

HEALTH

Serving High-Need Communities Through Health Centers

A Primer for State Legislators



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Serving High-Need Communities Through Health Centers: A Primer for State Legislators

BY SAMANTHA SCOTTI

The National Conference of State Legislatures is the bipartisan organization dedicated to serving the lawmakers and staffs of the nation's 50 states, its commonwealths and territories.

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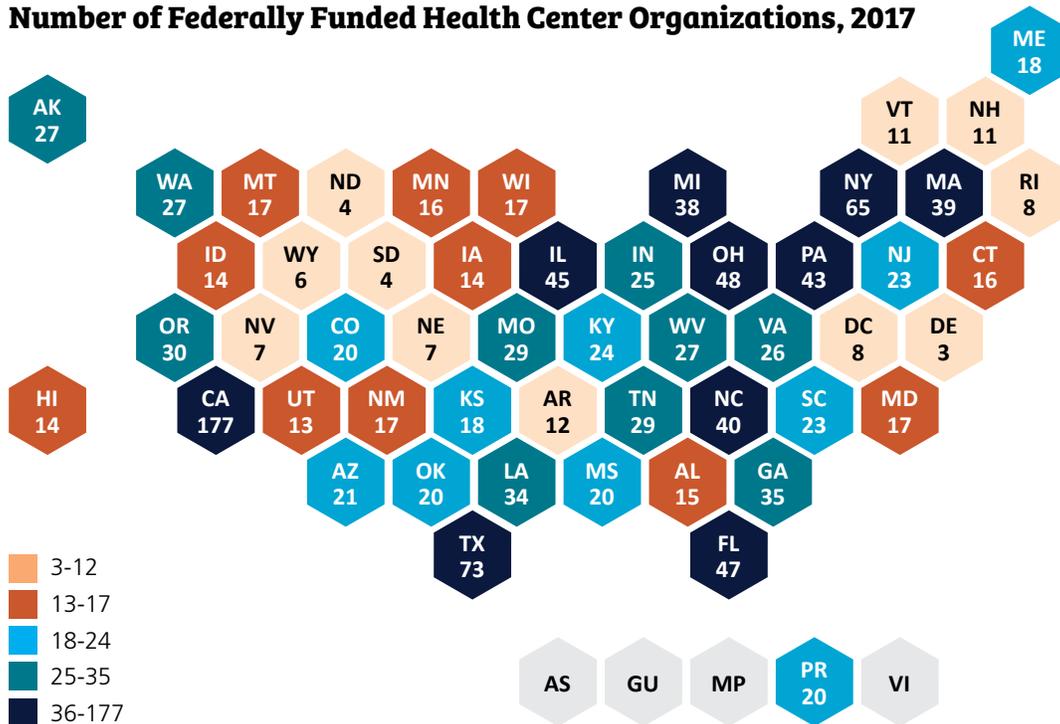
Health centers serve approximately 1 in 12 Americans and provide important access to health services for rural and underserved populations in many states. Health centers are community-based, nonprofit or public organizations that provide coordinated, comprehensive primary care services. These can include medical, dental, pharmacy, behavioral health and geriatric care, and enabling services like transportation or translation.



Located in medically underserved areas, including sparsely populated rural locations or highly populated urban centers with high rates of publicly insured or uninsured patients, health centers provide services regardless of patients' ability to pay. Health centers include community health centers, migrant health centers, school-based health centers, health care for the homeless health centers and public housing primary care centers.

With a mission to serve the high-need communities in which they are located, these centers can leverage state and federal resources to achieve this goal. Most health centers receive federal grant funding through the federal Health Center Program authorized under [Section 330 of the Public Health Service Act](#), while others—referred to as Look-Alikes—meet all requirements to receive a grant but do not actually receive such funding. Though Look-Alikes do not receive federal grant funding, they may receive other health center benefits like enhanced Medicare or Medicaid reimbursement, or the ability to purchase prescription drugs at a reduced cost through the 340B Drug Pricing Program. To qualify as a health center, an entity must meet certain conditions included in the [Health Center Program Compliance Manual](#). These include providing comprehensive primary health care services to all, being located in or serving a high-need community and being governed by a board with a majority patient representation.

Number of Federally Funded Health Center Organizations, 2017



Source: National Association of Community Health Centers, 2019



Health Centers: Who They Serve

Health centers serve a diverse population with unique needs, including:

- 1 in 3 people living in poverty.
- 1 in 5 people in rural areas.
- 1 in 6 Medicaid beneficiaries.
- 1 in 8 people of a racial/ethnic minority.
- 1 in 9 children.

