

# The Quest to Build Financially and Operationally Resilient Health Centers

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Lessons Learned from the Pandemic



**Allison Coleman**

CEO

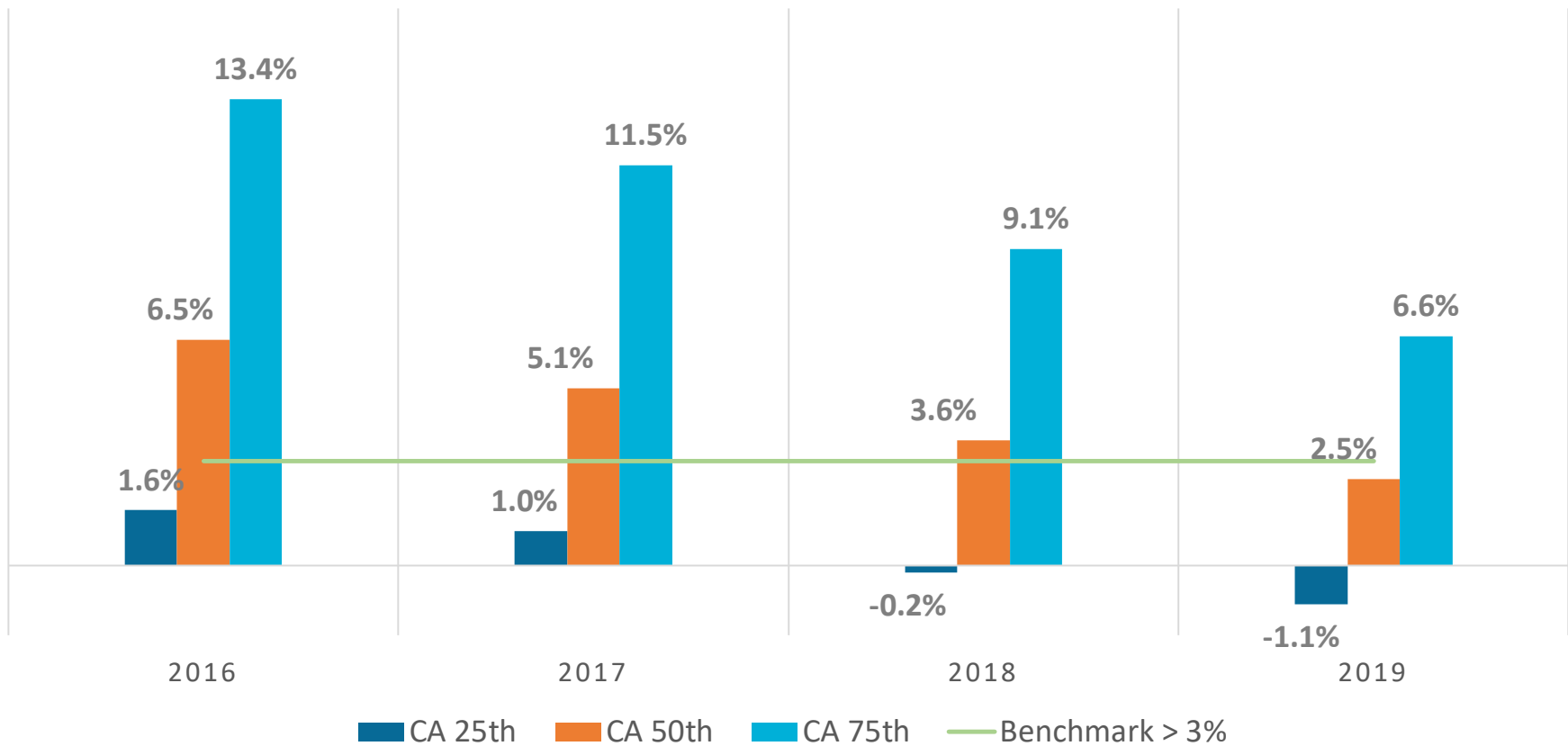
CPCA Virtual CFO Conference

May 21, 2021

# Pre-Pandemic Financial Trends: Operating Margin



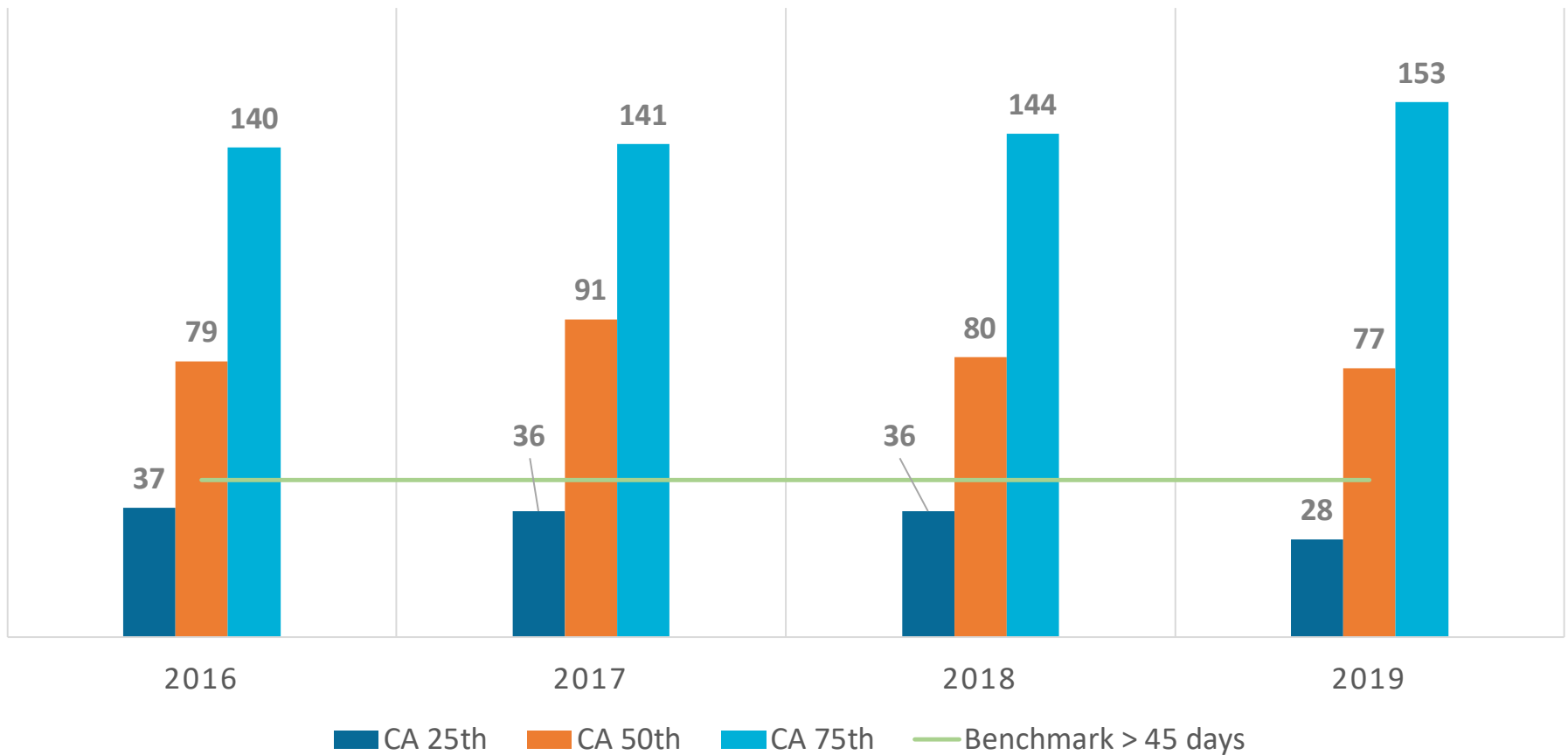
CA FQHCS: OPERATING MARGIN  
(PERCENTILE), 2016-2019



# Pre-Pandemic Financial Trends: Days Cash on Hand



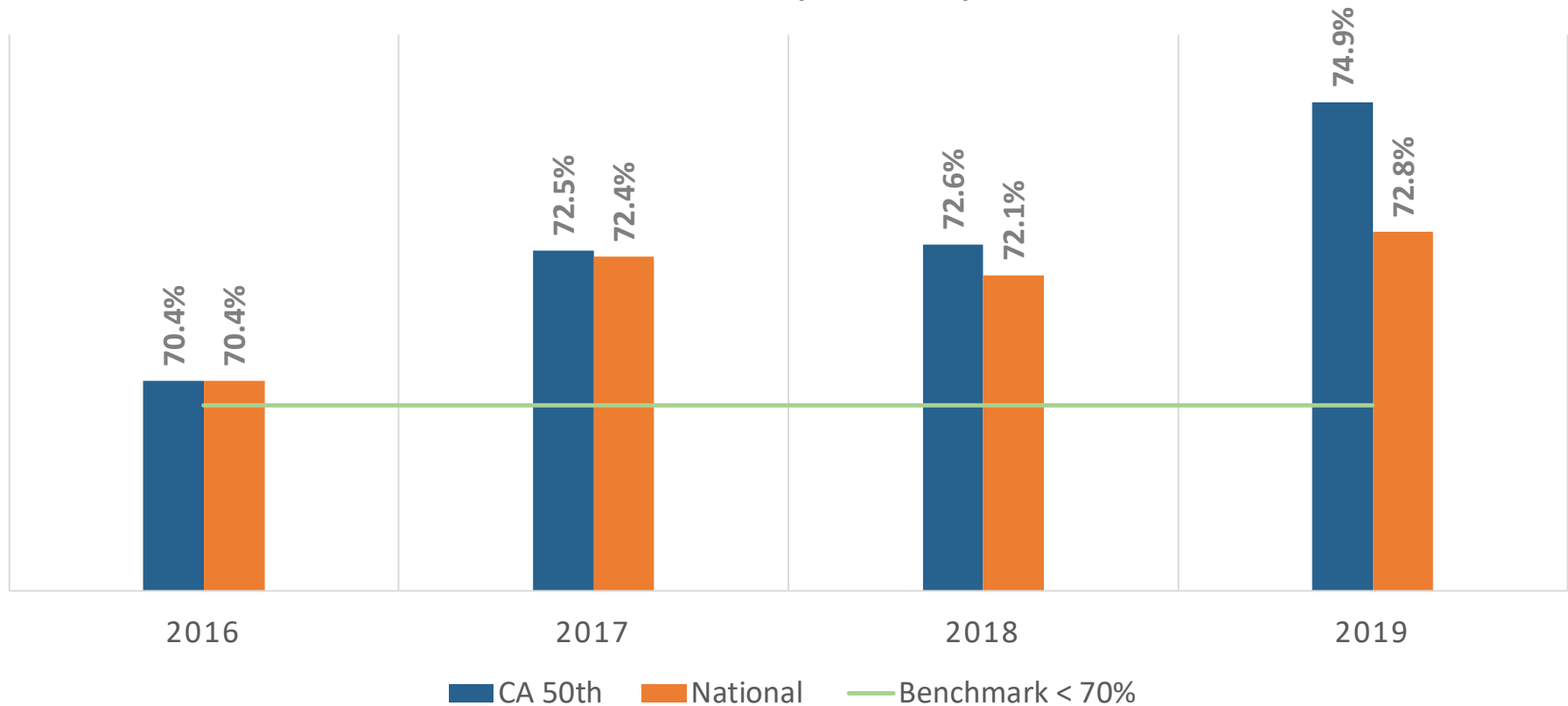
CA FQHCS: DAYS CASH ON HAND (PERCENTILE), 2016-2019



# Pre-Pandemic Financial Trends: Personnel-Related Expenses



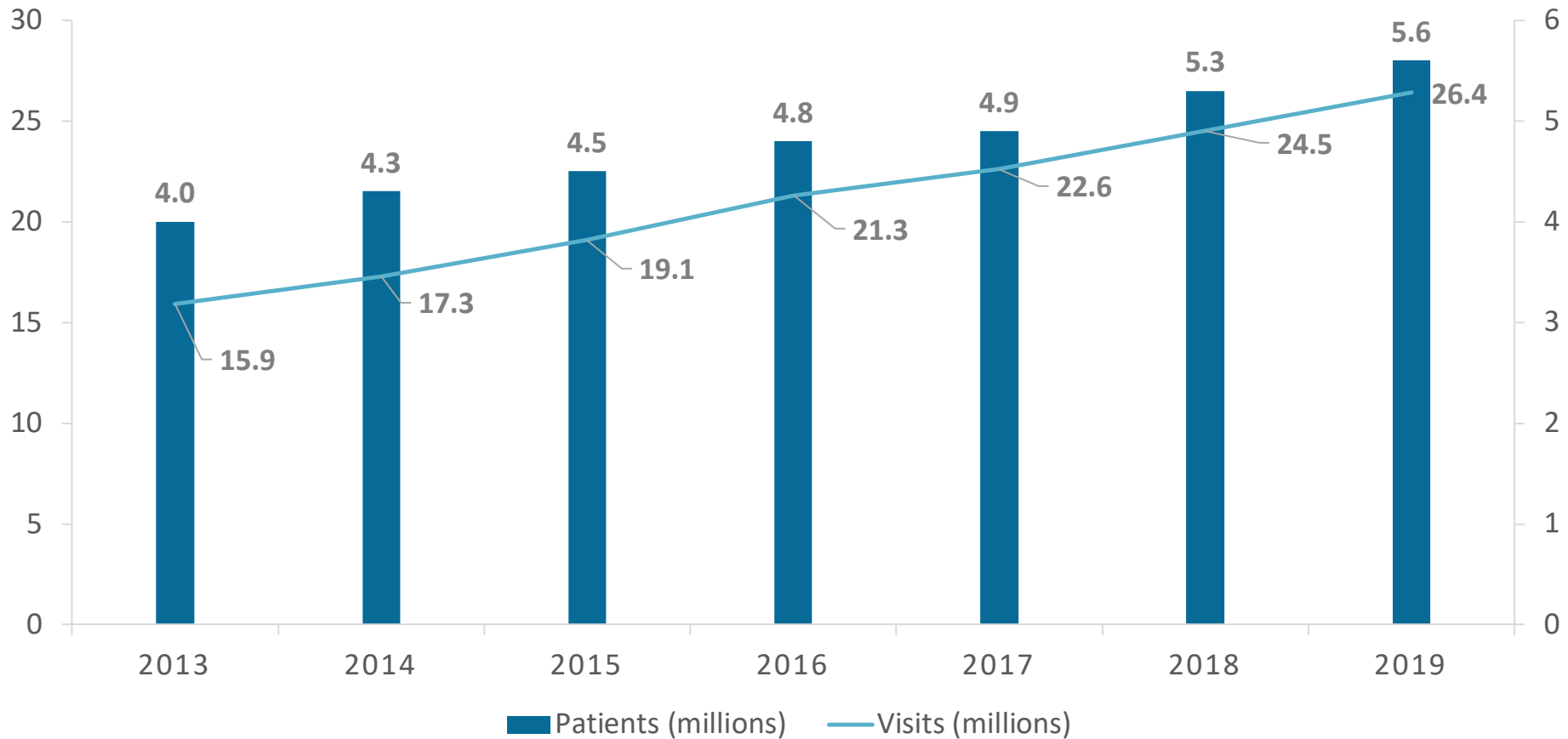
CA FQHCS: PERSONNEL-RELATED EXPENSE AS A PERCENTAGE OF OPERATING REVENUE (MEDIAN), 2016-2019



