Op-Ed

Will Health Centers Go Over the “Funding Cliff”?

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THE COMMUNITY HEALTH CENTERS PROGRAM MARKS ITS 50TH anniversary in 2015. The nation’s first health centers were established as an Office of Economic Opportunity demonstration program, an experiment aimed at bringing comprehensive primary health care to communities whose residents struggled under the twin burdens of poor health and a shortage of physicians willing to serve them.¹ With their establishment in 1975 as a program of the Public Health Service Act, health centers were positioned to become a permanent part of the US health care system.

Over the past 40 years, health centers have grown from a relatively modest group of clinics dotting the landscape of urban and rural communities experiencing pervasive medical underservice to the nation’s largest source of primary health care. Health centers have certain core characteristics: provision of comprehensive primary health care; location in or service to medically underserved community populations; availability to all as a result of charges being adjusted in accordance with ability to pay; full participation in all forms of health insurance; and governance by community boards, a majority of whose members are patients.

The reach of health centers is enormous. In 2012, nearly 1,200 grantees operating in close to 9,000 urban and rural locations provided more than 83 million visits to some 21 million patients.² By 2015, the number of patients served is expected to surpass 25 million. More than 70% of health center patients have family incomes below the federal poverty level (in 2014, \$19,790 for a family of 3); more than one-third are uninsured; and nearly 3 in 5 are members of racial and ethnic minority groups.

The importance of health centers to the nation’s poorest communities can hardly be overstated. Health centers serve 1 in 5 low-income women of childbearing age and account for 1 in 10 low-income births annually. Nearly 1.5 million people aged 65 and older receive care through

health centers, and health centers are frequently the only source of behavioral and oral health care in their communities. Health centers form the primary care backbone for state Medicaid programs. Low provider participation rates (one study estimated that one-third of physicians fail to participate at all, and among those who do, nearly 20% serve 5 or fewer enrollees³) mean that health centers are Medicaid’s primary source of care. Indeed, with 1 in 7 Medicaid beneficiaries cared for at health centers, their existence has made Medicaid managed care possible.

Recognizing the vital role that health centers would play in implementing health reform, Congress used the Affordable Care Act (ACA) to establish health centers as a permanent authority within the Public Health Service Act, no longer subject to periodic sunsets. The ACA also established a 5-year, \$11 billion health center trust fund to power far faster growth than possible through the regular federal appropriations process alone. This special growth fund followed on the heels of an additional \$2 billion investment in health center appropriations made as part of the 2009 American Reinvestment and Recovery Act (ARRA, the economic stimulus program). Together, these 2 investments—the first lifting the health centers’ annual appropriations, and the second supplementing the ongoing appropriations in order to achieve more rapid growth—were originally projected to nearly double their reach by 2019, allowing them to serve approximately 40 million patients that year. The ACA envisioned this direct investment in health centers being coupled with a nationwide Medicaid expansion reaching all low-income nonelderly adults, along with the establishment of a subsidized private health insurance market for low- and moderate-income people. The net result would be a measurably strengthened health centers program, positioned to achieve far greater penetration into the medically underserved population, estimated at 62 million nationally.⁴

Of course, the ACA’s original vision has not come to pass. The United States Supreme Court scuttled the nationwide Medicaid expansion in 2012. By January 2015, the poorest residents of 23 states—some 4 million people, according to the Kaiser Family Foundation’s estimates of the coverage gap created when some states opted out of the Medicaid expansion—remain without a pathway to coverage, as they are too poor to qualify for tax subsidies. Furthermore, the premium tax subsidies for residents of states electing to use the federal Exchange (many of which are the same states that refused to expand Medicaid) are in jeopardy in *King v Burwell*, which will be argued before the US Supreme Court

in early 2015. Although the ACA has resulted in a significant decline in the number of uninsured Americans, millions continue to be uninsured and are likely to remain that way for years to come unless the nation can find a way through the political thicket of health reform.

In the meantime, the ACA's health center trust fund is scheduled to expire at the end of FY 2015. The combination of a lapse in the trust fund and the stagnating annual appropriations from the 2011 budget agreement reached by the president and Congress could trigger up to a 70% reduction in grant funds. Federal grant funds are the lifeblood of all health centers, accounting for an average of 20% of their operating budgets. These grants represent the principal means by which care for the uninsured is financed. And in those states that have rejected the Medicaid expansion, the uninsured depend on health centers even more. Rejection of the Medicaid expansion in these states leaves health centers deeply deprived of revenue.

Losses like these don't simply place health center growth at risk: current service levels cannot and will not be sustained. According to estimates prepared by researchers at the George Washington University, if enhanced funding ceases at the end of 2015, the number of patients receiving care at health centers would decline from 21 million in 2012 to 20 million in 2020.⁵ Moreover, between 2012 and the end of the special ACA funding period in 2015, the number of health center patients will grow by several million more, meaning that the actual loss of patients would be even higher.

A rocky road lies ahead for health reform in the 114th Congress. Health centers should not be on that road. In the past, health centers have enjoyed an unusual level of bipartisan support and are consistently embraced across the political spectrum. Whatever the coming months bring, then, continuation of the expansion fund offers a common ground.

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