

More holes in the safety net: Oklahoma ends Uncompensated Care Fund

by Carly Putnam | March 21st, 2016



The state's already-ragged health care safety net has frayed a little further. To cope with mid-year budget cuts, the state Department of Health announced that it had eliminated the Uncompensated Care Fund, which covered some of the health care costs for low-income, uninsured Oklahomans at the state's federally-qualified community health centers.

Federally-qualified health centers, or FQHCs, are an integral part of Oklahoma's health care safety net. FQHCs are health centers that care for

an underserved area or population, offer a sliding fee scale, and provide comprehensive health services, as well meeting a range of other requirements. In 2014, Oklahoma FQHCs provided health care to more than 176,000 people, one in three of whom were children. Almost 70 percent had incomes at or below the federal poverty level (\$19,790 per year for a family of three that year), and 4 in 10 were uninsured.

These health centers draw funding from a wide range of sources, including Medicaid and Medicare reimbursements, private health insurance, grants, philanthropy, and of course patients themselves. However, the payer of last resort for patients with no ability to pay was the Uncompensated Care Fund, administered through the Oklahoma State Department of Health. As we've written, that fund has already been cut from a high of \$3.84 million in 2009 to \$2.55 million in 2015 (just shy of \$800,000 was still in the fund for FY2016). For the state's largest FQHCs, ending the Uncompensated Care Fund may amount to over \$100,000 in lost revenue per month. [here](#).

Federally-qualified health centers are highly efficient providers, and they consistently outperform other providers in health care bang for the buck. But operating for years with constrained budgets means they've already cut what can be cut without seriously hindering patient care. Further cuts and restrictions will harm all patients, not just those without insurance. When FQHCs close locations and eliminate services due to lack of revenue, everyone they serve is affected.

It's worth noting that eliminating the Uncompensated Care Fund, which will jeopardize access to health care for uninsured and low-income people, is happening at the same time that the legislature is trying to add more than 100,000 people to the ranks of the uninsured. That's on top of a crisis in our rural hospitals, where uninsured patients losing access to FQHCs means more will end up in the emergency departments. And that's on top of nearly \$500 million in cuts to SoonerCare since 2010, which have forced the agency to reduce provider reimbursements and hike copayments to the federal maximum. Meanwhile, the state Department of Health is trying to cope with a 25 percent reduction in state appropriations since 2009.

Perhaps the most tragic component is that several of these birds could be killed by a single stone. The federal government is offering billions in funding for the state to expand health coverage for the low-income uninsured – the same uninsured Oklahomans served by FQHCs and endangered rural hospitals. However, Oklahoma has so far refused the federal funds: SB 1372, which would have expanded coverage, died without being heard in committee. In states that did expand coverage, uncompensated care is declining quickly. Residents of these states have also gotten more preventive screenings and primary care visits, which reduce overall health costs and promote health by detecting conditions before they become too serious.

In her January 2013 State of the State address, Governor Fallin promised to develop an “Oklahoma Plan” to improve access to health care. Since then, we’ve seen no plan; only more cuts that put quality health care even more out of reach for hundreds of thousands of Oklahomans. Refusenik states like Oklahoma still have the option to expand coverage with federal funds – Montana’s expansion began in January, and South Dakota will likely expand next year. It’s past time for Oklahoma to stop the bleeding of our health system by bringing our federal tax dollars back into our state.

