Federal Talking Points | 2025 P&I

Core Messages

- Thank you. Community Health Centers (CHCs) appreciate the ongoing Congressional support. This support and past funding have enabled health centers to grow to serve over 32 million patients in urban, suburban, rural, and frontier communities.
- CHCs comprise the largest network of primary care providers in the country, providing high-quality, affordable primary care to over 32 million patients living in medically underserved communities. The number of patients accessing care at health centers has grown by 6 million, or 24%, since 2015. Over 1,400 CHC grantees provide care at 15,000 locations across the country.
- Over 100 million Americans are medically disenfranchised and are at risk of not having access to a usual source of primary care due to a shortage of providers in their community. The number has nearly doubled from 56 million in 2014. This increase is largely due to consolidation across the health system and a worsening shortage of primary care providers, driven by increased provider specialization, an uneven distribution of providers, and mass resignation following the COVID-19 pandemic. Without CHCs 15 million more people would be at risk of not having a usual source of primary care.
- In addition to positive effects for patients and cost savings for payers, CHCs positively impact the economies in which they operate by employing workers and supporting additional jobs and economic activity in the area. In 2021, Community Health Centers across the US supported: 500,000+ direct and indirect jobs; Nearly $85B in economic output; and, More than $37B in labor income.
- Only 5% of total US Health Care spending is on Primary Care. That's compared to 38% for hospital care and 20% on prescription drugs.
- Boosting investments in primary care could create an estimated savings of $2.4 billion in California alone and reduce 89,000 emergency room visits.
- CHC patients have 24% lower overall medical expenditures and 25% lower ambulatory expenditures than non CHC patients. Children receiving care at CHCs had significantly lower total medical expenditures (–35 percent), ambulatory expenditures (–40 percent), and prescription- drug expenditures (–49 percent) compared with children receiving care outside of CHCs.

HEALTH CENTER PARTNERS of Southern California

Federal Talking Points | 2025 P&I

Protect Medicaid and ACA

General

- Medicaid is a crucial source of funding for safety-net hospitals and health centers.
- Medi-Cal provides health care services to more than 14 million Californians with low incomes, including children, older adults, and people with disabilities.
- Medi-Cal provides health coverage for over 40% of the state's children and pays for nearly 40% of births.
- Over 60% of the $161 billion of the DHCS budget this year comes from the Federal government.
- More than 3 in 4 federal dollars that are estimated to flow through the state budget in 2024-25 — $115.7 billion — support vital health and human services (HHS) for millions of Californians, including children, seniors, and families with low incomes.
- More than half of Californians enrolled in Medi-Cal are Latino.

District Specific

- The proportion of member districts enrolled in Medi-Cal: Ruiz 55%, Takano 48%, Calvert 34%, Issa 29%, Levin 21%, Peters 21%, Jacobs 29%, Vargas 44%. For the state overall, 41% of the population is enrolled in Medi-Cal or receiving a Covered California premium subsidy.

Federal Medical Assistance Percentage (FMAP) - The federal government pays a certain percentage of a state's Medicaid costs, this varies from state to state.

- California's FMAP is generally 50%, the lowest the federal government can provide under current law. This means the federal government pays half the cost of providing coverage, and California pays the other half.
- However, the federal government can increase the FMAP for certain services or enrollee populations — or in response to a crisis. For example, the FMAP is 90% for the nearly five million Californians enrolled under the Affordable Care Act's Medicaid expansion, which began in 2014.

- The FMAP was enhanced during the COVID-19 pandemic to give states additional resources.
- Robust federal financing has allowed California to provide Medi-Cal coverage to millions more Californians in need and to address health-related social issues like homelessness.
- Any change to the FMAP has significant financial consequences for the State of California and Medi-Cal.

A per capita cap (Block Grant) is designed to cut federal Medicaid funding by setting spending limits well below what would be needed to keep pace with rising health care costs.

