NATIONAL ASSOCIATION OF Community Health Centers

CAPITAL LINK
Connecting Health Centers to Capital Resources

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Revised With State Updates

One Year Later: Health Centers' Accomplishments Under the Stimulus

The nation's 1,200 Federally Qualified Health Centers, also known as Community Health Centers, are witnessing firsthand the nation's worst economic crisis in decades. The newly unemployed and uninsured are among those turning to Community Health Centers in record numbers. In response to these increasing pressures, the American Recovery and Reinvestment Act of 2009 (ARRA) included a $2 billion investment in the nation's health centers to cover the costs of caring for these patients and the capital expenditures required to meet that need. This historic level of funding provided $500 million to expand services at every health center and to open 126 new sites across the nation. The remaining $1.5 billion was allocated for facility construction and renovation, equipment and the acquisition of health information technology.

HEALTH CENTER SUCCESS STORIES

Federal data demonstrate that health centers have successfully lived up to their ARRA commitments, leading to improved access to care and economic benefits for the low income communities they serve.

Dramatic Patient Growth: Health centers were tasked with using stimulus funding to reach nearly 2.9 million new patients during the two-year funding window. By the end of 2009 health centers had reached an additional 1.8 million patients. Over the same time, the number of health center uninsured patients increased by 900,000.[1] This influx of new patients represents the largest annual growth in the history of the Health Center Program.

Engines of New Economic Activity: The funding invested in health centers generated an additional $1.4 billion in economic benefits to health centers' communities, which have been among the hardest-hit settings of the recession. In total, then, health centers' stimulus funding will yield $3.2 billion in new economic benefits annually, according to an analysis completed by Capital Link. This impact comes *directly* through new and retained jobs and through the purchase of goods and services and *indirectly* through the proliferation of additional expenditures. These results confirm previous research[2] on health centers' substantial economic impact.

New Health Care Professionals: ARRA also boosts the number of primary care clinicians in medically underserved areas by adding an additional $300 million to the National Health Services Corps (NHSC). This supplementary funding 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, allowing health centers to serve even more patients and helping to

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fill a substantial shortfall of clinical positions.[3] This represents roughly half[4] of all new NHSC-supported clinicians through 2011.

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

Table 1.
Health Center Stimulus Awards, Economic Impacts, and Patients Reached Through 12/31/09

State	Total Awards	Total Economic Impact	Patients Reached		% of Patient Target	
			Total	Uninsured	% Total	% Uninsured
Alabama	$34,555,230	$56,698,780	18560	15669	46%	88%
Alaska	$20,258,643	$31,473,264	7636	3162	41%	42%
Arizona	$34,950,164	$60,232,316	21225	9076	29%	35%
Arkansas	$13,572,035	$21,767,168	13569	6253	47%	43%
California	$238,739,746	$438,126,733	250979	149338	65%	95%
Colorado	$25,713,221	$46,640,859	38056	19836	85%	88%
Connecticut	$36,504,134	$60,836,122	28729	11187	77%	97%
Delaware	$4,326,304	$6,869,870	2182	1548	20%	20%
District of Columbia	$18,147,810	$23,603,517	1835	1185	22%	34%
Florida	$81,388,246	$145,536,394	71667	48399	52%	46%
Georgia	$35,888,645	$63,663,002	22669	11352	30%	39%
Hawaii	$13,234,914	$20,572,391	14312	12808	96%	277%
Idaho	$9,287,394	$15,027,488	9033	11145	63%	124%
Illinois	$79,700,495	$149,816,230	60487	31649	62%	98%
Indiana	$30,208,333	$51,224,322	34493	31164	63%	173%
Iowa	$15,179,200	$24,528,008	22444	30629	87%	391%
Kansas	$12,373,894	$21,297,219	13102	10574	25%	62%
Kentucky	$23,138,280	$39,773,603	24715	12585	42%	83%
Louisiana	$25,378,028	$41,582,691	23122	14003	26%	34%
Maine	$19,468,827	$32,050,993	3853	2552	17%	30%
Maryland	$17,609,774	$29,536,779	24278	11816	71%	83%
Massachusetts	$118,053,686	$202,212,742	37347	11458	54%	57%
Michigan	$46,396,706	$81,595,077	61070	38219	90%	108%
Minnesota	$16,131,298	$29,461,011	16402	10082	54%	94%
Mississippi	$27,164,890	$43,904,304	19700	10168	36%	40%
Missouri	$26,586,758	$48,068,053	34519	17696	61%	70%
Montana	$10,877,320	$17,267,155	10462	6588	50%	57%
Nebraska	$4,864,471	$8,038,759	5166	2929	53%	48%
Nevada	$16,282,610	$25,524,201	3097	1762	34%	45%
New Hampshire	$16,923,689	$27,939,436	5847	3857	49%	69%
New Jersey	$46,556,061	$80,038,732	75815	34594	93%	80%
New Mexico	$18,994,334	$31,712,548	18927	11458	76%	98%
New York	$95,860,889	$168,200,930	86236	30435	64%	81%
North Carolina	$31,404,858	$53,103,028	35031	27955	66%	102%
North Dakota	$9,252,449	$14,242,439	4983	1785	206%	139%
Ohio	$60,565,645	$102,245,902	49974	23739	65%	68%
Oklahoma	$33,682,242	$56,661,112	20041	11284	28%	67%
Oregon	$29,606,320	$51,364,792	29169	18089	90%	94%
Pennsylvania	$72,447,254	$137,364,142	46338	25571	47%	121%
Puerto Rico	$39,373,926	$59,763,844	7292	1482	17%	12%
Rhode Island	$10,098,429	$16,272,020	12689	4869	53%	51%
South Carolina	$34,781,494	$55,875,625	16940	15487	60%	86%

