



Analyzing the Impact of the 2005 Medicaid Changes on Missouri's Federally Qualified Health Centers (FQHCs)

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Introduction

As part of a review of the impacts of the 2005 Missouri Medicaid/SCHIP changes, Health Management Associates, Inc (HMA) reviewed three years of patient and financial data for Missouri's Federally Qualified Health Centers (FQHCs) – a critical component of the state's health care safety net.

There are a number of caveats related to any review of a relatively short period of data, in this case 2004 through 2006. Those caveats are noted in the sections below and in the conclusion of this paper. These limitations tend to make absolute statements about impacts and trends difficult. But in general, the data below suggest that from 2004 to 2006 Missouri's clinics were facing a growing contingent of uninsured patients while also grappling with a period of flat to declining public sector coverage levels and revenue collections.

A couple of additional notes on the information that follows:

- An attempt was made to collect Rural Health Clinic (RHC) data in addition to and to complement the FQHC data; however, aggregate cost report data from RHCs was unavailable at the time this report was developed.
- The data below were collected at the aggregate level, which may tend to blur more pronounced local or regional dynamics. A clinic by clinic approach is likely to yield a more precise look at how the Medicaid and SCHIP changes impacted the local safety net.

Background

FQHCs have a strong historical role as safety net primary care providers for uninsured and low-income populations. As part of the effort to evaluate the impact of changes to Missouri's Medicaid program, most of which took effect during the summer of 2005, HMA requested three years of summary data for Missouri's health centers from the federal Health Resources and Services Administration (HRSA) Uniform Data System (UDS). The UDS is a calendar year data system that collects a comprehensive, standard set of data from all HRSA health center grantees. UDS data is used to comply with legislative program requirements, develop budget requests, compare health center services regionally and nationally, and provide other program evaluation information to HRSA.

Analysis

The data reviewed for this analysis included 17 Missouri FQHCs during 2004 and 2005 and a total of 19 FQHCs in 2006 (two additional centers became HRSA grantees). A look at the patient mix and payor sources for Missouri health centers, immediately before and after the implementation of the Missouri Medicaid program changes, provides some insight into how health centers fared during this period.

Some caveats related to this analysis should be noted. These data only cover a three year period – immediately before and after the implementation of the Medicaid changes. Given this relatively short period of time and the fact that other secular trends may influence caseloads and payor mix at FQHCs (e.g. generally rising uninsured levels, changes in local availability of primary care providers), it cannot be said with certainty that the year-to-year changes are a direct result of the Medicaid program changes. However, this information does accurately reflect the aggregate Missouri FQHC experience during the initial period of the reductions in Medicaid coverage. Lastly, this information sums up the experience of Missouri FQHCs as a whole. The impacts on individual health centers may vary based on the status of the safety net in their respective localities.

Selected UDS Measures for Missouri FQHCs, 2004 through 2006

Caseload Mix

Income (of Known)	'04 Patients	Percent	'05 Patients	Percent	'06 Patients	Percent
100% and Below	142,100	68.6%	136,206	68.4%	139,863	67.7%
101 - 150%	25,595	12.4%	20,325	10.2%	25,239	12.2%
151 - 200%	22,348	10.8%	23,044	11.6%	25,737	12.5%
Over 200%	17,043	8.2%	19,501	9.8%	15,802	7.6%
Total (Known)	207,086	100.0%	199,076	100.0%	206,641	100.0%

The table above displays the mix of patient income levels at Missouri's FQHCs, by federal poverty level (FPL). FQHCs collect income information for the majority of their patients, but not for all patients. The table reflects patients for whom income was known. During the three year period, there was a slight increase in the proportion of patients between 151-200 percent of FPL. This increase roughly corresponds to the period in which increases in premium cost sharing for Missouri's SCHIP program were implemented as well as an affordability test for those SCHIP families with access to private sector health coverage.

