

August 2011

The health care safety net serves as the default source of care for Colorado's most vulnerable residents. With nearly 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?

A patchwork of providers 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

◆ **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.

◆ **Community health centers (CHCs), also known as Federally Qualified Health Centers (FQHCs):** Primary care, including preventive physical, dental, behavioral and substance abuse services, to low-income populations. Located in medically underserved areas.

◆ **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.

◆ **Community-funded clinics:** Free, low-cost or sliding-fee primary care services to low-income and uninsured families and individuals. Can include faith-based clinics, those staffed by volunteer clinicians and family practice residency clinics.

◆ **Federally designated 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.

◆ **Community mental health centers:** Outpatient, emergency, day treatment and partial hospitalization mental health services to low-income individuals residing in a designated geographic service area.

◆ **Community-based low-income dental clinics:** Dental services to low-income uninsured individuals or those who, despite being enrolled in a public coverage program, can't find a dental provider to accept them.

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. These people are defined as medically vulnerable, with one or more of these characteristics:

- Incomes below 300 percent of the federal poverty level (FPL)—approximately \$67,000 for a family of four in 2011;
- No insurance;
- Enrollment in a publicly financed health insurance program or high deductible health plan;
- Geographic isolation;
- No regular source of primary care; and,
- Cultural, language and other social barriers.

Uninsured Coloradans

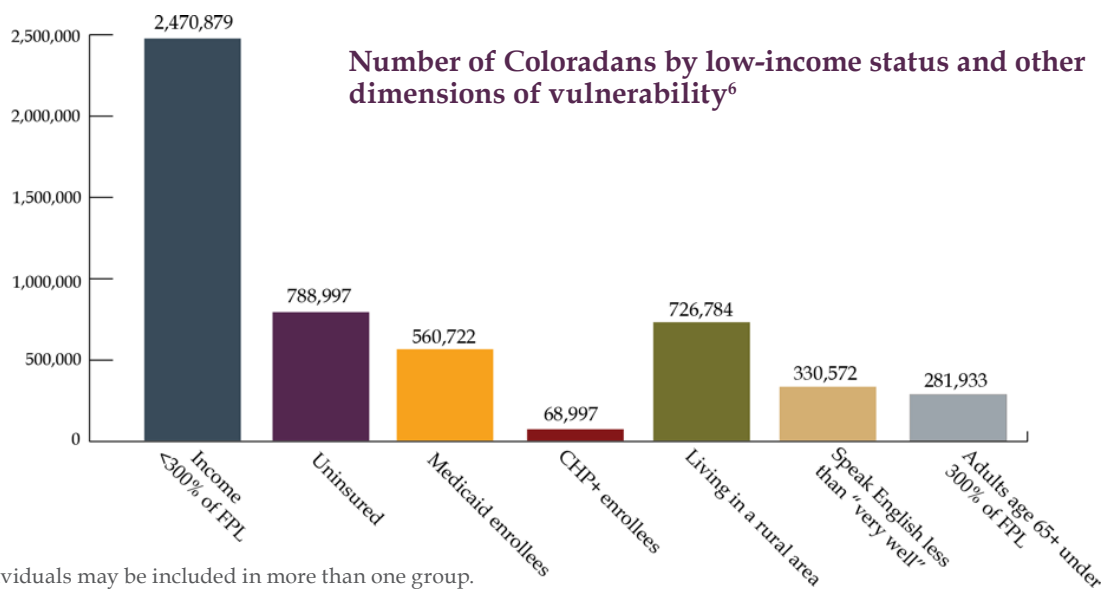
Colorado's approximately 789,000 uninsured individuals, the most likely users of the state's safety net, exhibit a variety of risk factors. According to the 2008-09 Colorado Household Survey:⁵

Age: Approximately 84 percent are working-age adults aged 19-64 years; about 16 percent are children under 18. Young adults 19-34 years represent about 38 percent of the uninsured, the largest uninsured age group; adults 35-54 years were close behind at about 36 percent.

