

Virginia's Medicaid expansion means free clinics may have to rethink their business models

Matthew Stearn is the executive director of the Hampton Roads Ecumenical Lodgings and Provisions free clinic in Hampton September 27, 2018. The H.E.L.P. clinic will not be taking Medicaid patients after the expansion due to the complicated nature of the program.



By **Marie Albiges**

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One by one, Virginia's 63 free medical clinics are deciding whether to change their business models and accept Medicaid in three months, when nearly 400,000 additional Virginians will become eligible.

The dozens of providers face a conundrum: Either they spend the money and time to meet the federal insurance program's requirements, or they risk leaving some of their patients with no place to go.

"That's a question that all the clinic directors are asking on a daily basis," Linda Wilkinson, CEO of the Virginia Association of Free and Charitable Clinics, said in a phone interview.

The clinics currently offer health care to uninsured Virginians who make below a certain income, but come Jan. 1, some of those patients will qualify for Medicaid and may have to find another provider. The percentage varies from clinic to clinic.

Once Medicaid expansion kicks in, those earning up to 138 percent of the federal poverty level will qualify for the federal health insurance. That means adults making up to \$16,754 a year or a family of three making up to \$28,677 a year.

The Virginia Association of Free and Charitable Clinics estimates there are 90,000 to 100,000 people whose incomes fall between 139 percent and 200 percent of the Federal Poverty Level and still won't qualify for Medicaid, and Wilkinson said that number is expected to rise in the next five years.

Nearly 27,700 Hampton Roads residents were part of that group in 2016, according to data estimates from the U.S. Census Bureau American Community Survey. Virginia Beach had the highest, with 6,874 people 64 or younger making between 138 and 199 percent of the federal poverty level.

Weighing the pros and cons

Carol Sale, president and CEO of the Williamsburg Health Foundation and the former executive director of York County's Lackey Clinic, said each clinic has its reasons for considering accepting Medicaid.

Some clinics might not have a high Medicaid-eligible patient population; others might be in rural areas where Medicaid providers are scarce; and all the clinics have to consider the impact billing Medicaid has on day-to-day operations, Sale said.

Additionally some medications are given free by pharmaceutical companies that may not want provide those drugs to patients with Medicaid.

"Many of the free clinics that are thinking about this decision are doing it almost more on a moral/ethical standpoint than they are necessarily from a business model standpoint," she said.

Financially, Medicaid isn't attractive for private providers because of low reimbursement rates. While it would bring in revenue, the amount would be a drop in the bucket compared to what clinics get from private donations and state funding.

"The safety net clinics are still going to need the support of the community to accomplish their day-to-day work. Their work will not stop because Medicaid is now expanded," Sale said.

Executive Director Arlene Armentor estimates about 80 percent of her patients at the Gloucester Mathews Care Clinic will be eligible for Medicaid starting Jan. 1.

That's why Armentor and the clinic's board of directors has spent months weighing the pros and cons of becoming what's called a hybrid clinic, which accepts Medicaid-enrolled patients in addition to uninsured people who make up to \$30,350 a year.

While they don't have to decide by Jan. 1, clinic directors like Armentor are considering the time, cost and effort involved in creating a new Medicaid business plan by getting input from board members and determining which patients qualify for the expanded Medicaid and how many nearby providers accept Medicaid.

Armentor and others have to decide whether to hire paid staff and train them on federal health-privacy laws — currently, many clinics are staffed solely by volunteers, but Medicaid doesn't allow that. To accept the federal insurance, clinics also would have to come up with billing plans, credential their physicians and use electronic patient records.

"It is just so complex," Armentor said. "It's like a big fat onion and you just keep peeling layers and layers away."

She's concerned about whether there are enough Medicaid providers in Gloucester and Mathews to serve those patients if her clinic doesn't make the switch.

In 2013, 70 percent of office-based Virginia physicians accepted new Medicaid patients — slightly higher than the national average, according to a Centers for Disease Control and Prevention study.

A search for general practice physicians accepting Medicaid in Virginia's state-run portal returned 12,194 hits, but some doctor names were listed multiple times under different office locations or different suite numbers within the same address.