# Pre-Pandemic Operating Trends: Patient and Visit Growth



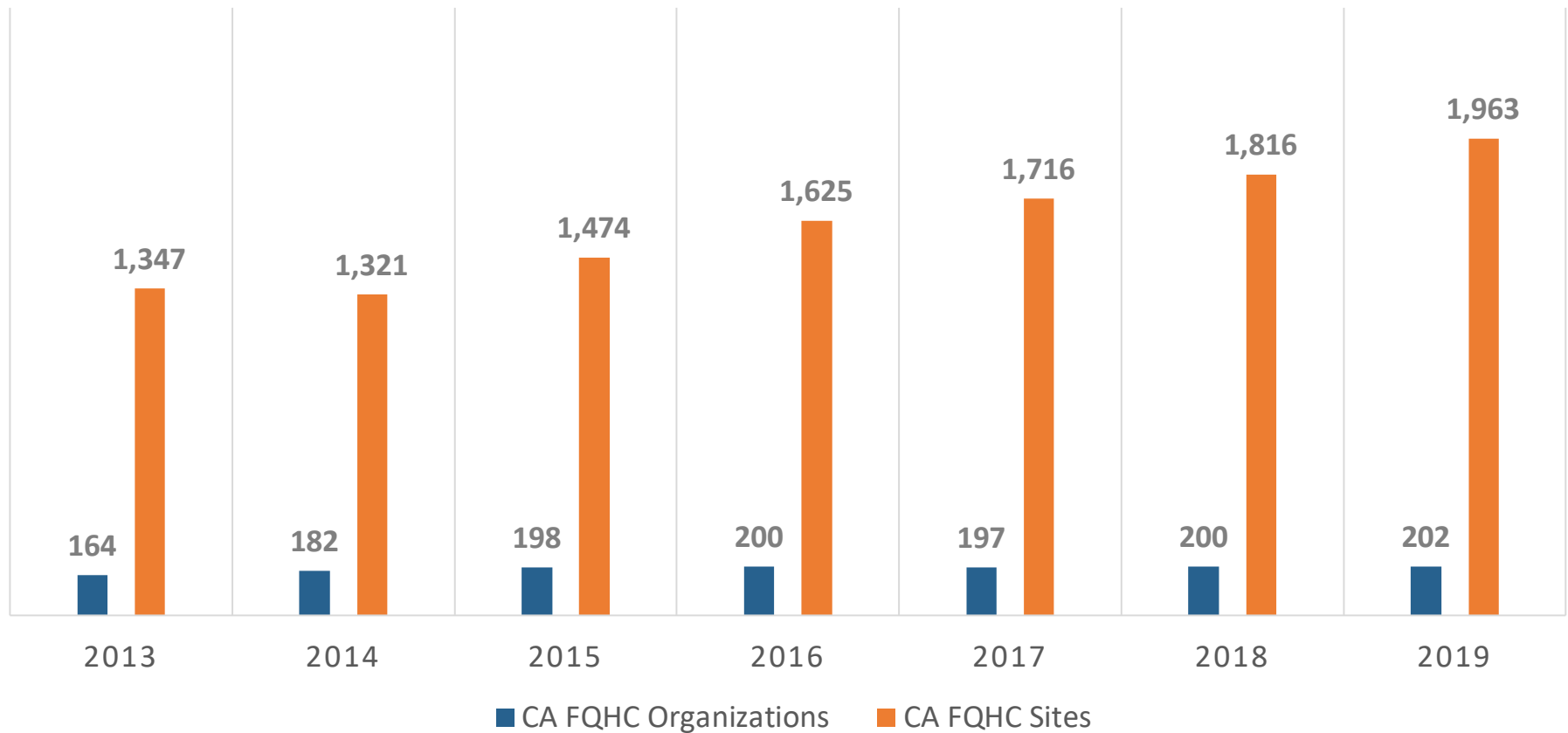
## CA FQHCS: PATIENT & VISIT GROWTH TRENDS, 2013-2019



# Pre-Pandemic Operating Trends: Organization and Site Growth



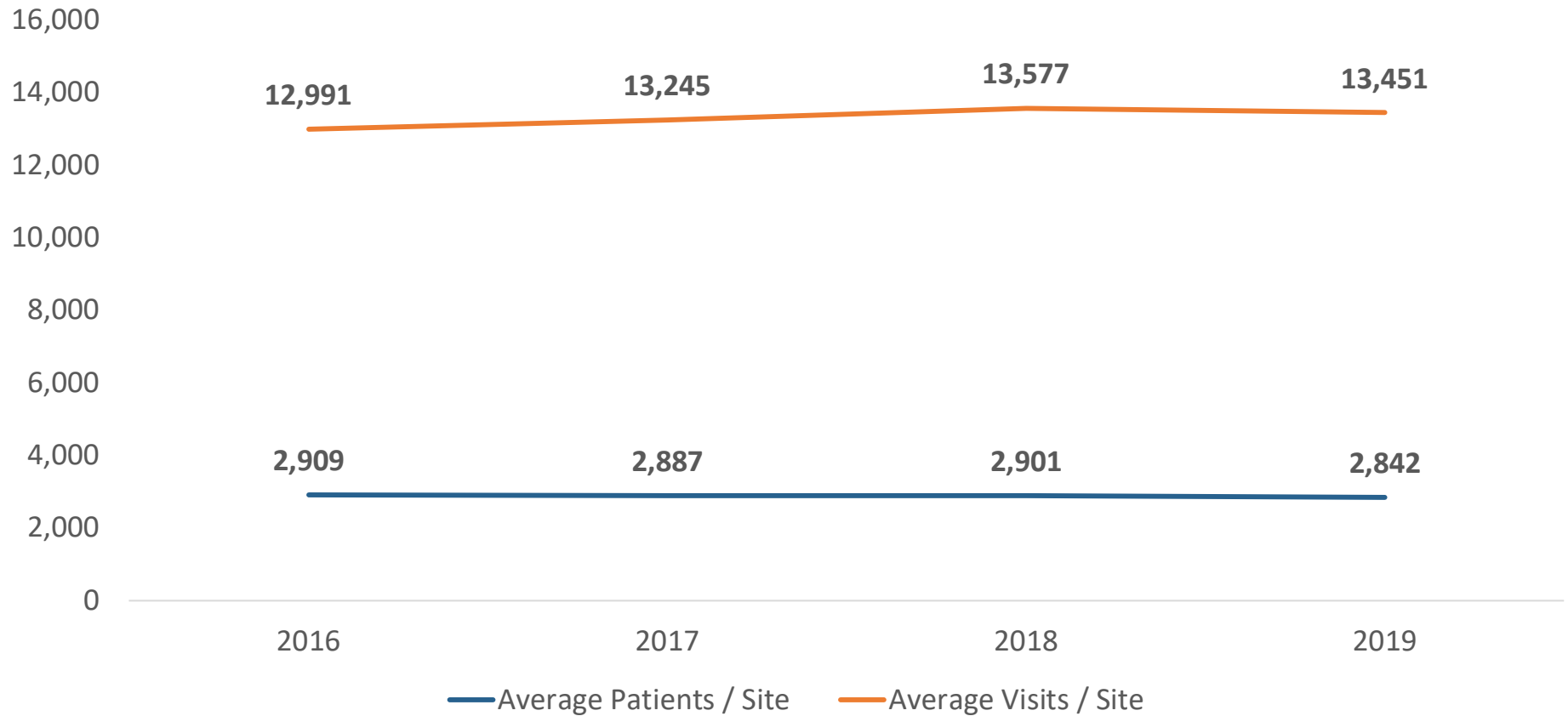
CA FQHCs: ORGANIZATION AND SITE GROWTH TRENDS, 2013-2019



# Average Patients and Visits per Site



## AVERAGE PATIENTS AND VISITS PER SITE

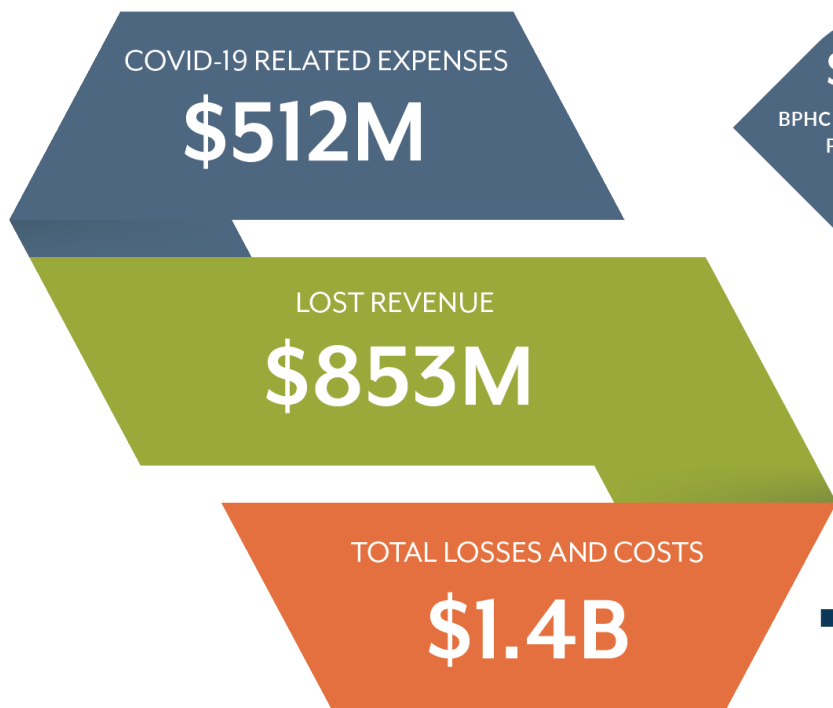