- Each state would be assigned its own initial per capita cap based on the state's current or historical spending; this amount would be set to increase each year at a rate below the growth in per capita health care spending.
- Medical cost growth fluctuates based on changes in demographics and health conditions.
- In general, the bulk of Medicaid spending is needed to care for a relatively small subset of patients with significant health care needs, so fluctuations in the number of these high-cost patients could have outsized cost impacts.

ACA IRA Subsidies Example

- In some cases, enrollees losing subsidies would face increases that are much higher than the average of $967 per year. Older enrollees in high-cost areas with incomes just over 400% FPL would be particularly hard hit.
- For example, the second-lowest cost silver plan premium for a 60-year-old in San Mateo County is $17,800 per year in 2024 - under the IRA, a person's contribution would be capped at 8.5% of their income.
- If IRA subsidies were eliminated, a 60-year-old in San Mateo with income at 450% FPL ($65,610 in 2024) would lose all subsidies and need to pay $12,830 more per year for the benchmark plan.

- Even if they switched to the lowest-cost bronze plan with significantly higher copays and deductibles, they would still need to pay $7,433 more per year in premiums.

ASK

- Protect the investments made in Medicaid and the ACA to ensure patients continue to receive high quality healthcare.

HCP Member Prompts

- What is your payer composition (because of Medicaid, Medicare, Covered CA, private, uninsured)
- How do your numbers compare to state and federal percentages?
- What percentage of your costs are covered by 330 grant funding?
- How would FMAP reductions or Per Capita Caps impact your operations?
- Are you seeing impact on no shows or enrollment as a result of (potential) ICE Raids?

Health Center Funding (Budget Bill)

- CHCs receive federal funding through two pathways (1) the annual discretionary funding (30 percent) and the multi-year base funding from the CHC Fund (70 percent).
- The CHCF has funded a relatively constant number of CHCs since 2015, but the number of sites operated by these CHCs has increased significantly, from less than 10,000 in 2015 to nearly 16,000 in 2021.
    - Meanwhile, the number of patients served by CHCs has increased dramatically, rising by nearly 6 million, or 24 percent, from 2015 to 2021.
- In inflation-adjusted terms, federal funding for CHCs has dropped 9.3 percent while the number of patients has jumped 24 percent.
    - Taken together, inflation-adjusted, per-patient funding has declined 27 percent.
    - To achieve the same per-patient, inflation-adjusted spending level established in 2015, federal funding should be increased by $2.1 billion.

- Both sources of federal funding for CHCs expire in March 2025.
    - There is bipartisan and bicameral support for legislation that extends and increases health center funding. Congress must agree on a final bill to provide maximal funding before the deadline.

ASKS

- Strengthen Health Centers by allocating $5.8 billion in base funding for Community Health Centers in the pending Budget Bill and dedicate most of the funding to a stabilization fund for existing health centers.
- Support primary care workforce programs by funding the National Health Services Corps at $950 million per year and increasing funding for the Teaching Health Center Graduate Medical Education program to $300 million over five years.
- Modernize Medicare telehealth policy by recognizing health centers as "distant sites" and removing "originating site" restrictions, allowing telehealth coverage wherever the patient or provider is located, and payment parity between in-person and virtual visits and include coverage of audio-only care

HCP Member Prompt

- What do you use your 330-grant funding for?

Workforce Funding Priorities

The Crisis

- Primary care is the only part of the health care system that results in longer lives and more equity, yet it's only 5% of healthcare expenditures in the US, and, only 21% of physicians are choosing to go into primary care. A lack of investment in primary care further reduces the incentive for graduates to choose this path.
- The US doesn't graduate enough primary care and internal medicine residents. Of internal medicine graduates in 2018, only 13% pursued primary care and less than 9% wanted this role. That's compared to 54% in subspecialty fellowships and 33% becoming hospitalists.

