



A Quarterly Resource Bulletin from Capital Link | Winter 2020

Message from the CEO

With the NACHC [Policy & Issues](#) Forum coming up next month, mandatory funding expiring in May, and upcoming elections, it's critical that health centers demonstrate to legislators and other key stakeholders the tremendous impacts they have on their communities, their states and the nation as a whole.

This issue of *Capital Ink* highlights a variety of resources to assist health centers in demonstrating their value and discusses funding sources that enable health centers to contribute to the economic vitality of their communities. In particular, we include an overview of the recent expansion of the New Markets Tax Credit Program and how health centers can prepare to apply, an article on the importance of demonstrating health center value and impact to legislators and funders, and information on how the HRSA Loan Guarantee Program can assist your FQHC.

As always, *Capital Ink* also offers a federal update, health center highlights, and a complete list of our upcoming trainings and webinars. We hope you find it helpful!

Warm Regards,

Allison Coleman, CEO

Federal Update

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 Ink's [blog](#), access NACHC's [blogs](#), and HRSA's health center [webpage](#).

[Uniform Data System 2019 Reporting Season Open](#)

All HRSA-funded health centers and look-alikes must submit complete and accurate UDS reports by Saturday, February 15. Upon successful submission, your UDS report will be assigned to a UDS reviewer who will work with you to finalize your data submission through March. No changes will be permitted to the UDS report after Tuesday, March 31. Learn more [here](#).

[Grant Opportunity](#)

HRSA is accepting applications for fiscal year (FY) 2020 Rural Communities Opioid Response Program-Implementation (RCORP-Implementation). RCORP is a multi-year initiative by HRSA aimed at reducing the morbidity and mortality of substance use disorder (SUD), including opioid use disorder (OUD), in high-risk rural communities. This funding opportunity will strengthen and expand SUD/OUD prevention, treatment, and recovery services to enhance rural residents' ability to access treatment and move towards recovery. Learn more [here](#).

[New Markets Tax Credit Program Receives One-Year, \\$5 Billion Extension](#)

The Fiscal Year 2020 appropriations bill, signed into law by President Trump in December 2019, includes a one-year, \$5 billion extension of the New Markets Tax Credit Program (NMTC). The NMTC, which faced expiration on December 31, received a \$1.5 billion increase from the prior years' allocation. The projected impact of this allocation includes an estimated 138 manufacturing and industrial projects, 55 mixed-use projects, 51 health care projects and 115 community facility projects. It will also generate an estimated 118,000 jobs. If your health center would like to be one of these projects, [now is the time to start planning](#). See article in this edition of Capital Ink for more information.

[Fifth Circuit Court of Appeals Rules in Texas v. Azar](#)

The U.S. Court of Appeals for the Fifth Circuit ruled the Affordable Care Act's (ACA) mandate that all Americans have health insurance is unconstitutional, but did *not* invalidate the entire law. This means that legal battles and a degree of uncertainty will continue. For now, the ACA remains in place, but if overturned, there will be significant detrimental impacts on access to care for more than 20 million Americans, as well as Community Health Center organizations across the country.

New and Noteworthy

Showcasing Value and Impact Can Help Ensure Funding Support

With the P&I, the next Health Center “funding cliff,” and elections on the horizon, demonstrating your health center’s local and national impact to lawmakers and funders has never been more critical. Recent reports highlighted below reveal how patients and communities are benefitting from health center services, providing examples of how data can reinforce a positive narrative surrounding health centers.

Capital Link recently worked with the following health centers to showcase their value and impact:

- [Colorado Coalition for the Homeless](#) utilized their [report](#) to highlight the **\$29 million** they saved the health system in 2018, sharing their findings to social media.
- [Alexander Valley Healthcare](#) (California) provides a downloadable [report](#) on their [website](#), highlighting their center's **\$4 million in savings** to Medicaid and **\$7 million in savings** to the overall health system.
- [Lanai Community Health Center](#) (Hawaii) incorporates the [Value & Impact](#) findings in their [annual report](#) (pages 34-35) to illustrate economic impact to potential donors and investors.

Publicizing information like this is essential for health centers to maintain financial sustainability, as it justifies funding support, educates stakeholders, and better illustrates your personal story. By translating your own health center’s milestones and achievements using facts and figures, you can confidently secure funding and maintain stakeholder support long into the future. Tools like Capital Link’s [customized Value & Impact infographic report](#) can assist by highlighting your health center’s employment and economic impacts using economic modeling software. Learn more [here](#).

New Markets Tax Credits Could Save Your Capital Project Millions

If your health center is planning a facilities expansion project of \$5 million or more within the next two-to-three years, and/or you anticipate a need to expand access to integrated care services for behavioral health, substance use disorder, or HIV/AIDS, you could subsidize 20-25% of your project costs with New Markets Tax Credit (NMTC) funding. With the [recently announced](#) one-year extension of the NMTC Program to an historic high of \$5 billion, NOW is the time to get “construction ready.”