Insurance Source

Insurance Source by Age	'04 Patients	%	'05 Patients	%	'06 Patients	%
Age 0-19						
None - Uninsured	20,619	20.9%	24,779	23.3%	26,656	23.4%
Total Medicaid	67,210	68.3%	71,590	67.4%	75,621	66.5%
Regular Medicaid (XIX)	57,713	58.6%	61,659	58.0%	67,969	59.7%
S-CHIP Medicaid	9,497	9.6%	9,931	9.3%	7,652	6.7%
Medicare	56	0.1%	36	0.0%	22	0.0%
Other Public, Non SCHIP	0	0.0%	0	0.0%	0	0.0%
Other Public, SCHIP	0	0.0%	0	0.0%	0	0.0%
Total Public	0	0.0%	0	0.0%	0	0.0%
Private Insurance	10,571	10.7%	9,828	9.3%	11,478	10.1%
Total	98,456	100.0%	106,233	100.0%	113,777	100.0%
Age 20 and Older						
None - Uninsured	76,704	44.6%	89,838	48.2%	98,871	50.7%
Total Medicaid	48,461	28.2%	46,332	24.9%	37,752	19.4%
Regular Medicaid (XIX)	45,815	26.6%	43,929	23.6%	36,246	18.6%
S-CHIP Medicaid	2,646	1.5%	2,403	1.3%	1,506	0.8%
Medicare	20,660	12.0%	23,464	12.6%	27,914	14.3%
Other Public, Non SCHIP	0	0.0%	0	0.0%	0	0.0%
Other Public, SCHIP	0	0.0%	0	0.0%	0	0.0%
Total Public	0	0.0%	0	0.0%	0	0.0%
Private Insurance	26,219	15.2%	26,719	14.3%	30,479	15.6%
Total	172,044	100.0%	186,353	100.0%	195,016	100.0%

The table above on Insurance Source indicates the mix of payors that reimbursed Missouri's FQHCs for patient care. For both the children and adult group, the relative share of uninsured patients rose during this period. The increase in uninsured patients was more pronounced in the adult group, rising from 44.6 percent in 2004 to 50.7 percent by 2006. There was a fairly sharp drop in the proportion of SCHIP-funded children seen at the centers, from the 9 percent range in 2004 and 2005 down to 6.7 percent in 2006. This could be a reflection of more stringent SCHIP eligibility requirements that were enacted during the summer of 2005.

There were several changes in the source of coverage for adults that are worth noting. As mentioned above, the proportion of uninsured adults grew steadily during the period, from 44.6 percent in 2004 to 50.7 percent in 2006. There was a fairly steep drop in the percentage of adults with Medicaid as their payor, from 26.6 percent in 2004 to 18.6 percent by 2006, a drop of 8

percentage points. This could, to some degree, reflect changes in Missouri's Medicaid program, since most of the reductions involved adult eligibility categories.

Revenue Source

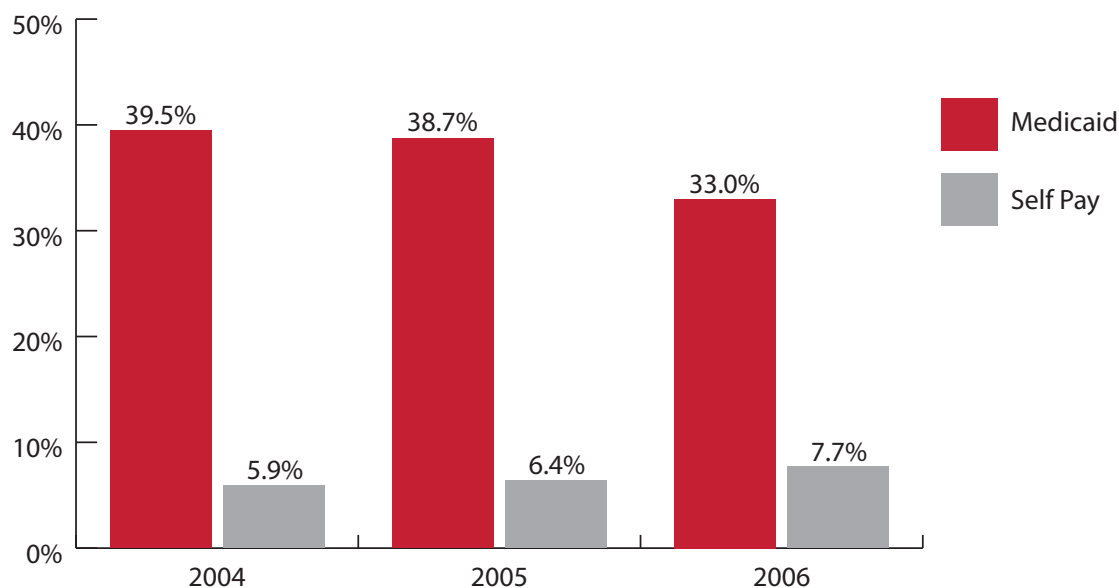
Revenue (Collections)	2004		2005		2006	
Total HRSA Grants	\$36,386,904	26.6%	\$36,559,569	23.3%	37,669,073	22.1%
Other Federal Grants	\$2,059,602	1.5%	\$4,335,831	2.8%	6,681,007	3.9%
State/Local Grants, Contracts	\$9,574,720	7.0%	\$11,005,078	7.0%	19,374,455	11.4%
Foundations/Private	\$5,663,097	4.1%	\$11,488,963	7.3%	12,169,816	7.2%
Total Medicaid	\$54,075,888	39.5%	\$60,550,927	38.7%	56,113,099	33.0%
Medicaid, Non-managed care (MC)	\$31,525,026		\$36,845,723		29,165,215	
Medicaid MC, Capitated	\$5,923,355		\$3,681,809		3,915,449	
Medicaid MC, Fee for Service	\$16,627,507		\$20,023,395		23,032,435	
Private Coverage	\$7,447,578	5.4%	\$8,482,418	5.4%	9,307,330	5.5%
Self Pay	\$8,132,763	5.9%	\$10,020,173	6.4%	13,150,729	7.7%
Medicare	\$6,960,438	5.1%	\$8,328,365	5.3%	9,980,866	5.9%
Other Public	\$34,234	0.0%	\$21,454	0.0%	25,500	0.0%
Indigent Care Programs	\$1,750,650	1.3%	\$3,416,020	2.2%	2,522,834	1.5%
Other Revenue	\$4,648,958	3.4%	\$2,397,127	1.5%	3,083,727	1.8%
Total Revenue	\$136,734,832	100.0%	\$156,605,925	100.0%	\$170,078,436	100.0%

