Funding Community Health Centers to Reduce Costs and Protect Vulnerable Populations

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Introduction
Community health centers (CHCs) serve some of the most vulnerable populations in America while reducing the overall cost of medical treatment, thus playing a vital role in our country’s health system. Despite serving a critical function for millions of people, CHCs face significant and immediate funding challenges. The Health Center Fund—a mandatory fund in the Patient Protection and Affordable Care Act, which is the source for more than half of CHC funding—is facing a 2015 funding cliff. Approximately 70 percent of grant funding received by CHCs is in jeopardy for FY 2016. This white paper will examine the implications of funding community health centers as well as the potential impacts of maintaining, increasing or decreasing funding. Given the expensive cost of health care to our society and recognizing that CHCs operate as the primary care center for many of the most vulnerable populations while at the same time delivering culturally competent care, funding for community health centers must be extended and, ideally, increased. Increasing funding would allow the centers to expand the reach of its programs as well as replicate and expand programs that had been successfully piloted in other centers, such as Health Disparities Collaboratives, which have been demonstrated to reduce disease complications, decrease the costs to patients, communities, and society, and improve access to high-quality disease care.

The Critical Role Played by Community Health Centers
Before understanding the gravity of the funding issues facing community health centers, it is necessary to recognize the important roles played by community health centers through an evaluation of how a community health center is defined, the populations served, and measures of effectiveness.

The Health Resources and Services Administration (HRSA) is the federal agency responsible for improving access to health care services for the uninsured, isolated, or medically vulnerable. HRSA defines health centers as providing “comprehensive, culturally competent quality primary health care services to medically underserved communities and vulnerable populations.” To be a federally qualified center and gain access to targeted federal funding, the health center must be “located in or serve a high need community;” “governed by a community board;” “provide comprehensive primary health care;” and “provide services available to all on a sliding fee scale.”

Health centers serve a significant portion of the American populace. Health center patients have more than doubled since 2001, and in 2012, CHCs served 21.1 million patients for a total of 84 million patient visits. The populations served by CHCs represent those with significant health outcome disparities. CHC’s serve:
- 1 in 7 Medicaid beneficiaries,
- 1 in 7 uninsured persons,
- 1 in 5 low-income, uninsured persons,
- 1 in 3 individuals below the poverty line,
- 1 in 3 minority individuals below the poverty line,
- 1 in 3 children below the poverty line,
- and 1 in 7 rural Americans.

Of note, 35 percent of community health center patients identify as Hispanic or Latino. CHCs receive additional funding from the federal government to treat homeless individuals and families, agricultural workers and their dependents, those living in public housing, and native Hawaiians. It’s worth noting that about half of agricultural farm workers are Latinos.

As compared to the general population, CHC patients are disproportionally more likely to be poor, uninsured, or publicly insured as well as disproportionately more likely to be a racial or ethnic minority. In addition to preventive care, CHCs are more likely to treat chronic conditions than other providers of primary care.
While limitations exist, community health centers’ major problem going forward is a fiscal cliff for a significant portion of CHC funding. CHCs are funded through appropriations, the Health Center Fund, and, potentially, the prevention fund.

Disparities in Access to Health Care and Health Outcomes for Latinos
In addition to serving the general population, community health centers can do much to alleviate health disparities facing Latinos as compared with the general population. Census data indicates 25 percent of Latinos lack health insurance. Although an alarmingly high percentage, this figure represents a reduction as compared to before the passage and implementation of the Patient Protection and Affordable Care Act. When it comes to routine medical care, 27 percent of Latinos lack a primary health care provider, twice as many as blacks and three times as many as whites. These factors (and others) contribute to the health outcome disparities for the Latino community that can be alleviated through increasing access to care.