# Pandemic Financial Impact

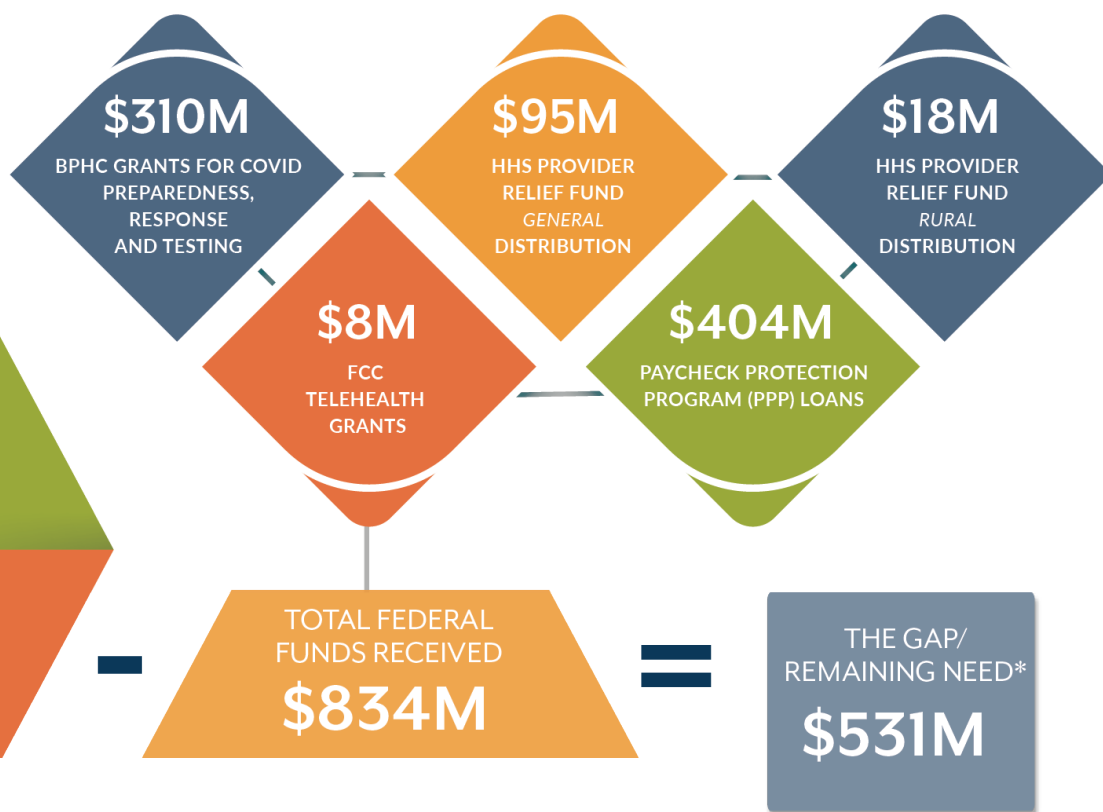
April 2020 – December 2020



## FQHCs' Projected Losses and Costs



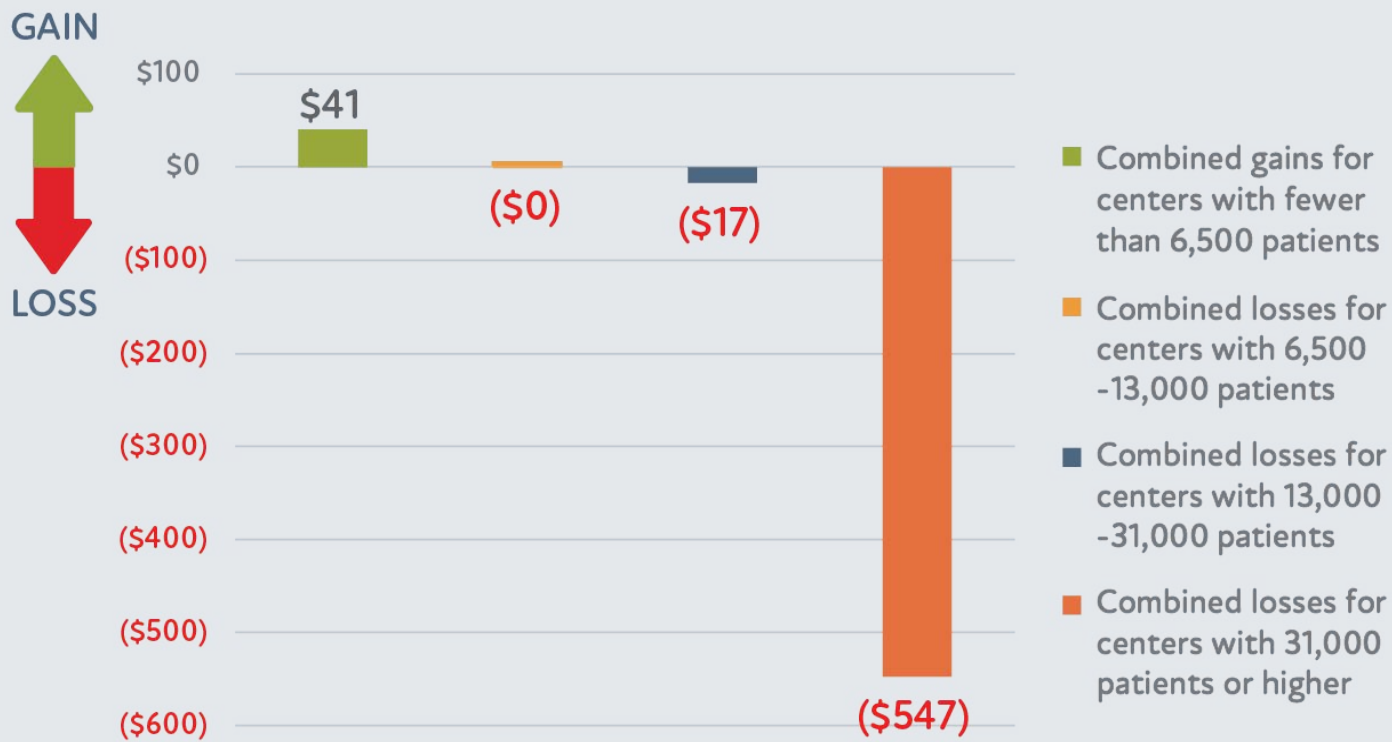
## COVID-19 Relief Funding Received





# Which Centers Experienced the Highest Financial Losses (and why)?

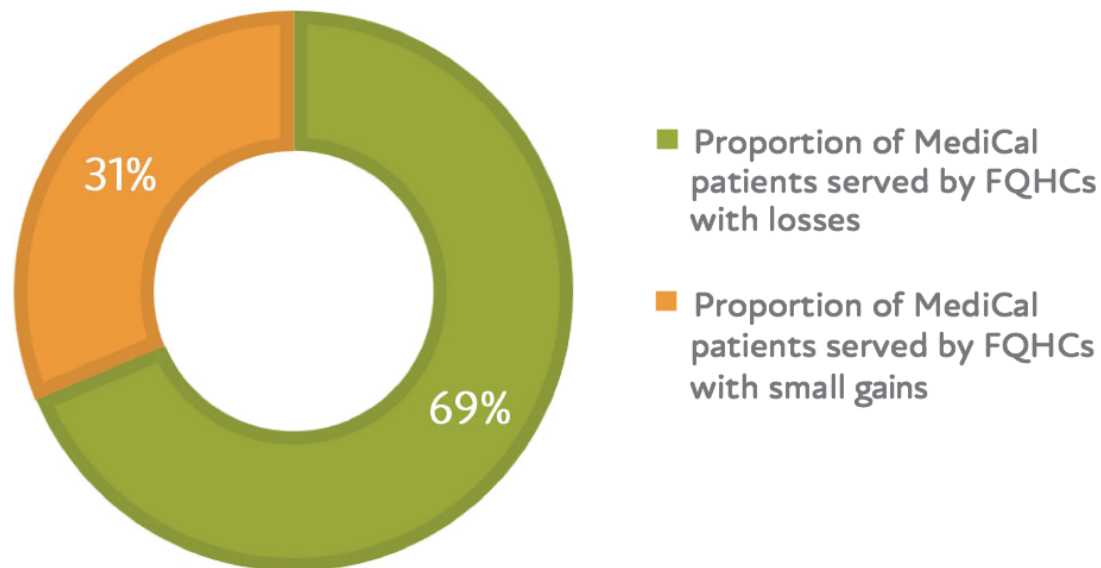
## Combined Losses (in Millions) by Health Center Size



