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INSIGHT

Federal Health Centers and COVID-19

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Federal health centers are outpatient health facilities that are required to be located in Health Professional Shortage Areas (HPSAs) and are required to provide care to all residents of their service area regardless of their ability to pay. The health center program is administered by the Health Resources and Services Administration (HRSA), within the Department of Health and Human Services, and is authorized in Section 330 of the Public Health Service Act. The program helps to support more than 1,400 community-based health centers operating over 12,000 delivery sites across the country. Health centers provide care to medically underserved populations; they provide care for more than 28 million people annually, or an average of one in 12 Americans. Given the reach of health centers, they have received supplemental funding during prior disasters (e.g., hurricanes and disease outbreaks) to provide additional services. This Insight discusses their role as a health provider to respond to the Coronavirus Disease 2019 (COVID-19) pandemic and the funding they have received to do so.

Health Centers and Telehealth

Health centers, like other providers, have been using telehealth to provide services to patients remotely. As part of the March 13, 2020, presidential disaster declaration, providers have received additional flexibilities to receive reimbursements for telehealth visits provided to Medicare beneficiaries who may receive services in their homes. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) also extended to federally qualified health centers (FQHCs) (the term used by the Medicare and Medicaid programs to classify health centers) the ability to bill as a distant site for Medicare services. Previously, FQHCs were only considered to be originating sites (i.e., where the patient was located), so this payment change allows them to bill for services they provide to Medicare beneficiaries when the provider is located at the health center but the patient is not.

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Health Centers and COVID-19 Care

Heath centers, like other types of facilities, are providing COVID-19 care, but they are also experiencing financial losses as a result of the pandemic. Specifically, HRSA surveyed its health center grantees to determine the impact of COVID-19 on their operations. They found that the majority of their respondents reported having testing capacity and that more than 45% had walk-up testing. Despite this, health centers reported closures and declines in staffing. Health centers also report concerns about declines in patient volume (nearly 60%) and billions of dollars in lost revenue, and note that though health centers have received supplemental funding, the projected losses may exceed the amounts received.

COVID-19 Response Funding Available to Health Centers

As part of the federal government's COVID-19 response, health centers have received additional funding in several of the laws enacted in response to the pandemic. All told, these laws have provided over $2 billion to help federal health centers prevent, prepare for, or respond to COVID-19. About 65% of these funds were provided as mandatory spending; remaining funds were provided as supplemental discretionary appropriations. In addition to the $2 billion in COVID-19 funding, one of these laws also included a temporary extension of regular annual mandatory appropriations for health centers.

The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, provides $100 million in discretionary funding for grants to health centers. These funds are to be transferred to the health centers program from amounts appropriated to the Public Health and Social Services Emergency Fund (PHSSEF). These health center funds were awarded as supplemental grants, via a formula that took into account the number of patients seen overall and the number of uninsured patients that a health center served. Awards ranged from $50,000 to $300,000, with an average award of $70,000 per health center.

Health centers also received a supplemental appropriation of $1.3 billion in mandatory funds in the CARES Act. These funds are to be used for the detection of SARS–CoV–2 or the prevention, diagnosis, and treatment of COVID-19. HRSA also awarded these funds by formula to existing grantees. The average award was approximately $950,000 per health center.

Separately, the CARES Act also included an extension of the Community Health Center Fund through November 30, 2020, at the current funding level of $4 billion annually. However, some still support a longer funding extension. Prior to the enactment of the CARES Act funding, no new funds would have been provided after May; the CARES Act extension delays what some have termed a funding "cliff."

The Paycheck Protection Program and Health Care Enhancement Act (PPPHCE Act) also included a $600 million transfer in discretionary funds from the PHSSEF for grants to health centers and for federally qualified health center look-alikes (look-alikes). Look-alikes are entities that meet the qualifications to be a health center but do not receive a health center grant. As such, they serve a similar population to health centers and have provided COVID-19 related screening, but had not been able to access existing health center supplemental funds. The PPPHCE Act also waives certain grant requirements related to rural-urban balance in funding when making awards to create new or expand existing centers. Health centers and look-alikes might also be eligible for funding from the CARES Act Provider Relief Fund, which received an additional $75 billion in the PPPHCE.