

<https://www.denverpost.com/2024/05/05/colorado-community-health-centers-medicaid-unwinding/>

THE DENVER POST

Health

Colorado's community health centers are struggling financially as patients lose Medicaid coverage

Revenue for treating uninsured hasn't increased as Colorado see 30% drop



Maria Espinoza, an enrollment specialist, talks with patient Monica Borjas at Clinica Family Health on Thursday, May 2, 2024, in Adams County. (Eli Imadali/Special to The Denver Post)



By **MEG WINGERTER** | mwingerter@denverpost.com | The Denver Post

PUBLISHED: May 5, 2024 at 6:00 a.m. | UPDATED: May 5, 2024 at 6:03 a.m.

Less than a year into the process of removing Coloradans from Medicaid after the COVID-19 public health emergency, community health centers across the state are struggling to serve an increasing uninsured population, with one resorting to layoffs to offset the drop in revenue.

All states except Hawaii are seeing a decrease in their Medicaid rolls as they remove ineligible people for the first time since a federal freeze on disenrollments early in the pandemic. But

safety-net providers are worried a higher percentage of people who should qualify for coverage are [falling through the cracks in Colorado](#) than in other blue states.

The total number of people covered by Medicaid in Colorado has [dropped by 30%](#) since last year, behind only Utah and Texas.

Community health centers, which mostly treat uninsured patients and those covered by Medicaid, have been hit harder than other providers, because they lose revenue from Medicaid, but patients still seek care from them even if they can pay little or nothing.

The National Association of Community Health Centers [estimated one in five patients previously covered by Medicaid](#) who use safety-net clinics lost their coverage, [costing the average center about \\$595,000](#).

Community health centers offer a sliding fee scale based on someone's income and family size, so they're often the only option for uninsured people, said Shoshi Preuss, policy manager at the Colorado Community Health Network. They're working to reenroll eligible patients, but aren't sure how many will ultimately still qualify for Medicaid, she said.

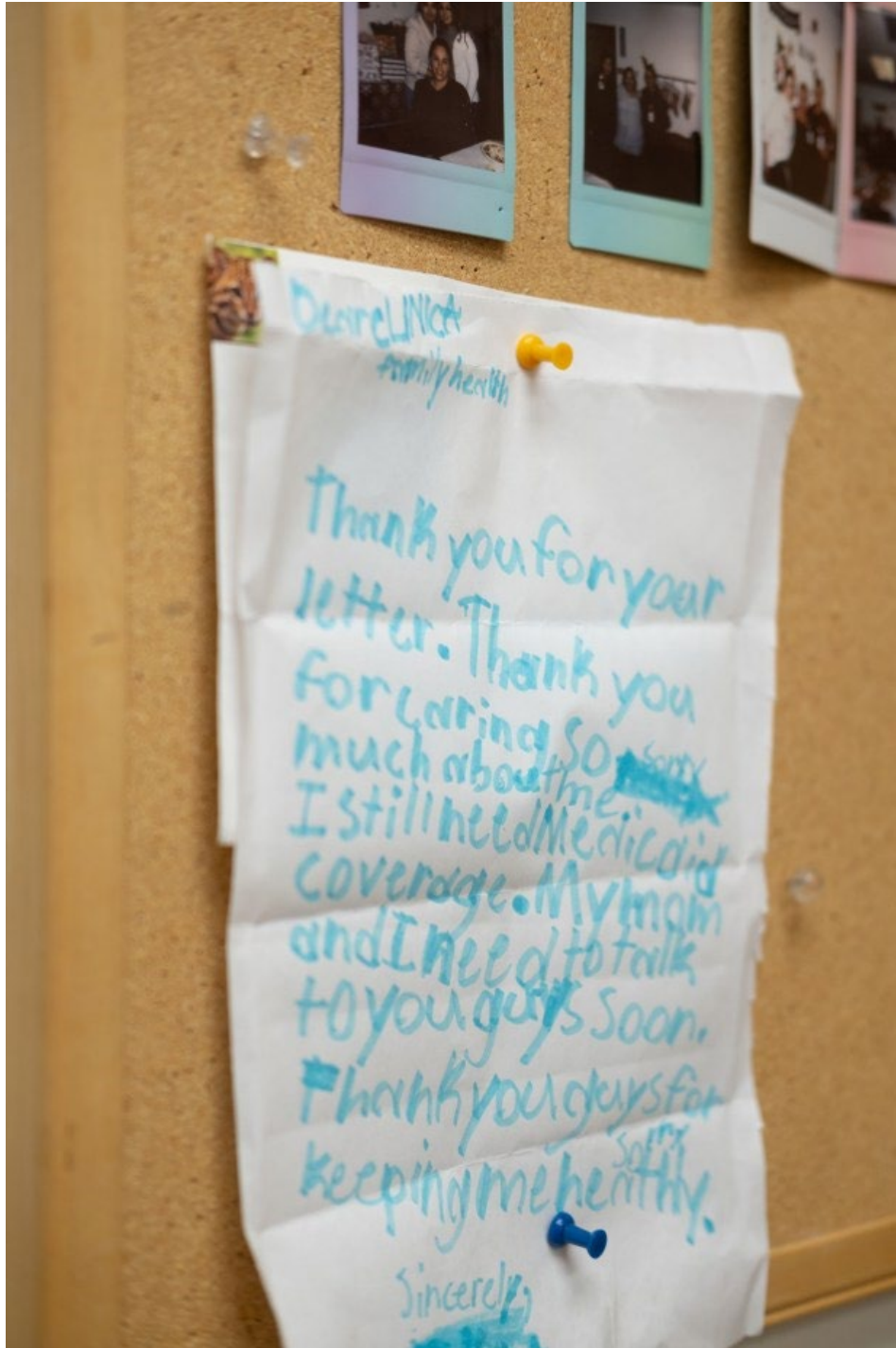
"Once someone is a health center patient, they stay a health center patient" even if they lose coverage, she said.

