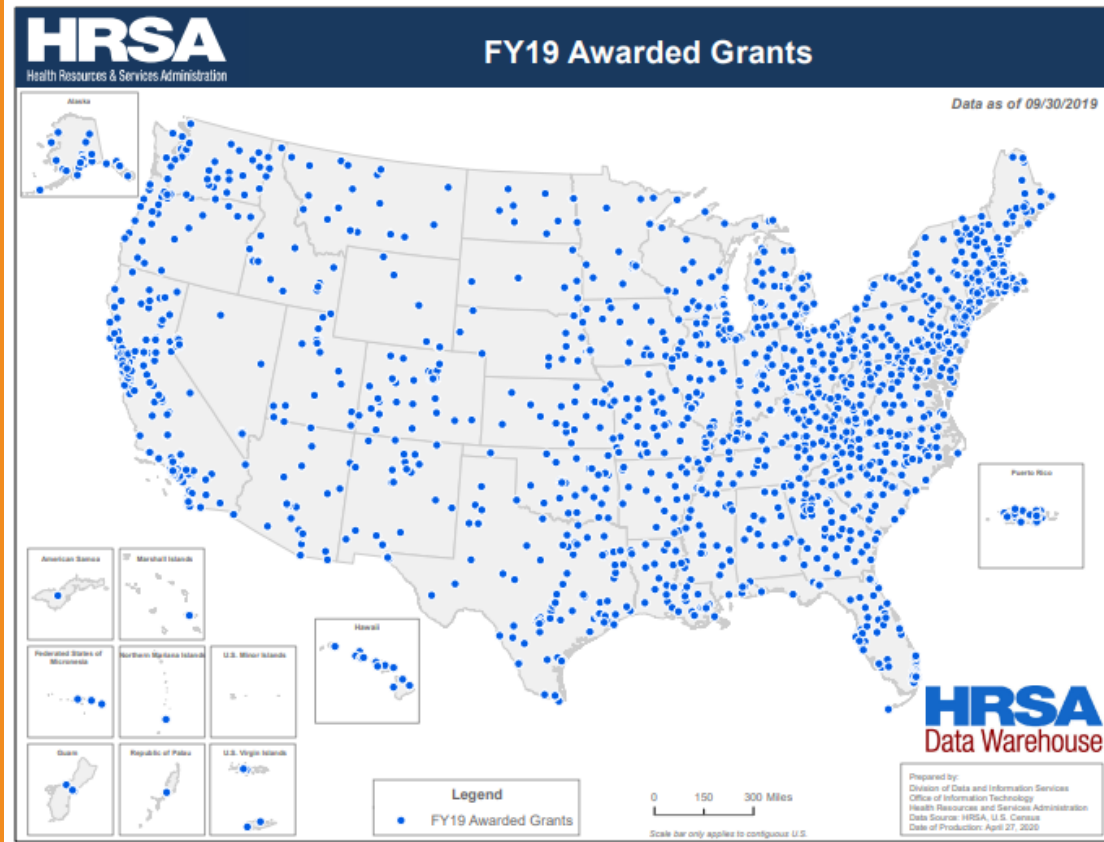
Shawn had been suffering from severe foot pain, believing it was due to diabetes according to his private provider. But even after treatment, the pain persisted. A friend suggested he try Legacy, a community clinic. Though hesitant at first, Shawn decided to give it a chance.

At Legacy, he found a provider who listened carefully. Through their attention, Shawn received a new diagnosis: syphilis, not diabetes. With the right treatment, his foot finally began to heal. Shawn's experience at Legacy showed him the importance of finding a healthcare provider who listens and understands, ultimately leading him to relief from his pain.

Federal poverty guidelines for 2024

Persons in family/household	Poverty guideline
1	\$15,060
2	\$20,440
3	\$25,820
4	\$31,200
5	\$36,580
6	\$41,960
7	\$47,340
8	\$52,720
For families/households with more than 8 persons, add \$5,380 for each additional person.	

Serve 1 in 11 People in the U.S.



