

## Health Centers and Medicaid

Both Medicaid and Community Health Centers improve access to care for the nation's most medically underserved. Medicaid is the largest source of health insurance for low-income and disabled people, while Community Health Centers ensure that over **20 million underserved patients**<sup>1</sup> have a place for primary and preventive care. Also known as Federally-Qualified Health Centers (FQHCs), health centers care for 1 out of every 7 Medicaid beneficiaries nationally.<sup>1</sup> Health centers offer comprehensive primary and preventive health care services that propel system-wide cost savings and improve patient health.<sup>2</sup>

### Health Center Participation in Medicaid

Health centers are a provider of choice for Medicaid beneficiaries. They are significantly more likely than other providers to accept new Medicaid patients (Figure 1). While Medicaid patients account for 16% of the general population, they comprise 37% of health center patients.<sup>3</sup> The number of Medicaid health center patients continues to increase, growing more than twice as fast as the number of Medicaid beneficiaries nationally between 2000 and 2009 (116% vs. 49%).<sup>4</sup>

### Delivering Savings

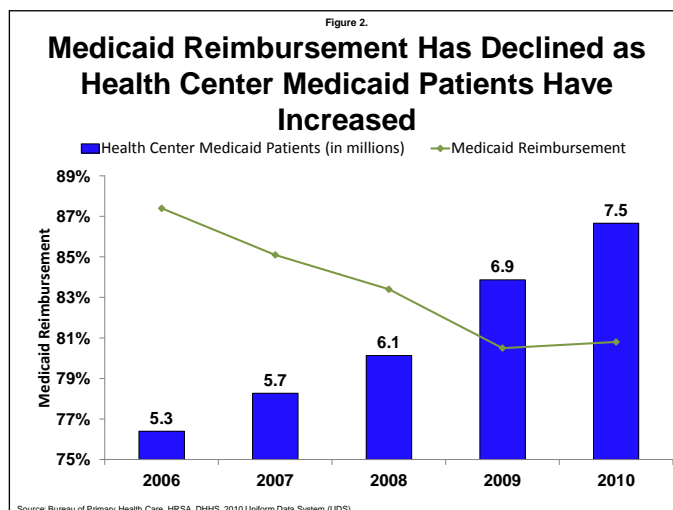
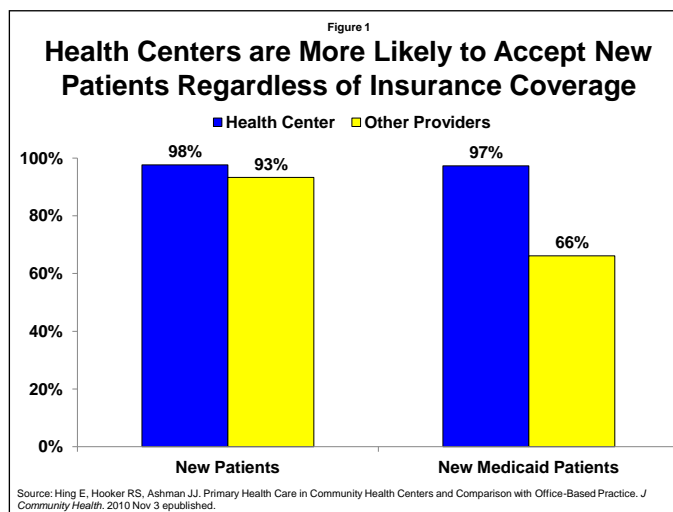
**While health centers provide care to 14% of all Medicaid beneficiaries, their Medicaid payments make up only 1% of all Medicaid spending nationally (Table 1).**

Research shows that health centers produce Medicaid savings through their efficient provision of preventive and primary care services, which reduces unnecessary, avoidable, and wasteful use of health resources.<sup>2</sup> This includes fewer hospital admissions and emergency department (ED) visits. As a result, health centers **save the federal-state Medicaid program \$6 billion annually**.<sup>5</sup> These results are seen across the states. For example:

- **Texas** health center patients cost on average \$384 less than Medicaid patients in other office-based provider settings.<sup>6</sup>
- **Michigan** health centers save the state \$44.87 per member per month in Medicaid spending.<sup>7</sup>
- In one study of four states, Medicaid beneficiaries who rely on health centers for usual care are **19% less likely to use the ED and 11% less likely to be hospitalized for preventable conditions** compared to those relying on other providers.<sup>8</sup>

### The Importance of Adequate Medicaid Payment

As the largest insurer of health center patients, adequate Medicaid payments are essential to a center's solvency. Medicaid represents 39% of total revenue: it is health centers' largest source of financing and is directly proportional to the percent of patients with Medicaid. Over the years, Medicaid reimbursement has decreased at a time when health centers are serving more Medicaid patients. **Medicaid reimburses health centers on a bundled per visit basis; payments cover their comprehensive services**, including dental, mental health, and pharmacy, as well as programs that facilitate access to care and motivate healthy behaviors, such as care management, insurance enrollment assistance, and health education. This payment structure also ensures that health center grant revenues can be dedicated to care for the uninsured rather than subsidizing care for Medicaid patients. Given the fundamental interrelationship between health centers and Medicaid, changes in one profoundly impact the other.



