NATIONAL ASSOCIATION OF Community Health Centers

July 2010
Turning Vision Into Reality

More Patients Gain Access To Health Center Care Thanks to Stimulus Funds

The recent economic downturn continues to have far-reaching consequences for the nation. The **national unemployment rate has doubled over the past two years**, triggering a ripple effect in the health care landscape.[1] The **number of uninsured and people living in poverty are on the rise**, according the latest U.S. Census data.[2] The nation's 8,000 Community, Migrant, Homeless and Public Housing Health Center sites have witnessed firsthand the worst economic crisis in decades. People who have lost their health insurance along with their jobs are turning to health centers for care in increasing numbers.

Impact of the Federal Stimulus Package

The American Recovery and Reinvestment Act of 2009 (ARRA) included a $2 billion investment in the nation's health centers to assist them in weathering the economic downturn while also creating and retaining jobs in low-income communities. This historic level of funding included $500 million for health centers to expand their services to new patients, both in new and existing communities. The remaining $1.5 billion was allocated for facility construction and renovation, equipment and the acquisition of health information technology. This infusion of funds has enabled health centers to respond to the increased demand for patient services in a variety of ways, including extended hours of operation, hiring more staff and adding new services. The direct investment has also allowed health centers to build new and expanded facilities and even acquire needed quality improvement tools.

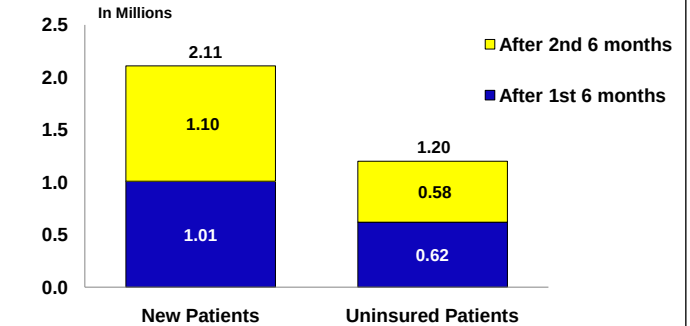
The Role of Community Health Centers

Federal data demonstrate[3] that health centers have put the stimulus funding to good use – rapidly expanding access to care and generating economic benefits for low-income communities.

Dramatic Patient Growth: Health centers committed to reaching nearly 2.9 million new patients during ARRA's two-year funding window. One year later, they have nearly met that goal at 2.1 million patients –74 percent of the two-year target (Figure 1).

Health centers have also reached their two-year national target of uninsured patients within the first year of funding, serving over one million uninsured patients (see Table 1).

Figure 1



Source: Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending March 30, 2010
Note: Patients served by ARRA funds includes patients served by health centers funded through ARRA operations funding ($500 million for New Access Points and Increased Demand for Services). Does not account for patients served by health centers through ARRA-funded health center capital projects.
New patient: an individual who had never been seen by the grantee prior to receipt of its ARRA funding, and had at least one visit as a result of ARRA funding.
Uninsured Patient: new patients who are insured or become uninsured; existing insured patient who become uninsured.

Engines of New Economic Activity: The primary goal of the stimulus was to foster immediate economic activity and growth. The $2 billion in ARRA funding invested in health centers generated *an additional* $1.4 billion in economic benefits to communities. In total, health centers' stimulus funding is projected to yield $3.4 billion in new economic benefits annually, according to an analysis completed by Capital Link. [4] This total impact comes *directly* through new and retained jobs and the purchase of goods and services and also *indirectly* through the proliferation of additional expenditures. These results confirm previous research[5] on health centers' substantial economic impact in the communities they serve.[6]