Community Health Centers Provide Effective Care at Reasonable Costs and Support the American Economy
Measures of the effectiveness of community health centers find that CHCs provide quality care at reasonable costs. Compared to non-health center patients, studies consistently found that CHCs have lower expenditures, lower utilization of hospital services, and cost effectively reduced disparities in health outcomes. In fact, community health centers save money when compared with traditional health care delivery models. Since the majority of the medical costs aggregate in the most vulnerable populations, funding centers that reduce the costs for these populations should stymie or reduce health care costs in the United States.

Further, health centers are integral to the United States economy. A 2008 study, examining the role of community health centers in Washington State, found a $1.2 billion impact on Washington’s economy through the creation 8,500 jobs and $176 million in tax revenue. Similarly, a 2008 study found that investing in CHCs produced a four-to-one return on investment. Studies repeatedly find that community health centers are providing cost-effective and economy-driving health care.

Limitations of Community Health Centers
Even though community health centers fulfill a critical medical need for a broad range of the U.S. population, they face limitations beyond the precarious funding issue discussed in full later within this paper. First, CHCs provide primary care, meaning that they generally lack capacity to provide secondary, or specialty care, including the specialized physicians, equipment, and other tools necessary to assess and treat advanced medical conditions. Given that many CHC patients have multiple comorbid conditions, this situation presents problems in terms of maximizing efficient and effective care for those populations who rely on community health centers. Second, CHCs are facing shortages of medical personnel due to their growing importance and individuals’ increased access to medical care offered by the Affordable Care Act. Finally, CHCs treat some of the most vulnerable and expensive patients, including large populations of migrant workers and undocumented immigrants. These groups are often without a voice in politics because of their limited political power resulting from practical or legal restrictions on their ability to vote. This lack of political power means that politicians could potentially conveniently exclude CHC funding from their priorities even if they are in a district with a CHC or large populations served by them.

Funding for CHCs: Major Challenges
While limitations exist, community health centers’ major problem going forward is a fiscal cliff for a significant portion of CHC funding. CHCs are funded through appropriations, the Health Center Fund, and, potentially, the prevention fund. More than 1,300 community health centers receive funding from the annual appropriations process and the Health Center Fund. The recent trend in appropriations has increased the funding for health centers, making it a subsequent target for cuts. The Health Center Fund, a provision of the ACA, expires at the end of fiscal year 2015. The Prevention and Public Health Fund provides funding to support evidence-based prevention initiatives and has often been targeted for reduction. The circumstances surrounding these funding streams mean that the majority of federal health center funding is vulnerable.

CHC funds allocated through appropriations follow the standard process, made under the jurisdiction of the House & Senate Appropriations Committees. Three types of appropriations bills exist: regular appropriations bills, continuing resolutions, and supplemental appropriations bills. Regular appropriation bills are enacted by the beginning of each new fiscal year, October 1; however, fiscal year 2014 was appropriated entirely through Continuing Resolutions. Fiscal Year 2015 (FY2015) began with a continuing resolution that ran through December 11, 2014, before the passage of an omnibus bill and a continuing resolution for the Department of Homeland Security (this combination was referred to as the “cromnibus” by observers). Mandatory funding streams and appropriations are both secure for health centers through FY 2015.
The Health Center Fund represents a dedicated funding stream for federally qualified community health centers. Forming part of the Patient Protection and Affordable Care Act, which authorized and appropriated $11 billion over five years—delineated as follows: $1.5 billion to support major construction and investments in health center infrastructure, while the remaining $9.5 billion to support operations, establish new sites, and expand the preventive and primary care services. FY2015 is the last year of the Affordable Care Act Health Center Fund. However, HRSA requested an extension at $2.7 billion through mandatory funding for FY2016-FY2018, which is a reduction from $3.6 billion mandatory funded in FY 2015. In making this request, HRSA notes, “For more than 45 years, health centers have delivered comprehensive, high-quality, cost-effective primary health care to patients regardless of their ability to pay. During that time, health centers have become the essential primary care provider for America’s most vulnerable populations.” The Health Center Fund has an evaluation process as it is allocated through competitive grants and cooperative agreements—with new grantees competing with other community health centers and previous grantees competing to continue previous grants. The Prevention and Public Health Fund, also established by the ACA, has three purposes: “to provide expanded and sustained national investments in prevention and public health, to improve health outcomes, and to enhance health care quality.” The act originally was going to provide $15 billion to prevention funding, but has already been cut by $5 billion or $6.25 billion depending on measures (in order to offset a scheduled cut in Medicare physician payments). This prevention fund has consistently been targeted for reduction. Much of the funding has gone to other entities such as the Centers for Disease Control and Prevention or Substance Abuse and Mental Health Services Administration, but funding has been allocated to HRSA in years past, meaning that this could be used as a source to supplement CHC funding. The first two sources of financing—appropriations and the Health Center Fund—are the primary funding streams for community health centers, but they receive additional funding for patient services from other entities. Federal programs such as Medicaid, Medicare, and Children’s Health Insurance Program (CHIP) cover some of the costs for the health centers. Additionally, other third party payments, self-pay collections, other Federal grants, and state/local resources also supplement the funding base for community health center services. These additional funds are essential supports for health centers, but the community health system would not function without the two major funding streams.