 1 in 9 Children and Adolescents

 1 in 7 Racial/Ethnic Minorities

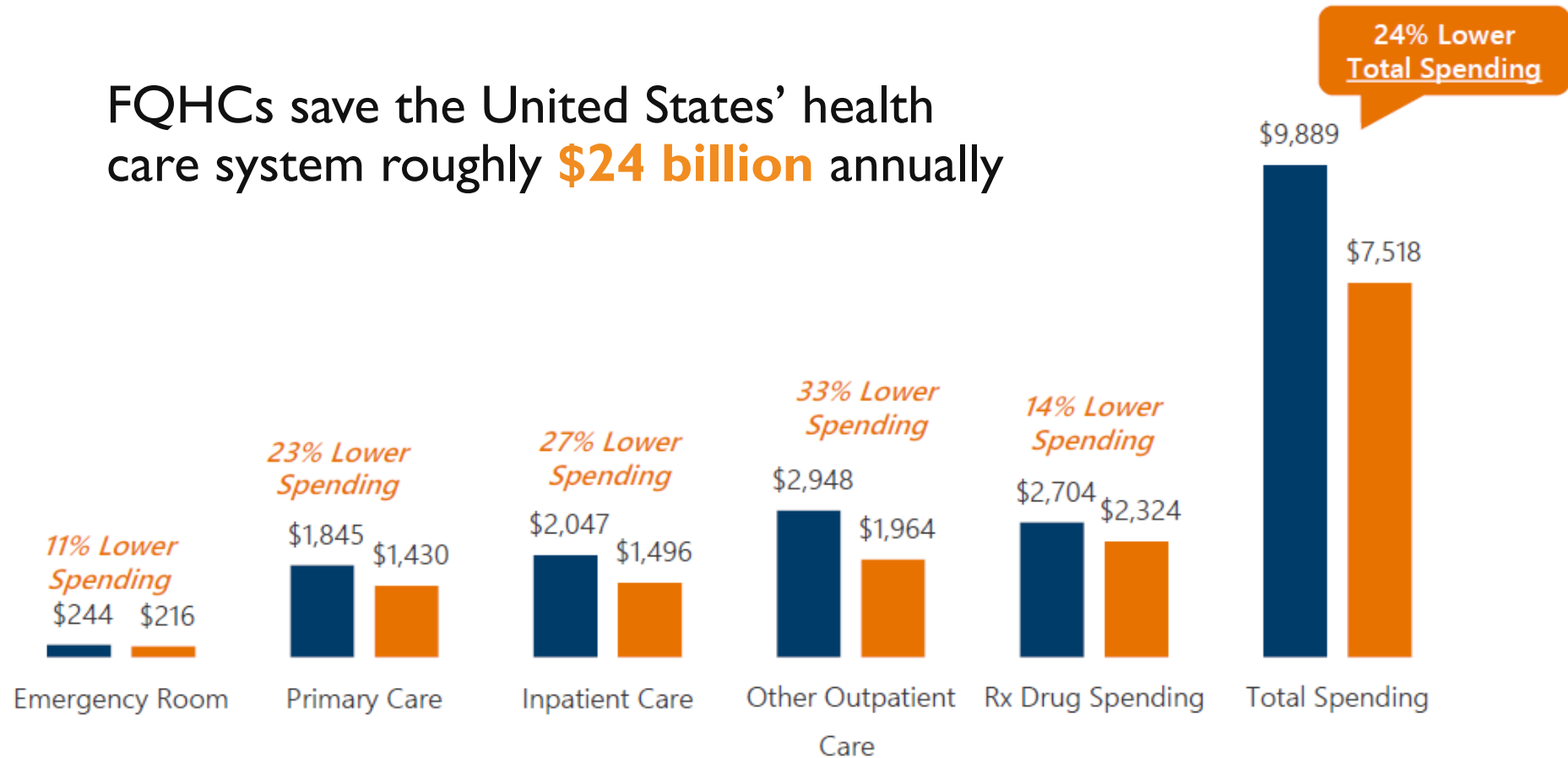
 1 in 6 Medicaid Beneficiaries

 1 in 5 Uninsured Persons

 1 in 3 People in Poverty

Administer cost effective health care

FQHCs save the United States' health care system roughly **\$24 billion** annually



Health Center Challenges

How FQHCs achieve financial sustainability



The majority of operating funds come from Medicaid, Medicare, private insurance, patient fees



FQHC Prospective Payment System reimbursement for services to Medicare and Medicaid beneficiaries



Receive Health Center Program and Ryan White federal grant funding



340B Drug Pricing Program discounts for pharmaceuticals

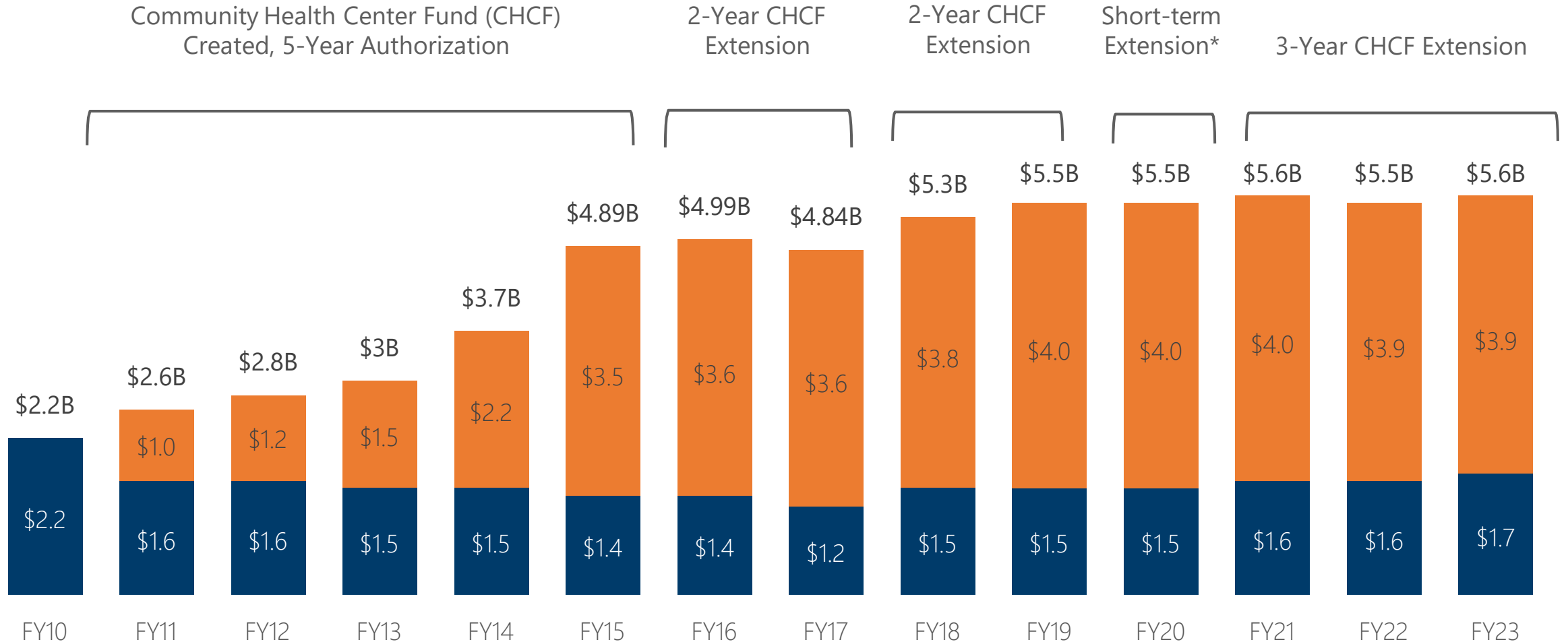


Free vaccines for uninsured and underinsured children provided by the Vaccines for Children Program



Assistance with recruitment and retention of primary care providers through the National Health Service Corps

Federal Health Center appropriation history, FY10-FY23



*Includes Continuing Resolutions and Health Extender Legislation; Health center mandatory funding for FY20 and the first quarter of FY21 was covered by a collection of short-term extensions of the previous authorization of the CHCF, which occurred in 2018 and initially expired on September 30, 2019. Three-year extension passed in December 2020 provides mandatory funding through October 2023. Source: HHS Budget in Brief FY 2023, 2020, 2017, 2014, and 2011.

- Mandatory Community Health Center Fund, in billions
- Base Discretionary Appropriations, in billions

HRSA 340B drug pricing program



Providers serving many lower income and rural patients can purchase 340B drugs at a discounted price.



When providing medications to insured patients, health centers generate savings that are reinvested into patient care.

