

# Value of Health Centers TODAY

## California's Federally Qualified Health Centers



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**.

### California's Federally Qualified Health Centers Provide...

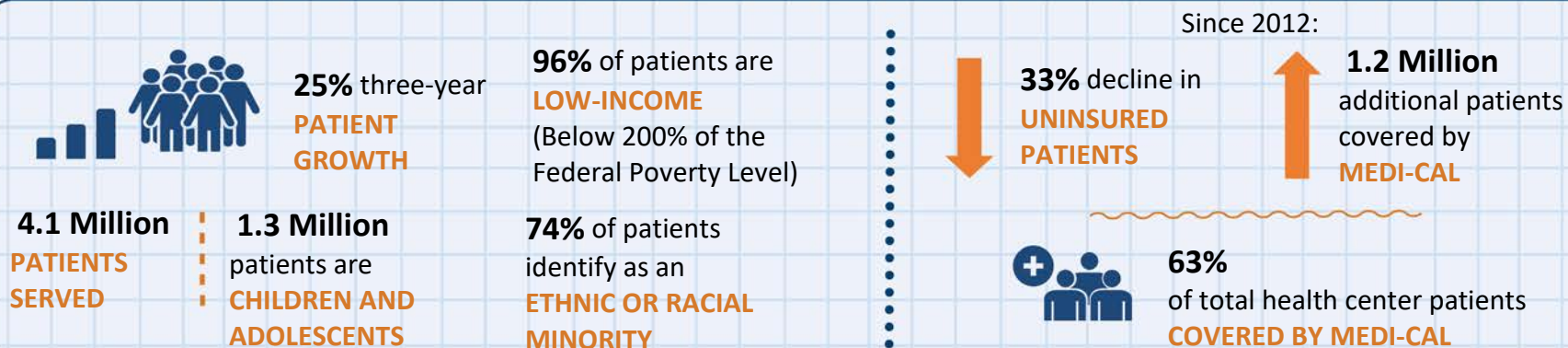
#### JOBS and other positive impacts on the ECONOMY



#### SAVINGS to the health system



#### ACCESS to care for vulnerable populations



# Value of Health Centers **TOMORROW?**

## California's Federally Qualified 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 California's Federally Qualified Health Centers are highlighted below.**

### FEWER JOBS and negative impacts on the ECONOMY



**27,548**  
**TOTAL JOBS LOST**



**\$3,798,202,404**  
**DECLINE IN TOTAL ECONOMIC IMPACT**  
of current operations



**15,005 HEALTH CENTER JOBS** and  
**12,543 OTHER JOBS IN THE COMMUNITY**



**\$1,758,395,824**  
**DIRECT HEALTH CENTER SPENDING**  
**\$2,039,806,580**  
**COMMUNITY SPENDING**

### HIGHER COSTS to the health system



**1.7 Million** former  
health center patients  
**SEEK CARE ELSEWHERE** or **DELAY CARE** and  
end up with **COSTLY HEALTH PROBLEMS**



**\$3.5 Billion**  
**HIGHER COSTS TO THE HEALTH SYSTEM**  
than if health center doors remained open

### BARRIERS to care for vulnerable populations



**42%**  
**DECLINE IN**  
**PATIENTS**



**1.5 Million**  
fewer patients  
covered by  
**MEDI-CAL**

# Value of Health Centers

## California's Federally Qualified Health Centers

### 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	\$ 3,909,119,304	33,360
	Indirect	\$ 1,512,927,493	8,724
	Induced	\$ 2,811,330,712	17,825
	<b>Total</b>	<b>\$8,233,377,509</b>	<b>59,909</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	\$ 1,758,395,824	15,005
	Indirect	\$ 680,543,411	3,924
	Induced	\$ 1,359,263,169	8,618
	<b>Total</b>	<b>\$ 3,798,202,404</b>	<b>27,548</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