Several groups of people experience unique challenges accessing health care. While all health centers provide services to meet a range of patient needs, some centers also receive funding to focus on the distinctive health needs of special populations. These can include migrant and seasonal farmworkers, individuals experiencing homelessness and public housing residents. These groups tend to face barriers to obtaining care, such as the absence of consistent primary or preventive health care, increased exposure to hazardous work or living conditions, and a mobile lifestyle.

Special Populations and Community Health Centers

Population	Participants
Total health center patients	28 million
School-based health center patients	802,360
Veterans	355,648
Agricultural worker patients	972, 251
Patients experiencing homelessness	1,361,675
Public housing patients	3,466,074

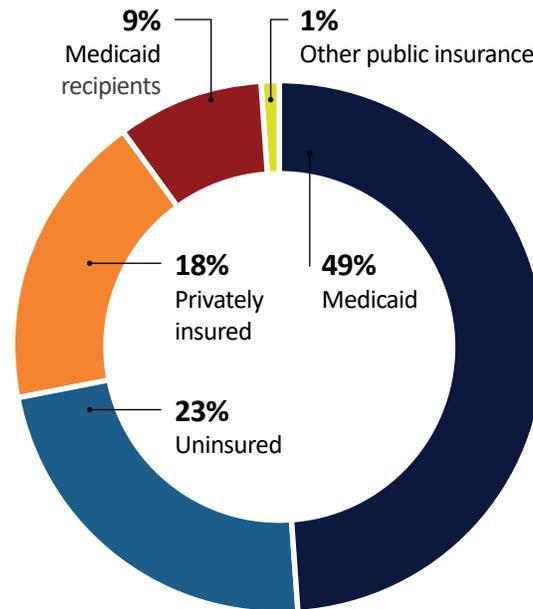


Source: National Association of Community Health Centers, *Community Health Center Chartbook*, 2019

Health Center Financing

To reduce barriers to care, health centers do not deny services based on an individual's insurance status or ability to pay. Health centers are required to develop a [sliding fee discount program](#) for services, based on factors such as income and family size. Most health centers receive federal grants to assist in covering the costs of providing services to uninsured and underinsured patients, primarily through the Health Centers Program. In addition to federal grants, some health centers also receive state grant funds to support various services, operations and capital investments. According to the National Association of Community Health Centers, in FY 2018, [29 states provided direct state funding for their health centers](#). In several states, this money comes from tobacco taxes and tobacco settlement funds.

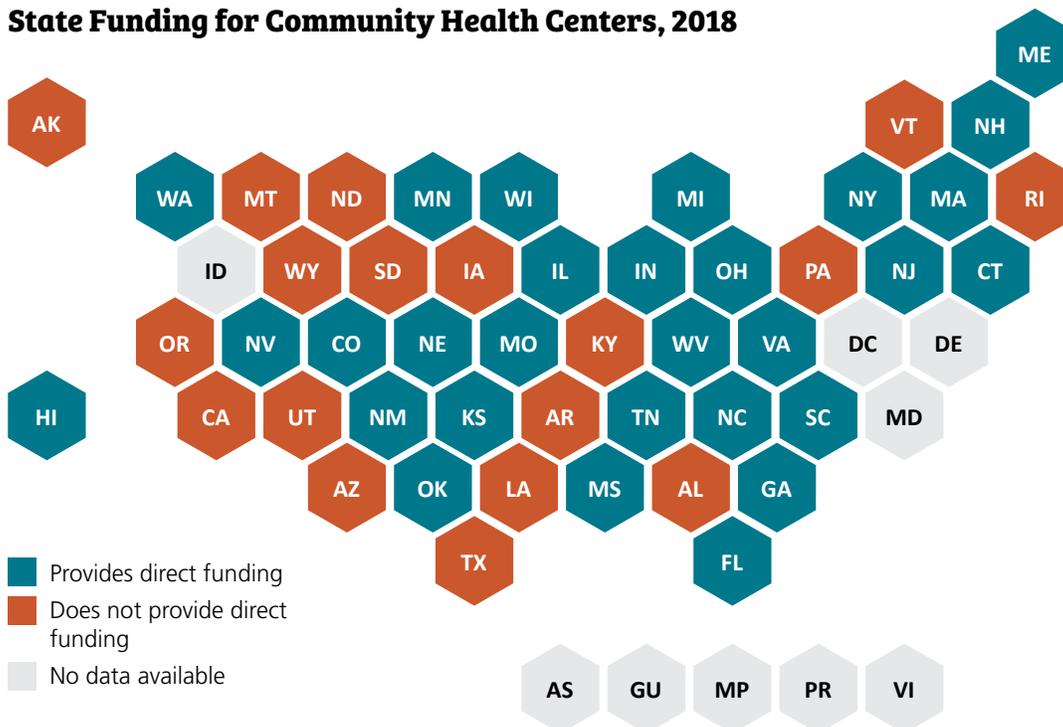
Insurance Status of Health Center Patients



Note: "Other Public Insurance" includes non-Medicaid CHIP, or coverage where states contract CHIP through private third-party payers and not Medicaid.

