If the Affordable Care Act is Repealed, What Would Be the Impact on Community Health Centers and the Communities They Serve?

May 1, 2020

Peter Shin, Jessica Sharac, Sara Rosenbaum

Executive Summary

This fall, the United States Supreme Court will hear arguments in *California et al. v Texas et al* and decide on the constitutionality of the Affordable Care Act's individual mandate and the future of the law. Repealing the Affordable Care Act (ACA) would eliminate the Medicaid expansion for low-income adults, subsidized Marketplace health insurance, and the Community Health Center Fund. Eliminating Medicaid and Marketplace coverage would result in a revenue loss of $3.5 billion in a single year, which translates into closure of 1,432 service delivery sites, and reductions of 3.4 million patients, 14.2 million visits, and nearly 29,000 full-time equivalent staff. These estimates understate the total impact of ACA repeal, since they do not include the revenue impact of eliminating the Community Health Center Fund, which is also at risk. In 2018, the CHC Fund accounted for 72 percent of all health center federal grant funding, meaning that federal grant funding could decline by nearly three-quarters. The combined effect would not simply cause widespread capacity reductions; large numbers of community health centers could be expected to close since they would be left without sufficient operating revenue to survive.

Background

This fall, the United States Supreme Court will hear arguments in *California et al. v Texas et al*. The Court will decide whether the Affordable Care Act's (ACA's) "individual mandate" remains constitutional even though Congress has zeroed out the tax penalty for not maintaining health insurance. The Court also will decide whether, should the individual mandate be deemed unconstitutional, Congress, in setting the penalty at zero, actually intended to repeal the entire law. Thus, at a time when the nation is confronting the worst public health emergency in a century, health care for tens of millions of people is on the line.

No population is more at risk than residents of rural and urban medically underserved communities, who have benefitted immeasurably from the ACA. Chief among these benefits has been the growth of community health centers, principally as a result of a series of major reforms: the Medicaid expansion for low-income working-age adults and the establishment of a health insurance Marketplace and subsidized private health insurance plans. In addition, the ACA permanently authorized the community health centers program and established a Community Health Center (CHC) Fund to promote the growth of health centers and health center capacity over time. The CHC Fund was set to end in 2015, but it has proven so important that Congress repeatedly has extended it, augmenting its capacity to address a series of public health crises. As part of its COVID-19 legislation, Congress has added funding to aid health centers serving on the frontline while again extending the CHC Fund. Over the past decade, since the advent of the CHC Fund, total federal health center grant funding under § 330 of the Public Health Service Act grew from $2.2 billion in FY2010 to $5.6 billion in FY2019.

The characteristics of health center patients underscore why the ACA's insurance reforms and direct aid to community health centers have been so important. Ninety-one percent of health center patients have family incomes below twice the federal poverty level, 48 percent depend on Medicaid, and 23 percent are uninsured. Consequently, the Medicaid expansions and the Marketplace reforms have had a major impact on patient access to health insurance and accordingly, the revenue needed to enable health centers to grow. In 2013, 35 percent of health center patients served by health centers located in the 50 states and the District of Columbia were uninsured. By 2018, this figure had declined to 23 percent, while the proportion insured by Medicaid grew from 40 percent to

