

Statement of SouthEast Lancaster Health Services

to the Majority Policy Committee

Presented by
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(SELHS)

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My name is James P. Kelly. I am the Chief Executive Officer of SouthEast Lancaster Health Services  and also the Chairman of the Board of Directors of the Pennsylvania Association of Community Health Centers. It is an honor and a privilege to speak with you today about the uninsured and Community Health Centers .

Being uninsured is no longer a stigma; it is becoming a reality to more and more individuals in our respective communities and throughout the state. The number of uninsured is not just increasing because of individuals losing their jobs and their health insurance benefits and not being able to afford the cost of COBRA, it is also increasing because coverage such as adultBasic is no longer available. In addition, more individuals that are employed and have access to health insurance coverage are electing to opt out of health insurance coverage because they cannot afford the increasing share of the cost that employers are asking their employees to pay.

Once you are uninsured, your options to access primary medical and dental care are limited:

- Do not seek treatment, which may lead to more significant health complications
- Seek treatment at your local hospital emergency room, which is not the appropriate place to obtain primary care
- Seek treatment at your primary care provider if they will continue to provide your care
- Seek treatment at a local Federally Qualified Health Center

Due to our designation as a Federally Qualified Health Center and the numerous requirements that such designation brings, we are synonymous with access to care. We see all patients regardless of their ability to pay and eliminate the typical barriers to receiving such care.

SouthEast Lancaster Health Services was formed in 1980 with one small site in the southeast part of the city of Lancaster. Today, SouthEast Lancaster Health Services operates three sites serving all sections of the city of Lancaster and the surrounding areas in Lancaster County.

In 1996, SELHS relocated to 625 South Duke Street with 14 medical exam rooms and 6 dental chairs. In 2006 SELHS added a satellite site at Bright Side with 6 medical exam rooms. In 2010, SELHS added a satellite site at Arch Street with 24 medical exam rooms. In October 2011, SELHS added 7 dental chairs at our South Duke Street site. Today we operate 44 medical exam rooms and 13 dental chairs to meet the increasing demand for primary medical and dental care in our community.

Here is a summary of the increasing demand for our services:

- In 2003, SELHS recorded 29,500 annual patient visits.
- In 2011, SELHS is projecting 82,000 annual patient visits.
- In 2012, SELHS is projecting over 105,000 annual patient visits.

In the most recent census reports pertaining to the uninsured for 2009, there are a reported 56,039 uninsured individuals under the age of 64 in Lancaster County.

As a Federally Qualified Health Center, SELHS receives funding from the Health Resources and Services Administration (HRSA) that is designed to offset the cost of care we render to the uninsured. This funding source has not kept pace with the increases that we have experienced in the number of uninsured individuals receiving primary medical and dental care at SELHS.

Typically over 76% of our annual revenue comes from third party payors and our patients; while the remainder comes from the grant from HRSA, other grants and other revenue sources. Our third party and patient revenue breakdown is as follows:

- Medical Assistance- 55%
- Medicare- 12%
- Commercial- 12%
- Uninsured- 21%

The HRSA grant represents approximately 14.5% of our total revenue.

We rely on the revenue that we receive from the various third party payors as well as the grant that we receive from HRSA. In addition we must actively pursue other grant opportunities and other revenue streams in an effort to provide the needed resources to meet the increasing demand and cost of care that we provide to our community.

We do not anticipate any additional expansion in the near future. This is due in part to the anticipated limitation on future funding for expansion from HRSA, as well as the fact that there is limited to no funding provided by the State of Pennsylvania for such expansion opportunities. We believe that the demand for our services will continue to increase for the foreseeable future. Our goal is to increase staffing at each of our sites so that we can fully utilize the capacity that we can now provide to our community. We will explore the possibility of opening for more than one evening per week for the convenience of our patients. As indicated above we believe that we will be above 105,000 annual patient visits in the next year.

In Lancaster County, we are fortunate to have Project Access of Lancaster County (PALCO). This is an organization that was formed primarily to support the provision of specialty medical care to the uninsured in the community. This program supports only those individuals that live in Lancaster County. Each participating provider agrees to accept a specific number of uninsured cases throughout the year. All uninsured individuals must complete an application for acceptance into PALCO. If they require either primary or specialty medical care they would contact PALCO and a PALCO representative would determine which provider the individual would see for their care. This has eliminated the time involved of the staff of a primary care provider in attempting to find a specialty care provider that would accept the referral for an uninsured patient. Since PALCO's inception in 2007, there has been in excess of \$15.2 million in donated services provided for individuals in Lancaster County.

We believe that an important, if not vital, strategy for our future sustainability is to collaborate/partner with other social service organizations in our community. With the already limited resources available for community organizations like SELHS, it will be imperative for us to work with other organizations to reduce the cost of healthcare delivery and to eliminate the perceived duplication of costs in the system. To date, SELHS has entered into over twenty collaborative/partnerships with other social service organizations in our community.

There will continue to be pressure from all sources to reduce/eliminate the operational costs in the healthcare system. This will impact not only the service organizations like SELHS but it will also impact all of the third party payors as well. Recently the Department of Public Welfare implemented coverage changes in the Medical Assistance Program. These changes will result in selected dental procedures being a non-covered service for Medical Assistance beneficiaries. Typically when a service is known to be non-covered, health care providers are permitted to bill the patient for the service as long as we have informed the patient upfront that they will be responsible for the cost of the procedure. Under these new changes we have been informed that we will be required to bill the Medical Assistance Program for such non-covered services and receive a service denial before we are permitted to bill the patient. This creates an unnecessary cost for providers and removes our ability to obtain payment from the patient at the time of service thus increasing our cost of billing and follow-up for such services and increasing the possibility that we will not be compensated for the services provided. This is the type of cost that must be removed from the healthcare delivery system.

I thank you for your attention today and applaud your efforts to explore an improved healthcare delivery system for residents of the great state of Pennsylvania.