

Grant Outcomes Report

Strengthening New York's Community Health Centers: A Quantitative Financial Assessment and Recommendations for Change

The Problem:

By 2008, major efforts were underway in New York State to reform its healthcare system—reforms that required the availability of adequate primary care capacity to succeed. At the same time, the primary care sector was exhibiting increasing financial weakness that threatened the very capacity the broader system is increasingly relying on. The Primary Care Development Corporation (PCDC) collaborated with the New York State Health Foundation (NYSHealth) to investigate the financial status of the primary care sector in New York and identify practical, useful options that the Foundation and policymakers could consider in order to protect and strengthen the State's primary care resources.

Grant Activities & Outcomes:

With help from Health Management Associates, Inc., PCDC conducted quantitative and qualitative analyses to examine the experience of New York's Comprehensive Diagnostic and Treatment Centers (DTCs) over a period of six years. PCDC drew on the expertise of health center executives, financial advisors, and advocates from the New York DTC sector to inform its qualitative analysis and to lay the groundwork for its quantitative assessment. To conduct this analysis, PCDC used data provided by the New York State Department of Health from the certified Ambulatory Health Care Facility reports (AHCF-1) filed by Comprehensive DTCs for calendar years 2001 through 2007. The analysis ultimately included 95 DTCs, which serve approximately 1.5 million, mostly low-income residents. As part of this assessment, PCDC also conducted a case study of the merger of the Institute for Family Health with the Mid-Hudson Family Health Institute. NYSHealth awarded a grant to the Institute for Family Health

KEY INFORMATION:

GRANTEE

Primary Care Development Corporation

GRANT TITLE

Assessment of the Financial Viability of New York State Health Centers

DATES

May 1, 2008 – February 23, 2011

GRANT AMOUNT

\$295,346

FUNDING

2008 Special Opportunity Grant

to complete this merger in 2007.¹ The case study looked into some of the organizational and cultural challenges and opportunities that impacted this merger.

The main deliverable of the PCDC grant was the report: “Health Center Financial Check-Up: Prescriptions for Strengthening New York’s Diagnostic and Treatment Centers.”² PCDC and NYSHealth collaborated to broadly distribute the report and its major findings.

Among the findings:

- Forty-three percent of the State’s DTCs lost money in all or most years, and margins fell from 2.28% in 2001 to 0.56% in 2007. On average, DTCs were only one payroll away from full-scale financial distress.
- Inadequate and delayed payments, as well as administrative and bureaucratic burdens, affected the entire sector.
- Federally qualified health centers (FQHCs) were financially healthier than non-FQHCs, and larger FQHCs were among the healthiest. FQHCs have certain benefits, including higher Medicaid rates, Federal coverage of malpractice insurance, and Federal grants for uninsured patients.
- Strong governance and management, provider productivity, robust billing and collections, and modern facilities were key factors among financially healthy DTCs.



The Future:

The findings from this study demonstrate to policymakers the significant need for resources and policy changes to strengthen the primary care safety net sector. Governor Cuomo and his new administration were planning to focus on primary care investment and reform (his Urban Agenda proposal contained extensive recommendations for how we should leverage federal support to invest in primary care). As such, PCDC, the Community Health Care Association of New York State, and the Primary Care Coalition planned to use some of the recommendations from the report in upcoming legislative sessions.

¹ Available at: <http://www.nyshealthfoundation.org/content/grant/detail/699>

² Available at: <http://www.nyshealthfoundation.org/content/document/detail/12504/>

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

Founded in 1993, the Primary Care Development Corporation (PCDC) is a nonprofit organization dedicated to ensuring that every community has timely and effective access to primary care. To achieve its mission, PCDC relies on three strategies aimed at improving health outcomes, reducing health disparities, and lowering health care costs in communities where primary care is needed most. These strategies are: investing in primary care facilities, strengthening service delivery, and leading policy initiatives.

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