

## Executive Summary

# Stretching the Safety Net: The Rising Uninsured at Washington's Community Health Centers

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Updated December 2004

Washington's community and migrant health centers are the first layer of our state's health care safety net, providing cost-effective primary care services and a medical home to patients regardless of their ability to pay. This commitment means that the health centers are the principal resource for those who lose their health insurance or cannot access or afford health care - *the primary care safety net*. In 2003, the state's health centers served 507,000 patients during the course of nearly two million visits, in 33 counties. Of these patients, more than a third were uninsured, representing over \$50 million in uncompensated care. The rest were insured through Medicaid, SCHIP, Medicare, the Basic Health Plan (BH), the Public Employees Benefit Board (PEBB) or private insurance.

In 2004, this safety net is in trouble. The number of uninsured people in Washington has been steadily increasing over the past few years, driven by job loss, rising costs for private health insurance, and program changes implemented as part of major budget cuts during the 2003 and 2004 legislative sessions. These changes created thousands more uninsured children and adults in our state. Budget proposals for 2005 would further cut Basic Health, dramatically reduce state funding for uninsured care, and implement premiums for Medicaid children.

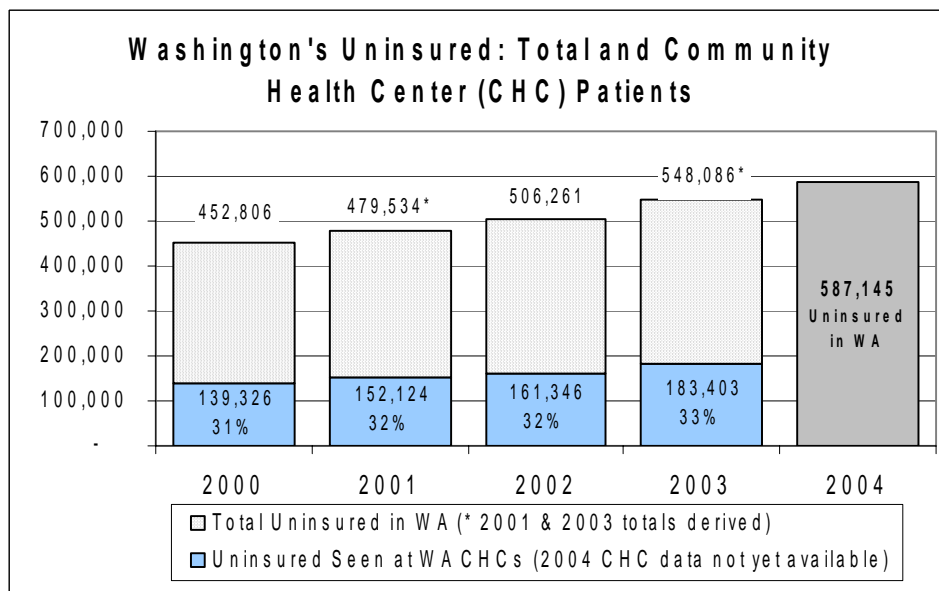
The budget cuts produce a double whammy for safety net health centers - draining crucial funding for insured visits and turning insured patients into uninsured ones who can only afford to pay for a fraction of the care they need. Federal and state revenues to help offset the cost of caring for the uninsured have not kept pace with the problem. This report presents the findings of research conducted by the Community Health Network of Washington (CHNW) to learn more about how state policy and budget changes are impacting health centers and their patients.

### Growing Pressure on the Community Health Center System

CHNW analyzed the effect of both existing and anticipated policy and budget changes on community health centers by: 1) tracking uninsured patient trends both statewide and at community health centers; and 2) interviewing representative clinic staff, administrators, and patients at risk of losing their coverage.

Researchers found that the dramatic rise in uninsured people in the state is directly impacting community health centers, threatening the continued viability of this critical component of the safety net.

- The number of uninsured patients at the health centers is increasing steadily every year (see figure below). In 2003, there were *over 20,000 more uninsured patients* seeking care at the health centers than in 2002. One third of Washington's uninsured population now receives care at community health centers.



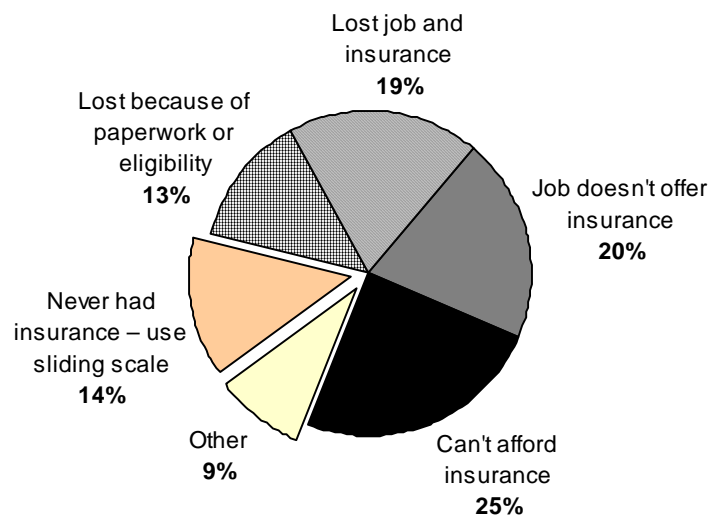
- While revenue from thousands of insured patients has stopped flowing to the health centers, the patients have not stopped coming. Uninsured patients pay for the care that they receive on a sliding scale, but their contribution covers only a small portion of the cost, or about 18 cents on the dollar.
- Health center staff agree that cost-sharing in Basic Health (BH) and children’s Medicaid (including higher premiums, copays, deductibles, and coinsurance) will continue leading to greater loss of health coverage than anticipated by the Legislature. Patient interviews support this prediction.

### Uninsured and Caught by the Safety Net

CHNW also focused specifically on uninsured patients seeking care at the community and migrant health centers. Findings from a random, representative survey demonstrate that among the thousands of uninsured people accessing care at health centers across the state:

- Most patients are uninsured through circumstances beyond their control (see figure below).

**Reasons Why Health Center Patients Are Uninsured**



- Over half (57%) of the uninsured using the health centers are working, but many are working at jobs that do not offer insurance to their employees.
- Basic Health is effectively not an option for most of the uninsured people that use health centers. At the time of the survey, only 10% of BH applications were successful, in part because nearly half of the applicants were placed on the waiting list. The program has remained near or at capacity for years.
- The majority (73%) of uninsured people say that they will avoid needed care due to cost.
- Ninety-six percent of all uninsured patients would apply for insurance if there were an affordable option available.

### The Future of Washington’s Health Care Safety Net

Together these findings detail a dangerous and growing dilemma for the primary care safety net and the people who depend on it. Patients who are currently insured through public programs may not be able to hold on to this insurance in the face of significant program changes. With shrinking revenues, the health centers cannot continue to absorb the cost of serving those who have lost their health insurance. Ultimately, if we cripple the safety net at the same time that we eliminate health coverage for thousands of people, we can expect that they will turn up in emergency rooms, adding to acute access problems and resulting in higher health care costs for everyone.