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HEALTH POLICY

Health Law Hurts Some Free Clinics

Insurance Expansion From Affordable Care Act Dents Funding, Leads to Closures



People waited to see a physician this month at the Western Stark Free Clinic in Ohio, where patient visits dropped after Medicaid's expansion. *DUSTIN FRANZ FOR THE WALL STREET JOURNAL*

By **STEPHANIE ARMOUR**

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Some free health clinics serving the uninsured are shutting their doors because of funding shortfalls and low demand they attribute to the Affordable Care Act's insurance expansion.

Nearly a dozen clinics that have closed in the past two years cited the federal health law as a major reason.

The closings have occurred largely in 28 states and Washington, D.C., which all expanded Medicaid, the federal-state insurance program for low-income people, and are being heralded by some clinic officials as a sign the health law is reducing the number of uninsured.

WSJ Radio

Stephanie Armour and WSJ's Tyrone Johnson discuss how the ACA is impacting health clinics



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But the closures have irked some patients and left pockets of uninsured people not covered by the law with fewer venues for care. Some of the roughly 1,200 U.S. free and charity clinics are struggling with a drop in funding because donors believe there is no longer a need for free or low-cost

care in the wake of the health law. That is making it particularly difficult for clinics that still report strong demand, especially in states that didn't expand Medicaid.

Over the past two years, donations to free and charity clinics, which in some cases charge nominal or sliding fees, have dropped 20%, according to a report this year by the National Association of Free and Charitable Clinics. During that time, patient demand has risen 40%.

Savannah's Community Health Mission in Georgia still had a waiting list for appointments but closed Oct. 30 because of funding problems that included a decline in donations.

"As soon as there was the perception of universal health care, the likelihood of receiving donations goes down," said Colin McRae, a lawyer who served on the

board. “You fight a battle of perception.”

While some clinics are closing, others are reinventing themselves. Some are accepting Medicaid while also offering free services. Others are launching dental care or mental-health services to augment their offerings.

“They’re seeing people return to them because they can’t afford their medication or find a provider,” said Nicole Lamoureux, executive director of the National Association of Free and Charitable Clinics.

Free and charity-based clinics see about 5.5 million visits annually, and less than half have an operating budget under \$100,000. The 2010 health law set aside \$11 billion to fund community health centers, a designation that applies to clinics that meet certain requirements such as charging sliding-fee scales and having a board of directors. Many clinics that serve the poor don’t get that funding and rely instead on donations and grants to provide medical, dental, pharmacy, vision and behavioral-health services.

The Western Stark Free Clinic in Massillon, Ohio, was scheduled to close this month. The 15-year-old clinic experienced a 30% drop in patients since the beginning of the year because many are now eligible for Medicaid.

Ella Relford, 60, a former patient, said it took her three weeks to find a new doctor. She had used the clinic for years for regular exams and blood-pressure medication before she obtained Medicaid in the spring. “If I could have stayed with the clinic, I would have,” she said.

In Minneapolis, the Neighborhood Involvement Program medical clinic, opened in 1972, closed in August. Patient visits at the clinic dropped 30% following the health law, according to a letter to patients from the clinic.

More than 360,000 Minnesota residents have obtained private coverage or subsidized plans during the first year of the state’s health-insurance exchange.

The Good Samaritan Free Clinic in Rock Island, Ill., opened about seven years ago and provided primary care for the uninsured for no cost. The clinic closed in the spring because its directors felt there was no longer a need following the rollout of the health law.



Dr. John Schuster examined Jeffrey Neace at the Western Stark Free Clinic in early December. *DUSTIN FRANZ FOR THE WALL STREET JOURNAL*

“When we started we said if there ever was almost universal health care, our mission was accomplished,” said co-founder Kerry Humes. More than 700,000 residents gained access to health coverage in Illinois during the first full year of the ACA.

The health law also led to the closure in February of the No-Fee Chronic Disease Medical Clinic in Olympia, Wash. The volunteer clinic provided care to about 650 people with illnesses such as diabetes, asthma and hypertension and who had no medical insurance. It saw many patients move to Medicaid when the program expanded this year.

“By the end of February, we were sitting there with our phones not ringing,” said Skip Steffen, executive director of the clinic.

More than one million Washington residents enrolled in health plans through the state’s exchange, dropping the state’s uninsured rate by 30%, according to the Washington Health Benefit Exchange.

The health law will reduce the number of uninsured by 25 million by 2023, according to a May 2013 report by the Congressional Budget Office. That will still leave 31 million Americans without health insurance.

“We’re seeing new patients every day, untreated diabetics who have gone months without treatment, if not years,” said Karen Gottlieb, executive director at AmeriCares Free Clinics in Connecticut, which has seen an increase in patient visits this year and opened a new clinic in Stamford.

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