

# Health Centers: A Medicaid Success Story

Bringing Value and Access to High Quality Care to the Medicaid Program

## Background

Community Health Centers (CHCs) **serve over 25 million patients, nearly half of whom are covered by Medicaid**. Health centers and Medicaid work together to provide coverage and access to care for some of the most vulnerable Americans. This relationship benefits patients, health centers, states, and the federal government.

Congress has long recognized health centers' role in the Medicaid program through the Federally Qualified Health Center **Prospective Payment System (FQHC PPS)** that ensures **predictability and stability for health centers while saving Medicaid money**. Congress created the PPS to prevent health centers from using federal grant dollars to subsidize low Medicaid payments, which would in turn challenge the ability to serve uninsured patients.

## The Facts

- **Health centers are a unique type of Medicaid provider**, with a well-documented ability to produce improved health at lower costs. Each health center is statutorily required to serve all patients regardless of ability to pay or insurance status and to offer a statutorily defined full range of primary and preventive services.
- Health centers are a **highly cost effective** use of Medicaid funds. **Health centers serve 16% of all Medicaid beneficiaries**, even as Medicaid payments to health centers account for **less than 2% of total Medicaid spending**.
- Health centers **save the health care system billions of dollars every year** through reduced hospitalizations and ER use. These savings are particularly clear within the Medicaid program: patients served by health centers have **24% lower total Medicaid costs** than patients served in other settings.
- Health center payments were designed by Congress to ensure health centers remain viable and innovative in a changing health care system. **Current law offers states significant flexibility in how to pay FQHCs**, and many states are using Alternative Payment Methodologies to incorporate CHCs into value-based payment structures.

## The Challenge

**A strong Medicaid program is critical for health centers and their patients.** Any change to the Medicaid system **must ensure both coverage and continuity of access to care** for health center patients, and continue to incentivize the integrated, comprehensive, and high-quality primary and preventive care services that health centers provide.

## Our Request

To maximize access to care within Medicaid and cost-savings for taxpayers, we request that Congress **maintain patient access to a strong Medicaid program and preserve the FQHC PPS payment methodology**. Policymakers must also take into account the statutory requirements placed on FQHCs and the unique needs of our patients when contemplating changes to the Medicaid program.