Fifty years ago, the nation’s first Community Health Centers demonstrated that locally governed healthcare can improve lives while lowering costs. These pioneer Health Centers launched a national movement that today provides affordable, high-quality, primary and preventive care to millions of people and reduces the need for costlier forms of care. This enduring model of care has been and remains unique: mission-driven, located where care is most needed, open to all regardless of ability to pay, and governed by local patient-majority boards.

As we celebrate Community Health Centers’ 50th Anniversary in 2015, they are projected to serve 28 million patients by the end of the year. These patients receive care through 1,300 Health Center organizations in more than 9,200 rural and urban underserved communities. Health Centers integrate medical services with oral health, behavioral health, pharmacy, vision care, and other key services. They improve access to care by removing barriers related to cost, lack of insurance, distance, or language. Although all Health Centers must meet the same federal operating requirements, each Health Center is unique, adapting to meet their respective communities’ specific needs and preferences.

Decades of research reveal a strong record of accomplishments. Health Centers are more accessible than other providers to patients who are new, uninsured, or have Medicaid. Health Centers’ patient outcomes meet or exceed those of other primary care providers, even though their patient populations are challenged with more complex health needs. Health Center care reduces mortality, health disparities, and risk of low birth weight. At the same time, Health Centers generate $24 billion a year in savings to the healthcare system through efficient patient management. They also create jobs and generate an estimated $26.5 billion in needed economic activity to economically distressed communities.

At the heart of these accomplishments is the sustained public investment that strengthened and expanded Community Health Centers over the course of five decades. Federal support has also positively impacted the U.S. healthcare system. Health Center funding and capacity have been proven to lower emergency department utilization and hospitalizations among populations that historically experience access challenges, including patients who are low-income, Medicaid-enrolled, uninsured, and living in rural communities.

It is this record of accomplishment that has drawn bipartisan support for the Health Center Program in Congress and in the White House. However, the current threat to federal Health Center funding jeopardizes Health Centers’ ability to sustain and grow these successes in access, outcomes, and cost. As this policy report will demonstrate, losses in federal funding would dramatically unravel recent progress, resulting in a loss of access for millions of patients and layoffs of clinicians and other key personnel at a time when demand for primary care is increasing. There is too much at stake to turn back now.
The Birth of Community Health Centers

The Community Health Center movement was born out of the civil rights and social justice movements of the 1960s with a clear mission that endures today: to provide healthcare to underserved communities where there are few or no options for care. Driven by the vision of Drs. Jack Geiger and Count Gibson, early Health Centers provided quality healthcare, governed by the community itself, to those in need regardless of their ability to pay.

Bipartisan Support Leads to Growth

Even during those early days, Health Centers proved their value as a worthwhile investment. That value was recognized with bipartisan support from Congress which brought Health Centers to more communities and allowed them to integrate additional services beyond conventional medicine to improve population health.

In 1975, ten years after its inception, the Health Center Program was authorized for the first time in federal law and placed under what later became the Department of Health and Human Services. By that year, there were more than 100 Health Centers serving 2 million patients, thanks to additional investment championed by U.S. Sen. Edward Kennedy (D-Mass.), with the support of Sen. Jacob Javits (R-N.Y.).

President Lyndon B. Johnson signs the Economic Opportunity Act of 1964

The first Health Centers were established in 1965 in inner-city neighborhoods and rural communities, starting in Mound Bayou, Miss. and Dorchester, Mass. As many gained coverage through Medicare and Medicaid, Health Centers became the access part of the healthcare equation, turning the promise of coverage into the reality of high-quality care.
Throughout the 1980s and 1990s, Health Centers continued to preserve the direct federal-local connection at the heart of the model, despite efforts to shift more control and limited resources over to the states. Efforts to improve access to care among the medically underserved were complemented by regulatory innovations. These included the 340B Drug Pricing Program, which provided Health Centers access to certain pharmaceuticals at significantly reduced prices; the Federal Tort Claims Act, which extended medical liability coverage to Health Centers and subsequently freed up more resources for patient care; and the establishment of Health Center services as guaranteed benefits under Medicare and Medicaid.

By the year 2000, Health Centers had grown to serve 10 million people in communities across the United States. Under President George W. Bush, the number of patients served almost doubled as a result of his Health Center Expansion Initiative, a centerpiece of the administration’s healthcare agenda. The Bush Initiative called for more than 1,200 new Health Center sites as well as service expansions in the areas of mental health, substance abuse, and oral health. Health Centers were hailed as one of the most effective federal programs by both the White House Office of Management and Budget and the Institute of Medicine, which cited Health Centers as “stellar models” of primary care practice to be emulated across the nation. During this period, the Health Center Program was reauthorized twice by Congress, leading to continued and increased investment.