Solutions to the Fiscal Cliff Issue
Recognizing that a significant portion of CHC funding is due to expire at the end of FY2015, extensions to the current level of funding for CHCs have already garnered support. In the 113th Congress, 250 Representatives and 66 Senators signed a letter in support of the extension of current funding drafted by the National Association of Community Health Centers. While extending funding is one option, it’s worth considering the implications of increased or decreased funding as well. The President’s budget for FY 2016 reflected a reduction from FY 2015 funding levels. Additionally, as the ACA’s Community Health Center Fund will no longer be authorized; the funding for a CHC fund moves from being mandatory to being discretionary, if it is funded at all. While this is a decrease, it still represents an increase over the requested amount and suggests that legislators recognize the importance of community health centers, especially keeping them funded at relatively similar levels.

Funding Option #1: Increase Current Funding
Community health centers provide life-saving and life-extending care while saving the government money in the long run and stimulating the economy. Increasing funding could extend those benefits even more. As noted above, CHCs were pioneers in patient-centered and culturally sensitive health care. Additionally, today’s CHCs have served as pioneers for several initiatives that are likely to improve health care quality while saving costs. As providers of culturally sensitive care, CHCs have also been locations for prevention and promoting healthy lifestyle efforts that save additional resources.

Funding Option #2: Decrease Current Funding to levels requested by HRSA
HRSA requested only $2.7 billion in funding for each fiscal year between 2016 and 2018, which is a reduction of FY2015 funding. HRSA’s budget justification reflects President Obama’s proposed FY2016 budget. HRSA disburse much of the funding for federally qualified health centers; it seems likely that this agency would be uniquely equipped to understand the needs for community health centers. Notably, reducing funding to HRSA levels (or below) would limit the ability of community health centers to provide primary care services to many of the United States’ most vulnerable populations. Given that many illnesses are progressive and that the costs associated with treating those illnesses increase in much the same way, a decrease in funding to CHCs could likely lead to rising health care costs for treatment of advanced medical cases and diseases.
The funding cliff facing community health centers can be addressed through a variety of manners, but funding community health centers at any level won’t alleviate all challenges that are associated with each of the proposed funding solutions.

**Funding Option #3: Extend Current Funding**
This solution would ensure that CHCs can continue to serve a broad base of eligible users; however, centers would face additional challenges. Too often, community health centers have to utilize waiting lists or other resource allocation tools to serve their missions. Extending funding at the current level would support the missions of CHC and be in line with advocates’ funding requests.