As NMTC financing is a critical source of low-cost capital and equity for health center facility projects, this large allocation is an historic opportunity for health centers with substantial capital project needs. While the usual annual NMTC allocation amount has remained at \$3.5 billion since 2007, inflation has worn away about 25 percent of the NMTC's buying power since then. An inflation adjustment from 2007 would have provided about \$4.47 billion in NMTC authority, so Congress’s \$500 million increase above inflation is important to note. The \$5 billion application round will likely open in the late summer or early fall of 2020.

Even with increased funding, the NMTC program will still be a highly sought-after resource. High competition for the credits means that health centers must achieve project readiness in alignment with NMTC application cycles in order to benefit from the program. Capital Link has assisted 57 centers in structuring and closing NMTC transactions totaling \$739 million—and we can help you too!

You can find more information about NMTCs [here](#) on our website, and by watching our recent NMTC webinar presentation [here](#). You can also find information on data products and tools to assist you in planning for growth [here](#).

To discuss how Capital Link can help your health center prepare for and obtain NMTC financing and receive a complimentary site eligibility assessment, please contact Duncan McGillivray, Project Consultant, at dmcgillivray@caplink.org; or Jonathan Chapman, Chief Project Officer, at jchapman@caplink.org.

How the HRSA Health Center Facility Loan Guarantee Program (LGP) Can Assist Your FQHC

While many FQHCs know of HRSA's [Loan Guarantee Program \(LGP\)](#), not everyone understands what it could mean for the future of a health center capital project.

Often, FQHCs experience difficulties obtaining affordable loans for capital projects and/or delays caused by credit or collateral shortfalls. These issues can lead to protracted development schedules and higher costs, resulting in myriad challenges—including delayed projects that result in limited access to patient care and sub-optimal working conditions for staff.

However, the LGP can actually enhance your health center's credit profile, reducing the lender's risk and allowing them to lend to health centers under more favorable terms than otherwise possible. In 2018, new funds for the LGP appropriated by Congress enabled HRSA to update and modernize the program to provide guarantees for almost **\$900 million** in new loans to FQHCs. The guarantee can cover up to 80% of the principal amount of loans made by non-federal lenders for the construction, renovation, and modernization of medical facilities operated by health centers.

For some centers, the LGP could mean the difference between "yes" or a "no" from a lender, while for others, it may allow the lender to offer a lower interest rate, a longer fixed-rate term, or a higher loan-to-value ratio.

HRSA is accepting applications for the LGP. Interested health centers should contact LGProgram@hrsa.gov. Click [here](#) for details. Capital Link is also available to assist centers that are considering applying to the program. Learn more [here](#).

Capital Link provides technical assistance to health centers interested in planning a capital project and understanding whether and how to apply to the HRSA LGP. Visit our [webpage](#) for more information. Fact sheets are available [here](#).

Resources

Health Centers: A Model of Integrated Primary Care

The devastating impact of substance use disorder (SUD) and mental health conditions across the country highlights the importance of HRSA-funded health centers for low-income and uninsured patients, who are at greater risk for these conditions. This study conducted by HRSA, using data from the Health Center Patient Survey and the UDS, demonstrates the link between health center-provided support services and fewer patient emergency department visits and hospitalizations. This article is available within HRSA's Health Center Library.

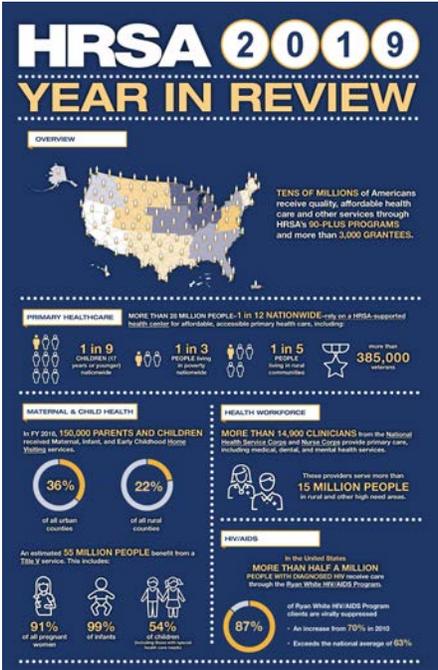
HRSA's Year in Review

As HRSA kicked off 2020, they reflected on their achievements of 2019, highlighting statistics like:

- More than 28 million people—1 in 12 nationwide—relied on a HRSA-funded health center for affordable and accessible primary health care.
- 1,273 health centers received a Quality Improvement Award
 - 48 were recognized as National Quality Leaders
 - 362 were recognized as Health Center Quality Leaders

See more highlights [here](#).

