



January 2025

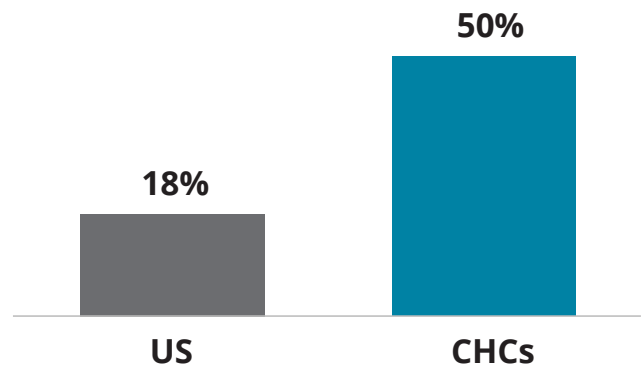


Mary's Center, Washington, DC

## Community Health Centers and Medicaid: Working Together to Make Americans Healthy

Community Health Centers (CHCs) provide effective, affordable, comprehensive primary and preventive care to low-income and medically underserved communities.<sup>1</sup> Medicaid is the country's largest health insurer for low-income and disabled people. **In 2023, CHCs served nearly 16 million Medicaid patients – more than 1 in 6 Medicaid beneficiaries.**<sup>2</sup> Of the 32.5 million patients served at CHCs in 2023, 50% were Medicaid enrollees. CHCs are a key partner for Medicaid as it seeks innovative solutions to improve health while lowering costs.

PERCENT OF THE POPULATION WITH MEDICAID/CHIP,  
U.S. VERSUS HEALTH CENTERS, 2023



### CHCs Reduce Medicaid Spending

CHCs provide cost-effective services that keep Medicaid patients healthy, prevent Emergency Department (ED) visits and hospitalizations, and reduce the need for costly specialty care. In 2023, **CHCs provided care to 18% of all Medicaid beneficiaries**, but Medicaid payments to CHCs **made up only 2.3% of total Medicaid spending**.

**CHCs provide comprehensive primary and preventive care at a lower cost than other primary care providers**, saving Medicaid \$1,400 per adult patient per year.<sup>3</sup>

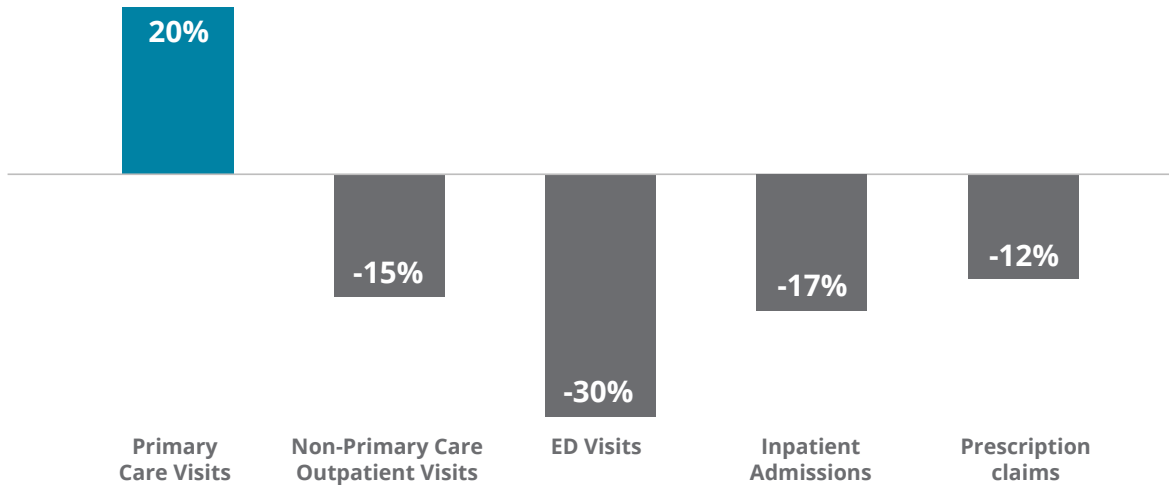
### ANNUAL MEDICAID SAVINGS PER HEALTH CENTER PATIENT:



A 2024 landmark report from the **Congressional Budget Office (CBO)** estimated that \$5.8 billion in CHC funding would safeguard access to care for 10 million people while **saving \$11.4 billion** in federal Medicaid and Medicare spending.<sup>4</sup>

**Access to primary and preventive care at CHCs care reduces utilization of costlier services** such as ED visits, hospitalizations, and outpatient specialty care.<sup>5</sup> A recent study showed that pediatric patients at CHCs had 20% more primary care visits, and 17% fewer hospitalizations compared to non-CHC patients.<sup>6</sup>

**PEDIATRIC PATIENTS AT CHCS USE MORE PRIMARY CARE AND LESS COSTLIER SERVICES COMPARED TO NON-CHC PATIENTS.<sup>6</sup>**



**A recent study showed that in 2023, CHCs saved Medicaid \$38.6 billion by keeping patients healthy and avoiding unnecessary costs.**<sup>7</sup> This study is consistent with decades of research showing CHC cost savings to Medicaid populations.<sup>8</sup> Research has also shown that in areas with greater increases in federal CHC 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 ED for care.<sup>9</sup>

**Adequate Medicaid payments are essential for CHCs to sustain comprehensive primary and preventive care in low-income communities.** Nearly 16 million CHC patients rely on Medicaid, and CHCs rely on Medicaid reimbursement to provide comprehensive primary and preventive care – including behavioral health (mental health and substance use disorder treatment), dental, vision, and enabling services to keep patients healthy. Medicaid payments represent 43% of CHCs total revenue, making it their largest funding source. Yet, Medicaid payments in 2023 covered only 85% of the cost associated with caring for that population, leading to a collective uncompensated care cost of \$3.8 billion.<sup>10</sup>

**CHC services are a cost-effective use of Medicaid funds and a source of funding that assures sustainability and reliable access to care in underserved communities.**

**Source:**

- 1 As defined in the PHSA sections 330(b)(1)-(2)
- 2 Georgetown University Center for Children and Families. 2023 Medicaid and CHIP Snapshot Data Sources. <https://ccf.georgetown.edu/2023/08/11/2023-medicaid-and-chip-snapshot-data-sources/>
- 3 Nocon R. Research on Health Center Value and Financial Performance. Presented at the NACHC Community Health Institute. August, 2022.
- 4 Congressional Budget Office. Cost Estimate: Bipartisan Primary Care and Health Workforce Act. <https://www.cbo.gov/system/files/2024-02/s2840.pdf>
- 5 Pourat N, Differences in Health Care Utilization of High-Need and High-Cost Patients of Federally Funded Health Centers Versus Other Primary Care Providers. *Med Care* 2024 Jan 1;62(1):52-59
- 6 Volerman, A et al., Utilization, quality, and spending for pediatric Medicaid enrollees with primary care in health centers vs non-health centers. *BMC Pediatric*. 2024 Feb 8;24(1):100.
- 7 Capital Link. The Value and Impact of the National Health Center Program. 2025.
- 8 Ku et al., The Value Proposition: Evidence of the Health and Economic Contributions of Community Health Centers. Geiger Gibson / RCHN Community Health Foundation Research Collaborative, George Washington University. August 2022.
- 9 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.
- 10 Uniform Data System 2023. BPHC, HRSA, DHHS.