Health Centers and Medicaid

Health Center Program Grantees and look-alikes are non-profit, community-directed, primary and preventive care providers serving low-income and medically underserved communities.[§] Medicaid is the country's largest health insurer for low-income and disabled people. Health centers provide over **27 million underserved patients*** with access to comprehensive primary and preventive care. The Health Center Program stands as a key partner for Medicaid as it seeks to accelerate practice innovations that drive savings while also improving outcomes.

Health Center Participation in Medicaid

Health centers care for more than **1 in 6 Medicaid** beneficiaries nationally[1] and health centers' Medicaid patient population is approximately double that of the general population (Figure 1).

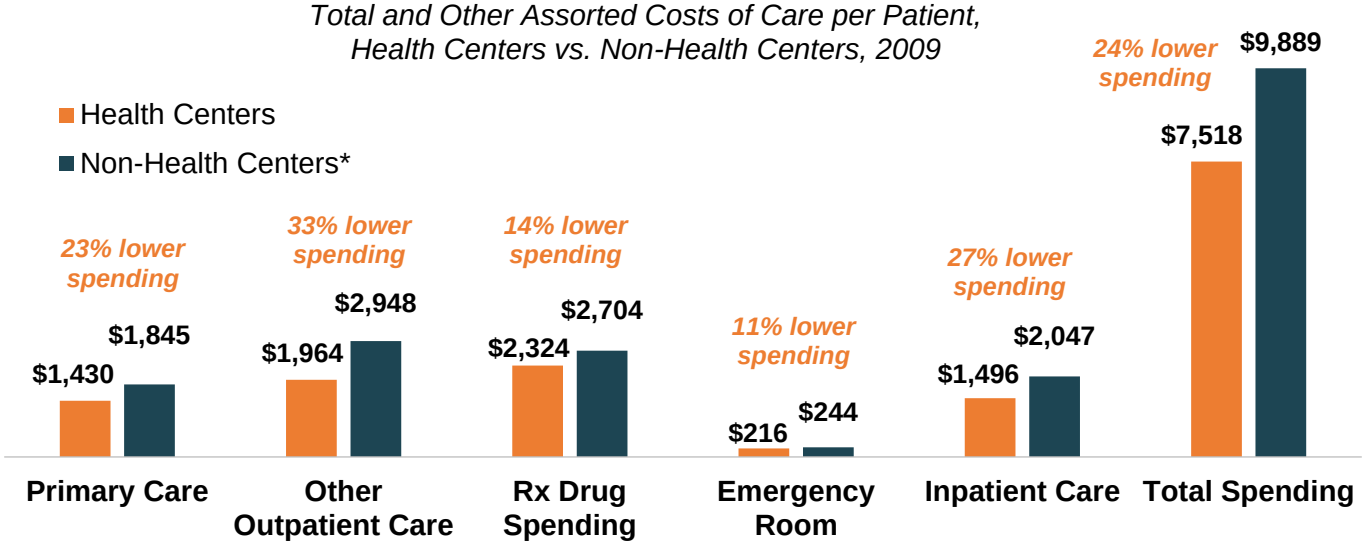
Fig. 1
Percent of the Population with Medicaid/CHIP, U.S. versus Health Centers, 2016

Sources: 1. Medicaid and CHIP Payment Access Commission. 2017. Medicaid and CHIP Enrollment as a Percentage of the U.S. Population, 2016. MACStats: Medicaid and CHIP Data Book. 2. 2016 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS.

Generating Value for Medicaid

Research shows that health centers produce savings across service delivery for Medicaid. A recent landmark study confirms this in 13 states, finding that **health centers save, on average, $2,371 (or 24%) per Medicaid patient when compared to other providers** (Figure 2).