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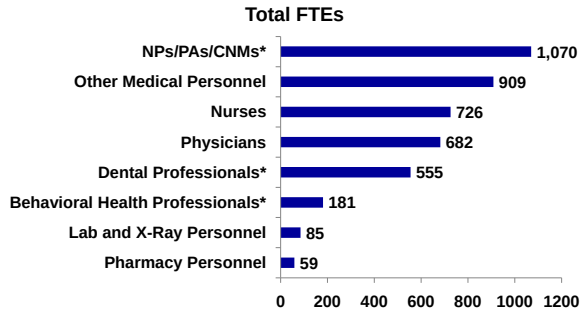
Figure 2

ARRA-funded Health Center Clinicians Between January and March 2010



Source: Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending March 30, 2010
Note: NPs/PAs/CNMs: Nurse Practitioners, Physician Assistants, Certified Nurse Midwives;
Dental Professionals: dentist, dental hygienists, dental assistance, aides, techs. Behavioral health professionals: psychiatrists, licensed clinical psychologists, licensed clinical social workers, other licensed mental health providers, other mental health staff and substance abuse services personnel.

New Job Creation: By expanding access to care, health centers have created or saved 7,316 jobs plus an additional 1,520 jobs related to construction just in the three-month period between January and March 2010. Nearly 60 percent of these full-time equivalent jobs (FTEs) are health professionals.

View from the States: Many states have already reached, and even surpassed, their patient targets. On top of this, stimulus funding has generated significant economic impacts across every state. Table 1 provides a state-by-state look at these positive impacts.

CONTINUED EXPANSION REQUIRES NEW TOOLS

ARRA funding laid a strong foundation for health center growth. Now, health reform has provided a significant and guaranteed investment in health centers to expand access in their communities. However, health centers will require tools to preserve their successes under ARRA, respond to new challenges under health reform, and indeed reach millions of people who remain without access to primary care.

Sustainable Funding for Growth: The enacted health reform package creates an $11 billion trust fund over five years, $9.5 billion of which will allow health centers to expand their operational capacity to serve nearly 20 million new patients and to enhance their medical, oral and behavioral health services. Even before the recession, 60 million people were considered medically disenfranchised given local physician shortages that prevented them from having adequate access to primary care. With sustainable funding, health centers will continue to expand care to more medically disenfranchised individuals.

Investment in Health Center Infrastructure Needs: Health centers will need $10.5 billion to sustain, renovate or upgrade existing facilities over the next 5 years. ARRA provided sources of direct capital funding for health centers: the Capital Improvement Program (CIP) from which nearly every health center benefited, and the Facility Investment Program (FIP), which was a competitive application process. A total of 620 health centers applied for FIP funding, but only 85 were awarded. The 535 "shovel ready" projects that were not awarded amounted to a total of $4.3 billion in total projects. Health reform provides a critically important $1.5 billion in direct funding for capital. Overall, however, health center access to capital funding through both the public and private sectors must improve to ensure that health centers have the space and capacity to reach the 20 million patients envisioned in health reform.

Investment in Workforce Needs: Both ARRA and health reform made substantial, dedicated investments in the National Health Service Corps (NHSC). ARRA provided $300 million, which will bring an estimated 3,800 new doctors, nurse practitioners, physician assistants, dentists, dental hygienists, behavioral health specialists and other needed clinicians to health centers around the nation. In addition, health reform provides $1.5 billion for the NHSC over five years, which will fund an estimated 15,000 primary care providers in underserved communities. With ARRA funds, health centers have been able to quickly place new health professionals in areas with unmet needs.[7] However, the national shortage of primary care providers will likely be exacerbated with the implementation of health reform, and health centers will need new tools to both recruit and retain the needed providers.