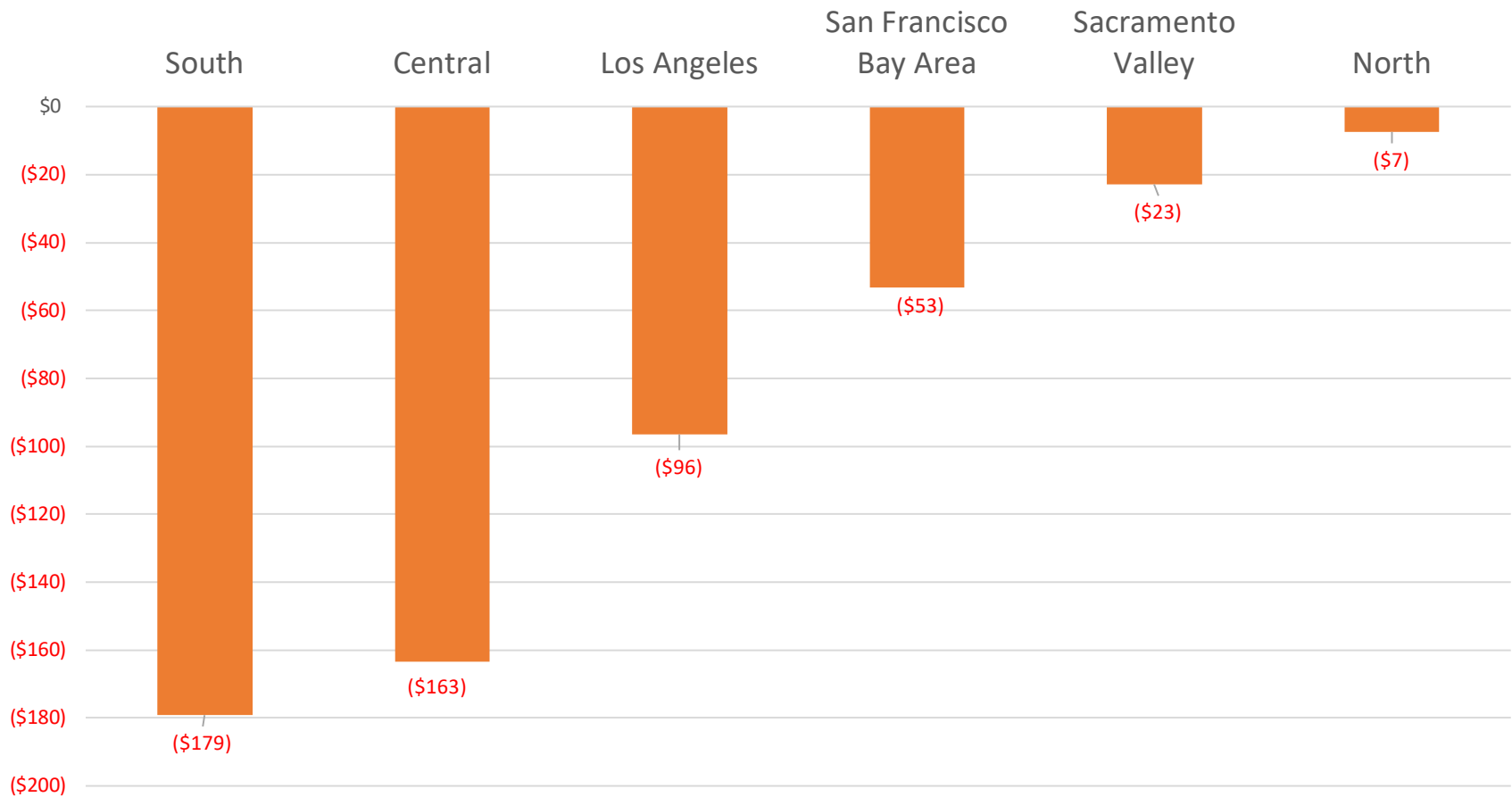
# Which Patients Were Most Affected by Health Center Financial Challenges?

In 2019, California FQHCs served almost **3.7 million** MediCal Patients. The centers that experienced losses collectively served **69%** of the total.

FQHC Medical Patients Affected By Financial Losses



# Net Financial Losses by Region



# How Did Health Centers Adapt?



- Embracing and investing in telehealth
- Reassigning and furloughing staff
- Spending down reserves
- Closing sites temporarily
- Generating quick cash
- Tapping into COVID-19-related federal support
- Leveraging partnerships

See full discussion in February 2021 CHCF Issue Brief:  [\*Holding On: How California's Health Centers Adapted Operations and Care for Patients During the Pandemic\*](#)

# 2021 ARPA Funding



- On March 25, 2021, HRSA announced 205 awards to CA FQHCs totaling \$1B+ to cover COVID-related costs for vaccinations, testing and care high-risk populations and to sustain and expand HC operational capacity during COVID and beyond (H8F)
- On April 27, 2021, HRSA announced availability of HC construction and capital improvement awards which should total \$148.7M for CA 330s (C8E)

# Capital Link Webinars on C8E Application Topics



- 1. C8E HRSA Capital Grant Opportunity: Overview and Strategy for Picking Priority Projects**  
Delivered May 14, 2021. Slides and recording available on our website [here](#)
- 2. Working with Your Architect (in a Hurry): Site Design, Schematics, EID**  
On-demand recording available on our website [here](#) by May 21, 2021
- 3. Project Budget, Timeline, NOFI, Oh My!**  
May 27, 2021, 3:30 – 4:30 pm ET  
[Register Here](#)
- 4. Where Will the Balance of Your Project Funding Come From? Developing Your Sources and Uses of Funds**  
June 3, 2021 3:30 – 4:30 pm ET  
[Register Here](#)
- 5. NACHC Finance Office Hour**  
June 11, 2021, 3:00 – 4:00 pm ET

All registration links can be found [here](#).

For individual assistance, please contact:

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# The Quest to Build Financially and Operationally Resilient Health Centers: Lessons Learned from the Pandemic

**Jane Garcia, MPH**  
**La Clinica de La Raza**  
**May 21, 2021**

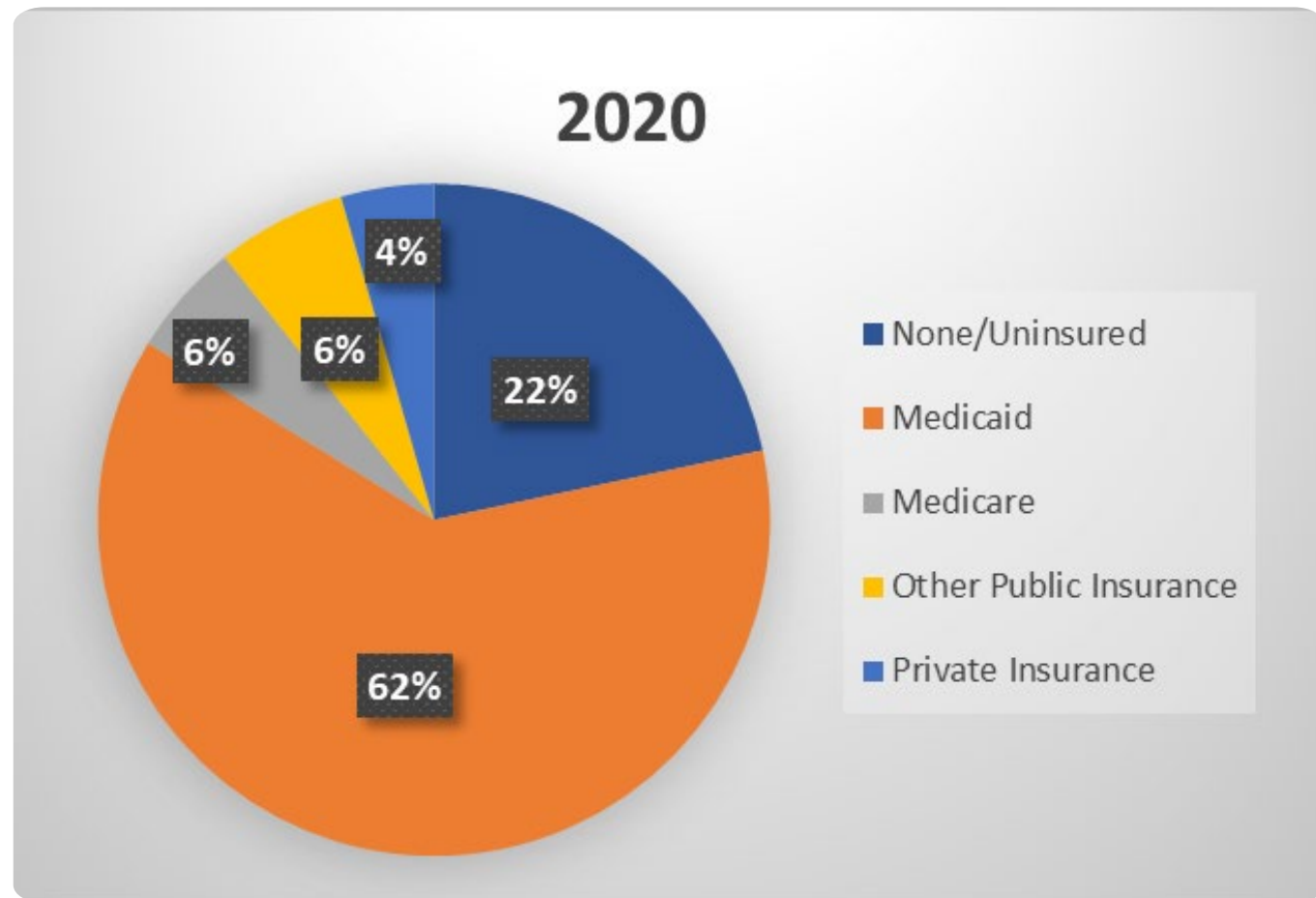




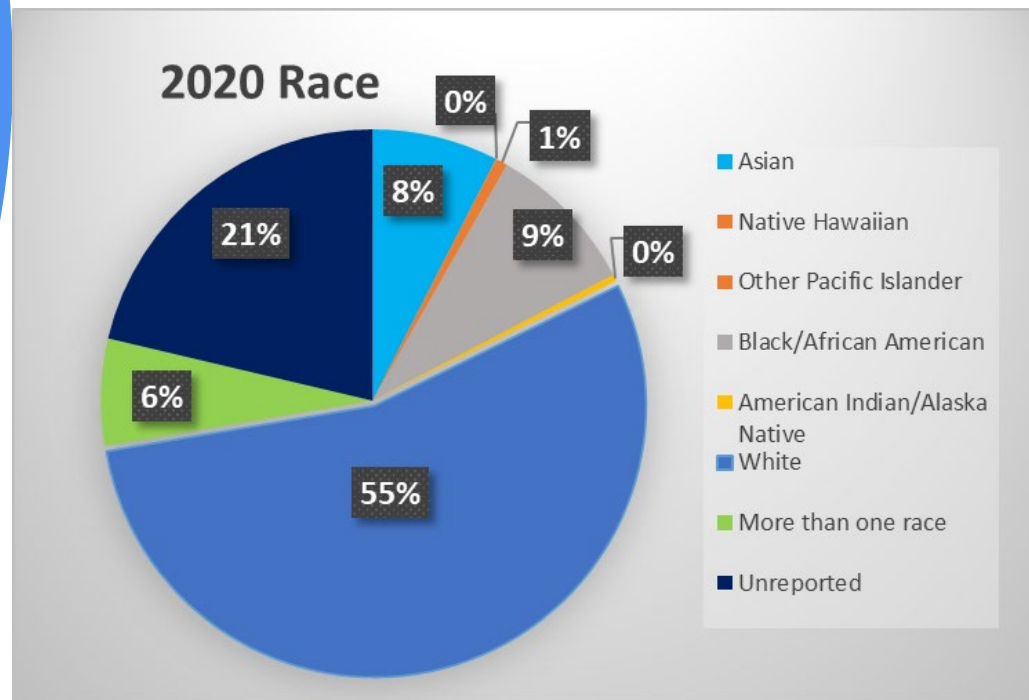
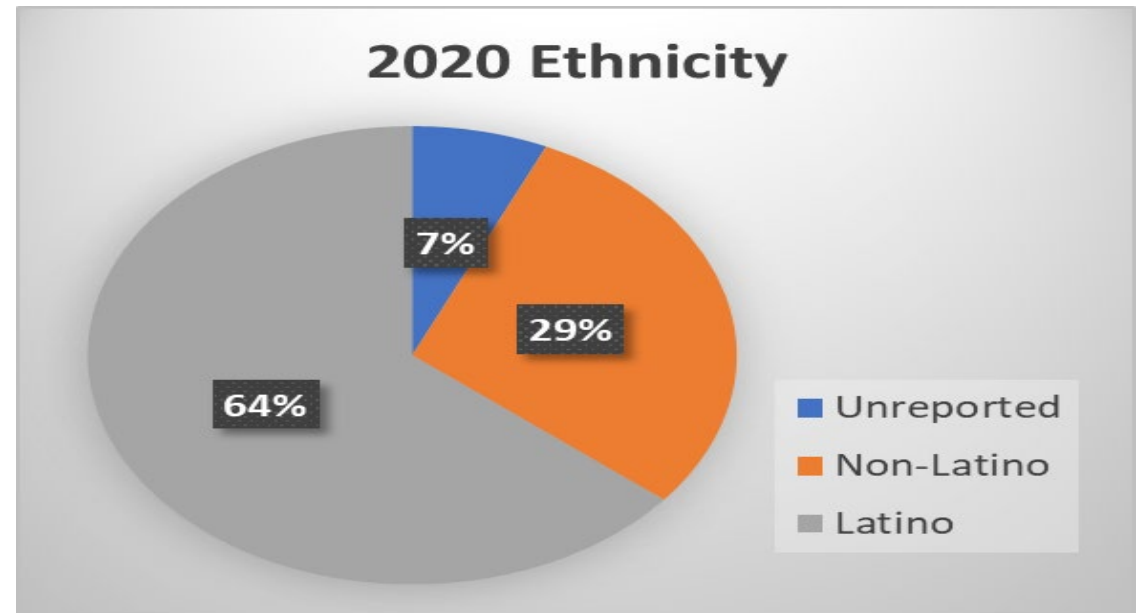
# Overview of La Clínica de La Raza

