

Expanding Community Health Centers in Arkansas under the New Health Law



When the Patient Protection and Affordable Care Act passed in March 2010, the Congressional Budget Office estimated that 32 million more Americans would be insured by 2019.ⁱ According to many analysts, more than half of these people will see their primary care providers at expanded Community Health Centers (CHCs). While the debate over health reform focuses on insurance rates and new programs, much of the responsibility for new health services will fall to these centers. Their model of community-based, preventive-focused care has been lauded by advocates and policymakers as the solution to the out-of-control cost crisis and the anticipated physician shortage. However, before any of these benefits are realized in Arkansas, reliable funding and broad support are needed across the state.

Community Health Centers

What are they?

The first CHCs were designed in 1965 to meet the health needs of those affected by racial, ethnic, and economic disparities.ⁱⁱ They originally operated through the Office of Economic Opportunity which provided funds directly to non-profit organizations with significant community involvement.ⁱⁱⁱ Today, they are administered through the Bureau of Primary Health Care at the Department of Health and Human Services. Most continue to operate as non-profit clinics, and many have incorporated additional services, including dental care, pharmaceutical services, and vision screenings. According to Sip Mouden, the Chief Executive Officer of Community Health Centers of Arkansas, Inc., community health centers “provide affordable, quality, comprehensive, primary and preventive medical, dental, mental health, enabling and support services, which are culturally, literacy, and linguistically appropriate to underserved areas.”^{iv}

CHCs’ patient population has grown rapidly in the past decade, from 9.6 million in 2000 to nearly 20 million Americans in 2009. Over 8,000 federally-funded community health centers operate in every state across the country, often in rural and underserved areas. 40% of their current patient population is uninsured, 70% live in poverty, and over half are ethnic minorities. Most patients pay for services on a sliding scale based on their income. The percentage of the population that relies on these centers ranges across the country, from 2.8% in Georgia and Oklahoma to 19.1% in West Virginia.

Where are they in Arkansas?

Currently, 4.4% of Arkansans use community health centers as their primary source of health care. Twelve organizations are operating CHCs at 70 locations across the state, and 18 of these sites also offer dental services.^v According to CHCs of Arkansas, they served 141,416 patients in 2009,^{vi} during 475,000 patient encounters.^{vii} Over a quarter of these patients self-identified as African American, and 11.2% were Hispanic or Latino.^{viii} 10,483 patients were served in a language other than English. 27.5% of those served were children, 61.5% were adults between the ages of 18 and 64, and the remaining 11% were seniors.

What's so great about Community Health Centers?

Advocates believe that the CHCs model can simultaneously decrease costs and strengthen America's primary care infrastructure. Not only do CHCs save money for patients, their expansion will likely reduce total Medicaid and Medicare costs. A brief published by the George Washington University School of Public Health says that the CHC funding outlined in the new laws will save the health care system around \$181 billion in the next ten years.^{ix} However, they assert that if they receive "higher funding levels" and are able to triple the size of their current patient population, "overall national medical savings could total \$316 billion." The authors also reported that after adjusting for age, gender, income, insurance coverage and health status, the average annual cost for someone who received care at a community health center was \$3,500. The same care at another medical facility was \$4,594 – over \$1,000 more expensive.

Unlike many health care issues, CHCs have consistently received bi-partisan support. Politicians from the right and the left generally praise the community-based model and approve of these funds that benefit the medically underserved areas in their states. George W. Bush signed legislation that was intended to double the number of centers in 2008. Even before the health reform legislation, \$2 billion was appropriated to CHCs by the American Recovery and Reinvestment Act of 2009, including over \$14 million that was distributed among 13 different sites in Arkansas.^x

What does the health care law say about community health centers?

During recent political discourse and debate, there has been little emphasis on the role of community health centers in health care reform. However, the new laws rely heavily on CHCs to make health services available to currently uninsured populations. In fact, the Patient Protection and Affordable Care Act (ACA) significantly increases their funding so that they can hire 15,000 more health providers and serve up to 40 million people by 2019 – essentially doubling their current capacity and outreach. The laws give CHCs \$11 billion over five years – \$1.5 billion for capital projects like building new facilities and \$9.5 billion to expand operational capacity, which includes new staff and new services.^{xi}

Many of these new patients will enroll in Medicaid in 2014, when the national eligibility guideline is raised to 133% of the federal poverty line. The ACA also requires insurance companies operating the health insurance exchanges contract with CHCs, and their reimbursement amounts must match Medicaid levels. CHCs are hoping that increased insurance coverage under the new laws will increase their revenues and further enable them to expand their capacity.