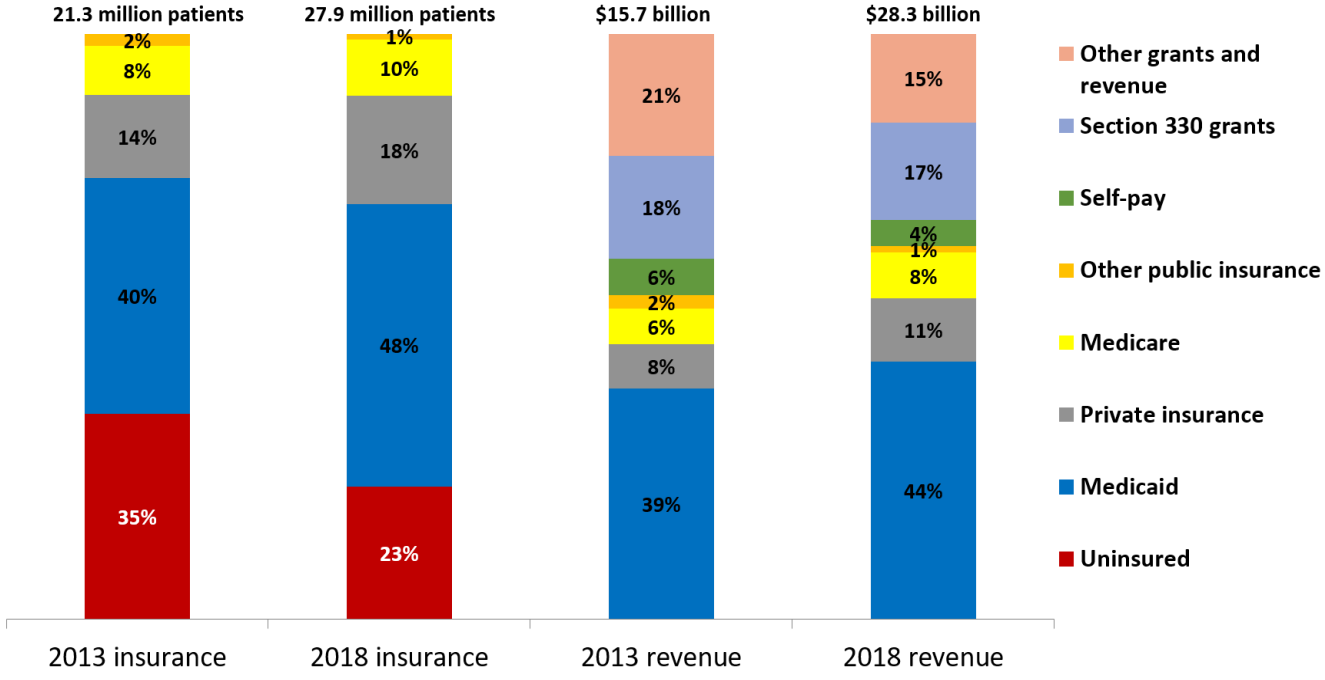
48 percent over the same time period (**Figure 1**). The share of total health center revenue derived from Medicaid grew from 39 to 44 percent, and private insurance, increased from 8 percent to 11 percent of the total. In 2018, health centers in Medicaid expansion states had a higher average number of patients, and significantly higher average numbers of sites, total revenue, and total revenue per patient, compared to health centers in non-expansion states. Health centers located in the U.S. territories similarly realized gains from the law's special infusion of additional Medicaid funding to their impoverished communities. Grant funding also rose from 2013 to 2018, while remaining stable as a percentage of total revenue (18 percent in 2013 and 17 percent in 2018).

Figure 2 shows growth over time in community health center patients, visits, and staff. Between 2010 and 2018, the number of patients grew by 46 percent, visits, by 50 percent, staffing, by 79 percent; and sites, by 69 percent.

Should the ACA be repealed, community health centers nationwide and the communities they serve will be profoundly affected by the loss of Medicaid, affordable Marketplace insurance, and the CHC Fund. The Urban Institute has estimated that eliminating the ACA would cause the number of non-elderly insured people to decrease by 19.9 million nationally; their analysis shows that the vast majority of this loss (15.4 million people) would result from people becoming uninsured because they lose coverage under Medicaid and its companion Children's Health Insurance Program (CHIP). Based on the Urban Institute's estimates, were the ACA to be repealed in its entirety, the share of the non-elderly U.S. population insured through Medicaid would decline from 25 percent to 19.4 percent – a 22.4 percent decline. The uninsured rate would jump from 11.1 percent to 18.3 percent, a 64.8 percent increase.