- **Founded in Oakland in 1971** by students & community to respond to lack of healthcare for the underserved
- La Clínica serves **91,532 patients** annually
- Provides **367,074 patient visits** annually
- Employs **1,200** people
- Generates more than **\$117 million** in annual revenue
- Manages **35 service sites** across Alameda, Contra Costa, and Solano Counties
- Offers **comprehensive array** of healthcare services
- Union Shop - **SEIU**

# Payer Mix

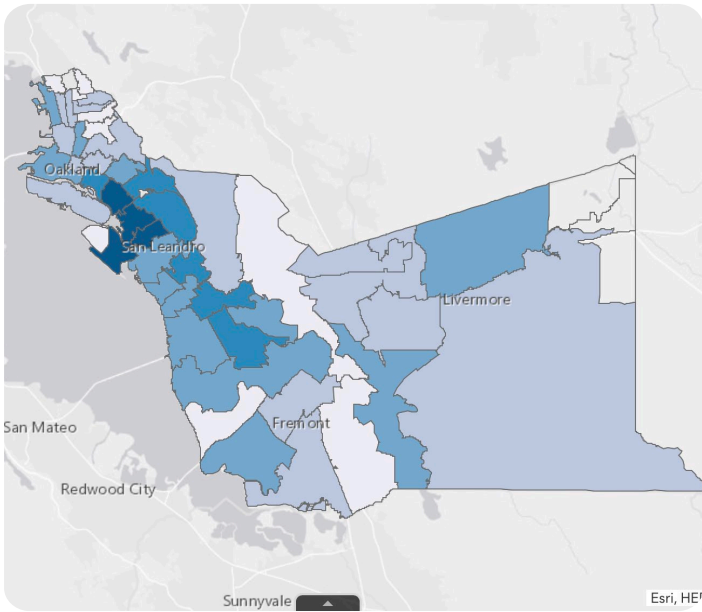


# Ethnicity and Language Distribution



Community Health Centers have been critical to the delivery system during the pandemic.

- Provide care to nearly 30 million of our most vulnerable patients annually across the nation and serve 1 in 6 of all Californians and 1 in 3 Medi-Cal patients
- Providing testing, tracing, and vaccination in underserved communities
- Coordinating with state and local public health agencies on response efforts
- Pivoted to telehealth to maintain continuity of care during the pandemic
- Assist patients with obtaining non-medical needs such as food insecurities, housing, wage loss supplements and other necessary resources.



# Health Equity

- Pandemic has starkly **highlighted inequities and impact of SDH**
- Latinos have been **one of the hardest hit groups** by the novel coronavirus
- Latinos make up **39 percent** of the state's population, but account for **56 percent** of COVID-19 infections and **46 percent** of deaths
- Many Latinos, because of their immigration status, **may be reluctant to get tested or afraid to seek medical attention**, even if they exhibit symptoms
- Oakland clinic **offers Mayan Interpreter** for COVID-19 vaccinations. La Clinica de La Raza is targeting Mam or Mayan-speaking community with translation service.



# Top Ten Lessons Learned

## 10 – Be Prepared to Pivot Quickly

- COVID had a sudden and dramatic impact on operations, both clinically and financially.
- On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. A day later, the US Health and Human Services Secretary declared a public health emergency for the United States. On March 4, 2020, the Governor of California declared a statewide emergency
- Around March 15, 2020, California recommended Shelter-in-Place for all residents aged 65 and above, and for immune compromised residents. California ordered that all dental services cease providing care, except for urgent and emergent care. In addition, optical care was curtailed except for urgent care.

# Top Ten Lessons Learned

## 10 – Be Prepared to Pivot Quickly

- La Clinica lost patient service revenue of **\$3 million per month**.
- With no notice, La Clinica was facing a cost structure based on a budget of \$117 million in expenses, with a loss of revenue of \$3 million per month
- La Clinica took mitigating action to stem the losses.
  - ✓ La Clinica consolidated dental sites to one per county, and reduced evening hours for some medical and dental sites
  - ✓ Medical sites primarily remained open as much as possible, to support prevention and early detection.
  - ✓ La Clinica implemented a Temporary Position Reduction (TPR) program aimed at reducing staff where care could not be delivered due to the Shelter-in-Place.

# Site Closures Due to COVID

- **8** School Based Health Centers
- **12** School Based Dental Clinics
- **1** School Based Optometry Site
- **3** Dental Clinics were fully closed while **3** remained partially open
- **2** Optometry Sites

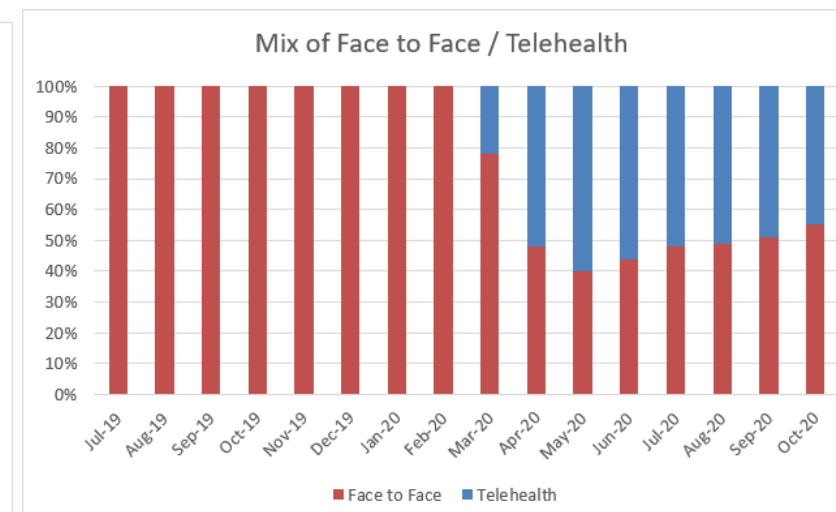
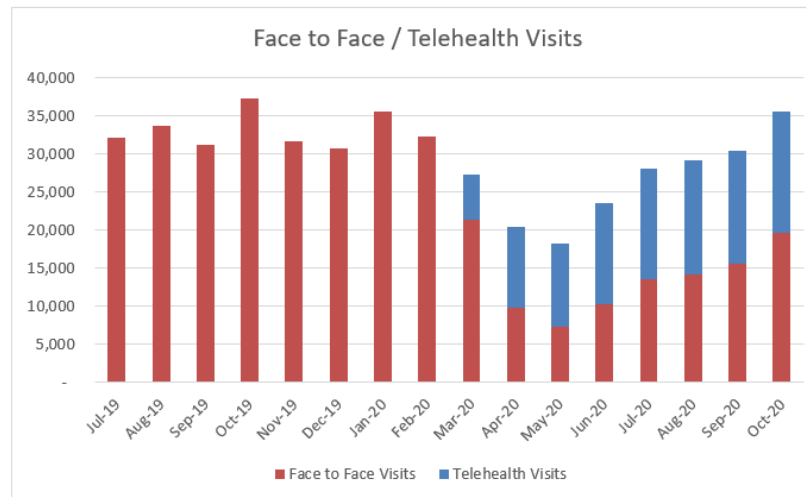




# Top Ten Lessons Learned

## 9 – Innovate to Deliver Care

- Like many, we entered the pandemic with no Telehealth capabilities
- Almost overnight, we were able to operationalize telephone and televideo visits
- In 2020 La Clinica provided 129,414 Telehealth visits



# Top Ten Lessons Learned

## 8 – Project Financial Impact

- The FY2020 budget was suddenly obsolete!
- We developed assumptions around COVID response
  - ✓ We projected financial impact of pandemic so that we could measure performance against COVID budget
  - ✓ Financial projections included Balance Sheet, so that we could understand cash flow and Days Cash on Hand

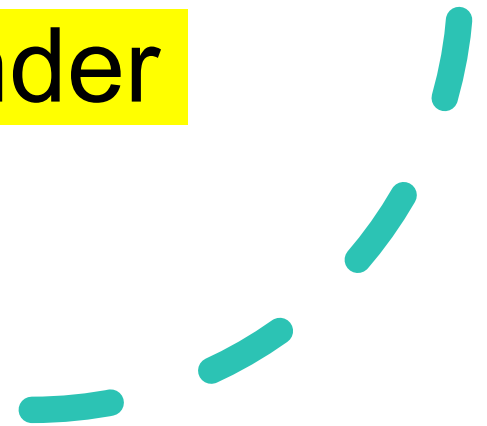


# Top Ten Lessons Learned

## 7 – Don't Abandon Strategic Projects

- La Clinica entered the pandemic in the final throws of an Epic conversion – with a Go Live date of April 28, 2020!
- After much thought, we proceeded with a 100% virtual go live
- Elbow support was provided in a series of Zoom Rooms
- We pivoted to online training; over 722 staff were trained, and we recorded 11,198 training hours
- We loaded 242,177 patients and 1.6 million visits into Epic

**DONE: On time and under budget!**



# Top Ten Lessons Learned

## 6 – Update your Board, your Union, your Staff, and Banks

Communication, Communication, Communication!

