

Unraveling California's Safety Net: Impact of State Budget Cuts on Community Clinics and Health Centers

Over the past year, California has settled into both the worst economic and unemployment crisis in the state since the Great Depression. With a historic deficit swelling to over \$40 billion at one point, the Governor and State Legislature took drastic measures to close budget holes and balance the budget – unfortunately placing most of the burden on the state's most vulnerable, causing program deficiencies and significant loss of jobs statewide.

The final budget agreement in July 2009 included devastating cuts to programs that are the lifeblood for California's community clinics and health centers (CCHCs) that enable them to provide care to their communities. Specific Medi-Cal Optional Benefits, including dental benefits for adults, and all General Fund dollars for Traditional Clinic Programs, such as the Expanded Access to Primary Care Program, were eliminated, as well as a multitude of other fundamental CCHC programs.

The California Primary Care Association (CPCA) surveyed over 100 CCHCs¹ across the state to illuminate the impact of the budget cuts on the state's safety net. According to the survey:

- **Four clinics have CLOSED statewide** due to budget cuts. These Federally Qualified Health Centers (FQHCs), including one Look-Alike,² were all located in rural California. **Eleven additional** closures loom as demands continue to increase while resources dwindle.
- **\$70 million in direct cuts to clinic programs** have been made through state budget reductions to health care programs.
- **CCHCs lost \$7 million in additional reductions** from city and county governments.
- **170,000 CCHC patients are estimated to lose access to care** based on these reductions over the next year.
- **500,000 encounters will not be provided** to California's low-income communities in a time when their needs continue to grow.
- **CCHCs have seen increases of up to 50 percent in the number of uninsured patients seeking care** due to the economic downturn and the rise in unemployment statewide.
- **Hundreds of CCHC providers and staff have been laid off statewide** impacting access to care. This is especially critical since CCHCs are located in provider shortage areas of the state and already experience significant challenges in hiring qualified providers.
- **American Recovery & Reinvestment Act (ARRA) resources did not eliminate or even significantly mitigate the harm to CCHCs.**
 - Only grant-supported FQHCs were eligible to receive ARRA funds, leaving the state's community clinics with no federal support to address the increased health care needs of the uninsured.³
 - The FQHCs surveyed received **\$32 million** in funding to provide services for increases in the uninsured, yet the state *reduced* funding to these FQHCs by **\$63.5 million** in direct program cuts.
 - Of those surveyed, 18 clinics were ineligible to receive ARRA resources. Those clinics experienced reductions totaling **\$6 million**, without *any* relief from ARRA.

¹ 105 community clinics and health centers were surveyed: 87 FQHCs and 18 other clinics.

² Grant-Supported FQHCs are public and private non-profit health care organizations that meet certain criteria under the Medicare and Medicaid Programs. They receive funding under Section 330 of the Public Health Service Act and are often referred to as 330s. A Look-Alike meets all the requirements of a FQHC but does not receive a federal grant.

³ Only 330-funded FQHCs were eligible for ARRA funding. Look-alikes and community clinics were excluded.

The following is a summary of critical findings from CPCA's budget impact survey conducted on 100 CCHCs statewide:

Recent state budget cuts are literally unraveling the clinic safety net – threatening access to care for entire communities. CCHCs statewide serve more than 4 MILLION patients each year and CANNOT handle additional reductions to healthcare programs if they are to continue as the safety-net for Californians.

STATE BUDGET CUTS REDUCE ACCESS TO CARE:

State budget cuts are impacting patients' access to care. CCHCs report budget cuts are resulting in layoffs, service reductions, and even full site closures. **Four rural clinic** sites have closed primarily due to the elimination of the Traditional Clinic Programs⁴ and specific Medi-Cal optional benefits, including adult dental. **Eleven** more clinics statewide are on the brink of closure. Hundreds of staff have already been laid off at CCHCs statewide due to budget reductions. Prior to the economic downturn, it is not uncommon for CCHCs to have unfilled positions, spending months to recruit a single provider to the areas California needs providers most. Losing hundreds of mission-driven staff reverses *years* of workforce recruitment to underserved areas. The majority of staff members lost due to budget cuts were dental providers (77), who were working in dental shortage designation areas. A clinic remarks, ***"At a time when the federal government is providing support to expand to meet the need for our services, the state is cutting us and the result is a reduced work force and reduced services."***

FEDERAL STIMULUS FUNDS DID NOT MITIGATE STATE BUDGET CUTS:

Though some CCHCs received federal stimulus dollars to compensate for the increase in uninsured patients, the reductions in state funding essentially make these dollars null. Funding from ARRA did not compensate for deep state funding reductions. Of the grant-supported FQHCs surveyed, state budget reductions amounted to \$63.5 million in losses, with ARRA resources to serve the newly uninsured only amounting to \$32 million, approximately half the total amount lost. Furthermore, ARRA dollars were only for grant-supported FQHCs, not Look-Alikes, free clinics or Indian Health clinics. The 18 other clinics surveyed lost \$6 million in state budget reductions and were *ineligible* for ARRA resources. One rural clinic also shares, ***"We are a rural health center and receive no federal funding. We are the sole medical provider in our community and if we close, about 50% of the community's population will lose their primary care provider."***

CCHCS SEE STEEP INCREASE IN THE UNINSURED:

While clinics statewide have seen an increase in uninsured patients, in some areas this is especially high. The greatest impacted CCHCs reported increases in uninsured of up to 50 percent. According to one clinic, ***"We are seeing an increase in the number of middle-class community members who have lost their health insurance."***

ELIMINATION OF MEDI-CAL OPTIONAL BENEFITS IS DETRIMENTAL TO CCHCs:

The elimination of the dental benefits for adults is especially problematic for CCHCs and their patients. For the 100 CCHCs surveyed, the elimination of adult dental services has resulted in a \$33 million reduction in Medi-Cal revenue. Without access to dental care, patients are unable to get basic services that will treat or prevent painful oral health problems. Additionally, many patients that already have poor oral health are unable to seek improvements, which can impact their livelihood and employability. A missing tooth while job hunting can be detrimental during a recession such as this, when jobs are scarce. ***"We have heard that people are having a harder time finding jobs because their teeth are so bad."***

⁴ A small allocation to the Expanded Access to Primary Care Program remains; however, resources for the Rural Health Services Development, Seasonal Agricultural Migratory Worker and Indian Health Programs have all been eliminated.