

Value of Health Centers TODAY

California's Federal District 41



Prepared by:

CAPITAL LINK

www.caplink.org

Federally Qualified Health Centers (FQHCs) and other safety-net clinics are locally-controlled, non-profit organizations that offer a range of quality services, including primary care, behavioral health, dental and vision. In 2015, California health centers contributed over **\$8 billion in total economic impact** and **over 59,000 jobs**. These health centers served **20% of the Medi-Cal population**, but received only **2.8% of total Medi-Cal expenditures**.

District 41 Health Centers Provide...

JOBS and other positive impacts on the ECONOMY



800

TOTAL JOBS



\$98,813,494

TOTAL ECONOMIC IMPACT
of current operations



462 HEALTH CENTER JOBS and

338 OTHER JOBS IN THE COMMUNITY



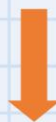
\$57,306,907

DIRECT HEALTH CENTER SPENDING

\$41,506,587

COMMUNITY SPENDING

SAVINGS to the health system



22%

**LOWER COSTS FOR
HEALTH CENTER
MEDI-CAL PATIENTS**



\$110 Million
**SAVINGS TO
MEDI-CAL**

compared to other providers



\$138 Million

**SAVINGS TO OVERALL
HEALTH SYSTEM**

ACCESS to care for vulnerable populations



**222% three-year
PATIENT
GROWTH**

73,069
**PATIENTS
SERVED**

17,005
patients are
**CHILDREN AND
ADOLESCENTS**

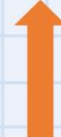
96% of patients are
LOW-INCOME
(Below 200% of the
Federal Poverty Level)

56% of patients
identify as an
**ETHNIC OR RACIAL
MINORITY**

Since 2012:



**45% decline in
UNINSURED
PATIENTS**



41,563
Additional patients
covered by
MEDI-CAL



67%
of total health center patients
COVERED BY MEDI-CAL

Value of Health Centers **TOMORROW?**

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If Congress and the new President agree to **roll back Medicaid eligibility** to pre-Affordable Care Act levels, **eliminate subsidies for insurance plans** offered through the exchanges, and **reduce health centers' federal operating support by 70%**, the health center of tomorrow will look dramatically different than it does today. Health centers would rapidly destabilize financially, with cascading negative impacts to employees, patients, and the communities they serve. The state of California would experience a **\$3.8 billion economic reduction** and a **loss of over 27,000 jobs** from just the Health Center Program.

Potential future impacts specific to District 41 Health Centers are highlighted below.

FEWER JOBS and negative impacts on the ECONOMY



307
TOTAL JOBS LOST



178 HEALTH CENTER JOBS and
128 OTHER JOBS IN THE COMMUNITY



\$37,461,866

DECLINE IN TOTAL ECONOMIC IMPACT
of current operations



\$21,726,017

DIRECT HEALTH CENTER SPENDING

\$15,735,849

COMMUNITY SPENDING

HIGHER COSTS to the health system



29,011 former
health center patients
SEEK CARE ELSEWHERE or **DELAY CARE** and
end up with **COSTLY HEALTH PROBLEMS**



\$48 Million

HIGHER COSTS TO THE HEALTH SYSTEM
than if health center doors remained open

BARRIERS to care for vulnerable populations



40%
DECLINE IN
PATIENTS



12,275
fewer patients
covered by
MEDI-CAL

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REFERENCES AND DATA SOURCES

1. Economic and Employment Impacts: Calculated by Capital Link using 2015 IMPLAN Online.
2. Savings to Medi-Cal: Nocon et al. *Health Care Use and Spending for Medicaid Enrollees in Federally Qualified Health Centers Versus Other Primary Care Settings*. American Journal of Public Health: November 2016, Vol. 106, No. 11, pp. 1981-1989.
3. Savings to the Health System: Richard et al. *Cost Savings Associated with the Use of Community Health Centers*. Journal of Ambulatory Care Management, Vol. 35, No. 1, pp. 50-59, January/March 2012.
4. Access to Care for Vulnerable Populations: Bureau of Primary Health Care, HRSA, DHHS, 2015 Uniform Data System.
5. Fewer Jobs and Negative Impacts: Calculated by Capital Link using 2015 IMPLAN Online with the assumptions listed in #6.
6. Higher Costs and Barriers to Care: Calculated by Capital Link using the difference between pre-ACA levels and 2015 levels to derive the change in payer mix, operating revenue and expenses. Estimates are also based on HRSA's calculation of the national impact of a 70% loss to 330 funding. In December, 2016, HRSA estimated in a response to a request from Congress that a 70% cut to Section 330 funding would lead to 9 million patients losing access to care, 51,000 jobs lost, 2,800 sites closed, and nearly \$7.5 billion in reduced overall health center revenues. Capital Link's estimate further assumes that these losses would be spread on a pro rata basis, according to the 2015 "share" of patients, FTEs and revenues of grantees.

