

Urgent Rate Reform Needed for Community Health Centers

New Bill Would Update Community Health Centers Rates to Account for Rising Costs and the New, Expanded Model of Primary Care

Community health centers urgently need rate reform to sustain and expand services:

- Demand for health care at community health centers (CHCs) is growing, especially for dental services and behavioral health services. Yet, CHCs cannot always meet demand due to cost pressures.
- CHCs are doing so much more than ever before, but with the same rate. CHCs now deliver a full spectrum of services, including many social care supports like providing transportation vouchers and food.

Inflation and rising costs are prohibiting CHCs from keeping up with patient demand:

- Reimbursement rates for CHCs do not reflect today's costs. The current rate was set over twenty years ago – based off costs in 1999 – and has been limited to marginal increases over time.
- Rising operating costs are far exceeding reimbursement rates. Costs today for personnel, benefits, equipment, medical supplies, and office space are significantly higher than they were decades ago and have risen exponentially since the pandemic.
- CHCs struggle to find ways to make up the difference between our reimbursement rates and actual costs to keep up with patient demand. CHCs have to rely on many kinds of funding – federal and state grants, reimbursement, philanthropic funding, and 340B – which can make sustainability planning and expansion incredibly difficult.

Unprecedented workforce challenges are straining CHCs:

- CHCs are experiencing an unprecedented amount of workforce attrition affecting operations and patient care.
- Nursing staff, behavioral health staff, and dental staff are among some of the hardest to recruit and retain.
- CHCs often cannot provide competitive salaries compared to lucrative deals offered by travel nursing opportunities or for-profit health care organizations.
- Insufficient staffing levels have increased burnout rates as the burden of responsibility falls onto existing staff, which in turn affects workforce retainment.
- CHCs often cannot adjust staff salaries to account for increases in cost of living, due to the stagnation of our funding streams, jeopardizing our ability to retain staff.

CHCANYS strongly recommends the New York State Legislature to pass A.7560 (Paulin)/S.6959 (Rivera) which:

- Directs DOH to analyze actual CHC costs for the past 5 years and to consult with relevant stakeholders, including CHCANYS, to create new rates.
- Requires the new CHC rates to account for increased cost pressures and changes to the CHC care model.
- Provides that the new CHC rates will be adjusted annually using the same trend factor that is used by the Federal government.
- Directs DOH to issue the updated rates by October 1, 2024.