

PROGRAM INFORMATION NOTICE

Program Information Notice 2003-20

DATE: September 30, 2003

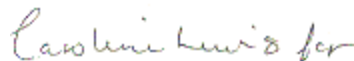
Document Title: Guidance for the Loan Guarantee Program

TO: Bureau of Primary Health Care Supported Programs

Attached is the guidance to be used to apply for the Health Resources and Services Administration's Loan Guarantee Program administered by the Bureau of Primary Health Care's (BPHC). This guidance contains information for applicants seeking a loan guarantee to finance the costs of developing and operating practice management networks or managed care networks or plans. This guidance supersedes Program Information Notice (PIN) 97-25 and is intended to streamline the application process, as well as to expedite the manner in which applications are processed and reviewed.

Historically, health centers have had difficulty in accessing capital funding with affordable lending rates. They have also experienced delays in obtaining available financing. These factors have resulted in significant increases in the cost of many capital projects. Therefore, the purpose of the loan guarantee program is to significantly lower these barriers and facilitate access to capital for section 330 funded health centers seeking support for the development or operation of health center managed care networks and plans and/or practice management networks.

If you have any questions regarding program eligibility or the application process described in the attached policy information notice, please contact your project officer or Marie M. Legaspi at BPHC, who can be reached by phone at (301) 594-4319 or by email at MLegaspi@hrsa.gov.



Sam Shekar, M.D., M.P.H.
Assistant Surgeon General
Associate Administrator for Primary Care

Attachments

Department of Health and Human Services
Health Resources and Services Administration
Bureau of Primary Health Care

GUIDANCE FOR THE LOAN GUARANTEE PROGRAM

Guidance for the Loan Guarantee Program

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GUIDANCE FOR THE LOAN GUARANTEE PROGRAM

1. INTRODUCTION

1.A. Overview

In the current environment, health centers have been challenged to compete in a rapidly evolving health care marketplace. Two of the most pressing challenges faced by health centers are (1) the significant barriers in accessing capital for developing or operating managed care networks and plans or practice management networks and (2) the difficulty experienced in obtaining financing from commercial lenders and others at reasonable rates. Health centers recognize the challenges and opportunities that are occurring in the health care environment and are aggressively moving to form managed care networks and plans or practice management networks. While many of these centers are demonstrating varying degrees of success in operating within a dynamic health care system, those health centers that do not participate in a network or plan, or that participate in one that cannot effectively compete for the Medicaid market, will likely experience a severely diminished revenue stream and a high risk of failure.

1.B. Program Description

Section 330(d)(1) of the Public Health Services Act under subsections (c)(1)(B) and (c)(C)(1) of the Act, as amended, authorizes the Secretary to guarantee up to 90 percent of the principle and interest on loans made by non-Federal lenders to health centers as defined and funded under section 330 of the Public Health Service Act, to finance the costs of developing and operating practice management networks or managed care networks or plans (“network or plans”).

The Health Care Safety Net Amendments of 2002 (Public Law 107-251) includes legislative changes that enhance the Program. These changes include:

- (1) Increases the maximum guarantee percentages from 85 to up to 90 percent;
- (2) Allows for refinancing as an eligible use of guaranteed loan proceeds;
- (3) Expands the eligibility for the managed care loan guarantees to include practice management networks; and
- (4) Loan guarantees may be made directly to networks or plans that are at least majority controlled or majority owned (as applicable) by section 330 funded health centers.

1.C. Program Structure and Operation

The Loan Guarantee Program guarantees loans secured from non-Federal lenders and is not to be considered a direct loan or grant. This Program is generally expected to operate as follows: the applicant for a loan guarantee under this Program will borrow funds secured from a non-Federal lender and guaranteed up to 90 percent by the Bureau of Primary Health Care (BPHC) to (1) develop a network or plan, and/or (2) operate a network or plan already in place. To be eligible for a loan guarantee under this Program, the network or plan must be owned or controlled by health centers (see Eligible Applicants and Definitions sections below). Under this Program, a network or plan may receive only one loan guarantee, except that upon showing of good cause the BPHC may make additional loan guarantees.