- Board Members provide valuable insights
- If you can explain your plan to the Board and survive the difficult questions, you probably have a good plan
- Keep your staff and union informed. In the end this helps lessen anxiety and promote unity.
- Banks were nervous. Rightly so...
  - ✓ Don't wait for your bankers to call you...
  - ✓ Reach out and brief them – early and often!
  - ✓ Tell your story and the financials will make more sense

# Top Ten Lessons Learned

## 5 – Respond to the Pandemic

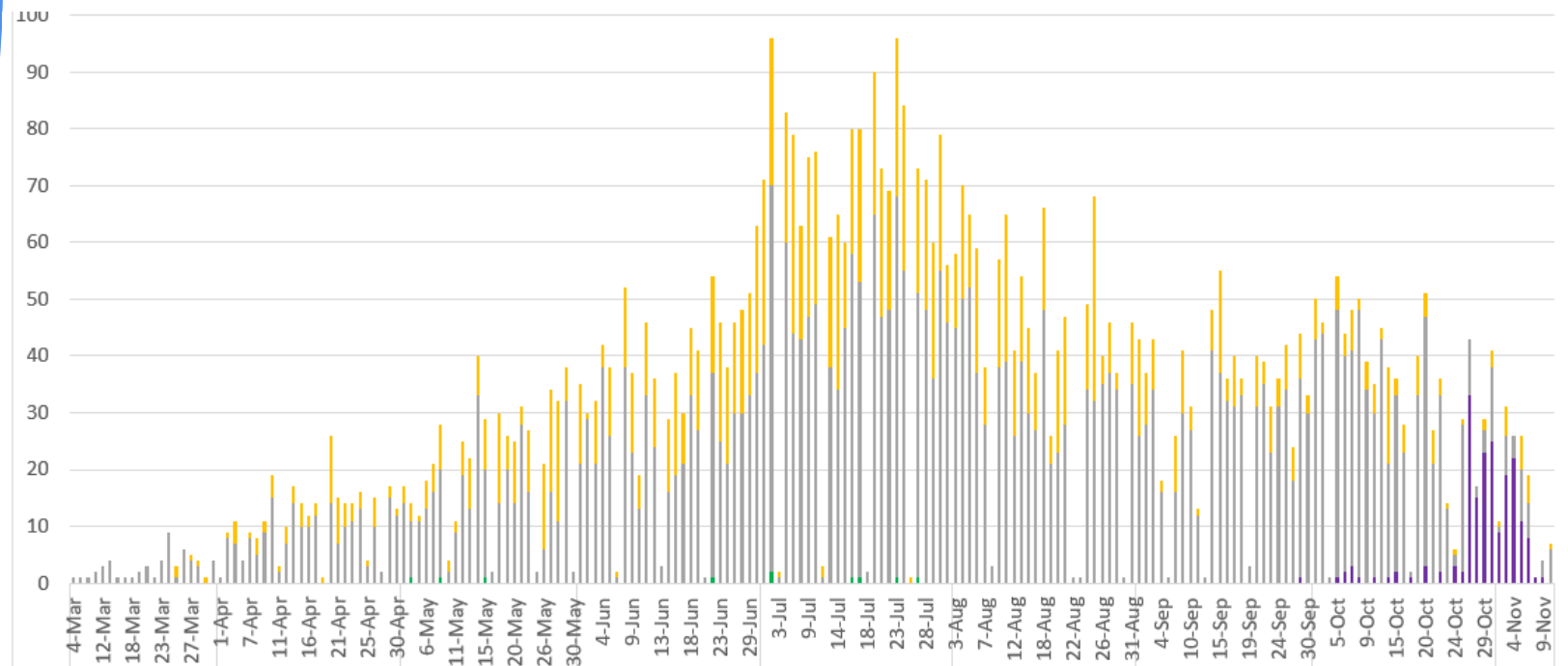
- Partnerships Matter!
- Testing: La Clinica has provided testing to our staff, patients, AND our communities
  - ✓ Our positivity rate is close to 20%
  - ✓ We are testing in some of the worst hit zip codes
- Tracing: La Clinica was “deputized” by several counties
  - ✓ We can trace the same day as the positive result is known
- Vaccinations: We have vaccinated staff, patients, AND our communities
  - ✓ Outreach from providers and promotores critical



# Top Ten Lessons Learned

## 5 – Respond to the Pandemic

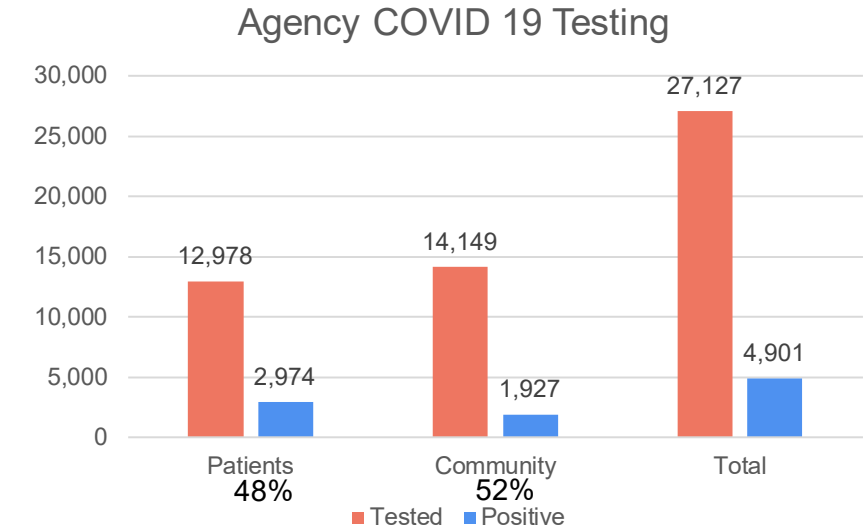
- Resources required are greater than the actual “swab” or “poke”
  - ✓ Creating appointment schedules
  - ✓ Call Center activities
  - ✓ Security and organization for social distancing
  - ✓ Reporting requirements – DATA, DATA, DATA
- Dental staff unable to provide services quickly trained to test
  - ✓ (Dental staff have exceptional infection control skills)



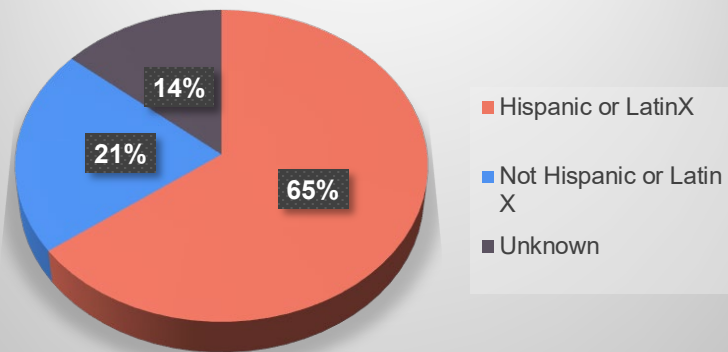


La Clinica has administered **27,127** COVID Tests to patients and community members

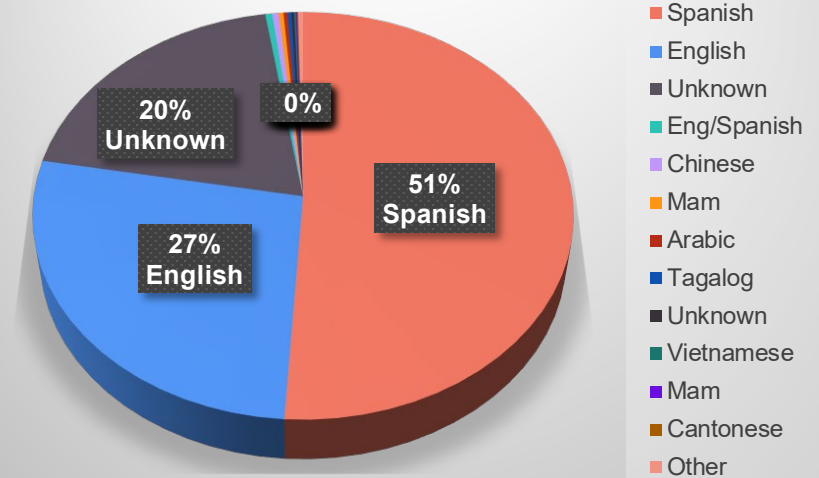
# COVID-19 Testing



### Agency Testing: Ethnicity



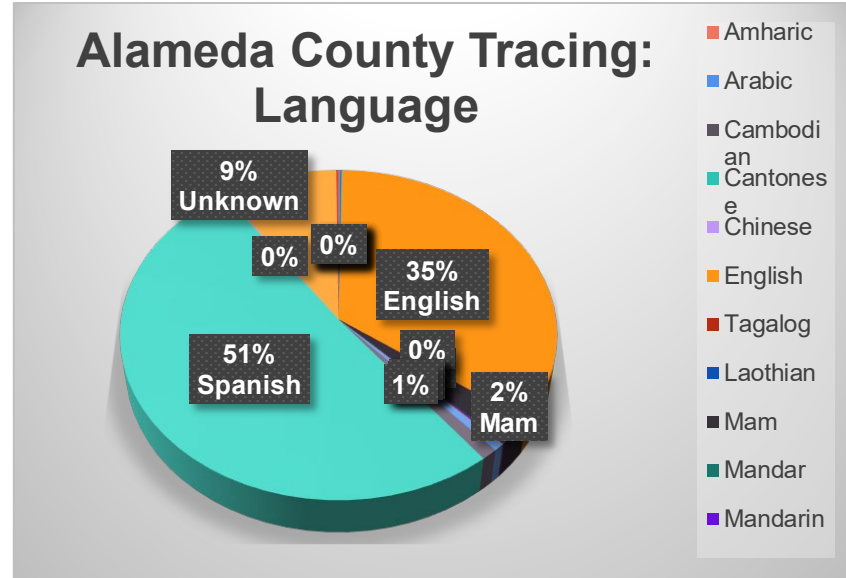
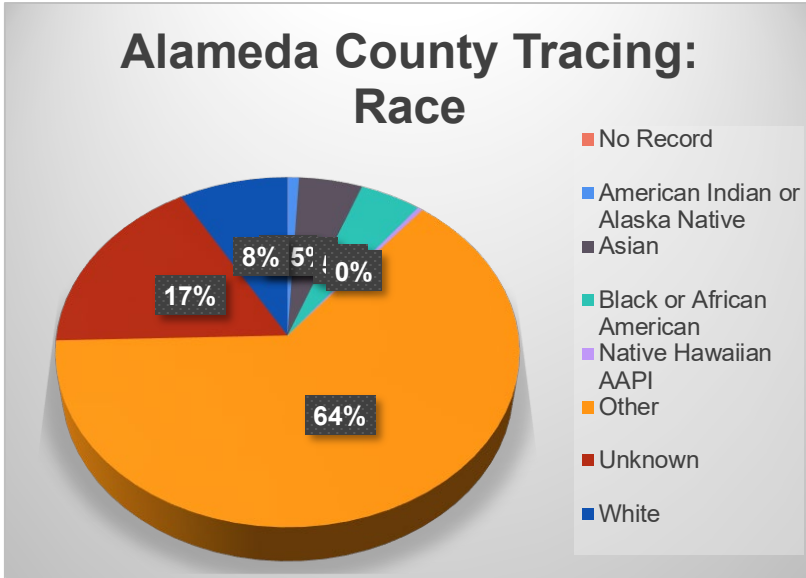
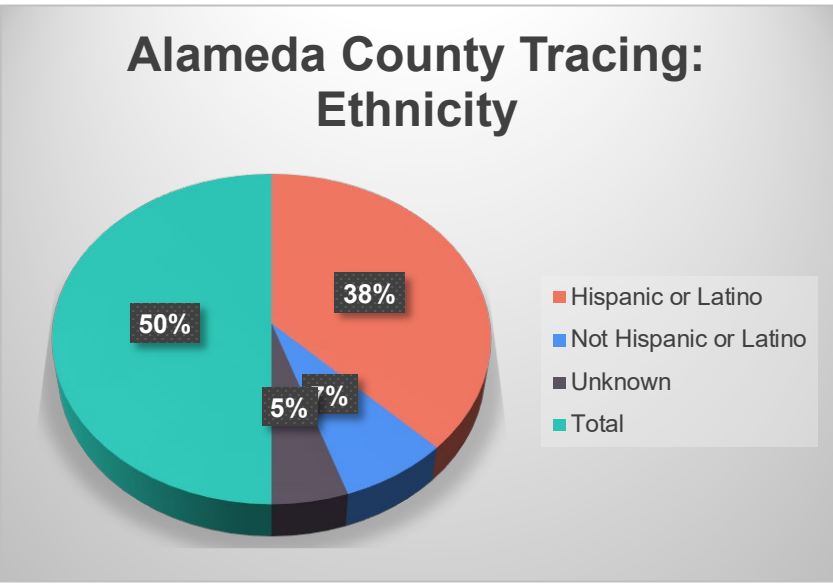
### Agency Testing: Language