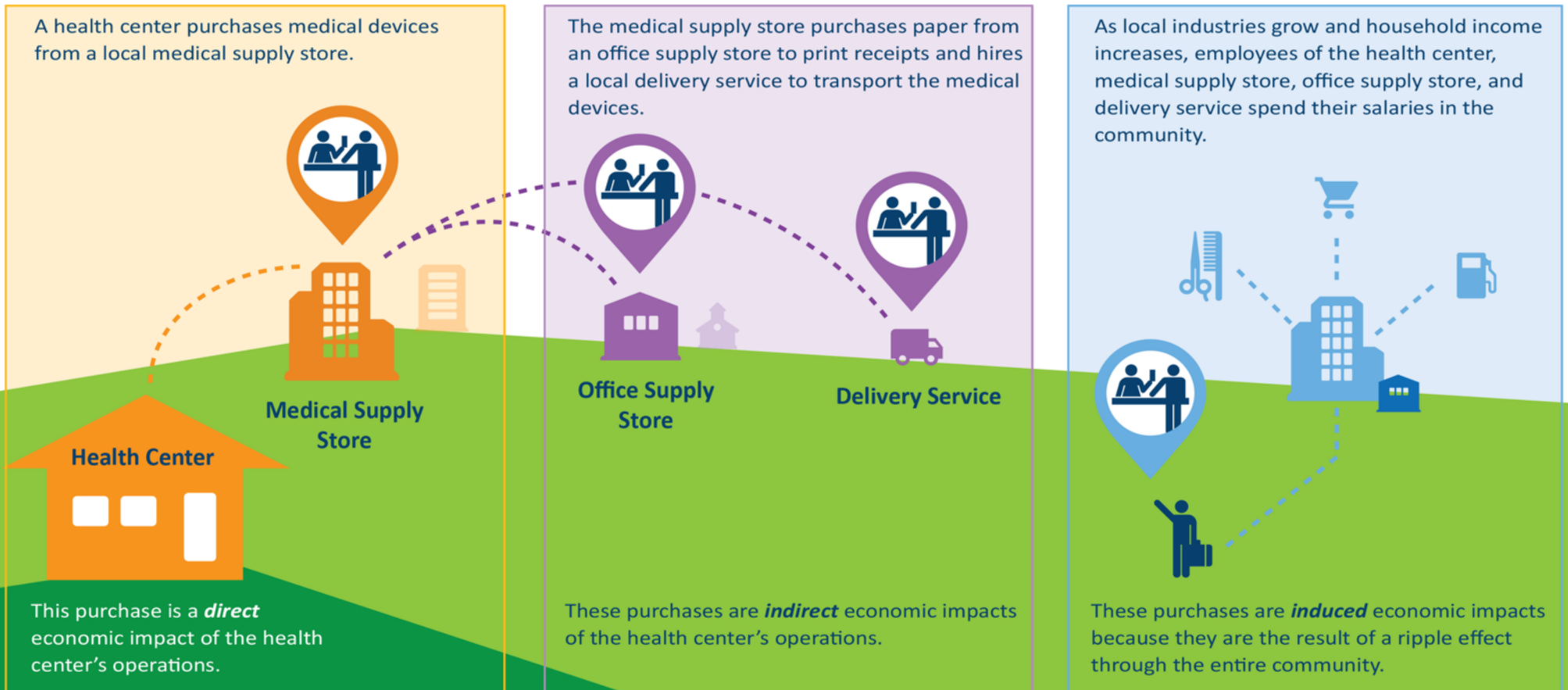
Using IMPLAN, integrated economic modeling software, this analysis applies the “multiplier effect” to capture the direct, indirect, and induced economic effects of health center business operations and capital project plans. IMPLAN generates multipliers by geographic region and by industry combined with 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.*



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### COMMUNITY HEALTH CENTERS INCLUDED IN THIS ANALYSIS

176 California Section 330 Federally Qualified Health Centers  
reporting UDS to HRSA for 2015

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).