

## Mascoma Community Health Center's Future

Mascoma Community Health Center (MCHC) currently has more than 3,500 active patients and has had 23,431 patient visits during the 34 months that Mascoma Health Center has been open. We add about 80 new patients every month. Many of our patients are low income and have no insurance or are underinsured. Many receive care at a reduced fee using our sliding fee scale system that is based on income.

We employ two doctors, a nurse practitioner and a physician assistant in the medical clinic and a dentist, dental hygienist and two dental assistants in the dental clinic along with other staff that support these providers. MCHC currently employs 19 full-time/ part-time staff with 85% of them resident to our 5 communities (Canaan, Enfield, Grafton, Orange, Dorchester).

Today, our operating budget is in excess of \$1.5 million dollars a year. Part of this cost is funded by fees paid by patients and insurance companies and part is paid by grants. Fees account for nearly \$1 million dollars. Grants add about \$75,000 in revenue. The remaining \$425,000 has come from donations.

Starting a year ago the MCHC Board of Directors, in conjunction with all our providers, took several steps to close the cash gap that was more than \$800,000 a year at the beginning of January 2019. We needed to succeed in doing this so that we would no longer need to rely on contributions for such a large part of our budget.

The first step was to look at the overall practice and make changes in how we deliver service. We expanded available appointment slots in our dental practice to capture increased demand. To increase utilization of our medical team we developed and promoted a new employee health plan that provided a way for small employers to pre-buy healthcare for their employees at a significant discount. These were all very helpful. To that end, we added staff and new patients. During the past 12 months, our patient panel grew from 2,300 patients to 3,500 patients. Visits doubled. Revenue increased. All these actions resulted in a reduction of the cash deficit by more than 50%.

The second step was to seek to become a Federally Qualified Community Health Center (FQHC). This is a designation for Community Health Centers, by the federal Health Resources and Services Administration (HRSA), that results in a number of financial benefits. As a FQHC, the Center would receive about double the usual reimbursement for Medicare and Medicaid services, would be provided an annual stipend grant that underwrites the cost of donated care, and would establish a low cost prescription program that generates revenue for the Center. Malpractice insurance would be provided by the federal government and employees would receive forgiveness of educational loans. Overall, the designation could add more than \$900,000 in funding to MCHC.

In order to receive this designation, we would normally have to go through a three-year process to become a FQHC, and during that time we would need to continue to raise money from donations.

There was another alternative; we could seek a partnership with an existing FQHC as a "New Access Point" for that FQHC. We initiated discussions with neighboring Community Health Center FQHCs in the fall of 2018. Discussions were held with Mid-State Community Health Center located in Bristol and Plymouth and the eight Community Health Centers operated by Springfield Community Health Systems in Vermont. We also met with HealthFirst Family Care Center, Inc. that operates health centers in Laconia and Franklin, New Hampshire.

As a result of these discussions, we entered into Memorandums of Understanding with HealthFirst and Springfield Community Health Systems to submit an application to HRSA to become a “New Access Point” FQHC. Shortly thereafter, Springfield Community Health Systems experienced financial challenges and we mutually agreed to end our discussions. We continued to explore affiliation with HealthFirst. Together we applied to HRSA in April 2019 and, while we scored high at 94 points, we were not in the first round of approvals. Our scoring was not an indication of weakness but rather of greater need in other areas of the country. Of more than 500 applicants that applied, only two applicants were selected from the northeastern United States and none from New England. We believe that we would be approved by 2021 but we would still need to raise significant donations for at least two more years.

In December 2019 there were further discussions with HealthFirst and a thorough review of each respective party’s finances and services. HealthFirst believed that it was still possible to complete an affiliation by receiving a “Change of Scope” approval from HRSA to expand HealthFirst services to MCHC. It appears that we may be able to complete this process by July 2020. HealthFirst has indicated this “Change of Scope” will result in maintaining all services currently provided to MCHC patients as well as adding behavioral health services, Medicare and Medicaid funded medically assisted drug treatment programs, and nutritional health programs. Overall, new revenue from this affiliation would total about \$500,000.

In addition, the MCH Board of Directors is planning on increasing dental service from 4 days to 5 days and has decided to adopt the popular ‘urgent care’ model and accept walk-in and same day appointments to build the medical practice. Both will generate additional revenues.

It is believed that the “Change of Scope” affiliation with HealthFirst and increased service revenues would make Mascoma Health Center cash sustainable and reduce the reliance on donations by more than \$270,000.

