



Pulse Survey | Financial Challenges September 2024

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Key Findings

- Nearly all (93%) of Community Health Centers (CHCs) report that base grant increases would be extremely impactful. In contrast, less than half (45%) of CHCs reported that new access point competition to be extremely impactful. (Exhibit 5).
- Over half (55%) of CHCs report delaying and/or filling open positions in the last 6 months due to financial challenges. (Exhibit 3).
- Most CHCs (86%) report difficulty maintaining competitive salaries as a major challenge due to financial constraints (Exhibit 2a).

Acknowledgement

We extend our heartfelt gratitude to all the Community Health Centers (CHCs) that participated in our recent pulse survey. Your thoughtful feedback and insights are invaluable in guiding our efforts to enhance our services and better meet the needs of our community. Thank you for your continued commitment and support.

Introduction

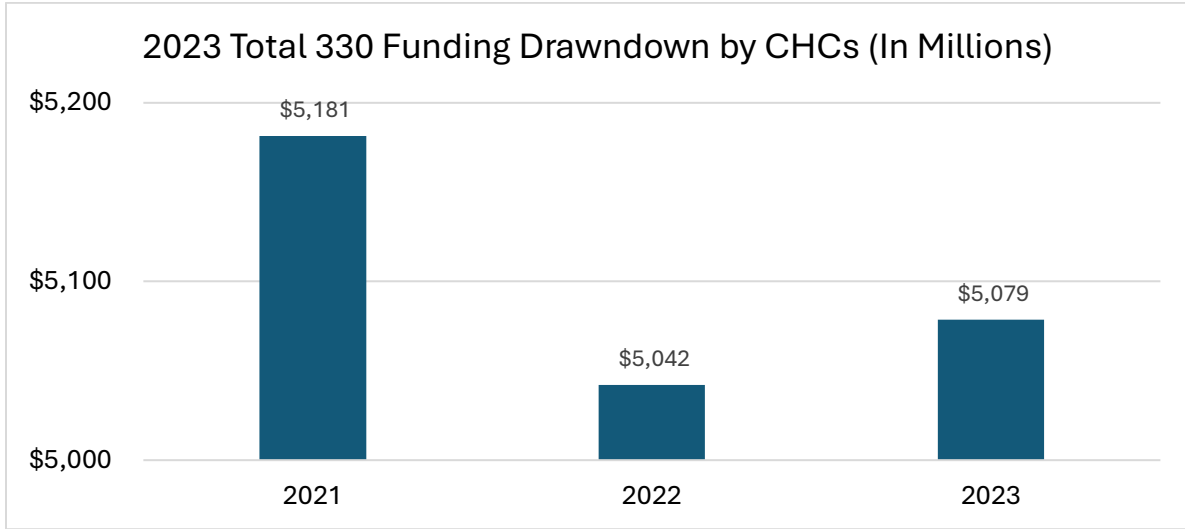
In 2023, Community Health Centers (CHCs) provided services to 1 in 10 individuals in the United States, utilizing just over \$5 billion in Section 330 funding. CHCs are crucial for providing health care to underserved and historically marginalized populations but face challenges due to budget constraints. These constraints make it hard to attract and retain qualified staff, leading to high turnover and staffing shortages, which affects care quality and strains existing staff. CHCs also struggle to maintain services addressing social drivers of health like housing, nutrition, and transportation, which are often cut first, increasing health disparities.

CHCs rely on a variety of funding sources besides the Section 330 grants. One major source is Medicaid and Medicare payments, which cover services provided to enrolled individuals. They also benefit from state and local government grants, which support specific health initiatives and operational needs. Private donations and grants from foundations and corporations further supplement their funding. Lastly, patient fees based on a sliding scale contribute to their revenue.

