



Cost Effectiveness of Care Provided at Health Centers

The nation's Community, Migrant, and Homeless Health Centers present an affordable, comprehensive, and cost-effective option for delivering primary and preventive care. Also known as Federally-Qualified Health Centers, today these **health centers serve over 20 million low-income and medically underserved patients**, including 1 in 5 low-income, uninsured individuals and 1 in 7 Medicaid beneficiaries.¹ Research demonstrates that health centers deliver a significant return on investment – in terms of system-wide savings, economic benefits, and health improvements. As health centers expand to reach new patients with unmet health care needs, the value they bring to communities and payers will grow.

Health Center Care Is Comprehensive and Affordable

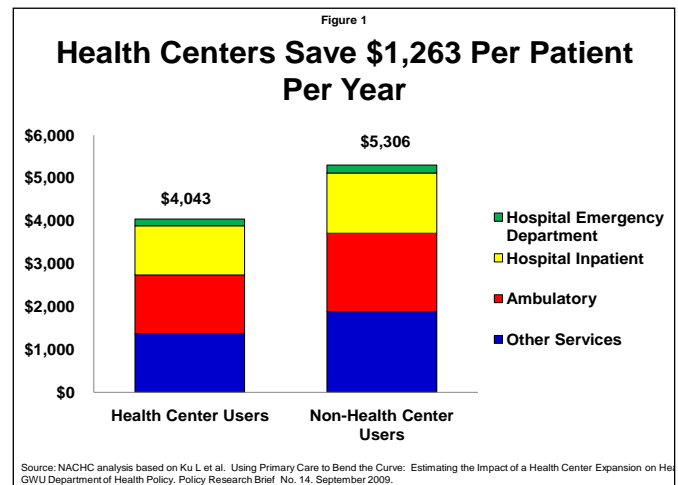
Health centers provide services not typically furnished in other primary care settings, such as dental care, behavioral health, pharmacy, and other services that remove persistent barriers to care, such as transportation, case management, interpretation, and home visits. These additional services are critical given their patient population. Compared to other providers, health centers disproportionately serve more chronically ill, uninsured, publicly insured, and minority patients,² as well as those in poor health.³

Despite providing a broader array of services and serving more at-risk patients, **health centers' average cost runs a dollar less per patient per day compared to all physician settings** (\$1.67 vs. \$2.64).⁴

Health Centers Are Cost Effective

The quality of care provided by health centers is as good as or better than the quality of care provided in other settings.⁵ Numerous studies conclude that health centers' proficient provision of preventive and primary care services reduces unnecessary, avoidable, and wasteful use of health resources. Health centers are associated with reducing preventable hospitalizations and Emergency Department (ED) use, as well as reducing the need for more expensive specialty care services.⁶

Nationally, patients who rely on health centers have significantly lower expenditures per person per year compared to non-health center users (Figure 1). **Health centers save the health care system over \$24 billion annually. This includes \$6 billion in savings to the Medicaid program.**⁷ After controlling for socioeconomic factors as well as health conditions and behaviors, total annual health care spending for **North Carolina** health center patients averaged 62% less than patients served by other primary care providers in the state.⁸ A similar analysis in **Indiana** found a 48% per patient annual savings.⁹



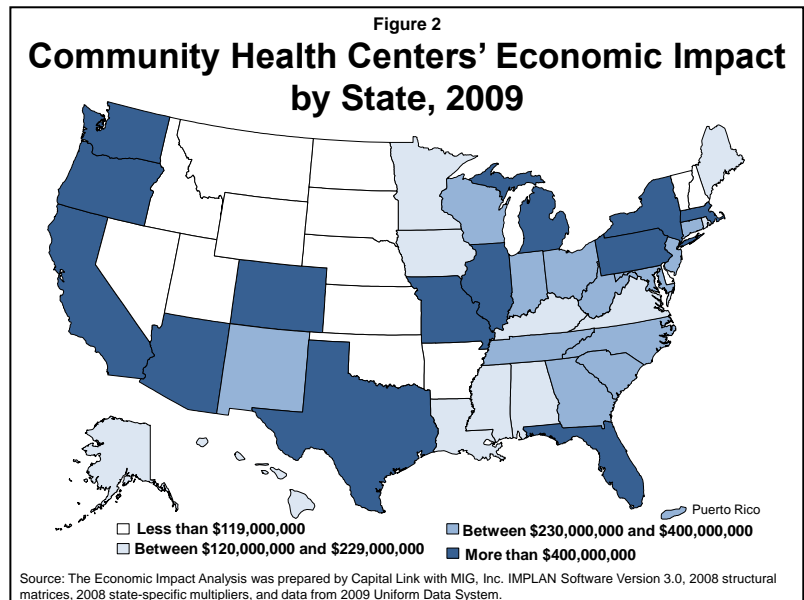
Reducing Emergency Department Visits. Greater health center capacity lowers ED utilization among low-income¹⁰ and rural uninsured populations.¹¹ Rural counties with higher health center capacity also have lower rates of ED visits for those conditions that could have been avoided through timely ambulatory care.¹¹ Medicaid beneficiaries relying on health centers for usual care in four states are 19% less likely to use the emergency

department for unnecessary visits and 11% less likely to be hospitalized compared to beneficiaries relying on other providers.¹²

