



TESTIMONY
OF
Sheila M. Hess, Manager Social Mission Programs
FOR
INDEPENDENCE BLUE CROSS
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The Senate Republican Policy Committee

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Good morning Senators, I am Sheila Hess, manager of Social Mission Programs for Independence Blue Cross. For those of you who may not know, Independence Blue Cross serves individuals and businesses by providing health care coverage in Bucks, Chester, Delaware, Philadelphia and Montgomery counties.

IBC covers over **2.2** million individuals and employs over 4,700 people. While some people still think we are tax-exempt, we think it is important to reiterate that IBC pays significant federal, state and local taxes. For instance, in 2010 alone, IBC paid **\$168.7** million paid in federal, state and local nonpayroll taxes against a limited state tax exemption of \$9 million.

We pride ourselves as being a company deeply rooted in our community and our employees live in the same neighborhoods we serve.

Since our inception 73 years ago, we have been committed to enhancing the health and wellness of these communities. IBC makes a significant investment in programs and activities that help make health insurance available to residents of southeastern PA, facilitate medical access to the uninsured, and improve patient care. Our unique social mission makes us different from other health insurers with whom we compete.

Last year alone, IBC spent over **\$83.6** million in support of our social mission in southeastern Pennsylvania.

IBC provided subsidized insurance to over **107,184** individuals in southeastern Pennsylvania, including **34,000 in CHIP, 9,600 in Special Care and over 34,000 seniors enrolled in Security 65.**

Among the community investments that we are most proud of is our support of non-profit community health clinics in our region. These clinics serve the most vulnerable --- the uninsured and underinsured. Since 2004, IBC has provided a total commitment of almost **\$15 million** to support 36 area clinics.

Our community safety net clinics are on the front lines of health care—providing quality, cost-effective, and culturally competent care to those who face significant barriers to accessing medical care.

We recognize that providing much-needed grants to resource-strapped clinics will help these entities operate more efficiently, increase capacity, serve more individuals in need and, ultimately, expand access to primary and preventive care in underserved communities.

Community health clinics are critical safety nets for the disadvantaged and are vital to the health care system at large. These clinics add value to our community by providing:

- ***Access to health care services.***

Located in low-income, medically underserved areas, these providers deliver quality and cost-effective care to those who would otherwise face financial, cultural, linguistic, geographic, and other barriers to obtaining healthcare. These clinics are often the only source of medical care available to their patients, and without them, many would be forced to rely on local emergency rooms or simply go without care altogether.

- ***Primary and preventive health care.***

The health clinics we support provide a variety of different services, but the core of their practices is the delivery of primary and preventive medical care. All the clinics we support share a commitment to improving the overall health and wellness of their patients, ensuring that they remain healthy and able to work, and reducing their risk of developing more serious health issues that require hospitalization and costly specialty care.

- ***Services targeted to the needs of their communities.***

Many of the clinics we support have unique practice models, provide varying types of services, and serve diverse patient populations. They are sensitive to the needs and priorities of their communities and are able to respond quickly to community trends by developing new programs or adapting current services.

Improving access to quality care

In 2010, IBC provided grant support to 36 non-profit, privately funded health clinics that served more than 118,000 different individuals and provided nearly 400,000 clinic visits last year.

Approximately 38% of these clinic patients were uninsured, 52% were enrolled in Medicaid, and the remaining 10% were enrolled in CHIP, or other insurance.

IBC's investment has strengthened the capacity of the community safety net as evidenced by:

- The clinics served **5,000 more new patients** (a 4% increase) and provided nearly **45,000 additional visits** (a 12% increase) in 2010, compared to 2009.
- Nearly thirty clinics reported increases in new patients in 2010.
- Clinics offering social work services enrolled over 3,000 eligible patients in Medicaid or other government assistance programs in 2010.
- 29 clinics expanded or plan to expand, relocated to a larger site, or opened a satellite location in order to accommodate more patients.
- Between 2004 and 2010, 30 clinics added at least one new service (dental, behavioral health, pharmacy).
- Several clinics are participating in the Pennsylvania Governor's Commission to improve chronic condition outcomes for patients with diabetes.
- Four clinics implemented an IBC-supported electronic medical record system allowing for greater care coordination and increased monitoring of health outcomes associated with chronic conditions.

