

The Overlooked Decline in Community Health Center Funding

MARCH 2023

The federal Community Health Center Fund (CHCF), operated by the Health Resources and Services Administration (HRSA), supports qualified community healthcare facilities that provide care in medically underserved areas or to medically underserved populations. Community Health Centers receive funding from a variety of sources, including Medicare, Medicaid, private insurance, self-pay, state and local grants, federal CHCF grants, and other grants. CHCF funding is the largest dedicated source of funding and the second-largest funding source overall, after

Medicaid. More than 80 percent of patients are either uninsured or have Medicaid, Children's Health Insurance Program (CHIP), Medicare, or other public health insurance coverage.

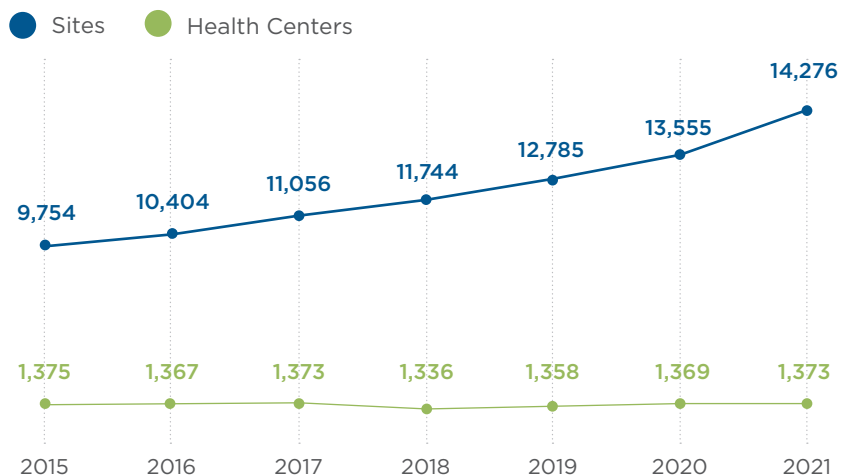
This Note analyzes federal funding and patient population trends in Community Health Centers from 2015 to 2021. While federal funding for Community Health Centers has increased in nominal terms since 2015, inflation and an increase in patients during this period have resulted in a decline in inflation-adjusted terms and an even larger decline on a real, per-patient basis.

THE REACH AND IMPACT OF COMMUNITY HEALTH CENTERS IS INCREASING

The CHCF has funded a relatively constant number of health centers since 2015, but the number of sites operated by these centers has increased significantly, from less than 10,000 in 2015 to nearly 16,000 in 2021. (See Figure 1.)

Source: HRSA.

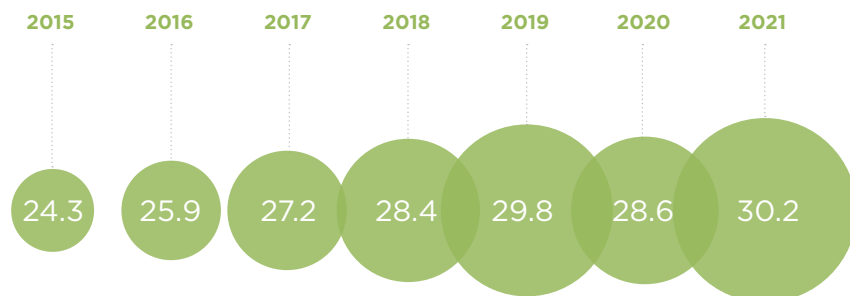
FIGURE 1. Number of Health Centers and Sites



Meanwhile, the number of patients served by Community Health Centers has increased dramatically, rising by nearly 6 million, or 24 percent, from 2015 to 2021. (See Figure 2.)

Source: HRSA for 2017–2021 and National Association of Community Health Centers for 2015 and 2016.

FIGURE 2.
Patient Population Served by Community Health Centers (Millions)



The number of uninsured and Medicaid or CHIP patients served by Community Health Centers increased by nearly 3 million, or more than 15 percent, during the period 2015–2021. (See Figure 3.)

Source: HRSA for 2017–2021 and Government Accountability Office for 2015 and 2016.