Effective Management of Chronic Illness. Health centers have a long history participating in a chronic care management program known as the Health Disparities Collaboratives, which have been shown to improve clinical processes of care and patient outcomes relatively quickly.¹³ They significantly reduce the expected lifetime incidence of diabetes complications, including blindness, kidney failure, and certain forms of heart disease, yielding a sizeable savings in health expenditures (\$33,386 per quality-adjusted life year).¹⁴

Stimulating Economic Growth and Creating Jobs

Investments in health centers have produced an economic “ripple effect” in their communities, creating jobs and fueling additional economic activity through the purchase of goods and services from local businesses. In 2009, a federal investment of \$2.2 billion generated **\$20 billion in total economic benefits in resource-poor rural and urban communities**. This investment also produced **189,158 jobs** in some of the nation’s most economically challenged areas. As federal funding for the Health Center Program grows research demonstrates so will the amount health centers generate in local economic activity and in the number of jobs they produce.¹⁵



¹ NACHC, 2011. Includes all patients of federally-funded health centers, non-federally funded health centers, and expected patient growth for 2011. Data on federally-funded health centers comes from the Bureau of Primary Health Care, HRSA, DHHS, 2010 Uniform Data System (UDS). Proportion of all US residents does not account for health centers located in U.S. territories.

² Hing, E., Hooker, R. S., & Ashman, J. J. (2011). Primary Health Care in Community Health Centers and Comparison with Office-Based Practice. *J Comm Health* 36(3), 406-413.

³ Shi, L., Stevens, G., and Politzer, R. (2007). Access to Care for U.S. Health Center Patients and Patients Nationally - How Do the Most Vulnerable Populations Fare? *Med Care* (45)3: 206-213.

⁴ Agency for Healthcare Research and Quality. Medical Expenditure Survey Summary Tables, 2008. <http://meps.ahrq.gov>. And Bureau of Primary Health Care, Health Resources and Services Administration, DHHS. 2009 Uniform Data System.

⁵ U.S. General Accounting Office. (2003). *Health Care: Approaches to Address Racial and Ethnic Disparities*. Publication No. GAO-03-862R. Institute of Medicine. *Unequal Treatment: Confronting Racial and Ethnic Disparities in Healthcare*. Washington, DC: National Academy of Sciences Press; 2003. Huang, E., Zhang, Q., Brown, S., et al. (2007). The Cost-effectiveness of Improving Diabetes Care in U.S. Federally Qualified Community Health Centers. *Health Serv Res*, 42(6): 2174-93. Chin, M.H. (2010). Quality Improvement Implementation and Disparities: The Case of the Health Disparities Collaboratives. *Med Care* 48(80):668-75. Hicks, L., O'Malley, J., Lieu, T., et al. (2006). The Quality of Chronic Disease Care in U.S. Community Health Centers. *Health Aff* 25(6): 1712-23. Chin, M.H., Drum, M., Guillen, M., et al. (2007). Improving and Sustaining Diabetes Care in Community Health Centers with the Health Disparities Collaboratives. *Med Care* 45:1135-1143.

⁶ Streeter, S., Braithwaite, S., Ipachchi, N., Johnsrud, M. (2009). The Effect of Community Health Centers on Healthcare Spending & Utilization. Avalere Health. http://www.nachc.com/client/Avalere_NACHC_Report_Final_10.2.09.PDF.

⁷ Ku, L., Richard, P., Dor, A., et al. Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers Through Health Reform. *Policy Research Brief No. 19*. Geiger Gibson/RCHN Community Health Foundation Collaborative at the George Washington University. June 30 2010. \$6 billion in Medicaid savings comes from an additional analysis by authors at the request of NACHC that takes the same methodology to produce the Medicaid savings as outlined in the report.

⁸ Richard, P., Shin, P., Vasilkovska, K., Rosenbaum, S. Bending the Cost Curve in North Carolina: The Experience of Community Health Centers. *Policy Research Brief #24*. Geiger Gibson/RCHN Community Health Foundation Collaborative at the George Washington University. Aug 9, 2011.

⁹ Dor, A., Richard, P., Tan, E., et al. Community Health Centers in Indiana: State Investments and Returns. *Issue No. 12*. Geiger Gibson/RCHN Community Health Foundation Research Collaborative, Jul 29, 2009.

¹⁰ Cunningham, P. (2006). What Accounts for Differences in the Use of Hospital Emergency Departments Across U.S. Communities? *Health Aff* 25: W324-W336.

¹¹ Rust, G., Baltrus, P., Ye, J., et al. (2009). Presence of a Community Health Center and Uninsured Emergency Department Visit Rates in Rural Counties. *J Rural Health* 25:8-16.

¹² Falik, M., Needleman, J., Herbert, R., et al. (2006). Comparative Effectiveness of Health Centers as Regular Source of Care. *J Ambul Care Manage* 29(1):24-35.

¹³ Chin, M.H. (2010). Quality Improvement Implementation and Disparities: The Case of the Health Disparities Collaboratives. *Med Care* 48(80):668-75.

¹⁴ Huang, E., Zhang, Q., Brown, S., et al. (2007). The Cost-Effectiveness of Improving Diabetes Care in U.S. Federally Qualified Community Health Centers. *Health Serv Res*, 42(6): 2174-93.

¹⁵ Center for American Progress. *The Importance of Community Health Centers: Engines of Economic Activity and Job Creation*. August 2010.

<http://www.americanprogress.org/issues/2010/08/pdf/chc.pdf>