

December 3, 2010

The Honorable Kathleen Sebelius  
U.S. Secretary of Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Sebelius:

As you are aware, State funding to support community health centers has declined steadily over the past few years due in large part to the continuing budget crisis faced by nearly every State. In fact, State funding to health centers has declined 42% (\$262 million) since its peak period in 2008; and is now below 2006 funding levels. Moreover, some State policy makers have used the most recent federal investments in health centers, through the American Recovery and Reinvestment Act (ARRA) and the Affordable Care Act (ACA), as a rationale for cutting critical funding. Our deep concern is that a continuation of this backslide will significantly impair the growth, development, and stability of health centers as a key component of ACA—most especially in reducing health care expenditures. Since it appears that the ACA does not include specific language prohibiting supplantation, we appeal to you to help educate the States as to the clear intent of this funding—to significantly expand prevention and primary care on a proven model, as a means to both improve quality and substantially reduce health care costs.

While we recognize that States face extraordinarily difficult decisions in attempting to balance their budgets, cutting support for health centers may be pennywise, but is clearly pound-foolish. In over two dozen studies by independent sources, including a number directed under the auspices of your Department, there is clear documentation that community health centers, over their 40 year history, significantly reduce costs, and are an effective alternative to more costly emergency room over-utilization. As was recently reported in a study from the George Washington University, *Strengthening Primary Care to Bend the Cost Curve* (June 30, 2010), **health centers saved over \$24 billion last year alone in the total cost of care for their patients, as compared with the total cost of care for those who use other providers. Of those savings, \$11.3 billion were attributed to Medicaid - \$6.4 billion in federal savings and \$4.9 billion in State savings.**

States should be made aware that community health centers have again delivered and demonstrated their ability to rapidly expand through their highly effective utilization of ARRA funds, having already added 3.3 million new patients to date with these funds. Now, federal ACA funds distributed in the last few months are already making a difference in underserved communities across the country. Health centers have experienced a significant increase in uninsured patients recently, and these funds will allow health centers to double the number of patients served from 20 million to 40 million by 2015, and in addition will result in 284,323 jobs created across the country as a result of these ACA investments.

However, these important gains are being undercut by budget actions at the State and local level. For example, **California's** funding for health centers was completely eliminated for State fiscal year 2011. Governor Schwarzenegger used his line item veto stating in his budget justification, *"I am deleting the \$10,000,000 legislative augmentation for various discretionary clinic grants. **Federal Health Care Reform alternatively provides \$1.4 billion of increased funds over five years to clinics, in addition to substantial increases from the American Recovery and Reinvestment Act...**"* The Westchester County, **New York** executive's 2011 budget cuts about \$1.9 million from three community health centers, and *The Journal News* reported that the rationale was that the *"community health centers got money through the federal health reform law"*. Clearly there are many more examples, and we would readily provide any additional information you may request.

On behalf of the 20 million patients currently served by America's health centers, as well as those the ACA hopes to see receive service in the near future, we respectfully request your support and intervention on this issue. **We urge you to contact Governors and State policy makers to help educate them on the access, quality, and cost benefits of these most recent investments, as well as the importance to both federal and State efforts to achieve greater efficiency, now and in the future. Please be assured that we will also do our part from the grassroots level.**

Please know that we deeply appreciate the immense job that you and the many dedicated officials of your Department and this Administration are doing to help lead us into the future, and providing leadership and direction for a better, more equitable health care system.

If you or anyone on your staff have any questions or would like additional information, please contact Dawn McKinney, our Director of State Affairs at 202.296.3800.

Sincerely,



Tom Van Coverden  
President and CEO

cc: Bill Corr, Deputy Secretary, Department of Health and Human Services  
Paul Dioguardi, Director, Office of Intergovernmental Affairs, DHHS  
Mary Wakefield, Administrator, Health Resources and Services Administration  
Jim Macrae, Associate Administrator, Health Resources and Services Administration