Message from the CEO

Allison Coleman, CEO

Once again Capital Link is anticipating catching up with friends and colleagues at the NACHC Policy & Issues Forum in Washington D.C. to discuss key legislative issues related to health centers. Despite the completion of the Consolidated Appropriations Act of 2014, the first bipartisan spending agreement in several years, health centers face ongoing budget challenges. One looming challenge is the “health center funding cliff,” the potential reduction of funding after 2015 when the Affordable Care Act Health Center Fund expires. This issue of Capital Ink describes recent efforts to support health center growth, even with the current federal funding uncertainty.

Plans to fix the health center funding cliff will be a focus of the upcoming NACHC P&I and visits to Capitol Hill, especially since health centers are continuing to expand to meet increased demand for services. The article “How Community Development Financial Institutions Support Health Center Growth” describes how CDFIs are helping health centers obtain affordable capital. It includes information on the U.S. Treasury’s CDFI Fund and its recent capacity-building initiatives focusing on Federally Qualified Health Centers, as well as the new Lenders Coalition for Community Health Centers.

As always, this issue contains a federal update, project highlights, and links to new resources. We also invite you to join us at this year’s NACHC Policy & Issues Forum on March 19-23.

Warm Regards,
Allison Coleman, CEO
Federal Update

Keep Up to Date!

Below is a selection of recent health policy and regulatory news and information relevant to health centers and PCAs. For regular updates, subscribe to Capital Link’s blog for email notifications at http://capitallinksblog.blogspot.com/ or access the following links:


The Health Resources and Services Administration’s About Health Centers tab: http://bphc.hrsa.gov/about/index.html


Health Center Funding Cliff

Health centers are facing their biggest obstacle to date — a potential 70 percent reduction in funding after Fiscal Year (FY) 2015 when the mandatory Health Center Fund under the Affordable Care Act expires. Averting the health center cliff and continuing modest grow of the program is critical to ensuring that health centers remain financially viable and able to serve the diverse needs of their communities. Health centers will be advocating to:

1. Continue the Health Center Trust Fund for an additional five years (FY2016-2020).
2. Retain FY2015 funding increases of $1.4 billion for continued stability and expansion of the Health Center Program as intended under the Affordable Care Act.
3. Protect the Medicaid Prospective Payment System for health centers.

The President’s FY2015 Budget proposal calls for an increase in mandatory funding for health centers, but also includes a decrease in discretionary funding. In addition, the Budget recognizes the funding cliff problem for health centers but proposes only a three year solution, which allows for no growth in the Health Center Program after 2015.

What can health centers do? Attend the NACHC Policy & Issues Forum and keep up to date with developments on Capitol Hill. Also visit http://saveourchcs.org/ to receive updates and learn more about the new Access is the Answer campaign.

New Markets Tax Credits

Since its creation in 2000, the New Markets Tax Credit Program has provided numerous health centers located in disadvantaged areas with up to 25 percent of additional equity for their capital projects. The program is slated to announce a new round of credit allocations in the late spring, but these may be the last ones available if the program isn’t extended beyond 2014. Once the awards are made, Community Development Entities (CDEs) that have received allocation awards will be looking for health center projects
with a high degree of readiness. Don’t delay! Contact us to see if your project could benefit from this program or if we can assist you in preparing for this sought-after financing source. For more information about the program and to learn how it works, health centers and PCAs can access Capital Link’s Spotlight on Capital Resources: New Markets Tax Credits here: http://www.caplink.org/resources/publications.

New and Noteworthy

How Community Development Financial Institutions Support Health Center Growth
Dan Woodman, Project Consultant

Community Development Financial Institutions (CDFIs) are non-government organizations that provide financial products and services to people and communities underserved by traditional financial institutions. CDFIs can be banks, credit unions, loan funds, venture capital funds, community development corporations, or microenterprise loan funds. They provide investments and loans to support the development of quality community facilities, including health centers, housing, and businesses, and provide necessary technical and business assistance to borrowers. CDFIs play an important role in the nation’s financial services delivery system because they are willing to take risks and serve customers with financial products that traditional capital markets are often less likely to provide.

CDFIs are certified by the U.S. Treasury Department’s CDFI Fund (www.cdfifund.gov), which was created for the purpose of promoting economic revitalization and community development[1]. Since its inception in 1994, the CDFI Fund has awarded more than $1.88 billion to CDFIs, community development organizations, and financial institutions and allocated almost $36.5 billion under the New Markets Tax Credit Program[2].

Increasingly, CDFIs are realizing that health centers share many of the same goals as the CDFI industry — and that, combined with the prospect of strong industry growth resulting from the enactment and implementation of the Affordable Care Act (ACA), makes health centers attractive candidates for investments. In fact, the CDFI Fund has recently announced a new Capacity Building Initiative (www.cdfifund.gov/cbi) training series for CDFI lenders. The goal of this initiative is to enhance the capacity of CDFIs to underwrite loans for health centers in order to provide them with access to growth capital to fund the infrastructure required to serve the primary health care needs of up to 40 million low-income residents across the nation. Capital Link is developing and delivering the curriculum with the Opportunity Finance Network (http://ofn.org/financing-community-health-centers) and other partner CDFIs.