330 Funding

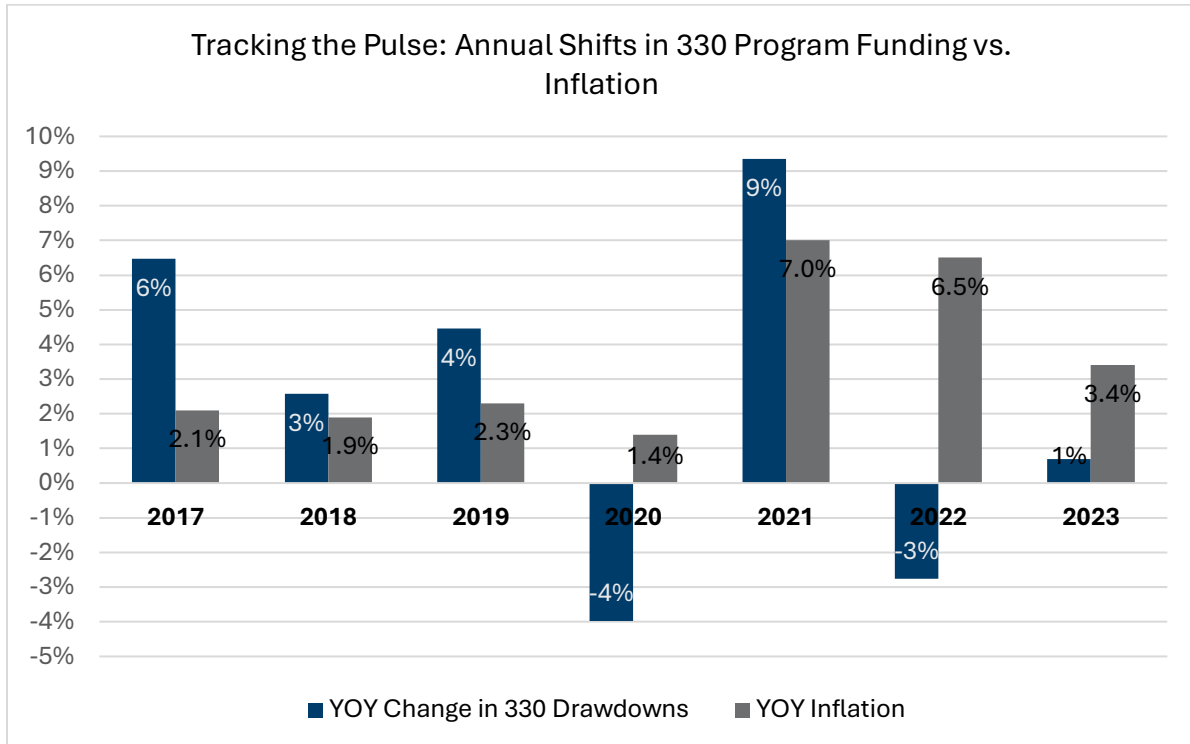
Section 330 of the Public Health Service Act is a critical source of funding for Community Health Centers (CHCs) in the United States. CHCs rely on this funding to offer essential health care services to underserved populations, including primary care, dental, mental and behavioral health services. This support helps CHCs address health disparities and improve access to care for vulnerable communities. Figure 1 illustrates the total amount of 330 funding drawn down and received by CHCs based on UDS Data. Figure 2 depicts the Year-Over-Year (YOY) changes in the amount of 330 funding drawn down and received by CHCs, compared to YOY inflation.

Figure 1. 330 Funding Drawdowns for CHCs has fallen by over \$100 Million since 2021



Source: 2022, 2023, and 2024 HRSA UDS Data Sets

Figure 2. In recent years, year-over-year inflation has outpaced the funding received by CHCs



Source: 2018 thru 2024 HRSA UDS Data Sets

Methods

A brief pulse survey was sent to all 330 and Look-Alike (LAL) CHCs listed in the 2024 UDS about the financial challenges they were experiencing. The survey was fielded between July 22nd and August 9th, 2024. We received 306 responses, 18 of which were from LAL CHCs. Our overall response rate is 20.45% and our Margin of Error is ±4.99%. Every state and the District of Columbia are represented, with the exceptions of Delaware, Utah, and Wyoming. Additionally, Puerto Rico, Palau, Guam, and Micronesia are represented in the findings.

