



State Policy Report #21

Losing Ground: State Funding to Health Centers Declines Amid Economic Downturn

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Prepared By

Colleen Boselli
State Policy Analyst

Dawn McKinney
Assistant Director, State Affairs

Main Office
National Association of Community Health Centers, Inc.
7200 Wisconsin Avenue, Suite 210
Bethesda, MD 20814
301.347.0400 ~ Fax: 301.347.0459

For more information, please contact

Colleen Boselli
State Policy Analyst
NACHC
cboselli@nachc.com
202.296.3072

Contributors:

State Primary Care Associations

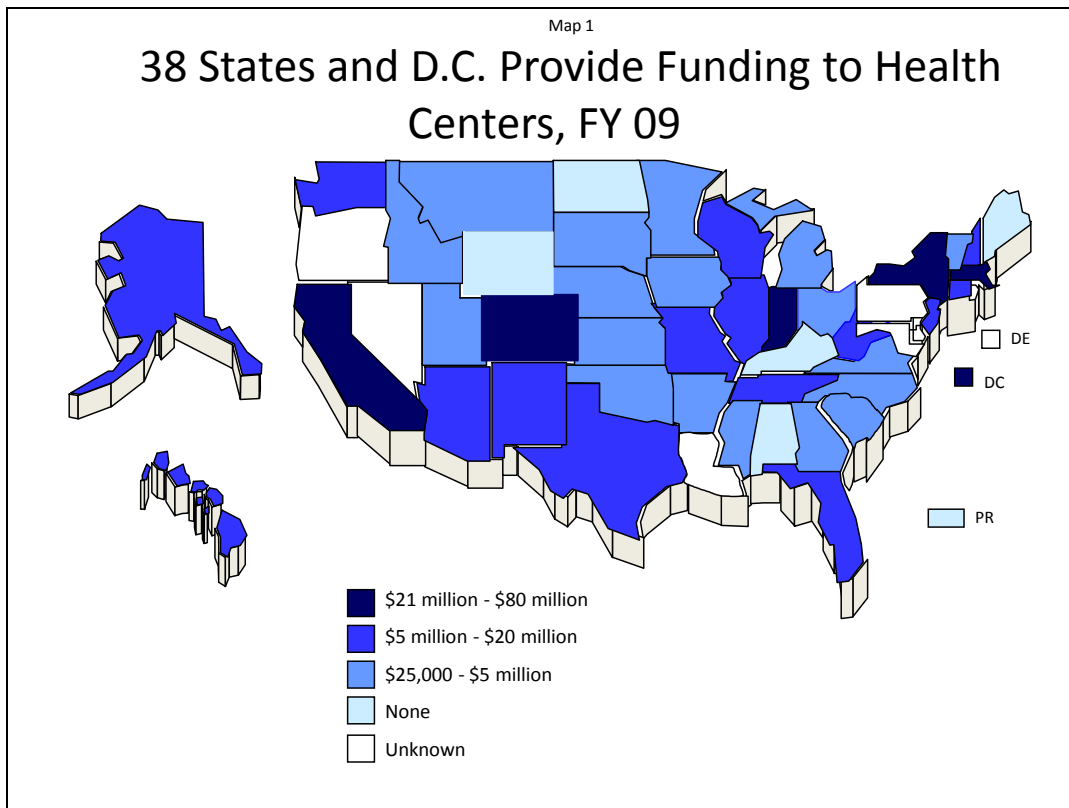
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Introduction

At the close of its seventh annual survey of state funding, the National Association of Community Health Centers (NACHC) finds continued state support for Federally Qualified Health Centers (FQHCs). 83% of the State Primary Care Associations (PCAs) who responded to the NACHC survey said their states are providing direct funding for health centers. In State Fiscal Year (SFY) 2009, 38 states and the District of Columbia will provide a total of \$518 million in funding to health centers. This is \$48 million less than 2008. State funding for health centers had been increasing steadily since 2006 and this 10% decline is the first in many years. In SFY09, health centers in 13 states will see a decline in state dollars. Missouri, who received the largest increase in 2008, will see their funds drop significantly in 2009 due to a one-time appropriation of \$65 million in SFY08.

Despite the economy, many states have committed to strengthening their health centers. In 2009, nineteen states will increase their investments in FQHCs, underscoring the importance of their health center programs. Wisconsin doubled their SFY08 funding levels and Colorado and Massachusetts continue to provide over \$70 million to health centers. In SFY09 two states, Alaska and Idaho, who received no state funding in SFY08 have succeeded in securing state dollars for health centers.