The Lenders Coalition for Community Health Centers (LCCHC) (http://lcchc.wordpress.com/) is another organization established to advocate for resources and policies that will strengthen health centers’ access to capital and CDFIs’ ability to finance community health center growth. Seventeen CDFIs formed the LCCHC, which is chaired by Capital Link CEO Allison Coleman.

A number of health centers have taken advantage of CDFI programs in recent years, including the New Markets Tax Credit Program, facilities and equipment loan programs, and working capital loans. For more details on how CDFIs and the CDFI Fund are supporting health centers, access our recently released Spotlight on Capital Resources: Community Development Financial Institutions on our website at http://www.caplink.org/resources/publications. Also visit www.cdfifund.gov for information on the CDFI Fund and its programs.

[1] Community Development Financial Institutions Fund
New Resources

Spotlight on Capital Resources: Community Development Financial Institutions

This quarter we released *Spotlight on Capital Resources: Community Development Financial Institutions*, supported by the Health Resources and Services Administration (HRSA). As health centers prepare for the transition from volume-based health care reimbursement to outcomes-based reimbursement, it is essential to consider new ways to positively impact patient health. With growing evidence that lifestyle choices and access to resources, such as fresh food and safe places to walk, may have a greater influence on health outcomes than health care, it is important for health centers to gain an understanding of all of the factors that influence health in a community. Access this document on our website at [http://www.caplink.org/resources/publications](http://www.caplink.org/resources/publications).

Community Health Center Financial Perspectives

*Community Health Center Financial Perspectives*, a series of studies sponsored by Citi Foundation, illuminates the financial and operational trends of the industry in order to increase the breadth and depth of information available on community health centers. The series utilizes Capital Link’s database of health center financial audits and HRSA’s Uniform Data System (UDS) data to produce resource documents on selected topics, each written to address two audiences: (1) community health center leaders and (2) lenders and investors.


Issue 1 in the series, this report provides health centers with national metrics and trends to assist them with growth planning and operations improvements. In order to effectively manage growth, health centers need to be able to benchmark their financial and operational performance against peer organizations. Without easily available comparative data, it has been difficult for health center leaders to identify and adopt best practices — an essential activity as health centers seek to thrive in the highly-competitive health care world. The full report for health centers and an infographic illustrating key findings are available on our website at [http://www.caplink.org/resources/reports](http://www.caplink.org/resources/reports).


Issue 2 in the series, this report provides insight into multi-year financial trends for community health centers on a national basis for a lender audience. Very little data about health centers is available on a consistent basis to lenders and investors, who will play an increasingly important role in fueling the industry’s growth as it continues to mature in an environment of health reform. This analysis is a starting point to fill a knowledge gap, providing metrics not previously available on the financial and operational performance of health centers. The full report for lenders and an infographic illustrating key findings are available on our website at [http://www.caplink.org/resources/reports](http://www.caplink.org/resources/reports).

*Coming Soon!* Impact of Capital Projects on Heath Centers: Growth, Financial Trends, and Operational Transformation

Issues 3 and 4 in the series, these reports summarize the impacts of capital projects on health center operations and financial performance, based on a study of 176 organizations. Issue 3 is written for an audience of health center leaders to guide health center capital planning and financing processes. Issue 4, written for a lender audience, offers a data-informed analysis to guide lenders as they underwrite health center capital projects. Both Issues will be released in the coming month.
Health Center Project Highlights

Health Centers are growing rapidly in preparation for ACA implementation. Of the 14 capital projects closed with Capital Link’s financing assistance in 2013 (representing total project costs of $180 million), health centers anticipate the following impacts within the next five years as a result of these projects:

- **97,000** new patients served, through an estimated **384,000** annual visits
- **373** new full-time equivalents, of whom an estimated **121** are medical, dental and behavioral health providers
- Of the **373** new FTE positions created, Capital Link estimates that **88** will be entry-level positions recruited from the community
- **405,000** in replaced or newly constructed square feet

Capital Link regularly profiles health centers that have successfully completed their expansion plans. These health center stories are available on our website: http://www.caplink.org/client-impact/client-stories. The latest addition is a project highlight on **Moses Lake Community Health Center**, located in Washington.

**Moses Lake Community Health Center (MLCHC), WA** is consolidating the existing complex of buildings at its Quincy location into one larger centralized facility, expanding its capacity by 8,900 square feet. The $9.2 million project was funded with a New Markets Tax Credit transaction, health center equity, and a bank loan. The new facility, scheduled to be completed by April 2014, will house 24 medical exam rooms, one procedure room, and seven dental operatories.
BOLD Teens and partner Codman Square Community Health Center, MA succeeded in convincing CVS pharmacy to remove cigarettes from its shelves and were profiled in the Boston Globe on February 13th. The youth-led organization, based out of the health center and called BOLD for Breath of Life Dorchester (boldteens.org), initiated a movement in their neighborhood 14 years ago to bring better health to their community. The group also started a successful farmer's market.

