

# The Prospective Role of Charity Care Programs in a Changing Health Care Landscape

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## IN BRIEF

In the post Affordable Care Act environment, charity care programs remain an important feature of the safety-net landscape in many communities, typically offering or organizing free- and reduced-cost care to individuals. Federal policy changes, such as decreased funding for navigation services, raise questions about the role charity care programs see themselves playing in the immediate future. Through support from Kaiser Permanente Community Health, the Center for Health Care Strategies recently conducted an informal survey of charity care programs across the country to explore how these programs see their role in the changing health care environment. Among the themes identified, charity care programs: (1) connect diverse populations to a wide range of human services beyond health care; (2) predict an increase demand for services through 2020; and (3) plan to rely on existing funding sources, but have concerns about funding commitments.

Charity care programs (CCPs) continue to evolve and persist in today's ever-changing health care landscape. They remain an important feature of the safety-net landscape in many communities, typically offering or organizing free- and reduced-cost care to individuals. Following the passage of the Affordable Care Act (ACA) in 2010, many CCPs found themselves providing more indirect services, particularly in facilitating enrollment for those newly eligible for coverage. More recently, some have grown to serve as navigators of social services, recognizing the need to address the social determinants of health.

In early 2018, the Center for Health Care Strategies (CHCS), with support from Kaiser Permanente Community Health, undertook an informal survey of select CCPs that it has been working with over the past seven years. The survey was designed to take a prospective look at how CCPs see their role moving forward as they continue to adapt to the changing health care landscape.

## Background and Methodology

With earlier support from Kaiser Permanente Community Health, CHCS formed an *Affinity Group for U.S. Charity Care Programs* in 2011. The original affinity group of 12 members was designed to share best practices and address challenges in redefining program roles, delivery systems, and business models to help the previously uninsured secure coverage and to serve the remaining uninsured population after the full implementation of the ACA. Participating programs came from states all across the country, including California, Maryland, Michigan, Minnesota, Nevada, New York, North Carolina, Pennsylvania, and Texas.

In early 2018 CHCS created the *CHCS Charity Care Programs Survey*, including 17 questions that reflected feedback from charity care program leadership across the country to ensure relevance.

CHCS also received invaluable feedback from Julie Darnell, PhD, MHSA, associate professor, Department of Public Health Sciences, Stritch School of Medicine, Loyola University Chicago, who has worked with the National Association of Free and Charitable Clinics to conduct a series of surveys on charity care. CHCS collected 12 responses and analyzed the responses in the aggregate.

## Charity Care Program Observations

For the survey, CHCS defined four categories of CCPs, including those that primarily provide: (1) a range of direct health services at no cost to clients; (2) a range of direct health services with a small cost to clients; (3) a range of direct health services, which can be free or at a small cost to clients; or (4) indirect health-related or referral services, such as enrollment assistance.

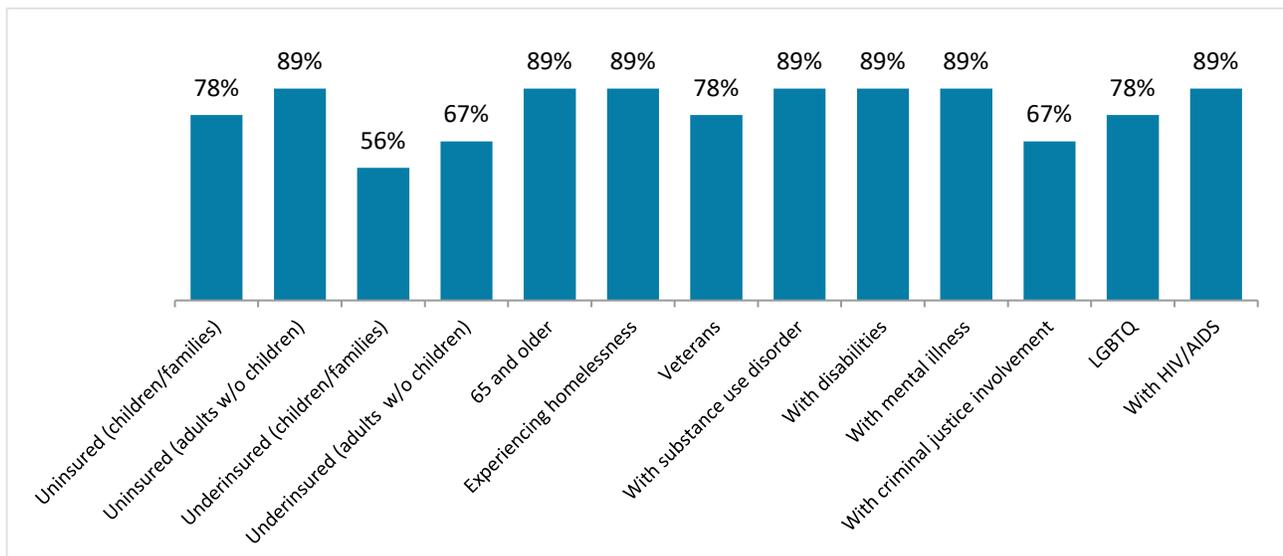
From the survey responses, CHCS identified three key themes for charity care programs, each of which is outlined below:

