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Prof. Wilensky and Prof. Levi
PUBH 209
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To: The Honorable Jeb Bush, Governor

From: Brad Wright, Health Policy Analyst

Re: **How can Florida use community health centers to increase access to care for residents?**

Background

In 2003, some 2,195,915 Floridians (13%) were unserved¹ because of barriers to healthcare access including physician shortage, a lack of enabling services (e.g., transportation and translation services), inability to pay (even if insured), and geographic proximity to a provider, among others. Health centers, which originated in 1965, reduce these barriers to access by providing primary care and enabling services in medically underserved areas or health professional shortage areas using a sliding fee scale.²

In Florida, 32 health centers, with 178 total delivery sites, served 562,585 patients in 2003.³ Some 87.2% of these patients earned below 200% of poverty, 54.8% were uninsured, and 25.2% were on Medicaid or S-CHIP.⁴ Yet, of the 67 counties in Florida, 22.5% of the population lives in one of 32 “poor counties,” only 15 of which have a health center, leaving 4.1% of Floridians living in poor counties without a health center, despite the fact that health centers are extremely cost efficient.⁵

¹ Dan Hawkins and Michelle Proser. Special Topics Issue Brief #5, A Nation’s Health at Risk. NACHC, 2005. <http://www.nachc.com/piforum/files/UnservedReportSTIB5.pdf>

² R. M. Politzer, et al., “Inequality in America: The Contribution of Health Centers in Reducing and Eliminating Disparities in Access to Care,” *Medical Care Research and Review* 58 (2001): 234 – 248.

³ Health Center Fact Sheet, Florida 2003. NACHC 2005. <http://www.nachc.com/research/files/floridafactsheet.pdf>

⁴ *Ibid.*

⁵ Michelle Proser, Peter Shin, and Dan Hawkins. Special Topics Issue Brief #9, A Nation’s Health at Risk III. March, 2005. <http://www.nachc.com/research/Files/poorcountiesSTIB9.pdf>

With Medicaid consuming 23% of the state budget in 2004,⁶ it is notable that health centers can “save the Medicaid program around 30% [annually]...due to reduced inpatient, ER, and specialty care utilization.”⁷ In fact, the total cost per patient at a Florida health center in 2003 was \$440,⁸ which is “\$250 less than the average annual expenditure for an office-based medical provider.”⁹ However, federal, state, and private funding are essential for health center expansion.¹⁰

Landscape

After stating, “no source of revenue...will grow as fast as our Medicaid costs,”¹¹ the Governor released a Medicaid Modernization Proposal on January 11, 2005, aiming to make Medicaid cost growth more predictable.¹² However, on the heels of a 2002 recommendation by the National Governors Association “that states reduce support for health centers,”¹³ the Governor’s FY 2005-06 budget eliminates all spending for health center grants.¹⁴ Nevertheless, with the major focus on Medicaid reform, the Governor is working closely with the Florida Association of Community Health Centers (FACHC) to examine reducing Medicaid costs via health center expansion.¹⁵ With some groups, such as the Florida Community Health Action Information Network concerned about the

⁶ 2004 Access to Community Health Databook, Florida. NACHC, 2005. <http://www.nachc.com/research/files/fl.pdf>

⁷ Proser, Shin, and Hawkins, 2005.

⁸ Health Center Fact Sheet, Florida 2003.

⁹ America’s Health Centers Fact Sheet August 2004. NACHC, 2005. <http://www.nachc.com/research/Files/IntrotoHealthCenters8.04.pdf>

¹⁰ Proser, Shin, and Hawkins, 2005.

¹¹ Governor Bush’s 2005 State of the State Address. http://www.myflorida.com/myflorida/government/state_of_the_state/html/state_of_the_state_text.html

¹² Issues to Consider in Governor Bush’s “Florida Medicaid Moderniation Proposal.” Winter Park Health Foundation, Policy Brief March 2005. <http://www.wphf.org/access/pubs/Medicaid3.pdf>

¹³ Dan Hawkins and Roger Schwartz, Health Centers and the States, *Journal of Ambulatory Care Management*, October – December 2003, p.285 – 95.

¹⁴ Bush/Jennings Policy and Budget Recommendations. <http://www.ebudget.state.fl.us/BDIssueDetail.asp?IssRecNum=58&policyid=&PolicyLevel=&ServiceID=64400200>

¹⁵ Governor Bush and the Florida Association of Community Health Centers Participate in Medicaid Discussion. http://www.fachc.org/bush_medicaid%20discussion.htm

ramifications of the proposal on vulnerable patient populations,¹⁶ the support of FACHC is integral for the Governor to gain widespread support for his proposal. Advocating for the use of health centers is an excellent way for the Governor to reaffirm the state's commitment to these patients, perhaps enabling the Medicaid proposal to go forward.