Income: The uninsured rate was 27 percent among Coloradans with family incomes under 100 percent of the FPL (\$22,350 for a family of four in 2011). At the other end of the income continuum, the uninsured rate was 4 percent for Coloradans with incomes above 400 percent of the FPL (\$89,400 for a family of four in 2011).

Employer size: About 28 percent of working-age Coloradans employed by firms with ten or fewer employees were uninsured, compared to about 6 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 four Hispanics (24%) is uninsured compared to 12 percent of non-Hispanic blacks and 11 percent of non-Hispanic whites.



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



Who uses the safety net? cont.

Covered by Public Health Programs

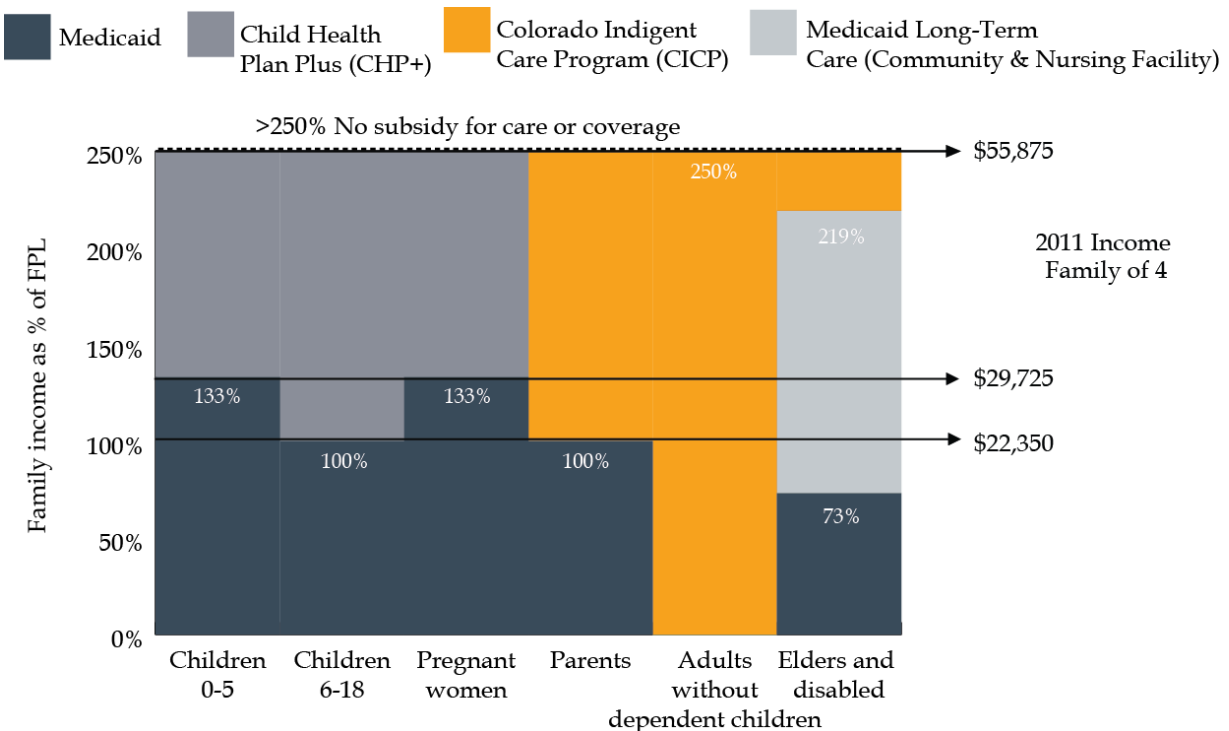
The other safety net users are those covered by public health insurance, who can have difficulty finding providers who will accept their coverage:

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 are entitled to non-emergency dental care. **Number: More than 560,000 in FY 2010-11**

Child Health Plan Plus Program (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. Enrollees receive inpatient and outpatient hospital care, physician services, prescription drugs and a limited dental and mental health care benefit. 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. **Number: 69,000 in FY 2009-10**

Colorado Indigent Care Program (CICP): Partially reimburses certain high-volume hospitals and clinics for uncompensated care provided to patients who are uninsured and 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. **Number: Around 218,000** Coloradans received services that were reimbursed by CICP in FY 2009-10.⁷

Income eligibility guidelines for Medicaid, Child Health Plan Plus and the Colorado Indigent Care Program, 2011



Where does the money come from?

