



Community Health Centers: Engines of Economic Activity and Job Creation

Statement of Ellen-Marie Whelan, NP, PhD
Associate Director of Health Policy
Center for American Progress Action Fund

Prepared for Democratic Steering and Policy Committee
United States House of Representatives Hearing:

Jobs Now: The Affordable Care Act – Providing Care and Lowering Costs
March 29, 2011 - 2:00 p.m. HVC-215

Thank you, Chairwoman DeLauro, Chairman Miller and distinguished members, for the opportunity to testify on the important role health centers play in the delivery of quality, accessible, cost-effective health care.

This afternoon I will speak briefly about the important *economic* role that health centers play in their communities. But first, let me explain briefly why these centers mean so much to me.

Throughout every stage of my career I have had a personal experience with community health centers. As a nurse practitioner, I cared for patients in health centers in North and West Philadelphia and in East Baltimore. I started a nurse-run adolescent primary care clinic as satellite of a local health center, and was honored to serve on a health center community governing board. As a health services researcher I studied the content of primary care visits provided at CHCs nationwide, and while working on Capitol Hill, I had the opportunity to visit centers in some of the nation's most underserved frontier areas and in Native-American communities.

This first-hand exposure to so many aspects of health centers afforded me a deep understanding of how and why these centers are different. How community-based care really can provide better care. Today there is much talk about providing "patient-centered" care. We need to remember this is not a new concept but the way health centers have done business for nearly half a century.

Enhanced economic activity

But today, instead of talking about the health of patients, I will explore how health centers improve the fiscal health of their neighborhoods by [creating jobs and becoming an economic engine](#) for their surrounding communities. This often overlooked benefit gets less attention but is increasingly important given our current economic environment.

Throughout their 45-year history, health centers helped their neighborhoods grow and serve as anchors for economic investment and growth. This was typically described by individual examples

and anecdotes. Recently researchers have started using sophisticated models to estimate the financial impact [health center spending has on their neighborhoods](#). This modeling estimates the economic impact beyond the direct expenditures of the health centers and includes both indirect and induced economic activities.

Let me walk you through the steps of what is included and how health centers help to revitalize their neighborhoods.

- First, and most obvious, health centers directly employ people to care for their patients, including doctors, nurses, and many other health professionals. Just over half of the jobs at the centers are in the health sector and the other half support the day-to-day operation at the sites. Some of these jobs are critical entry-level positions and may provide career-building opportunities.
- Health centers also directly purchase goods and services from local businesses. From furniture and computers to office supplies and lunch, health centers require many different industries to maintain operation. When a new center is created or an existing one expands, the supplementary services must ramp up as well. These other businesses must also purchase additional supplies and services to produce more of their product. This is the indirect effect of the community health center funding.
- Lastly, these other businesses expand and hire new employees who then spend their salaries on day-to-day activities and further stimulate the economy when they purchase food, clothing, and bigger-ticket items such as cars and washing machines. This is known as an induced effect.

It is also important to recall where health centers are located and which communities are affected by health center growth. By statute, federally qualified health centers are located in areas with high percentages of people living in poverty, areas with a shortage of primary care providers, higher than average infant mortality rates, and high percentages of the elderly. By design they are located in poor and underserved neighborhoods—areas that tend to have higher unemployment rates and exactly where an increased investment will likely go right back into the economy.

[Now for the numbers](#). Using an economic planning tool developed by the U.S. Department of Agriculture and an economic modeling firm, we can determine the economic activity and number of jobs generated in a local community given a specific investment. The analysis uses a multiplier effect to capture the indirect and induced business effects of a health center's business operations and uses data specific to individual counties and industrial sectors. Though typically used to estimate the impact [current funding levels](#) had on communities, we used the model to estimate the effect the increased funding in the Affordable Care Act would have in [communities in the future](#).

The Affordable Care Act commits \$11 billion to health centers over the next five years; \$9.5 billion for operating expenses to expand health services and \$1.5 billion for new construction. Because we couldn't predict where the new construction would occur, we only examined the effect of the \$9.5 billion. Since new construction will undoubtedly create new jobs and economic activity in certain areas once chosen, our projections of national economic impact are likely conservative.

So looking at 2015, the last year of the increased ACA investment, we estimate that total spending by community health centers will generate \$54 billion in economic activity, \$33 billion of this as a direct result of the additional investment in the new law. As for jobs, in 2015, health center funding will support over 457,000 jobs (284,000 as a direct result of the new Affordable Care Act dollars).

Conclusion

As we celebrate the one-year anniversary of the enactment of the Affordable Care Act, we finally see a pathway to ensuring health care for all Americans. Health centers will play a critical role in this journey. They stand out as an example of community-based, patient-centered care, serving the most vulnerable Americans. This model of care delivery also has a proven track record of providing accessible care that saves the health system money by preventing unnecessary hospitalizations and emergency room visits.

Beyond the patients, health centers also improve the economic health of their communities. As we emerge from the Great Recession, we as a nation must make wise financial decisions. Pending legislation before Congress would make [massive cuts to health center funding](#). An investment in community health centers simultaneously improves the health of the patients cared for at the centers while improving the economic well-being of the communities themselves. This should not be an issue of whether we can we afford to fund health centers. In our effort to create a healthier America, both physically and economically, we cannot afford *not* to invest in community health centers.