

Summer
2011



CAPITAL LINK

Connecting Health Centers to Capital Resources

capitalink newsletter

A Message from the CEO



Allison Coleman, CEO

Community health centers are far from enjoying the lazy days of summer as they deal with funding uncertainties at the federal and state levels; prepare for the release of guidance for the next HRSA Capital Development Grant round, expected as early as this summer; and adjust to new expectations arising from health reform. To help health centers with their growth and capital development planning, Capital Link conducted a series of webinars this spring. The recordings are now available to FQHCs and PCAs—see inside for details. We will announce additional webinars specifically related to the Capital Development Grants once the guidance is released.

Summer also brings **National Health Center Week**, beginning August 7th this year. To celebrate, Capital Link partnered with NACHC to produce Economic Impact Reports (EIRs) for over 850 individual federally qualified health centers nationwide. With the help of economic modeling software, the EIRs tell the story of the powerful economic benefits health centers provide to local communities, including job creation.

This issue also offers advice on structuring a health center capital campaign with *“Capital Campaign Success – Ten Fundraising Tips.”* Given that federal grant funding will not be available for many centers, a coordinated capital campaign can help health centers minimize the amount of debt they need to complete their projects.

Capital Link always likes to highlight the valuable work done by partners and colleagues in the industry. For example, health centers interested in expanding their services to include an oral health program should acquaint themselves with the National Network for Oral Health Access (NNOHA). The article *“Growing Safety Net Oral Health Programs,”* by NNOHA Executive Director Colleen Lampron, provides information to help FQHCs effectively operate health center dental programs. Capital Link project consultant Dave Kleiber is pleased to be presenting *“It’s All in the Numbers: Financial Planning and Financing For Your Dental Expansion”* at the National Primary Oral Health Conference hosted by NNOHA from October 23-26, 2011 in National Harbor, MD.

Finally, we invite you to attend our upcoming presentations, especially at the NACHC Community Health Institute (CHI) & EXPO from August 26-30 in San Diego, CA. We hope to see you at our session *“How to Plan and Finance Health Center Expansion in the Midst of Health Reform, Budget Cutbacks, Recession, and a Wide Variety of Natural Disasters,”* on Monday, August 29, 8 a.m. – 9:30 a.m. You can also visit us in the Exhibit Hall at Booth #323.

Best regards,

Allison Coleman
Chief Executive Officer



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Health Centers Receive Economic Impact Reports to Support National Health Center Week



This year's National Health Center Week will take place from August 7-13, 2011. Health centers everywhere are planning events ranging from ribbon cuttings to educational forums about the value of health centers to the health care system and to their communities. This information will be posted on the Health Center Week website <http://www.healthcenterweek.org/>.

To support efforts to promote health centers during National Health Center Week, Capital Link partnered with NACHC to provide health centers nationwide with an Economic Impact Report (EIR). This report, customized for each center, details how health center operations positively contribute to the economy of the communities they serve. Health centers are not only providers of high-quality health care; they also purchase goods and services locally and regionally, employ residents and are anchors for attracting new businesses and investment into the community. The EIR helps educate decision-makers on the dual roles of health centers as important service providers and as engines for economic development, and is an excellent tool for advocacy. Over 850 federally qualified health centers received an Economic Impact Report at the end of July.



The Economic Impact of ABC Health Centers

ABC Health Centers is a non-profit, community-based health center that provides comprehensive primary and preventive health care and social services to medically underserved individuals and families regardless of their ability to pay. The health center strives to meet the unique health needs of its community in linguistically and culturally competent ways.

In addition to providing critically needed health care services, the health center is a powerful "economic engine" whose business operations significantly impact its community's economy.

ABC HEALTH CENTERS

- is a major employer in its community.
- provides direct employment for people in the community, including critical entry-level jobs, training, and career building opportunities that are community-based.
- purchases goods and services directly from local businesses, thereby stimulating the local economy through an infusion of health center spending.
- further stimulates the local economy through the indirect expenditures of related sectors and the induced expenditures of new household income generated by the direct and indirect effects.
- engages in capital development projects, often acting as a catalyst for significant economic revitalization within its community by attracting investment and other businesses to the community.