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

Funding sources

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 funds⁸ are allocated to some hospitals that provide Medicaid inpatient services. These federal funds, which totaled **\$152 million** for Colorado in FY 2009-10, partially compensated hospitals for care to CICP patients.⁶

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.⁹ In 2010, grantees in Colorado received nearly **\$57 million** in 330 funds.¹⁰

Block grants: Colorado passes some of its federal block grant funding through to various safety net providers, including the Maternal and Child Health Services Block Grant, Ryan White CARE Act¹¹ funds and the Preventive Health and Health Services block grant.

Medicaid funding: In FY 2010-11, Medicaid medical services premiums appropriated for providers amounted to more than **\$3.3 billion**. The state General Fund covered 26 percent of appropriations while federal funds comprised 60 percent.

CHP+ funding: Appropriated CHP+ medical, mental health and dental premiums totaled nearly **\$190 million in FY 2010-11**. The state funded approximately one-third of the appropriated expenditures, while the federal government funded the remaining two-thirds.

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.

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

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

Newer safety net funding

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.



Where does the money come from? cont.

Newer safety net funding, cont.

◆ **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.

◆ **Increased Medicaid and CHP+ payments:** The CHCAA expanded Medicaid eligibility in May 2010 to parents with incomes up to 100 percent of FPL and CHP+ eligibility for children in families with incomes up to 250 percent of FPL. Other provisions to be phased in beginning in 2012 include an expansion of Medicaid eligibility for adults without dependent children and a buy-in program for individuals with disabilities at or below 450 percent of FPL.

Additional resources

CHI Center for the Study of the Safety Net: <http://www.ColoradoHealthInstitute.org/SafetyNet>

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/rIT6Od>
- 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

¹Based on CHI estimates of the U.S. Census Bureau's 2009 American Community Survey (ACS).

²Institute of Medicine. (2000). *America's Health Care Safety Net: Intact but Endangered*. Washington, DC: National Academies Press. p.10.

³As 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.

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

⁵CHI analysis of 2008-2009 Colorado Household Survey data. For more information on Colorado's uninsured populations, see the following issue brief published by the CHI: *Profile of Colorado's Uninsured Population*, February 2010 at: http://www.coloradohealthinstitute.org/~media/Documents/Colorado%20Household%20Survey/COHS_Uninsured_Brief.ashx.

⁶Sources: Income and uninsured data are based on CHI estimates of the U.S. Census Bureau's 2009 American Community Survey (ACS). Medicaid and CHP+ data come from FY 2010-11 average monthly caseload figures from the Colorado Department of Health Care Policy and Financing. Rural population is based on CHI's analysis of 2011 Colorado Demography Office population estimates utilizing the Colorado Rural Health Center's urban and rural designations (both retrieved August 2011). Language proficiency estimates are based on data from the U.S. Census Bureau's 2009 American Community Survey and includes the population age 5 years and older who report speaking English "less than very well".

⁷CICP FY2009-10 Annual Report. Retrieved August 25, 2011 from <http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1197969486316>.

⁸Upper 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.

⁹Rural Assistance Center (2008). "FQHC frequently asked questions." Retrieved January 12, 2009, from http://www.raonline.org/info_guides/clinics/fqhcfqa.php#whatisphs330.

¹⁰Health 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>.

¹¹These funds are targeted to people with HIV/AIDS.