Medication	Rx Price	340B Price	Insurance Reimbursement	Profit (340B Price)
Azithromycin	\$ 3.52	\$ 0.65	\$ 4.17	\$ 3.52

340B under constant threat of reform

Legacy Pharmacy

PRESCRIPTIONS FILLED PER DAY

1,300 +

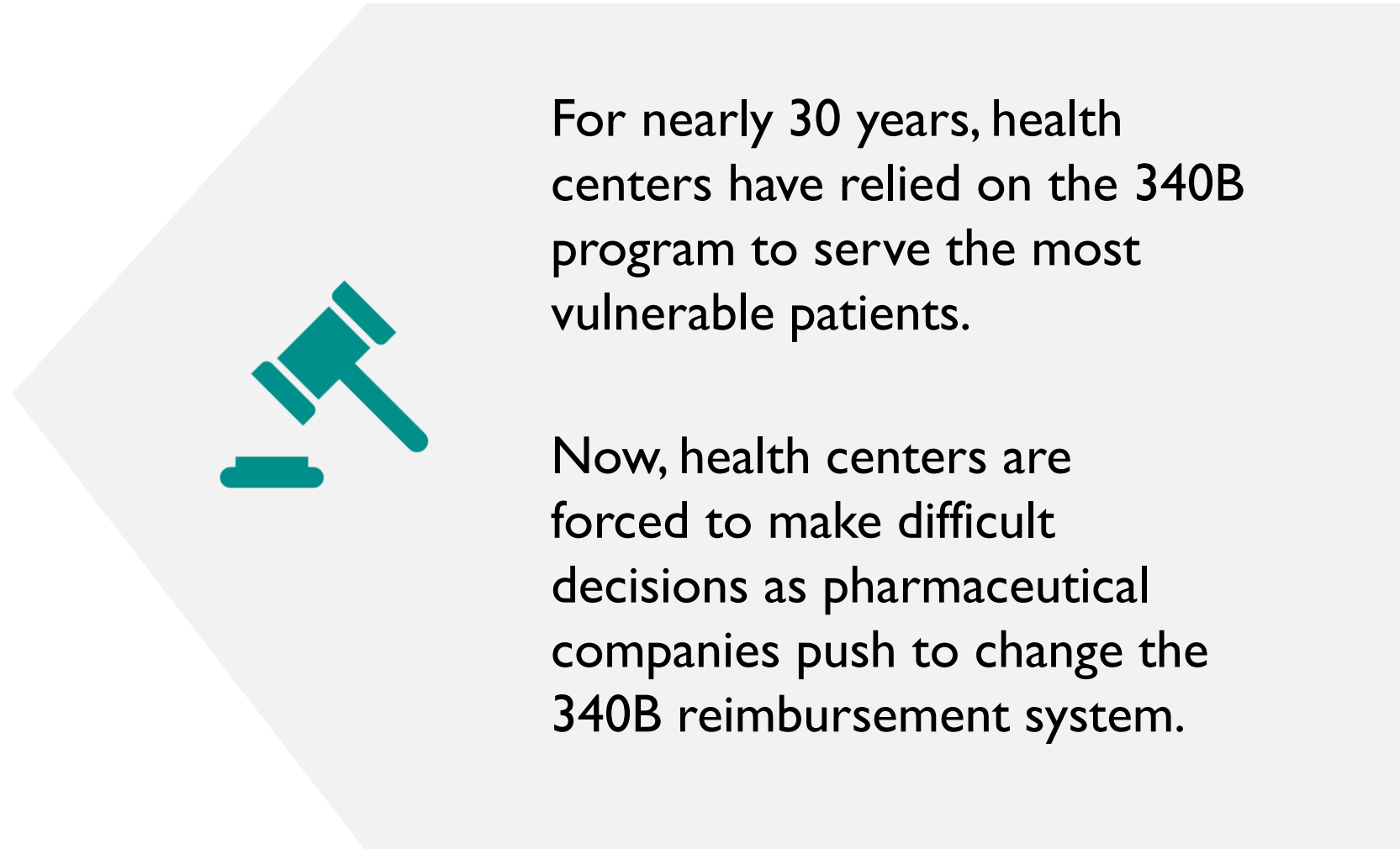
PRESCRIPTIONS FILLED PER YEAR

395,000+

FREE
MEDICATION
DELIVERY



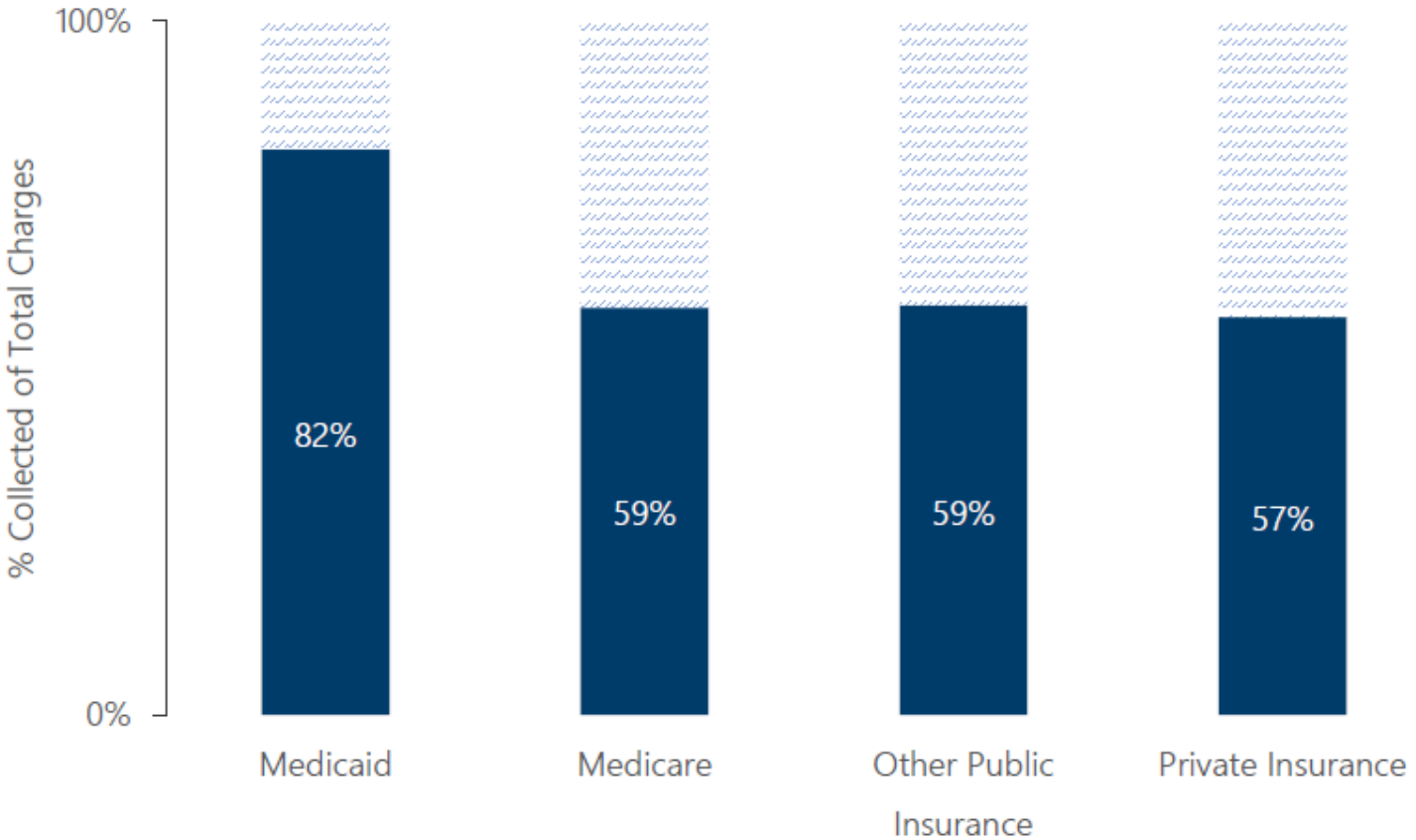
RANKED #1
IN THE WORLD FOR
THE NUMBER OF
HIV/PRP INJECTABLE
ADMINISTRATIONS



For nearly 30 years, health centers have relied on the 340B program to serve the most vulnerable patients.