FACHC and the health centers for which it advocates in Florida will support increased funding, oppose cuts to reimbursement, and stress their cost-effectiveness. Andy Behrman, the President and CEO of FACHC has said, "Governor Bush's plan to transform Medicaid will not only give participants a true medical home, it will give Florida's health centers unprecedented opportunity to coordinate the care of Florida's most vulnerable."¹⁷ They also provide the cost-effectiveness and quality of care data needed to win approval of health center funding in the Florida Legislature, which must approve any spending proposed by the Governor. Fortunately, Republicans control both the House and Senate, thereby favoring the passage of his proposals.

Federal support is strong. The President's "initiative to increase federal funding [for] 1,200 new and expanded health center sites to serve an additional 6.1 million patients," has grown into plans to establish a health center in every poor county in America.¹⁸ Meanwhile, Congress, which authorizes federal spending, has supported health centers with "the largest increases in funding over the program's entire history."¹⁹

County health departments may worry about local competition from health centers, and must be reassured that their services are oriented from a public health

¹⁶ Florida Community Health Action Information Network. Florida Medicaid Modernization Proposal Talking Points. http://www.floridachain.org/medicaid_talkingpoints.htm

¹⁷ Governor Bush Attends Conversation on Medicaid Reform. April 4, 2005. <http://www.empoweredcare.com/press/press04062005.aspx>

¹⁸ Proser, Shin, and Hawkins, 2005.

¹⁹ Hawkins and Schwartz, 2003.

perspective, while health centers deliver primary care to individuals, thereby minimizing the overlap of services.

Options

The following options are assessed by cost, projected increases in access to care, political feasibility, ease of implementation, and gubernatorial visibility.

Approaches to Using Health Centers to Expand Access to Primary Care in Florida

	“A health center in every poor county”	“Urban health center site expansion”	“Statewide health center site expansion”
General Approach	Open a new health center in the 17 unserved poor counties in Florida ²⁰	Fund the opening of one new delivery site in the 8 areas with populations above 150,000 persons ²¹	Fund the opening of one new delivery site for each of the 32 existing health center grantees
Total Number of Patients Served	Medium	Low	High
Number of Patients Served Per Delivery Site	Medium	High	High
Cost to the State per Patient Served	High	Low	Medium
Increase in Capacity²²	9.5%	4.5%	18%
Gubernatorial Visibility	High	High	High
Political feasibility	Medium	Medium	Low
Ease of implementation	Low	High	High

While placing a health center in every unserved poor county might sound ideal, and the national agenda and the state’s desire to control Medicaid costs makes this option

²⁰ The counties are: Bradford, Calhoun, Desoto, Escambia, Franklin, Glades, Hamilton, Holmes, Jackson, Jefferson, Levy, Liberty, Suwannee, Taylor, Union, Walton, and Washington.

²¹ Areas affected include: Fort Lauderdale, Hialeah, Jacksonville, Miami, Orlando, St. Petersburg, Tallahassee, and Tampa.

²² Based on 178 total delivery sites in Florida in 2003 according to UDS data. <http://bphc.hrsa.gov/uds/>

moderately politically feasible, many of the poorest counties may lack the infrastructure, population base, and private funding to support a health center.

The addition of new delivery sites in Florida's densest urban areas is more feasible because of the greater political influence of the larger constituency. Implementation is easier, because health centers already exist in these areas. Expansion is less expensive than creating a new center and the record of accomplishment of established entities increases the tendency for private organizations to provide funding. However, it still adds costs to a recently reduced budget, making the largest drawback to this option the need for each health center to receive a federal grant (many qualified applications are denied) or private funding in order to minimize the state's costs.

For all of the reasons discussed above, adding a new site to each of Florida's 32 health centers is partially feasible because it builds on currently existing health centers, but this option will likely lack the necessary legislative support because of its higher cost.

Recommendation

Urban health center site expansion is the best option to increase access to primary care using health centers, because although it is projected to serve the fewest total patients, it is projected to serve more patients per delivery site, making it the least expensive, most cost-effective option. While there are significant costs associated with the expansion, the state is able to set the amount of any grants it awards, and the returns in reduced state Medicaid costs should outweigh them. Given the concern over the increasing costs of the Medicaid program, the state should capitalize on the federal financial support being offered by embracing an approach with predictable costs and the potential to expand access significantly while reducing Medicaid costs.