**Sustaining Health Centers’ Impact**

Expansion has continued during the last six years, first with resources invested in Health Centers through the American Recovery and Reinvestment Act (ARRA) of 2009, which provided needed investments in new facilities, expanded operations, and electronic health records (EHR) during the economic downturn. The most significant investments came in 2010 through the establishment of a new Health Center Fund, providing $11 billion in dedicated funding to support both operational and capital costs to supplement Health Centers’ 2010 discretionary funding levels. The Fund was spread out over five years, and also called for targeted investments in workforce capacity through the national Health Service Corps (NHSC). But in 2011, Congress cut $600 million to Health Centers’ discretionary levels, requiring the use of the Health Center Fund to “backfill” that loss of funding. With the Fund set to expire in 2015, Congress must address the resulting shortfall and ensure that millions of current patients do not lose access to their local Health Center.

**PRESIDENT BARACK OBAMA – 2014**

“IN SMALL TOWNS AND BIG CITIES, HEALTH CENTERS SERVE AS A TRUSTED NETWORK, CONNECTING PATIENTS WITH COMMUNITY RESOURCES....HEALTH CENTERS EMPHASIZE EDUCATION AND HEALTHY LIFESTYLES, AND THEY HELP REDUCE RACIAL AND ETHNIC DISPARITIES IN CARE. THEY LIFT UP FAMILIES AND CREATE JOBS THAT POWER LOCAL ECONOMIES.”

**SEN. ROY BLUNT (R-MO.) - 2014**

“COMMUNITY HEALTH CENTERS HAVE BECOME THE NATION’S LARGEST PRIMARY CARE NETWORK, AND MILLIONS OF AMERICANS CANNOT AFFORD TO LOSE ACCESS TO THE QUALITY, COST-EFFECTIVE CARE THEY PROVIDE. WE NEED TO WORK TOGETHER TO FIND A RESPONSIBLE WAY TO ENSURE OUR NATION’S COMMUNITY HEALTH CENTERS CAN STAY OPEN FOR THE MILLIONS OF AMERICANS WHO RELY ON THEM.”
50 Years of Community Health Centers: Policy Milestones Driving Access to Care

First “Neighborhood Health Centers” begin serving patients in Dorchester, Mass.; Mound Bayou, Miss.; Denver, Colo.; Chicago, Ill.; and New York, N.Y.

Health Centers first authorized under Sections 329 and 330 of the Public Health Service Act

Congress enacts Primary Care Block Grant, a voluntary option for states to consolidate Health Center funding

Congress repeals Primary Care Block Grant, returning Health Centers to a model of local control with federal support

Congress defines guaranteed “Federally Qualified Health Center” services under Medicaid; follows suit in Medicare a year later

President George H.W. Bush proposes Health Center expansion.

Congress extends coverage under the Federal Tort Claims Act (FTCA) for Health Centers and their clinicians

President Richard Nixon signs National Health Service Corps (NHSC) into law; clinicians placed in underserved communities

President Jimmy Carter calls for first major Health Center expansion as part of his Rural Health Initiative

President Ronald Reagan signs Emergency Jobs Bill; includes targeted funding for Health Centers to drive economic activity

Stewart B. McKinney Homeless Assistance Act establishes Health Care for the Homeless program

Ryan White CARE Act passes, Health Centers expand services for persons living with HIV/AIDS.

Public Housing Primary Care program is established

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For more information please email research@nachc.org.
Years of Making Change Happen

**AMERICA’S HEALTH CENTERS**

Bubble diagram showing patient population growth:
- 1965: <100K
- 1970: 500K
- 1975: 2M
- 1980: 4.5M
- 1985: 5.0M
- 1990: 6.5M
- 1995: 8.6M
- 2000: 10.7M
- 2005: 15.6M
- 2010: 20.7M
- 2011: 21.2M
- 2012: 22.1M
- 2013: 22.7M
- 2014: 25M*
- 2015: 28M* (Projected)

*Total patient counts represent federally funded Health Centers and Federally Qualified Health Center Look-Alikes.

**For more information please email research@nachc.org.**

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**Community HealthCorps Program**
- Begins placing volunteers in Health Centers to assist with outreach, insurance enrollment, patient education, and other services

**President George W. Bush**
- Calls for a five-year Health Center Growth Initiative, setting a target of 1,200 new or expanded sites

**Congress**
- Adopts “Deal Amendment,” reinforcing Health Centers’ Medicaid PPS methodology

**American Recovery and Reinvestment Act (ARRA)**
- Invests $2 billion in new or upgraded buildings and Electronic Health Records

**Congress slashes federal discretionary spending, makes unprecedented $600 million cut to base funding for Health Centers**

