

Investment in Community Health Centers Can Help New York Advance Health Equity

Timothy A. Waidmann, Eva H. Allen, Carla Willis, Vincent Pancini, and Juliana Mayer

New York's community health centers are a **critical source of care for the state's most underserved** residents, serving over 2.3 million patients, of whom **over half are Medicaid enrollees**.

New York State Medicaid payment methodology includes ceilings on operating costs **to cap community health center payments**. An analysis of cost reports from over half of community health centers suggests that **costs exceed the ceiling by at least 44 percent for most patient visits**.

Investment in New York's community health centers through the Medicaid program should start with **closing the gap between Medicaid payment rates and service delivery costs**. This will enable centers to expand and strengthen access to comprehensive care to underserved populations and **help New York achieve its health equity goals**.

The Urban Institute's report, *Critical Role of New York's Community Health Centers in Advancing Equity in Medicaid*, describes the essential role of community health centers in supporting the state's health equity goals and examines the New York State Medicaid prospective payment system as a foundation for ensuring access to equitable and comprehensive primary care.

HOW NEW YORK'S COMMUNITY HEALTH CENTERS PROMOTE HEALTH EQUITY

Community health centers are essential partners in promoting health equity by providing comprehensive and culturally effective health and enabling services for populations who may otherwise lack access to health care.

Expanding delivery sites to reach underresourced communities. With a robust network of over 800 service delivery sites in 52 of New York's 62 counties, community health centers have a strong and thriving presence and are continuously expanding their operations to reach underresourced communities.

Serving systematically underserved populations. Compared with New York's population, community health centers disproportionately serve people who may face barriers to accessing health care and experience health disparities, including people with incomes at or below the federal poverty line, people from racial and ethnic minority groups, those with limited English proficiency, and people without insurance.

Growing sophistication and capacity to meet patient needs. Community health centers have been integral to many of New York's signature initiatives to transform its health care delivery and have expanded their capacity to effectively meet complex patient needs by integrating behavioral health care, adopting multidisciplinary team-based care and population health management practices, upgrading health information systems, and achieving patient-centered medical home certification.

Promoting equity through jobs and workforce training. Community health centers are an important source of employment and health workforce training opportunities in underresourced communities. Because they often have limited resources to offer competitive salaries—which have risen dramatically recently—community health centers are disproportionately affected by widespread health workforce shortages.

HOW NEW YORK MEDICAID PAYS COMMUNITY HEALTH CENTERS

Community health centers rely heavily on Medicaid revenue, and as such, the Medicaid policy is an important lever for strengthening community health centers' reach and impact.

Medicaid payments fall short of fully compensating community health centers for cost of services. New York State Medicaid prospective payment system (PPS) methodology includes ceilings on operating costs to cap community health center payments. Our analysis of cost reports from over half of community health centers suggests that costs exceed the ceiling by at least 44 percent for most patient visits.

Almost a third of Medicaid payments to community health centers are delayed. The supplemental payment program pays community health centers the difference between the average per-visit managed care rates and PPS rates for primary care services. The supplemental program is administratively burdensome and delays a significant portion of community health centers' payments, which may pose a financial strain, particularly on smaller centers.

WHY THIS MATTERS FOR EQUITY

The discrepancy between Medicaid PPS ceilings for community health centers and actual costs per visit presents a barrier to further enhancing and expanding access to integrated and whole-person care that is crucial to effectively serve patients experiencing health inequities. Based on these findings, we recommend several strategies New York can consider to strengthen and expand community health centers' capacity and support a more equitable health care system, including the following:

- updating the PPS rates to reflect the cost of care more accurately
- developing an alternative payment model specific to advanced primary care
- requiring managed care plans to make full PPS payments for all services delivered by community health centers

ADDITIONAL READING

FULL FINDINGS

Critical Role of New York's Community Health Centers in Advancing Equity in

Medicaid: Investment in Community Health Centers Can Help New York Achieve Its Health Equity Goals

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