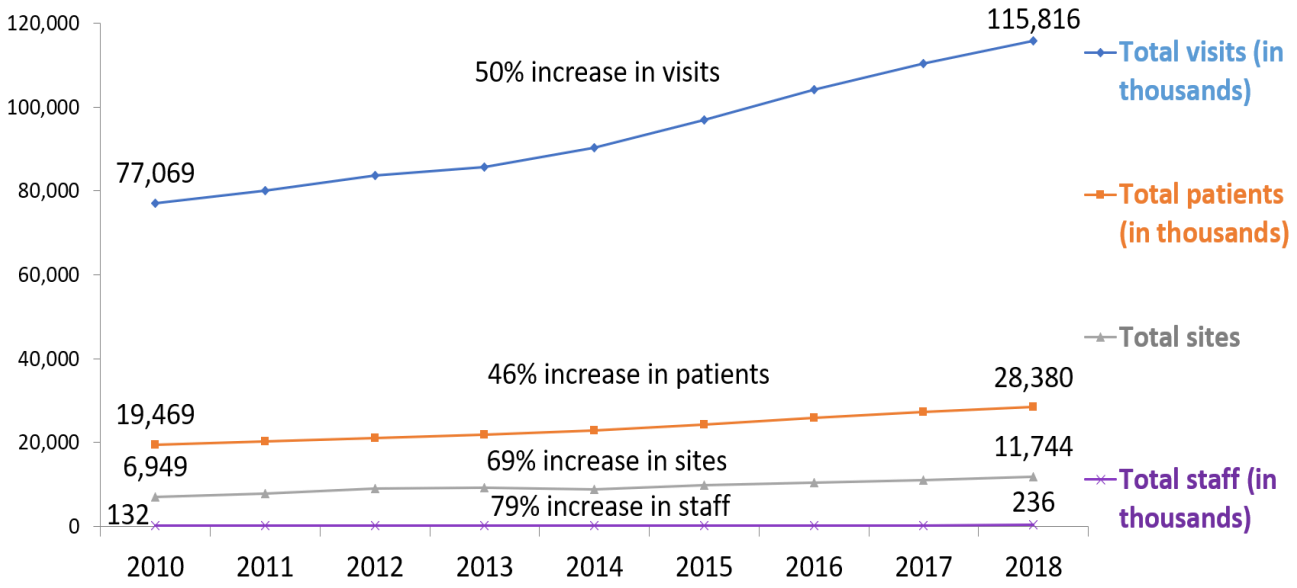
Given the implications of ACA repeal for the communities and populations served by community health centers, the Geiger Gibson RCHN Community Health Foundation Research Collaborative has analyzed the potential impact on community health centers themselves.

Figure 1. Sources of health insurance for community health center patients and revenue, 2013 and 2018



Note: Data does not include health centers in U.S. territories/freely associated states. Percentages may not sum to 100% due to rounding.
Source: GW analysis of 2013 and 2018 Uniform Data System data.

Figure 2. Gains in community health center sites, patients, visits, and staff members, 2010-2018



Note: National totals include health centers in U.S. territories/freely associated states.
Source: GW analysis of 2010-2018 Uniform Data System data and data reported in the 2010-2018 UDS National reports.

Methodology

For this analysis, we estimated the potential impact on community health centers, patients, and communities were the ACA to be entirely repealed. Our analysis is based on the following methodology and assumptions.

- The analysis was limited to health centers in the 50 states and DC.
- We applied the estimated percentage increase in the number of non-elderly uninsured people for each state from the Urban Institute to the total number of uninsured patients reported for 2018 in the Uniform Data System (UDS), assuming that the vast majority of elderly health center patients would remain insured by Medicare. The Urban Institute's estimates are based on the assumption that states with pre-ACA Medicaid Section 1115 waivers for Medicaid expansion coverage would reinstate them. If states are not permitted to do so because their expansion waiver modifies a provision of the Medicaid statute (along with its funding authorization) that no longer exists, then the loss of coverage would be greater still. Thus, our estimates present conservative losses.
- We assumed that the increased counts of uninsured patients would be reflected in decreased counts of Medicaid and privately insured patients. From 2013 to 2018, health centers in Medicaid expansion states experienced an increase not only in the number of Medicaid patients (65 percent), as their Medicaid expansions insured patients up to 138 percent of the federal poverty level, but also in the number of privately insured patients, as patients above the Medicaid income eligibility level gained Marketplace coverage. Between 2013 and 2018, the percentage increase in privately insured health center patients in non-expansion states far exceeded that in expansion states (95 percent compared to a 60 percent growth in expansion states). Non-expansion state health centers did experience growth in the number of Medicaid patients (29 percent) during this time period, a result of both overall increases in patient volume, and ACA provisions that simplified the Medicaid enrollment process. In

