

Community Health Centers: Successes and Challenges

Community health centers (CHCs) played an important role during the recent economic recession as the demand for their services grew significantly. Recently, the Federal Reserve Bank of Dallas interviewed Jose E. Camacho, executive director/general counsel at the Texas Association of Community Health Centers, to learn more about the challenges his constituents now face.

How has the recession affected Texas-based CHCs and their patients?

The recession has increased demand for services. CHCs have seen 149,000 new patients during the recession. Fortunately, 65 centers in Texas have received \$108 million in American Recovery and Reinvestment Act funds. Part of the money (\$14.4 million) went to eight new centers, \$20 million went to fund increased demand and the rest went to capital investments such as new equipment and buildings for existing centers.

Who are Texas-based CHCs' partners?

CHCs get a lot of support from municipalities, counties, hospitals, residency programs and mental health centers. The degree of support varies by site and a community's ability to help the underserved population.

What are Texas-based CHCs and their partners' biggest successes in meeting the needs of their patients?

Their biggest successes are providing care to low-income and medically underserved populations and communities when they need these services so that patients do not have to wait until their health problems become a crisis.

In addition, CHCs generate significant taxpayer savings. According to a Brandeis University study, Texas Medicaid patients who received the majority of their primary care at health centers cost the Texas Medicaid program \$631 less per month than patients who received the majority of their primary care at hospital outpatient departments or emergency rooms. Also, CHC patients' inpatient costs are 48 percent lower, on average, than inpatient costs for patients who receive primary care in hospital outpatient departments or emergency rooms.¹

What are Texas-based CHCs and their partners' biggest challenges in meeting the needs of their patients?

Their biggest challenge is that the need for their services is outpacing their ability to supply them. CHCs currently operate on 1 percent to 2 percent margins. Roughly

one-third of their revenues comes from a federal discretionary grant program for CHCs; another third comes from Medicaid (25 percent), Medicare (4 percent) and the Children's Health Insurance Program and other federal funds (3 percent); and another third comes from state and local governments (18 percent) and patients (10 percent).²

States are facing huge fiscal deficits, so many programs that we rely on for funding at the state level are facing cuts. On the other hand, nationally centers will receive \$11 billion in new funding over the next five years from the federal government. Centers have to compete for this funding and no one is guaranteed funding.

A serious challenge for us is that the Texas FQHC Incubator Program is on the chopping block. Founded in 2003, this program provides \$5 million annually to help established Federally Qualified Health Centers (FQHCs) win federal funds to expand their services and help entities that want to become FQHCs develop into competitive candidates.

The Texas Health and Human Services Commission (HHSC) has proposed that the incubator program be cut in 2011; \$2 million is no longer available in fiscal year 2010. This program has been highly successful in Texas. Prior to the incubator program, Texas centers received an average of only 3.6 percent of the federal funding available during any cycle. After the incubator program, Texas centers received an average of over 7 percent. As a result, FQHCs were able to increase their total patient load by 49 percent from Sept. 1, 2004, to Dec. 31, 2008.

This incubator program is slated to lose its funding, which would make it difficult for Texas-based CHCs to compete with others around the country for the federal CHC funds.

Ironically, the Texas program is being touted as a model for other states to adopt in order to successfully leverage the \$11 billion of new federal funding.

Do the issues faced by Texas-based CHCs differ from issues faced by CHCs in other states? If so, how?

Our major issue is the same as other states: meeting the growing demand while funding fails to keep pace with demand. The degree of this problem is daunting in Texas because of the huge number of people who do not have insurance and lack access to care. The Texas HHSC estimates that in our state, 6.5 million people are currently uninsured. Even if we implement the coverage options available under federal health reform in 2014, HHSC estimates that 2.6 million people will remain uninsured.

Currently, Texas has 16 times the number of uninsured people as Massachusetts had when it implemented universal care. Now we're seeing that Massachusetts does not provide enough access to care because it lacks an adequate supply of primary care providers. There simply are not enough providers who take new patients, Medicare or Medicaid. Reimbursement is a very large issue.

Also, Texas has not invested in the infrastructure to serve the poor. There's not enough capital, health care providers or operational money for these providers. As more people fall into poverty or stay in it, more subsidies will be needed to support their care. So the cost of care could spiral out of control if we do not deal with the supply of providers and infrastructure issues.

How do you anticipate health care reform to affect Texas-based CHCs and their patients?

A greater percentage of our patients will be insured; however, at the same time, CHCs will serve an even larger proportion of the uninsured in the state. We think that all CHCs will have to be health care homes for comprehensive care so that centers can serve as one-stop shops for people dealing with medical, dental, substance abuse and mental problems. The reason it's so important to provide comprehensive care is that it helps prevent further progression of the illnesses, particularly chronic diseases such as diabetes and asthma. This kind of care also is important because it has an educational component that teaches people how to get the support they need and better manage their own health and health care.

Notes

¹ These data are an average of 1999–2004 expenses. See "High-Performing Community Health Centers: What It Takes in Texas (Final Report: Phase One)," by Deborah Gurewich, Donald S. Shepard, Karen R. Tyo and Junya Zhu, Brandeis University, Schneider Institute for Health Policy, June 30, 2009.

² All patients are charged on a sliding scale and demonstrate need by bringing in any document that proves their income (check stub, tax return, etc.) and residency in the CHC's target area. Without proof of income and residency, they are expected to pay 100 percent of the charges.

—Elizabeth Sobel Blum