Improving health care quality and affordability in our region

By collaborating with clinics to improve health care access for the uninsured and underinsured, IBC not only helps fill a void that all communities are struggling to address, but also helps by:

- Reducing incidents of uncompensated care for providers in our network.
- Decreasing inappropriate and avoidable emergency room visits at local hospitals.
- Reducing costs of expensive specialty care stemming from lack of preventive treatment – in particular, costs linked to chronic diseases such as diabetes and heart disease.

Ultimately, IBC's investments in community health clinics has real, tangible benefits by keeping the uninsured healthier and out of local emergency rooms, and helps slow the escalation in overall health care costs in our region and ultimately enhances the value of our health care system.

The impacts are more impressive when considering the fact that there are many different operating models to provide care and remain sustainable. Many of the clinics we support have unique practice models, provide varying types of services, and serve diverse patient populations.

However, this allows them to be more sensitive to the needs and priorities of their communities and to respond quickly to community trends by developing new programs or adapting current services.

Of the different delivery models we support:

- Some are nurse managed health centers that operate in conjunction with physicians;
- Some are completely volunteer-based;
- Some have affiliations to hospitals or other public health organizations;
- Many have arrangements with specialists and hospitals to get needed services donated or at a reduced rate.
- Lastly some clinics are Federally Qualified Health Centers or capitated sites as providers with health insurers, predominately medical assistance plans, in an effort to secure sustainable funding.

Despite differences in practice models, the clinics we support are alike in that they perform incredible work with limited resources and share a genuine commitment to improving the health and well-being of the most vulnerable members of our community.

With the implementation of health care reform in 2014, the role of many of these clinics will change as enrollment in individual and medical assistance plans increases.

In addition to IBC's longstanding support for these community based clinics, we are most proud of our recently announced **IBC Foundation** and its goals for the future. Among its initiatives, the Foundation has pledged another \$2 million in 2011 to support community health clinics to expand access to quality, cost-effective care in medically underserved communities in southeastern Pennsylvania through its Blue Safety Net Grants.

The IBC Foundation will also focus on addressing the shortage of nurses and nursing educators – an issue that threatens the quality and affordability of health care. A recent study estimates the current statewide shortage of registered nurses as 4.9% and projects that the shortage could grow to 14.2% by 2017. This shortage is exacerbated by a shortage of qualified nursing faculty, which forces nursing schools to reject many qualified applicants.

The Foundation has also announced its intention to allocate \$1.5 million to 26 accredited nursing programs in southeastern Pennsylvania to support scholarships for nursing students with our *Nurses for Tomorrow grants*. IBC and the IBC Foundation have been an engaged and active partner with these nursing programs since inception in 2004, contributing almost \$11 million for more than 3,000 undergraduate and graduate scholarships to future practice nurses and nurse educators; and 15,000 nursing students have graduated from the IBC supported undergraduate nursing program.

This summer, IBC coordinated its seventh annual Nursing Internship Program which offers two non-traditional opportunities to undergraduate nursing students that allow them to work on the front lines of health care with IBC or at a community health center clinic. To date, IBC has provided **130 Nursing Internship opportunities** since its inception in 2005.

As a result of the *Nurses for Tomorrow* grants, we expect:

- **Up to 300 scholarships to be awarded to nursing students pursuing a doctorate or masters degree** that will qualify them for a career as a nurse educator or an advanced practice nurse specializing in primary care or geriatric care. This funding will help recipients to remain in their programs of study and graduate more quickly.
- **Up to 500 scholarships will be awarded to undergraduate nursing students** this academic year.

In the coming year, the Foundation has plans to deepen its commitment to nursing through the launch of a nursing fellowship program that will support the development of best practice models focused on three main areas:

- Nursing in **primary care**
- Nursing in **geriatric care**
- Nursing in **public health**

IBC's partnership with our safety net health clinics and the nursing community is critical today and tomorrow.

- **Today** it helps strengthen the health care safety net and the nursing workforce in our region.
- **Tomorrow** it will support the continued advancement of both community health clinics and the nursing profession as they expand their pivotal roles in helping the health care system serve more than 30 million newly insured individuals.

Independence Blue Cross is proud of its commitment to enhance the health and wellness of the people and communities we serve. We are proud to be associated with the many dedicated and talented individuals in public health and nursing. IBC is committed to investing in the future of our health care system by supporting initiatives like the ones outlined above that will make a meaningful, lasting and measurable impact not only on individuals, but on the practice and delivery of health care.

Thank you for the opportunity to provide these remarks and I'll be happy to entertain any questions you might have.