PRIMER

Colorado's Health Care Safety Net

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The health care safety net serves as the primary source of care for Colorado's most vulnerable residents. With more than 800,000 uninsured Coloradans,[1] historically high public health insurance caseloads and escalating health costs, the safety net plays a crucial role in the state's health care system.

What is the Safety Net?

Providers and clinics offering medical, dental and mental health care to low-income, uninsured and underinsured individuals and people enrolled in publicly funded health insurance programs, regardless of their ability to pay. Some communities may have a number of providers, while others may have none.[2]

Safety Net Providers

- **Community health centers (CHCs), also known as federally qualified health centers (FQHCs):** Primary care, including preventive physical, dental, behavioral and substance abuse services, for low-income populations. Located in medically underserved areas.
- **Community mental health centers:** Outpatient, emergency, day treatment and partial hospitalization mental health services for low-income individuals residing in a designated geographic service area.
- **Community-based dental clinics:** Dental services for low-income uninsured individuals or those who, despite being enrolled in a public coverage program, can't find a dental provider to accept them.
- **Community-funded safety net clinics (CSNCs):** Free, low-cost or sliding-fee primary care services for low-income and uninsured families and individuals. Can include faith-based clinics, those staffed by volunteer clinicians and family practice residency clinics.
- **Critical access hospitals**: Emergency care by rural hospitals with no more than 25 beds located 35 miles or more, or 15-plus miles of mountainous terrain, from another hospital.
- **Emergency departments of community and public hospitals:** Emergency medical care regardless of ability to pay or insurance status.[3] Many provide basic primary care for people without other health care options.
- **Local public health departments and public nursing services:** Limited primary care services, varying by community. May include health assessments and screenings for Medicaid children,[4] immunizations, family planning, oral health, cancer screenings and testing for sexually transmitted diseases and HIV.
- **Rural health clinics (RHCs):** Basic primary care services, differing by clinic. Located in non-urbanized areas with documented shortages of health care providers and/or medically underserved populations.
- **School-based health centers (SBHCs):** Primary health care services in schools with many low-income children, including immunizations, well-child checks, sports physicals, chronic care management for conditions such as asthma and diabetes, and acute medical care. May also include mental and dental care, substance abuse treatment and violence prevention.

Who Uses the Safety Net?

Low-income uninsured and underinsured individuals, as well as those covered by public health insurance, are most likely to use safety net services. CHI has defined medically vulnerable as having one or more of these characteristics:

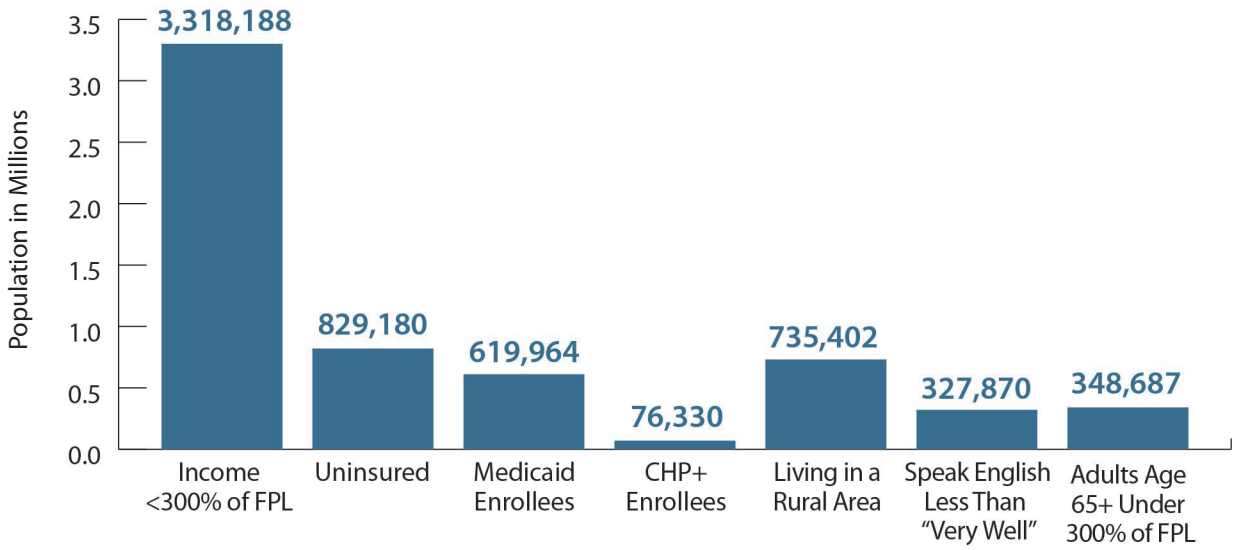
- Incomes below 300 percent of the federal poverty level (FPL) - $69,150 for a family of four in 2012;
- No insurance;
- Enrollment in a publicly financed health insurance program or high-deductible health plan;
- A geographically isolated location;
- No regular source of primary care; and
- Cultural, language and other social barriers.