State	Total Awards	Total Economic Impact	Patients Reached		% of Patient Target	
			Total	Uninsured	% Total	% Uninsured
South Dakota	$5,402,843	$8,532,195	2657	1378	46%	74%
Tennessee	$25,583,733	$45,248,485	26163	16662	54%	81%
Texas	$116,047,677	$212,177,979	86564	56759	42%	45%
Utah	$9,392,772	$16,991,518	3899	3129	27%	34%
Vermont	$18,707,512	$29,670,124	25997	8684	201%	123%
Virginia	$29,617,113	$50,148,265	45895	28030	74%	116%
Washington	$45,896,284	$80,133,717	52337	23814	67%	66%
West Virginia	$26,656,731	$42,388,804	25721	14418	42%	63%
Wisconsin	$14,817,799	$25,041,698	14759	6968	41%	64%
Wyoming	$2,692,287	$4,070,918	838	863	25%	46%
Other Territories*	$7,552,310	$11,545,591	6685	6577	32%	0%
Total	$1,857,895,707*	$3,217,662,895	1588821	916142	55%	77%

Source: Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending December 31, 2009.

*Total awards do not include a small percent used for federal administrative purposes and grants to Health Center Controlled Networks.

**Other territories include American Samoa, Fed. States of Micronesia, Guam, Marshall Islands, Palau, and Virgin Islands.

Notes: Two-year patient targets include only operations and capacity funding ($500 million for New Access Points and Increased Demand for Services), and target uninsured only includes Increase Demand for Service Grantees.

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. Economic Impact estimates are presented separately for health center operations related awards (NAP, IDS) and for capital related awards (CIP, FIP). 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.

THE WORK MUST CONTINUE

ARRA funding provides a tremendous foundation for health center growth. However, the support that it has brought to cover health centers' quickly escalating costs, capacity strain, and infrastructure needs is only temporary. Health centers require tools to preserve their successes under ARRA as well as to reach millions of others who remain without access to primary care.

Millions More Need Primary Care: Even before the recession began, 60 million people were considered "medically disenfranchised" given local physician shortages that prevented them from having adequate access to primary care.[5] New patients are coming in with pressing health care needs, having delayed seeking preventive care due to financial uncertainties.[6] Many health centers also cite an increased need in the community for mental health, dental services, or specialty care. Most health centers report needing to open at least one new delivery site to adequately respond to the health care needs in their communities.

Health Center Operations Funding: Because millions of U.S. residents continue to experience unmet health care needs – and the cost of increasing capacity surpasses this recent, one-time investment – additional, permanent funding is necessary to ensure that these additional services and sites are sustainable. Losing these funds after the two-year period would diminish health centers' newly expanded capacity and economic impact, as well as the improvements in community health that come

with expansion. In the worst cases, gaps in revenue would reverse the trend altogether. Long-term financial commitments are necessary because economic downturns have lasting impacts on safety net providers.[7]

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 funding to justify proposed or implemented cuts.[8] Cuts in funding shrink health centers' expansion efforts, and even threaten capacity.

Invest in Health Center Infrastructure Needs: A total of 535 health centers applied for capital ARRA funding but were not awarded. Their "shovel ready" projects amounted to a total of $2.7 billion in facility, information technology, and other capital needs.[9] The ARRA made a critical down payment toward health centers' capital needs[10] – investment that must continue.

ARRA provided separate funding streams to strengthen the pipeline of the primary care workforce and to boost the adoption of health information technology in health centers. These resources must remain available in order to ensure that health centers have the human and technological capacity to reach the millions without access to high-quality primary care. Currently, health centers fall short in their clinical staffing needs[3] and experience severe recruitment and retention challenges.

[1] Of the 1.8 million new patients, 1.6 million were reached through health centers' s stimulus funding, while the remainder were brought in through other health center investments and patient growth. Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. Health Center Quarterly Report for period ending December 31, 2009. 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 will also bring in additional patients.
[2] NACHC, the Robert Graham Center, and Capital Link. *Access Granted: The Primary Care Payoff*. August 2007. www.nachc.com/access-reports.cfm.
[3] 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.
[4] Based on historical NHSC data. Just over half of all NHSC-supported clinicians work in health centers.
[5] NACHC. *Primary Care Access: An Essential Building Block of Health Reform*. March 2009. www.nachc.com/access-reports.cfm.
[6] NACHC. "Recession Brings More Patients to Community Health Centers." Fact Sheet #0209. www.nachc.com/client/documents/rising_patient_%20demand_093.pdf.
[7] Hurley R et al. Relief, Restoration and Reform: Economic Upturn. Center for Studying Health System Change. 2008. Issues Brief No. 117. www.hschange.com.
[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.
[9] The ARRA provided two sources of 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. 620 health centers applied for FIP funding, and 85 were awarded.
[10] NACHC, Capital Link, and Community Health Ventures. *Access Capital: New Opportunities for Meeting America's Primary Care Infrastructure Needs*. March 2008. www.nachc.com/access-reports.cfm.