1. Connect diverse populations to a wide range of human services;
2. Predict an increased demand for charity care services over the next two years due to multiple factors, including the repeal of the federal tax penalty applied to the individual mandate; and
3. Plan to rely on the same funding sources for the foreseeable future, but are uncertain about prospective funding levels.

### 1. Charity care programs connect a diverse range of populations to a wide breadth of human services.

CCPs tend to work with a wide range of individuals. Each program surveyed was asked, “What client population does your organization currently serve? Please check all that apply.” Of the 10 organizations that answered this question, each of the populations listed was served by at least six of the CCPs. No population was served by every organization.

**Exhibit 1. What client population does your organization currently serve?**

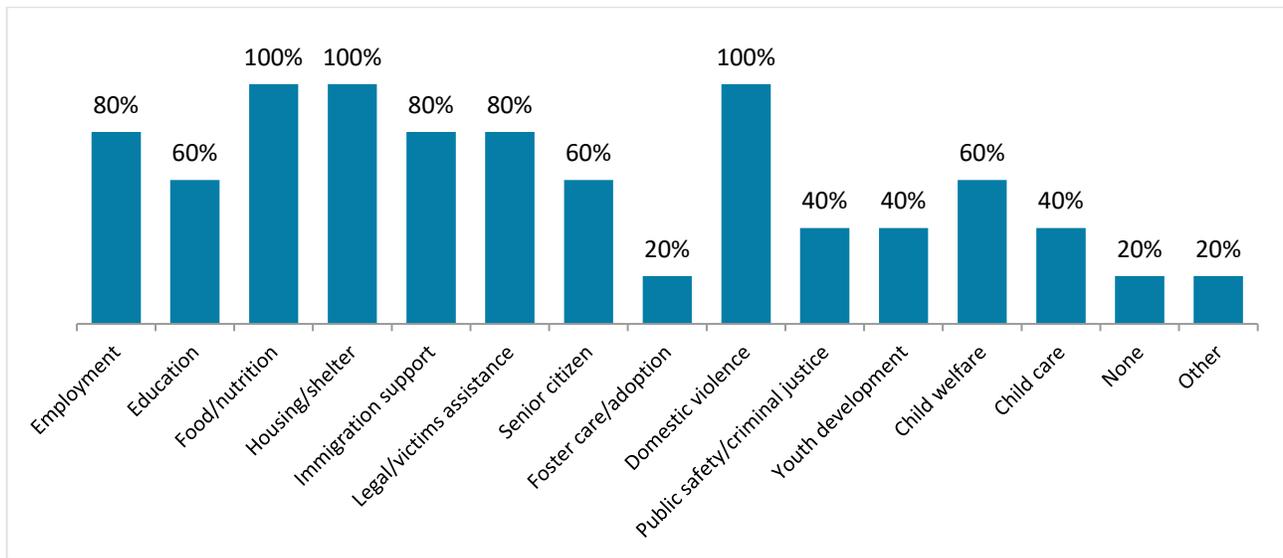


Source: CHCS Charity Care Program Survey, March 2018

Not only do CCPs tend to work with a wide range of populations, but they tend to connect clients to a wide range of human services. Six of the CCPs identified their organizations as providing “Indirect Services.” Out of the six organizations that answered the question, “To which kind of human services providers does your program currently connect clients? Please select all that apply,” two organizations selected every choice except for “foster care and adoption agencies.” Of interest, every organization selected “domestic violence shelters or services,” “housing and shelter organizations,” and “food and nutrition agencies or programs” as services to which they refer clients. CCPs also connect individuals to a wide range of other services, including employment, child care, and senior citizen services. Another theme presented in these exhibits is the prevalence of populations that are either uninsured or underinsured seeking assistance for health issues that are gaining more public discussion, such as mental health and substance use disorders. This is likely to be influenced as well by the growing national attention to the opioid epidemic.

