

## Community Health Centers: The Return on Investment

The nation's Community, Migrant, Homeless, and Public Housing Health Centers make up the largest network of primary care providers in the country. Today, health centers operate more than 7,900 locations and serve more than 20 million patients, the majority of whom have low incomes, are uninsured or publicly insured, and are members of racial/ethnic minority groups. **By 2015, health center capacity will double to 40 million patients**, given federal funding authorized in the Affordable Care Act of 2010 and the continuation of other revenue sources, particularly adequate Medicaid reimbursement. **Health centers' record for achieving significant returns on investment – in terms of savings, economic benefits, and health improvement – makes them a provider of choice today and tomorrow.** The availability of health centers lead to improved health outcomes for their patients and will save the health care system \$122 billion between 2010 and 2015.<sup>1</sup>

### *The Health Center Payoff*

**Improved Access at Low Cost.** Health centers provide preventive services to vulnerable populations that would otherwise not have access to certain services, such as immunizations, health education, mammograms, pap smears, and other screenings. Health center uninsured and Medicaid patients are much more likely to have a usual source of care than their national counterparts.<sup>2</sup> Health centers provide high-quality care at \$1.64 per patient per day.

**System-wide Savings.** Health center expansion **lowers utilization of emergency room visits** where health centers are present.<sup>3</sup> The expansion of health centers under the Affordable Care Act will **save up to \$122 billion in total health care costs between 2010 and 2015.** \$55 billion of that is savings for the Medicaid program, including \$32 billion saved for the federal government with states benefiting from the rest.<sup>1</sup>

#### Estimated Total Medical Savings Per Person<sup>1</sup>

|      |         |
|------|---------|
| 2009 | \$1,262 |
| 2015 | \$1,520 |
| 2019 | \$1,756 |

**Economic Impact.** On top of generating significant savings to payers, health centers generated \$20 billion in economic activity for low income communities last year by providing employment opportunities and indirectly purchasing goods from other local businesses. This number will reach \$53.9 billion by 2015.

**Improving Outcomes and Narrowing Disparities.** Health centers meet or exceed nationally accepted practice standards for treatment of chronic conditions. In fact, the Institute of Medicine and the Government Accountability Office have recognized health centers as models for screening, diagnosing, and managing chronic conditions such as diabetes, cardiovascular disease, asthma, depression, cancer, and HIV.<sup>4</sup> Health centers' efforts have led to *improved health outcomes* for their patients, as well as *lowered the cost of treating patients with chronic illness.*<sup>5</sup>

In addition, low-income women seeking care at health centers experience *lower rates of low birth weight* compared to all such mothers. This trend holds for each racial/ethnic group.<sup>6</sup> Beyond birth outcomes, as more of a state's low income population is served by health centers, racial and ethnic health disparities in key areas are reduced across the state.<sup>5</sup>

<sup>1</sup> Ku et al. Using Primary Care to Bend the Curve: The Effect of National Health Reform on Health Center Expansions. Geiger Gibson/RCHN Community Health Foundation. June 30 2010. Policy Research Brief No. 19

<sup>2</sup> Shi, L and Stevens, GD. "The Role of Community Health Centers in Delivering Primary Care to the Underserved." April-June 2007 *Journal of Ambulatory Care Management* 30(2):159-170.

<sup>3</sup> Rust George, et al. (2009) "Presence of a Community Health Center and Uninsured Emergency Department Visit Rates in Rural Counties." *Journal of Rural Health* 25(1):8-16. Cunningham P. (2006) "What Accounts for Differences in the Use of Hospital Emergency Departments Across U.S. Communities?" *Health Affairs* 25: W324-W336.

<sup>4</sup> Institute of Medicine. (2003) *Unequal Treatment: Confronting Racial and Ethnic Disparities in Healthcare*. National Academy of Sciences Press, U.S. General Accounting Office. (2003) *Health Care: Approaches to Address Racial and Ethnic Disparities*. Publication NO GAO-03-862R.