#### CONSIDERATIONS FOR AFFILIATION:

- The Mascoma mission is to provide a local, community controlled health center that offers medical care, dental care and behavioral health services. This would not change.
- Is it difficult for MCHC to sustain raising large amounts of donations for another two years. A strong affiliation would reduce the dependence on fundraising for operational expense.
- MCHC does not currently offer behavioral health services and an affiliation would add behavioral health, substance abuse treatment, nutritional services and a low cost pharmacy.
- In an affiliation, MCHC providers and staff would remain the same.
- Our providers are already interacting with HealthFirst employees to learn and grow.
- The Mascoma Community Healthcare, Inc., Board would continue to support the Health Center, reach out to community members to grow the practice, and serve as an advocate for patients.
- Mascoma patients would have proportionate representation on the HealthFirst Board of Directors because FQHC statutes require it. This guarantees local input to all decisions affecting the Health Center.
- The Health Center and equipment would continue to be owned by Mascoma Community Healthcare, Inc., and leased to HealthFirst, thus guaranteeing the long-term commitment to the Mascoma Valley.
- We would have strength from sharing of staff and knowledge with two other partner health centers.
- Day-to-day management would be performed by HealthFirst and would be accountable to the expanded HealthFirst Board.

- Mascoma Healthcare volunteers would still provide guidance in growing the combined HealthFirst/Mascoma family.
- We believe that this is the best option for Mascoma to go forward financially and provides even more service to our residents in the future.

We would appreciate your input. Please share your thoughts with us so that we can make the best decision for our communities. Send comments by March 25th to:  
**Director@Mascomahealth.org**

Thank you

Mascoma Community Healthcare Board of Directors

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### Community Comments / Questions

MCH solicited community comments about the proposed affiliation by having an open community forum at the Health Center on March 16, 2020 from 6:00-7:00pm. An invitation to this forum was promoted through the list-servs of the five surrounding towns. In addition, the document “Mascoma Community Health Center’s Future” was sent to over 1,600 households with a request for residents to submit any questions / comments to [director@mascomahealth.org](mailto:director@mascomahealth.org) ; all questions were responded to. The recap of these questions/comments is as follows:

Presented at the open meeting:

- 1. Q. What are the implications of becoming an FQHC, which seems to create greater involvement with the Federal Government with possible loss of local decision making.**
  - *While the Federal Government has regulations for FQHCs to follow, neither HealthFirst nor MCH will be a part of the Federal Government. MCH employees will not become Federal employees. MCH will remain the same community controlled healthcare center it has always been. Board members will continue to be volunteers (not employees) from our Mascoma community and, by Federal regulation, at least 51% of board members will be patients of the center.*
  - *In addition to having a local board, MCH will have members on the HealthFirst Board, the number determined in proportion to the number of patients served by both HealthFirst and MCH.*
  - *MCH will need to report finances and operations to the Federal government, but this reporting will not reduce the services we offer. In fact, FQHC status and the affiliation with HealthFirst will allow us to expand our services to offer behavioral health services, something we have long wanted to do. The affiliation may also help with a path to establish a pharmacy.*

**2. Q. Does the Town of Canaan support Mascoma Community Health Center?**

*Yes. The voters voted this year to appropriate \$10,000 to support MascomaCommunity Health Center.*

**3. Q. Are Board members paid by HealthFirst? Is HealthFirst a for-profit?**

*No and No. It is a non-profit with the same goals and objectives as Mascoma.*

**4. Q. What is HealthFirst's financial situation?**

*HealthFirst has been operating for 25 years, operates in the black and has cash reserves of over a million dollars. They are prepared to offer financial support to MCH as the financial benefits of being an FQHC take effect.*

*The HealthFirst plan generates almost \$500,000 in new revenue a year for Mascoma.*

**5. Q. Does MCH have the support of Cardigan Mountain School and also Halo (the behavioral health practice just down the street from the center)?**

*Cardigan is a true partner with MCH having a contract with us to provide medical care to its students. Also Cardigan made a generous gift toward the Dorothy Byrne challenge early this year.*

*We have no financial support from Halo, but have an otherwise supportive relationship.*

**6. Q. Does the health insurance reimbursement process work well for MCH? What percentage of our patients have health insurance?**

*After some initial insurance reimbursement difficulties, our processes are working well with most claims paid within 90 days. Approximately 65% of our patients have some type of health insurance (Medicare/Medicaid included)*

**7. Are there any other healthcare centers that MCH looked at for an affiliation?**

*There were other possibilities, but HealthFirst is clearly the best fit. They have been supportive and involved with us from our first days of planning. Their practice model and mission in their communities (Franklin and Laconia) is the same as ours. HealthFirst is clearly committed to our success. Other health care systems we had discussions with included Mid-State Health Center and Springfield Community Health Systems.*

**The following comments and questions were submitted by email.**

**C.Townsend, Canaan, NH**

**Q. Does that mean that HealthFirst will be responsible for hiring, billing, budgeting, future expansion or reduction in services?**

*A. HealthFirst will assume responsibility for hiring, billing, budgeting and the daily operations of the Health Center. Under our Agreement, the Mascoma Community Healthcare, Inc., Board will have input into decisions for expansion or reduction of services.*

**Q. Will we no longer need a Director as a MCHC position? What local administrative responsibilities would remain?**

*A. HealthFirst's CEO, CFO and Practice Manager would assume management responsibilities for MCHC. As part of HealthFirst's current management structure, each practice site has a local 'clinic director' who directs day-to-day activities.*

**Q. Will we continue to have a local Medical Director?**

*The HealthFirst Medical Director would become MCHC's Medical Director; however, it is anticipated that Dr. Gardner would continue to function as Cardigan Mountain School's Medical Director.*