Now, health centers are forced to make difficult decisions as pharmaceutical companies push to change the 340B reimbursement system.

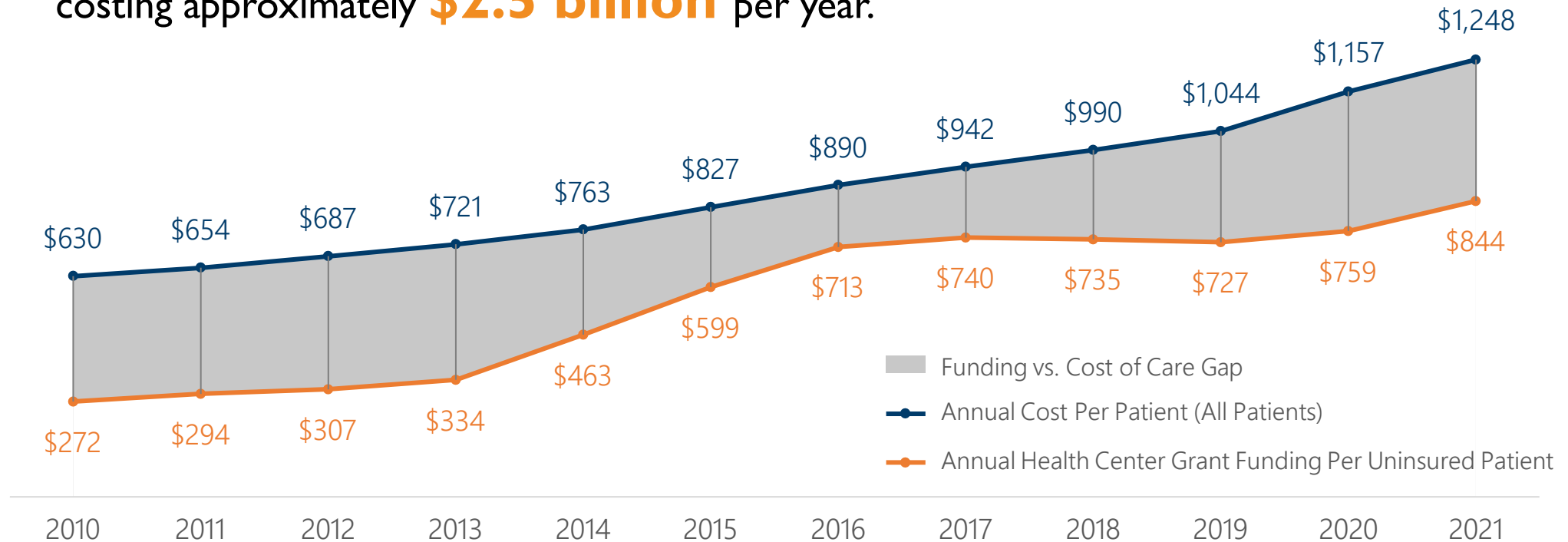
Payments from payers are less than cost



Note: Health centers are not-for-profit organizations; charges to third party payers are a proxy for costs. % Collected represents the actual amount collected as a percent of total charges to third party payers.
Source: 2021 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS.

