

Economic Impact of Community Health Centers in the United States

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Community Health Centers provide vital and cost-efficient healthcare to millions of people throughout the United States. This report presents national and state-level results of an original analysis of Community Health Centers' economic impact.

ABOUT COMMUNITY HEALTH CENTERS

The federal Health Center Program supports qualified community healthcare facilities providing care for medically underserved areas or populations. (See **Figure 1** for a map of the more than 14,000 Community Health Center sites in the United States.) Federally qualified Community Health Centers serve an ever-increasing number of patients, more than 30 million in 2021.

Health centers receive funding from a variety of sources, including Medicare, Medicaid, private insurance, self-pay, state and local grants, and federal and other grants. The largest dedicated source of funding and the second-largest funding source overall (after Medicaid) is the federal Community Health Center Fund, which was created by the Affordable Care Act and established in 2011.

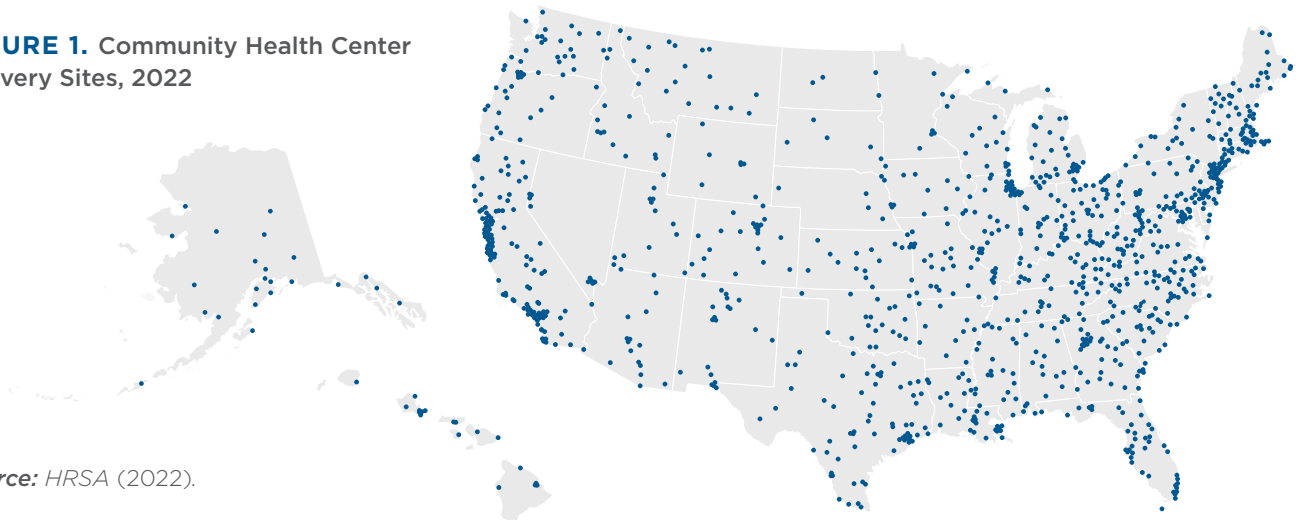
In 2021, Community Health Centers across the United States supported:

500,000+
direct and indirect jobs

Nearly \$85B
in economic output

More than \$37B
in labor income

FIGURE 1. Community Health Center Delivery Sites, 2022



Source: HRSA (2022).

EVIDENCE OF COMMUNITY HEALTH CENTERS' EFFECTIVENESS

A variety of empirical studies have shown that Community Health Centers have positive effects for patients and yield cost savings by reducing the need for other healthcare services (see *Bruen and Ku, 2017*). Health centers have been shown to significantly reduce prescription-drug spending as well as the need for emergency room visits and outpatient and inpatient care (*Nocon et al., 2016*). Overall, costs for health-center patients with Medicaid coverage have been found to be lower than costs for non-health-center Medicaid patients by 8.4 percent (*Mundt and Yuan, 2014*) to 24 percent (*Nocon et al., 2016*).

Richard et al. (2012) found that Community Health Center patients have 24 percent lower overall medical expenditures and 25 percent lower ambulatory expenditures than non-health-center patients. Bruen and Ku (2019) found that children receiving care at Community Health Centers had significantly lower total medical expenditures (-35 percent), ambulatory expenditures (-40 percent), and prescription-drug expenditures (-49 percent) compared with children receiving care outside of Community Health Centers.

MACROECONOMIC IMPACT OF COMMUNITY HEALTH CENTERS IN THE UNITED STATES

In addition to positive effects for patients and cost savings for payers, Community Health Centers positively impact the economies in which they operate by employing workers and supporting additional jobs and economic activity in the area.