- California is experiencing a serious workforce shortage, particularly in CHCs. The shortage is not limited to providers – our CHCs are struggling to recruit and retain ancillary and administrative staff as well.
- CHCs reported high vacancy rates and prolonged periods of time to fill staff vacancies for key positions. Recruitment and retention are top issues-
    - Recruiting a physician, dentist, and nurse practitioner was the most challenging. Clinics reported needing an average of 27.4 weeks to fill a physician vacancy, 21.8 weeks to fill a dentist and 23 weeks to fill a nurse practitioner vacancy.
    - Retention issues post-pandemic due to burnout and moral injury hurt health centers. In 2023, the average 12-month turnover reported by CHCs was 27.4% which jumped from 9.5% in 2020 and 19.4% in 2021.
- Primary care is not getting better in underserved communities. HRSA has designated medically underserved areas (MUAs) as rural or urban areas with too few primary care providers, high infant mortality, high poverty levels or high elderly populations. As of 2020, there were roughly 56 primary care physicians per 100,000 people in MUAs across the nation compared with nearly 80 physicians in non-MUAs. That means MUA physicians would need to see 1800 patients per provider per year.
- HRSA estimates that over the next 15 years, the nation will need over 68,000 primary care physicians, nearly 9,000 dentists, and over 100,000 psychiatrists and psychologists, 100,000 medical assistants and over 32,000 dental assistants by 2036.
    - In San Diego County, 18,500 more BH workers are needed by 2027!
    - Different data sources show different projected demand figures ranging from bad to worse.
- California is amid a behavioral health transformation; the state will need support to meet the workforce needs for successful implementation where CHCs play an integral role in care delivery.

The Opportunity

- California passed a healthcare worker minimum wage law increasing the minimum wage for CHC workers to $21 in 2024, $22 in 2025, and $25 in 2027.

    - CHCs want to increase wages for its employees but will need federal regulatory support to help sustain these increased wages because of PPS limitations.
- Teaching Health Center Graduate Medical Education (THCGME) programs are a shining example of what it looks like to invest in transparent, high-quality training programs to develop the next generation of providers.
- Of the $24 billion invested in physician training by CMS, only the $300 million for THCGME is transparent and accountable to outcomes.
- The US population is shifting toward the South and West, yet most GME training continues to occur in the Northeast and Midwest. Why you should invest in more THCGME funding, particularly for CA:
    - One in four THC graduates are practicing in federally qualified health centers, 7% in critical access hospitals, and 4% in rural health clinics.
    - THC graduates are more likely than non-THC graduates to practice in medically underserved areas, in rural locations, and within five miles of their training site.
    - Dentists trained in THCs are 20% more likely to practice in health centers than non-THC dental residency graduates.
    - One in five THC graduates identified as a member of an underrepresented minority group, compared with 15% of all US medical residents in training from 2021-2022.
    - Combined savings of the THC program may have resulted in an estimated $1.8 billion in Medicaid and Medicare savings from 2019 to 2023.
- **Important CHC Programs**
    - The National Health Service Corps (NHSC) connects primary healthcare clinicians to people with limited access to healthcare in high-need areas. Thousands of NHSC providers serve at more than 10,000 CHC sites. In 2022, only 379 of 586 eligible clinicians practicing in California were awarded funds. With additional funds, the NHSC program will continue to serve as a gateway to health center service.
    - The Teaching Health Center Graduate Medical Education (THCGME) Program trains providers in CHC settings. Health centers operate over

one-third of THCGMEs, and over 90 percent of residents have trained in a medically underserved or rural community.

- The Nurse Corps Scholarship and Loan Repayment Program pays student tuition, fees, and other educational costs in exchange for a commitment to working in a healthcare shortage area after graduation. The program supports more than 600 clinicians at CHC.
- Nurse Practitioner Residency Program trains over 300 nurse practitioner residents in medically underserved communities and/or primary care settings.

ASK

- Support primary care workforce programs by funding the National Health Services Corps at $950 million per year.
- Increase funding for the Teaching Health Center Graduate Medical Education program to $300 million over five years.

HCP Member Prompts

- Are you seeing changes in staff morale or attendance due to executive orders on immigration?
- Have you changed any strategic growth decisions (e.g. hiring freezes, expansion of sites or services)?
- What economic factors keep you up at night? (e.g. minimum wage increases, tariffs and supply chain)?