2. APPLICATION FORMAT AND INSTRUCTIONS

2.A. Application Process Summary

In addition to applying for a guarantee through the Program, the applicant must also apply for a loan from a non-Federal lender. The application process for the Loan Guarantee Program includes a two-part process:

- (1) A pre-application process intended to assess eligibility, exchange information on the loan guarantee program, and discourage submission of final applications containing proposals for which there is little or no chance of success; and
- (2) An application process designed to review proposals and assist applicants in approaching lenders. Upon completion of a desk review of the application materials, the BPHC will arrange for site visits. A panel of reviewers will review applications that are complete and have been determined to be eligible.

During the pre-application, applicants will outline their interests in applying for a loan guarantee. Eligibility for the program will be determined and information exchanged around the application process; roles and responsibilities of the guarantor, borrower, and lender coordinator; health center participation in the guarantee; and timeline for completion of the application process and loan closing. It is anticipated that the total review and response time on the Bureau's part for the pre-application process will not exceed two months (assuming all information requested by the Bureau is complete).

Applications will consist of the following: identification of the organization applying for a loan guarantee; organizational information such as Articles of Incorporation, By-laws, organizational charts, etc. (refer to Attachment A for additional information); and a current business plan (refer to Attachment B for additional information). A site visit will be conducted within 60 days of submission of a completed application package. It is anticipated that the total review and response time on the Bureau's part for the application process will not exceed four months (assuming all information requested is complete).

2.B. Eligible Applicants

Eligible applicants for a loan guarantee under this Program fall into one of the categories listed below:

- Developing or operational networks or plans, owned/controlled by and acting as the agents of health center(s), as defined and funded under section 330 of the Public Health Service Act; or
- A health center, as defined and funded under section 330 of the Public Health Service Act, acting (i) on behalf of itself or (ii) on behalf of itself and as the agent of other health centers.

This determination of eligibility is consistent with the requirements as set forth in the statute: the health centers legally are obligated for the loan and the loan guarantee. Legally, each health center participating in the separately incorporated network or plan will be a co-applicant for its allocated share of the loan, so that the health center(s) will be severally but not jointly liable. Under the Health Centers Consolidation Act of 1996, health centers may not be required by BPHC to pledge as security any asset that is, or may be, needed by the health center to provide health services. In other words, the health center is only at risk for its equity share in a for-profit network or plan, or its proportionate share of the assets in a non-profit network or plan.

Each health center that is an organizational member or collaborator in the separately incorporated network or plan must obtain formal written authorization from its Board for the purposes of applying for its share of the loan and loan guarantee, as well as making loan payments. Documentation of this authorization must be submitted along with the application.

2.C. Definitions

For the purposes of the Loan Guarantee Program, the following definitions are used.

- The term “loan” shall, in this document, mean arrangements such as a letter or line of credit, a guarantee of reserve requirements or other similar obligation, as well as the advancement of funds. Thus, a loan guarantee to an applicant as defined herein may secure the issuance of a letter or a line of credit, any obligation to post or maintain reserves, or the advancement of funds.
- The term “loan guarantee” shall, in this document, mean any guarantee with respect to the partial payment of the principal (up to 90 percent of the loan principal) on a loan as defined herein by a non-Federal lender to an applicant.
- The term “loan guarantee commitment” shall, in this document, mean a binding agreement by a Federal agency to make a loan guarantee when the

applicant, the lender, and any other party to the guarantee agreement fulfill the specified conditions.