Clinica Family Health, which has seven clinics on the northwest side of the metro area, closed one of its three dental clinics last fall, stopped offering home visits to new parents, shut down its walk-in clinic and laid off 46 employees, president and CEO Simon Smith said.

The combination of losing \$6 million per year in Medicaid revenue, or about 8% of its budget, with increasing labor costs meant they had no option other than making cuts, he said.

"We're doing everything we can to preserve core primary care," he said.

More than 35% of Clinica's Medicaid-covered patients lost coverage, and only a few have managed to buy other insurance, Smith said. The loss brings their uninsured percentage close to what it was before Medicaid expansion a decade ago, because people who lost coverage still can't afford insurance, he said.



A letter from a young

patient is pinned to the wall in Clinica Family Health's enrollment center on Thursday, May 2, 2024, in Adams County. (Eli Imadali/Special to The Denver Post)

"We've effectively seen, at least among our patients, a loss of 10 years of insurance coverage," he said.

The larger-than-average drop in Colorado reflects that the state was more successful than most in bringing eligible people onto Medicaid earlier in the pandemic, with rolls increasing about 40%

during the public health emergency, said Kim Bimestefer, executive director of the Colorado Department of Health Care Policy and Financing, which runs the state's Medicaid program. Other factors include the fact that the state's unemployment rate is below 3%, and that Denver raised its minimum wage to more than \$18, meaning more workers earn too much to qualify, she said.

"We were really there for Coloradans when they needed us," she said. "Now we're seeing the other side of the mountain."

The state doesn't have data on how many people found other coverage or became uninsured, but the broad trend seems to be that younger people who are close to the threshold of qualifying for Medicaid don't think they can afford insurance, and consider it a lower priority than other basic needs, Bimestefer said. Many people losing Medicaid qualify for significant subsidies if they buy coverage on the individual marketplace, and some may be able to keep their children publicly insured, she said.

The [number of people enrolled in individual plans through Colorado's health insurance marketplace](#) increased by more than 35,000 from 2023 to 2024, but the state doesn't know how many of them previously had Medicaid coverage.

A [nationwide survey](#) found about 23% of adults who lost Medicaid coverage were uninsured, while 28% found a different type of coverage and nearly half had returned to Medicaid by the time they answered. The survey found that about seven in 10 of those who lost Medicaid coverage were [at least temporarily uninsured](#).



Clinica Family Health's shuttered dental clinic sits empty on Thursday, May 2, 2024, in Adams County. (Eli Imadali/Special to The Denver Post)

Safety-net health centers face budget challenges

Other Colorado community health centers also have reported challenges balancing their books as patients formerly covered by Medicaid become uninsured, though most haven't had to make the same level of cuts that Clinica has.

Salud Family Health Centers, which has 13 clinics in the Denver area and on the Eastern Plains, lost about 7% of its \$100 million budget after more than a quarter of the Medicaid patients assigned to its centers for their medical home lost their insurance coverage, president and CEO John Santistevan said. At the same time, Salud needs to give raises if it's going to compete with other health care providers, which will cost another \$3 million, he said.

So far, they've balanced the budget by leaving 20 positions unfilled when employees left, but that won't be enough to make up a \$10 million shortfall with the raises included, Santistevan said. For now, Salud can draw on reserves, but eventually those will run short and they will have to make service cuts, he said.

"I call this the perfect storm," he said.