Pulse Survey Findings

Exhibit 1a. PPS Rates top the List as Most Crucial Funding Sources for CHCs

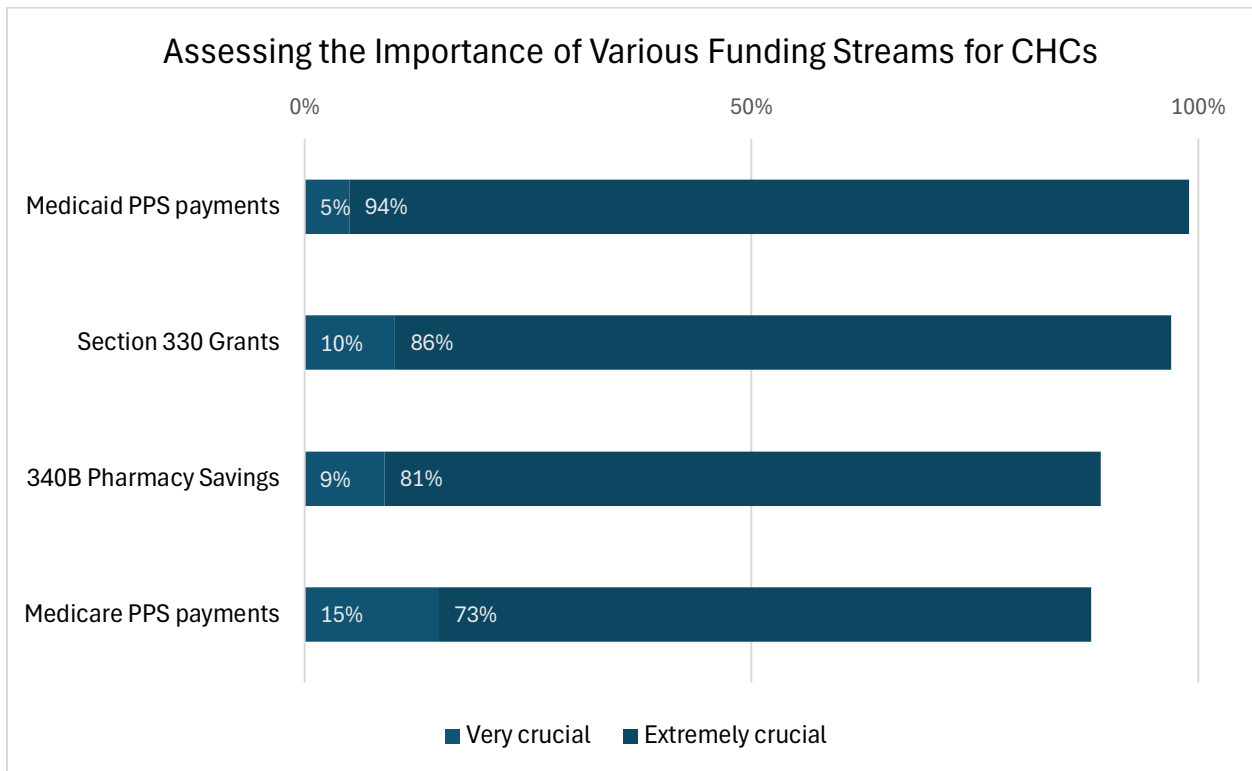


Exhibit 1b. CHCs' Evaluation of Key Funding Sources