Source: National Association of Community Health Centers, Community Health Center Chartbook, 2019

State Funding for Community Health Centers, 2018



Source: National Association of Community Health Centers, 2019

MEDICAID AND COMMUNITY HEALTH CENTERS

In addition to state and federal sources, health centers receive funds through Medicaid and other insurers. Medicaid is the largest funding source for health centers, [accounting for 44% of total revenue](#), causing health centers to be largely affected by any changes in state Medicaid programs. For example, a 2019 report from [The Commonwealth Fund](#) suggests that health centers in states that expanded Medicaid were more likely to report improvements in capacity and financial stability since implementation of the Affordable Care Act (ACA).

Medicaid reimburses eligible health centers under a Prospective Payment System (PPS) in which centers are paid a rate per patient visit by the Medicaid program, rather than billing for each individual service as is typical for many other types of clinics and providers. This system of reimbursement is based on the average of each health center's per patient visit. Thus, each health center has its own payment rate that is updated annually. For health centers that participate in managed care plans, [states must make supplemental payments to health centers that provide services to Medicaid beneficiaries enrolled in such plans](#) if the managed care rate is less than the PPS rate.

ALTERNATIVE PAYMENT MECHANISMS

While many states use the PPS system, they also have the option of using an alternative payment mechanism (APM). In order to implement APMs, the alternative payment rate must not be lower than it would be under the PPS, the Centers for Medicare & Medicaid Services must approve the payment system, and health centers must agree to the method. [According to the National Association of Community Health Centers](#), as of 2017, more than 20 states chose to reimburse health centers through APMs.

Health Centers and Access to Care and Health Costs

ACCESS

A person's ability to access health care often involves complex factors, extending beyond insurance or income status. Limited-English speakers, for example, may be uncomfortable and have difficulty communicating with clinical staff who speak only English. Many individuals lack transportation to an out-of-neighborhood health care provider. An individual may not have the necessary knowledge or skills to manage complex, multi-stage treatments. Supporting services—often referred to as enabling services—offered by health centers may help reduce these obstacles to health care and often attract patients. These services can include translation services, benefit or eligibility counseling, health education and transportation. [Health centers provided 6.3 million visits related to enabling services in 2017](#), a 27% increase from 2010. Health centers fund these services from a variety of sources. Some states, for example, cover enabling services through Medicaid reimbursements. Other services are paid for through federal grants.

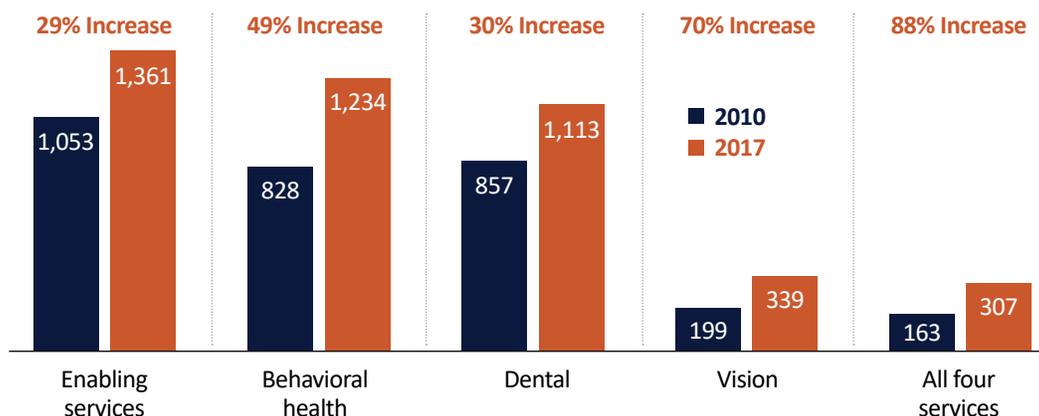
According to the [Health Resources and Services Administration](#), since the beginning of 2009, health centers have increased the total number of patients served on annual basis by 3.1 million people and added more than 25,300 new full-time positions. In addition, a [substantial number](#) of individuals gained access to insurance coverage as a result of the ACA. In anticipation of this increased patient load, the ACA established the Community Health Center Fund, which provided \$11 billion over a five-year period for the operation, expansion and construction of health centers throughout the nation. Despite increases in patient load, the capacity of health centers to serve patients has increased since the ACA and [fewer health center patients reported facing barriers to care in 2014 compared to 2009](#).