- The term “default” shall mean a breach or failure to comply with the terms and conditions of the loan agreement by the applicant/borrower of a loan. The loan agreement arises from the loan secured through a non-Federal lender that has been guaranteed under this Program.
- The term “health center” is defined as an organization funded under section 330 of the Public Health Service Act, and includes Community Health Center, Migrant Health Center, Health Care for the Homeless, Public Housing Primary Care and School-Based Health Center.
- The term “network” shall, in this document, mean a group of section 330 funded health centers, that has: organized into a single contracting unit and demonstrated administrative capacity and the ability to manage risk contracts. Networks, for the purposes of this Program, include managed care networks, practice management networks, and comprehensive networks.
 - (i) Managed care network: a group of safety net providers participating in or developing an organization to negotiate managed care contracts on behalf of the participating providers.
 - (ii) Practice management network: a group of safety net providers organized horizontally to improve access to care, improve quality of care, and achieve cost efficiencies through redesigned practices to integrate services and optimize patient outcomes.
 - (iii) Comprehensive networks combine managed care and practice management purposes in the same network.
- The term “plan” shall, in this document, mean a group of providers, including section 330 funded health centers, that has organized an entity recognized by the State in which it operates as a licensed health insuring organization, or licensed to function like a health insuring organization for the Medicaid and/or Medicare programs, and is authorized to receive a contract from the State or Federal government under such program(s).
- The term “owned and controlled by health center(s)¹” shall, in this document, mean that the section 330 funded health center or health centers in the network or plan collectively have the authority to appoint a minimum of 51 percent of the network or plan’s board members. In addition:

¹ For additional information, please refer to PIN 97-27, “Affiliation Agreements of Community and Migrant Health Centers.”

- (i) Relative to for-profit networks and plans, the health center(s) in the network or plan must hold a minimum of 51 percent of the equity in the network or plan, and have the right to a minimum of 51 percent of any distribution of profits; and,
 - (ii) Relative to non-profit networks and plans, subject to State law and applicable tax laws, the health center(s) in the network or plan must have a right to a minimum of 51 percent of any distribution of excess revenues. Further, if the non-profit corporation is a membership corporation, the health center(s) must have a minimum of 51 percent of the membership.
- The term “applicant” shall, in this document, refer to either one of the following:
 - (i) The network or plan acting as the agent for one or more section 330 funded health centers, or
 - (ii) A section 330 funded health center acting on behalf of itself or on behalf of itself and as the agent of other health centers.

Regardless of which eligibility category the applicant falls under, the network or plan must be owned and controlled by health center(s) (as defined above). The applicant applying for the loan guarantee under this Program must also apply for a loan through a non-Federal lender.

2.D. Pre-Application Guidelines

Pre-applications will be accepted and reviewed on an on-going basis. BPHC requires that a completed pre-application package be submitted prior to the submission of an application package to be considered for a loan guarantee under this Program.

Pre-applications should provide the following:

1. Identification of the applicant for a loan guarantee through the Program, including:
 - a. Applicant name and address
 - b. Whether the application is being submitted on behalf of a network or plan
 - c. Whether or not the network or plan is
 - i. Developmental,
 - ii. Pre-operational, or
 - iii. Operational.

2. Brief overview of the proposed use of guaranteed loan proceeds and date funds will be required.
3. Letter from network/plan's section 330 health centers expressing an interest in applying for a loan guarantee through the Program.

During the pre-application process, the BPHC confirms the eligibility of the potential applicant. Further, the BPHC uses this opportunity to conduct educational sessions with interested applicants around the following:

- Application process
- Role of lender coordinator
- Health center participation in guarantee
- Estimated timeline for completion and loan closing and
- Fees associated with the application process.

BPHC, in its sole discretion, may determine that a pre-applicant is not ready to submit an application and refer the pre-applicants deemed appropriate for further assistance to designated Federal staff and/or contractors for advice on application preparation and submission. Based on the assessment of the pre-application and considering the advice of the designated parties, if any, the BPHC will provide a written recommendation within 30 days addressing whether the pre-applicant should apply at that time. A favorable Federal response to a pre-application **means only that** BPHC will consider a formal application from the applicant but in no way should be construed that the applicant will ultimately receive a BPHC loan guarantee.

2.E. Application Guidelines

Application requirements are set forth in Attachment A. BPHC staff will conduct or oversee the application review based upon information supplied in the pre-application and application. As part of the application process, BPHC strongly advises that applicants submit an application as set forth in Attachment A prior to approaching potential lenders for a loan. Attachment A includes an index of items that are to be submitted as part of the application package; a completed application is one that includes all the items requested in this portion of the guidance.