State Funding: States also play an important role in sustaining health centers. Unfortunately, many states are slashing funding for health programs in the face of budget shortfalls, and some have relied on federal stimulus and health reform funding to justify proposed or implemented cuts, which thwart health centers' expansion efforts and threaten capacity.[8]

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Table 1.
Health Center Stimulus Awards, Economic Impacts, and Patients Reached in the First Year

State	Total Awards	Total Economic Impact Due to ARRA[¥]	Patients Supported by ARRA as of 3/31/10†		% of Two-Year Target Reached By End of Year 1‡	
			Total	Uninsured	% Total	% Uninsured
Alabama	$34,555,230	$56,698,780	30,684	26,184	77%	150%
Alaska	$20,258,643	$31,473,264	8,628	3,886	46%	52%
Arizona	$34,950,164	$60,232,316	36,008	18,009	49%	56%
Arkansas	$13,572,035	$21,767,168	17,604	9,737	62%	66%
California	$238,739,746	$438,126,733	345,463	197,778	90%	125%
Colorado	$25,713,221	$46,640,859	54,666	27,682	122%	122%
Connecticut	$36,504,134	$60,836,122	41,189	14,699	111%	135%
Delaware	$4,326,304	$6,869,870	3,477	2,247	32%	30%
District of Columbia	$18,147,810	$23,603,517	2,554	1,706	31%	49%
Florida	$81,388,246	$145,536,394	93,858	61,429	69%	61%
Georgia	$35,888,645	$63,663,002	28,457	15,839	37%	53%
Hawaii	$13,234,914	$20,572,391	20,011	15,373	134%	333%
Idaho	$9,287,394	$15,027,488	13,753	15,004	96%	167%
Illinois	$79,700,495	$149,816,230	90,427	44,882	93%	140%
Indiana	$30,208,333	$51,224,322	47,563	28,252	87%	153%
Iowa	$15,179,200	$24,528,008	29,516	35,966	114%	459%
Kansas	$12,373,894	$21,297,219	16,213	11,806	31%	69%
Kentucky	$23,138,280	$39,773,603	35,207	16,608	60%	111%
Louisiana	$25,378,028	$41,582,691	32,378	19,060	36%	49%
Maine	$19,468,827	$32,050,993	19,353	4,309	84%	53%
Maryland	$17,609,774	$29,536,779	36,997	16,791	108%	118%
Massachusetts	$118,053,686	$202,212,742	46,628	16,025	68%	81%
Michigan	$46,396,706	$81,595,077	67,467	37,932	100%	102%
Minnesota	$16,131,298	$29,461,011	21,722	14,100	71%	123%
Mississippi	$27,164,890	$43,904,304	28,642	14,595	52%	54%
Missouri	$26,586,758	$48,068,053	48,295	25,371	85%	101%
Montana	$10,877,320	$17,267,155	13,954	8,796	67%	75%
Nebraska	$4,864,471	$8,038,759	8,394	5,486	87%	90%
Nevada	$16,282,610	$25,524,201	4,620	3,617	50%	94%
New Hampshire	$16,923,689	$27,939,436	7,676	5,163	64%	92%
New Jersey	$46,556,061	$80,038,732	83,972	41,565	103%	92%
New Mexico	$18,994,334	$31,712,548	21,525	14,415	86%	124%
New York	$95,860,889	$168,200,930	118,707	42,240	88%	116%
North Carolina	$31,404,858	$53,103,028	46,536	34,394	88%	125%
North Dakota	$9,252,449	$14,242,439	6,620	2,794	274%	217%
Ohio	$60,565,645	$102,245,902	59,779	28,841	78%	80%
Oklahoma	$33,682,242	$56,661,112	22,892	14,021	31%	82%
Oregon	$29,606,320	$51,364,792	38,456	23,816	118%	123%
Pennsylvania	$72,447,254	$137,364,142	64,956	34,537	65%	151%
Puerto Rico	$39,373,926	$59,763,844	12,509	1,974	30%	18%
Rhode Island	$10,098,429	$16,272,020	16,301	6,503	68%	71%
South Carolina	$34,781,494	$55,875,625	25,664	21,426	91%	120%
South Dakota	$5,402,843	$8,532,195	1,863	1,536	33%	80%
Tennessee	$25,583,733	$45,248,485	28,027	17,808	58%	86%
Texas	$116,047,677	$212,177,979	107,604	84,579	52%	76%
Utah	$9,392,772	$16,991,518	6,698	6,073	46%	65%
Vermont	$18,707,512	$29,670,124	30,490	6,417	236%	38%
Virginia	$29,617,113	$50,148,265	54,665	33,166	88%	143%
Washington	$45,896,284	$80,133,717	59,189	36,645	76%	102%
West Virginia	$26,656,731	$42,388,804	33,528	17,704	54%	77%
Wisconsin	$14,817,799	$25,041,698	17,114	6,028	48%	55%
Wyoming	$2,692,287	$4,070,918	1,367	833	41%	44%
Other Territories[*]	$7,552,310	$11,545,591	4,180	3,963	20%	27%
Total	**$1,857,895,707**	**$3,217,662,895**	**2,114,046**	**1,199,610**	**74%**	**100%**