* Prepared by Capital Link with MIG, Inc. IMPLAN Software Pro version 3.0, 2009 structural matrices, 2009 county specific multiplier, and the health center's FY09 financial and employment information. Direct employment data was taken from FY09 990 forms, while additional employment data was generated by IMPLAN, based on the organization's FY09 operating expenditures.

ABC Health Centers had the following economic impact:

Injected \$207 million of operating expenditures directly into the local economy, and stimulated additional indirect and induced economic activity of \$102 million.
Had an overall economic impact of \$309 million.
Directly generated 3,179 jobs.
Supported an additional 955 jobs in other industries.

To invest in ABC Health Centers is to invest in the economic development of its community and state.

METHODOLOGY

This analysis applies the "multiplier effect", using an integrated economic modeling and planning tool called IMPLAN (Impact analysis for PLANning), to capture the direct, indirect, and induced economic effects of an organization's business operations. IMPLAN was developed by the US Department of Agriculture and the Minnesota IMPLAN Group (MIG) and employs multipliers, specific to each county and each industrial sector, to determine total output, employment, and earnings. IMPLAN's output, earnings, and employment figures are aggregated based on:

- Direct effects: represents the response for a given industry (in this case Total Operating Expenditures of health centers).
- Indirect effects: represents the response by all local industries caused by "the iteration of industries purchasing."
- Induced effects: represents the response by all local industries to the expenditures of new household income generated by the direct and indirect effects.

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Federal Funding News

Federal Budget Battles Continue

From the start, this year has been chock full of fireworks and funding fights in Congress. That trend is expected to continue even after legislation passes to raise the debt limit and provide short term deficit reductions. A second round of cost-cutting is on the horizon for the fall and you can be certain the fight over funding critical to health centers will continue for the rest of the year. To help health centers better understand the situation and take action, NACHC has created the "Campaign for America's Health Centers". This effort is designed to create a forum to learn more about the issues involved and educate policymakers about the critical role of health centers as safety net providers. For more information, visit <http://www.nachc.com/CampaignForAmericasHealthCenters.cfm>

School-Based Health Centers Receive Funding

HRSA recently awarded \$95 million in competitive federal grants for school-based health centers to 278 programs including many operated by health centers across the country. These programs will improve access to basic primary health care for school-aged children, many of whom have no other sources of care. The School-Based Health Centers Capital (SBHCC) Program (HRSA-11-127) is the first-ever source of federal funding to uniquely support school-based health centers. Funding will be used to meet construction, renovation and equipment needs. A full list of grantees is available at www.hhs.gov/news/press/2011pres/07/20110714grantee.html



Federal Funding News

Patient-Centered Medical Homes Funding Available

The Health Resources and Services Administration (HRSA) is offering health center program grantees the opportunity to apply for supplemental funding for quality improvement and patient-centered medical home (PCMH) development. Eligible health centers may request up to \$35,000 to fund the practice changes necessary to achieve, enhance, or maintain PCMH recognition. For application instructions, visit: <http://www.hrsa.gov/grants/apply/assistance/pcmh/index.html>

Capital Link recently released *Creating a Healthcare Facility that Supports the Patient-Centered Medical Home*, a resource that provides tips and tools to support the Patient-Centered Medical Home Model of Care in both existing and new health center facilities. It educates health center staff on the PCMH principles and provides available resources for implementation. FQHCs and PCAs, email mlurtz@caplink.org and we will send a free PDF of this publication.



Coming Down to the Wire: Capital Development Grants Imminent

HRSA is still expected to announce another (and potentially final) round of ACA capital development grants as early as mid-August. Since this could likely be the last burst of major capital funding from HRSA for many years to come, it is critically important that health centers start preparing their capital projects immediately. If you haven't already, we strongly recommend health centers get started on the following project activities:

Project Activities	
• Market Assessment	• Site Acquisition/Environmental Review
• Facilities Plan	• Capital Campaign
• Business Plan	• Economic Impact Analysis
• Financial Forecast	• Project Team Development

Our experience with ARRA and ACA capital grant competition has helped us better understand what has helped and hurt health centers applying for capital awards. Some of the key highlights are included below.