Uninsured Coloradans

Colorado's 829,000 uninsured individuals, the most likely users of the state's safety net, experience many risk factors. A snapshot of Colorado's uninsured, according to the 2011 Colorado Health Access Survey (CHAS):[5]

- **Age:** Approximately 86 percent are working-age adults aged 19-64 years; about 14 percent are children under 18. Young adults 19-34 years represent about 39 percent, the largest uninsured age group; adults 35-54 years were close behind at about 32 percent.
- **Income:** The uninsured rate was 28 percent among Coloradans with family incomes under 100 percent of the FPL ($23,050 for a family of four in 2012). At the other end of the income continuum, the uninsured rate was 4 percent for Coloradans with incomes above 400 percent of the FPL ($92,200 for a family of four in 2012).
- **Employer size:** About 33 percent of working-age Coloradans employed by firms with ten or fewer employees were uninsured, compared to about 8 percent of employees in firms with more than 100 employees.
- **Race and ethnicity:** Hispanics are at the greatest risk for being uninsured. About one of every three Hispanics (34%) is uninsured compared to 14 percent of non-Hispanic blacks and 13 percent of non-Hispanic whites.

Graph 1. Vulnerable Coloradans by Category[6]



NOTE: Individuals may be included in more than one category.

Covered by Public Health Programs

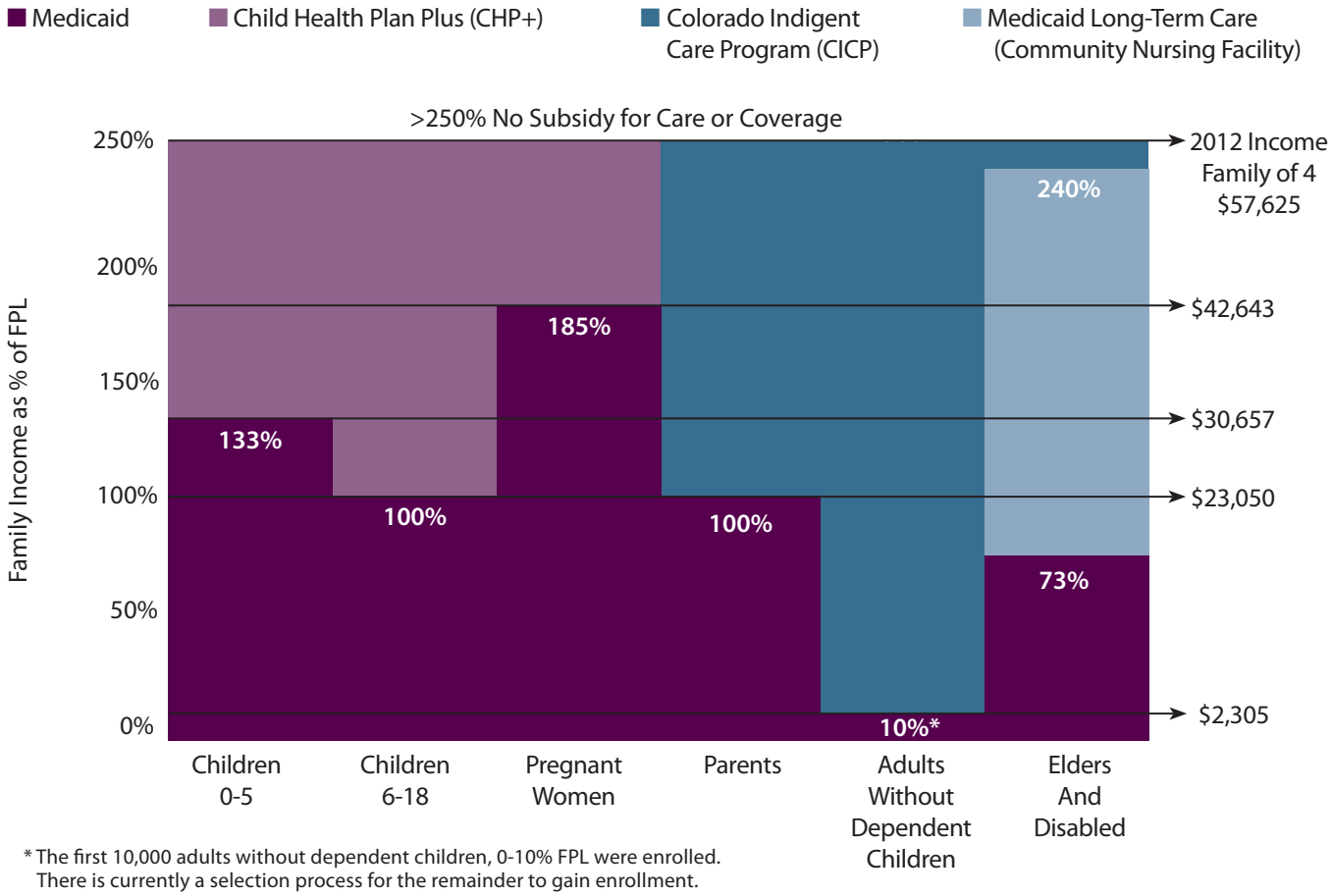
Another group of Coloradans likely to use the safety net includes residents covered by public health insurance, who may have difficulty finding providers who will accept their coverage:

