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HEALTH CENTER SERVICE EXPANSION

MORE INFO :

National Association of
Community Health Centers

211 N. Union Street, Suite 200
Alexandria, VA 22314
(703) 739-7300
research@nachc.org



NATIONAL ASSOCIATION OF
Community Health Centers®

INTRODUCTION

Over 30 million patients rely on Community Health Centers for primary and preventive health care services. Health centers serve as a 'medical home' by providing comprehensive primary care for adults and children, preventive screenings and immunizations, and enabling services that improve access and address social drivers of health. Many health centers offer additional services like **behavioral health and substance use disorder treatment, vision, and oral health services.** Federal funding enables health centers to offer these essential services to all patients, regardless of their income or insurance status.



The Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services estimates that **millions of health center patients who have access to primary care still lack access to needed specialty services. Health centers are well positioned to address this unmet need but need additional investments to overcome barriers** such as:

- provider shortages, competition for specialists, and high rates of medical inflation as the health system recovers from the COVID-19 pandemic, and
- financial strain as non-profit organizations that rely on federal grant funding to care for all patients regardless of their ability to pay.

The last federal funding opportunity for comprehensive primary care service expansion was in 2015.¹ **With additional funding, Community Health Centers could deepen their services to patients, especially for oral and behavioral health.**

This report describes the current need for additional services among health center patients and the **projected impact if additional funding was available to fund the development of new service lines at health centers.** For example, NACHC estimates that an investment of \$500 million over five years would enable health centers to **provide more comprehensive services to over 10 million patients with unmet health needs.**

1. HRSA press release. [HHS Awards Nearly \\$500 million in Affordable Care Act Funding for Health Centers to Expand Primary Care](#). 2015.

BACKGROUND

Community health centers provide comprehensive primary and preventive health services to over 30 million people in medically underserved communities. Health centers are non-profit, federally supported safety net providers that treat all patients regardless of income or insurance status.

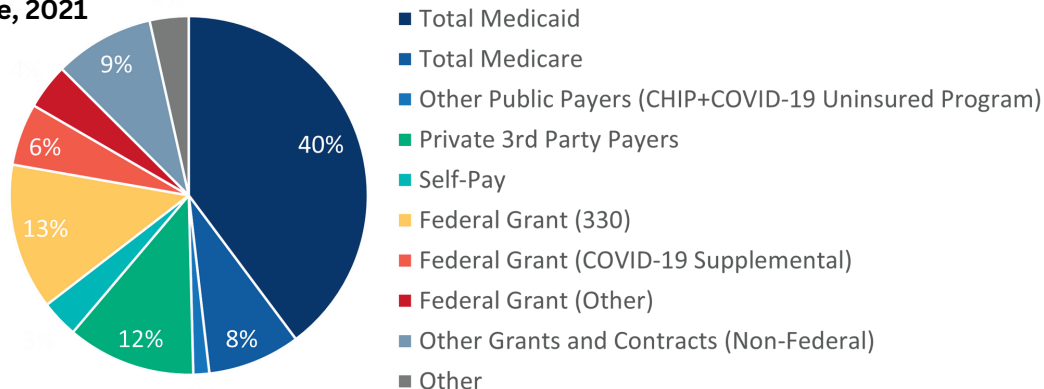
- Over 90% of health center patients have an income below 200% of the federal poverty level
- More than 80% of patients are either uninsured or have public health insurance coverage

Health centers rely on federal grant funding to provide affordable services to uninsured and underinsured patients on a sliding fee scale.

The federal government provides core grant funding to qualifying health centers under Section 330 of the Public Health Service Act. Health center program funding includes annual discretionary appropriations and the multi-year base **Community Health Center Fund**, currently authorized through Fiscal Year 2023. In 2021, HRSA directed \$5.7 billion total grant funding to 1,373 health centers operating over 14,000 care delivery sites. Federal 330 grant funding was the second largest source of health center revenue in 2021, behind Medicaid. However, **the current level of grant funding per uninsured patient (\$844) is lower than the average per-patient cost of care (\$1,248).**² Health centers cover this revenue gap in multiple ways, but most operate on razor-thin financial margins with little room for investment in expansion. Thus, **health centers rely on supplemental grant funding to expand staffing and services.**

The last major funding opportunity for comprehensive service expansion occurred in 2015 when \$500 million was distributed to qualifying health centers. There has not been a supplemental funding opportunity for service expansion since 2019, when HRSA administered \$200 million for service integration (approximately \$145,000 per grantee).

Health Center Revenue, 2021



ANALYSIS

The Case for Health Center Service Expansion

Health centers provide high-quality health services to patients who face barriers to accessing care through the private health systems. **Health centers treat patients who are historically medically underserved:** patients living in areas with a lack of primary care providers, who are uninsured or on Medicaid, low-income, or who have complex health and social needs such as people experiencing homelessness. Health centers also address social drivers of health by connecting patients with health-related social services, such as transportation, translators, health education and counseling, and housing and employment services.

2. Uniform Data System 2021. HRSA, DHHS.

Decades of research have shown that health centers reduce overall medical costs through efficient and effective primary care. Patients who access primary care at health centers consistently show positive health outcomes and reduced use of expensive emergency room and hospital visits.

Positive outcomes at health centers are driven by effective service integration and coordinated care. Integrating services like behavioral health into a coordinated primary care plan helps to ensure that patients get the care they need. Care coordination improves patient adherence to treatment plans and ultimately improves health outcomes. **The ability to access care across services lines from one trusted source removes access barriers** which might otherwise prevent patients from accessing additional services.