See HRSA's 2019 Year in Review infographic



Coming Soon:

Creating a Business Plan for Community Health Center Capital Projects

This resource provides healthcare professionals with a hands-on approach to writing a business plan. While it focuses on health centers engaged in capital improvement projects, the suggested outline can be tailored to a variety of purposes.

Federally Qualified Health Centers Financial and Operational Performance Analysis 2015 - 2018

This report, developed with support from the Health Resources and Services Administration, offers a framework for identifying strengths, challenges, and opportunities for performance improvement in a rapidly transforming health care landscape.

Health Center Highlights

Capital Link regularly profiles health centers that have successfully completed their expansion plans. These health center stories are available on our [website](#). To provide health centers with insight into the facility expansion and performance improvement processes, Capital Link regularly profiles health centers that have successfully completed capital development and operational transformation projects.

Coming soon:

Hill Country Health and Wellness Center of Hope

Upcoming Events

Capital Link regularly attends industry conferences to exhibit, conduct trainings, and present information related to capital development to health centers and primary care associations. We also provide webinars designed to offer useful information for health centers on a wide range of topics. The webinars have no charge, but participation is limited. Access complete descriptions of the webinars [here](#) and recordings of past webinars [here](#).

Webinars:

Preparing Internal Systems for Gathering Cost Data

To assist health center finance and accounting staff in preparing for the transition from fee-for-service to value-based care, The Delta Center for a Thriving Safety Net is hosting a webinar training series, Understanding Your Costs in an Evolving Payment Environment, facilitated by Capital Link. Register below for the second webinar in the series, which will provide insight from a former health center CFO into the ways health centers can set up charts of account, practice management systems, and HR/payroll systems to facilitate an accurate understanding of cost.

Presenters: Dave Kleiber, Project Consultant, Capital Link; Rober Urquhart, Consultant

Date: Tuesday, February 18, 2020, 3-4 PM ET

REGISTER NOW

Developing a Community Health Center Capital Project Plan and Budget – Part Two

Once your health center has developed a capital project plan, you are better able to plan how you are going to pay for your facility expansion or renovation. The second part of a two-part webinar series will dive deeper into how to determine your sources and uses of funds, the elements of a business plan, and an overview of the variety of capital project financing sources available to health centers, including New Markets Tax Credits. This session will also discuss how health centers can use scenario modeling to strategically manage their capital projects in a changing environment.

Presenter: Duncan McGillivray, Project Consultant, Capital Link and Tony Skapinsky, Project Consultant, Capital Link
Date: Thursday, March 26, 2020, 2-3 PM ET

REGISTER NOW

Webinar Recordings:

Recordings of recent webinars are also available [here](#):

Developing a Community Health Center Capital Project Plan and Budget – Part One

[Recording](#) | [Slides](#)

This session, the first of a two-part webinar series, will take a broad look at capital project planning activities that allow you to accurately determine the cost of a project so your health center knows how much funding you need to secure. We will discuss how to estimate service area demand, workforce needs, and space requirements so you can build a realistic budget. We will also describe how to calculate your debt capacity and measure financial feasibility.

Prepare Now, Save Later - New Markets Tax Credits Can Save Millions on Your Future Capital Project

[Recording](#) | [Slides](#)

This timely webinar will help you determine if NMTC financing could be a good fit for your capital project and the steps needed to prepare to capitalize on this opportunity when the time comes to apply for funding. We will provide a general overview of the NMTC program, the timing of upcoming funding rounds, the process of completing a NMTC transaction and the myriad benefits of doing so. We'll also review other sources of financing that can be leveraged along with NMTCs.

Optimizing Team Resources: Patient/Provider Scheduling and Panel Size

[Recording](#) | [Slides](#)

Health centers continue to devote significant resources to the transition to a team-based model of primary care delivery. This session goes “back to the basics” to take a fresh look at techniques designed to expand capacity, utilizing existing resources within a sustainable structure. From defining target outcomes to simplifying scheduling templates to aligning panel size, the participant will learn a replicable process for moving forward with each of their primary care teams through what is often a contentious and divisive operational imperative.

About Capital Link

Capital Link is a national non-profit organization that has worked with hundreds of community health centers and Primary Care Associations (PCAs) for 25 years to plan for sustainability and growth, access capital, improve and optimize operations and financial management, and articulate value. Established through the health center movement, Capital Link is dedicated to strengthening health centers—financially and operationally—in a rapidly changing marketplace. For more information, visit us at www.caplink.org, and connect with us on [Facebook](#), [LinkedIn](#), [Twitter](#), and our [blog](#).

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