- **Medicaid:** A state/federal partnership that provides health care coverage to low-income children and parents, pregnant women, elders and individuals with disabilities. Coverage includes certain preventive services, primary and acute care, and long-term care in a nursing home or in the community. Most enrollees are eligible to receive mental health services, but only children may receive non-emergency dental care. *Enrollees: Nearly 620,000 in FY 2011-12.*

- **Child Health Plan Plus (CHP+):** A state/federal partnership providing health care coverage to low-income children up to age 18 and pregnant women with incomes at or below 250 percent of the FPL ($57,625 for a family of four in 2012). Coverage includes inpatient and outpatient hospital care, physician services, prescription drugs and a limited dental and mental health benefit for children only. CHP+ benefits are delivered primarily through managed health care organizations where enrollees can choose their primary care provider from a variety of providers, including community health clinics and private physicians. *Enrollees: Approximately 76,000 in FY 2011-12.*

- **Colorado Indigent Care Program (CICP):** A state program that partially reimburses certain high-volume hospitals and clinics for uncompensated care provided to patients who are uninsured or underinsured, have limited assets and have incomes at or below 250 percent of the FPL. Covered services include but are not limited to emergency medical care, inpatient and outpatient care and prescription drugs. *Beneficiaries: Around 226,000 Coloradans received services that were reimbursed by CICP in FY 2010-11.*[7]

Graph 2: Income eligibility guidelines for Medicaid, Child Health Plan Plus and the Colorado Indigent Care Program, 2012



* The first 10,000 adults without dependent children, 0-10% FPL were enrolled. There is currently a selection process for the remainder to gain enrollment.

Where Does the Money Come From?

Safety net providers rely on a variety of public and private funds and patient fees.

Funding Sources

- **330 grants:** Under Section 330 of the Public Health Service Act, the federal government provides funds to community health centers, migrant health centers and the Health Care for the Homeless and Public Housing Primary Care Programs.[8] In 2010, grantees in Colorado received nearly *$57 million* in 330 funds.[9]

- **Block grants**: Colorado passes some of its federal block grant funding, including the Maternal and Child Health Services Block Grant, Ryan White CARE Act[10] funds and the Preventive Health and Health Services block grant, to various safety net providers.

- **CHP+ funding:** Appropriated CHP+ medical, mental health and dental premiums totaled nearly *$182 million* in FY 2011-12. The state funded approximately one-third of the appropriated expenditures, while the federal government funded the remaining two-thirds.[11]

- **Disproportionate share hospital (DSH) payments:** Federal funds that help states partially compensate hospitals providing a disproportionate share of medical care to uninsured indigent patients and Medicaid enrollees. Additionally, Upper Payment Limit funds[12] are allocated to some hospitals that provide Medicaid inpatient services. These federal funds, which totaled *$145 million* for Colorado in FY 2010-11, partially compensated hospitals for care to CICP patients.[7]

- **Fees:** Most safety net providers employ a sliding-fee schedule based on a patient's income, offsetting a portion of the costs.

- **Foundation funding:** Colorado's philanthropic community provides support to safety net providers through grants and contracts. Foundation funding is often directed at specific health care needs of a local community and/or special population group.

- **Hospital fees:** The Colorado Health Care Affordability Act (CHCAA) passed in 2009 assessed a fee on Colorado hospitals, leveraging federal dollars to increase hospital reimbursement rates of publicly funded programs and funding Medicaid and CHP+ expansions.