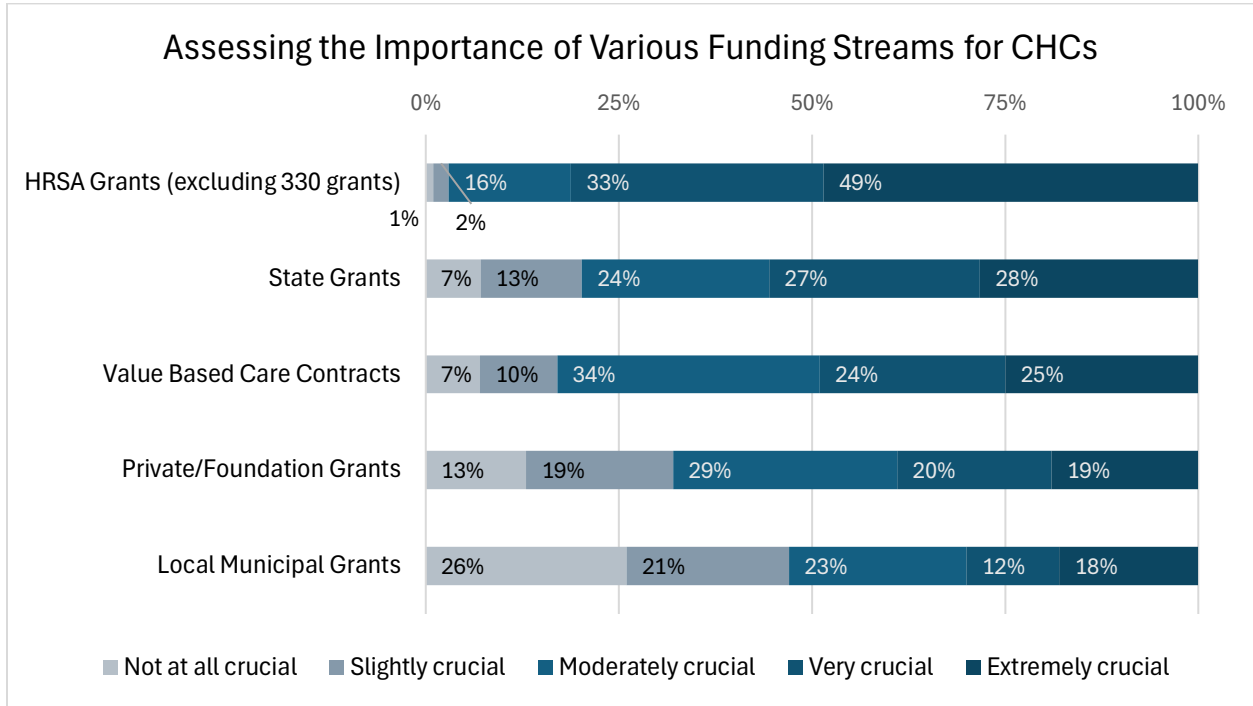


Exhibit 2a. Recruiting and Retaining Staff Top the list of Challenges CHCs Experience due to Funding Restrictions