All health centers provide required primary care and enabling services (42 U.S.C. §254b), however, **not all health centers can sustain additional services** like behavioral health, comprehensive dental, and vision services for adults (Table 1). **Significant barriers stand in the way of opening new services lines:**

- A provider shortage makes it difficult to recruit and retain specialized staff needed to offer additional services.
- The health workforce shortage is driving competition; health centers are struggling to offer salaries commensurate with those offered by larger, for-profit health systems.
- Insufficient reimbursement for some services can prevent health centers from offering those services altogether.
- Health centers operate on razor-thin margins, making it difficult to invest in growth.

Table 1: Additional Services Available at Health Centers

Services Category	Providers*	Health Centers (#)	Health Centers (%)
Mental Health	15,154	1,338	97.5%
Substance Use Disorder	2,260	777	56.6%
Dental	18,749	1,125	81.9%
Vision	1,029	390	28.4%

*Provider numbers reflect Full-Time Equivalents (FTEs).

All health centers improve access to critical primary care services for their patients. However, due to health system-wide challenges, existing health center patients may still face barriers to accessing needed services. **HRSA estimates that millions of health center patients are going without needed specialty services** (Table 2).

Health centers have identified behavioral health as the highest priority for service expansion, with an estimated 7.7 million patients going without needed mental health services and 4.9 million patients going without needed substance use disorder treatment. **With additional investment for service expansion, health centers could grow their behavioral health staff and existing health center patients could access behavioral health services at their trusted medical home.**

Table 2: Unserved Patients by Service Area*

Service Category	Mental Health	Substance Use Disorder	Oral Health	Vision
Recommended Benchmark	35%	17%	58%	36%
Current Utilization	9%	1%	23%	3%
Unmet Need Estimate	26%	16%	36%	33%
Estimated Unserved Patients	7.7M	4.9M	10.6M	9.9M

*Recommended benchmarks are based on HRSA estimates and reflect the percent of patients who would be expected to access services based on rates of disease occurrence. Current utilization reflects rates of service utilization among current health center patients.

Based on recommended provider-patient ratios, NACHC estimates that over \$1 billion in additional funding is needed to hire enough staff to fully meet the needs of existing health center patients (Table 3).

Table 3: Additional Providers Needed to Address Unmet Need³

Dental

Unserved patients	10.6M
Provider-patient ratio (dentists)	1:5,000
Additional providers needed (dentists)	2,120
Additional providers needed (total)	7,649

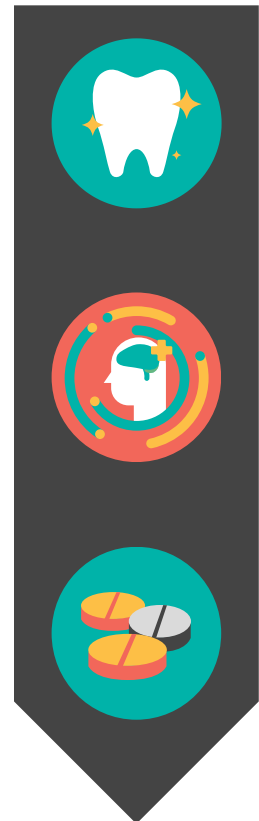
Mental Health

Unserved patients:	7.7M
Provider-patient ratio (psychiatrists)	1:20,000
Additional providers needed (psychiatrists)	385
Provider-patient ratio (other mental health)	1:6,000
Additional providers needed (total)	4,775

Substance Use Disorders

Unserved patients:	4.9M
Provider-patient ratio (psychiatrists):	1:20,000
Additional providers needed (psychiatrists):	245
Provider-patient ratio (other mental health):	1:6,000
Additional providers needed (total)	1,061

Total Cost (including support staff)⁴	\$1.15B
Total Cost (specialists only)	\$970M



3. Provider-patient ratios reflect those used to designate Health Professional Shortage Areas

4. Total cost estimate = additional providers * provider salary. Salary estimates based on those reported by the U.S. Bureau of Labor Statistics, May 2021 National Occupational Employment and Wage Estimates.

If additional funding were available, NACHC estimates that \$500 million over five years for service expansion would equip health centers to meet the oral and behavioral health needs of millions of patients currently going without.

Table 4: Estimated Impact of \$500M for Service Expansion at Health Centers

Additional Health Center Providers	Patient Impact
3,672 oral health providers, including 1,018 dentists	5.1 million additional patients served
2,292 mental health specialists, including 185 psychiatrists	3.4 million additional patients served
510 substance use disorder specialists, including 118 psychiatrists	2.4 million patients receiving services that were previously unavailable
Total:	10.9 million patients receiving services that were previously unavailable

\$500 million in additional funding translates to **\$363,000/health center** (on average) to hire specialists required to meet the unique needs of the communities they serve.

CONCLUSIONS

Patients benefit from having a 'medical home' that can provide care across service lines, including primary care, behavioral health, dental services, and more. Many health centers offer services in addition to primary and preventive medical care; however, provider shortages and financial strain prevent some health centers from adding services. Barriers, like income or insurance status, keep health center patients from accessing services from other private health care providers. HRSA estimates that millions of health center patients are going without needed behavioral health and oral health services. These patients would benefit greatly from access to additional services at the health center where they already have access to affordable primary care. **NACHC estimates that over 10 million patients would benefit from expanded services if an additional \$500 million in federal funding were available.**