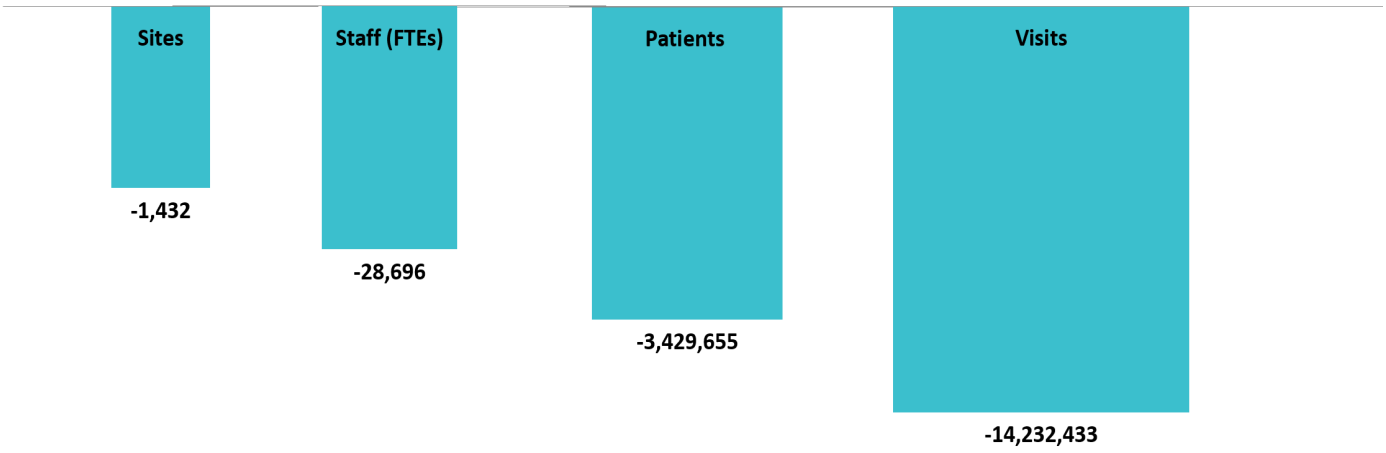
line with the Urban Institute's estimates, we did not adjust the number of patients with Medicare or other public insurance, given that repealing the ACA would not be expected to substantially affect these types of coverage.

- Likewise, we assumed that revenue would remain the same for Medicare, although this understates the impact of the ACA repeal somewhat, since the ACA expanded Medicare coverage of preventive services and improved the payment formula used for Federally Qualified Health Centers (FQHCs), which include all federally-funded community health centers.
- We estimated the resulting changes in revenue by applying the percentage decrease in the numbers of Medicaid and privately insured patients to the aggregate amount of Medicaid and private insurance revenue reported by health centers in the 2018 UDS. We also estimated increases in self-pay revenue based on the increase in uninsured patients, adjusted based on the estimated share of self-pay revenue from uninsured patients.
- Total revenue amounts were then calculated by summing the unadjusted 2018 revenue totals for Medicare, other public insurance, Section 330 funding, and other grants and revenue and the estimated revenue totals for Medicaid/private insurance and self-pay revenue. We calculated the loss in total revenue and estimated the patient, staffing, visit, and site capacity loss by applying the percentages for total revenue losses against the number of total patients, staff, visits, and sites in 2018, based on the assumption that changes in total revenue are associated with changes in health center capacity. We previously have employed a similar methodology to estimate the effects of Medicaid revenue losses from work requirements and changes to public charge determinations on health centers.
- We omitted from this analysis the additional impact of repealing the Community Health Center Fund, which in 2018 accounted for 72 percent of federal health center grants.