Funding levels in 8 states will remain unchanged from SFY08. Health centers remain hopeful in states like Alabama, Maine, North Dakota, Pennsylvania, and Wyoming who currently are not receiving state funding, but plan to put forth proposals in the next legislative session.



Health centers continue to diversify their funds and in SFY09, more are investing in technology and workforce. New Jersey was able to secure \$3 million in one-time stability funds for struggling health centers. Iowa got \$1.6 million as part of the Iowa Collaborative Safety-Net Provider Network, which identifies and addresses the unmet needs of the uninsured and underinsured throughout the state. Nebraska received one-time funds of \$250,000 for oral health services and equipment. Alaska, who received new funds this year, got \$2.5 million for health information technology projects and Ohio got \$100,000 for medical malpractice reimbursement for 5 FQHC look-alikes. In addition, Wisconsin and Minnesota receive unencumbered funds which they are able to use for any purpose.

It would be remiss to examine the effects of state funding levels in SFY09 without mention of the current state budget situation. According to a report by the Center on Budget and Policy Priorities (CBPP), 29 states and the District of Columbia face a \$48 billion budget shortfall for SFY09.¹ This situation forces states to make tough financial decisions in order to close budget gaps, as they cannot run deficits when the economy is in a downturn. Unfortunately, many states make cuts in services and funding for public health programs, which can affect the most vulnerable populations. CBPP reports that in FY09, 13 states are considering or have already implemented budget cuts that will affect access to and eligibility for health care services for low-income children and families.

As health centers continue to grow as important safety net providers throughout states and communities, changes in Medicaid, state budgets, and the rising costs of health care in general can adversely affect the impact of these gains. However, by expanding the reach of health centers, states will be able to give their local communities access to quality and cost-effective health care.

Research Methods

In July 2008, NACHC fielded a survey to PCAs in 50 states, the District of Columbia, and Puerto Rico to assess the status of health centers. The survey was then analyzed to report on changes in non-Medicaid state funding of health centers directly as well as impacts of the Deficit Reduction Act (DRA) and Medicaid eligibility requirements relating to citizenship documentation.

PCAs representing Delaware, Maryland, Nevada, Oregon, and Rhode Island did not respond. North Carolina, Washington, and West Virginia did not complete the survey, but provided 2009 funding levels. The response rate is slightly lower than in 2008, when there were PCAs representing four states that did not respond. When no data was provided for FY08 funding levels, numbers were based on previous year data reported by the PCA. The collected responses provided can be found in charts on pages 6-9. This analysis relies on the self-reported information from PCAs. Thank you to all the PCAs who participated in this survey and shared their data.

¹ McNichol E and Lav I. "29 States Faced Total Budget Shortfall of at Least \$48 Billion in 2009." August 5, 2008. The Center on Budget and Policy Priorities. <http://www.cbpp.org/1-15-08sfp.htm>

For the purposes of this report, direct funding is defined as a line-item appropriation and/or grant or contract that the state provides to the PCA and/or health center, excluding any Medicaid funding or federal grant dollars.

SUMMARY OF FINDINGS

Out of the 52 states and territories that were surveyed there were 47 respondents.

Direct Funding of Health Centers - State Fiscal Year 2009

- Thirty-nine states reported that they are receiving state funding for health centers at a total of \$518 million. This total is \$48 million, or almost 10%, less than reported in SFY08.
- State funding for health centers has been steadily increasing since SFY06 and this is the first year that we are seeing a drop in overall funding levels.
- In SFY 2009, state funding for health centers will increase in 19 states, decrease in 13 states and remain level in 8 states. 7 states will provide no funding.
- Most funds provided by:
 - General Funds- 32 states
 - Tobacco Tax/Settlement- 8 states
- Most funds are used for:
 - Serving the Uninsured- 28 states
 - Services (ie. dental, mental health, etc)- 20 states
 - Operating- 14 states
 - Capital/IT- 17 states

DRA- Citizenship Documentation

Health centers and PCAs continue to assist in Medicaid enrollment outreach efforts, which include DRA citizenship documentation requirements. In many states, community health centers work with and refer patients to the state Medicaid agency. However, states like Arkansas, Connecticut, Hawaii, Maine, New Mexico, South Carolina, and Utah continue to have outstationed eligibility workers at health centers to verify citizenship and enroll patients. In addition, six states noted that there has been legislation or regulations passed that prohibit state-funded non-Medicaid health care benefits from going to non-citizens. For example in Massachusetts, Commonwealth Care, is state subsidized insurance for people under 300% FPL and is only available to residents who meet the Medicaid citizenship requirements.