The submission of a completed application allows the BPHC to assess the completeness and readiness of applicants. Upon this assessment, the BPHC will notify applicants that they can begin approaching lenders to secure the necessary loan documents and preliminary proposals. Again, a favorable Federal response **means only that** BPHC will consider the formal application, but in no way should be construed that the applicant will ultimately receive a BPHC loan guarantee.

In the event of a favorable response by the BPHC, the applicant should begin approaching lenders for financing options. Once an applicant has secured a reasonable loan offer, the applicant **MUST** submit a preliminary proposal, i.e., a “Letter of Commitment” from the potential lender, as well as loan documents (loan agreement, etc.) to complete the application package and subsequently be considered for a loan guarantee. The preliminary proposal contains the financial terms and conditions from a non-Federal lender regarding willingness to provide financing if a guarantee is granted. The following information **must** be included in the lender’s commitment letter:

- Interest rate, and whether the interest rate is fixed or variable;
- Term of loan;
- Amortization of loan;
- Payment schedule and structure (frequency of payment, level of payment, level principal, interest only period, etc.);
- Loan-to-value requirements (and whether an appraisal will be required);
- Equity requirements;
- Collateral requirements; and,
- Covenants.

To participate in this Program, lenders shall not currently be disbarred/suspended from participation in a Government contract or delinquent in a Government debt. Further, for those lenders not regulated by a Federal financial institutions regulatory agency, financial and capital requirements, including minimum net worth requirements based on business volume, will be evaluated.

Evidence of a commitment from the lender to fulfill the loan contingent upon the issuance of the guarantee must be included in the materials to be submitted to the Bureau. Loan documents are required prior to receipt of a guarantee. The BPHC has developed a standard set of documents—both loan and loan guarantee documents—that are to be used for the Program (i.e., for network and plan loan/loan guarantees). These documents are available from the Lender Coordinator and/or BPHC.

Upon receipt of a completed application, the BPHC and its agents will engage in a desk review of the materials submitted by applicants. Included in the BPHC’s due diligence process is a programmatic review and fiscal (financial and business) review. The due diligence review process for this Program includes an examination of the following: the network or plan’s overall business plan and financial status; network/plan viability; organizational capacity; effectiveness in response to the marketplace; needs assessment; and evidence of assurance of repayment. Typically, additional information is gained through conference calls with the BPHC, the applicant and other stakeholders as appropriate. Once the BPHC is confident that the applicant can proceed, a site visit will be arranged. See Evaluation Criteria section below.

Once Bureau staff and/or the designated Federal contractor(s) have conducted the due diligence review and site visit, and upon receipt of an approved Letter of Commitment from a lender, BPHC staff will determine whether to submit the application to the Loan Guarantee Review Committee (the “Committee”) for consideration. The BPHC reserves the right, not to submit an application to the Committee.

It is anticipated that approximately 60 to 180 days will be needed to adequately process an application that has been deemed complete prior to a Committee meeting, keeping in mind that an acceptable Letter of Commitment from a lender must have been received by the BPHC. It is anticipated that the Committee will meet on a regular basis to consider those applications determined acceptable for final consideration by the Committee, however, the schedule will be adjusted to correspond to the actual demand for the Program. The Committee will make recommendations for applicant denial or approval to the BPHC Director.

2.F. Evaluation Criteria for Applicants

In addition to meeting the eligibility requirements as stated above and the information requested for the pre-application and application, applicants will be evaluated against the following criteria.

1. **Network/Plan Viability.** Evaluation of whether the network or plan described in the application has a financially viable and feasible business plan, including a review of:
 - a. A forecast of the network or plan’s financial ability to pursue and maintain equity;
 - b. An analysis of the health centers’ and non-health center collaborators’ other contributions to the network or plan; and,
 - c. An appraisal of the adequacy of projected revenue streams to meet future operating expenses (including debt service).

