Calculating the Cost: State Budgets and Community Health Centers

State Funding for Community Health Centers Reaches Lowest Level in Seven Years as Demand for Services Rises

State Policy Report #39

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NATIONAL ASSOCIATION OF Community Health Centers

Community Health Centers[1] Face Growing Demand from Newly Uninsured Patients

Health centers provide access to health care for over 20 million people nationwide and this number continues to grow. While states are struggling to balance their budgets, health centers are a cost-effective solution for delivering primary care to underserved populations. Health centers are on the front lines of their communities, serving many patients who have been severely impacted by the recent economic decline in this country. The number of uninsured patients at health centers has steadily increased since 2009[2] as many people lose their jobs along with their health insurance and increasingly turn to community health centers for care. Because federal law requires community health centers to serve everyone, regardless of insurance status or ability to pay, funding cuts at the state level greatly reduce health centers' capacity to serve the increasing numbers of uninsured patients walking through their doors.

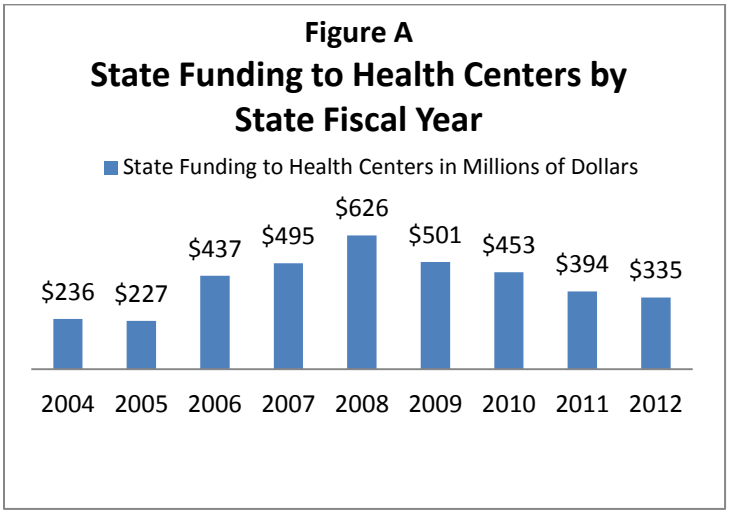
State Funding for Health Centers Drops for Fourth Straight Year, Reaching 7-Year Low

Community health centers face a steep decline in state funding for the fourth year in a row. According to an assessment conducted by the National Association of Community Health Centers (NACHC), 35 states will appropriate a total of $335 million in State Fiscal Year (SFY) 2012. This is almost $60 million less than last year (a 15% decline), and represents a seven year low at a time of significantly rising needs. The trend in direct state funding is illustrated below in Figure A.[3]

[1] In this document, unless otherwise noted, the term "community health center" is used to refer to organizations that receive grants under Section 330 of the Public Health Service Act and Look-Alike organizations, which meet all the Section 330 program requirements but do not receive Section 330 funding. These organizations may target general communities, or specific populations, such as homeless persons, residents of public housing, and migrant or seasonal farmworkers. They are required to meet a range of program requirements, including serving all patients regardless of ability to pay.

