



Memorandum

Date **DEC 13** 1991From Richard P. Kusserow
Inspector General*Richard P. Kusserow*Subject Analysis of Selected Data on Community and Migrant Health Centers
(A-04-91-04092)To Kevin E. Moley
Assistant Secretary for
Management and Budget

The attached management advisory report responds to your request for information regarding the following aspects of Community Health Centers (CHC) and Migrant Health Centers (MHC) operations:

- the universe of individuals served by CHC and MHC, broken down by the sex and age of users;
- the revenues received by CHC and MHC, particularly from non-grant sources such as the Medicare and Medicaid programs; and
- any disparities between the cost effectiveness of urban and rural CHC and MHC.

Our review of computerized data related to CHC and MHC operations showed that the 546 CHC and MHC served more than 5.8 million individuals in 1990, continuing a small but steady increase in the numbers of users annually. Further, we noted that children aged 14 or below represented 34.6 percent of the individuals served, with children aged 5 or below making up 17.8 percent of CHC and MHC users.

We found that revenues received by the centers had increased significantly over the 3 years covered by our review, with the greatest increases attributable to payments from the Medicaid program and CHC grants. Revenues from these two sources accounted for approximately \$154 million of the \$249 million total increase in center revenues over the 3 years.

Page 2

When analyzed on a per-user or per-encounter basis, our review of program revenues also showed significant variances between urban and rural centers. On a per-user basis, for example, revenues to rural centers during 1990 were \$206. or \$86 less than the \$292 received by urban centers. Similarly, analysis of revenues on a per-encounter basis shows that rural centers received \$44 while urban centers received \$60.

As you know, we are currently performing several other reviews directed at the efficacy of the CHC and MHC programs. Reports on these additional reviews will be provided to you as soon as possible.

If you have any questions regarding this report, please call me or have your staff contact Daniel W. Blades, Assistant Inspector General for Public Health Service Audits at (301) 443-3583 for additional information or assistance.

Attachment

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

ANALYSIS OF SELECTED DATA ON
COMMUNITY AND MIGRANT HEALTH
CENTERS



**Richard P. Kusserow
INSPECTOR GENERAL**

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Subject Analysis of Selected Data on 'Community and Migrant Health Centers
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To Kevin E. Moley
Assistant Secretary for
Management and Budget

The purpose of this management advisory report is to provide information you requested regarding Community Health Centers (CHC) and Migrant Health Centers (MHC). Within the broad context of an overall evaluation of the efficacy of the CHC and MHC programs, the Office of Inspector General (OIG) was asked to provide certain information on the following subjects:

- the universe of individuals served by CHC and MHC, broken down by the sex and age of users;
- the revenues received by CHC and MHC, particularly from non-grant sources such as the Medicare and Medicaid programs; and
- any disparities between the cost effectiveness of urban and rural CHC and MHC.

We are currently planning to perform several reviews addressing various aspects of CHC and MHC program operations, and will be issuing a series of reports presenting the results of those reviews. The purpose of this memorandum is to provide information in response to the request.

Introduction

Background

Funded with grants awarded under Sections 330 and 329 of the Public Health Service Act (42 U.S.C. 254 (b) and (c)), the CHC and MHC programs provide

Federal support for the establishment and operation of systems providing access to primary health care services in areas that are **medically** unserved or underserved and to migrant and seasonal farm workers and their families. Within the Public Health Service, the CHC and MHC programs are administered by the Health Resources and Services Administration's (HRSA) Bureau of Health Care Delivery and Assistance (BHCDA).

During Fiscal Year 1990, 546 centers were funded under the two programs, with 436 centers receiving CHC grants, 26 receiving MHC grants, and 84 receiving both CHC and MHC grants. The combined funding for both programs was approximately \$508 million.