**Table 1. Medicaid Population and Expenditures  
Accounted for by Community Health Centers By State, 2009**

State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenue as % of Total State Medicaid Expenditures	State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenue as % of Total State Medicaid Expenditures
Alabama	12%	0.9%	Montana	15%	0.9%
Alaska	21%	1.7%	Nebraska	7%	0.4%
Arizona	14%	1.4%	Nevada	7%	0.5%
Arkansas	7%	0.5%	New Hampshire	11%	0.8%
California	16%	1.7%	New Jersey	22%	0.9%
Colorado	32%	3.4%	New Mexico	17%	1.3%
Connecticut	29%	1.7%	New York	13%	1.0%
Delaware	7%	0.5%	North Carolina	6%	0.3%
District of Columbia	26%	1.3%	North Dakota	11%	0.5%
Florida	12%	1.0%	Ohio	10%	0.6%
Georgia	6%	0.4%	Oklahoma	6%	0.5%
Hawaii	26%	3.6%	Oregon	21%	2.6%
Idaho	12%	1.1%	Pennsylvania	12%	0.7%
Illinois	24%	2.0%	Rhode Island	30%	1.5%
Indiana	12%	0.9%	South Carolina	13%	0.9%
Iowa	13%	1.0%	South Dakota	15%	1.1%
Kansas	12%	0.5%	Tennessee	10%	0.6%
Kentucky	11%	1.1%	Texas	7%	0.6%
Louisiana	8%	0.5%	Utah	8%	0.7%
Maine	19%	1.1%	Vermont	23%	2.0%
Maryland	15%	1.2%	Virginia	7%	0.4%
Massachusetts	21%	1.3%	Washington	31%	4.2%
Michigan	12%	1.2%	West Virginia	28%	1.9%
Minnesota	8%	0.6%	Wisconsin	15%	1.9%
Mississippi	15%	0.8%	Wyoming	5%	0.9%
Missouri	19%	1.3%	United States	14%	1.0%

Note: Based on NACHC Analysis of 2009 Uniform Data System and Monthly Medicaid Enrollment December 2009 and Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from Centers for Medicare and Medicaid Services HCFA-64 reports, 2011, Kaiser Family Foundation StateHealth Facts.org and. Total State Medicaid Expenditures consists of federal and state spending on all Medicaid Services including acute care, long-term care and disproportionate share hospital payments.

<sup>1</sup>NACHC, 2011. Includes all patients of federally-funded health centers, non-federally funded health centers, and expected patient growth for the first half of 2011.  
<sup>2</sup>See NACHC. "Studies of Health Center Cost Effectiveness" and "Studies of Health Center Quality of Care." [www.nachc.com/research](http://www.nachc.com/research). <sup>3</sup>NACHC. "America's Health Centers." 2011. <http://www.nachc.com/client/documents/America's%20Health%20Centers%20Fact%20Sheet%20August%202011.pdf>. <sup>4</sup>Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. 2000 and 2009 Uniform Data System. Kaiser Commission on Medicaid and the Uninsured. Medicaid Enrollment: December 2009 Snapshot. September 2010. Retrieved July 25, 2011 from <http://www.kff.org/medicaid/upload/8050-02.pdf>. <sup>5</sup>Ku, L., et al. *Using Primary Care to Bend the Curve: Estimating the Impact of a Health Center Expansion on Health Care Costs*. George Washington University. Washington, DC: Geiger Gibson / RCHN Community Health Foundation Research Collaborative. June 2010. <sup>6</sup>Texas Association of Community Health Centers. "Comparative Costs of Community Health Centers and Other Usual Sources of Primary Care: The Texas Story." 2011. [www.tachc.org](http://www.tachc.org). <sup>7</sup>McRae T. and Stampfly R. *An Evaluation of the Cost Effectiveness of Federally Qualified Health Centers (FQHCs) Operating in Michigan*. 2006. Institute for Health Care Studies at Michigan State University. [www.mpcanet.net](http://www.mpcanet.net). <sup>8</sup>Falik M, et al. Comparative Effectiveness of Health Centers as Regular Source of Care. 2006 *J Ambul Care Manage* 29(1):24-35.

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