



State Policy Report #18

Gaining Ground II: State Funding, Medicaid Changes and Health Centers

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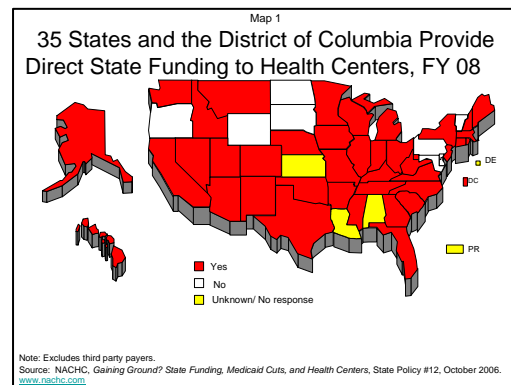
State Primary Care Associations

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Introduction

Based on our sixth annual report on direct state funding, the National Association of Community Health Centers (NACHC) finds a continued increase in support for health centers. According to NACHC's survey, over 75% of the Primary Care Associations (PCAs) who responded said their states are providing direct state funding for health centers while many states are even increasing their investments. In state Fiscal Year (FY) 2008, 36 states including the District of Columbia will provide almost \$590 million to their health center programs, just over \$70 million more than last year. Moreover, 26 states increased funding for health centers. Even though states are investing more in health center programs, Hawaii and Nevada will see a significant decrease in funding. Furthermore, funding levels in eight states (California, Florida, Nebraska, Rhode Island, Texas, Virginia, Washington, and Wisconsin) will remain unchanged from fiscal year 2007. Additionally, eleven states (Alaska, Idaho, Kentucky, Maine, Maryland, North Dakota, Oregon, Pennsylvania, South Dakota, Vermont, and Wyoming) will receive no funding.

Some states are making strides in state support for health centers as states are beginning to realize the importance of the health center program. Three states in FY 2008 (Colorado, Massachusetts, and Missouri) are providing over \$50 million to health centers annually. In fiscal year 2008, Missouri will see the largest direct funding increase with over \$66 million. Health centers in Indiana doubled their funding and are now receiving \$30 million. While Louisiana, whose health centers continue to answer the complex health care needs after the devastation of Hurricane Katrina, received over \$49 million in FY 07, yet it is still unclear what FY 08 will hold for them.



It is impossible to look at the effects of state funding levels without considering the Medicaid and State Children's Health Insurance Program (SCHIP) environment. Results from the survey show that there is a large number of states that have begun to restore and even expand their Medicaid and SCHIP programs. Unfortunately, there are still states like Georgia, Missouri, and Mississippi continuing to downsize their Medicaid programs, although health centers in those states did receive an increase in state funding in attempt to counter some of the effects of Medicaid losses.

Health centers are continuing to gain state support. By growing the reach of health centers, states will be able to give their local communities access to quality and cost-effective health care. The expansion of access to high-quality primary care will make an enormous difference in health care outcomes and costs for all Americans. Unfortunately, changes in Medicaid and rising costs of health care in general are adversely affecting the impact of these gains.

Research Methods

In July 2007, NACHC fielded a survey to PCAs in 50 states, the District of Columbia, and Puerto Rico to assess the status of health centers. The survey was then analyzed to report on changes in non-Medicaid state funding of health centers directly as well as Medicaid/SCHIP changes in eligibility, cost-sharing, and benefits.

PCAs representing Alabama, Delaware, Kansas, and Puerto Rico did not respond. The collected responses provided can be found in charts 1-3. Although some surveys were incomplete, the information drawn is still invaluable to the overall message of the report. This report relies on the self-reported information from PCAs. Thank you to all the PCAs who participated in this survey and shared their information.

For the purposes of this report, direct funding is defined as a line-item appropriation and/or grant or contract that the state provides to the PCA and/or health center, excluding any Medicaid funding or federal grant dollars.

SUMMARY OF FINDINGS

Out of the 52 Primary Care Associations that were surveyed there were 45 respondents.

Direct Funding of Health Centers

Fiscal Year 2008

- 36 states including the District of Columbia reported that they are receiving direct funding to health centers for a total of almost \$590 million. Almost \$70 million more than FY 07.
- In state FY 2008, state funding for health centers will increase in 26 states. 2 states will decrease funding, 8 states will receive level funding, and 11 states will provide no funding.
- Most funds provided through:
 - General Funds
 - Tobacco Tax/Settlements
- Most of these funds are used for:
 - uninsured care
 - capital needs
 - operating costs
 - other enabling services
 - growing the uncompensated care pool

State Changes to Medicaid and SCHIP

MEDICAID

Eligibility/Enrollment

- In 2007, 13 states made the enrollment process more difficult and in 2008, 3 states did the same. No states reduced eligibility.
- In 2007, 16 states expanded eligibility and 11 states made enrollment easier. In 2008, 12 states expanded and 9 states made enrollment easier.