Methodology

In performing our review, we obtained and analyzed summary information from BHCDA's computerized data files for Calendar Years (CYs) 1988, 1989 and 1990, see Appendix. These files, based on BHCDA's Common Reporting Requirements (BCRR), compile summary information on the annual revenues, expenditures, and **services** of each CHC and MHC funded under the programs.

We selected data elements from the BCRR files relating to: (1) the numbers, types and frequency of **services** reported as provided by **CHC** and MHC; (2) the numbers of individuals reported as served by those centers, broken down by such factors as sex and age; (3) the costs reported as incurred to **provide** those services; and (4) the sources of revenues received by the centers to cover their administrative and operational costs. We then performed various analyses on the data.

It should be noted that the sources of all data on the BCRR file are annual reports submitted to BHCDA by the centers themselves. The BHCDA carries out only very limited checks and edits of this data and we did not verify the validity of this information ourselves. Further, in accordance with **BCRR** instructions, all revenue data reported by the centers is presented on a cash basis rather than the accrual basis.

We noted a number of problems in the BCRR data submitted by some centers, such as mathematical errors in various calculations and missing information. These problems could preclude the use of BCRR data for detailed comparisons of particular centers or data elements. However, our purpose was not to compare individual centers and we believe that the BCRR data is adequate for the broad analysis necessary for the objectives of this review.

Our review was performed during the period September 6, 1991 through September 17, 1991, with field work performed at **HRSA's** central office in **Rockville**, Maryland and regional office in Atlanta, Georgia.

Results of Review

Clients and Services

The CHC and MHC across the country served an average of almost 5.0 million people annually, during the period January 1, 1988 through December 31, 1990, and provided medical, dental and other services in more than 23.5 million encounters¹ each year.

The annual numbers of people receiving medical and/or dental services and the numbers of encounters, or individual contacts with those users, are summarized in the following table.

Table I

CHC/MHC USERS		
<u>Period</u>	<u>Total *users</u>	<u>Total Encounters</u>
1988	5,594,644	22,988,115
1989	5,633,121	23,372,504
1990	5,874,917	24,226,202

* For purposes of this analysis, users of dental services were combined with medical users. While the centers maintain separate statistics on the number of medical and dental users, we assumed a significant overlap of these service categories.

The figures in Table I represent a small but steady increase in both the numbers of people served by CHC and MHC and the numbers of encounters with those users. The number of individuals served increased by 5.0 percent from 1988 through 1990 while the number of encounters increased by 5.4 percent.

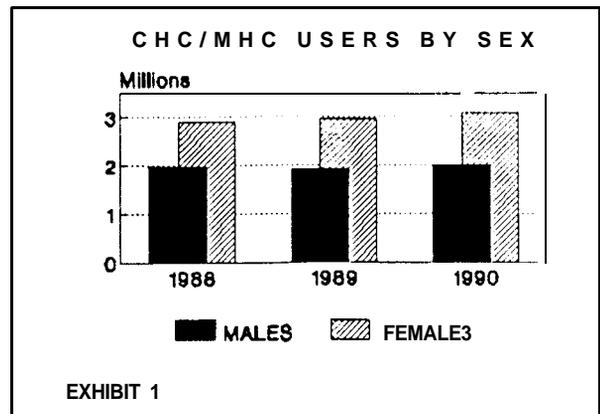
Clients by Sex

We could not determine, as had been requested, the extent that services had been provided to pregnant women, due to a lack of relevant data captured through the BCRR system. However, we were able to analyze the scope of CHC and MHC services in broad categories by the sex and age of their users.

We found that females represented the primary users of CHC and MHC services for the reviewed period, as shown in Exhibit 1. During 1990, CHC and MHC reported that about 61 percent of the users receiving medical services were female, as compared to 39 percent male. Similarly, females represented about 58 percent

¹ In accordance with BCRR instructions, an encounter is defined as a face-to-face contact between a user and a provider of health care services who exercises independent judgement in the provision of health services to the individual patient. A user may have more than one encounter during one visit.