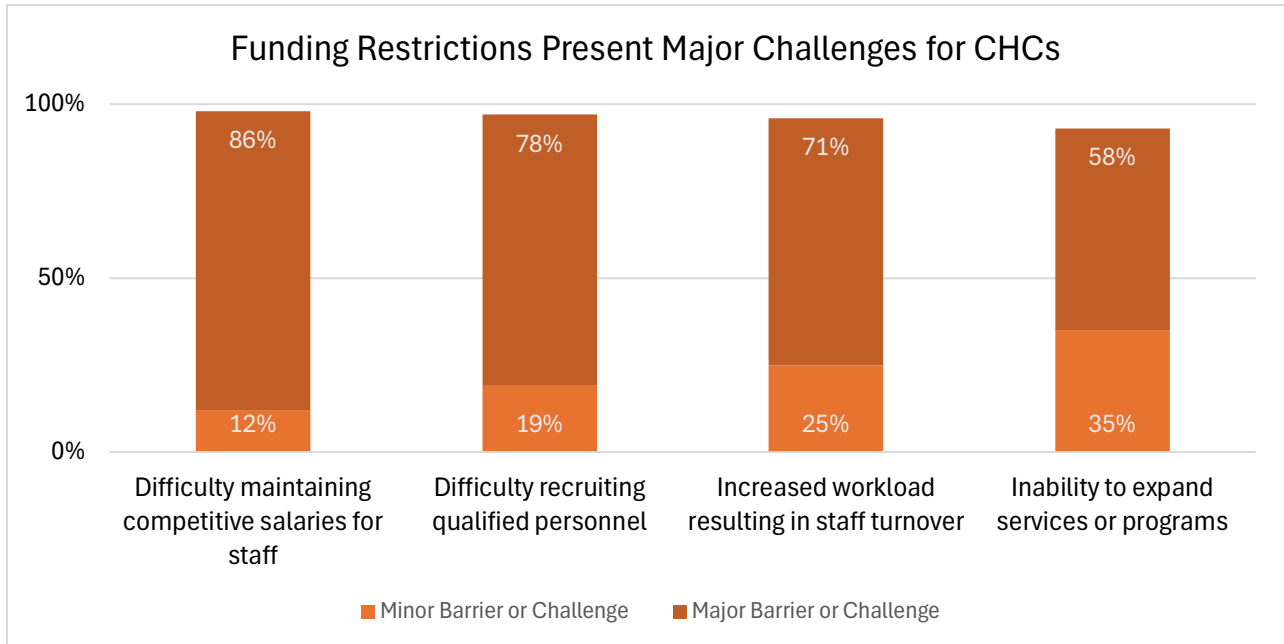


Exhibit 2b. CHC’s evaluation of Potential Barriers and Challenges due to Funding Restrictions

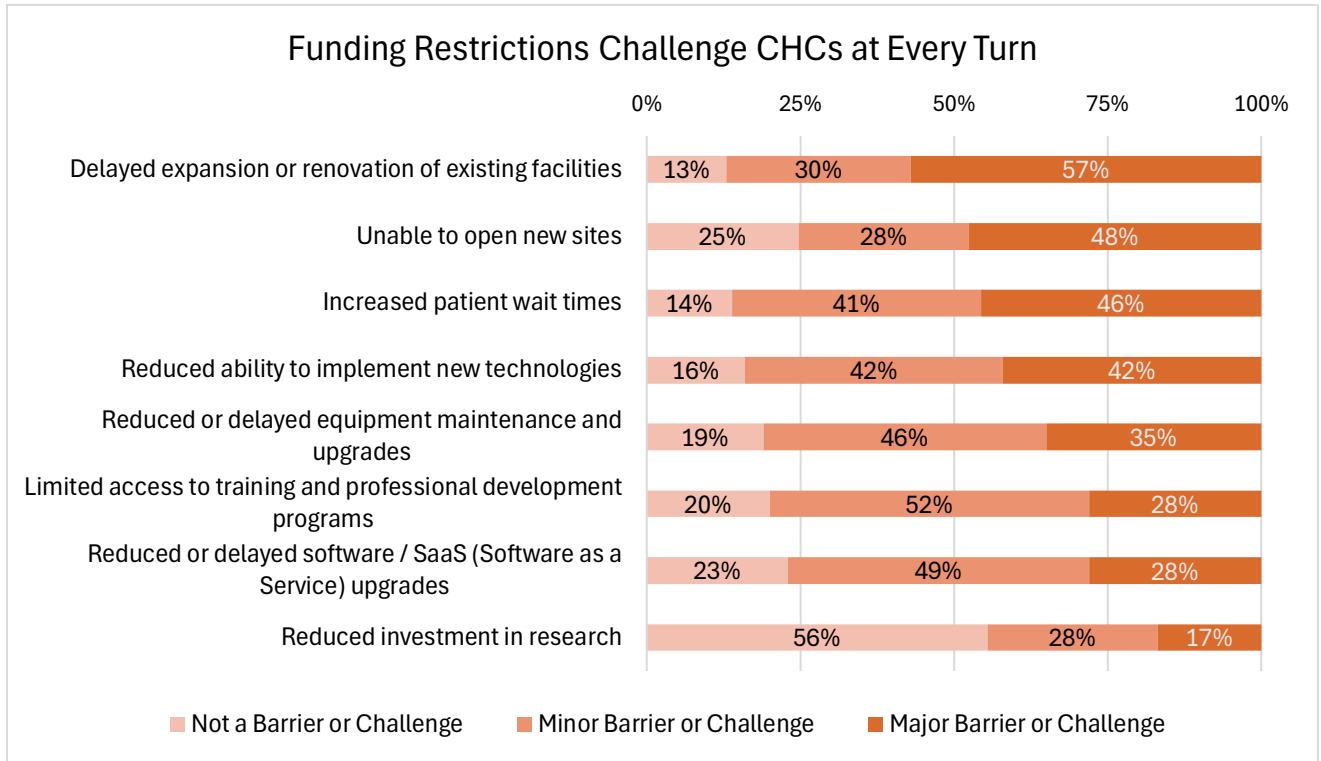


Exhibit 3. Some CHCs Have Limited or Are Planning to Limit Services Due to Financial Constraints