**Q. What changes will there be to administrative systems, and how would retraining be provided?**

*A. HealthFirst has a different EHR (electronic health record) and accounting software. All patient records would be migrated over to their system within the first 90-days. Members of HealthFirst's IT staff will train our employees on the new system.*

**Q. Will there be a change of MCHC's name, logo or signage? Will a visitor notice any changes?**

*A. As per our Agreement, there wouldn't be any name / logo change; therefore to any visitor we would still be Mascoma Community Health Center. We add the phrase "An affiliate of HealthFirst Family Care Center, Inc." to our signage as required.*

**S. Ward, Canaan, NH**

**Q. Would the approval of a "Change of Scope" by HRSA result in the merger of MCHC with HealthFirst? If so, would HealthFirst's current cash flow surplus and cash reserves be available to fund any MCHC cash shortfall going forward?**

*A. If HRSA approves the HealthFirst "Change of Scope" application, we would become an 'affiliate' of HealthFirst. Mascoma Community Healthcare, Inc., as a non-profit corporate entity would continue to exist and it's mission of providing health care services to the surrounding communities would remain the same. Through our proposed Agreement, HealthFirst would assume operational responsibility of providing and expanding health services at the Canaan site. MCH will lease HealthFirst the building and equipment. Some members of the MCH Board will also sit on the HealthFirst Board of Directors thereby ensuring MCHC remains a community focused health center.*

*HealthFirst has a very strong balance sheet with significant cash reserves. Having a financially strong and stable organization to affiliate with has been the number 1 criteria we have used in evaluating potential affiliations. We are very confident that HealthFirst has the capacity to fund any shortfalls.*

**P. Richardson Enfield, NH 3/20/20**

I vote YES to Franklin so you can get more Medicare and Medicaid patients as there are so many people out there who need health services

**M. Paine Canaan, NH 3/20/20**

I support the proposal for affiliation with Health First and wish you all the best.

**C. Lemoi Canaan NH 3/20/20**

**Q. First, I sincerely thank the Board and the center's staff for your dedication and hard work.**

*A. You are welcome and we appreciate the thanks.*

**Q. It is disappointing to hear that our Health Center has not reached “breakeven” after all this time. It seems to me that the community was led to believe the center was nearly there a full year ago.**

*A. Most start-ups take five years to reach breakeven. Our statement in 2019 about "breakeven" was anticipatory and was based on "earned income". In May 2019, we started to focus only at actual cash received. About a third of our accounts receivable is in self-pay billing. These patients pay small amounts over a long time. We hoped to balance this by earning more cash from dental work (a two chair practice) and increasing medical productivity. Ultimately, we anticipated successful certification as a Federally Qualified Health Center that would add about \$700,000 in new revenue. That did not happen in the first year of awards (2019) but may happen in 2020. The other strategies we employed closed part of the cash flow gap. This March, we experienced a new reduction in revenue due to Covid 19. This reduction is about \$21,000 a month and will not be recovered until the crisis is over. Our staff are working with us to offset part of this loss and we are aggressively soliciting donations to help bridge the gap.*

**Q. I have a question about the numbers cited in the emailed report. If the current budget relies on \$425,000 in donations, and if the proposed affiliation with HealthFirst to become an FQHC would increase revenue by about \$500,000, then why does the report state that the affiliation would reduce the reliance on donations by “over \$270,000”? The anticipated additional revenue would seem to completely cover the need for donations to support operations. Donations going forward could (and should) be applied to new programs and equipment, not to support operations.**

*A. If our expenses were static after the affiliation, you would be correct. That isn't the case. All Federally Qualified Health Centers are required to provide paid management, behavioral health, education and nutritional counseling. They would be added immediately at new cost. We are also looking to add a pharmacy and an addiction treatment program immediately as well. So the simple math is we need \$425,000 a year in additional revenue just to maintain status quo. We would add \$200,000 in new services as a FQHC, so the need goes to \$625,000, and we get \$500,000 in new revenue due solely to the FQHC status. That leaves \$125,000 to be raised from foundations and grants that we now receive annually. We hope to also add revenue as we continue to build our patient base by 80 patients a month. In March 2019 we had 2,502 patients, today we have 3,641 patients and we continue to grow at a steady rate. The goal is to be self sufficient, and an affiliation with HealthFirst will give us breathing space to achieve this goal.*

**If it is apparent that the Mascoma Health Center will not be able to reach financial sustainability on its own in the near future, then I would reluctantly agree with the proposed partnership with HealthFirst, recognizing we will lose some degree of local control. The unthinkable alternative would be to close the Mascoma Health Center, which is desperately needed in this under-served region.**

*A. Agreed. The good news is that HealthFirst is a strong partner that legally must, and more importantly, wants to share control through a patient Board of Directors drawn from all three communities.*

**Community attending and responding concluded: MCHC is an essential part of the community and affiliation with HealthFirst seems to be the right way to move forward.**

Respectfully Submitted:

Scott A. Berry

Executive Director

March 31, 2020