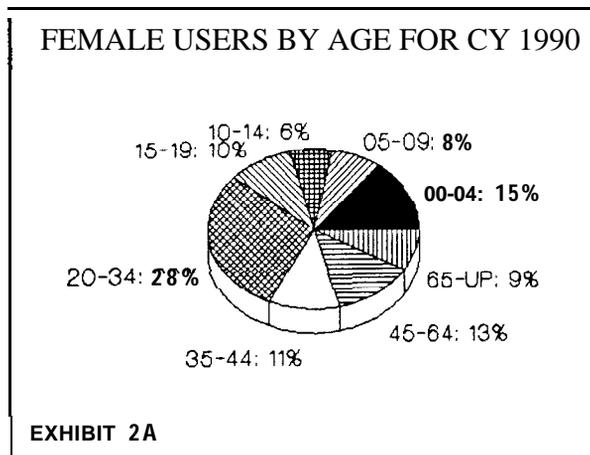
of the individuals receiving dental services. These figures essentially reflect no change from earlier periods. The BCRR data showed that females made up 60 and 61 percent of the users receiving medical services from CHC and MHC during CYs 1988 and 1989 respectively, as well as 57 and 58 percent of dental users during those years.



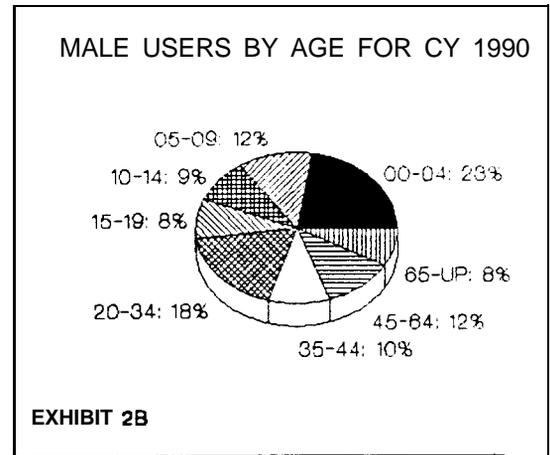
Medical Users

Clients by Sex and Age

Further analysis of BCRR data, showed that CHC and MHC services are provided to a significant number of children, as reflected by Exhibits 2A and 2B.



3,095,090 Medical Users



1, 999,631 Medical Users

During CY 1990, 1,764,405 of the \$094,721 medical only users reported by CHC and MHC were aged 14 or below, representing 34.6 percent of the total. The largest single group of these children were less than 5 years old, representing 17.8 percent of total CHC and MHC users. The number of users in this age group had increased by 64,484, rising from 842,119 during 1988 to 906,603 during 1990, an increase of 7.7 percent. Dental users by age is not a BCRR data element.

Revenues

In total, annual revenues reported by CHC and MHC increased by more than \$249 million, or approximately 12 percent annually, from 1988 to 1990.

The CHC and MHC receive funding from several sources to pay for the services provided to their clients. We have grouped the revenues into three broad categories; CHC/MHC grants, payments for services (which includes payments from the Medicare and Medicaid programs) and other revenues. Table II below shows the total revenues reported by CHC and MHC in these categories during CYs 1988, 1989 and 1990.

As shown by the table, revenues from each category increased significantly over the 3 years. In dollar terms, the largest increases came in the category of payments for services, which grew by more than \$128 million, or 30.5 percent.

Further analysis of revenues reported by the centers showed that almost 62 percent of the increase in total revenues from 1988 to 1990 came from two sources. The Medicaid program provided the largest increase in receipts, more than \$86.4 million. This represented an increase of almost 52.6 percent over the 3 years. The CHC grants provided the second largest increase in revenues for the period, increasing more than \$67.8 million. Due to the limited data available through the BCRR file, we were not able to determine the causes for the increase in Medicaid revenues cited above. Program officials have indicated, however, that these increases are attributed to eligibility expansion for pregnant women and children and increased reimbursement rates.