FIGURE 3.
Uninsured and Medicaid/CHIP Patients Served by Community Health Centers (Millions)

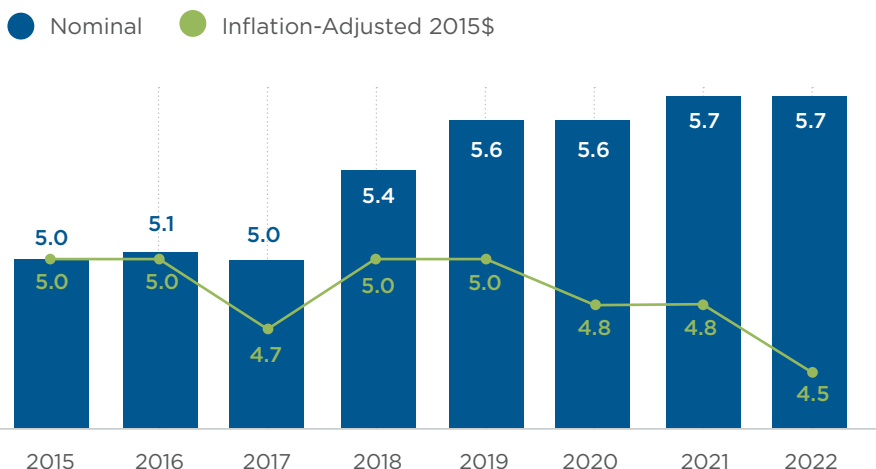


FEDERAL FUNDING IS NOT KEEPING PACE WITH RISING COSTS AND GROWING PATIENT POPULATION

Federal funding of Community Health Centers has increased nearly 14 percent since 2015, from \$5 billion to \$5.7 billion, in nominal terms. However, medical care inflation has increased 25 percent from 2015 through August 2022, leading to a 9.3 percent decrease in funding in real terms. (See Figure 4.)

Source: National Association of Community Health Centers, Bureau of Labor Statistics, and author's calculations.

FIGURE 4.
Federal Health Center Funding, Nominal vs. Inflation-Adjusted (\$ Billions)



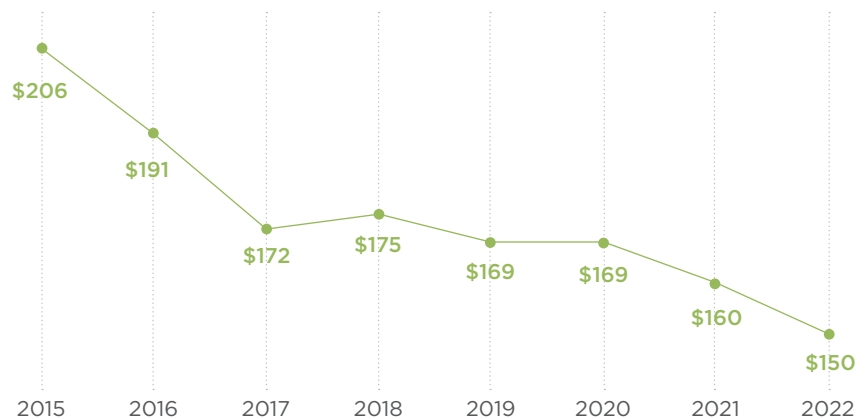
Note: Inflation adjustment is calculated using the Consumer Price Index for medical care. Funding amounts reflect the impact of sequestration in 2015 and 2017.

In addition to trends in nominal and real federal spending, the growth in the number of patients treated in health centers reduces per-capita federal spending. Per-patient spending declined 27 percent in real terms. (See Figure 5.)

Source: Author's calculations.

Note: Patient data are not yet available for 2022. We assume the number of patients treated in 2022 is equal to the number treated in 2021.

FIGURE 5.
Real Per-Patient Federal Health Center Funding



CONCLUSION

In inflation-adjusted terms, federal funding for health centers has dropped 9.3 percent while the number of patients has jumped 24 percent. Taken together, inflation-adjusted, per-patient funding has declined 27 percent. To achieve the same per-patient, inflation-adjusted spending level established in 2015, federal funding should be increased by \$2.1 billion.

This Note was sponsored by the National Association of Community Health Centers (NACHC). MGA is solely responsible for the content. Any views expressed here represent only the views of MGA.