Do	Don't
• Review ARRA FIP guidance and Application TA materials	• Wait for the application to come out before getting started
• Start gathering materials now	• Expect to receive an award without site control
• Seek alternate financing/fundraising	• Try to do it all yourself
• Complete a thorough economic impact analysis	• Plan to rely entirely on federal funds for the whole project
• Enlist political and community support	• Rely exclusively on UDS data to show need
• Develop detailed financial projections	• Submit detailed budgets that haven't been double-checked for accuracy ("Sources" of funds should always match "Uses" of funds)
• Identify potential environmental issues	
• Consider permits/bureaucracy	

Capital Campaign Success –Ten Fundraising Tips



Given the likelihood of diminished federal and state capital grant funding and continuing pressure on health center operating margins, health centers need to look at all available means to invest in capital infrastructure. A capital fundraising campaign is a good option to consider. A successful campaign can give your health center wonderful visibility in your community, reduce the amount of debt required for your project, and invigorate your staff and board. Without careful planning, however, a capital campaign can be time consuming and counter-productive, so take the time to determine your readiness before approaching prospects.

1) **Plan First, Build Later**

Don't wait to begin a capital campaign until the building is under construction and debt has been lined up—that is a debt reduction campaign. Contacting prospects with the news that the building is half way done but has too much debt will not encourage giving and may cause them to question the financial stability of the center. Begin campaign planning after you have completed strategic planning discussions, sketched out preliminary architectural ideas and set a budget, but before you have started to build.

2) **Conduct a Capital Campaign Feasibility Analysis**

A capital campaign feasibility analysis involves a series of interviews of current and past board members, current and past staff, donors, volunteers, clients and other stakeholders. The person leading the analysis, usually a development director or consultant, should also create a preliminary list of possible grantors (foundations, corporations, government agencies) whose criteria match your campaign objectives.

The purpose of the analysis is to:

- Determine how your health center is perceived by the community, particularly prospective donors
- Determine whether your community believes in the importance of the proposed capital improvements with regard to service and program improvements
- Determine whether you have access to financial resources sufficient to reach your goal
- Motivate prospects by inviting their input about your health center and the proposed campaign
- Assess your infrastructure and its ability to handle all the details of a capital campaign, as well as sufficient board and staff capacity to solicit contributions

3) **Set a Timeline**

Capital campaigns always have a set beginning and end, so a timeline needs to be established and should not be extended if possible. Don't wait to start planning! Campaigns with goals over \$500,000 typically run from two to three years. Generally, it is preferable to raise one third to a half of the campaign total before you even announce your campaign publicly, called the "Quiet Phase." The quiet phase allows you to test receptiveness to your campaign idea, recruit and train campaign personnel, and understand what questions or concerns prospects have about the project. Your official "Launch" should occur when you have some momentum and are ready for public attention.

4) **Identify the Right Leadership**

The only way a capital campaign will be a success is if it is treated as the top priority of the health center during the fundraising timetable. Make sure everyone involved understands this level of commitment. During the campaign, your board and staff need to be active and motivated. This means that the board should be willing to make gifts at any level that is feasible and meaningful for them as well as provide introductions to friends and associates that are able to give larger amounts.

Your board and staff also should have some experience identifying, cultivating and soliciting money. Examine your personnel to determine your level of in-house knowledge, recruiting as many people as you can with expertise to form your campaign committee. Identify someone to "manage" the campaign on a day to day basis, including developing solicitation procedures and giving restrictions. Then, create an organizational chart to assign roles and clarify commitment. It is critical for everyone involved to understand their responsibilities so duplicate or contradictory communications do not reach prospects.