Table II

CHC/MHC TOTAL REVENUES				
	1988 (000s)	1989 (000s)	1990 (000s)	1988 - 1990 %CHANGE
CHC/MHC Grants	\$ 442,605	\$ 471,170	\$ 507,828	14.74%
Payments for Services				
Medicare	60,018	62,521	72,061	20.07%
Medicaid	164,410	206,114	250,835	52.57%
All Other Payments	196,510	218,557	226,448	15.23%
Total Payments	420,938	487,192	549,344	30.50%
Other Revenues	152,746	182,277	208,341	36.40%
Total	\$1,016,289	\$1,140,639	\$1,265,513	24.52%

We also noted that the centers continue to rely on grant revenues to maintain their ability to provide the scope of services to current user populations. As shown by the preceding table, revenues from CHC and MHC grants to the centers have increased annually from 1988 through 1990, representing a large source of total revenues to the centers over the 3-year period. Grant revenues represented 40.1 percent of total center revenues during 1990, as compared to 43.6 and 41.3 percent in 1988 and 1989 respectively.

An analysis of annual revenues from 17 separate funding sources included in BCRR data is presented in the Appendix to this report.

Unit Revenues

On a nationwide basis, CHC and MHC received \$181.65 per total user served in 1988. Revenues per user had increased to \$215.41 by 1990, an increase of more than 18 percent. Similarly, revenues per encounter had increased from \$44.21 to \$52.23 over the 3 years, a growth rate of more than 18.14 percent.

As discussed earlier, the numbers of people served and encounters for medical, dental and other services increased only 5.0 and 5.4 percent respectively from 1988 to 1990, at the same time that revenues to CHC and MHC, as well as their expenditures, were increasing significantly.

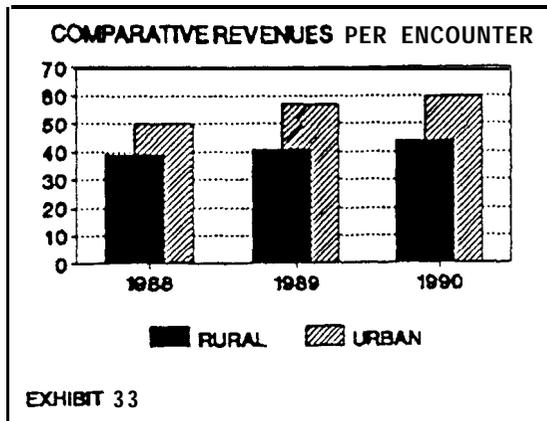
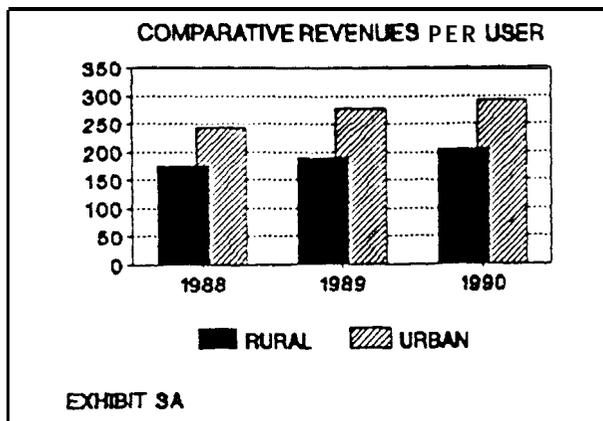
Due to problems with the BCRR data, as described in the methodology section of this report, we did not believe that summary data on expenditures was as reliable as that related to revenues. Accordingly, we relied upon revenue data, as compared to service statistics, to analyze the increases.

Urban Verses Rural

While analyzing revenues and services reported by CHC and MHC through the BCRR, we noted that there were significant variations reported by urban and rural² centers, as shown in the Exhibits 3A and 3B.