**Health Center Fund**
- Slated to end, threatening to reverse progress made in expanding primary care services

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- 1995: **Congress establishes Prospective Payment System (PPS) to provide Health Centers predictable, reasonable Medicaid payments**
- 2000: **Congress unanimously reauthorizes the Health Center Program.**
- 2001: **Medicare Modernization Act establishes fair and reasonable payments to Health Centers serving seniors**
- 2002: **Health Centers and NHSC reauthorized with overwhelming bipartisan support**
- 2005: **Health Center Fund established to provide $11 billion over five years.**
- 2008: **Congress also boosts NHSC funding and creates Teaching Health Center Graduate Medical Education Program to train future Health Center physicians**
- 2010: **Health Centers begin receiving bundled payments under Medicare, known as a Prospective Payment System.**
- 2011: **Congress appropriates final year of Health Center Fund**
America’s Health Centers operate in communities otherwise facing a lack of healthcare service. Health Centers ensure that access to primary and preventive care is a reality for people most in need.

Deliver Care Across the Nation

1,300 Health Center organizations

52% urban

48% rural

deliver care through more than 9,200 delivery sites

To All Who Need it

In 2013, Health Centers served over 23 million patients.

By the end of 2015, they are projected to serve nearly 28 million patients.

93% have family incomes below 200% of the FPL ($47,100 for a family of four)

32% are under age 18

41% are covered by Medicaid

35% are covered by Medicare

8% are uninsured

Health Centers serve large numbers of the nation’s most vulnerable, including:

1 in 7 rural residents

1 in 7 Medicaid beneficiaries

1 in 3 below poverty

1 in 6 uninsured

More than 40% of patient visits are for chronic conditions such as diabetes, mental health concerns, heart disease, and hypertension.

America’s Health Centers also proudly provide care to 268,021 veterans, a 32% increase since 2009.
Community Health Centers Today: Improve Health Outcomes

Deliver high-quality care

Health Center patient outcomes meet or exceed those of other primary care providers, despite serving more patients with chronic illness and complex health needs. Health Centers' high-quality and accessible care delivers results for their high risk patients and improves health while narrowing disparities.

- 22% more screenings for diabetes, hypertension, breast, and cervical cancer.
- Health Centers lower mortality rates up to 13% among patients age 50+.
- 98% of Health Center patients report high satisfaction with care received.
- 80% of Health Centers exceed a high performance benchmark for diabetes control.

Provide integrated care, all under one roof

Health Centers' successes are directly tied to their model of comprehensive care. They integrate medical, dental, behavioral, pharmacy, vision, and other services that facilitate access to care and improve health, ensuring patients benefit from extensive primary and preventive care services easily and affordably.

- 100% increase in dental staff
- 106% increase in pharmacy staff
- 94% increase in behavioral staff

59% of Health Centers have been recognized as patient-centered medical homes, a 98% increase since 2009.

96% of Health Centers utilize Electronic Health Records, up from 25% in 2006.
Community Health Centers Today:
Deliver Cost Effective Care

Health Centers deliver significant returns on investment

Health Centers save $24 billion for the healthcare system through effective patient care management.

$11 is generated in total economic activity for every $1 of federal funding invested in Health Centers.

Health Centers bring an influx of $26.5 billion in economic activity to the communities they serve.

Health Centers bring savings to Medicaid & Medicare

Total costs for Health Center patients with Medicaid are $414 less than those served by other providers.

Health Centers lower Medicare spending by up to 30%.

Health Centers produce savings across the country

California
Health Center Medicaid managed care patients have:
- 64% lower rates of multi-day hospital admission
- 18% lower rates of ER visits
- 25% fewer inpatient bed days than patients at other providers.

Colorado
Health Center Medicaid patients are 1/3 less likely to use hospital-related services than other Medicaid patients.

Michigan
Health Centers save $144 per patient in Medicaid spending annually.

North Carolina
Health Center patients have 62% lower healthcare spending than patients of other providers.

Georgia
Counties with Health Centers have 25% fewer uninsured ER visits than counties without a Health Center.

Texas
Health Center patients with Medicaid have $384 less in total costs compared to those served by office-based physicians.
Community Health Centers Tomorrow: Progress at Risk

An Enduring Model of Care

The Health Center Program today is a fundamental building block of the U.S. healthcare delivery system. What began as an innovative social experiment during the mid-1960s has evolved into the largest primary care network in the country, already serving more than 23 million patients while lowering healthcare costs. Health Centers’ comprehensive model serves as an ideal source of care for community residents of all income levels, while their accessibility provides an option for care for the working poor, un- and under-insured, racial/ethnic minorities, rural populations, and the chronically ill. Health Centers also remove barriers to care experienced by both Medicaid and privately insured patients struggling with high out-of-pocket costs, who often cannot find providers willing to serve them.