<sup>5</sup> Chin M. (2010) "Quality Improvement Implementation and Disparities: The Case of the Health Disparities Collaboratives." *Medical Care*, 48(8):668-75

<sup>6</sup> Shi, L et al. (2004). "America's Health Centers: Reducing Racial and Ethnic Disparities in Prenatal and Birth Outcomes" *Health Services Research*, 39(6), Part I, 1881-1901.

## ***Building Capacity for Impending Insurance Expansions Must Start Now***

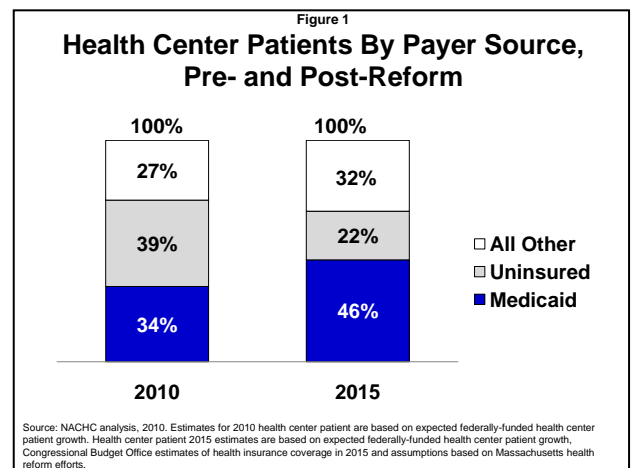
When Congress passed health reform through the Affordable Care Act, they recognized the need for enhanced access to primary care. In particular, 32 million currently uninsured individuals will gain coverage through Medicaid and private insurance expansions starting in 2014. Yet today's 50 million uninsured,<sup>7</sup> as well as millions of currently underinsured, need access to primary care *today*.

Health centers are a key source of care for these medically disenfranchised people. Expansion of primary care resources cannot wait until 2014, but must start as quickly and expeditiously as possible. Without a strong primary care foundation, many of the uninsured and underinsured will continue to seek care in costly emergency rooms. Expanding health center capacity now means that millions of newly insured individuals, as well as those who remain uninsured, have a place to seek care tomorrow. **Today, health centers treat nearly 1 out of 3 people living in poverty. By 2015, the rate will swell to 2 out of 3 people living in poverty.**<sup>8</sup> These individuals will rely on health centers even more heavily for their primary care needs with few places to seek care.

As witnessed in Massachusetts after implementing the Commonwealth's own health reform, health centers require transitional and ongoing support to respond to the increase in demand for services and to continue caring for those who remain uninsured. Massachusetts health centers saw tremendous growth in the number of patients they serve, insured and uninsured. Many of these patients could not find care elsewhere given the swell of people seeking care at primary care providers across the state, and many were adults with complex and unmanaged chronic conditions, including mental health issues. A number of health centers struggled to respond to increased demand without the resources they needed.<sup>9</sup>

### ***Adequate Compensation Is Critical for Maintaining and Expanding Capacity***

As many current and future health center patients become eligible for Medicaid, adequate Medicaid payments become even more essential to centers' sustainability. Presently, Medicaid represents more than one-third of health centers' payer source nationally. **By 2015, nearly half of health center patients will have Medicaid.** Medicaid reimburses centers on a per visit basis based on cost, thus allowing their federal and other grant revenues to be dedicated to care for the uninsured rather than subsidizing care for Medicaid patients. Since this reimbursement requirement went into effect, health centers were able to apply their freed-up grant funds to nearly double the number of uninsured patients they serve. Today, Medicaid reimburses health centers at 81% of their costs for serving 7 million Medicaid patients.<sup>10</sup>



When health centers are adequately reimbursed for providing Medicaid services, federal grant funds are not forced to subsidize these Medicaid services. **Health center's Medicaid payment is intended to cover their comprehensive services**, including dental, mental health, and pharmacy, as well as their programmatic requirements to provide programs that facilitate access to care and motivate healthy behaviors, such as care management, insurance enrollment assistance, transportation, translation, and health education. These services keep patients out of the emergency room and help prevent hospitalizations. Health center staff will help patients sign up for new coverage options, navigate insurance rules and ensure newly covered and enrolled people get established with a primary care provider in a patient-centered medical home. Massachusetts health centers found that this role added new administrative costs to their already tight financial margins.<sup>9</sup>