Highlights:

Analysis of the Proposed Rule on Designation of Medically Underserved Populations and Health Professional Shortage Areas

Peter Shin, Leighton Ku, Emily Jones, and Sara Rosenbaum

Geiger Gibson/RCHN Community Health Foundation Research Collaborative
The George Washington University School of Public Health and Health Services
Initially issued April 14, 2008
Revised May 1, 2008

For decades, the federal government has targeted health care funding, resources and staff to meet the health care needs of areas designated as "medically underserved areas" and "health professional shortage areas." Areas that qualify may, for example, receive federal funding to support the establishment and operation of community health centers, or receive National Health Service Corps (NHSC) physicians and clinicians. In addition, physicians who practice in these health shortage areas may receive higher payments under Medicare. These designations thus affect the availability of health care in thousands of urban and rural areas all across the United States. Community health centers provide care for more than 16 million patients.

On February 29, the Department of Health and Human Services (HHS) released a proposed regulation with far-reaching implications for the manner in which these designations are made. This analysis provides the first up-to-date estimates of the effects of the new regulations.[1] It finds that, despite a significant rise in the number of uninsured persons and an insufficient supply of primary care clinicians in many communities, the proposed rule could significantly reduce the number of communities that are considered in need of health care resources, thereby disrupting the flow of health center funding and NHSC personnel across the nation.

This analysis is based on 2005 data on the number of primary care physicians and other clinicians practicing across the nation, as well as nine other measures of local health needs that are used in the new methodology. It finds that:

- Only one-third (34 percent) of the existing health center sites that provide the full range of primary care services would be accorded the highest priority rating – Tier 1 status.
- Almost one-third of health center sites – 33 percent or 1,130 sites – would not qualify even under Tier 2 status. Only 67 percent nationwide meet these criteria.

Most of the remaining existing health centers would qualify for a new, low priority rating as a "safety-net facility," a term that never has been used before and has no meaning under the health center statute. The regulations do not explain what this designation means; it does not appear to guarantee eligibility for additional federal funding. On April 21, HHS issued a notice extending the comment period for the proposal and making certain clarifications. Our analysis indicates that many issues remain unclear, particularly policies about how designations as Tier 1, Tier 2 or safety net facilities, will be used in making decisions about programmatic resource allocations in the many programs that use these designations. The proposed regulatory language itself

[1] These results are based on data compiled and analyzed by researchers at the Robert Graham Center and the University of North Carolina, particularly Prof. Thomas Ricketts. All opinions expressed are those of the authors.

These highlights are based on a more detailed report available at www.gwhealthpolicy.org.

says nothing about how these designations would be used and the notice included no changes to the regulatory text.

The proposed regulation will cause greater disruptions in urban areas, as well as in the northeast and northwest areas of the country. For example, almost 29 million people live in urban areas that could no longer be considered medically underserved under the new rules. The table and map below show the percent of health center sites that could still qualify under the Tier 2 low-income criteria. In 15 states, less than half of the health center sites would remain qualified as medically underserved areas under Tier 2, low-income criteria: Delaware, District of Columbia, Florida, Hawaii, Indiana, Iowa, Maine, Massachusetts, Montana, New Hampshire, Oregon, Rhode Island, Vermont, Washington, and Wyoming.

At a time when the number of uninsured and medically vulnerable Americans is rising, the proposed regulation could shrink the existing health care safety net and erode resources now being used by communities across the nation. The proposed methodology is flawed and needs to be reconsidered.

Percent of Community Health Center Sites That Could Still Qualify as Medically Underserved Areas, Based on 2005 Data

Alabama	71%	Kentucky	89%	North Dakota	53%
Alaska	83%	Louisiana	85%	Ohio	58%
Arizona	80%	Maine	27%	Oklahoma	92%
Arkansas	84%	Maryland	50%	Oregon	21%
California	73%	Massachusetts	47%	Pennsylvania	60%
Colorado	52%	Michigan	72%	Rhode Island	13%
Connecticut	67%	Minnesota	68%	South Carolina	71%
Delaware	33%	Mississippi	78%	South Dakota	79%
Dist. of Columbia	26%	Missouri	70%	Tennessee	84%
Florida	39%	Montana	42%	Texas	93%
Georgia	73%	Nebraska	100%	Utah	86%
Hawaii	47%	Nevada	86%	Vermont	36%
Idaho	85%	New Hampshire	11%	Virginia	59%
Illinois	76%	New Jersey	75%	Washington	26%
Indiana	48%	New Mexico	86%	West Virginia	82%
Iowa	30%	New York	67%	Wisconsin	54%
Kansas	50%	North Carolina	83%	Wyoming	25%