Value of Health Centers TODAY

California's Rural Health Centers

Prepared by:
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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**.

Rural Health Centers Health Centers Provide...

JOBS
and other positive impacts on the
ECONOMY

20,245
TOTAL JOBS

$2,648,135,976
TOTAL ECONOMIC IMPACT
of current operations

11,583 HEALTH CENTER JOBS and
8,662 OTHER JOBS IN THE COMMUNITY

$1,342,831,170
DIRECT HEALTH CENTER SPENDING

$1,305,304,806
COMMUNITY SPENDING

SAVINGS
to the health system

22%
LOWER COSTS FOR HEALTH CENTER MEDI-CAL PATIENTS
compared to other providers

$2.3 Billion
SAVINGS TO MEDI-CAL

$3.1 Billion
SAVINGS TO OVERALL HEALTH SYSTEM

ACCESS
to care for vulnerable populations

17% three-year
PATIENT GROWTH

93% of patients are
LOW-INCOME
(Below 200% of the Federal Poverty Level)

1.7 Million
PATIENTS SERVED

587,323
patients are
CHILDREN AND ADOLESCENTS

44% of patients identify as an
ETHNIC OR RACIAL MINORITY

Since 2012:

31% decline in
UNINSURED PATIENTS

395,309
Additional patients covered by
MEDI-CAL

57%
of total health center patients
COVERED BY MEDI-CAL

Value of Health Centers TOMORROW?

California's Rural Health Centers

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 Rural Health Centers Health Centers are highlighted below.

FEWER JOBS
and negative impacts on the
ECONOMY

9,303
TOTAL JOBS LOST

5,389 HEALTH CENTER JOBS and
3,914 OTHER JOBS IN THE COMMUNITY

$1,196,804,628
DECLINE IN TOTAL ECONOMIC IMPACT
of current operations

$606,882,189
DIRECT HEALTH CENTER SPENDING

$589,922,439
COMMUNITY SPENDING

HIGHER COSTS
to the health system

711,145 former health center patients SEEK CARE ELSEWHERE or DELAY CARE and end up with COSTLY HEALTH PROBLEMS

$1.4 Billion
HIGHER COSTS TO THE HEALTH SYSTEM
than if health center doors remained open

BARRIERS
to care for vulnerable populations

43%
DECLINE IN PATIENTS

506,663
fewer patients covered by
MEDI-CAL

Capital Link prepared this report using 2015 health center audited financial statements and Uniform Data System information. Economic impact was measured using 2015 IMPLAN Online.

Value of Health Centers

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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	$ 1,342,831,170	11,583
	Indirect	$ 439,337,140	2,807
	Induced	$ 865,967,666	5,856
	Total	**$2,648,135,976**	**20,245**

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	$ 606,882,189	5,389
	Indirect	$ 198,555,032	1,268
	Induced	$ 391,367,407	2,646
	Total	**$ 1,196,804,628**	**9,303**

*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.

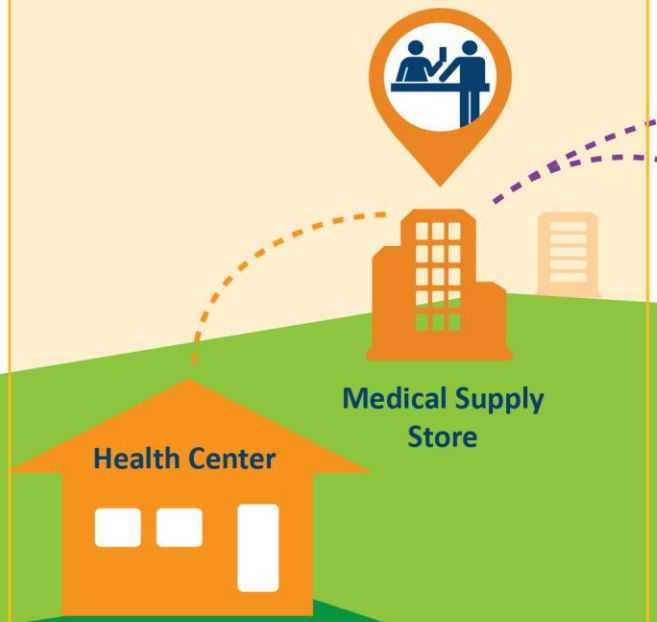
WHAT ARE DIRECT AND COMMUNITY IMPACTS?

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.



This purchase is a ***direct*** economic impact of the health center's operations.

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.

These purchases are ***indirect*** economic impacts of the health center's operations.

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.

These purchases are ***induced*** economic impacts because they are the result of a ripple effect through the entire community.

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COMMUNITY HEALTH CENTERS INCLUDED IN THIS ANALYSIS

54 California Rural health centers reporting 2015 UDS data to HRSA

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.