Benefits

- 6 states limited or eliminated Medicaid in 2007 and in 2008 2 states cutback.

- In 2007, 13 states expanded or restored Medicaid benefits and in 2008 14 states did the same.

Cost Sharing

- In 2007, 5 states increased cost-sharing and 4 reduced it. In 2008, 3 states increased it and 1 cutback.

Additional resources

[Kaiser data on FY 07 Medicaid cost containment actions](#)

[Kaiser data on FY 07 Medicaid expansion actions](#)

[NCSL information on Medicaid expansions via waivers](#)

SCHIP

Eligibility/Enrollment

- In 2007, 3 states reduced SCHIP eligibility.
- In 2007, 12 states expanded SCHIP eligibility and in 2008, 17 states did the same.
- In 2007, 4 made it more difficult and 8 made it easier to enroll in SCHIP.
- In 2008, 1 made it more difficult and 10 made it easier to enroll.

Benefits

- 1 state limited or eliminated SCHIP benefits in 2007.
- 3 states expanded or restored SCHIP benefits in 2007 and in 2008, 4 did.

Cost Sharing

- In 2007, 6 states increased cost-sharing and 3 reduced it.
- In 2008, 3 states increased cost-sharing and 3 reduced it.

Outstationing

As displayed in the survey results, outstationing eligibility workers is a significant challenge for health centers. Medicaid law requires, as a condition of program participation, that states provide for the initial receipt and processing of applications for low-income pregnant women, infants, and children at outreach locations other than welfare or government offices, including federally qualified health centers and disproportionate share hospitals. However, many states continue to be non-compliant with this statutory requirement, and many others are only partially compliant. This report found:

- 2 states that are fully-compliant
- 8 states that are mostly-compliant
- 19 states that are partially-compliant
- 17 states that are non-compliant

Since 2006, only two states (Nevada and Utah) have changed their compliance level and both were weakened. This is unfortunate in light of the citizenship documentation requirements, created by the Deficit Reduction Act, which make this type of assistance even more important.

Chart 1: State Medicaid Outstationing Compliance as of July 2007

Fully Compliant: outstationed workers in every health center and every high volume site, paid for by the state.	Mostly Compliant: outstationed workers in some health centers and some sites, paid for by the state.	Partially Compliant: outstationed workers in some health centers and some sites, paid some by the state and some by the health center.	Non-Compliant: no outstationed workers in any health centers or sites that are paid for by the state; if there are workers at centers, they are paid for entirely with health center dollars.
Connecticut	Arkansas	Arizona	Alaska
Oregon	District of Columbia	California	Illinois
	Georgia	Colorado	Indiana
	Hawaii	Idaho	Kentucky
	New Jersey	Iowa	Louisiana
	UTAH	Michigan	Maine
	Washington	Missouri	Massachusetts
	Wisconsin	New Hampshire	Minnesota
		New Mexico	Mississippi
		New York	Montana
		North Carolina	Nebraska
		North Dakota	NEVADA
		Ohio	Pennsylvania
		Oklahoma	Vermont
		Rhode Island	Virginia
		South Carolina	West Virginia
		South Dakota	Wyoming
		Tennessee	
		Texas	
2 states	8 states	19 states	17 states

Please note: Capitals indicate a change in compliance since 2007.