According to a Matrix Global Advisors (MGA) analysis, which quantifies the direct and indirect economic impact of Community Health Centers in the United States, these centers supported more than half a million jobs, nearly \$85 billion in economic output, and more than \$37 billion in labor income in 2021 (see **Table 1**). For results by state, see **Table 2**.

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TABLE 1. Economic Impact of Community Health Centers in the United States

	Jobs	Economic Output	Labor Income
Direct Economic Activity	266,473	\$34.1 billion	\$20.6 billion
Economic Activity Supported by Community Health Centers	241,939	\$50.7 billion	\$16.6 billion
TOTAL	508,412	\$84.8 billion	\$37.2 billion

TABLE 2. Economic Impact of Community Health Centers by State

STATE	Employment			Economic Output (\$ Millions)			Labor Income (\$ Millions)		
	Direct	Supported	Total	Direct	Supported	Total	Direct	Supported	Total
AL	2,391	2,552	4,944	\$312.6	\$539.8	\$852.3	\$181.5	\$172.8	\$354.3
AK	2,626	1,563	4,188	\$398.6	\$325.6	\$724.2	\$220.5	\$105.8	\$326.3
AZ	7,864	6,291	14,155	\$1,024.6	\$1,297.1	\$2,321.7	\$632.0	\$429.1	\$1,061.1
AR	2,235	1,987	4,223	\$274.2	\$422.3	\$696.6	\$164.2	\$136.1	\$300.3
CA	50,944	39,292	90,236	\$6,371.4	\$8,249.5	\$14,620.9	\$3,771.0	\$2,700.5	\$6,471.4
CO	6,036	5,117	11,153	\$763.8	\$1,074.6	\$1,838.4	\$482.0	\$352.5	\$834.5
CT	4,545	3,541	8,087	\$586.0	\$737.0	\$1,322.9	\$325.8	\$243.2	\$568.9
DE	397	519	915	\$45.5	\$107.0	\$152.5	\$25.9	\$36.4	\$62.3
DC	2,029	1,497	3,526	\$276.5	\$307.4	\$583.9	\$152.1	\$106.2	\$258.2
FL	11,932	13,355	25,286	\$1,543.4	\$2,674.5	\$4,217.9	\$982.0	\$904.8	\$1,886.8
GA	3,960	5,454	9,414	\$518.2	\$1,119.6	\$1,637.8	\$309.5	\$377.8	\$687.2
HI	2,073	1,489	3,561	\$269.8	\$303.3	\$573.1	\$161.6	\$99.0	\$260.6
ID	2,288	1,742	4,030	\$291.0	\$359.8	\$650.7	\$184.5	\$116.7	\$301.1
IL	10,442	9,601	20,043	\$1,315.0	\$2,030.8	\$3,345.8	\$748.6	\$665.5	\$1,414.0
IN	4,530	4,327	8,857	\$570.0	\$932.7	\$1,502.7	\$328.5	\$294.8	\$623.3
IA	1,777	1,894	3,670	\$216.8	\$409.8	\$626.6	\$130.8	\$129.4	\$260.2
KS	2,332	2,127	4,458	\$304.1	\$459.5	\$763.6	\$185.2	\$146.2	\$331.4
KY	4,458	3,581	8,039	\$571.9	\$756.7	\$1,328.5	\$356.1	\$242.3	\$598.4
LA	3,986	3,365	7,351	\$496.8	\$731.7	\$1,228.5	\$298.6	\$229.7	\$528.3
ME	2,089	1,503	3,592	\$267.0	\$308.0	\$575.1	\$161.1	\$101.8	\$262.9
MD	3,304	3,531	6,835	\$425.4	\$704.0	\$1,129.4	\$259.0	\$240.7	\$499.7
MA	10,059	7,725	17,784	\$1,235.4	\$1,603.0	\$2,838.3	\$768.8	\$533.7	\$1,302.6
MI	6,202	6,031	12,233	\$800.9	\$1,278.4	\$2,079.3	\$490.7	\$415.4	\$906.1
MN	1,853	2,850	4,703	\$230.5	\$611.6	\$842.2	\$138.5	\$202.5	\$341.0
MS	2,189	1,889	4,079	\$280.8	\$398.1	\$678.9	\$162.8	\$125.9	\$288.7
MO	5,534	4,788	10,323	\$727.9	\$1,008.3	\$1,736.2	\$421.4	\$329.2	\$750.6
MT	1,313	1,023	2,337	\$168.8	\$215.2	\$384.0	\$110.0	\$68.3	\$178.4
NE	1,234	1,296	2,531	\$146.0	\$280.4	\$426.4	\$89.0	\$89.9	\$178.9
NV	1,149	1,590	2,739	\$140.1	\$309.5	\$449.7	\$91.3	\$104.0	\$195.4
NH	1,066	1,006	2,073	\$131.9	\$203.9	\$335.8	\$75.4	\$69.0	\$144.5
NJ	3,386	4,750	8,136	\$442.2	\$990.1	\$1,432.3	\$253.1	\$332.1	\$585.2
NM	3,376	2,259	5,635	\$432.9	\$471.1	\$904.0	\$253.5	\$151.6	\$405.1
NY	19,669	16,763	36,432	\$2,567.5	\$3,523.4	\$6,090.9	\$1,457.0	\$1,164.0	\$2,621.1
NC	5,109	5,826	10,934	\$645.5	\$1,215.7	\$1,861.2	\$426.9	\$399.1	\$826.0
ND	326	420	746	\$42.1	\$94.9	\$137.0	\$22.6	\$29.4	\$52.0
OH	7,286	7,340	14,625	\$931.3	\$1,562.9	\$2,494.2	\$575.2	\$509.4	\$1,084.6
OK	2,474	2,395	4,869	\$314.3	\$508.4	\$822.7	\$197.6	\$164.5	\$362.1
OR	6,298	4,599	10,896	\$816.1	\$949.8	\$1,765.9	\$517.8	\$313.1	\$830.9
PA	6,438	7,280	13,717	\$836.3	\$1,522.0	\$2,358.2	\$474.0	\$505.3	\$979.3

