



## Research Brief #3

### Grantee-Level Estimates Show that 31 Percent of All Health Centers would Fail to Meet Tier Two Status under HRSA's Proposed MUA/MUP/HPSA Designation Regulations

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In April of 2008, we issued a research brief<sup>1</sup> which analyzed the impact on various federal programs of a February 29, 2008 Notice of Proposed Rulemaking (NPRM) regarding the designation of Medically Underserved Populations and Health Professional Shortage Areas.<sup>2</sup> Among its findings, **the report estimated that resources for one-third of community health center sites would be jeopardized by this rule change** because they could not attain a sufficiently high priority status, even under the newly-proposed, higher-scoring Tier 2 methodology.<sup>3</sup> On May 1, 2008, we issued a revision in response to an April 21, 2008 clarification notice from the Health Resources and Services Administration (HRSA).

Since that time, in informal communication with state Primary Care Offices HRSA has further clarified a statement contained in its April 21<sup>st</sup> notice<sup>4</sup> to assert that health center *grantees* can retain their tiered-based designation status *at the grantee level* if *any single grantee site* is located in a medically underserved area. Assuming for the moment that – despite the provisions of the February 29<sup>th</sup> NPRM – HRSA did, in fact, intend this “any site” policy to apply at the health center grantee level, we joined with the Robert Graham Center to re-examine the impact of the rule at the grantee level, using the tiered methodology published in the NPRM<sup>5</sup> and linking each grantee to all its sites.

Our latest analysis shows that **31 percent of health center grantees would still not qualify for Tier 2 designation, even if ‘any site’ can confer MUA status.** At present, about 18 percent of grantees with one or more sites in a MUA/P designated area would no longer meet Tier 2 qualifications under the proposed rules, even with the assumption that ‘any site’ counts.

<sup>1</sup> Shin P, Ku L, Jones E and Rosenbaum S. Analysis of the Proposed Rule on Designation of Medically Underserved Populations and Health Professional Shortage Areas, Research Brief #2, April 14, 2008.

<sup>2</sup> 73 FR 11232 (February 29, 2008).

<sup>3</sup> Our analysis was based on the methodology developed by HRSA as it was published on February 29, 2008. This methodology used the status of health center *sites* to estimate level of eligibility as Tier 2 facilities. See 73 FR 11256 and 11273.

<sup>4</sup> “This analysis was conducted at the grantee level consistent with HRSA’s health center policy that states: ‘The statutory obligation of serving an MUA or MUP is an organizational level obligation, not a site specific requirement.’ (<http://answers.hrsa.gov/>, Answer ID 1216). The proposed rule does not change this health center policy.” 73 FR 21301.

<sup>5</sup> The data tables can be found at <http://www.graham-center.org/x766.xml>.

An additional 13 percent of health center grantees do not have *any* sites located in a MUA/P designated area and thus would still not qualify under the Tier 2 methodology. Interestingly, health centers with fewer sites are less likely to be designated under the ‘any site’ assumption and are disadvantaged under this approach -- we found that 54 percent of solo-site grantees may lose their designation, compared to just 15 percent of those with 11 or more sites.

Our latest analysis – as with the previous analyses contained in our April 11<sup>th</sup> report – was based on the methodology developed by HRSA as it was published on February 29, 2008, and which had used the status of health center *sites* to estimate level of eligibility as Tier 2 facilities.<sup>6</sup> In our April 11<sup>th</sup> report, we updated the analysis using more recent data from 2005<sup>7</sup>, since the HRSA analysis had employed data from 1999. Thus, while HRSA’s use of 1999-based data in the February 29<sup>th</sup> NPRM<sup>8</sup> show that only about eight percent of health center sites would not qualify for designation under the Tier 2 scoring method, our analysis using 2005 data and the same HRSA-published methodology concluded that one-third of health center sites would not qualify.<sup>9</sup> Hence, in contrast to HRSA’s claim that only 16 of 1,001 grantees are in jeopardy of losing their current designation status,<sup>10</sup> we estimate that, in fact, **more than 300 health center grantees** would need an alternative pathway to reach tier-based designation.

These results are subject to change since the proposed methodology gives leeway to use local data for designations, in lieu of national data as we have used (and as HRSA used), and the NPRM indicates that service areas could be modified. These would change the impact, but we have no way of modeling the effects of such changes. Moreover, our analysis does not take into account the newly-proposed ‘Safety Net Facility’ designation, since there is substantial confusion over the qualifying requirements and over what benefit such a designation would confer on the recipient.<sup>11</sup>

Our grantee level estimates suggest that, in light of the policy unknowns in the proposed rule and the ongoing confusion over how the agency intends to apply its methodology, withdrawal of the proposed rule would appear to be the soundest policy course.

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<sup>6</sup> 73 FR 11256 and 11273.

<sup>7</sup> The 2005 data was obtained from Thomas J. Ricketts, PhD, and the Cecil G. Sheps Center for Health Services Research.

<sup>8</sup> See Tables VI-6 and V-11, 73 FR 11259.

<sup>9</sup> We noted, in updating the HRSA analysis using 2005 data, that we could not “back out” of the primary care provider supply count (which is critical when measuring shortages) those primary health care professionals who are employed at community health centers. However, making this adjustment would likely result only in a small difference (2.4%) in our impact estimate. See also Tables VI-10 and V-11, 73 FR 11259.

<sup>10</sup> HRSA, Health Centers Potentially Affected Under Proposed New Designation Criteria. <http://bhpr.hrsa.gov/shortage/healthcenters.pdf> (Accessed May 9, 2008).

<sup>11</sup> For example, the April 21st Notice includes the following statement: “Scores are a numerical expression of relative need...designed to be used by the NHSC for provider placement and may be used by other programs. While the proposed rule does not include a specific methodology for scoring those organizations that receive a Safety Net Facility (designation), a scoring methodology will have to be established...We seek comments on how to score these Safety Net Facility designations so that their need is ranked equitably with the designations scored in the other methods outlined in the proposed rule, that is, Tier 1 and Tier 2.” 73 FR 21301.