Chart 2: State Direct Funding to Health Centers FY 07 and FY 08

State	Final FY 07 state direct funding to health centers	FY 08 state direct funding to health centers	Change in funding
Alabama	No response	No response	
Alaska	No Direct Funding	No Direct Funding	
Arizona	\$13,500,000	\$14,950,000	Increased by \$1,450,000
Arkansas	\$2,142,499	\$2,250,000 DHS/OEW: \$750,663 UAMS Tele-Mental Health: \$588,770 Ark Better Chance: \$126,119 Title II: \$94,356 IDA: \$20,828 CASA: \$27,200 Tobacco Prevention/Cessation: \$68,478 Tobacco Use Prevention: \$58,500 Heart/Stroke: \$25,000 Child Care Resource: \$81,961 ADH Cardiovascular: \$15,000 Dental Recruitment: \$10,000 EMR Implementation: \$9,845 AIDS Education/Training: \$148,000 AIDS Support: \$56,982 Counseling/Support for Unwed-Moms: \$32,999	Increased by \$107,001
California	\$47,300,000	\$47,300,000 Expanded Access to Primary Care Program: \$13,500,000 state general funds, \$16,700,000 million tobacco tax funds Rural Health Services Development: \$8,200,000 Seasonal Agricultural Migratory Worker: \$6,900,000 Loan Repayment for Physicians: \$3,000,000 Rural Health Demonstration: \$3,000,000	Level
Colorado	\$62,389,152	\$68,715,156 Uncompensated Care Pool: \$28,950,000 Capital Needs/Primary Care Grants: \$1,705,000 Specific Services Grants: \$2,600,000 Unrestricted/Primary Care Funds: \$29,200,000	Increased by \$6,326,004
Connecticut	\$5,030,250	\$7,530,250	Increased by \$2,500,000

State	Final FY 07 state direct funding to health centers	FY 08 state direct funding to health centers	Change in funding
Delaware	No response	No response	
District of Columbia	\$27,695,000	\$28,920,000 Whitman Walker Clinic: \$750,000 Mary's Center & La Clinica del Pueblo: \$170,000 HIT Development: \$2,800,000 Unity Health Care/DC Jail Program: \$28,000,000	Increased by \$1,215,000
Florida	\$22,576,182 Low Income Pool: \$15,276,255 Expansion Grants: \$7,299,927	\$22,576,182	Level
Georgia	\$1,075,000	\$3,750,000 New Starts and Expansions Behavioral Health Sciences EMR Technical Assistance	Increased by \$2,675,000
Hawaii	\$18,660,000	\$10,625,000 Uninsured: \$4,050,000 Outreach & Eligibility Services: \$650,000 Operating Subsidy for ER at 1 CHC: \$1,100,000 Operating Subsidy for 1 Remote CHC: \$700,000 Operating Subsidy for Medicine Bank: \$50,000 Capital Projects: \$4,075,000	Decreased by \$8,035,000
Idaho	No direct funding.	No direct funding.	
Illinois	\$5,900,000	\$8,900,000	Increased by \$3,000,000
Indiana	\$15,000,000	\$30,000,000	Increased by \$15,000,000
Iowa	\$25,000	\$710,000 Safety Net Funding: \$60,000 CHC Incubator: \$650,000	Increased by \$685,000
Kansas	No response	No response	
Kentucky	No direct funding.	No direct funding.	
Louisiana	\$49,365,000	Unknown	Unknown
Maine	No direct funding.	No direct funding.	
Maryland	No direct funding.	No direct funding.	

State	Final FY 07 state direct funding to health centers	FY 08 state direct funding to health centers	Change in funding
Massachusetts	\$86,300,000	\$87,900,000 CHC Support and Enhancement: \$6,900,000 School-based Health Centers: \$3,900,000 Essential Provider Trust: \$9,400,000 Medicaid Rate Increase: \$10,000,000 Uncompensated Care Pool: \$56,000,000 Provider R&R: \$1,700,000	Increased by \$1,600,000
Michigan	\$1,660,007	\$2,010,007	Increased by \$350,000
Minnesota	No Direct Funding	\$1,500,000	Increased by \$1,500,000
Mississippi	\$3,500,000	\$4,000,000	Increased by \$500,000
Missouri	\$10,100,000	\$76,600,000 Capital Projects: \$60,000,000 Uninsured: \$9,000,000 IT/EMR: \$5,000,000 Mental Health Collaboration Work: \$1,500,000 Uninsured Women's Health: \$1,100,000	Increased by \$66,500,000
Montana	\$30,000 Emergency Preparedness: \$30,000	\$800,000 CHC Support Act: \$650,000 PCA Distribution to CHC: \$142,500 PCA Administrator: \$7,500	Increased by \$770,000
Nebraska	\$1,725,000	\$1,725,000	Level
Nevada	\$917,000	\$690,815 Specialty Care Physician Network: \$583,815 Nevada Health Centers Mammovan: \$100,000 Diabetes Tracking/Reporting: \$7,000	Decreased by \$226,185
New Hampshire	\$6,463,089	\$6,547,635	Increased by \$84,546
New Jersey	\$41,900,000	\$48,005,000 Uncompensated Care: \$40,000,000 Expansions and Specialties Pool: \$5,000,000 Undocumented Pregnant Women: \$1,900,000 NJ's Homeless FQHC: \$500,000 Disaster Planning: \$700,000 Diabetes & Disease Collaborative: \$305,000	Increased by \$6,105,000
New Mexico	\$15,100,000	\$17,550,000 Operations: \$13,900,000 Capital Projects: \$2,450,000	Increased by \$2,450,000