The table above displays the sources of revenue for Missouri's 19 FQHCs. Several changes are worth noting. As a proportion of the centers' revenue stream, non-Medicaid and non-HRSA sources of funding to the FQHCs grew during this three year period. These sources included other federal grants, state and local contracts, and private foundation funds. It should be noted that this type of funding may be restricted in use and is not necessarily available to make up for reductions in Medicaid funding or increased service demands from uninsured individuals.

Total Medicaid dollars during the period increased slightly between 2004 and 2005, but stayed basically flat in terms of its proportion of total FQHC funding. Between 2005 and 2006, Medicaid funding declined, both in terms of total dollars and as a proportion of total revenue. During this period when Medicaid revenue declined, self payment (usually on a sliding scale) grew as a proportion of the center's revenue (see chart below). This could reflect the increase in uninsured patients and/or the reduction in Medicaid/SCHIP coverage levels.

Medicaid and Self Pay Revenue as a Percent of FQHC Total Revenue

Missouri FQHCs, 2004 through 2006



Conclusions

As noted earlier, three years of data provide only a limited view of Missouri health centers' experience, immediately before and after Missouri's Medicaid program changes. For example, a longer baseline period would be needed to make determinations of whether a year to year change was statistically significant. Also, for any health system, there are "secular" effects happening at any given time. For example a new clinic opening in a given locality may change the mix of patients at an existing clinic.

However, this three year look does provide a snapshot as to how the centers were faring during this period. In general, the centers experienced a decline in Medicaid as a source of coverage for their patients (particularly for adults and SCHIP-funded children) during a period where a greater proportion of their patients had no source of health coverage, particularly adults

To the point above – Medicaid patients more or less (not entirely, though) tend to cover their own costs due to the cost-based prospective payment system of reimbursement for FQHCs. Uninsured patients pay on a sliding fee scale that typically covers only a fraction of costs. The remaining costs for the uninsured are partially offset by the FQHCs Section 330 grants, but these grants do not keep up with the costs of this group or the growth in the number of uninsured. Therefore, a Medicaid-reimbursed patient who becomes a self-pay uninsured patient is a revenue losing proposition for these centers.

Medicaid is an important revenue stream for FQHCs, as are their basic HRSA grants, as well as other federal, state, local, and foundation funding. This more diverse portfolio of revenue streams may have helped offset some of the effects of the Medicaid program cuts on FQHCs, at least in comparison to provider types that have fewer federal sources of revenue.

Evaluating additional years of data could provide more detail about the "before and after" of the Medicaid reductions. Also, a comparison of the 19 centers, center by center, would provide insight about regional impacts from the cuts. Some areas, particularly areas with a larger network of safety net providers, may have been better able to "absorb" the effects of the Medicaid cuts, as the effects of the cuts would likely have been distributed across a larger number of providers, including hospitals, FQHCs, RHCs, and free clinics.



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