Six states responded that studies have been published regarding the impact of the DRA Medicaid citizenship documentation requirement in their states. Connecticut and Virginia noted significant decreases in Medicaid enrollment and delays in coverage. Oklahoma cites problems with residents whose coverage has been dropped due to the inability to provide proper identification. In addition, Virginia reported a dramatic increase in emergency room utilization by residents caught up in lengthy eligibility determinations.

State Funding to Health Centers

State	Final FY08 state funding to health centers	FY09 state funding to health centers	Change in funding
Alabama	None	None	
Alaska	None	\$3,850,000- Total Health IT: \$2,500,000 Direct Services: \$1,000,000 Sr. Access to Primary Care: \$350,000	Increased by \$3,850,000
Arizona	\$15,000,000	\$13,500,000	Decreased by \$1,500,000
Arkansas	\$2,250,000	\$2,250,000	Level
California	\$47,300,000	\$44,100,000 Total Expanded Access to Primary Care Program \$27,000,000 Rural Health Services Development Program \$8,200,000 Seasonal Agricultural Migratory Worker Program \$6,900,000 Rural Health Demonstration Projects \$1,000,000 Loan Repayment Program \$1,000,000 (not limited to health centers)	Decreased \$3,200,000
Colorado	\$62,455,000- Total Uncompensated Care Pool: \$28,950,000 Capital Needs/Primary Care Grants: \$1,705,000 Specific Service Grants: \$2,600,000 Unrestricted Primary Care Funds: \$29,200,000	\$70,932,125- Total Uncompensated Care Pool: \$33,951,786 Capital Needs/Primary Care Grants: \$967,880 Service Specific Grants: \$7,692,824 Unrestricted Primary Care Funds: \$28,319,635	Increased by \$8,477,125
Connecticut	\$7,323,664	\$7,323,664- Total Infrastructure: \$2,500,000 Expansion of Hours: \$288,000 per center	Level
Delaware	No Response	No Response	
District of Columbia	\$23,920,000	\$23,750,000 Total \$6,000,000 for EHR/RIO \$16,250,000 for capital (part of \$65m pool to be spread out over 4 years) \$1,500,000 programs	Decreased \$170,000
Florida	\$17,900,000	\$17,400,000	Decreased by \$500,000
Georgia	\$4,113,950- Total New Starts Behavioral Health EMR Strengthening FQHC Emergency Preparedness Breast and Cervical Cancer	\$3,586,550	Decreased by \$527,400

State	Final FY08 state funding to health centers	FY09 state funding to health centers	Change in funding
Hawaii	\$10,068,000- Total Uninsured: \$3,400,000 Immigrants: \$475,000 State Contracts: \$1,677,000 Outreach & Enrollment: \$330,000 IT Improvement: \$45,000 Training: \$211,037 Emergency Preparedness: \$30,000	\$12,000,000	Increased by \$1,932,000
Idaho	None	\$1,000,000	Increased by \$1,000,000
Illinois	\$9,000,000	\$10,000,000	Increased by \$1,000,000
Indiana	\$30,000,000	\$30,000,000	Level
Iowa	\$2,250,000	\$3,250,000- Total CHC Incubator : \$650,000 Iowa Collaborative Safety Net: \$1,600,000 Tobacco Cessation: \$1,000,000	Increased by \$1,000,000
Kansas	\$2,255,740	\$3,280,000	Increased by \$1,024,260
Kentucky	None	None	
Louisiana	\$6,285,000	Unknown	
Maine	None	None	
Maryland	No Response	No Response	
Massachusetts	\$79,700,000	\$79,700,000- Total Uncompensated Care: \$35,000,000 Medicaid Rates: \$10,000,000 School-Based Health: \$4,500,000 CHC Support & Enhancement: \$7,000,000 Loan Repayment: \$1,700,000 DPH Grants: \$12,000,000 Essential Provider Trust: \$9,000,000	Level
Michigan	\$1,810,007	\$1,810,007	Level
Minnesota	\$1,500,000	\$2,473,000 Unrestricted	Increased by \$973,000
Mississippi	\$3,551,267	\$3,551,267	Level
Missouri	\$75,500,000 *Note: \$65,000,000 of the total was one time funds for HIT and Capital Improvements	\$11,114,750- Total Direct Funds: \$9,250,000 Women & Minority Health Outreach: \$1,114,750 Mental Health Collaboration: \$750,000	Decreased by \$64,385,250 *Note: decrease due to one-time funds in FY08