Grant funding for uninsured patients does not cover cost of care

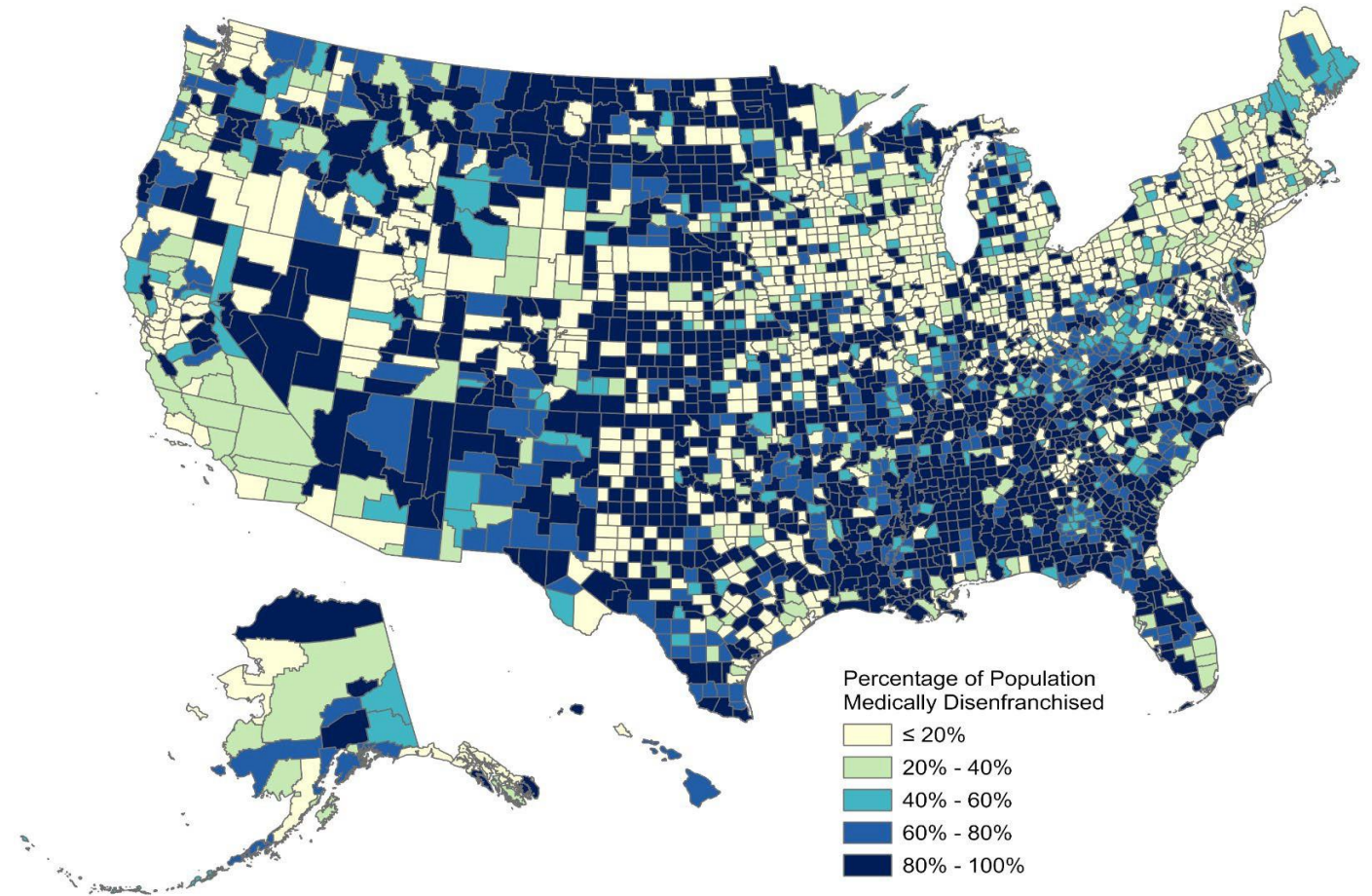
Health centers cared for **6 million** uninsured patients, costing approximately **\$2.5 billion** per year.



*Calculated by taking the difference between 2021 cost per patient (all patients) and 2021 health center funding per uninsured patient, then multiplying by the number of health center uninsured patients in 2021. Source: 2010 - 2021 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS.

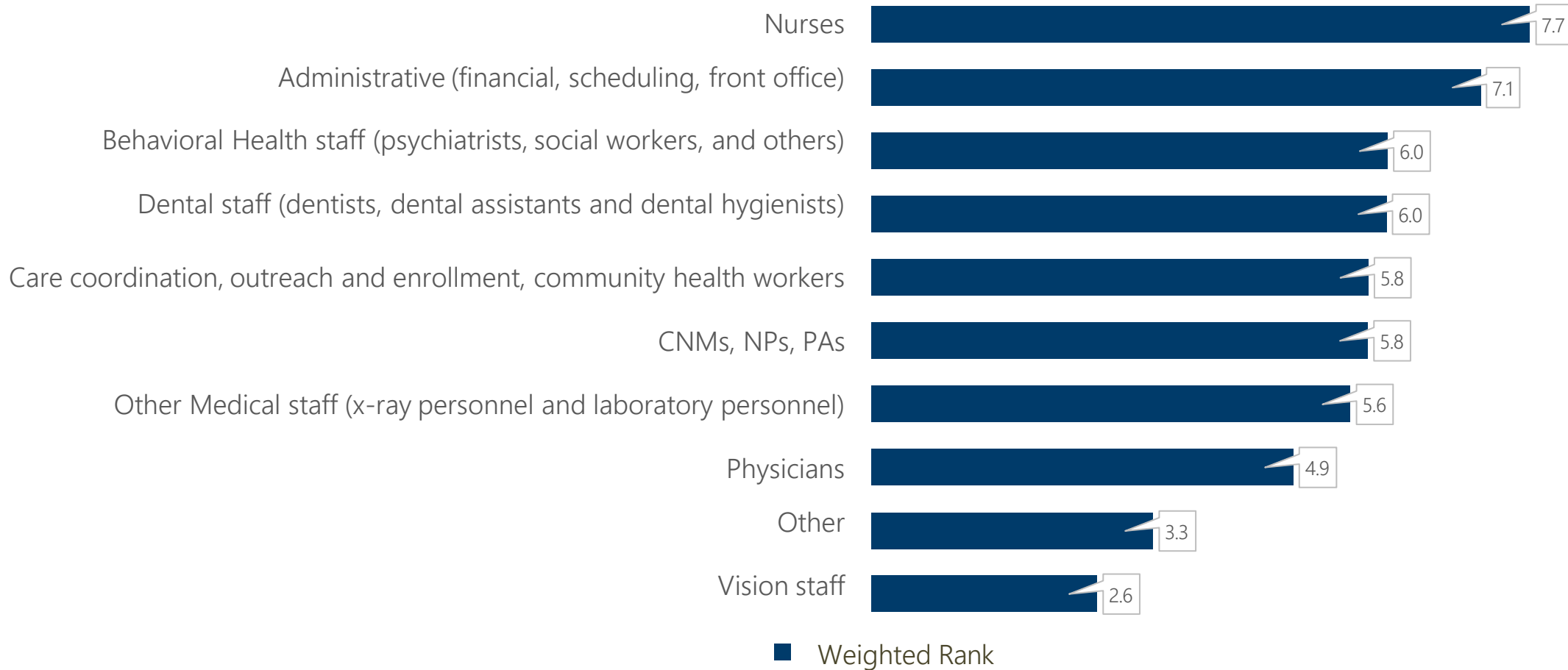
There is a shortage of Primary Care Providers

As of 2021, **106 million** people are considered medically disenfranchised – meaning, they experience limited access to primary care due to a shortage of providers in their community.



Difficulty recruiting and retaining staff

Ranking health care professionals from highest to lowest vacancy in the last 6 months





How Legacy Community Health started as a small HIV clinic and became the largest FQHC in Texas

A CASE STUDY



At Legacy, we believe health care is a right, not a privilege.

