



February 2026



Urban Health Plan, New York

Medicare Payment Reform Is Necessary to Protect Seniors' Access to Primary Care

Community Health Centers Are Essential Providers for Seniors in Rural Areas

Nearly four million seniors and people with disabilities on Medicare across the country rely on Community Health Centers (CHCs) to access high quality and affordable primary and preventive health services. CHCs improve health outcomes for Medicare patients by providing high-quality primary care, cancer screenings, integrated mental and behavioral health services, and management of diabetes and high blood pressure.

A Growing Patient Population

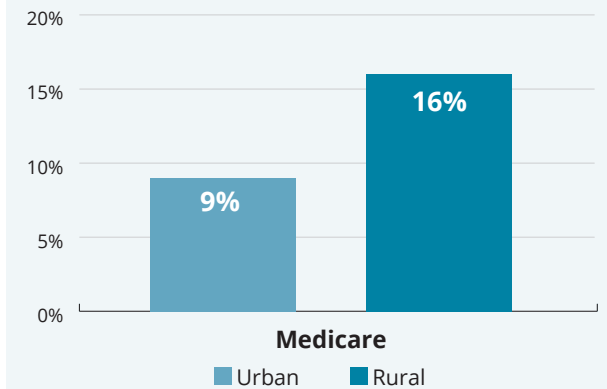
Seniors are the fastest-growing population served by CHCs, especially in rural areas. Rural CHCs serve roughly twice as many Medicare beneficiaries as urban CHCs. Seniors in rural areas face unique challenges to access primary care as they are more likely to report more difficulty paying for medical expenses than beneficiaries in urban areas.¹ Yet, outdated reimbursement in traditional Medicare and challenging red tape in Medicare Advantage jeopardizes care for seniors.

Additionally, CHCs are integral in caring for lower-income, older adults with medically complex needs who are dually eligible for Medicare and Medicaid. Nearly 40% of Medicare patients served by CHCs are dually eligible for Medicaid, compared with 20% of the overall Medicare population and just 6% of Medicare patients treated by private physicians.

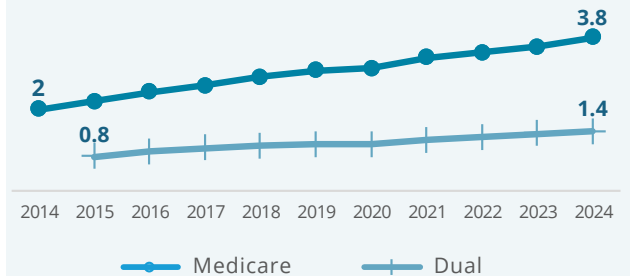
CHCs lose an average of \$103 per Medicare visit, more in rural areas

According to CMS cost reports,² the gap between cost of care and average Medicare reimbursement in rural areas is about 18 percent higher than in urban areas. Seniors in rural areas also disproportionately depend on telehealth to access care, which is reimbursed at less than half the in-person rate.

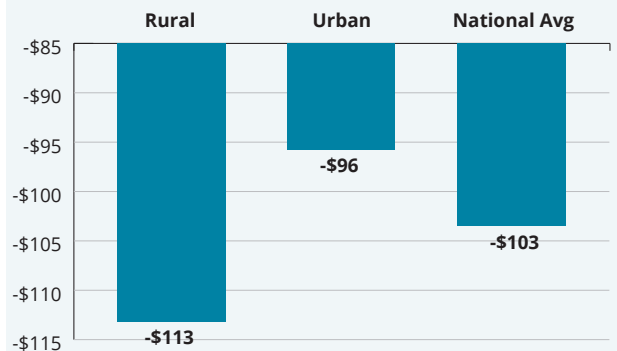
Rural CHCs See Medicare Patients at Almost Double the Rate of Urban CHCs



Community Health Center Patients by Insurance Status in Millions, 2014-2024



Gap Between Reimbursement and Cost for Seniors at CHCs







CHCs Improve Access and Generate Savings for the Medicare Program

According to multiple studies and analysis from the Congressional Budget Office, CHCs' model of integrated primary and preventive care delivers savings across the healthcare system. In Medicare, CHCs' patient costs are lower than those of other providers. The total median annual costs for CHC Medicare patients are \$2,370, which is 10% lower than physician office patients and 30% lower than outpatient clinics.³ Additionally, CHCs save \$3,500 annually for dually eligible patients.⁴

How Congress Can Support Seniors' Access to Primary Care

Congress should consider key Medicare reforms to protect seniors' access to primary care in rural communities:

-  **Adjust Medicare PPS to Cover Cost of Care.** Regularly update the CHC Medicare Prospective Payment System, which has not been adjusted since 2010, to ensure reimbursement accurately reflects the costs of providing comprehensive primary care to seniors, especially in rural and frontier areas.
 - In 2024, the gap between Medicare average reimbursement and cost of primary care grew to \$103 per visit. The gap is even larger in rural and frontier communities.
-  **Provide payment parity between telehealth and in-person CHC visits** in Medicare to ensure rural seniors can benefit from the convenience of telehealth.
 - Medicare reimburses CHCs for medical telehealth visits at roughly half the rate of in-person care, creating a **\$205 gap** between reimbursement and cost of a visit. This gap especially affects seniors living in rural areas, where distances are longer.
-  **Ensure that seniors at CHCs benefit from value-based care models that reward care integration and improve health outcomes.**
 - The current payment system provides no incentive to integrate behavioral health care, expand access to the latest technology, and participate in chronic condition prevention models. Congress should ensure that CHCs are reimbursed for chronic care management and new technology at cost to protect seniors' access to innovative care solutions.
-  **Protect access to primary care for seniors with Medicare Advantage (MA).**
 - Outdated claims guidance, burdensome information requests and overly narrow MA networks make it difficult for CHCs to optimally serve seniors on MA plans. Congress should instruct CMS to improve overly burdensome MA wraparound payment procedures that limit seniors' access to primary care.

Sources:

¹ Park et al, "Financial Burden of Care Greatest Among Rural Beneficiaries in Medicare Advantage," Health Services Research, June 2025.

² Centers for Medicare and Medicaid Services - 2024 FQHC 224-2014 form data.

² National Association of Community Health Centers. Community Health Center Chartbook. May 2025.

³ Nocon R. Research on Health Center Value and Financial Performance. Presented at the NACHC Community Health Institute. August, 2022.