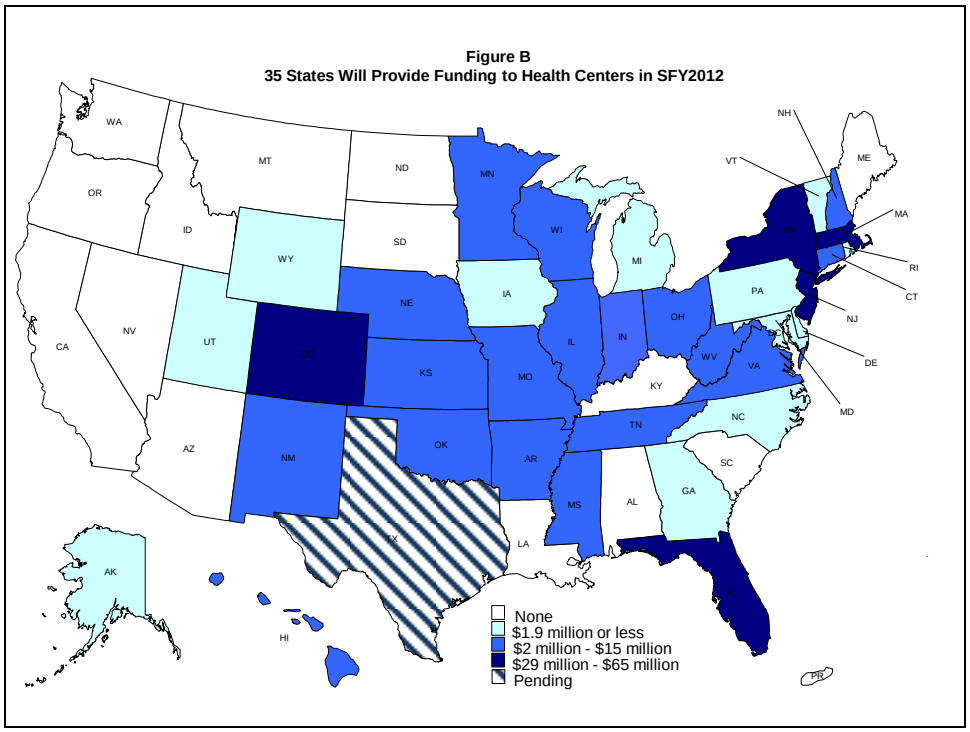
[2] NACHC analysis of Bureau of Primary Health Care, HRSA, DHHS, 2008-2010 Uniform Data System (UDS).

[3] For the purposes of this report, direct state funding is defined as a line-item appropriation and/or grant or contract that the state provides to the PCA and/or health center, excluding any Medicaid funding or federal grant dollars.



Although 35 states will provide funding to health centers in SFY2012 (See Figure B), more than half (19) will decrease funding relative to SFY 2011. Health centers in six states will face a decline of greater than 30%. Among the states reducing funding for health centers, most reported that the cuts were made in order to balance the state budget in light of declining state revenues and decreased reserve funds. Washington State completely eliminated funding for health centers this year due to severe across the board state cuts to many public health programs. In addition to these SFY2012 cuts, legislatures in eight states cut their SFY2011 health center funding mid-session due to severe budget shortfalls.

Despite tough times, some states continue to invest in health centers. In SFY2012, six states will increase funding and Wyoming will provide direct funding for the state's community health centers for the first time. Six states provided level funding relative to SFY2011. At the time of publication, Texas' funding levels were still pending due to ongoing budget negotiations.



Community Health Centers use State Funding to Care for the Uninsured and to Provide Specific Services

Community health centers use their state funding for a variety of services and operating expenses. About 15 states have a direct community health center line item in their budget which specifies how this money will be used; most commonly, it is for access to care for the uninsured. Similarly, health centers in approximately 11 states receive funding through a larger state indigent or low-income care pool which provides money to multiple safety net providers in the state. Several states provide money for health centers to run prevention and wellness programs, such as tobacco cessation or HIV education. A small number of states also provide funding to support dental, behavioral health or prescription services for health center patients.

State Funding Cuts Leading to Reduced Availability of Services

State Primary Care Associations reported real time effects of the SFY2011 funding cuts on health centers and the communities they serve. In at least two states, California and Colorado, there have been clinic closures due to a reduction in state funds. Other states have reported reductions in hours and services offered at some centers due to budget constraints. Numerous states have indicated their health centers have eliminated some disease management or preventative care programs and had to reduce overall operating costs. Health center employees have also been impacted by these cuts, as many centers have implemented hiring or salary freezes, reductions in benefits and layoffs. In addition, many states cut funds used to support organizations planning to apply to become health center grantees under Section 330 of the Public Health Service Act. For example, Texas had an FQHC Incubator program[4] that funded clinics preparing to apply for FQHC status and subsequent Section 330 grant funding. Funding for this program was eliminated for the 2012-2013 biennium.

Unfortunately health centers are not immune to the effects of the economy. Without adequate support from the states, it is difficult for health centers to remain the primary care safety net for their communities.

Research Methods

In June 2011, NACHC sent a questionnaire to PCAs in 50 states, the District of Columbia, and Puerto Rico to assess the status of state funding for health centers. The responses were collected using an online tool (Survey Monkey) and relied on the self-reported information from PCAs. The response rate was 100%, with all 52 complete responses collected.