Mission

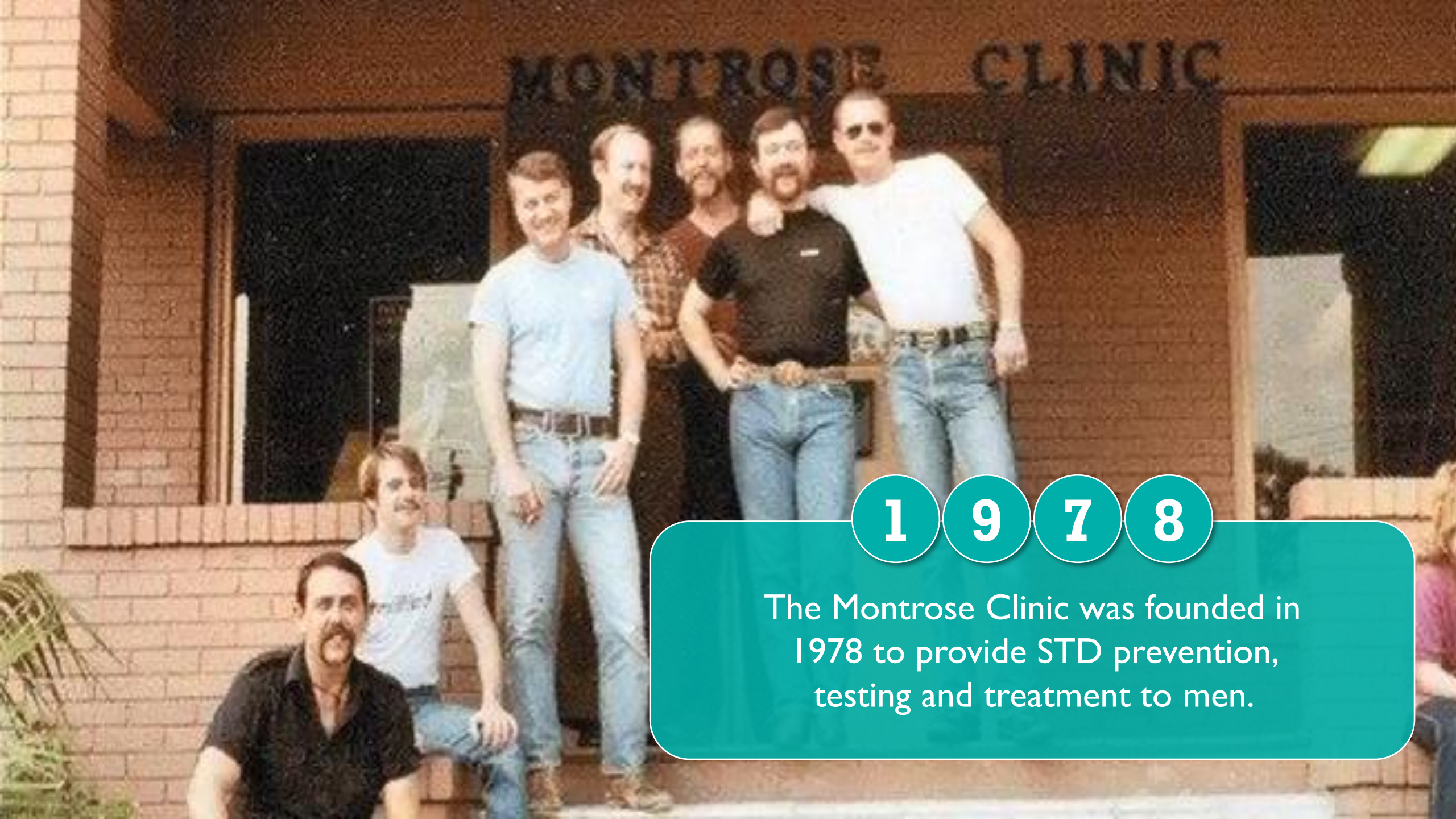
Driving healthy change in our communities.

Vision

Connecting our communities to health every day, in every way.

Values

Health care is a right, not a Privilege. We believe that comprehensive health care is a human right. Legacy's services and programs are open to all who need us, regardless of the ability to pay, without judgment or exception.



MONTROSE CLINIC

1 9 7 8

The Montrose Clinic was founded in 1978 to provide STD prevention, testing and treatment to men.

History of Legacy

1978

The Montrose Clinic was founded to provide screening, diagnosis, treatment and prevention of sexually transmitted diseases (STD) primarily for men.

1981

The Montrose Clinic becomes a 501(c)(3) community-based organization.

1994

The Montrose Clinic consolidates its programs into one modern facility.

1998

Primary care becomes available to indigent persons living with HIV through the Ryan White Care Act.

2005

The Montrose Clinic and The Assistance Fund merge to become Legacy Community Health Services.

2006

Legacy is granted full status as an FQHC.

2010+

Legacy expands into multiple community clinics and school-based clinics across the Texas Gulf Coast.



- Largest Federally Qualified Health Center (FQHC) in Texas and a United Way affiliated agency since 1990.
- Full-service health care system comprised of over **57 locations** in the Texas Gulf Coast.
- For over 40 years, we've been innovating how comprehensive, quality health care is delivered to underserved communities.
- Offer primary and specialty care, as well as “wrap-around” care, and pharmacy services.
- Ensure services and programs are open to all, regardless of the ability to pay—without judgment or exception.

Learn more at
legacycommunityhealth.org



340+ Clinicians

- | | |
|--------------------------|----------------|
| 61 Adult/Family Medicine | 46 Psychiatry |
| 9 Dental | 20 Social Work |
| 31 OB/GYN | 77 Therapy |
| 69 Pediatrics | 3 Vision |

Locations

57

Across Houston, Baytown, Beaumont, Deer Park, Missouri City and Stafford

Number of employees

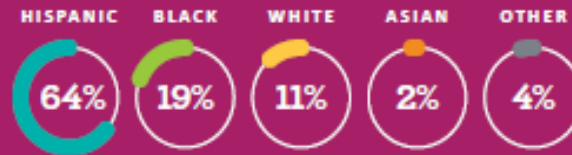
1,575

Completed appointments

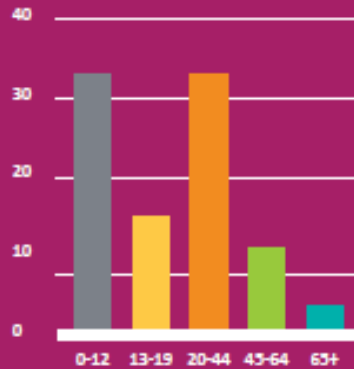
687,330

Whom We Serve

By Race/Ethnicity



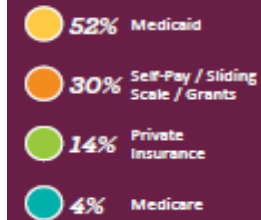
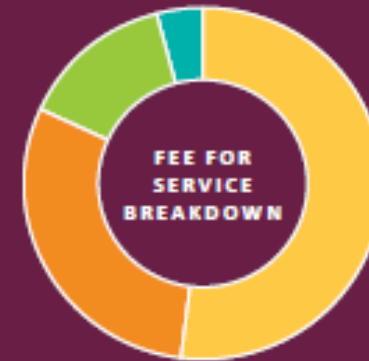
By Age