Summary of 2015 Economic Activity

Stimulated by Current Operations

		Economic Impact	Employment (# of FTEs*)
Community Impact	Direct	\$ 57,306,907	462
	Indirect	\$ 12,813,448	109
	Induced	\$ 28,693,139	229
	Total	\$ 98,813,494	800

Summary of Projected Economic Losses

Stimulated by Projected Losses After Medi-Cal Roll back and Cuts to Federal Operating Support

		Economic Impact	Employment (# of FTEs*)
Community Impact	Direct	\$ 21,726,017	178
	Indirect	\$ 4,857,795	41
	Induced	\$ 10,878,054	87
	Total	\$ 37,461,866	307

*Full-Time Equivalent (FTE) of 1.0 means that the person is equivalent to a full-time worker. In an organization that has a 40-hour work week, a person who works 20 hours per week (i.e. 50 percent time) is reported as "0.5 FTE." FTE is also based on the number of months the employee works. An employee who works full time for four months out of the year would be reported as "0.33 FTE" (4 months/12 months).

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HOW ECONOMIC IMPACT IS MEASURED

Using IMPLAN, integrated economic modeling software, this analysis applies the “multiplier effect” to capture the direct, indirect, and induced economic effects of health center business operations and capital project plans. IMPLAN generates multipliers by geographic region and by industry combined with a county/state database. It is widely used by economists, state and city planners, universities and others to estimate the impact of projects and expenditures on the local economy. This analysis was conducted using 2015 IMPLAN Online.

WHAT ARE DIRECT AND COMMUNITY IMPACTS?

Direct impacts result from **health center expenditures associated with operations, new facilities, and hiring.**

Community impacts can be indirect, resulting from **purchases of local goods and services, and jobs in other industries.**

Community impacts can be induced, resulting from **purchases of local goods and services at a household level made by employees of the health center and suppliers.**

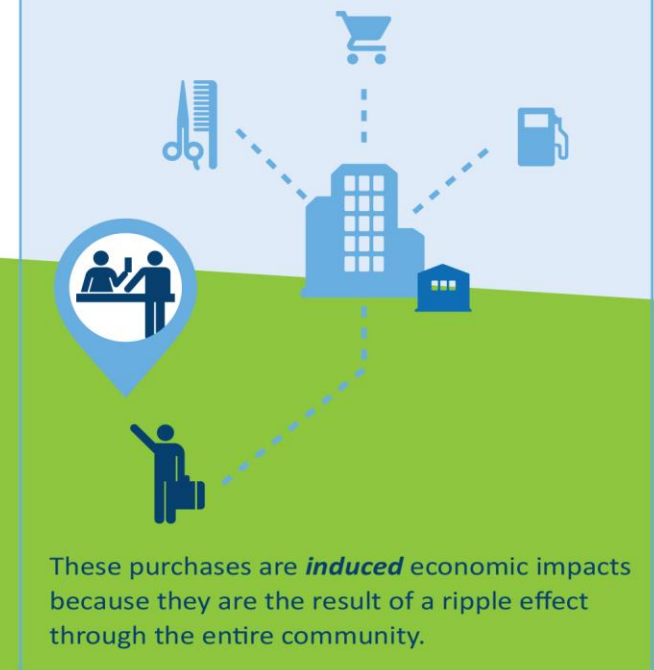
A health center purchases medical devices from a local medical supply store.



The medical supply store purchases paper from an office supply store to print receipts and hires a local delivery service to transport the medical devices.



As local industries grow and household income increases, employees of the health center, medical supply store, office supply store, and delivery service spend their salaries in the community.



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COMMUNITY HEALTH CENTERS INCLUDED IN THIS ANALYSIS

Borrego Medical Center

Community Health Systems

Department of Public Health Riverside County Health

Urban Community Action Projects

This report was developed by Capital Link, a non-profit organization that has worked with hundreds of health centers and Primary Care Associations for over 18 years to plan capital projects, finance growth, and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us online at www.caplink.org.