

Policy Brief Executive Summary

Financing Community Health Workers: Why and How

The future is now in many communities

January 2007

The contribution of community health workers (CHWs) to increased access and high-quality, efficient health care has been demonstrated by research. Barriers to the use of community health workers are being identified and innovators are finding ways to overcome those barriers. The policy brief *Financing Community Health Workers: Why and How* highlights the effective strategies of five communities that are tackling one of the most significant hurdles to the expanded use of community health workers: the lack of mainstream financing.

Communities in Colorado, Michigan, New Mexico, New York, and Ohio are leading the way. Representing the range of organizations that are increasingly using community health workers, i.e., purchasers, managers, and/or those delivering health care, the sites highlighted in the policy brief illustrate why CHWs are being used in certain roles and how they can be supported through available mainstream health care financing.

Within the highlighted communities, the functions of purchasing, managing, and delivering health care are often carried out by interdependent organizations. Each of the sites uses CHWs to achieve results and has established relationships and funding mechanisms to tap into mainstream financing, as summarized below.

- In Colorado, Denver Health and Hospital Authority, as a publicly owned health system and Federally Qualified Health Center (FQHC), finances CHWs through its operating budget to assist with care coordination, thus improving the quality and efficiency of health care.
- In Michigan, a local public health agency is using a state Medicaid policy and a local-federal cost sharing arrangement to increase access to health care through CHWs employed by community-based organizations.

- In New Mexico and New York, managed care organizations either contract with other organizations for CHWs or employ them directly as health plan staff to improve access to and quality of health care.
- In Ohio, a high-capacity community-based organization is using a business model (pay-for-performance) to sell the services of CHWs to health and human service organizations as a means of achieving the buyers' desired results for improved access, quality, and efficiency.

The sites highlighted in the policy brief are analyzing and documenting the rationale for using community health workers to achieve better health care access, quality, and efficiency. While emerging research may lead an organization to consider integrating community health workers into its strategies to obtain these results, it is the local, quantitative evidence of value in the form of cost savings, cost avoidance, and/or revenue generation that drives an organization's investment of mainstream health care resources. The policy brief summarizes the rationale for that investment as developed by each of the sites showcased.

The policy brief also presents the specific policies and methodologies that have been designed to manage the investment of mainstream health care financing in community health workers. These methodologies include the following:

- Medicaid managed-care organizations utilizing portions of capitated payments to employ CHWs or contract with provider organizations for CHWs
- Selected organizations, such as public health agencies and FQHCs, being reimbursed for Medicaid administrative costs to support outreach and coordination activities performed by CHWs

- Health systems and provider organizations utilizing CHWs to improve their financial bottom line
- Analytical capacity to demonstrate the value and impact of CHWs

Specific financing and contracting mechanisms are described, including capitation, pathways, and braided contracts.

The policy brief closes with next steps in the work of each organization to expand the use and mainstream financing of community health workers. Three essential factors are noted that permit CHWs to compete successfully for scarce health and human services resources:

- Community and organizational “will” to promote and sustain innovation and nurture policy goals of accessible, high-quality, and efficient health care
- Recognition by policymakers of the potential in existing mainstream funding sources, such as Medicaid, to finance improved care and outcomes through strategies using CHWs.

The Northern Manhattan Community Voices Initiative at the Columbia University Center for Community Health Partnerships prepared the policy brief with support from the National Community Voices Initiative at the Center for Primary Care at Morehouse School of Medicine.

To obtain the policy brief, please contact the Columbia University Center for Community Health Partnerships, (212) 304-6418.