

**WILLIAMSON COUNTY & CITIES HEALTH DISTRICT  
MEMORANDUM**

Date: August 12, 2009

To: Judge Gattis and Williamson County Commissioners

From: Bride Roberts

Subject: Recommendation to Williamson County Commissioners Court regarding payments to WilCo Care primary care providers

.....

At the request of one of our county commissioners, we undertook to look at the impact of the WilCo Care rate of payment to private physicians versus the rate of payment to FQHC clinics.

**Background:** Beginning in 2000, Williamson County has been allowed, under changes to Chapter 61 Health and Safety Code, to provide certain services beyond basic mandated services to persons eligible for the WilCo Care. With our recommendation, Williamson County has allowed such services as: payments to nurse practitioners and physician assistants, diabetes testing supplies, ostomy supplies, eyeglasses, and a preferred rate of payment for services from Federally Qualified Health Centers (FQHC).

Annually, in August, we present recommended elective options to the court, along with a recommendation to continue providing services to persons whose income is no higher than 25% of the federal poverty level, or FPL (statewide minimum is 21% FPL). State guidelines require that the county act on these measures and report to the state office prior to the start of the state fiscal year.

We have supported the preferred rate of payment, or encounter rate, for eight years, in order to support development of FQHC services in our county. Our local FQHC system, Lone Star Circle of Care (LSCC), has succeeded admirably, boasting of a \$25,000,000 budget this year—and expecting to double the size of the operation next year.

The critical issue facing our program now is a shortage of primary care providers other than LSCC. Due to a broad cutback in acceptance of low-pay government assistance programs, Austin Regional Clinic will terminate their contract with WilCo Care in September. The termination of this contract will affect approximately 114 WilCo Care patients, who must now be assigned to other providers. We hear from several community partners that local doctors are closing their practices, because payments for services do not suffice to cover operating costs. The cost for primary care services for WilCo Care patients is usually paid at \$34-63 per office visit, dependent on coding of services. Local providers have provided estimates for the actual cost of a primary health care office visit ranging from \$67 to \$76.

The current encounter rate for FQHC primary care services has risen this year to \$160.84 per visit (a wrap rate, for all services provided in the course of that visit).

**Proposal:** We would like to propose to the County Judge and Commissioners a change in medical payment rates to **all primary care providers** who serve the WilCo Care program, including LSCC. Instead of paying the payment rate of \$160.84 per visit to LSCC clinics and the \$34-45 payment rate to local contracted doctors, we propose that

the Court agree to pay a fixed rate of \$80 per visit to all contracted Wilco care providers for primary care services provided to Wilco Care patients.

A single level of reimbursement for all primary care providers would sustain additional providers throughout the county. LSCC would still receive an adequate reimbursement rate for clinic visits. Additional services, such as lab work, would be reimbursable under separate payment codes.

Would this create additional costs to the county? We believe that it would have only a very slight impact on budget.

In the last fiscal year, payments to LSCC, an assigned provider for 61% of all WilCo Care members, totaled \$214,787. Payments to LSCC in the first 10 months of this fiscal year have already reached \$314,211, and will exceed \$400,000 this fiscal year.

If that amount were cut in half, with the proposed new payment rate, half that amount would be available to double the payment rate to other providers in the system. We believe that expenditures for of physician payments for primary care would not be increased by such a change. In other words, we are not proposing an overall increase, but a more equitable redistribution of payments to primary care physicians. We believe that this change would assist in recruiting and retaining a broader, more widely located group of providers.

Paying the Medicaid encounter rate to LSCC may have created an unintended adverse affect upon private practitioners in our community. It was never our intent to subsidize a non-profit organization to the detriment of the private sector. We wish to rectify this inequity, and reach out to support all willing providers of primary care. Our responsibility is to offer the best care that we can to our client base, including offering a diverse base of medical providers.