State	Final FY 07 state direct funding to health centers	FY 08 state direct funding to health centers	Change in funding
		State Loan Repayment: \$800,000 Competitive IT: \$300,000	
New York	\$23,931,500	\$31,531,500	Increased by \$7,600,000
North Carolina	\$1,960,964	\$2,850,000	Increased by \$90,036
North Dakota	No direct funding.	No direct funding.	
Ohio	\$2,700,000	\$3,700,000 Uncompensated Care: \$1,900,000 FQHCLA Med Mal Reimbursement: ~\$100,000	Increased by \$1,000,000
Oklahoma	\$1,741,120	\$2,041,120 Uncompensated Care: \$1,341,120	Increased by \$300,000
Oregon	No direct funding.	No direct funding	
Pennsylvania	No direct funding	No direct funding	
Puerto Rico	No response	No response	
Rhode Island	\$550,000	\$550,000	Level
South Carolina	\$1,000,000 All money is going to FQHCs to serve the uninsured	\$1,100,000	Increased by \$100,000
South Dakota	No direct funding.	No direct funding.	
Tennessee	\$6,000,000	\$7,600,000	Increased by \$1,600,000
Texas	\$20,000,000 Incubator Program: \$5,000,000 Primary Health Care (CHCs): \$5,000,000 Family Planning Funding (CHCs) \$10,000,000	\$20,000,000 Incubator Program: \$5,000,000 Primary Health Care (CHCs): \$5,000,000 Family Planning Funding (CHCs) \$10,000,000	Level
Utah	\$1,320,000 CHC: \$720,000 Emergency Preparedness: \$230,000	\$1,420,000 CHC: \$900,000 CDC Pass-Through Funds: \$455,000	Increased by \$100,000
Vermont	No direct funding.	No direct funding.	
Virginia	\$1,358,750 Primary Assistance Programs: \$433,750 Capital Funding: \$750,000 Operating Funds: \$175,000	\$1,358,750	Level
Washington	\$9,152,040	\$9,152,040	Level
West Virginia	\$7,900,000	\$8,220,000	Increased by \$320,000

State	Final FY 07 state direct funding to health centers	FY 08 state direct funding to health centers	Change in funding
		Uncompensated Care: \$7,320,000 Support for Mortgage: \$900,000	
Wisconsin	\$3 million	\$3 million-final	Level
Wyoming	No direct funding	No direct funding.	
TOTAL	\$520,708,674	\$588,119,575	\$67,410,901

CHART 3: FY 2007 State Medicaid Changes

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Alabama	NR	NR	NR	NR	NR	NR	NR	NR
Alaska					X			
Arizona				X	X			
Arkansas	X				X			
California								
Colorado			X					
Connecticut	X				X			
Delaware	NR	NR	NR	NR	NR	NR	NR	NR
District of Columbia	X				X			
Florida	NR	NR	NR	NR	NR	NR	NR	NR
Georgia				X		X		
Hawaii	X				X			
Idaho						X		
Illinois			X					
Indiana	X			X	X			X
Iowa								
Kansas	NR	NR	NR	NR	NR	NR	NR	NR
Kentucky				X		X	X	
Louisiana	X		X		X		X	
Maine								
Maryland	X							
Massachusetts			X					
Michigan								
Minnesota	X							
Mississippi				X				

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Missouri				X	X			X
Montana								
Nebraska								
Nevada	X							
New Hampshire	X		X	X				X
New Jersey								
New Mexico	X		X					
New York							X	
North Carolina								
North Dakota			X					
Ohio	X		X	X			X	
Oklahoma	X			X	X	X	X	
Oregon								
Pennsylvania								
Puerto Rico	NR	NR	NR	NR	NR	NR	NR	NR
Rhode Island								
South Carolina				X				
South Dakota								
Tennessee								
Texas								
Utah			X			X		
Vermont	X		X		X			X
Virginia	X		X	X				
Washington								
West Virginia				X	X	X		
Wisconsin				X	X			
Wyoming	X							
Total	16	0	11	13	13	6	5	4