# COVID-19 Tracing

# Alameda County has traced 4809 cases

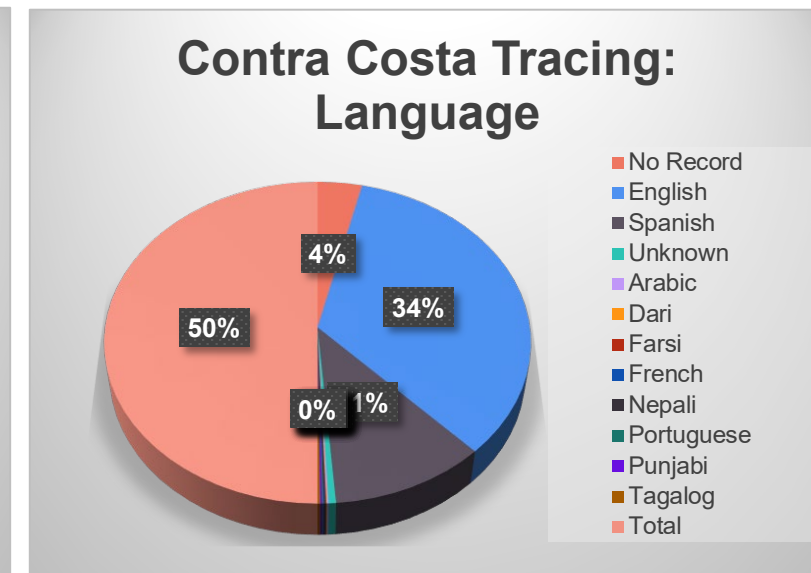
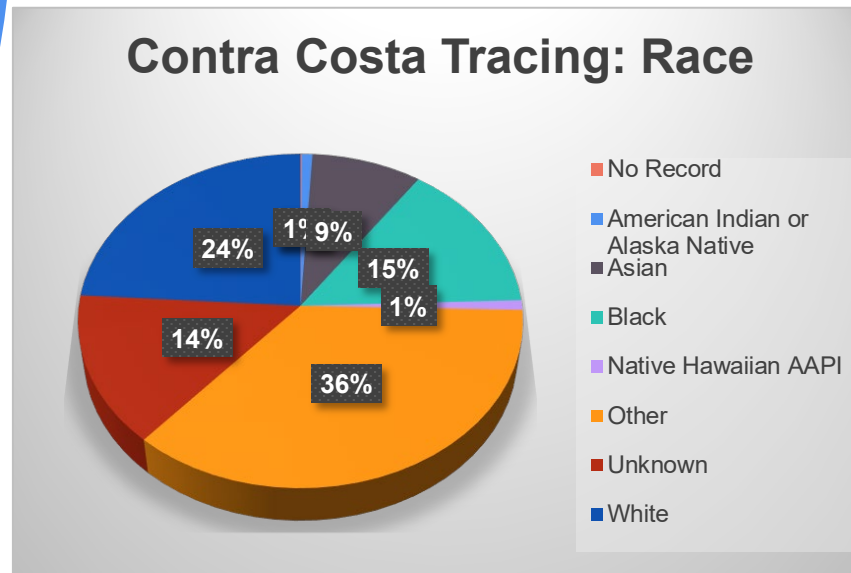
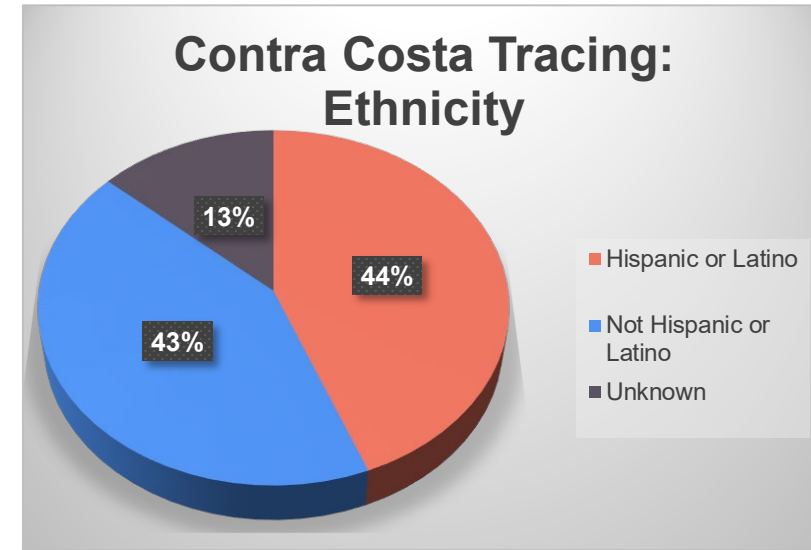






# COVID-19 Tracing

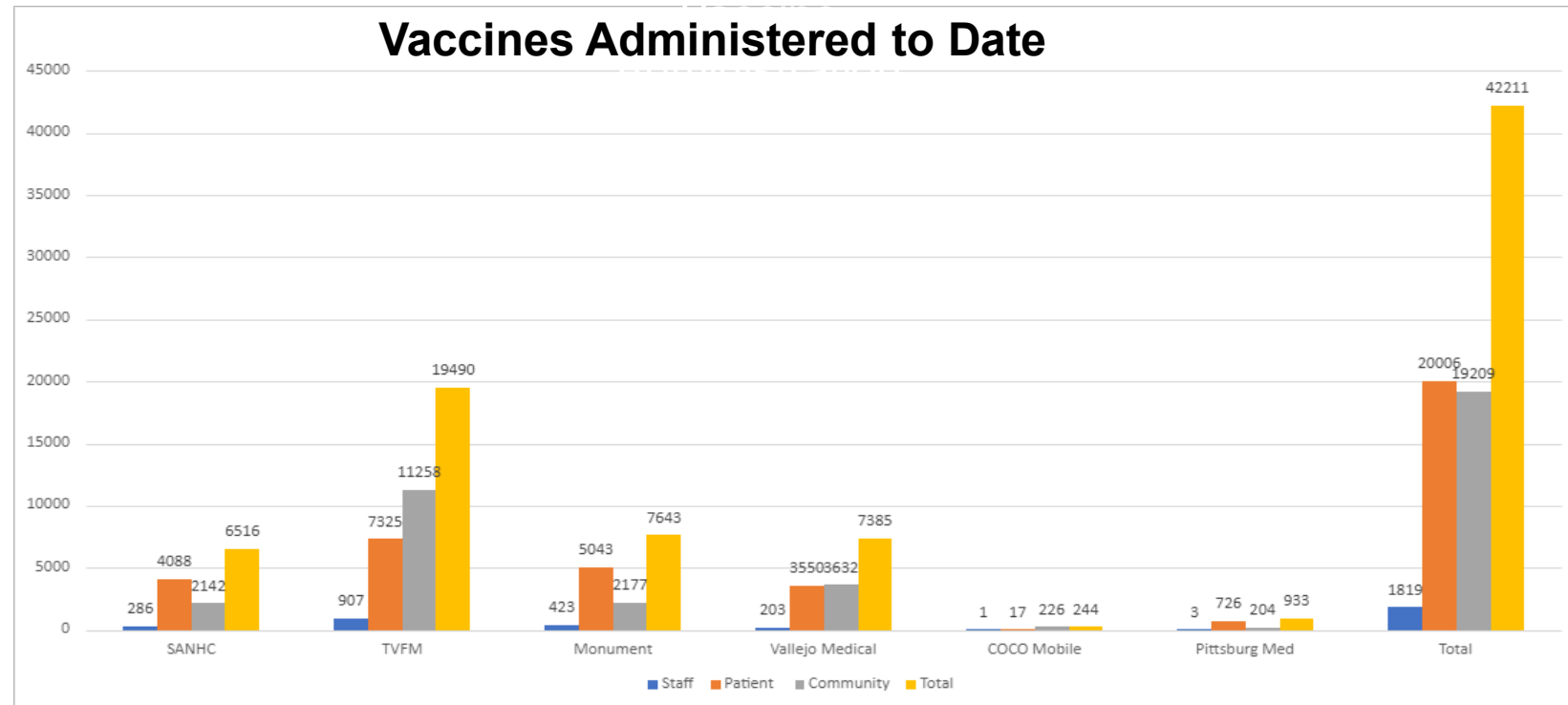
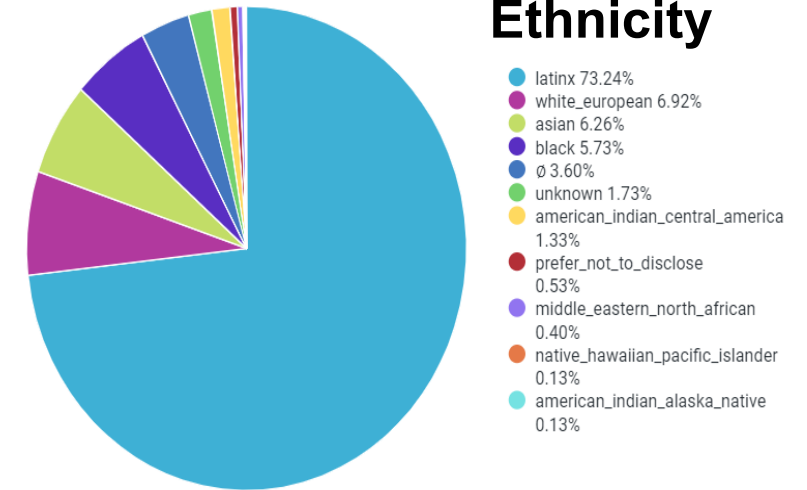
# Contra Costa County has traced 1070 cases





# Vaccinations

La Clinica has administered **42,211** Vaccines to patients and community members



# Top Ten Lessons Learned

## 4 – Pay Attention to Health Inequities

- COVID has disproportionately impacted racial and ethnic minorities
  - ✓ Factors include discrimination, racism, healthcare access and utilization, occupation, education/income/wealth gaps, housing
  - ✓ Positivity rates, hospitalizations, and deaths are more common
- Medical conditions which increase COVID risk are more prevalent:
  - ✓ Obesity
  - ✓ Asthma
  - ✓ COPD
  - ✓ Sickle Cell disease
  - ✓ Diabetes



# Top Ten Lessons Learned

## 3 – Finance is an Integral Player

- Our ability to pivot quickly, add services, change modalities while still remaining sustainable, requires Finance to be at the table
- La Clinica created a formal Incident Command Structure early in the pandemic:
  - ✓ Chief Medical Officer is Incident Commander
  - ✓ Appointed Safety Officer
  - ✓ Created over 133 policies, FAQs, videos to address COVID risk
  - ✓ Finance helped source ever changing PPE needs



# Top Ten Lessons Learned

## 2 – Ask for Help

- We are part of a community: CPCA, Alameda Health Consortium, Community Clinic Consortium, HRSA, the White House (as of late), private foundations, donors
- Our community stepped up to help during the pandemic, with donated PPE, grants, gifts, PPP Loans, CARES Act funding, ARPA
- Partnerships with local non-profits to include mass coordinated testing event with UCSF, testing for community, food distribution, income stipends, and housing.
- Recruited Many volunteers including Oakland Firefighters, former Clinicians, Learning Institutions, and local high schools.



