

# Value of Health Centers TODAY

## California's Federal District 52



Prepared by:

**CAPITAL LINK**

[www.caplink.org](http://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 52 Health Centers Provide...

#### JOBS and other positive impacts on the ECONOMY



**2,174**  
**TOTAL JOBS**



**\$256,907,586**  
**TOTAL ECONOMIC IMPACT**  
of current operations

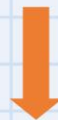


**1,449 HEALTH CENTER JOBS** and  
**725 OTHER JOBS IN THE COMMUNITY**

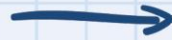


**\$151,969,533**  
**DIRECT HEALTH CENTER SPENDING**  
**\$104,938,053**  
**COMMUNITY SPENDING**

#### SAVINGS to the health system



**22%**  
**LOWER COSTS FOR**  
**HEALTH CENTER**  
**MEDI-CAL PATIENTS**



**\$229 Million**  
**SAVINGS TO**  
**MEDI-CAL**

compared to other providers



**\$307 Million**  
**SAVINGS TO OVERALL**  
**HEALTH SYSTEM**

#### ACCESS to care for vulnerable populations



**12% three-year**  
**PATIENT**  
**GROWTH**

**167,032**  
**PATIENTS**  
**SERVED**

**45,193**  
patients are  
**CHILDREN AND**  
**ADOLESCENTS**

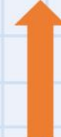
**98%** of patients are  
**LOW-INCOME**  
(Below 200% of the  
Federal Poverty Level)

**47%** of patients  
identify as an  
**ETHNIC OR RACIAL**  
**MINORITY**

Since 2012:



**48% decline in**  
**UNINSURED**  
**PATIENTS**



**54,173**  
Additional patients  
covered by  
**MEDI-CAL**



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

# Value of Health Centers **TOMORROW?**

## California's Federal District 52



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 52 Health Centers are highlighted below.

### FEWER JOBS and negative impacts on the ECONOMY



**1,022**  
**TOTAL JOBS LOST**



**681 HEALTH CENTER JOBS** and  
**341 OTHER JOBS IN THE COMMUNITY**



**\$120,768,422**

**DECLINE IN TOTAL ECONOMIC IMPACT**  
of current operations



**\$71,438,610**

**DIRECT HEALTH CENTER SPENDING**

**\$49,329,812**

**COMMUNITY SPENDING**

### HIGHER COSTS to the health system



**68,977** former  
health center patients  
**SEEK CARE ELSEWHERE** or **DELAY CARE** and  
end up with **COSTLY HEALTH PROBLEMS**



**\$147 Million**

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

### BARRIERS to care for vulnerable populations



**41%**  
**DECLINE IN**  
**PATIENTS**



**65,106**

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	\$ 151,969,533	1,449
	Indirect	\$ 43,332,263	269
	Induced	\$ 61,605,790	455
	<b>Total</b>	<b>\$ 256,907,586</b>	<b>2,174</b>

### 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	\$ 71,438,610	681
	Indirect	\$ 20,369,850	127
	Induced	\$ 28,959,962	214
	<b>Total</b>	<b>\$ 120,768,422</b>	<b>1,022</b>

\*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

Family Health Centers of San Diego, Inc.

Operation Samahan

St Vincent de Paul Village

San Diego Family Care

San Ysidro Health Center

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](http://www.caplink.org).