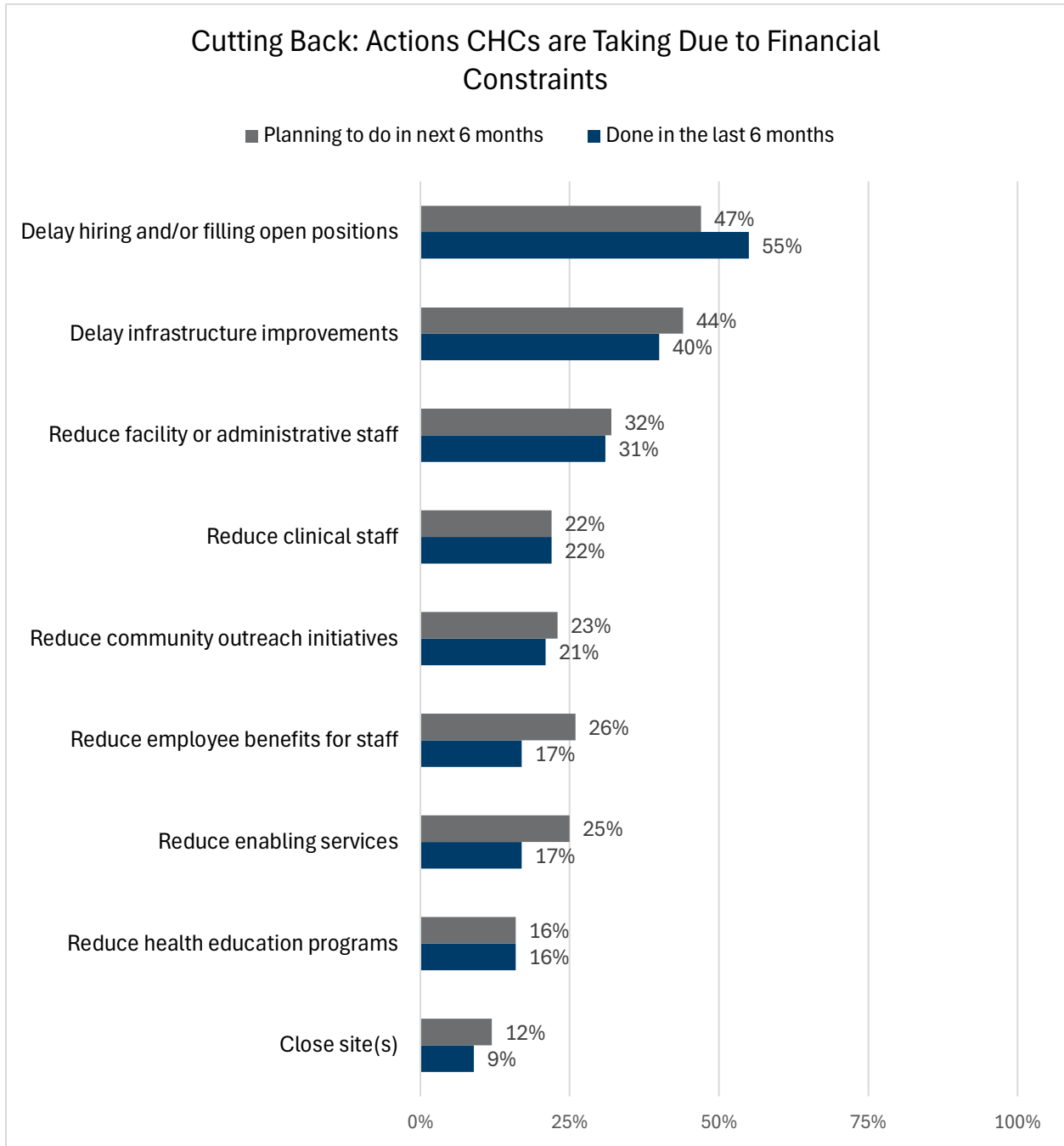


Exhibit 4. Two Thirds of CHCs Report that NHSC Loan Repayment Programs are Very or Extremely Crucial for Staff Recruitment and Retention