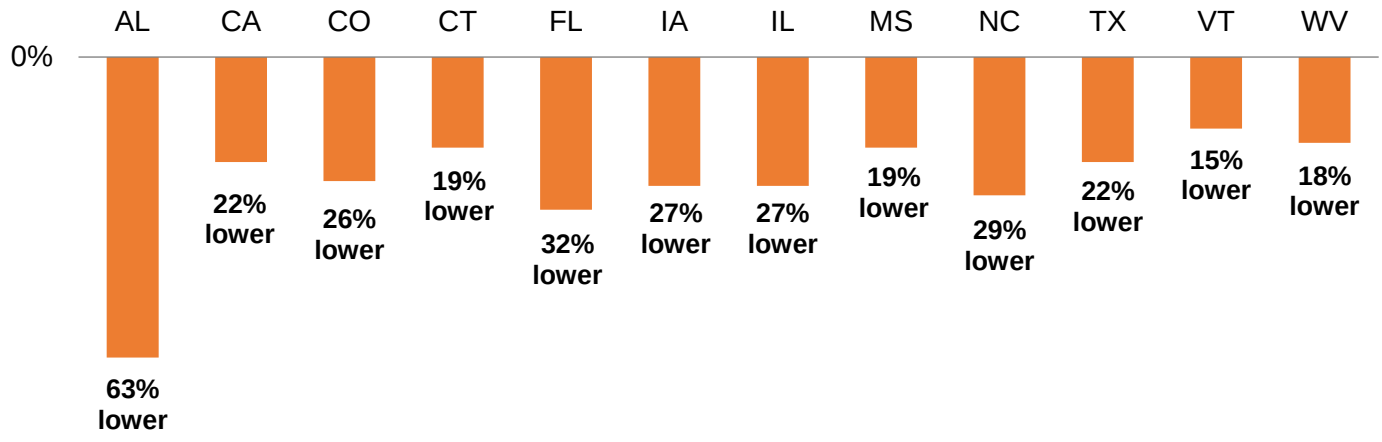
Fig. 2
Total and Other Assorted Costs of Care per Patient, Health Centers vs. Non-Health Centers, 2009



*Non-Health Centers include private physician offices and outpatient clinics.
Source: Nocon et al. Health care use and spending for Medicaid enrollees in federally qualified health centers versus other primary care setting. AJPH. November 2016. 106(11): 1981-1989.

Furthermore, the authors found health centers to have lower total spending per Medicaid patient compared to non-health centers within each of the states studied. Figure 3 illustrates these findings, showing the percentage difference by which each state's health centers have lower total spending per Medicaid patient compared to non-health centers. The authors also found that across these states, health center Medicaid patients have lower utilization of and spending on all services measured, including inpatient and other outpatient care, compared to non-health center Medicaid patients.[2]

Fig. 3
Adjusted Percent Difference in Total Spending, Health Center Medicaid Patients Compared with Non-Health Center Medicaid Patients by State, 2009*



*Non-Health Centers include private physician offices and outpatient clinics.
Source: Nocon et al. Health care use and spending for Medicaid enrollees in federally qualified health centers versus other primary care setting. AJPH. November 2016. 106(11): 1981-1989.

Past studies document that health centers **save the Medicaid program $6 billion annually**[3] and that health center patients with Medicaid have lower utilization of costly hospital and emergency department-related services compared to patients at other providers, even under managed care.[4] For example, research found that health center Medicaid patients in Colorado are one-third less likely to use hospital-related services compared to those seen at other providers.[5]

Research also documents that federal investments in health centers expand health center capacity while also improving access to preventive care for Medicaid patients and others. In areas with greater increases in federal health center funding, patients with Medicaid are less likely to delay seeking care due to cost, are more likely to have a usual source of primary care, and are less likely to rely on the emergency department for care.[6] Health centers continue to develop innovations in care delivery that can add additional value to Medicaid. Currently, 68% of health centers have achieved recognition as Patient Centered Medical Homes, a standard shown to be related to better clinical performance.[7] Many health centers are also participating in integrated care networks, such as accountable care organizations, designed to lower costs without compromising quality.[8]

The Importance of Adequate Medicaid Payment

Adequate Medicaid payments are essential to health centers' viability and ability to innovate. Each health center's unique, per-visit Medicaid payment is intended to cover the comprehensive set of services provided by the health center and covered by the Medicaid program. In addition to primary medical care, these services typically include dental, mental health, and pharmacy, and may also include services such as care management and health education.

Health centers provide care to 17% of all Medicaid beneficiaries, but Medicaid payments to health centers make up only 1.8% of total Medicaid spending (Table 1). Medicaid payments represent 43% of health centers' total revenue, making it their largest revenue source. Yet, despite serving increasing numbers of Medicaid patients, the amount of **Medicaid revenue collected in 2016 only covered 80% of the cost associated with caring for that population, leading to a significant and unremitting uncompensated care gap for health centers.**[9]

Health centers' Medicaid payment structure ensures that health center grant revenues can be dedicated primarily to caring for the uninsured—as intended by Congress—rather than subsidizing care for Medicaid patients. It is a highly cost-effective use of Medicaid funds and a reliable source of payment that assures continuity and predictability of access to care in underserved communities.

