



Indiana's Community Health Centers: Return on Investment and Economic Impact

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In October 2008, the Indiana State Department of Health (ISDH), in conjunction with the Indiana Primary Health Care Association (IPHCA), commissioned two nationally-recognized academic institutions to examine the performance of Community Health Centers (CHCs) in Indiana.

The first study, conducted by The George Washington University (GWU) School of Public Health Services, researched the return on investment Community Health Centers provide for Indiana, as well as the cost savings they generate. The second study, conducted by the Indiana Business Research Center (IBRC) of the Indiana University Kelley School of Business, investigated the economic impact of CHCs throughout the state, as well as the value of non-monetary volunteer services within CHCs and gifts-in-kind provided to CHCs.

Important study conclusions illustrate that Community Health Centers in Indiana not only provide comprehensive, accessible, high-quality health care services, but that both the costs of those services are considerably less than for other health care providers (e.g., a private physician office), and the statewide economic impact of CHC-related revenues is considerable.

To illustrate, while the cost per patient at a non-CHC was \$2,924 in 2005, the CHC cost was estimated to be approximately \$1,529 – a savings of \$1,395 per CHC patient (or 48% less cost). For every dollar of health care services provided in a Community Health Center in Indiana, nearly two dollars was saved for the state's health care system. A savings of \$473 million for Indiana's health care system were the result of reduced medical costs. Avoided emergency room visits and reduced hospital stays comprise the majority of these savings. Since CHCs provide a true medical home to hundreds of thousands of Indiana residents, the resulting continuity of care enables early detection of disease/illness which would otherwise most likely require emergency care and/or hospitalization.

Furthermore, CHCs serve as a vital economic engine for the state. The positive annual impact of CHCs on Indiana's economy is nearly \$195 million; an additional 54 cents of economic activity is generated for Indiana by each dollar directly spent by a Community Health Center. Of the \$195 million economic impact, \$126 million is the result of direct spending. Moreover, state and local taxes generated by CHC spending amount to more than \$9 million annually.

Especially given current economic realities at both the national and state levels, the GWU and IBRC studies strongly underscore the critical value Community Health Centers bring to their patients, their communities, and Indiana.

The George Washington University report is available at:

http://www.gwumc.edu/sphhs/departments/healthpolicy/dhp_publications/pub_uploads/dhpPublication_A7BA8B9A-5056-9D20-3D3852F88AC4EF03.pdf

The Indiana Business Research Center report is available at:

http://www.ibrc.indiana.edu/studies/Community_Health_Centers_2009.pdf