Capital Campaign Success –Ten Fundraising Tips

5) **Develop a Case Statement**

Ask the campaign committee to collaboratively write, in one or two paragraphs, a statement about how the community will benefit from your health center raising the money you seek. Make sure the case statement is clear and convincing, nicely packaged, and approved by all committee members. Do not focus on your health center's needs, but on a real and tangible benefit to the community. Part of your case statement should be a list of specific things you will buy or build with a price tag affixed to each item – your project budget.

6) **Identify Prospects and Create a Gift Range Chart**

Start a donor database if your center does not already have one, identifying individuals, foundations, partners and corporations who are familiar with and respect your center. Carefully research all funding prospects. Discuss your prospects internally and find connections. Someone in or affiliated with your health center should know any funding prospect you approach so you can determine whether the prospect believes in your concept, has a history of giving, and what level of giving is typical. Identify lead gifts first, because if you don't have enough prospects you will need to revise your goal.

Develop a gift range chart and discuss where each prospect should be placed on it. In general, about 60% of your goal will come from a relatively small number of large gifts, and these large gifts are critical to your success. An additional 20% will come from a slightly larger group of more modest gifts, and the remaining 20% will come from many small gifts. Bear in mind that half the people you ask will not give and half of those will not give as much as you think. Identify four or five times as many donors as you will need. The gift range chart will help you map out how many gifts of what size you need to meet your goal.

7) **Approach Lead Funding Prospects**

Ask the prospects who can make the biggest gifts first. Of these, start with those who are closest to your center, or those who are more likely to say yes. Early gifts will give your center confidence. However, before you ask for lead gifts it is important to make sure you have solicited gifts from all board and staff and tracked the percentage of participation, hopefully at 100%. It is very important for most donors to know that the staff and board are committed, no matter what their level of giving. Always ask one-on-one, in person. Large gifts never come from strangers.

8) **Ask for Community Support**

Gifts from the community will mostly be small and can be solicited via email, phone calls or mail. Offer on-line giving if possible and make sure the community is always aware of how much fundraising is still needed to meet your campaign goals. You should be clear that these gifts are considered one time only, not annual contributions.

9) **Approach Foundations and Corporations**

Foundations and most corporations require professional letters of intent and full proposals, and the campaign committee member responsible for writing grants should have experience researching and writing them. It is imperative that the foundation or corporation have a history of giving both to health centers and to capital campaigns. The organizations you approach will usually have vast experience with capital campaigns and therefore will ask you hard questions. For example, you may be asked for a formal list of committed funders, complete financial statements and projections, and your plans for funding building operations once the capital improvements are complete (ie. your business plan). Be specific in your responses.

10) **Recognize Donors**

How will you thank your donors? Discuss naming opportunities, particularly for major or lead gifts, public recognition on your website and in your annual report, and invitations to ribbon cutting and celebratory events. Also, be sure to publicize your success!



Growing Safety Net Oral Health Programs

By Colleen Lampron, MPH,
NNOHA Executive Director

Oral health is essential to the general health and well being of all. Failure to prevent dental disease or provide treatment can result in health complications throughout life. Identified as a “silent epidemic” in the 2000 report by the Surgeon General, *Oral Health in America: A Report of the Surgeon General*, dental diseases affect millions of Americans each year. In 2009, an estimated \$102 billion was spent on dental services in the United States, for both adults and children¹. Yet, it is estimated that more than 120 million Americans lacked access to oral health services.

Oral disease affects underserved populations disproportionately because of limited access to oral health services. Health Centers² provide care to patients who otherwise would not have access to oral health care, and in 2009 they served 3.4 million dental patients – a 177%³ increase since 1999. Health Center oral health programs and other safety-net programs are an effective resource for the elimination of oral health disparities in our country.

Given the overwhelming task to serve patients who lack access to oral health care, the National Network for Oral Health Access was founded in 1991 by a group of Health Center Dental Directors who recognized the need for peer-to-peer networking and collaboration. Today, NNOHA is a nationwide network of approximately 1,400 dental providers who care for patients in safety-net systems.