2. **Organizational Capacity.** Evaluation of the demonstrated (or proposed, as applicable) capability of the network or plan, i.e.,
 - a. Qualifications and track record of professional (e.g., administrative) staff and/or management services organization;
 - b. Information systems capacity;
 - c. Medical management capabilities (including qualifications and track record of clinical staff);
 - d. Quality assurance programs;
 - e. Membership growth and retention plans; and,
 - f. Overall viability of the venture proposed.

3. Appropriateness to the Marketplace.

- a. Evaluation of the extent to which the applicant demonstrates tangible, short-term, and long-term benefits to its collaborators and to the medically underserved populations it serves; and
- b. Extent to which the applicant will strengthen or enhance the presence of health centers in the State and/or local marketplace.

4. Need for Loan Guarantee. Demonstration that the loan would not be available on reasonable terms and conditions without the guarantee.

5. Assurance of Repayment. Evaluation of the applicant's means for assuring the loan will be repaid within a specified time frame, including whether the applicant is offering reasonable security (applicants are not required to offer as security any asset that is, or may be, needed by the health center or centers involved to provide health services). Repayment will be structured in such a way as to protect the financial interests of the United States.

2.G. Submission Instructions

Additional copies of this guidance can be accessed by visiting the BPHC's website at <http://bphc.hrsa.gov/pinspals>.

Pre-applications, applications, and requested attachments **MUST** be typed single-spaced in standard size black type (not to exceed 15 characters per inch) on only one side of each 8 ½ x 11 page that can be photocopied. Each page must be numbered consecutively with conventional border margins. Applicants must submit the original (signature) and two copies of the pre-application/application. Pre-application and application materials should be mailed to:

Bureau of Primary Health Care
ATTN: Managed Care Loan Guarantee Program
4350 East-West Highway
Bethesda, MD 20814

Applicants should address any questions related to this guidance to Marie M. Legaspi either by phone at (301) 594-4319 or by email at MLegaspi@hrsa.gov.

2.H. Working with Others During Application Preparation

During development of applications for the loan guarantee program, applicants are encouraged to work closely with the appropriate Primary Care Association. Applicants are

also encouraged to take advantage of relevant technical assistance available through designated Federal contractors and other BPHC/HRSA supported assistance programs (i.e., the Managed Care Technical Assistance Program—for further information, visit the website at www.jsi.com/hrsamctac/). Technical assistance specific to a particular loan guarantee request may be advised by BPHC in response to a pre-application or application.

3. PROGRAM PARAMETERS AND RELATED CONDITIONS

3.A. Conventional Guarantee

The Loan Guarantee is structured as a conventional guarantee. The conventional guarantee, also known as a straight form of credit enhancement, is structured such that when a lender puts the guarantee demand to the BPHC (i.e., in the event of a default), the BPHC must pay the amount of the guarantee demand, or the guarantee amount, to the lender. The guarantee amount paid by the BPHC to a participating lender should equal the outstanding principal balance of a loan multiplied by the guarantee percentage (up to 90 percent).

The section 330 funded health centers and the network/plan are required to be co-borrowers of the loan, and the health centers will be required to execute the loan documents. All members of the network/plan (including section 330 funded and non-330 funded entities) will have liability for repayment of any and all amounts payable to the lender in connection with the loan, and this liability shall be with full recourse to the network/plan and its assets. Each health center's liability for repayment of the loan shall be limited to a percentage of the total loan that is equal to the percentage of each health center's ownership interest in the network/plan. The guarantee may be secured by other section 330 health center assets that are not used to directly deliver health care. The BPHC will evaluate network/plan statutory or contractual limits/ requirements on pledging assets (e.g., the Medicaid program).

3.B. Lender Coordinator

One of the major components of the Program is the Lender Coordinator. As a result of an open selection process, the National Cooperative Bank (NCB) was chosen as Lender Coordinator for the Program. The Lender Coordinator's key roles and responsibilities include, but are not limited to, the following:

- Establishing a pool large enough to supply lending capital for loans guaranteed by the Program by soliciting other lending institutions;
- Serving as a liaison between Program staff, potential lenders and borrowers;
- Reviewing all lenders under the Program; and
- Assisting the BPHC in monitoring loan performance.