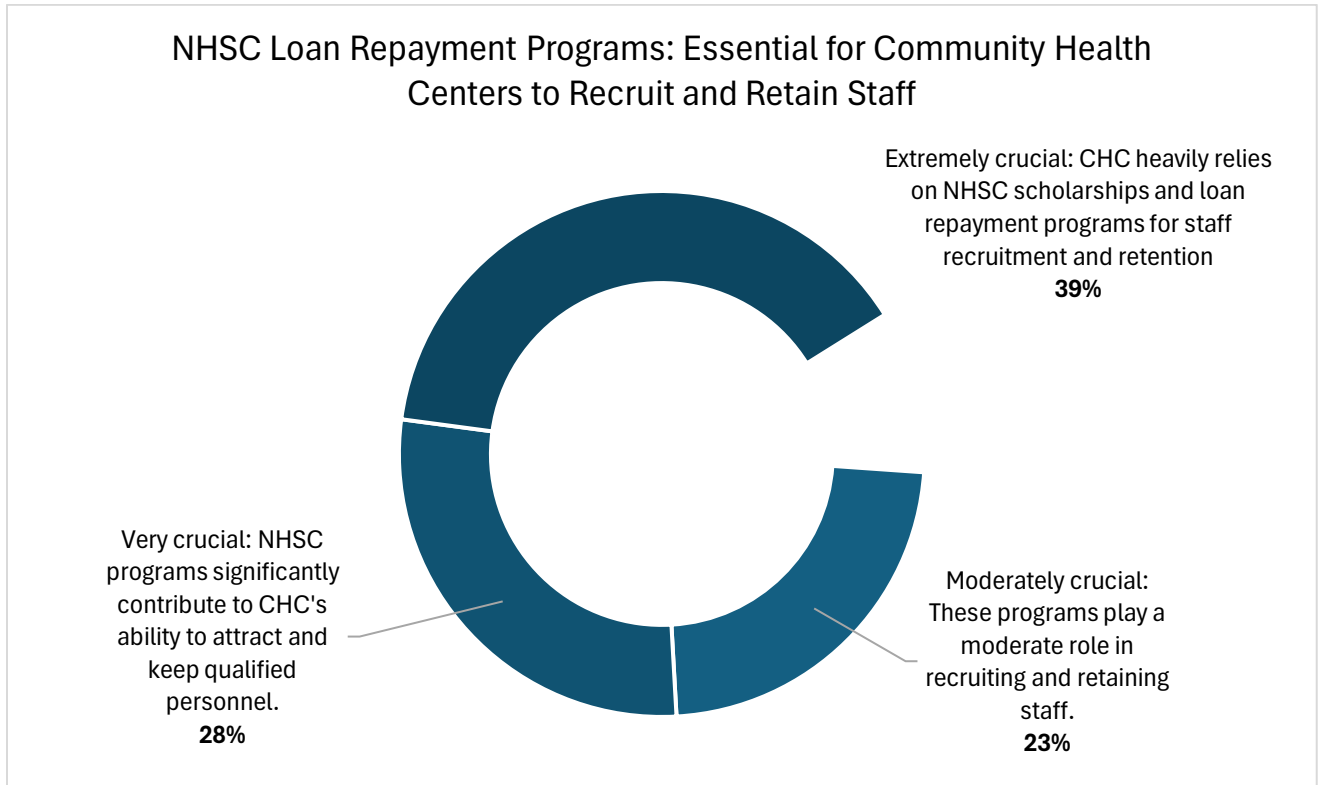
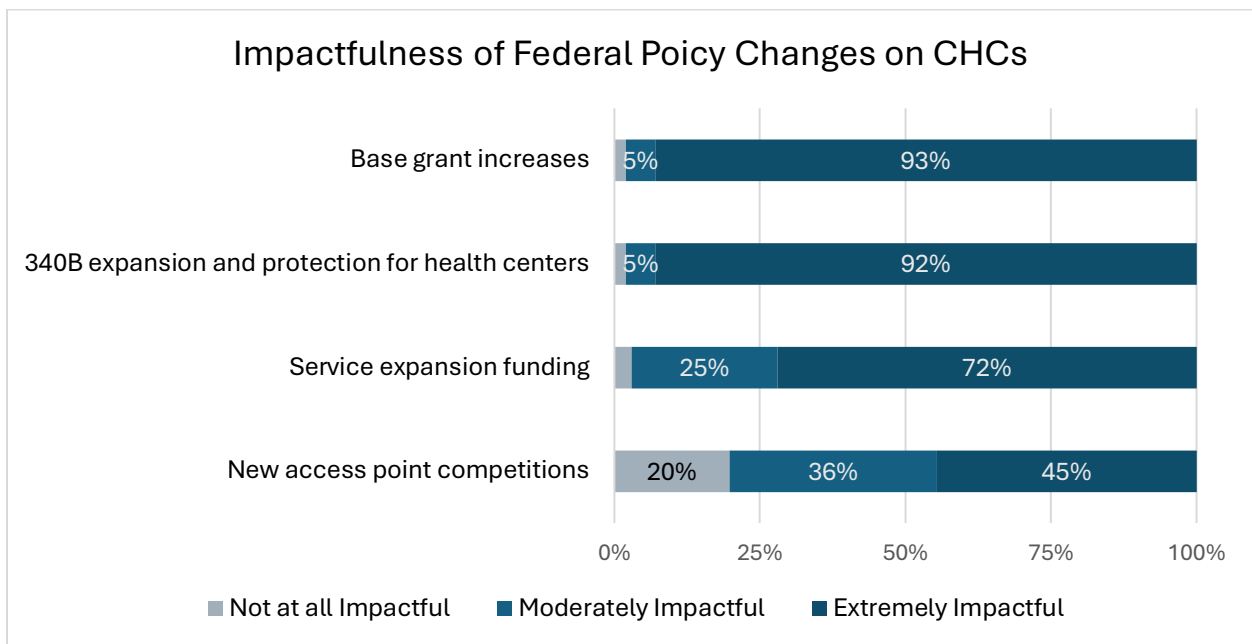