Table 1. Medicaid Population Expenditures Accounted for by Community Health Centers by State, 2016

State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenues as a % of Total Medicaid Expenditures	State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenues as a % of Total Medicaid Expenditures
AK	21.3%	4.1%	**MT**	14.3%	1.7%
AL	10.2%	0.8%	**NC**	6.2%	0.5%
AR	8.1%	0.8%	**ND**	11.6%	0.7%
AZ	15.1%	2.3%	**NE**	10.1%	0.7%
CA	23.0%	3.2%	**NH**	14.3%	1.0%
CO	24.1%	3.0%	**NJ**	15.6%	1.0%
CT	30.8%	2.6%	**NM**	17.2%	2.0%
DC	36.2%	3.4%	**NV**	6.3%	0.6%
DE	8.5%	0.5%	**NY**	17.0%	1.7%
FL	13.1%	1.6%	**OH**	13.2%	0.8%
GA	7.2%	0.5%	**OK**	8.6%	1.0%
HI	24.8%	3.8%	**OR**	22.5%	3.7%
IA	14.0%	1.3%	**PA**	13.6%	1.0%
ID	14.1%	1.8%	**RI**	31.2%	3.4%
IL	24.6%	1.8%	**SC**	12.9%	1.3%
IN	16.8%	1.5%	**SD**	15.2%	1.2%
KS	14.5%	0.9%	**TN**	8.3%	0.6%
KY	16.7%	1.6%	**TX**	7.8%	0.7%
LA	14.1%	0.9%	**UT**	8.7%	1.2%
MA	22.0%	1.7%	**VA**	7.4%	0.4%
MD	11.8%	1.5%	**VT**	29.9%	2.4%
ME	15.8%	1.4%	**WA**	34.6%	5.6%
MI	15.5%	1.5%	**WI**	18.0%	2.0%
MN	7.7%	0.6%	**WV**	28.3%	2.6%
MO	24.8%	2.0%	**WY**	4.2%	0.3%
MS	13.3%	0.6%	**US**	**16.6%**	**1.8%**

Based on NACHC Analysis of: 1. 2016 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS. 2. Kaiser Commission on Medicaid and the Uninsured, Monthly Medicaid and CHIP Enrollment, December 2016. 3. Medicaid and CHIP Payment Access Commission. 2017. Medicaid Spending by State, Category, and Source of Funds. MACStats: Medicaid and CHIP Data Book.

§ In this document, unless otherwise noted, the term "health center" is generally used to refer to organizations that receive grants under the Health Center Program as authorized under section 330 of the Public Health Service Act, as amended (referred to as "grantees") and FQHC look-alike organizations, which meet all the Health Center Program requirements but do not receive Health Center Program grants.

˟ NACHC, 2016. Includes all patients of federally-funded health centers, non-federally funded health centers, and expected patient growth for 2017.

1. 2016 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS. Kaiser Family Foundation. Total monthly Medicaid and CHIP Enrollment. December 2016. http://kff.org/state-category/medicaid-chip/. 2. Nocon et al. Health care use and spending for Medicaid enrollees in federally qualified health centers versus other primary care settings. AJPH. November 2016. 106(11): 1981-1989. 3. Ku L et al. Using primary care to bend the curve: Estimating the impact of a health center expansion on health care costs. George Washington University. Washington, DC: Geiger Gibson/RCHN Community Health Foundation Research Collaborative. June 2010. Note: per-person savings associated with health centers derived by comparing annual medical expenditures for health center patients and non-health center patients using 2006 MEPS. 4.McRae T and Stampfly R. An evaluation of the cost effectiveness of federally qualified health centers (FQHCs) operating in Michigan. 2006. Institute for Health Care Studies at Michigan State University. California Primary Care Association. Value of community health centers study: Partnership HealthPlan of California case study. 2013 January. Texas Association of Community Health Centers. "Comparative Costs of Community Health Centers and Other Usual Sources of Primary Care: The Texas Story." 2011. 5. Rothkopf J et al. Medicaid patients seen at Federally Qualified Health Centers use hospital services less than those seen by private providers. *Health Aff*. 2011 July; 30(7): 1335 – 42. 6. McMorrow S and Zuckerman S. Expanding federal funding to community health centers slows decline in access for low-income adults. *Health Serv Res*. 2014 Jun;49(3):992-1010. 7. HRSA Health Centers Data. PCMH Badge. Available at http://bphc.hrsa.gov/uds/datacenter.aspx?year=2016. Accessed on February 2, 2018. Shi L et al. Patient-centered medical home recognition and clinical performance in U.S. community health centers. *Health Serv Res*. June 2016. 8. StarTribune. Using data to track patients, Twin Cities clinics save millions while improving care. October 24, 2016. Available at http://www.startribune.com/using-data-to-track-patients-twin-cities-clinics-save-millions-while-improving-care/398131181/. 9. 2016 Uniform Data System, Bureau of Primary Health Care, HRSA, DHHS.

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 For more information, email research@nachc.org.