[4] Community Health Center Incubator Programs: Providing State Support to Leverage Federal Dollars, Promising Practices #9, NACHC 2010.

State	FY2011 Final State Funding Level	FY2012 State Funding Level	Change in Funding
Alabama	**None**	**None**	**N/A**
Alaska	**$7,171,000**	**$1,410,270** Rural Eye Care: $165,000 Capital Funds for 3 CHCs: $444,270 Senior Access to CHCs: $401,000 Patient-Centered Medical Homes Transition: $400,000	**Decreased by 80%**
Arizona	**None**	**None**	**N/A**
Arkansas	**$10,971,931**	**$12,464,806** Community Health Centers Program: $9,900,000 Ryan White HIV Part B: $1,500,000 Tobacco Prevention: $106,750 Abstinence Education: $575,068 AR Better Chance: $220,359 HIV Outreach & Education: $50,000 Oral Health Rural Services: $50,000 Dept. of Health, OEW Staff: $7,629	**Increased by 14%**
California	**None**	**None**	**N/A**
Colorado	**$37,946,067**	**$34,481,750** Health Care Service Fund: $23,510,000 Indigent Care Program: $6,000,000 Women's Wellness Connection: $1,000,000 Cancer and Cardiovascular Disease Program: $182,182	**Decreased by 9%**
Connecticut	**$5,102,912**	**$2,600,000- Not final yet**	**Pending**
Delaware	**$169,900**	**$153,720** State Aid Grant to 3 CHCs: $153,720	**Decreased by 10%**
District of Columbia	**None**	**None**	**N/A**
Florida	**$29,050,000**	**$29,000,000** Low-Income Pool: $27,500,000	**Decreased by less than 1%**
Georgia	**$1,250,000**	**$1,619,900** New Start Development: $750,000 Behavioral Health Integration: $250,000 CHC Growth: $250,000 Emergency Preparedness - $120,000 Breast and Cervical Cancer - $249,900	**Increased by 22.8%**
Hawaii	**$10,700,000**	**$7,000,000** CHC Special Fund: $7,000,000	**Decreased by 35%**
Idaho	**None**	**None**	**N/A**
Illinois	**$3,000,000**	**$3,000,000** CHC Expansion: $3,000,000 **$16,500,00 in one-time Capital grants from 2009 still available*	**Level**
Indiana	**$17,500,000**	**$15,000,000** CHC Tobacco Settlement: $15,000,000	**Decreased by 14%**

Iowa	**$1,616,425**	**$1,110,796** Collaborative Safety Net Provider Network: $1,110,796	**Decreased by 31%**
Kansas	**$4,080,104**	**$4,048,117** Primary Care: $3,155,980 Rx Assistance: $557,137 Dental Assistance: $355,000	**Decreased by less than 1%**
Kentucky	**None**	**None**	**N/A**
Louisiana	**None**	**None**	**N/A**
Maine	**None**	**None**	**N/A**
Maryland	**$370,000**	**$370,000** Community Health Resource Commission: $370,000	**Level**
Massachusetts	**$60,000,000**	**$64,897,000** Health Safety Net: $52,000,000 Substance Abuse/HIV Prevention: $6,000,000 School-Based Health Centers: 3,900,000 Emergency Preparedness: $2,000,000 CHC Grant Program: $997,000	**Increased by 8%**
Michigan	**$1,809,993**	**$1,538,495**	**Decreased 15%**
Minnesota	**$2,500,000**	**$2,250,000** Family Planning: $600,000 Eliminating Health Disparities: $300,000 Dental Innovations: $250,000 Community Clinic Grants: $135,000 Indian Health: $160,000 Migrant Health: $0 (eliminated)	**Decreased by 9%**
Mississippi	**$3,751,267**	**$3,751,267** MQHC Program: $3,751,267	**Level**
Missouri	**$9,714,750**	**$6,614,750** Core FQHC Funding: $3,000,000 Women and Minority Health Outreach: $1,114,750 Mental Health Primary Care Integration: $1,500,000 Primary Care Health Home: $1,000,000 (*Will draw down $9m in federal Medicaid matching dollars that will NOT be counted for purposes of this report.*)	**Decreased by 32%**
Montana	**None**	**None**	**N/A**
Nebraska	**$3,209,334** Program 502 CHC Funds: $1,809,334 Health Care Cash Fund, Minority Health $1,400,000	**$3,160,374** Program 502 CHC Funds: $1,809,334 Health Care Cash Fund, Minority Health $1,351,040	**Decreased by 1.5%**
Nevada	**None**	**None**	**N/A**
New Hampshire	**$4,332,037**	**$2,300,000** Maternal & Child Health Primary Care	**Decreased by 47%**