STATE	Employment			Economic Output (\$ Millions)			Labor Income (\$ Millions)		
	Direct	Supported	Total	Direct	Supported	Total	Direct	Supported	Total
RI	2,019	1,389	3,408	\$260.4	\$285.3	\$545.7	\$147.1	\$94.2	\$241.3
SC	4,368	3,733	8,101	\$576.2	\$773.5	\$1,349.7	\$386.3	\$250.9	\$637.1
SD	663	635	1,298	\$85.3	\$134.4	\$219.7	\$49.2	\$43.3	\$92.5
TN	3,247	3,919	7,166	\$409.0	\$812.7	\$1,221.7	\$247.7	\$267.3	\$515.0
TX	14,247	16,585	30,831	\$1,792.5	\$3,550.7	\$5,343.2	\$1,096.4	\$1,157.0	\$2,253.5
UT	1,394	1,852	3,246	\$177.9	\$398.0	\$575.8	\$119.5	\$130.8	\$250.3
VT	1,600	1,038	2,638	\$197.9	\$214.4	\$412.3	\$116.0	\$70.1	\$186.1
VA	3,664	4,566	8,230	\$455.8	\$925.7	\$1,381.5	\$287.8	\$320.4	\$608.3
WA	11,108	8,035	19,143	\$1,467.1	\$1,730.0	\$3,197.1	\$973.8	\$558.5	\$1,532.2
WV	3,852	2,420	6,271	\$519.6	\$507.4	\$1,027.0	\$331.3	\$164.5	\$495.8
WI	2,722	3,228	5,950	\$352.2	\$702.3	\$1,054.4	\$209.2	\$223.3	\$432.5
WY	392	383	775	\$51.7	\$85.5	\$137.3	\$34.9	\$25.8	\$60.8
TOTAL	266,473	241,939	508,412	\$34,078.6	\$50,717.3	\$84,795.9	\$20,585.6	\$16,643.4	\$37,229.1

DATA AND METHODOLOGY

This analysis was conducted by MGA using input-output models built by IMPLAN. IMPLAN models are widely used across government, academia, nonprofit, and corporate settings. Drawing on publicly available historical economic data, the models project economic indicators (e.g., production and employment levels) by industry.

IMPLAN functions by transforming a direct input (in this case, the payroll and operating expenses of Community Health Centers) into its associated “indirect” and “induced” impacts. Indirect impacts include interactions throughout the industrial supply chain – for example, equipment orders made by health centers increasing demand for medical-equipment manufacturers and their parts and materials suppliers. Induced impacts come from household expenditures supported

by the wages and salaries paid through direct and indirect employment. For instance, nurses working at a health center make retail purchases and support that sector.

For this analysis, data from the Health Resources and Services Administration on actual Community Health Center expenses in 2021 serve as inputs to the IMPLAN models. Employment and output (that is, expenditures) were mapped to IMPLAN’s healthcare and social-assistance sectors or supporting sectors as appropriate. Employment and output associated with outlying US territories were filtered out of the inputs because of IMPLAN’s geographic scope. The IMPLAN models used comprised Congressional districts. Simulation results were then aggregated to the state level and to the national level.

SOURCES

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ABOUT MGA

MGA is an economic consulting firm in Washington, DC, specializing in fiscal, healthcare, and tax policy. Founded in 2007, MGA helps *Fortune* 500 companies, trade associations, healthcare providers, investment banks, and others understand and convey the economics of policy issues. Drawing on years of policy experience, the MGA team uses analytics to help identify, quantify, and solve economic policy problems. More information about MGA can be found at www.GetMGA.com.

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