3.C. Origination Fee

The Bureau has the authority to collect a loan origination fee equal to one percent (1%) of the total amount of the loan to be guaranteed under this Program. The origination fee consists of the commitment fee and the loan-closing fee. Once a network or plan is

selected to receive a loan guarantee, BPHC will issue a letter stating the terms and conditions of the loan guarantee commitment. Should the applicant wish to proceed, both the network or plan's executive director and Board chair must sign an acceptance letter. This letter must then be submitted to BPHC along with the commitment fee.

Due upon acceptance of the loan guarantee commitment is 50 percent of the origination fee (the commitment fee), with the balance due at loan closing (the closing fee). The commitment fee is consideration for the issuance of the loan guarantee commitment by BPHC and the significant costs BPHC has incurred and will incur in preparation for the closing and the financing. The commitment fee is non-refundable, whether or not the financing closes. The Bureau, however, may waive the loan origination fee for an applicant who demonstrates they will be unable to meet the conditions of the loan if the applicant incurs the additional cost of the fee.

3.D. Use of Loan Proceeds

Loan funds guaranteed under this Program may be used for costs which the Secretary determines are necessary to enable a health center or centers to develop, operate, and own networks or plans. In general, loan proceeds potentially may be used for any capital needs of a developing or operational network or plan, including resources for providing health care services, but specifically may not be used for costs related to facility construction, renovation, or modernization.

3.E. Standard Documents

In administering the Program, the BPHC will be using a set of standard documents for network and plan loans including:

- Guarantor Commitment Letter,
- Borrower's Agreement with Guarantor,
- Loan Agreement (with lender),
- Secretary's Certificate, and
- Status Report/Covenant Compliance Worksheet.

It is expected that certain terms and conditions will be unique for each loan or financing transaction. Those terms and conditions can be negotiated while the general structure of the Program and the documents will be standard across all loans guaranteed under the Program.

3.F. Legal Fees

Outside legal fees and costs incurred in applying for a loan guarantee through this Program will be paid by the applicant, including filing and recording fees, if any.

3.G. Loan Guarantee Monitoring

This Program will include an on-going review and monitoring function by the Bureau after the loan and the loan guarantee are made. Information will be compiled on the borrower's operational and loan data to be reported to the BPHC on a regular basis. It is anticipated that borrowers under this Program will be required to periodically file with the Bureau a statement on the use of the loan proceeds covered by the guarantee. The use of funds should be consistent with the information as set forth in the application package. Any material departure from the approved application information must receive prior Bureau approval.

Further, the BPHC will conduct site visits to review borrower compliance with the terms of the loan guarantee, as well as to carry out programmatic and financial monitoring. Applicants are also reminded that all meetings of the Boards and executive committees of the networks/plans for which loan guarantees are issued shall be open to a representative of the BPHC.

3.H. Step-in Rights

Another major component of the Program is the ability of the BPHC to exercise its step-in rights, or any action(s) that may be necessary to prevent a default on a loan guaranteed through the Program, under such terms as the BPHC shall prescribe. Proposed step-in actions that the BPHC may take include, but are not limited to, the following:

- Access and review of all books and records of the borrower's business operations and/or the financial condition of the borrower;
- Conduct diagnostic reviews of all aspects of the borrower's business operations through its employees and authorized representatives, and formulate and cause the borrower to implement any technical assistance recommendations resulting from any such diagnostic reviews;
- Recommend and cause the borrower to implement changes in key management of the borrower;
- Enter peaceably upon the borrowers premises to effect and carry-out any step-in rights; and
- Any other action required or permitted to be taken to carry out statutory and regulatory mandates with respect to the Program.

Upon receipt from the lender of a default notice, the BPHC shall have thirty (30) days to submit to the lender an action plan that describes in reasonable detail the measures the BPHC intends to exercise (including a description of the allocation of resources, timeframe and personnel involved), as well as any proposed remedial action(s). The BPHC agrees to consult with the lender and to share with the lender any relevant documents and

information obtained with respect to the borrower during the preparation and implementation of the action plan, but the lender shall have no right to approve the plan or the BPHC's method of implementing the plan.

