



Health Centers: A Medicaid Success Story

Bringing Value and Access to High Quality Care to
the Medicaid Program

Background

Community Health Centers (CHCs) **serve over 27 million patients, nearly half of whom are covered by Medicaid.** Health centers and Medicaid work together to provide coverage and access to care for some of the most vulnerable Americans. This relationship benefits patients, health centers, states, and the federal government.

Congress has long recognized health centers' role in the Medicaid program through the Federally Qualified Health Center **Prospective Payment System (FQHC PPS)** that ensures **predictability and stability for health centers while saving Medicaid money.** Congress created the FQHC PPS to prevent health centers from using federal grant dollars to subsidize low Medicaid payments, which would, in turn, challenge their ability to serve uninsured patients.

The Facts

- **Health centers are a unique type of Medicaid provider,** with a well-documented ability to produce improved health at lower costs. Each health center is statutorily required to serve all patients regardless of ability to pay or insurance status, and to offer a statutorily defined full range of primary and preventive services.
- Health centers are a **highly cost effective** use of Medicaid funds. **Health centers serve 17% of all Medicaid beneficiaries,** even as Medicaid payments to health centers account for **less than 2% of total Medicaid spending** – a great return on investment.
- Health centers **save the health care system billions of dollars every year** through reduced hospitalizations and ER use. State claims data shows that patients served by health centers have **24% lower total Medicaid costs** than patients served in other settings.
- Congress designed the health center payment model to ensure health centers remain viable and innovative in a changing health care system. **Current law offers states significant flexibility in how to pay health centers** and in many states **CHCs have worked with their Medicaid agencies to develop innovative value-based payment structures.**

The Challenge

A strong Medicaid program is critical for health centers and their patients. Any change to the Medicaid system, at either the state or federal level, must ensure both coverage and continuity of access to care for health center patients, and continue to incentivize the integrated, comprehensive, and high-quality primary and preventive care services that health centers provide.

Our Request:

To maximize access to care and cost-savings for taxpayers, Congress should:

- **Preserve the FQHC PPS payment methodology within a strong Medicaid program.**
- Policymakers must also ensure that **state and federal policy changes** take into account the statutory requirements placed on health centers and the **unique needs of our patients.**