On a per user basis, reported revenues to rural CHC and MHC during CY 1990 were \$205.94, while urban centers received \$292.00, representing a differential of \$84.06 per user. Similarly, the revenue per encounter during CY 1990 varied from \$44.00 at rural centers to \$60.00 at urban centers. We noted that, if unit revenues to rural centers were increased to match those of urban centers, total program revenues would increase by more than \$192 million annually.

² An urban center is defined as a center with a service area partly or wholly within a Standard Metropolitan Statistical Area (SMSA).



The BCRR file does not include sufficient information to enable any meaningful analysis to identify the factors creating this disparity between urban and rural centers.

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If you have any questions concerning this report, please call me or have your staff contact Daniel W. Blades, Assistant Inspector General for Public Health Service Audits at (301) 443-3583 for any additional information or assistance.

M TIVE ANALYSIS OF CHC/MHC
CALENDAR YEARS 1988 - 19

	REPORTED REVENUES				CHANGES				CHANGES				
	1988	1989	1990	1988-1989	1989-1990	1988-1990	1988-1989	1989-1990	1988-1989	1989-1990	1988-1990	1989-1990	1988-1990
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)	%	%	%
Grant Funds:													
Migrant Health Grants	\$48,343	\$50,706	\$45,713	\$2,363	(\$4,993)	(\$2,630)	4.89%				-9.85%		-5.44%
Community Health Grants	394,262	420,464	462,115	26,202	41,651	67,853	6.65%				9.91%		17.21%
MCH Block Grants	5,131	5,472	6,944	341	1,472	1,813	6.65%				26.90%		35.33%
Title X (FP) Funds	1,499	1,497	1,804	(2)	307	305	-0.13%				20.51%		20.35%
Section 340 Grants	681	709	224	28	(465)	(457)	4.11%				-68.41%		-67.11%
Appalachian Health Grants	22	16	90	(6)	74	68	-27.27%				462.50%		309.09%
Black Lung Program	151	135	160	(16)	25	9	-10.60%				18.52%		5.96%
WIC Grants	12,968	15,808	18,865	2,840	3,057	5,897	21.90%				19.34%		45.47%
Other Grants	6,221	8,155	10,740	1,934	2,585	4,519	31.09%				31.70%		72.64%
Total Grants	\$469,278	\$502,962	\$546,655	\$33,684	\$43,693	\$77,377	7.18%				8.69%		16.49%
Medical Payments:													
Medicare	\$60,018	\$62,521	\$72,061	\$2,503	\$9,540	\$12,043	4.17%				15.26%		20.07%
Medicaid	164,410	206,114	250,836	41,704	44,722	86,426	25.37%				21.70%		52.57%
Title XX	3,295	2,863	7,141	(432)	4,278	3,846	-13.11%				149.42%		116.72%
Other 3rd Party	87,290	91,636	108,319	4,346	16,683	21,029	4.98%				18.21%		24.09%
Patient Collections	105,925	124,058	110,988	18,133	(13,070)	5,063	17.12%				-10.54%		4.78%
Total Payments	\$420,938	\$487,192	\$549,345	\$66,254	\$62,153	\$128,407	15.74%				12.76%		30.50%
Other Revenues:													
State	\$52,972	\$62,204	\$74,579	\$9,232	\$12,375	\$21,607	17.43%				19.89%		40.79%
Local	46,682	51,421	56,689	4,739	5,268	10,007	10.15%				10.24%		21.44%
Other	26,419	36,860	38,247	10,441	1,387	11,828	39.52%				3.76%		44.77%
Total Revenues	\$126,073	\$150,485	\$169,515	\$24,412	\$19,030	\$43,442	19.36%				12.65%		34.46%
Grand Total	\$1,016,289	\$1,140,639	\$1,265,515	\$124,950	\$124,876	\$249,226	12.24%				10.95%		24.52%