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Source: Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending March 30, 2010.

*Other territories include American Samoa, Fed. States of Micronesia, Guam, Marshall Islands, Palau, and Virgin Islands.
¥The Economic Impact Analysis was prepared by Capital Link with MIG, Inc. IMPLAN Software Version 3.0, 2008 structural matrices, 2008 state-specific multipliers, and data from various American Recovery and Reinvestment Act (Recovery Act) awards for health centers as presented on the Health Resources and Services Administration (HRSA) website http://www.hrsa.gov. The estimates include direct, indirect, and induced effects, as defined below:

- Direct effects: represents the response for a given industry (Total Expenditures of the organization).
- Indirect effects: represents the response by all local industries caused by "the iteration of industries purchasing."
- Induced effects: represents the response by all local industries to the expenditures of new household income generated by the direct and indirect effects.

†Patients served by ARRA funds includes patients served by health centers funded through ARRA operations funding ($500 million for New Access Points and Increased Demand for Services). Does not account for patients served by health centers through ARRA-funded health center capital projects.
‡ Two year targets are set by health centers in their applications for ARRA funding to support operations. Total includes patients served by health centers receiving either New Access Points and Increased Demand for Services grants. Uninsured Patient Target only includes Increase Demand for Services grants. Excludes patients served by health centers with ARRA-funded health center capital projects.

Note: State data only reflect the period ending March 30, 2010, and therefore may vary from other sources.

Stay Tuned: A new *Turning Vision Into Reality* Issue Brief on health reform and the role of Community Health Centers will be released on August 9, 2010

[1] Economic News Release: Employment Situation Summary. Bureau of Labor Statistics, May 7, 2010. www.bls.gov
[2] Income, Poverty, and Health Insurance Coverage in the US: 2008. US Census Bureau. 2009 www.census.gov
[3] Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending March 31, 2010. Patients are only reported for grantees of operations and capacity ARRA funding ($500 million). The remaining $1.5 billion covers construction, health information technology, and other capital needs. Capital funding also bring in additional patients.
[4] NACHC, the Robert Graham Center, and Capital Link. *Access Capital: New Opportunities For Meeting America's Primary Care Infrastructure Needs.* March 2008. www.nachc.com/access-reports.cfm.
[5] NACHC, the Robert Graham Center, and Capital Link. *Access Granted: The Primary Care Payoff*. August 2007. www.nachc.com/access-reports.cfm.
[6] NACHC, Robert Graham Center, and Capital Link. Access Granted: The Primary Care Payoff. August 2007. www.nachc.com/access-reports.cfm.
[7] NACHC, George Washington University, and the Robert Graham Center. *Access Transformed: Building a Primary Care Workforce for the 21st Century*. August 2008. www.nachc.com/access-reports.cfm.
[8] NACHC. *Weathering the Storm: State Funding for Health Centers During An Economic Crisis.* State Policy Report #29. September 2009. www.nachc.com/client/SPR29FINAL.pdf.

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