Oregon Alternative Payment and Advance Care Model

Oregon community health centers, the Oregon Primary Care Association and the state's Medicaid agency partnered to create the Alternative Payment and Advance Care Model (APCM). It aims to transition away from a fee-for-service model to a capitated per-member, per-month payment for Medicaid enrollees regardless of whether they seek care. The capitated rate aims to allow the health center to focus on the whole health of the patient and not individual visits.

Expanded Health Center Capacity

Number of health centers employing staff for selected services, 2010-2017



Source: National Association of Community Health Centers, Community Health Centers Chart Book, 2019

COST-EFFECTIVE CARE

Studies suggest health centers simultaneously provide clients with cost-effective services and generate economic activity in their communities. Health centers created more than **\$54.6 billion in total economic activity and supported more than 400,000 jobs in 2017.**

Health centers provide preventive care such as immunizations, mammograms, prenatal care, and screening for prostate and other cancers. These preventive services are considered cost-effective because they are inexpensive to administer and help prevent problems or detect them early. Health centers also may avoid or reduce patients' use of expensive emergency medical services. **Research shows** uninsured people who live in communities where there is a health center are less likely to visit an emergency room.

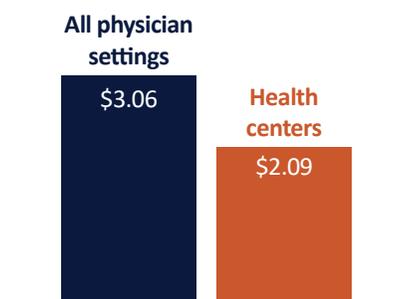
HEALTH CENTERS AND TELEHEALTH

Telehealth—a tool that uses technology to provide health care and other health services remotely—is seen by many as one way to improve access to care. Telehealth can leverage the existing health care workforce by expanding the reach of providers and making services more convenient. Health centers are similarly looking to telehealth to help solve workforce shortages, overcome geographic barriers and offer access to specialty care. As of 2017, **600 of the 1,373** health center organizations provided services using telehealth technology in the following ways:

- 315 provided mental health services.
- 125 provided primary care services.
- 164 provided specialty care services.
- 147 managed patients with chronic conditions.
- 37 provided oral health services.
- 140 used telehealth technology for reasons not listed.

Average Cost

Health centers' average daily cost per patient is lower than other physician settings.



Source: National Association of Community Health Centers, Community Health Centers Chart Book, 2019

Getting to Know the Health Centers in Your District

Set up an appointment with any health center in your district and your state primary care association or the primary care office, usually located in the state health department.

- To find health center(s) in your district, use HRSA's Find a Health Center tool at <https://findahealthcenter.hrsa.gov/>.
- Ask the health center director questions you may have, such as:
 - ◆ Who does the health center serve? services?
 - ◆ How many patients does it serve? ◆ Are behavioral health services provided?
 - ◆ What is the average patient income? ◆ Are dental services provided?
 - ◆ How many patients are uninsured? ◆ What hospitals do patients use?
 - ◆ How many patients are children? ◆ What health needs remain in your legislative district?
 - ◆ How is the center financed? ◆ What challenges does the health center face?
 - ◆ What is the per-patient cost for health care? ◆ What are the primary successes of the health center?
 - ◆ How long is the waiting list?
 - ◆ Where do patients receive specialty
- Contact your state primary care office and ask them about provider shortages in your state.

Conclusion

Health centers may be a valuable partner in containing costs and, at the same time, expanding high-quality medical services to underserved patients. Health centers can help address barriers to care for the nation's uninsured and underserved people. They can also address the shortage of primary care providers and disparities in services for people living in rural communities and for racial and ethnic minorities.

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NCSL Contact:

Samantha Scotti

Senior Policy Specialist, Health Program

303-856-1440

Sam.Scotti@ncsl.org



Tim Storey, Executive Director

7700 East First Place, Denver, Colorado 80230, 303-364-7700 | 444 North Capitol Street, N.W., Suite 515, Washington, D.C. 20001, 202-624-5400

www.ncsl.org

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