The organization’s mission is “to improve the oral health of underserved populations and contribute to overall health through leadership, advocacy, and support to oral health providers in safety-net systems.” Under this mission, NNOHA engages in developing various resources, including:

- **Health Center Oral Health Program Operations Manual**- Chapter 1: Health Center Fundamentals and Chapter 2: Leadership have been published;
- **Practice Management resources**, including peer-to-peer advice, webinars, and technical assistance;
- **Development of Workforce resources**, such as the “Survey of Health Center Oral Health Providers” and an online job bank;
- **Oral Health Collaborative** to explore medical/dental partnerships;
- **Educating & Advocating** about the importance of oral health for underserved populations;
- **Quarterly newsletter** dealing with updates in Health Center dentistry;
- **Annual Conference for safety-net oral health providers**; and
- **Health Information Technology (HIT) White Paper** to help Health Centers select an appropriate electronic dental records system

As Health Centers plan new projects or decide to add-on a dental program to their existing sites, both Capital Link and NNOHA can offer support and resources to make these projects come together more smoothly. Annual membership to NNOHA is \$50 for individuals (\$30 for dental hygienists and dental assistants) and \$350 for organizations. NNOHA also welcomes partnerships and collaborations that would further its mission and improve access to oral health services in underserved communities. For more information about NNOHA, visit our website at <http://www.nnoha.org/>, or contact us at info@nnoha.org.

¹ Centers for Disease Control and Prevention, *Oral Health – Preventing Cavities, Gum Disease, Tooth Loss, and Oral Cancers: At a Glance 2010*.

² Health Centers are entities that serve populations living in medically underserved areas, or special medically underserved populations comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing.

³ Health Resources and Services Administration, 2009 Uniform Data System.



Webinar Series Recordings Available

Capital Link conducted a series of webinars designed to help health centers strategically implement health reform this spring. Some of our presentations are posted on our website at www.caplink.org. Links to the remaining webinars can be emailed to FQHCs and PCAs by contacting Mark Lurtz, Senior Director of Marketing & Project Consulting, at mlurtz@caplink.org.

Basics of Health Center Project Finance

Health centers are exceptional for their unique, community-based service delivery model. CHC capital projects reflect this same character, featuring unique challenges and possibilities, but health centers can take advantage of common opportunities when assembling capital project financing. This comprehensive presentation walks through all of the steps toward obtaining the financing for a major construction or renovation project. From reviewing the capital development process to discussing frequently used funding streams and financing models, this session provides participants with an understanding of the primary building blocks of health center capital finance. [Available on our website.](#)

Payer Mix and Patient Growth Forecasting

The Affordable Care Act has launched the health care delivery system onto a challenging and exciting new path. A major part of this transformation will be the expansion of Medicaid eligibility and the creation of new health insurance exchanges. Although these developments will provide coverage for millions of Americans, it isn't easy to predict how many will seek care at health centers. It is imperative to plan for the changes to come, but translating new regulations into prospective new patient visits can be difficult. This session provides tools to help estimate future Medicaid eligibility in your service area and the impact these sweeping reforms will have on your business model. [Available by email.](#)

Using New Markets Tax Credits to Finance Health Center Facilities

Do you expect to undertake a capital project in 2012 or 2013? If so, are you aware of the New Markets Tax Credit Program and the benefits it could provide to your health center in financing a capital project? This session reviews the basics of the New Markets Tax Credit Program and discusses how it can be advantageous to your health center. The webinar covers how New Markets Tax Credits can be combined with HRSA and other capital grants and various loans—including from USDA—to lower your financing costs. The session also describes several recent examples of health center NMTC projects and the lessons learned. [Available by email.](#)

Statewide, Regional and Local Market and Workforce Assessments

The Affordable Care Act has encouraged health centers to serve 40 million patients by 2015. Dramatic Medicaid expansions will offer new patients access, but there is no guarantee that health centers will be available to become the medical home for these new patients. To make that a reality, health centers will need to expand quickly and efficiently. This session is designed to help health centers through this process. Specifically, participants will learn techniques to assess the size and location of the low-income, uninsured and under-served population; estimate the level of unmet need; and assess the distribution and volume of unmet need that will potentially be covered by the endeavor to serve additional patients by 2015 through the expansion of existing health centers and NAPs. [Available on our website.](#)