- **Local public funding:** This funding fills gaps in services. The duration, type and level of financial support vary by community.

- **Medicaid funding:** In FY 2011-12, Medicaid medical services premiums appropriated for providers amounted to more than *$3.6 billion*. The state General Fund covered 33 percent of appropriations while federal funds comprised 49 percent.[11]

- **Tobacco Excise Revenues:** A 2004 constitutional amendment increased the excise tax on tobacco products, with some of those revenues earmarked for safety net providers. The Colorado General Assembly, however, declared a fiscal emergency for fiscal years 2009, 2010 and 2011, redirecting the funds to other areas of the budget. Funding was restored for 2012, with approximately *$28 million* appropriated in FY 2012-13.[11]

Additional Resources

For additional resources and more information regarding Colorado's safety net, see:

ClinicNET: http://www.ClinicNET.org

Colorado Hospital Association: http://www.cha.com

Colorado Behavioral Healthcare Council: http://cbhc.org/

Colorado Coalition for the Medically Underserved: http://www.ccmu.org

Colorado Consumer Health Initiative: http://www.cohealthinitiative.org/

Colorado Community Health Network: http://www.cchn.org

Colorado Association for School-based Health Care: http://www.casbhc.org

Colorado Rural Health Center: http://www.coruralhealth.org

Colorado Department of Health Care Policy and Financing

- Medicaid: http://1.usa.gov/rlT6Od
- CHP+: http://1.usa.gov/pB4naW
- CICP: http://1.usa.gov/opmrLq
- Old Age Pension Program: http://1.usa.gov/mQKejN

Colorado Department of Public Health and Environment: http://www.cdphe.state.co.us

Endnotes

[1] Colorado Health Access Survey. 2011. Denver, CO: The Colorado Trust.

[2] Institute of Medicine. (2000). *America's Health Care Safety Net: Intact but Endangered.* Washington, DC: National Academies Press. p.10. Retrieved August 6, 2012 from http://iom.edu/~/media/Files/Report%20Files/2000/Americas-Health-Care-Safety-Net/Insurance%20Safety%20Net%202000%20%20report%20brief.pdf.

[3] As a condition of receiving Medicare funds, hospitals must provide a medical screening examination to all individuals who enter the emergency room seeking treatment as required by the Emergency Medical Treatment and Active Labor Act (EMTALA). If the hospital determines that the individual is suffering from an emergency medical condition, the hospital must provide treatment until the patient is stable or transfer the patient to another hospital.

[4] Screening and assessments are provided through the Early and Periodic Screening, Diagnosis and Treatment requirements outlined by federal Medicaid regulations.

[5] Colorado Health Access Survey. 2011. Denver, CO: The Colorado Trust. For more information on Colorado's uninsured populations, see the following issue brief published by The Colorado Trust: *CHAS Issue Brief: Overview of Coloradans' Health Care Coverage, Access and Utilization*, November 2011 at: http://www.cohealthaccesssurvey.org/wp-content/uploads/2011/11/IssueBrief_Overview_FINAL_11_9_11.pdf.

[6] Sources: Income and uninsured data are based on 2011 Colorado Health Access Survey. Medicaid and CHP+ data come from FY 2011-12 average monthly caseload figures from the Colorado Department of Health Care Policy and Financing. Rural population is based on CHI's analysis of 2012 Colorado Demography Office population forecasts utilizing the Colorado Rural Health Center's urban and rural designations (both retrieved August 6, 2012). Language proficiency estimates are based on data from the U.S. Census Bureau's 2010 ACS and includes the population age 5 years and older who report speaking English less than "very well".

[7] CICP FY 2010-11 Annual Report. Colorado Department of Health Care Policy and Financing. Retrieved August 6, 2012 from http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1197969486316.

[8] Rural Assistance Center (August 3, 2011). "FQHC frequently asked questions." Retrieved August 6, 2012 from http://www.raconline.org/topics/clinics/fqhcfaq.php.

[9] Health Resources and Services Administration, Bureau of Primary Health Care, Colorado Uniform Data System Rollup Report. (2010). Available at http://bphc.hrsa.gov/uds/doc/2010/Colorado.pdf.

[10] These funds are targeted to people with HIV/AIDS.

[11] FY 2012-13 Appropriations Report, Colorado Joint Budget Committee, July 2012. Retrieved August 8, 2012. http://www.state.co.us/gov_dir/leg_dir/jbc/FY12-13apprept.pdf.

[12] Upper Payment Limit funds are generated when the state increases its Medicaid payments to the federally allowable maximum amount without an increase in General Fund appropriations.

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