

Highlights of [GAO-12-504](#), a report to congressional requesters

Why GAO Did This Study

Health centers funded in part by grants from HRSA's Health Center Program, under Section 330 of the Public Health Service Act, provide comprehensive primary care services for the medically underserved, including many poor, uninsured, and Medicaid patients. Legislation enacted in 2009 and 2010 provided additional funding that could significantly expand health center capacity over the next several years. GAO was asked to review HRSA's process for awarding grants for new delivery sites and possible effects of health centers, such as competition, on other providers. This report examines (1) the actions HRSA has recently taken to target its grants for new delivery sites to health centers in communities with demonstrated need and the outcome of HRSA's award process in recent years, and (2) the extent to which HRSA-funded health centers collaborate and compete with other health care providers in their service area. GAO focused its work on NAP grants, HRSA's primary means of establishing new health centers and delivery sites, during fiscal years 2008 through 2011. GAO analyzed HRSA documents and interviewed HRSA officials, and interviewed officials from 11 health centers and providers and officials in their service areas.

What GAO Recommends

The Secretary of HHS should direct the Administrator of HRSA to evaluate the fiscal year 2011 NAP grant award process for effectiveness and transparency, identify lessons learned, and incorporate any improvements for future funding cycles. HHS agreed with GAO's findings and recommendation and said HRSA has begun to take action.

View [GAO-12-504](#). For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

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HEALTH CENTER PROGRAM

2011 Grant Award Process Highlighted Need and Special Populations and Merits Evaluation

What GAO Found

The Department of Health and Human Services' (HHS) Health Resources and Services Administration (HRSA) revised its New Access Point (NAP) competitive award process in fiscal year 2011 to increase the emphasis on the need for services in the applicant's proposed service area, and on the three special populations—migrant and seasonal farmworkers, homeless people, and residents of public housing—designated by the Public Health Service Act. The act requires that certain proportions of Health Center Program funding go to health centers serving the special populations. To increase the emphasis on need, HRSA increased the weight given to need in the application review process. To target health centers serving special populations, HRSA gave extra points in the application process to applicants proposing to serve them. When this was insufficient to meet the required proportions, HRSA moved some applicants ahead of others in the award rank order list, a method it had used in the past. The effect of HRSA's actions on the award outcome was magnified in fiscal year 2011 because (1) HRSA received less program funding than it had anticipated, and (2) it needed to increase the share of grants going to health centers serving the special populations because HRSA had not applied the statutory proportions when it used American Recovery and Reinvestment Act funding to award grants in fiscal year 2009. As a result, HRSA awarded 67 NAP grants in fiscal year 2011, 57 of which went to applicants proposing to serve at least one special population; 13 of the 57 received grants by being moved ahead of other applicants with equal or higher review scores. HRSA announced the extra points in application guidance, but not the potential moving of some applicants ahead of others. As HRSA has periodically needed to take actions to meet its statutory obligations and may need to do so again, evaluating the effectiveness and transparency of its most recent New Access Point grant award process could help it identify lessons and possible improvements for the future.

Health centers in the communities GAO studied collaborate with other providers and generally do not compete with them for patients, but GAO found greater potential for competition in rural areas. Health center officials described collaborative relationships with other providers that give patients access to services not available through the health center. Health centers and other providers told GAO they generally do not compete for patients; health centers typically serve patients not treated elsewhere, such as uninsured and Medicaid patients. However, because the health center grant covers, on average, about 20 percent of a center's budget, other funding must also be secured, such as by serving insured patients, for the center to be financially sustainable. This can result in competition with other providers in its service area. During the award process, HRSA takes steps to reduce competition by identifying nearby safety net providers and assessing whether the level of unmet need in the area warrants a grant for a new health center or delivery site. Greater potential for competition exists in rural areas because patients there are more likely to be insured and rural health clinics and certain hospitals might seek to serve some of the same patients as health centers, although they may not offer all of the services required of health centers.