Findings

Table 1 shows state and national estimates of the impact on community health centers of repealing the ACA insurance reforms. The impact is measured in terms of a decrease in total revenue, and its associated effect on patients, staffing, sites, and visit capacity. In total, the number of uninsured community health center patients would increase by 4.5 million while total revenue would decline by 12%, or $3.5 billion in a single year. This revenue drop would, in turn, trigger a reduction in capacity to serve 3.4 million patients, and losses of over 14.2 million patient

Figure 3. Estimated loss of sites, patients, visits, and staff at community health centers under ACA repeal



Source: GW analysis of 2018 UDS data and the Urban Institute's estimated increases in the uninsured.
https://www.urban.org/sites/default/files/publication/100000/repeal_of_the_aca_by_state_0.pdf

visits, nearly 29,000 full-time equivalent (FTE) staff members, and 1,432 sites from 2018 levels (**Figure 3**).

Discussion

This analysis demonstrates the impact of repealing the ACA's Medicaid expansion and Marketplace reforms on health centers and their patients and communities. It significantly understates the full impact of ACA repeal, since it does not take into account the loss of Medicare revenue per patient as a result of the law's Medicare reforms. Nor does the estimate take into account the 72 percent decline in federal grant funding that repealing the ACA would cause, since appropriations under the CHC Fund now account for approximately 72 percent of federal health center funding (excluding special additional funding directly targeted to help health centers address the COVID-19 pandemic).

Although estimates vary significantly by state, our national estimates are within reasonable bounds. Between 2013 and 2018, health centers significantly increased their patient volume by nearly seven million (31 percent). The number of Medicaid patients increased by 4.9 million and the number of privately insured patients by 2.1 million as the Medicaid and Marketplace coverage expansions were implemented in 2014. Thus, between 2013 and 2018, the number of health center patients with Medicaid and private insurance coverage increased by more than seven million, in part due to increased patient volume, but largely owing to the ACA's Medicaid and Marketplace coverage expansions.

We also estimate significant losses in capacity owing to losses in total revenue due to the repeal of the ACA's Medicaid and Marketplace coverage expansions, and these estimates also fall within reasonable expectations. During the 2013-2018 time period, the number of health center sites grew by 2,574 (28 percent), visits increased by nearly 30.2 million (35 percent), and staff members grew by over 79,000 FTEs (51 percent). While some of this growth is attributable to other revenue sources, research indicates that Medicaid expansion and increased federal grant funding significantly increased health center patient and visit volume. In other words, these gains in access, capacity, and employment are all vulnerable to ACA repeal.

Conclusion

The estimates serve to illustrate the potential implications of the ACA repeal for health centers. The Urban Institute's estimates reflect the impact of the repeal at the national and state level; the effects on individual providers could be expected to vary, although we are confident that no community would be spared. Between the loss of insurance revenue and the additional loss of grant funding, the impact likely would extend beyond reductions in capacity; entire health centers would be forced to close for lack of revenue. Our projections highlight the magnitude of the threat facing health centers, patients, and entire communities. We cannot know how many health centers might find other sources of revenue to offset losses of this magnitude, but we assume that survival would be limited to a relative few.

Table 1. Estimated changes in uninsured health center patients and total health center revenue and associated losses in patients, staffing, visits and sites if the ACA is eliminated, by state and nationally