A cornerstone to the success of the Health Center delivery model is sustained public support to meet the demand for care and prevent costly illnesses. Federal investments allow communities to bring healthcare services to areas where they are needed most and provide a foundation for every Health Center to leverage other revenue to meet the community’s unique needs.

Federal investments also result in significant returns. Health Centers save the U.S. healthcare system more than $24 billion every year through the efficient management of patient care needs. In addition, Health Centers bring needed economic resources to low-income communities, generating $11 in total economic activity for every $1 invested. Health Centers are also important employers, providing nearly 157,000 full time positions and creating nearly 112,000 other local jobs through the purchase of goods and services.

Federal Investment at Risk

Recognizing Health Centers’ critical role as a primary healthcare system, Congress in 2009 created the mandatory Health Center Fund, infusing $9.5 billion in operational funding and $1.5 billion in one-time capital support to grow the program over existing discretionary funding levels. Between FY2010 and 2015, the Health Center Fund has expanded the reach of Health Centers into more communities that need care. To serve additional patients, Health Centers hired more staff, opened more sites, extended hours, and expanded services, such as dental, health education, behavioral health, and much more.

But the full potential of this investment has not been realized. In FY2011, Congress cut $600 million annually from the Health Centers’ discretionary funding, using the Fund to backfill these cuts, rather than expand access. This reduction, which amounted to $3 billion over five years, resulted in 5 million fewer patients being served each year than originally intended. This reduction was compounded by additional cuts made to Health Center funding as a result of sequestration. And without action by Congress, the Health Center Fund is slated to expire at the end of FY2015, leaving only discretionary funding to cover the program’s operations—a reduction of approximately 70 percent in federal funding for all existing Health Centers that would force them to close sites, layoff staff, and reduce services. The impact of this immense funding cut would be felt most acutely by the current patients who would lose access to their regular healthcare providers.
Impact of the Health Center Funding Cliff

Adequate funding is necessary to maintain Health Centers’ current capacity and commitment to reach 28 million patients by the end of 2015 (Figure 1). This includes the 206,000 jobs that ensure patients have comprehensive care (Figure 2). The more patients served, the more Health Centers can contribute to reduced utilization of costly services, such as the emergency department and inpatient care. Yet as Figures 1 and 2 demonstrate, the Health Center Funding Cliff would dramatically alter the course of access to care in Health Centers, sharply reducing capacity and employment. **If the cliff is not addressed by Congress, within the first year an estimated 7.4 million patients would no longer be able to access their healthcare practitioner at their local Health Center, and nearly 57,000 clinicians and staff would be laid off. By 2020, 9.8 million fewer patients could be served and more than 82,000 staffing positions unfilled. The Department of Health and Human Services has projected that the cliff would mean closure of more than 2,000 health center sites.**

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**Figure 1**

**Health Center Patients:**
Funding cliff would mean loss of access for 9.8 million patients by 2020

**Figure 2**

**Health Center Employment:**
Funding cliff would mean loss of 82,000 jobs by 2020

Sources and Notes: Includes actual and predicted estimates of patients served by and full-time equivalent (FTE) jobs at federally-funded Health Centers only. Patient and FTE counts prior to 2014 come from the Uniform Data System, maintained by the Health Resources and Services Administration (HRSA). Projections based on HRSA data and NACHC analysis of operational capacity as determined by available funding.
Health Centers now face a Funding Cliff; mandatory funding for Health Centers is scheduled to end in September 2015. With only discretionary funding at current levels, Health Centers would experience cuts in funding of up to 70 percent, leading to closures of sites, staff layoffs, and elimination of healthcare access in some of the nation’s most vulnerable communities. This would reverse the trend of fifty years of bipartisan investment in Health Centers and would occur just as the demand for primary and preventive care is growing.

In order to maintain Health Centers’ viability and successes in providing access, creating jobs, and delivering quality care and savings, Congress should act immediately to address the funding shortfall for Health Centers that threatens access to care.

Sustaining Community Health Centers also depends on the availability of a sufficient clinical workforce. This means that Congress should also continue funding vitally important primary care workforce development programs. Without action by Congress this year, the National Health Service Corps, which provides scholarships and loan repayment to more than 10,000 clinicians in rural and underserved areas, would cease to exist along with the innovative Teaching Health Centers program, which focuses on growing the supply of primary care providers trained in community-based settings.

Taken together, the potential expiration of funding for these three programs constitutes a Primary Care Funding Cliff that threatens the stability and sustainability of our healthcare system. Failing to fix this cliff would send the country in the wrong direction by reducing primary care capacity and causing costs to spiral upward. It is up to Congress to resolve the Primary Care Funding Cliff, sustain what has been gained over fifty years, and set a course toward a better healthcare system grounded in patient-centered, community-based care.

Footnotes and References


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