By Gender



Financials



TOTAL REVENUE

\$356,627,718

TOTAL EXPENSES

\$364,174,579

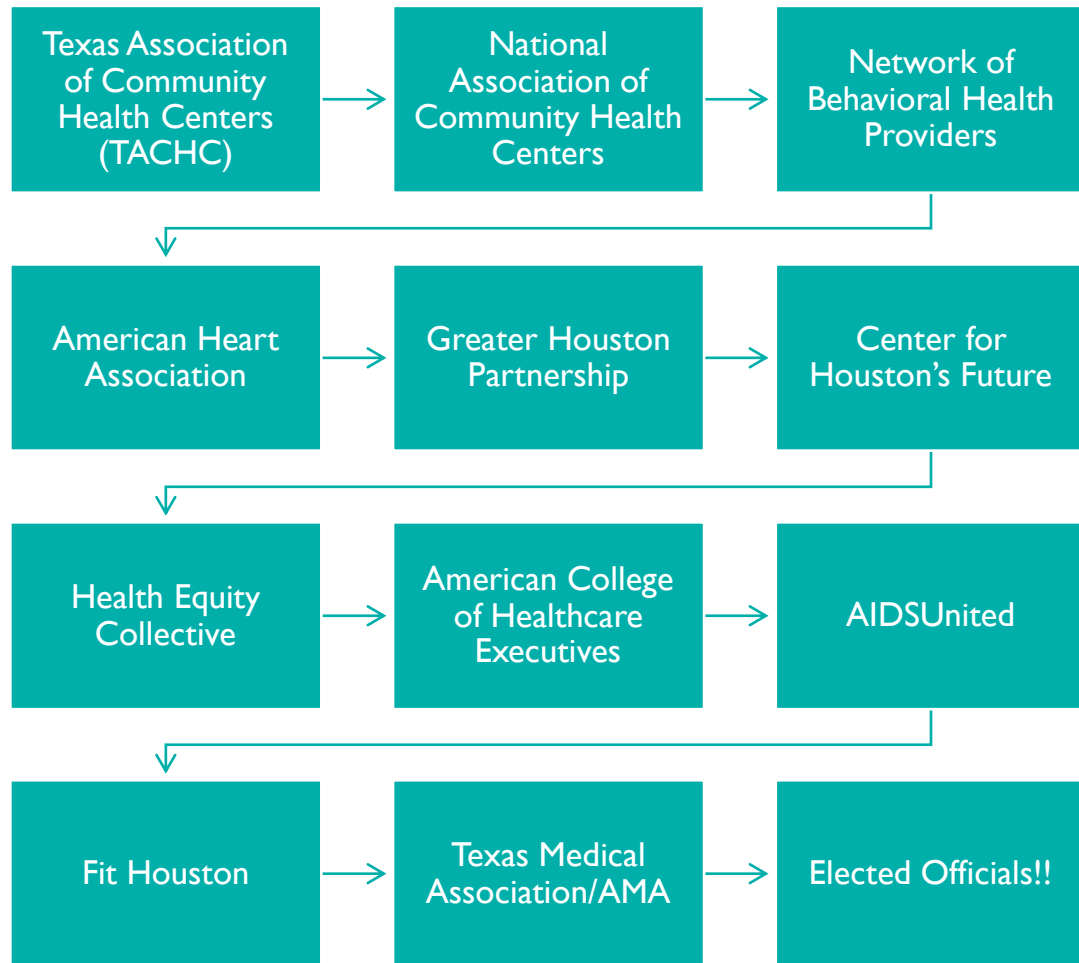
TOTAL UNCOMPENSATED CARE

\$20,459,169

So how did we do it?

Built strong Community partners

who helped Legacy become a voice for our patients!



Developed Federal and State grant partnerships

As Legacy grew, so did the number of people willing to fund us in our mission.

DSHS Ryan White - Health Insurance Premium and Cost Sharing Assistance	The Resource Group Ryan White – Oral Health	HRSA ARP Funding	HRSA Section 330 Funding	HHSC – Primary Healthcare	DSHS - HIV Prevention	Primary Care Medical Case Management Local Pharmacy Assistance Program
	City of Houston - HIV Prevention - CTR	OneStar Foundation - AmeriCorps	HHSC – Family Planning	CDC - HIV Prevention	HRSA School Based Health Expansion	Harris County Ryan White Contracts
		Primary Care Minority AIDS Initiative	Health Insurance Premium and Cost Sharing Assistance	The Resource Group Ryan White Contracts	Health Insurance Premium and Cost Sharing Assistance	EFA APA
	ADAP/Eligibility Worker	Title X Family Planning	Title X Contraceptive Access	HRSA Early Childhood Development	Ryan White Reallocation Request	
		RWGA Ryan White EHE Funding Addition	RWGA Ryan White Marketing Funds	HRSA COVID Vaccination	MCM HINS OAMC Medical Transportation	





In the state of Texas, all pregnant women and children qualify for Medicaid coverage, so Legacy strategically expanded OB/GYN and launched school-based pediatric services at KIPP, YES Prep, and Galena Park ISD.

Revenue earned could feed back into the community to fund services for uninsured adults who could not pay for care.

Legacy noticed that it only retained approximately **12% of the patients** transitioning from uninsured to Medicare

We believed our elderly patients needed a different experience of health care.

Legacy will soon open our second stand-alone Senior Clinic, which will focus on patients 64 and older.



Capitalized on 340B for HIV medication

Ever since its early days as the Montrose Clinic, Legacy had been supporting the LGBT community and building awareness of HIV wellness and prevention.

Once Legacy became an FQHC, we qualified for 340B discounts which proved to be substantial for specialty HIV medication.



Medication	Rx Price	340B Price	Insurance Reimbursement	Profit (340B Price)
Biktarvy	\$ 3,981.21	\$ 2,586.19	\$ 3,738.35	\$ 1,152.16
Wegovy	\$ 1,323.39	\$ 692.05	\$ 1,367.90	\$ 675.85

Legacy opened its first pharmacy in 2017, replacing a Walgreens in its Montrose location.