"The one thing we just want to ensure is that our patients will have care, whether it's by us or another provider," Armentor said.

Like Armentor, Executive Director Chet Hart said he's weighing his options at Western Tidewater Free Clinic in Suffolk.

Hampton's HELP Medical Clinic is staying away from Medicaid because it doesn't have the staff capacity to take on billing, Executive Director Matthew Stearn said in a phone call.

The majority of the clinic's patients will become eligible, and Stearn said it may be challenging for them to find a provider.

In response to losing patients to other providers, he's considering accepting patients who make above 200 percent of the federal poverty level, the clinic's current cap.

Becoming a hybrid

For CEO Julie Bilodeau, accepting Medicaid at Richmond's CrossOver Healthcare Ministry was planned long ago.

The clinic started using electronic health records four years ago, so Bilodeau knew exactly which patients are newly eligible — about 35 percent. Most of them have at least one chronic disease, and about 20 percent have more than one.

She also worried about who would provide for those patients if it wasn't CrossOver.

It's not only a question of whether nearby providers accept Medicaid — some have a cap on the number of Medicaid patients or have long waits for appointments.

"We don't know that our patients will be able to find someone to serve them, and the other thing is, a lot of our patients have had bad experiences with the health care system," Bilodeau said. "They found CrossOver as a place that they could trust."

Now, clinic staff members are prepping for Jan. 1 by forming a Medicaid steering committee, hiring a credential company, creating a schedule of paid clinicians, teaching staff how to code for billing and negotiating with managed care companies.

In June, The Free Clinic of Central Virginia in Lynchburg also decided to make the switch.

"The Board's decision allows our volunteer medical and dental providers to continue to serve Free Clinic patients after they receive Medicaid, preserving that important patient-provider relationship," staff wrote in its summer newsletter. "The decision also avoids having Free Clinic patients being displaced from care, and having to find another provider."

In Winchester — where 19.4 percent of the population is uninsured — the Sinclair Health Clinic has also decided to become a hybrid.

For Executive Director Brandon Jennings, the decision was a no-brainer. About 1,600 of the clinic's 2,000 patients will become Medicaid-eligible in a town that the federal Health Resources and Services Administration says has a shortage of providers.

"Our town is expecting their Medicaid (population) to double in size," he said.

Nearly 15 percent of Winchester residents live below the poverty level, according to the U.S. Census Bureau.

Jennings' goal at the Sinclair Health Clinic is for patient care not to change — the only difference being 80 percent of patients will have to slide their Medicaid card across the counter during visits.

The remaining uninsured

If a clinic decides not to accept Medicaid, space, time and money may be freed up as a result of some patients leaving. That would allow clinics to dedicate resources to other programs like counseling, dental care or behavioral health.

Medicaid only applies to emergency dental services, so some could open or expand dental clinics.

It also allows clinics to bring in more uninsured patients who don't qualify for Medicaid.

"We need to make sure, right from the start, that people understand that even though it is so wonderful that we are going to be able to cover so many people with this new coverage, there still are people who will remain uninsured and will need the health care safety net," Debbie Oswald, executive director of the Virginia Healthcare Foundation, said in a phone interview.

Several clinic directors voiced a fear of losing financial support after Jan. 1 because donors will think free clinics won't be needed anymore.

At the Sinclair Health Clinic, Jennings hopes the revenue from Medicaid reimbursement will make up for what he loses in funding from the state, which gives free clinics money based on patient volume.

He said more private donations would help him hire more physicians to serve the estimated 2,000 additional uninsured Winchester residents who aren't currently coming to the clinic and aren't eligible for Medicaid.

The Virginia Healthcare Foundation reported that in 2016, there were about 718,000 uninsured residents who were younger than 64.

The state's 63 clinics served 53,932 of those residents in the same year. With the estimated 395,000 people eligible for Medicaid on Jan. 1, that still leaves nearly 270,000 Virginians without health insurance.

Oswald said she can't predict how many Virginians will be signing up for Medicaid come Jan. 1, but she knows it won't happen overnight.

"Nothing happens instantaneously," she said. "We are all going to be in a time of transition. Everyone involved in the world of providing health care to that patient population is having to stop and examine what they are doing."

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