**Funding Option #3a: Extend Current Funding with Restrictions**
Congress could determine that it makes sense to fund at similar levels, but include restrictions on the funding. This type of process could prove fruitful in terms of increasing oversight, but at the same time weaken agencies tasked with allocation of resources, who often have a better understanding of the minutiae needed to distribute funds. Health funding experts note that funding for health resources often compete with one another, and, in an era of discretionary spending caps and several competing sources funding, that it would be best to reduce funding in favor of other priorities. As the data about the demographics of community health center patients indicates, this would mean a reduction of funding to our country’s most vulnerable populations often including some of the health system’s more expensive patients.

**Funding Option #4: Emphasize Target Groups with Funding**
In this alternative, Congress or HRSA could decide to emphasize target groups, such as Latinos, in funding either by Congress restricting some funding for those groups or HRSA emphasizing certain factors in the grant making process. HRSA already sponsors special grants for several groups such as migrant workers and homeless populations. Congress could earmark funding for the existing groups or expand on them. Similarly, HRSA could change its grant making process in a way to allocate health center grants more efficiently to the most vulnerable parts of the population.

**Challenges Posed by Funding Options**
The funding cliff facing community health centers can be addressed through a variety of manners, but funding community health centers at any level won’t alleviate all challenges that are associated with each of the proposed funding solutions.

**Challenges with Increasing Current Levels of Funding**
The scenario of increasing levels of CHC funding features the same challenges noted if funding levels are maintained at current levels (addressed below), but also it includes new challenges. Namely, in an age of discretionary spending caps, raising the funding for community health centers means that another program must be reduced. Further, community health centers are serving the most vulnerable populations; these populations, including migrant workers and immigrants (communities with a high proportion of Latinos), are incidentally often low on the political totem pole. The political benefit for increasing the funding for community health centers is limited. However, funding treatment and prevention services lessens the country’s overall health care costs as it often prevents both the incidence and worsening of diseases that contribute substantially to higher costs. Additionally, the economic benefit generated from funding community health center further mitigates these challenges.

**Challenges with Decreasing Current Levels of Funding**
Already straddled with both personnel shortages and increasing utilization, the challenges posed by decreasing funding could potentially be catastrophic to community health centers. As previously stated, CHCs provide services to some of the most vulnerable people in the United States, so directly reducing their funding would only exasperate disparate health outcomes and increase health care costs. Even the HRSA request represents a significant cut from funding levels for FY 2015 and poses challenges given the uptick in people accessing community health centers. Reducing the capacity of CHC’s to offer their services mean vulnerable populations such as Latinos, those with low socio-economic status, and migrant workers will potentially find themselves waiting longer to access care.

**Challenges with Maintaining Current Levels of Funding**
Funding health centers at roughly the same rate would mainly lead to exasperating the two problems already addressed. More people are accessing and utilizing health centers, and the Affordable Care Act has done a great deal to expand access further. Additionally, keeping funding stagnant fails to account for the increasing costs of individual health services, as well as inflation, meaning that, in reality, maintaining current funding levels actually reduces the effective funding. Maintaining current levels produces similar effects as reducing funding only to a lesser degree with the appearance of not cutting funding. Vulnerable populations, including a disproportionate share of Latinos, stand to have their care quality reduced. This situation is of particular concern as CHCs provide patient center and culturally-sensitive care.
Given their critical importance to our country’s entire health system, community health centers should receive increased funding, or, at worst, maintain similar funding streams from the federal government.

Challenges with Targeted Funding
Targeted funding is open to straightforward critiques. These challenges are significant as they are both logistical and political. First, the question of how to define what types of groups would be targeted may be viewed as highly discriminatory. How does government prioritize which vulnerable population receives access to vital health care and which does not? Second, the act of targeting groups is politically unfeasible since this represents a focus on one group, such as Latinos, migrant workers, or immigrants, at the expense of others. The funding of community health centers provides life-saving and life-extending care while saving the government money in the long run and stimulating the economy. This situation makes a narrow funding range focused on only a few select populations seem short-sighted when compared with CHCs wide-ranging benefits.

