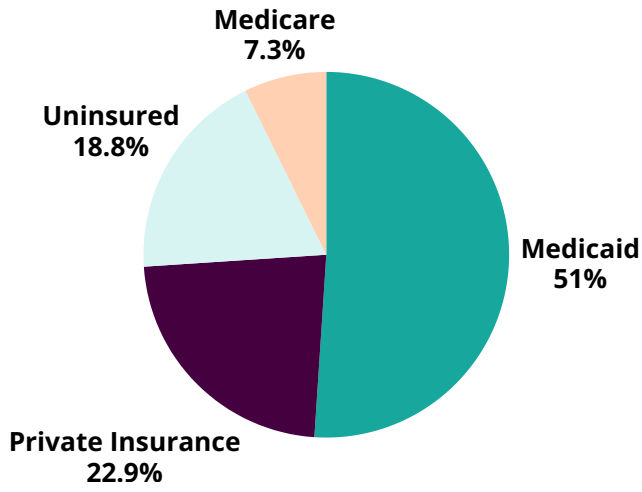
Health Centers Depend on a Balanced Mix of Funding Sources

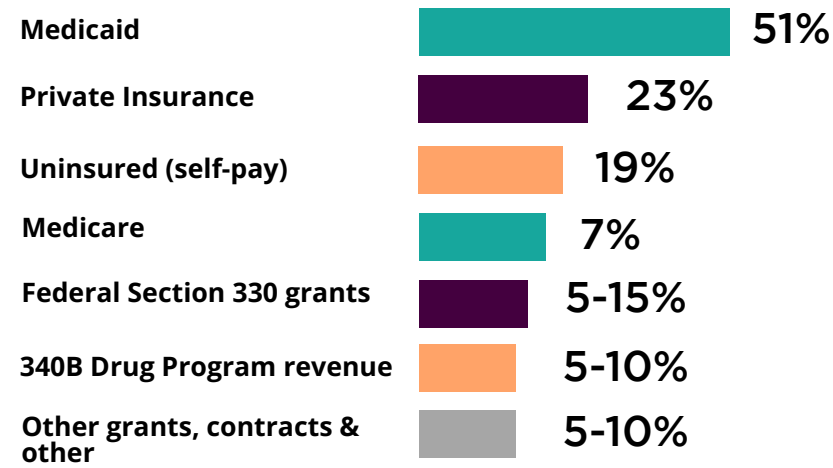
No single funding source supports health centers. Their financial stability depends on a balanced mix of patient care revenue, federal grants, 340B savings, and other funding sources.

COVERAGE OF CHC PATIENTS



Source: KFF analysis of Uniform Data System, 2024

WHERE CHC FUNDING COMES FROM



Note: Percentages are approximate and will vary by health center

HOW MEDICAID PAYS HEALTH CENTERS

Health centers are paid through a Prospective Payment System (PPS) - a bundled payment model.

- Medicaid generally pays health centers through the PPS, which provides a bundled payment intended to support comprehensive care.
- While PPS policies vary by state, the payment structure is designed to account for the full cost of serving Medicaid patients and supporting access to a broad range of services.
- However, recent studies have shown that PPS is increasingly misaligned with the true cost of care.

Beyond the exam room, PPS and Medicaid support:

Primary Care Visit | **Transportation Services** | **Interpretation Services** | **Care Coordination**

Source: MEPCA - How FQHCs are Paid

CHC FEDERAL REQUIREMENTS

- FQHCs must be in an underserved area and provide care to all, regardless of income or insurance status
- Health center patients tend to be more medically complex and have lower incomes than in other care settings.
- FQHCs are required to provide comprehensive services including primary care, behavioral care and dental care

FINANCIAL PRESSURE IS GROWING

Cost of care increased **62%** since 2019

Net patient service margins fell to **-2.1%** in 2024, signaling that many centers are operating at a loss

The uninsured population will hit 4.2M by 2034.

Source: KFF analysis of Uniform Data System, 2024; NACHC

Health centers cannot survive on Section 330 grants alone. They rely on a carefully balanced financing model that includes Medicaid payments, 340B savings, grants, and patient care revenue. Policies that undermine any one of these revenue streams put access to care at risk for more than 34 million patients.

Source: Advocates for Community Health (ACH)

Learn more and take action: advocatesforcommunityhealth.org