State	Estimated increase in uninsured patients	Estimated loss in total CHC revenue	Estimated decrease in patients	Estimated loss in staffing (FTEs)	Estimated loss in visits	Estimated loss in sites
Alabama	43,858	$18,123,716	30,544	183	103,433	13
Alaska	20,017	$34,808,005	11,048	225	54,433	19
Arizona	39,374	$35,040,471	35,302	331	134,276	11
Arkansas	57,130	$32,162,140	36,819	306	145,569	23
California	1,043,518	$1,071,008,700	865,319	7,625	4,096,735	302
Colorado	149,494	$117,586,002	114,515	1,044	480,134	38
Connecticut	85,657	$70,686,270	66,327	626	353,386	49
Delaware	6,276	$2,436,873	3,013	24	10,174	1
District of Columbia	28,339	$34,127,637	23,052	228	112,474	8
Florida	372,286	$242,341,145	307,882	2,134	1,156,164	124
Georgia	57,685	$20,961,564	32,207	192	101,702	15
Hawaii	1,727	$1,721,358	1,263	16	5,848	1
Idaho	25,204	$19,272,415	17,960	166	69,873	10
Illinois	132,958	$72,854,640	92,131	587	338,217	27
Indiana	73,373	$42,517,611	52,651	379	184,713	21
Iowa	60,472	$39,146,991	43,944	361	158,056	16
Kansas	13,064	$5,478,139	7,467	52	23,063	3
Kentucky	99,050	$61,503,194	73,647	517	282,317	48
Louisiana	103,037	$60,499,885	69,758	491	262,028	45
Maine	52,143	$35,878,983	34,864	332	159,094	28
Maryland	62,158	$56,794,583	50,167	433	210,474	19
Massachusetts	78,988	$66,139,467	43,508	511	218,061	15
Michigan	117,780	$86,308,203	89,615	765	349,474	39
Minnesota	42,286	$31,779,689	30,217	275	115,003	14
Mississippi	27,109	$7,339,100	12,133	77	36,947	9
Missouri	38,049	$27,721,765	31,117	249	112,297	14
Montana	41,988	$28,724,802	24,339	238	98,922	14

Table 1. Estimated changes in uninsured health center patients and total health center revenue and associated losses in patients, staffing, visits and sites if the ACA is eliminated, by state and nationally

State	Estimated increase in uninsured patients	Estimated loss in total CHC revenue	Estimated decrease in patients	Estimated loss in staffing (FTEs)	Estimated loss in visits	Estimated loss in sites
Nebraska	13,641	$7,828,857	8,805	81	29,518	4
Nevada	18,577	$12,101,275	12,204	108	38,886	6
New Hampshire	18,946	$12,371,113	11,154	122	47,401	5
New Jersey	127,252	$54,366,370	82,079	488	303,020	19
New Mexico	88,269	$61,048,929	61,044	611	305,164	38
New York	147,027	$146,072,210	122,731	1,053	550,205	41
North Carolina	103,168	$53,733,166	65,791	500	223,420	30
North Dakota	4,980	$3,606,270	3,453	33	11,562	2
Ohio	117,763	$62,932,492	78,662	622	325,217	32
Oklahoma	16,640	$8,949,175	10,696	80	36,665	4
Oregon	92,343	$140,161,477	80,688	1,074	365,240	48
Pennsylvania	150,408	$104,029,808	124,959	847	433,762	47
Rhode Island	21,640	$19,336,241	17,303	154	74,496	5
South Carolina	49,210	$38,634,804	35,121	320	140,290	17
South Dakota	1,940	$795,105	968	7	3,244	1
Tennessee	31,592	$15,633,506	23,003	157	81,167	11
Texas	225,465	$157,204,241	174,785	1,389	651,937	63
Utah	22,857	$13,051,475	15,552	110	51,209	6
Vermont	5,957	$3,140,502	3,239	27	13,229	1
Virginia	100,292	$46,755,430	57,803	450	212,542	28
Washington	200,381	$200,970,292	178,683	1,629	722,989	54
West Virginia	66,679	$35,912,840	42,967	322	172,923	32
Wisconsin	19,371	$14,961,774	16,228	136	62,315	8
Wyoming	1,422	$890,338	923	8	3,164	0.4
National (sum of 50 states and DC)	**4,518,839**	**$3,537,451,039**	**3,429,655**	**28,696**	**14,232,433**	**1,432**

Source: GW analysis 2018 UDS data and the Urban Institute's estimated increases in the uninsured