		Contracts: $2,300,000	
New Jersey	**$48,300,000**	**$48,700,000** Uncompensated Care Funding: $40,000,000 Supplemental Growth Funds: $6,000,000 Supplemental Pregnant Women Funding: $1,900,000 State Bioterrorism Funds: $400,000	**Increased by 1%**
New Mexico	**$13,800,000**	**$14,040,000** Primary Health Care General Fund Appropriation and County Supported Pool for Operations $12,000,000. New Mexico Health Service Corps Community Contracts $400,000. OEW Funding $1,000,000. Emergency Preparedness $400,000. Drug Suit Settlement Funds $240,000.	
New York	**$53,000,000**	**$39,720,000** Indigent Care Pool: $39,400,000 Migrant Health Funding: $320,000	**Decreased by 25%**
North Carolina	**$1,404,514**	**$1,404,514** Community Health Grant Funds: $1,404,514	**Level**
North Dakota	**None**	**None**	**N/A**
Ohio	**$2,680,000**	**$2,680,000** FQHC and Look-Alike Uncompensated Care: $2,680,000	**Level**
Oklahoma	**$3,763,195** Uncompensated Care: $3,286,558 CHC Development: $476,637	**$3,441,190** Uncompensated Care: $3,122,230 CHC Development: $318,960	**Decreased by 9%**
Oregon	**None**	**None**	**N/A**
Pennsylvania	**$868,750**	**$850,000** Community Primary Care Challenge Grant: $850,000	**Decreased by 2%**
Puerto Rico	**None**	**None**	**N/A**
Rhode Island	**$1,200,000**	**$1,200,000** Uncompensated Care Pool: $1,200,000	**Level**
South Carolina	**None**	**None**	**N/A**
South Dakota	**None**	**None**	**N/A**
Tennessee	**$6,000,000**	**$6,000,000** Safety Net Grants: $6,000,000	**Level**
Texas	**$19,000,000**	**Pending**	**Pending**
Utah	**$1,121,859**	**$878,285** State Primary Care Grants: $274, 385 Immunization Program: $250,000 AmeriCorps: $150,000 Heart Disease and Stroke: $58,500 Diabetes Prevention and Control: $47,000 Tobacco Cessation: $35,000 Asthma Prevention and Control: $8,400	**Decreased by 22%**

		Emergency Preparedness: $55,000	
Vermont	**$426,500**	**$498,194** State Match for EHR: $335,296 Ladies First/Tobacco Cessation: $172,500 FQHC Development: $110,000 HIT: $96,694 Outreach and Enrollment: $77,000 Blueprint for Health: $45,000	**Increased by 17%**
Virginia	**$2,530,976**	**$2,530,976** Operating Funds for CHCs: $1,800,000 Pharmacy Assistance Program: $433,750 Outreach Access Funds: $175,000 Line Item: $122,226	**Level**
Washington	**$10,200,000**	**None**	**Decreased by 100%**
West Virginia	**$9,591,341**	**$9,546,446**	**Decreased by less than 1%**
Wisconsin	**$5,750,000**	**$5,490,000** State Community Health Center Grant: $5,490,000	
Wyoming	**None**	**$1,000,000**	**Increased by 100%**
TOTAL	**$393,882,855**	**$334,750,850**	**Decreased by $59 M, or 15%**

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About NACHC
Established in 1971, the National Association of Community Health Centers (NACHC) serves as the national voice for America's Health Centers and as an advocate for health care access for the medically underserved and uninsured.

NACHC's Mission
To promote the provision of high quality, comprehensive and affordable health care that is coordinated, culturally and linguistically competent, and community directed for all medically underserved populations.

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