Upcoming Events and Webinars

Industry Presentations

Capital Link regularly presents information at industry conferences. Below are a few of our next scheduled events. Complete descriptions are available on our website at http://www.caplink.org/newsevents/events.

NACHC Policy and Issues Forum, Washington, DC
March 19-23, 2014

Accelerating Health Center Expansion: An Introduction to CDFIs and the New “Lenders Coalition for Community Health Centers”
Thursday, March 20, 2014
8:30 a.m. - 10 a.m., Thurgood Marshall South

Speaker/Moderator: Allison Coleman, CEO, Capital Link
Speaker Panel: Pam Porter, Opportunity Finance Network; Scott Sporte, Capital Impact Partners; and Tom Manning, Primary Care Development Corp.

Community Development Financial Institutions (CDFIs) play a critical role in helping community health centers obtain affordable capital to strengthen their capacity and expand their facilities. Recently a group of CDFIs established a new “Lenders Coalition for Community Health Centers” (LCCHC) to educate policymakers about issues that impact health center growth, financial stability, and access to capital, and advocate for policies and resources that will improve health center financing tools and enhance CDFIs’ ability to foster community health center expansion.

P2P Networking Session: Growth and Development
Thursday, March 20, 2014
10:30 a.m. - 12 noon, Washington 1- 3

Speaker: Dave Kleiber, Project Consultant, Capital Link

With the federal budget so uncertain, health centers need to examine growth options that do not rely solely on federal funds. This networking session will focus on alternative growth models and future planning during these changing times. Join us for a breakout session providing a brief overview of how Community Development Entities (CDEs) and the New Markets Tax Credit Program can assist health centers with expansion funding.

Financing Community Health Centers CDFI Training Series

As a part of its Financing Community Health Centers Capacity Building Initiative, the CDFI Fund is offering “Foundations in Financing Community Health Centers” trainings for CDFI lenders. The free, two-day workshops are currently being offered across the country and aim to provide CDFIs with the tools to successfully finance and provide services to community health centers in medically underserved communities. Health centers across the country are providing invaluable insight for these trainings through participation in “CEO panels” to bring the health center story to life for CDFI lenders. Learn more by visiting http://ofn.org/financing-community-health-centers.

2014 National Interagency Community Reinvestment Conference, Chicago, IL
March 30-April 2, 2014

This conference is the premier training and networking event for community development professionals, including CRA officers, community development lenders and investors, government officials, and managers and staff from CDFIs and nonprofits.

Health and Community Development Should Co-Invest and Partner, But How?
Tuesday, April 1, 2014
8:30 a.m. - 10 a.m.

Speaker: Dave Kleiber, Project Consultant, Capital Link

As the recognition of the alignment between the health and community development sectors gains increasing momentum, practitioners are beginning to define specific healthy communities investment opportunities. This session will explore a framework and early examples of cutting-edge healthy communities investing activities as well as explore current challenges of expanding this new community development investment sector.

May 5-7, 2014

The National Council Conference is the nation’s premier specialty health care conference, attended by executives, board members, and staff from community mental health and substance use treatment organizations. This event features the latest innovations, science, and business and clinical best practices. Visit Capital Link in the Exhibit Hall.

Northwest Regional Primary Care Association 2014 Spring Primary Care Conference, Seattle, WA
May 17-20, 2014

Creating Optimal Spaces for Primary Care Teams
Tuesday, May 20, 2014
1:30 p.m. - 4 p.m.

Speaker: Cindy Barr, RN, EDAC, Operations & Facilities Planner, Capital Link
The development of highly functional teams is critical to the successful, sustainable transition to a PCMH organizational culture. From small but critical changes within existing facilities to alternative layouts for new facilities, spaces which facilitate interdisciplinary relationships, maximize available technology, encourage creative problem solving, and respect individual strengths, needs, and contributions will enhance team development. Our exploration of effective options, supported by evidence-based design principles, will be organized around three types of team zones: team work zones — both on- and off-stage, team respite zones, and team development zones.

**Webinar**

**Creating Optimal Environments for Primary Care Teams**

March 18, 2014  
1 - 2 p.m. EST

Cindy Barr RN, EDAC, Operations & Facilities Planner, Capital Link

This webinar, hosted by North American Management and delivered by Capital Link, is for health centers that provide access to, or are located within or near, public housing. It will provide tools to help participants create clinical spaces that comfortably and effectively engage not only patients but family members and caregivers in the primary care visit experience. In addition, it will help health centers create work spaces that support the four characteristics of effective interdisciplinary primary care team environments, as well as areas for staff development and respite that maximize available resources and are in alignment with organizational values and goals.

**About Capital Link**

Capital Link is a non-profit organization that has worked with hundreds of health centers and primary care associations for over 15 years to plan capital projects, finance growth, and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us at [www.caplink.org](http://www.caplink.org) or connect with us on [Facebook](http://Facebook), [LinkedIn](http://LinkedIn) or [Twitter](http://Twitter).