



**To:** Tom Van Coverden, National Association of Community Health Centers

**From:** Bob Atlas, Avalere Health

**Date:** October 23, 2009

**Re:** Literature Review on Effect of Community Health Centers on Healthcare Spending and Utilization

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Attached is our report in which we review studies that examine the impact of Community Health Centers (CHCs) on healthcare spending and utilization. The predominant finding was that the use of CHCs was associated with lower healthcare costs or less acute care utilization.

- Studies comparing the direct cost of care for patients treated in CHCs to those receiving care elsewhere found that CHCs are associated with lower healthcare spending.
  - Many studies attributed the reduction in health spending, in part, to fewer emergency room (ER) visits, fewer inpatient hospital admissions or shorter inpatient length of stay.
- Two studies used the estimated per-patient savings to extrapolate national savings associated with CHC use, finding that CHCs save between \$9.9 and \$24 billion annually.
- Studies focusing solely on avoidable utilization found that CHCs help patients, especially those with chronic conditions, to avoid unnecessary complications and acute care.

Committees of Congress have recently released health reform bills that would authorize significant additional funding for CHCs. The amounts of additional funds would be determined through the annual appropriations process. Therefore, CBO's current scores for the bills, which focus only on their impact on mandatory spending, show no effect from the CHC provisions.

Congress could depart from the traditional approach to funding CHCs and make some or all of the funding for CHCs mandatory rather than discretionary. In that case, CBO would produce a score, and in so doing would likely consider:

- Cost of the additional funding
- Cost impacts of the added CHC funding on other mandatory programs, such as Medicare and Medicaid
  - Movement of care (already expected to be consumed) from other providers to CHCs
  - Greater usage of primary care
  - Fewer avoidable hospitalizations and ER visits.

The literature we reviewed did not examine the degree to which CHC expansion might boost primary care utilization, and as a result health spending for that facet of care. However, the body of evidence published to date shows that CHCs have the potential to offset both utilization and spending for other types of care, and that factor should be considered.