MEMORANDUM

To: Chair Nosse, Vice Chairs Nelson and Diehl, and members of the House Interim Committee on Health Care

From: Kimberly Leathley, Chief Executive Officer, Northwest Human Services
Marty Carty, Director of Government Affairs, Oregon Primary Care Association

Date: September 30, 2025

Re: H.R. 1 Impacts

Thank you for the opportunity to share what we are monitoring in the wake of the passage of H.R. 1 and the significant impacts it will have on Federally Qualified Health Centers (FQHCs). FQHCs serve Oregon's most medically disadvantaged and historically underserved populations. From an unhoused veteran managing PTSD, to a young adult who recently aged out of foster care, to a single parent balancing work and a child's medical needs — these are the people FQHCs serve every day.

I am honored to lead one of the state's 34 FQHCs, Northwest Human Services. We serve all residents right in this area of the state - Marion and Polk Counties. We are a part of Oregon's safety net who, from both **a mission perspective and regulatory perspective, are called to serve all residents, irrespective of their ability to pay**. Here in Polk and Marion Counties, we currently see over **16,000 patients**; of these, **64% are on the Oregon Health Plan** and collectively, with my fellow FQHCs, we care for **almost a quarter of the state's total Medicaid population**. At NWHS, Medicaid revenues account for nearly 60% of our total revenue; this funding covers the cost of medical care as well as allows us to keep much needed services open that don't cover their costs such as dental services, mental health, psychiatry, street outreach, and homeless services and other social services programs.

In coordination with our statewide association, national partners and, with OHA's analysis of H.R. 1, we have modeled out the following scenarios:

	Nationally	**NWHS impact**
Work requirements	20% loss of coverage	**Over 2,000* patients** with $5.4M loss of funds **This number is likely higher due to disproportionally higher number of patients experiencing homelessness in our patient population.*
Eligibility checks	17% loss of coverage	**Over 1,700 patients** with $4.6M loss of funds
Complex immigration status	7% loss of coverage	**About 700 patients**

The reality on the ground at FQHCs like Northwest Human Services is that our patients are typically more complex as compared to other primary care settings. Nearly one in three is considered "high risk," based on medical conditions, behavioral health needs, social determinants, age, and care patterns. These same factors make it harder to keep coverage active. H.R. 1's work requirements and frequent verification cycles will add administrative hurdles that many of our patients, through no fault of their own, cannot clear. Seasonal, gig, or shift workers with irregular schedules, individuals without stable housing who lose paperwork in frequent moves, or patients navigating language barriers will all be disproportionately impacted. Experts have compared the new verification checks to "filing taxes twice a year" - a burden that will cause thousands to fall through the cracks.

When patients lose coverage, they don't stop needing care. The people reflected in these numbers, and many thousands more across Oregon, will continue to require health care. Without coverage, they will be forced into less efficient and more expensive pathways: delaying care until hospitalization is required, utilizing emergency departments for conditions better managed in primary care thus reducing access to emergency services for those in true crisis, and continuing to seek care at FQHCs. If they come through our doors at an FQHC, we will care for them, but now without insurance. That means more uncompensated care, less sustainability for our programs, and impossible choices about reducing staff or scaling back services. Coupled with restrictions in H.R. 1 that limit Medicaid financing flexibilities, the bill jeopardizes the very safety net designed to keep Oregon communities healthy.

Areas of Focus for the House Interim Committee on Health Care
As the legislature prepares for its 2026 session, we encourage this committee and your colleagues in both chambers to consider the following priorities:

1. Sustain investment in Primary Care and FQHCs

- The 2022 OHA-sponsored study conducted by the OHSU-PSU School of Public Health found that every $1 increase in primary care expenditures related to the Patient Centered Primary Care Home (PCPCH) program generated nearly $12 in savings in emergency department and inpatient costs.

- Federally Qualified Health Centers (FQHCs), with their integrated model of care, deliver 24% lower costs to Medicaid compared with other primary care settings.

2. Expand Integrated Behavioral Health Care

- When behavioral health is managed upstream in primary care settings, patients experience fewer emergency department and hospital visits.

- Evidence shows that integrated, team-based primary care (medical plus behavioral health) reduces acute care use and lowers total cost trends compared with traditional practice models.

3. Maintain and Strengthen Incentive-Based Care Approaches

- The CCO Quality Incentive Pool aligns providers around priority outcomes, ensuring appropriate utilization of services and accountability for community health goals.

- Adequate funding of CCO rates is critical so that providers can sustain access to resources intended to drive better outcomes.

4. Fund and Protect Access for Patients at Risk of Losing Coverage

- Programs must be maintained or expanded to ensure patients affected by policy changes (such as the new eligibility requirements, the increase verification processes, and the elimination of tax credits) and those with complex immigration statuses can still access care and the safety net providers can still be adequately funded.

- Sustained and predictable funding is necessary to maintain a stable workforce pipeline, allowing FQHCs to recruit and retain physicians, primary care clinicians, and other essential team members. Without this investment, workforce instability will reduce access to care, drive patients into higher-cost emergency and hospital settings and ultimately increase costs to the system.

- Without adequate funding, safety-net clinics across the state will face financial jeopardy as demand for services persists and uncompensated care increases. FQHCs are already stretched thin by stagnant base funding (Section 330) and reimbursement policies that limit cost-based payments.

We'd also like to offer the following strategies for the legislature's consideration to mitigate the harms of H.R. 1 for FQHCs and our patients:

- **Short-Term:** Stabilize the Medicaid program by fully funding 2025 / 2026 CCO rates. Limit the defunding of incentive dollars that play a critical role in moving the needle toward better health and outcomes for Oregonians.

- **Medium-Term:** Strengthen outreach and enrollment capacity by funding programs like Outstationed Outreach Workers (OSOW) and expanding support for Traditional Health Workers, Community Health Workers, and OHP assisters. These trusted community members, whether connecting with patients on the street, at home, or in transit, have a proven record of ensuring eligible Oregonians maintain benefits.

- **Long-Term:** Reform the Medicaid program through thoughtful design of Oregon's State Medicaid Plan. This includes ensuring adequate revenue, clarifying covered populations and services, and aligning resources with the scope of care needed to keep Oregonians healthy. To guide this complex effort, please consider the priorities above: invest in primary care, expand integrated behavioral health, maintain and strengthen incentive-based care approaches, and fund and protect access for patients at risk of losing coverage.

Thank you for the opportunity to speak to you all at this critical time for our Medicaid program – we are proud to stand with Oregon and maintain access to care for all Oregonians.

References:

Impact of Investing in Patient Centered Primary Care Home (PCPCH) practices: https://www.oregon.gov/oha/HPA/dsi-pcpch/Documents/PCPCH%20Eval%202011-19%20Final%20022423.pdf

Impact of Federally Qualified Health Centers (FQHCs): https://www.nachc.org/wp-content/uploads/2023/06/Economic-Impact-of-Community-Health-Centers-US_2023_final.pdf

Impact of Integrated Behavioral Health in Primary Care: https://www.milbank.org/2025/05/integrated-behavioral-health-works-and-saves-money-why-arent-we-doing-it/?utm_source=chatgpt.com