Exhibit 5. CHCs Report that base grant Increase would be More Impactful than New Access Point Competitions



Closing

CHCs overwhelmingly identified Medicare and Medicaid Prospective Payment System (PPS) rates as crucial funding sources. In the open-ended responses on the pulse survey, many CHCs noted that it had been decades since their PPS rates were increased, or that their state did not enforce Medicaid PPS rates. As shown in Exhibit 1, CHCs also identified 340B savings as an extremely critical funding source, though this funding may be at risk. CHCs reported that manufacturer-imposed restrictions have significantly reduced their 340B savings revenue. These savings are essential for CHCs to offset medical care costs and provide services addressing social drivers of health.

Due to persistent limited funding and increased patient volumes over the years, CHCs have had to take measures to keep their organizations afloat. As shown in Exhibit 3, CHCs have either (or are planning to) delayed facility improvements, reduced administrative and clinical staff, or cut back on enabling and health education services.

In conclusion, the financial challenges faced by CHCs are multifaceted and deeply impactful. The reliance on Medicare and Medicaid PPS rates, coupled with the critical yet threatened 340B savings, underscores the precarious nature of their funding. The necessity to delay improvements, reduce staff, and cut essential services highlights the urgent need for policy interventions and increased funding to ensure CHCs can continue to provide comprehensive care and address the social determinants of health for their communities. Without such support, the sustainability and effectiveness of CHCs remain at significant risk.