3.J. Defaults

The Bureau will require the lender to notify the Bureau in writing prior to initiating any default action on a delinquent loan under this Program. The specific time period to be required for this notification will be addressed in the guarantee agreement document.

ATTACHMENT A

APPLICATION GUIDELINES FOR THE LOAN GUARANTEE PROGRAM

A. Applicant and Contact Information

Legal Name of Applicant: _____

Street Address: _____

City: _____

State: _____

Zip Code: _____

Chief Executive Officer: _____

Telephone: _____

Contact Name (if different): _____

Title: _____

Telephone: _____

Email: _____

Amount of Financing: _____

Possible use of loan proceeds: _____

B. Index of Requested Items

The following index lists the documents and references that **must** be submitted as part of any loan guarantee request. Please number and submit each item consistent with the numbers in the index below.

1. Executive Summary: Please provide a brief summary (not to exceed two pages) of the application, noting the network/plan's history, current situation, market position, opportunity, and specific application of loan proceeds. Please refer to Attachment B for guidance on the required elements of an executive summary.
2. Business Plan: Applicants to HRSA's Loan Guarantee Program must submit a well-developed business plan. Applicants may use any format but must provide all requested information in a logical and easily understood manner. Please refer to Attachment B for guidance on the required elements of a business plan for the purposes of applying for a health center loan guarantee.

3. Copies of the network/plan's Articles of Incorporation, Bylaws, Licensure, etc.
4. Listing of Board of Directors for the network/plan, including names, addresses, employer, and position. Identify all board officers.
5. Organization chart to include listing/identification of key staff and resumes of management team.
6. List of health center(s) that are organizational members of the network/plan. Include the name of the Executive Director/Chief Executive Officer, mailing address, phone, fax, and email.
7. Listing or description of key health center providers and network delivery system(s).
8. A list and description of the network/plan's current lines of business (credentialing, integrated IS, Medicaid, SCHIP, commercial, etc.); for plans, provide information reflecting the date enrollment was initiated and current enrollment.
9. A list and description (with copies available on site or at request of the reviewers prior to the site visit) of any agreements for management, claims, or benefit administration services (i.e., prescription drugs, behavioral health, disease management), indicating the date the contract began, renewal dates and enrollment covered.
10. Contacts with State Medicaid and Insurance Departments (include name, title, phone, and email), as applicable and available.
11. Copies of most recent audited financial statements and management letters.
12. Provide financial projections for a minimum of three years from the date of the latest submitted financial statement or from the date of anticipated start-up. Provide the assumptions around the major revenue items and for major administrative and expense trends. Extend projections to and just beyond a break-even point.
13. Describe how the applicant expects to repay the monies borrowed under this loan guarantee program. Give a possible repayment schedule and timetable for the proposed loan.
14. Letter of Commitment from Lender.
15. Additional background on organizational and corporate relationships (Exhibit 1).
16. Certification by authorized official (Exhibit 2).

EXHIBIT 1

SUPPLEMENTAL INFORMATION

A. Information on Business Organization and Corporate Relationships

- 1. Are you corporately integrated with (e.g., a subsidiary of) any other organization?
 Yes No
If yes, please indicate name, address, type of legal relationship, and nature of integration.

- 2. Are you involved in any joint ventures?
 Yes No
If yes, please indicate names, addresses, and types of legal relationships.

B. Litigation

Are you aware of any litigation pending against the network, plan, or health center(s) that might materially affect the ability to borrow funds or to repay them?
 Yes No
If yes, please attach an explanation.

C. Additional Contacts

Legal Counsel (Firm Name)	_____
Address	_____
Attorney's Name	_____
Email	_____
Telephone	_____
Borrower's Accountant (Contact Name)	_____
Firm Name	_____
Email	_____
Telephone	_____

EXHIBIT 2

CERTIFICATION BY AN AUTHORIZED OFFICIAL OF THE HEALTH CENTER

The undersigned hereby represents and certifies to the best of his/her knowledge and belief that the information contained in this application and exhibits or attachments hereto is true and complete and accurately describes the nature of the health center and the proposed project, and agrees to promptly inform the Health Resources and Services Administration's Bureau of Primary Health Care of any relevant changes in the proposed/actual project or the information contained herein.

