Critical Issues Facing Community Health Centers

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Issues

• Insurance expansions increase the demand for primary care by the newly insured. Health centers help fill that need, while continuing to serve the uninsured.

• Health centers can reduce medical expenditures.

• Relations with Health Insurance Exchanges are still in transition.

• Medicaid expansions permit more to be served.

• Potential funding cliff after FY 2015.
After Massachusetts’ Health Reform, Community Health Centers Served 200,000 More Patients (+48%)
Health Center Patients Have 24% Lower Annual Medical Expenditures Than Non-Users

Source: Richard, Ku, Dor, et al. J Ambul Care Mgmt, 2012, after adjusting for insurance status, health status, age, etc.
Health Centers and Health Insurance Exchanges: Initial Impressions

- Under ACA, Qualified Health Plans (under exchanges) must contract with some essential community providers. Can negotiate to pay rates less than Medicaid prospective payment rate.
- Not clear how often health centers have contracts. Payment rates may be low.
- Many exchange enrollees have high deductibles, so health centers must still subsidize, leaving uncompensated care problem.
Health Center Financing

- Sec. 330 grants are core of health center funding, but Medicaid insurance revenues are greater. Act synergistically.
- Sec. 330 funds infrastructure, care for uninsured and gaps left by insurance underpayments. Grants support both insured and uninsured patients.
- ACA provides mandatory funds to supplement Sec. 330 appropriations, but expire after FY 2015.
- Funding cliff in FY 2016 if Sec. 330 appropriations are not increased.
- Medicaid expansions add revenue and reduce uncompensated care in health centers. If more states expand Medicaid, can serve more patients.
About 1.1 Million Health Center Patients Will Remain Uninsured Because States Are Not Expanding Medicaid

Opt-Out States
(2.3 million eligible for coverage in 2012)
- 1.3 million premium subsidy eligible
- 1.1 million Medicaid eligible
  Will remain uninsured.

Expansion States
(2.9 million eligible for coverage in 2012)
- 1.6 million premium subsidy eligible
- 1.3 million Medicaid eligible

Source: Shin, Sharac, Rosenbaum, May 2014
Effects of Sec. 330 Grant Funding & Medicaid Expansion on Total Number of Patients Served at Health Centers

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*As of Feb. 2014