State	Final FY08 state funding to health centers	FY09 state funding to health centers	Change in funding
Montana	\$1,888,773- Total Incubator/Capital/Service Expansion: \$1,200,00 Oral Health Expansion: \$495,000 Oral Health Uncompensated Care: \$182,812 Emergency Preparedness: \$10,961	\$2,685,000- Total Incubator/Capital/Service Expansion: \$2,000,000 Oral Health Expansion: \$505,000 Dental Services, Pregnant Women/Children: \$180,000	Increased by \$796,227
Nebraska	\$1,750,000	\$2,000,000- Total Uninsured Care: \$1,750,000 Oral Health: \$250,000	Increased by \$250,000
Nevada	\$690,815 *Based on previous year data	No Response	Unknown
New Hampshire	\$7,747,635	\$9,147,635	Increased by \$1,400,000
New Jersey	\$48,000,000	\$50,400,000- Total Uncompensated Care: \$40,000,000 Expansion/Quality Initiatives: \$5,000,000 Pregnant Undocumented Women: \$1,900,000 Homeless Care: \$500,000 One-Time Stability Funds: \$3,000,000 Disease Collaborative: \$250,000 Disaster Planning: \$400,000	Increased by \$2,400,000
New Mexico	\$17,706,000	\$18,081,000- Total General Fund: \$13,506,000 Capital Loans and Earmarks: \$2,200,000 OEW Contracts: \$1,200,000 Emergency Preparedness: \$500,000 EMR: \$675,000	Increased by \$375,000
New York	\$23,931,500	\$23,731,500- Total Indigent Care: \$19,900,000 Transition To Managed Care: \$3,500,000	Decreased by \$200,000
North Carolina	\$2,450,000	\$2,100,000 (estimate)	Decreased by \$350,000
North Dakota	None	None	
Ohio	\$3,800,000	\$3,590,000- Total Uncompensated Care: \$2,150,000 Med. Malpractice Reimbursement: \$100,000 Tobacco MSA: \$1,340,000	Decreased by \$210,000
Oklahoma	\$2,041,120- Total Uninsured Care: \$1,341,120 Development: \$700,000 Liability Protection: \$100,000	\$1,941,120	Decreased by \$100,000

State	Final FY08 state funding to health centers	FY09 state funding to health centers	Change in funding
Oregon	None *Based on previous year data	No Response	
Pennsylvania	\$1,800,000	Unknown	
Puerto Rico	None	None	
Rhode Island	None *Based on previous year data	No Response	
South Carolina	\$1,000,000	\$700,000	Decreased by \$300,000
South Dakota	\$30,000	\$30,000	Level
Tennessee	\$7,600,000- Total Adult Uninsured: \$7,600,000 Adult Uninsured Dental: \$275,000	\$6,900,000	Decreased by \$700,000
Texas	\$20,500,000	\$20,500,000- Total Incubator: \$5,000,000 Title V,X & XX: \$10,000,000 Primary Care Program: \$5,500,000	Level
Utah	\$1,270,120	\$2,123,000- Total Uninsured: \$500,000 State Primary Care Grant: \$742,000 Loan Repayment: \$108,000 UT Commission on Volunteers: \$292,000 Heart Disease/Stroke Prevention: \$55,000 Diabetes Control/Prevention: \$71,000 Tobacco Cessation: \$40,000 Immunization: \$255,000 Emergency Preparedness: \$60,000	Increased by \$852,880
Vermont	\$150,000	\$1,066,000- Total Uninsured Access: \$150,000 HRSA ORHP Grant Match: \$185,000 Medicaid Outreach/Enrollment: \$91,000 State Coalition of Free Clinics Grant: \$640,000	Increased by \$916,000
Virginia	\$1,469,675	\$3,264,129	Increased by \$1,794,454
Washington	\$9,152,040	\$12,000,000	Increased by \$2,847,960
West Virginia	\$8,220,000	\$9,220,000	Increased by \$1,000,000
Wisconsin	\$3,000,000	\$6,000,000	Increased by \$3,000,000
Wyoming	None	None	
TOTAL	\$566,380,306	\$517,665,747	Decreased by \$48,714,559