Name of Authorizing Official _____
Signature _____
Title _____
Date _____

ATTACHMENT B

GUIDELINES FOR BUSINESS PLAN FORMAT

In compiling the information for the application, please note that the following narrative items must be submitted for the application to be considered eligible and complete.

A. Executive Summary

In general, the executive summary provides a snapshot of the organization and the proposed use for the loan proceeds. It provides a summary of the application and the need for the guaranteed proceeds. The summary (not to exceed two pages) should include

1. The network/plan's history,
2. Current situation, market position, opportunity, and
3. Specific description of how guaranteed proceeds will be applied in support of the network/plan's activities.

B. Business Plan

In general, business plans are written for a variety of purposes and can be directed at several different audiences:

- To carry out specific goals of the organization's strategic plan;
- To provide the Board of Directors, staff, and management with a common road map;
- To attract business partners; and
- To attract additional funding/financial support.

The business plan should provide the following information:

1. A brief description of the network/plan's history and operations, including:
 - a. Organizational background and mission
 - b. Strategic direction
 - c. Programs and services
 - d. Review of operations
2. A description of network/plan structure, management, and governance, including:
 - a. Summary overview

- b. Leadership and vision of the network/plan
 - c. Staff experience and qualifications (technical and professional capabilities)
 - d. Summary of key roles and responsibilities
 - e. Profile of network/plan board of directors
3. A description of the network/plan's service delivery systems, including:
 - a. Clinical leadership and decision-making
 - b. Care management, including utilization management, quality assurance
 - c. Quality improvement activities
 - d. Health center and provider network overview
 - e. Summary of agreements in support of the network/plan's service delivery system (disease management, claims adjudication, behavioral health, etc.)
4. A description of network/plan organizational membership, including:
 - a. Profiles of network/plan members (indicate if health center)
 - b. Aggregate summary of strengths and weaknesses
 - c. Relationship with other networks/plans and safety net providers
5. A description and an analysis of the market, including:
 - a. Summary overview
 - b. Market characteristics
 - c. Competitive analysis
 - d. Provider trends for managed care
 - e. Proposed marketing and outreach activities
6. A description of how funds will be used
 - a. A rationale and description for loan guarantee
 - b. Proposed application of guaranteed funds
7. A description of the network/plan's financial operations
 - a. Overview of financial condition
 - b. Historical financial performance and condition
 - c. Projected financial performance
 - d. Underlying assumptions

ATTACHMENT C

HEALTH SERVICE DELIVERY ASSETS

“Health Services Delivery Assets” shall mean:

1. Any asset subject to a Federal reversionary interest prior to receipt of a loan guaranteed by the Health Resources and Services Administration (“HRSA”).
2. Any asset taken as security by a Federal or non-Federal lender or guarantor.
3. Any asset acquired subsequent to receipt of a loan guaranteed by HRSA that meets the definition of a Health Service Delivery Asset, as herein provided.
4. Any asset used in the scope of any section 330 project (as hereinafter defined).
5. Any asset used for the provision of Health Services (as hereinafter defined) outside the scope of any section 330 project.
6. Any asset that is used in whole or in part for, or is strategically or operationally planned to be used in whole or in part for, the provision of health services in and/or outside the scope of any section 330 project.
7. Any revenue generated from any asset when such asset is used for, or is strategically or operationally planned to be used for, the provision of health services in and/or outside the scope of any section 330 project.
8. Any revenue (regardless of its source) used for, or strategically or operationally planned to be used for, the provision of health services in and/or outside the scope of any section 330 project.

For purposes hereof, (i) the term “health services” means any service authorized under section 330 of the Public Health Service Act, including but not limited to any service the network/plan is currently providing, or any other service the network/plan is providing or is strategically or operationally planning to provide that meets a common definition of the term “health services”; and (ii) the term “section 330 project” means a project that is authorized by and undertaken pursuant to section 330 of the Public Health Service Act, to carry out specified health related activities.