Recommendation
Community health centers represent a vital part of our health care system that need to receive adequate funding. Further, CHCs represent a prime locus of preventive services that offer a consistent return on investment, leading to a reduction in long-term treatment costs. They also produce a positive economic impact on the United States economy. Recognizing their efficacy as well as the fact that the Patient Protection and Affordable Care Act will increase the numbers of people accessing health care through community health centers, it is clear that the ideal response to the 2015 fiscal cliff is to raise funding for community health centers. CHCs have a long history of innovation in delivering patient-centered and culturally appropriate care. Further, CHCs are providing innovative new programs that have the potential to improve care quality and reduce costs. Increasing community health center funding may not be feasible in a tense budget environment; it is vital then, at a minimum, to maintain current funding levels. Even reducing funding to the levels requested in the President’s Budget and by HRSA would exacerbate challenges already faced by community health centers, worsening the health outcomes of vulnerable populations and increasing health care costs, which already represent roughly one-sixth of the United States gross domestic product.

Conclusion
Community health centers serve as a major point of primary care for many of America’s most vulnerable populations as well as those that suffer from significant health outcome disparities, including Latinos who are over one-third of CHC patients. CHCs offer vital primary care services to millions of people in at-risk communities. While the Patient Protection and Affordable Care Act increased access and affordability to individual health care, CHCs are the locations where health services are received across the country. Given their critical importance to our country’s entire health system, community health centers should receive increased funding, or, at worst, maintain similar funding streams from the federal government. The latter recommendation has already garnered significant bipartisan support in the 113th Congress, but both recommendations may be challenging to push in the 114th Congress. Many advocacy organizations, as well as international organizations such as the United Nations, emphasize an individual’s right to health, including medical care. However, community health center care leads to a reduction of total health care spending, which should be emphasized as legislators of all ideologies should see value in CHC funding. In a tight economic climate, bipartisan agreement may potentially be limited to funding at a lower level than what community health centers have advocated that they receive. However, CHCs should at least receive funding at the level requested in the President’s Budget. Health centers provide valuable care that could become even more necessary if the Supreme Court rules in favor of King in King v. Burwell. Such a ruling would lead to an additional eight million or more uninsured individuals, many of whom would have to rely on CHCs for health care. HRSA funded health centers provide primary care to one out of every 15 people. This figure is likely to climb, especially if the Supreme Court finds that states with federal facilitated health insurance exchanges cannot provide subsidies under the ACA. Ensuring adequate funding for community health centers should be a legislative priority for both parties.
(Endnotes)
2 Health Resources and Services Admin., What is a Health Center, http://bphc.hrsa.gov/about/.
4 Health Resources and Services Admin., What is a Health Center, http://bphc.hrsa.gov/about/.
6 Id.
7 Health Resources and Services Admin, Special Populations, http://bphc.hrsa.gov/about/specialpopulations/
12 Id.
14 E.g., Betty Smith-Campbell, Emergency Department and Community Health Center Visits and Costs in an Uninsured Population, 37 J. of NURSING SCHOLARSHIP 80-86 (2005); Patrick Richard, et al., Cost savings associated with the use of community health centers, 35 J. of AMBULATORY CARE MANAGEMENT 50-59 (2012).
15 E.g., Betty Smith-Campbell, Emergency Department and Community Health Center Visits and Costs in an Uninsured Population, 37 J. of NURSING SCHOLARSHIP 80-86 (2005); Jennifer Rothkopf, et al., Medicaid patients seen at Federally Qualified Health Centers use hospital services less than those seen by private providers, 30 HEALTH AFFAIRS 1335 – 42 (2011).
16 E.g., Marshall Chin, Quality improvement implementation and disparities: the case of the health disparities collaboratives, 48 Med Care 668-75 (2008).
18 Id.
21 Michael Gusman, Gerry Fairbrother, and Heidi Park, Exploring the Limits of the Safety Net: Community Health Centers and Care for the Uninsured, 21 HEALTH AFFAIRS 188-194 (2002).


