



## HEALTH CENTERS & MEDICAID

### WORKING TO ENSURE FAIRNESS FOR ALL HEALTH CENTERS

#### Health Centers and Medicaid are a dynamic combination

Today, health centers serve over 20 million Americans, operating in over 8,000 locations in all 50 states, providing preventive and primary care to one quarter of America's lower income families, including more than 8 million Medicaid recipients.

- Health centers currently serve 14 percent of all Medicaid beneficiaries at a TOTAL cost of only 1 percent of Medicaid spending (see state-by-state chart on reverse).
- Health centers use a unique comprehensive approach to health: an innovation that improves both cost-savings and patient health and generates \$24 billion in annual savings to the health care system – \$6 billion of which accrues to states and the federal government through Medicaid.

Medicaid is the most important source of health insurance coverage for more than 60 million poor, low-income, disabled, and elderly Americans, half of whom are children.

- Medicaid's average cost per beneficiary is significantly lower than under private insurance – 27 percent lower for children and 20 percent lower for adults – in part because of the savings that health centers deliver to states and the federal government.

Both programs share another common link: those served by health centers and those covered by Medicaid are BOTH more likely to be low-income and to have significant health problems.

#### Medicaid's unique PPS payment system is key to this success

The Health Center Medicaid PPS was established by the Congress with the intent of ensuring appropriate payment for covered individuals while not forcing health centers to cross-subsidize Medicaid out of their federal grant funds. This unique payment system is critical to health centers' continued success in providing cost-saving primary and preventive care, not only to their Medicaid patients but to others as well, including 8 million uninsured – 25 percent of all low-income uninsured persons.

Unlike the discredited fee-for-service system, the PPS payment system is a model of reform:

- It is a bundled payment, NOT open-ended fee-for-service,
- The payment rate is unique to each center's costs/scope, NOT a single universal rate,
- The rates are set prospectively, with limited growth, and are NOT unrestricted,
- The payments are effectively risk-based – if patients need more care, then it is furnished at NO additional cost,
- And because health centers are held to strict performance and accountability standards by HRSA, it is clear that the payments are also performance-based.

#### Loss of the PPS would devastate health centers and increase Medicaid costs

Many of the proposals in Congress to reform Medicaid could well devastate a program that provides cost-effective health coverage for our country's lowest-income individuals, and would simply shift costs and risks to states, beneficiaries, and participating providers. Any proposal to end the PPS would not just endanger the viability of health centers, it would also endanger the health of all low-income individuals, especially those insured by Medicaid or who lack insurance. And such proposals will cause overall health care costs to increase, not decrease.

**NACHC will strenuously oppose any attempts to eliminate or change the Health Center Medicaid PPS.**

State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenue as % of Total State Medicaid Expenditures	State	% of State Medicaid Population Served by Health Centers	Health Center Medicaid Revenue as % of Total State Medicaid Expenditures
Alabama	12%	0.9%	Montana	15%	0.9%
Alaska	21%	1.7%	Nebraska	7%	0.4%
Arizona	14%	1.4%	Nevada	7%	0.5%
Arkansas	7%	0.5%	New Hampshire	11%	0.8%
California	16%	1.7%	New Jersey	22%	0.9%
Colorado	32%	3.4%	New Mexico	17%	1.3%
Connecticut	29%	1.7%	New York	13%	1.0%
Delaware	7%	0.5%	North Carolina	6%	0.3%
DC	26%	1.3%	North Dakota	11%	0.5%
Florida	12%	1.0%	Ohio	10%	0.6%
Georgia	6%	0.4%	Oklahoma	6%	0.5%
Hawaii	26%	3.6%	Oregon	21%	2.6%
Idaho	12%	1.1%	Pennsylvania	12%	0.7%
Illinois	24%	2.0%	Rhode Island	30%	1.5%
Indiana	12%	0.9%	South Carolina	13%	0.9%
Iowa	13%	1.0%	South Dakota	15%	1.1%
Kansas	12%	0.5%	Tennessee	10%	0.6%
Kentucky	11%	1.1%	Texas	7%	0.6%
Louisiana	8%	0.5%	Utah	8%	0.7%
Maine	19%	1.1%	Vermont	23%	2.0%
Maryland	15%	1.2%	Virginia	7%	0.4%
Massachusetts	21%	1.3%	Washington	31%	4.2%
Michigan	12%	1.2%	West Virginia	28%	1.9%
Minnesota	8%	0.6%	Wisconsin	15%	1.9%
Mississippi	15%	0.8%	Wyoming	5%	0.9%
Missouri	19%	1.3%	United States	14%	1.0%