Operations and Facilities Planning

Correctly defining health center space requirements in light of operational objectives is a critical early step to successfully planning for facility growth. The goal is to match the new facility function (program and operational plans) with the new facility form (space requirements and relationships). Capital Link's experienced Operations and Facilities Planner offers a presentation designed to teach health center leadership how to develop a Strategic Service Plan as the first step in facility planning, how to align market trends with future facility needs, and how to integrate changing operational models during facility development. [Available on our website.](#)

Develop a Winning Capital Grant Application

One more round of HRSA capital grants will likely be announced this summer. If your health center did not receive an award for either of the last two HRSA grant rounds, it's important that you learn some of the secrets to what makes an exceptional application. This webinar reviews previous FIP and CD applications to identify areas to improve. Presenters then discuss the centers that generally received awards, focusing on the elements common to the successful applications. Finally, the session covers the best methods of improving your chances for receiving an award next time. [Available by email.](#)

Upcoming Conferences and Training

Capital Link regularly presents information related to capital development to health centers and primary care associations at industry conferences. Below are a few of our upcoming events. Visit our website at www.caplink.org/events.html for more information.

Date/Time	Place	Details
August 29 8 - 9:30 a.m.	NACHC CHI & EXPO, Manchester Hyatt, San Diego, CA Booth #323 – Exhibit Hall	Cindy Barr, Operations & Facilities Planner; Terry Glasscock, Senior Project Consultant; Rebecca Polan, Project Consultant; “How to Plan and Finance Health Center Expansion in the Midst of Health Reform, Budget Cutbacks, Recession, and a Wide Variety of Natural Disasters”
September 28 2 p.m.	Federal Reserve Bank of Dallas, Houston, TX	Terry Glasscock, Senior Project Consultant, “Healthy Communities: The Intersection of Community Development and Health”
October 4-7	Alabama Primary Health Care Association Annual Meeting, Riverview Renaissance Plaza Hotel, Mobile, AL	Cindy Barr, Operations & Facilities Planner and Terry Glasscock, Senior Project Consultant, “Capital Project Planning and Financing”
October 6 10:15-11:45 a.m.	California Primary Care Association’s Annual Conference, Sheraton San Diego Hotel and Marina, San Diego, CA	Cindy Barr, Operations & Facilities Planner, “Design Elements to Support a Patient-Centered Medical Home”
October 24 1-3 p.m.	National Primary Oral Health Conference (hosted by NNOHA), Gaylord National Hotel, National Harbor, MD	Dave Kleiber, Project Consultant, “It’s All in the Numbers: Financial Planning and Financing For Your Dental Expansion”
October 25	Northwest Regional Primary Care Association/Community Health Association of the Mountains and Plain States Fall Conference, Renaissance Seattle Hotel, Seattle, WA	Dave Kleiber, Project Consultant, host of CFO Roundtable Discussion
November 15	Opportunity Finance Network Conference, Minneapolis Hilton, Minneapolis, MN	Allison Coleman, Chief Executive Officer, with industry colleagues, “Introduction to the Community Health Sector”
November 14-16	NACHC Financial, Operations Management/IT Conference (FOM/IT), Las Vegas, NV	Cindy Barr, Operations & Facilities Planner; Tony Skapinsky, Project Consultant; Falayi Adu, Director of Data Analysis; “Secrets of Success: Health Center Financial, Staffing, and Services Analysis and Best Practices”

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About Capital Link:

Since 1998, Capital Link has provided planning and capital solutions for hundreds of health center building projects. We assist health centers and primary care associations in accessing capital for building and equipment projects, and we provide extensive technical assistance throughout the entire capital development process. Additionally, Capital Link provides targeted loans to help health centers leverage other sources of capital. For more information, visit www.caplink.org