*The fact that charity care programs responding to the survey connect a wide range of client populations to a wide range of human services may suggest that these programs have been expanding their mission to addressing the social determinants of health in the post-ACA landscape.*

**Exhibit 2. To which kind of human services providers does your program currently connect clients?**



Source: CHCS Charity Care Programs Survey, March 2018

The fact that CCPs responding to the survey connect a wide range of client populations to a wide range of human services may suggest that CCPs more generally have been expanding their mission from providing free- and reduced-cost care to addressing the social determinants of health in the post-ACA landscape.

## 2. Charity care programs predict an increased demand for charity care services.

CCPs responding to the survey self-identified regarding the primary nature of the services they provided — either direct or indirect health services — and were subsequently asked a tailored set of questions depending on their response. For both indirect and direct health services, CCPs were asked about how they predicted the quantity of services changing over the next two years.

For organizations providing indirect health services, the majority predicted they would provide “About the Same” or “More” enrollment assistance and “More” or “Much More” connections to social services. For organizations providing direct health services, CCPs were asked about physical health services, oral health services, drug/pharmaceutical services, mental and behavioral health services, and treatment for substance use disorders. No CCP predicted that the quantity of services provided would decrease for any of these service choices. Instead, if applicable, each CCP thought they would offer “About the Same,” “More,” or “Much More.”

*Not surprisingly, the charity care programs surveyed felt that policy changes at the federal level, such as funding cuts to navigator budgets, could increase demand for charity care services.*

Not surprisingly, the CCPs surveyed felt that policy changes at the federal level, such as funding cuts to navigator budgets, could increase demand for charity care services. The CCPs surveyed were asked how they expected the way they provided services to change. When CCPs elaborated on their responses, the theme of changing federal policies emerged more concretely. For example, the Centers for Medicare & Medicaid Services’ [July 2018 announcement](#) that the federal budget for navigation services would be decreased from \$36 million to \$10 million for 2019 will almost certainly impact CCP operations. Some CCPs also expect the demand for charity care to increase over the next two years due to the repeal of the federal tax penalty undergirding the individual mandate, which was the part of the ACA requiring individuals to have health insurance or face a financial penalty. Without the federal tax penalty, some individuals may be less likely to enroll. This could lead to more individuals relying on CCPs when they need care.

Some CCPs also mentioned that their services may change as a result of more aggressive tactics used by Immigration and Customs Enforcement, especially for organizations serving immigrant populations. CCPs serving immigrant populations are navigating how to best serve their clients. Some CCPs provide the same service offerings as they do for their general client population, while others provide additional services such as translation and legal services.

## 3. Charity care programs plan to rely on the same funding sources, but are unsure about future funding levels.

CCPs also responded to several questions about financing. The programs surveyed were asked to identify both their current funding sources and where they expect to seek future funding. In general, CCPs expect to receive funding two years from now from the same sources. However, CCPs are more concerned about the level of funding they will receive in the future. When asked to identify their level of concern about funding sufficiency for maintaining key services, every organization identified as having either a “modest” or “major” concern. CCPs appear to be confident about the stability of their funding sources, but are unsure about the expected level of resources that will be available to them.

## Conclusion

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Based on this recent informal survey, charity care programs appear to be connecting a wide array of populations with a wide array of services, and expect the demand for those services to increase over the next two years, partially as a result of policy changes at the federal level. In generalizing from this small sample, it appears that organizations that provide charity care are increasingly expanding their services to address the social determinants of health in their communities. This expanded role is likely to continue, and may even grow further as recognition increases of the important role played by social services in health improvement.

Charity care programs, in many ways, serve as a barometer for broader, national health trends. Among the select programs surveyed, there is every expectation that they will continue to do so in the years ahead.

### ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a nonprofit policy center dedicated to improving the health of low-income Americans. It works with state and federal agencies, health plans, providers, and community-based organizations to develop innovative programs that better serve people with complex and high-cost health care needs. For more information, visit [www.chcs.org](http://www.chcs.org).