# 1 – Be Kind to One Another

**“This is a marathon, not a sprint...”**

Top Ten  
Lessons  
Learned



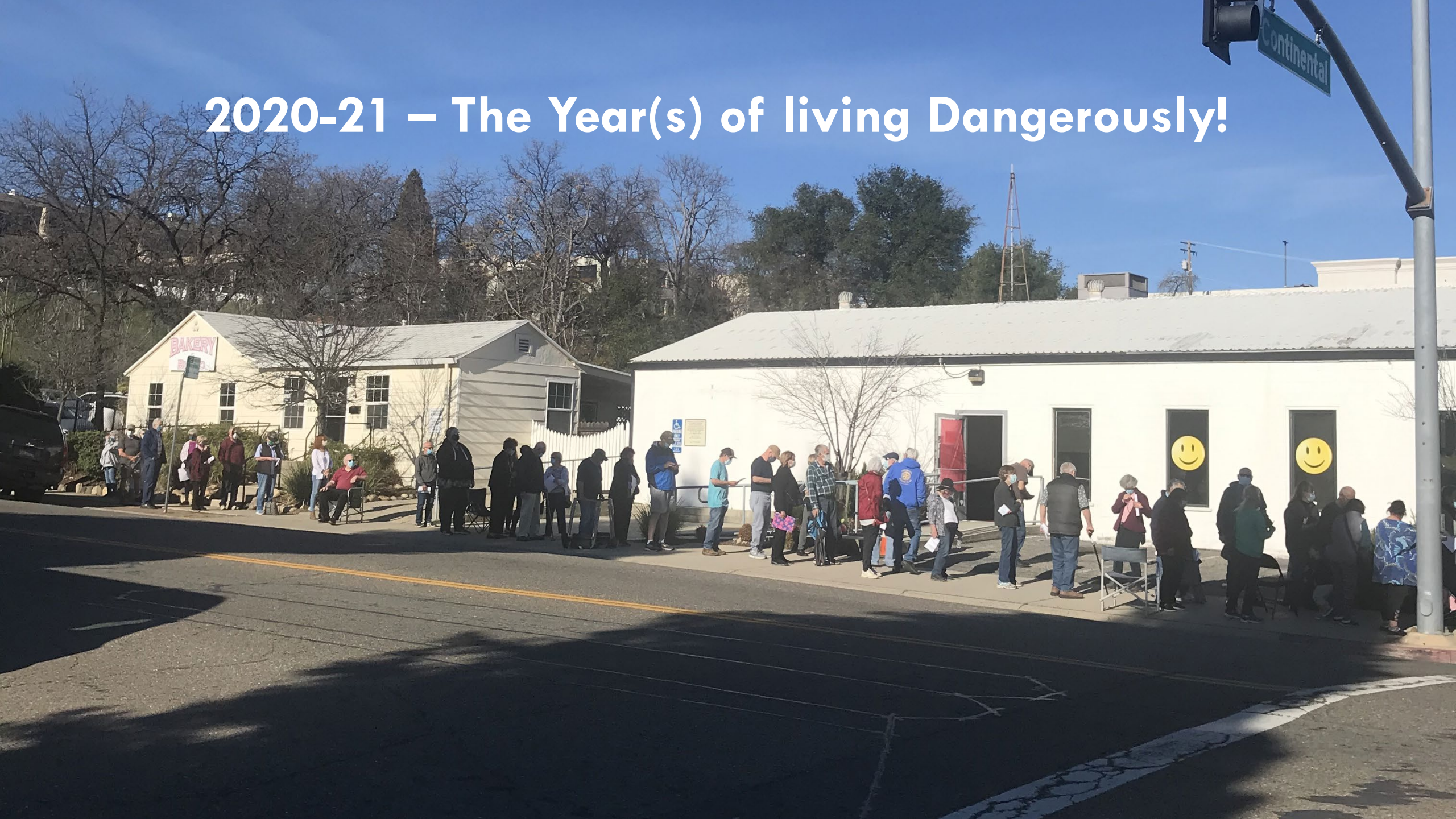


***C. DEAN GERMANO, CEO, SHASTA COMMUNITY  
HEALTH CENTER***





2020-21 – The Year(s) of living Dangerously!



# SHASTA COUNTY – BIG AND MOSTLY RURAL!



# ***SOME OF THE ISSUES WE HAD TO NAVIGATE IN OUR HEALTH CENTER ALONG WITH OUR HC PARTNERS***

Managing visit volume with SIP orders  
Shift to telehealth and billing  
Homeless population support  
PPE-need, purchase and burn rate  
Staffing-layoffs and rehires  
Creation of Federal Medical Stations  
Masking  
Testing at CHCs and in the community  
Early release of prisoners  
Working remotely  
Issues associated with Immunizing staff

Staff Morale  
COVID-19 resource spending  
SBA-PPP loans  
Re-opening counties  
Exposure control plans  
Tele-dentistry  
Contract tracing  
Employee travel plans  
Community outbreaks  
Managing COVID + Staff  
Vaccination distribution & Admin issues

# ***THE LESS THAN ELEGANT START-UP OF OUR REGION'S VACCINE ADMINISTRATION***

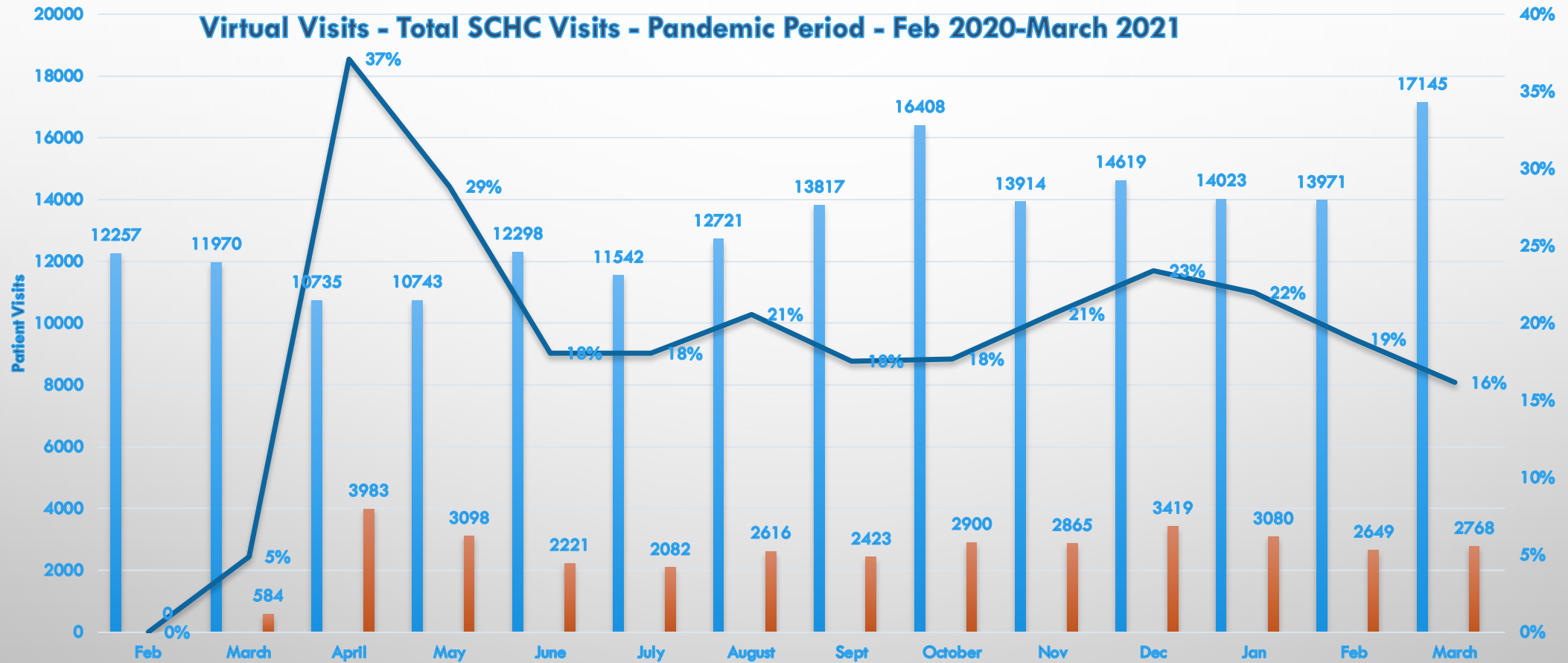








# THE FAST RAMP UP TO VIRTUAL VISITS





## Prior Year Trends

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Current Ratio	4.9	5.7	5.5
Acid-Test Ratio	4.6	5.1	4.6
Overall Liquidity (days)	155	172	220
Days in Accounts Receivable	35	26	18
Days in Accounts Payable	20	17	42
Net Income to Equity	15%	3%	-3%
Profit Return on Income	13%	6%	-3%

# ***RETOOLING OPERATIONS DURING THE PANDEMIC***

- CONCERN FOR SAFETY OF STAFF AND PATIENTS. WE TOOK ALL REASONABLE EFFORTS FIRST WITH SCREENING (RENOVATING OUTSIDE SPACE) AND PPE SUPPLY, THEN TESTING AND FINALLY VACCINATIONS.
- NO MAJOR LAYOFFS – ALL WHO COULD NOT DO THEIR SAME JOB WERE GIVEN ALTERNATIVES. SOME CHOSE TO STAY AND HELP; OTHERS CHOSE TO BE AT HOME MOSTLY BECAUSE OF SCHOOL AND CHILDCARE ISSUES. SOME WERE ABLE TO EFFECTIVELY WORK FROM HOME.
- OPERATIONS TEAM AND INFORMATION TEAM LEADERS QUICKLY RETOOLED VISITS TO A VIRTUAL FORMAT.
- MEDICAL STAFF HAD TO MAKE SOME ADJUSTMENTS – SOME DID BETTER THAN OTHERS BUT OVERALL THEY DID WELL.

# ***LESSONS LEARNED (AND STILL LEARNING)***

- GOING INTO THE PANDEMIC ECONOMIC STRONG ALLOWED TIME TO GET RETOOLING RIGHT. CASH FLOW IS KING – GRANTS DON'T HELP IN THE SHORT RUN.
- BOARD AND STAFF WERE KEPT APPRAISED OF EACH STEP OF OUR RESPONSE AND TOLD OF THE “WHY” IN WHAT WE WERE DOING – WE OVER-COMMUNICATED.
- MAJORITY OF OUR PATIENTS STILL WANTED TO BE SEEN IN PERSON; UP TO US TO CREATE THAT SAFE SPACE FOR THEM (AND STAFF) TO BE SEEN. FOR OTHERS, WE HAD TO FIGURE OUT WAYS TO DO VIRTUAL VISITS MORE EFFECTIVELY.

# ***LESSONS LEARNED (AND STILL LEARNING)***

- OUR QUALITY SCORES DID NOT, FOR THE MOST PART, DECREASE AND IN SOME CASES ACTUALLY IMPROVED! A NUMBER OF THOSE WHO WENT HEAVY TO VIRTUAL FOR A LONG PERIOD OF TIME, IN THE PARTNERSHIP HP QIP, SHOWED SIGNIFICANT REDUCTIONS IN THEIR QUALITY SCORES AND THEREFORE THEIR QI BONUS DOLLARS.
- IF YOU HAVE THE CASH, YOU CAN AFFORD TO HAVE MORE FAITH THAT GOVERNMENT/OTHER SOURCES WILL BE THERE TO FINANCIALLY HELP YOU OUT!
- DON'T UNDERESTIMATE LEADERSHIP'S ROLE. A HISTORY OF BEING RESILIENT AND ADAPTIVE TO CHANGE HAS BEEN PUT TO THE TEST DURING THE PANDEMIC. IMPORTANT TO BUILD THAT CAPABILITY INTO YOUR CORPORATE CULTURE BECAUSE YOU NEVER KNOW WHEN YOU WILL NEED TO DEPEND ON IT TO SURVIVE!