- Previously, the Walgreens filled approximately 400 prescriptions per day (a busy pharmacy).
- The Legacy Pharmacy in that clinic now fills 1,500 prescriptions per day.
- Legacy has two smaller Pharmacies that collectively fills about 500 prescriptions per day.
- Legacy opened a Central Fill Pharmacy with the capacity to fill an additional 4,500 prescriptions per day.
- Thus far, about 50% of Legacy patients elect to use Legacy Pharmacy.
- Legacy Pharmacy data is integrated into our Clinic workflows, enabling us to see which patients are not adherent to their medication protocol.

Dolphin Revenue Cycle Services



Legacy partnered with Health Choice Network to provide Revenue Cycle Services to other member in the network.

These consulting services allow Legacy to spread its impact to other health care organizations in need of support, which Legacy hopes to include pharmacy support and other professional services in the future.

8 growth drivers that proved successful

01

Developed new clinics using a Hub and Spoke philosophy (with or without a NAP)

02

Acquired small practices from Providers preparing to retire or wishing to focus on care

03

Optimized space and adopted flexible hours in existing clinics

04

Brought Pharmacy services in-house

05

Developed new care concepts: school-based healthcare, Wellness Bar, Senior clinics, etc.

06

Utilized analytics to target development

07

Partnered with hospitals and other non-profits for development

08

Partnered federal, state, and community organizations for grants and outreach



Connecting our communities to health every day, in every way

A VISION FOR THE FUTURE

Strategic priorities for Legacy's future

Get more patients under
Legacy model of care

Expand into more areas that
touch patients under the
Legacy ecosystem

Diversifying our
revenue streams



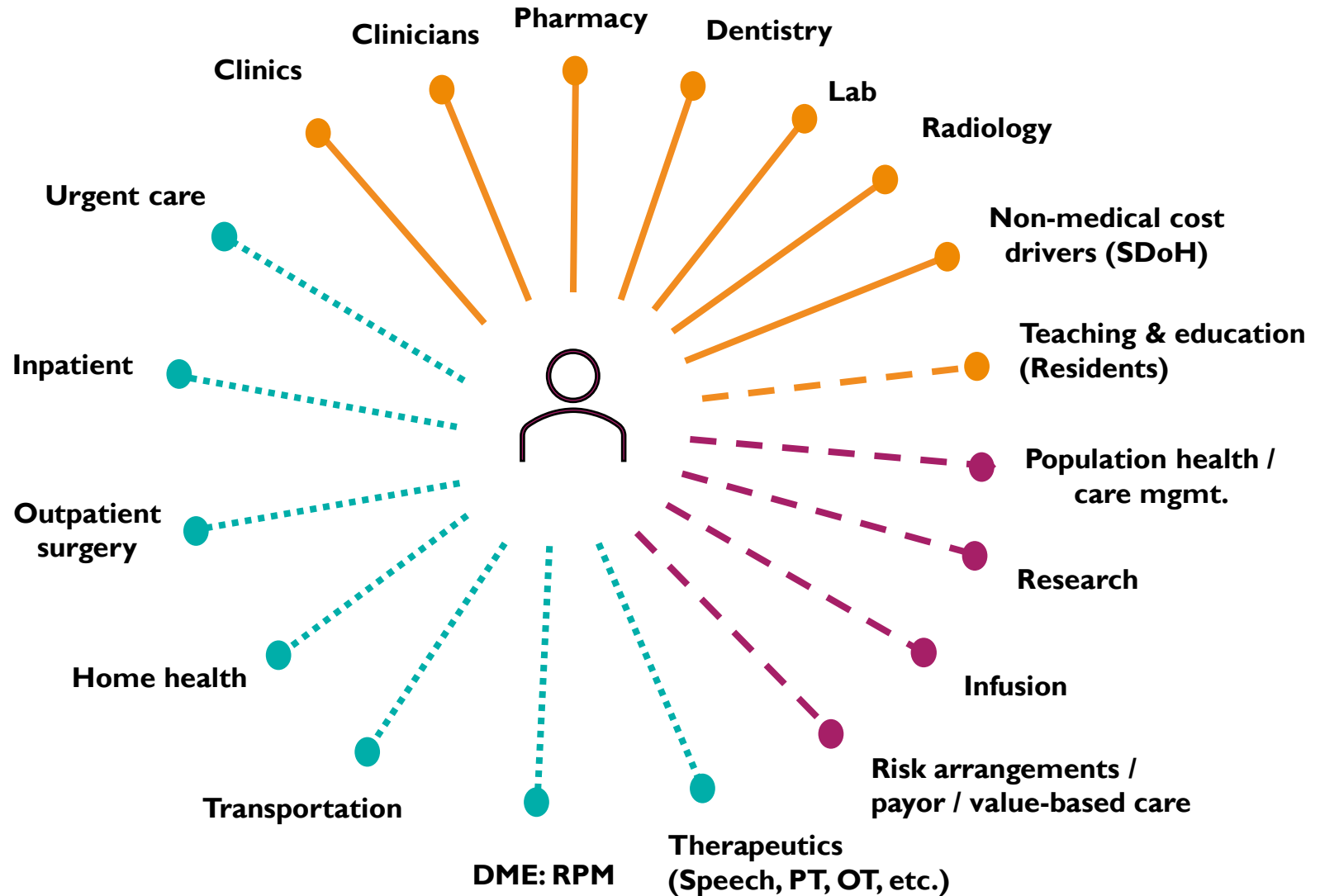
Existing business services

- Clinics
- Clinicians
- Pharmacy
- Lab
- Radiology
- Teaching and education

“Inflight” projects

- Population health / care management
- Research
- Infusion
- Risk adherence

Potential future services



Legacy partners with CareSource in a joint venture to provide **Medicaid Managed Care** in Texas.

Patients joining the health plan receive comprehensive health coverage and access to the best physicians at an affordable price.



A Legacy Community Health & CareSource Joint Venture

CareSource Bayou Health is the next logical step to providing quality comprehensive care while improving the health outcomes of our community

\$20 billion in federal investment

- Tasked with designing, implementing, and testing new health care payment models to address growing concerns about rising costs, quality of care, and inefficient spending
- Authorized under the Affordable Care Act (ACA)
- Exploring 24 active programs and 7 new announced models



Aligning our vision with innovative accountable care models, such as **Value-Based Care** contracts and **patient utilization** initiatives will reinforce Legacy as a competitive player, as healthcare trends continue to evolve with market innovation

“Goal is to have **100 percent** of Original Medicare beneficiaries and vast majority of Medicaid beneficiaries in accountable care relationships by 2030”

- Center for Medicare and Medicaid Innovation (CMMI)

Thank you!