The decrease in revenue comes on the heels of increased labor costs in the health sector as a whole, said Stephanie Brooks, policy director at the Colorado Community Health Network. An above-average number of people working in health care [left their jobs in the second year of the](#)

[pandemic](#), forcing facilities to pay more to compete for the remaining workers. Unlike many providers, community health centers can't charge their patients more to cover the costs because of the rules that come with their federal funding, she said.

Pueblo Community Health Center hasn't yet had to make major cuts, but they may be coming, CEO Donald Moore said. He estimated the center had lost about \$1 million in revenue from its \$44 million annual budget — a significant difference for a place with a 1% profit margin, he said. "When you're running on break-even budgets, it can make things pretty tough," he said.

In March 2023, before the state began Medicaid redeterminations, about 27% of people seeking to establish care with the center didn't have a form of coverage, Moore said. This March, about 36% were uninsured, he said.

Community health centers receive federal funds to help care for uninsured people, but the federal contribution has remained flat even as the number of people unable to pay for care has increased, Moore said. The percentage of people who were uninsured was rising before the pandemic, and that's likely to resume now that the [public health emergency is over](#) and people no longer automatically stay on Medicaid, he said.



Rosie Luevano, 5, smiles as her mom reassures her during a doctor's appointment at Clinica Family Health on Thursday, May 2, 2024, in Adams County. (Eli Imadali/Special to The Denver Post)

"Challenge is to get more people on board"

Not all community health centers have taken the same hit.

Gene Sobczak, president and CEO of High Plains Community Health Center in Lamar, said revenue in 2024 is about 2% lower than in 2022. The center is the only provider in the area offering dental coverage, so people tend to keep going there, and the Medicaid coverage rate was low even during the public health emergency because people on the Eastern Plains often don't trust the government, he said.

"For us, the challenge is to get more people on board," he said.

High Plains has worked to encourage patients to consider Medicaid and to help them navigate the process, because even if an uninsured patient gets their routine care at a community health center, that doesn't help them if they need to go to a hospital or specialist, Sobczak said.

"We can't have people falling out of the safety net because of the matter of an application," he said.

Tepeyac Community Health Center in Denver also had a relatively low rate of patients that were covered by Medicaid, but unlike High Plains, they saw coverage growing ahead of the pandemic, CEO Jim Garcia said. The timing of patients losing insurance now is particularly difficult, because they took on additional expenses when they opened a new facility last year, he said.

"We were counting on a certain amount of Medicaid revenue," he said. "We're looking at all of our expenses" for ways to be more efficient.

The center CEOs said they think the state government has tried to keep people insured, but a higher-than-expected number have fallen through the cracks.

Santistevan, of Salud Family Health, said he's not certain why the state's efforts aren't yielding the results they want, but it could be that the application process is too complex. Counties also may need more resources to quickly process the applications, so people don't find themselves in a coverage gap, he said.

"There needs to be a fix," he said. "Under the current process, it's just going to keep getting worse."



Ariat Munzo, 5, leans on his mother, Edith Munzo, as she meets with an enrollment specialist at Clinica Family Health on Thursday, May 2, 2024, in Adams County. (Eli Imadali/Special to The Denver Post)

“Enrolling in health benefits is hard”

Colorado is working to increase the number of Medicaid recipients who it can automatically reenroll, and expects that process to work for at least 60% by this summer, said Bimestefer, of the Department of Health Care Policy and Financing. That will give county human services offices more time to focus on those they couldn’t reenroll automatically, to help them navigate the process, she said.

“In the United States, enrolling in health benefits is hard,” she said. “It’s hard in employer-sponsored (insurance). It’s hard in Medicaid.”

The department also is encouraging employers to give their workers who left Medicaid more time to figure out their options and enroll, Bimestefer said. It also has used public service announcements to encourage people to explore the marketplace, which has larger subsidies than it did before the pandemic, and to check whether their children are still eligible for Medicaid or the Children’s Health Insurance Plan, even if the adults in the home don’t qualify.

“The barrier to getting people covered is almost always affordability, and second is (health insurance) literacy and the difficulty,” she said.

Even people who earn too much for Medicaid and are eligible for tax credits to purchase insurance aren't necessarily finding options that meet their needs, Tepeyac chief financial officer Lacy Bradley said. One of their employees who now earns too much for Medicaid is cutting back on her hours so she'll continue to qualify for Medicaid, because the doctor she sees for her chronic condition isn't in-network with the Tepeyac employee health plan, she said.

The problem of losing coverage is immediate for uninsured people and those who care for them, but eventually it will affect the state financially as people make their way back to Medicaid, possibly sicker than when they left, Clinica Family Health's Smith said.

"Today's uninsured patient is tomorrow's Medicaid patient," he said.