CHART 4: FY 2008 State Medicaid Changes

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Alabama	NR	NR	NR	NR	NR	NR	NR	NR
Alaska					X			
Arizona								
Arkansas	X				X			
California								
Colorado	X		X		X			
Connecticut	X				X			
Delaware	NR	NR	NR	NR	NR	NR	NR	NR
District of Columbia								
Florida	NR	NR	NR	NR	NR	NR	NR	NR
Georgia								
Hawaii								
Idaho			X					
Illinois								
Indiana	X			X	X			
Iowa								
Kansas	NR	NR	NR	NR	NR	NR	NR	NR
Kentucky								
Louisiana			X					
Maine								
Maryland					X			
Massachusetts								
Michigan								
Minnesota	X		X		X			X
Mississippi								

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Missouri	X				X			
Montana								
Nebraska								
Nevada	X							
New Hampshire								
New Jersey								
New Mexico	X			X				
New York			X					
North Carolina								
North Dakota								
Ohio	X		X		X		X	
Oklahoma	X				X	X		
Oregon								
Pennsylvania								
Puerto Rico	NR	NR	NR	NR	NR	NR	NR	NR
Rhode Island								
South Carolina							X	
South Dakota								
Tennessee	X							
Texas								
Utah					X			
Vermont								
Virginia								
Washington					X			
West Virginia			X	X	X	X		
Wisconsin			X		X			
Wyoming	X		X				X	
Total	12	0	9	3	14	2	3	1

NR=No response

CHART 5: FY 2007 State Children’s Health Insurance Program (SCHIP) Changes

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Alabama	NR	NR	NR	NR	NR	NR	NR	NR
Alaska	X							
Arizona			X				X	
Arkansas								
California								
Colorado			X					
Connecticut	X				X			
Delaware	NR	NR	NR	NR	NR	NR	NR	NR
District of Columbia	X							
Florida	NR	NR	NR	NR	NR	NR	NR	NR
Georgia		X		X		X		
Hawaii	X							
Idaho							X	
Illinois								
Indiana	X			X	X			
Iowa								
Kansas	NR	NR	NR	NR	NR	NR	NR	NR
Kentucky							X	
Louisiana	X		X					
Maine								
Maryland		X						
Massachusetts								
Michigan							X	
Minnesota								
Mississippi				X				
Missouri					X			
Montana								

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Nebraska								
Nevada	X							
New Hampshire			X					X
New Jersey								
New Mexico								
New York								
North Carolina								
North Dakota								
Ohio	X		X				X	
Oklahoma								
Oregon								
Pennsylvania	X							
Puerto Rico	NR	NR	NR	NR	NR	NR	NR	NR
Rhode Island								
South Carolina								
South Dakota			X					
Tennessee								
Teas								
Utah		X						
Vermont			X					X
Virginia	X		X	X				
Washington								
West Virginia	X						X	X
Wisconsin								
Wyoming	X							
Total	12	3	8	4	3	1	6	3

NR=no response

CHART 6: FY 2008 State Children’s Health Insurance Program (SCHIP) Changes

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Alabama	NR	NR	NR	NR	NR	NR	NR	NR
Alaska	X							
Arizona								
Arkansas								
California								
Colorado	X		X					
Connecticut	X				X			
Delaware	NR	NR	NR	NR	NR	NR	NR	NR
District of Columbia								
Florida	NR	NR	NR	NR	NR	NR	NR	NR
Georgia								
Hawaii								X
Idaho			X					
Illinois	X							
Indiana	X			X	X			
Iowa								
Kansas	NR	NR	NR	NR	NR	NR	NR	NR
Kentucky								
Louisiana	X		X		X		X	
Maine								
Maryland								
Massachusetts								
Michigan								
Minnesota								
Mississippi								
Missouri			X					X
Montana	X							

State	Increased Eligibility	Decreased Eligibility	Enrollment Made Easier	Enrollment Made Difficult	Benefits Expanded or Restored	Benefits Limited or Eliminated	Cost-Sharing Increased	Cost-Sharing Reduced
Nebraska								
Nevada	X							
New Hampshire								
New Jersey	X							
New Mexico	X							
New York	X		X					
North Carolina								
North Dakota			X					
Ohio	X		X		X		X	
Oklahoma								
Oregon								
Pennsylvania								
Puerto Rico	NR	NR	NR	NR	NR	NR	NR	NR
Rhode Island								
South Carolina	X							
South Dakota								
Tennessee			X					
Texas	X							X
Utah	X		X					
Vermont								
Virginia								
Washington								
West Virginia	X							
Wisconsin								
Wyoming	X		X				X	
Total	17	0	10	1	4	0	3	3

NR=no response