

Executive Summary

An Evaluation of the Cost Efficiency of Federally Qualified Health Centers & FQHC Look-Alikes Operating in Michigan

Michigan Primary Care Association contracted with the Institute for Health Policy at Michigan State University to evaluate the cost-effectiveness of Federally Qualified Health Centers (FQHCs) serving Michigan's Medicaid population. The study compares the utilization of Medicaid services by adult Michigan Medicaid beneficiaries who received health care services at an FQHC with those served by other Medicaid providers between October 2017 and September 2019.

The study used an enhanced methodology for identifying an FQHC patient and a patient's usual source of care to analyze the impact of routine primary and preventive care on cost and utilization. (A detailed explanation of the methodology can be found in the "Methods" section of the study.) Read the complete report here.

In short, to be included in the study the patients had to meet the following criteria: (1) had full Medicaid coverage; (2) had at least 20 months of full Medicaid enrollment over the two-year study period; (3) be 18-64 years old during the study period; (4) had at least two qualifying primary care FQHC visits/office visits within the study period. The utilization of Medicaid services by these two groups of patients (FQHC patients and non-FQHC patients) were compared, except for pregnancy-related services, mental health services, substance use services, and oral health services.

Key Findings



Michigan FQHCs are \$51 per member per month or \$612 per beneficiary per year less costly than non-FQHCs.

The average inpatient stay for FQHCs is 9.42 days compared to 13.2 among non-FQHCs.

The lower costs of FQHCs are due to reduced utilization of more expensive Medicaid services such as inpatient hospital services.

Based on the number of adult Medicaid patients Michigan's FQHCs serve, health centers generate an estimated savings of \$132.2 M per year to the Michigan Medicaid program.

The study demonstrates that FQHCs save the Michigan Medicaid program \$51 per member per month.

Costs and Utilization

The total per member per month (PMPM) costs were \$327 for FQHC beneficiaries, compared to \$378 for non-FQHC beneficiaries. FQHCs generate a \$51 PMPM savings. The total cost of care includes:

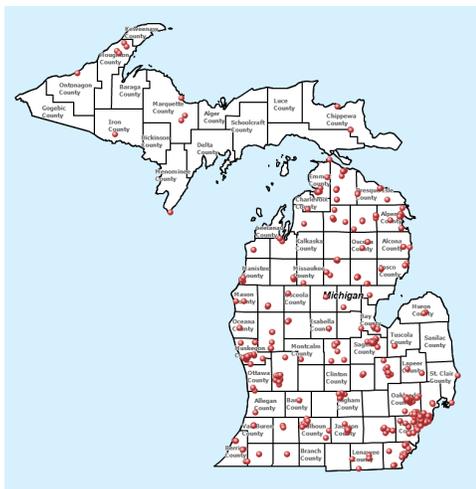
	FQHCs	Non-FQHCs
Inpatient Hospitalization	\$141 PMPM	\$204 PMPM
Emergency Department	\$47 PMPM	\$40 PMPM
Office Visits	\$84 PMPM	\$50 PMPM
Outpatient	\$55 PMPM	\$87 PMPM

Medicaid utilization for hospital inpatient visits and outpatient visits demonstrated a lower level of hospital use and a 30% lower average length of stay for the FQHC group compared to the non-FQHC group:

	FQHCs	Non-FQHCs
At least one Inpatient Hospitalization	26.6% of beneficiaries	29.7% of beneficiaries
Average Inpatient Stay	9.42 days	13.2 days
Outpatient Visits	84.4% of beneficiaries	90.7% of beneficiaries

Conclusion

When Medicaid utilization data is compared for patients served primarily by FQHCs for primary and preventive care with patients served by other Medicaid providers, the study demonstrates that FQHCs save the Michigan Medicaid program \$51 per member per month. The lower FQHC costs are generally attributed to reduced utilization of more expensive Medicaid services, like inpatient hospitalization by FQHC patients. These results also demonstrate that FQHCs are 13 percent more cost-efficient in providing Medicaid service to the Medicaid population than non-FQHC providers.



Michigan Primary Care Association by the Numbers

40 Community Health Centers & 4 Tribal & Urban Indian Health Programs

720,000 Patients Served Annually

370 Sites Statewide

Comprehensive Primary Health Care including behavioral oral health, enabling services, and more.