Although there are many estimates about cost savings and numbers of new patients, it is impossible to know exactly how the new law will affect the entire CHC infrastructure across the country. However, the comprehensive health reform that was passed in Massachusetts in 2006 may give an idea of what can be expected.^{xii} According to a study by the Kaiser Family Foundation, when the insurance mandate went into effect in Massachusetts in 2008, the CHCs provided a significant proportion of the primary care services for newly insured patients. They also continued to provide a safety net for the remaining uninsured population.^{xiii}

What are the major challenges in Arkansas?

Although the funding and the requirements in the new law have given CHCs a unique opportunity to expand high quality community-based health care across the nation, there are many significant challenges to be overcome before those 20 million additional customers can be served. Not surprisingly, funding will continue to be the key issue. There is no guarantee about how much of this money will make it to Arkansas. Nearly all of the funding is being distributed through a series of competitive grants. Therefore, while it is possible that many Arkansas CHCs will receive these grants, they may need to seek other sources to sustain their work. The first round of funding, with a total of \$727 million, was announced on Friday, October 8, 2010. Mid-Delta Health Systems in Claredon was the only Arkansas recipient and was awarded a total of \$2,863,216.^{xiv}

Fortunately, by 2014, because of increased insurance coverage, CHCs should be able to receive more reimbursement for all of their patients who walk through their doors. But even with the dramatically expanded health care coverage, there will be individuals who remain uninsured, and it is likely that they will continue to look to CHCs to meet their health care needs.

Additionally, CHCs will have to work quickly and rapidly to increase their capacity if they want to serve the expanded patient population. Funding alone is insufficient – new facilities will need to be built or old ones refurbished, and new staff members will need to be hired. Often, because of their low reimbursement rates and remote locations, CHCs find it difficult to recruit physicians and other health professionals to serve in their clinics. However, the ACA does provide significant funding for training new health care professionals, with an emphasis on those who will serve in medically underserved communities. CHCs can partner with these training programs and benefit from grants that provide incentives for providers to move to rural counties.

If you would like to learn more about CHCs in our state, call Community Health Centers of Arkansas (1-877-666-2422) or visit their website to find a provider in your area (<http://www.chc-ar.org/locations>).

The Minority Health Commission will continue to provide timely updates and policy briefs about the issues that impact our constituents. Please feel free to contact us with additional questions about the Patient Protection and Affordable Care Act and how it is being implemented in Arkansas.

ⁱ Elmendorf, D. (2010). Open letter to Speaker of the House Nancy Pelosi. *Congressional Budget Office*. Retrieved October 5, 2010 from <http://www.cbo.gov/ftpdocs/113xx/doc11355/hr4872.pdf>

ⁱⁱ Adashi, E.Y., Geiger, H.J., & Fine, M.D. (2010). Health care reform and primary care – the growing importance of the community health center. *The New England Journal of Medicine*. Retrieved October 4, 2010 from <http://healthpolicyandreform.nejm.org/?p=3377>.

ⁱⁱⁱ Taylor, J. (2004). “The fundamentals of community health centers.” *National Health Policy Forum*. Retrieved October 6, 2010 from http://www.nhpf.org/library/background-papers/BP_CHC_08-31-04.pdf

^{iv} Mouden, Sip. (2010). Power Point Presentation: “CHCA on the Role of CHCs. Child Health in an Era of Health Reform.” Child Health in an Era of Health Reform Summit. *Arkansas Advocates for Children and Families*. Retrieved October 5, 2010 from <http://www.aradvocates.org/assets/PDFs/Mouden-CHCA.pdf>

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- xi National Association of Community Health Centers, Inc. (2010). "Health Reform FAQs." Retrieved October 5, 2010 from <http://www.nachc.org/client/Health%20Reform%20FAQs%20-%20Final%20for%20web05202010.pdf>
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