

Health Center Stories:

Family Healthcare of Hagerstown, MD

The following summary describes how Family Healthcare of Hagerstown, formerly Walnut Street Community Health Center, in MD planned and financed the purchase and renovation of a 33,000 square-foot medical facility to replace its existing main clinic. Completed in the summer of 2015, the project will allow Family Healthcare to serve an additional 8,000 patients per year.

About Family Healthcare

Family Healthcare is a Federally Qualified Health Center (FQHC) based in Hagerstown, MD, a semi-rural community in Washington County in the western part of the state. Originally part of Washington County Hospital, the health center has been providing health care to area residents since 1999, offering a full range of primary care, dental, behavioral health, case management, lab, and pharmacy services. In 2003, Family Healthcare registered as an FQHC (under its former name, Walnut Street Community Health Center) and continues to be the only FQHC in Hagerstown. Family Healthcare's mission is to promote a healthy community by providing affordable, accessible, and compassionate health care to individuals and families of all ages, races, and economic backgrounds.

In 2014, Family Healthcare served over 6,600 patients. The vast majority earned less than 200 percent of the Federal Poverty Level and 66% percent were Medicaid recipients.

The reception area of Family Healthcare's new facility.



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Capital Project Description

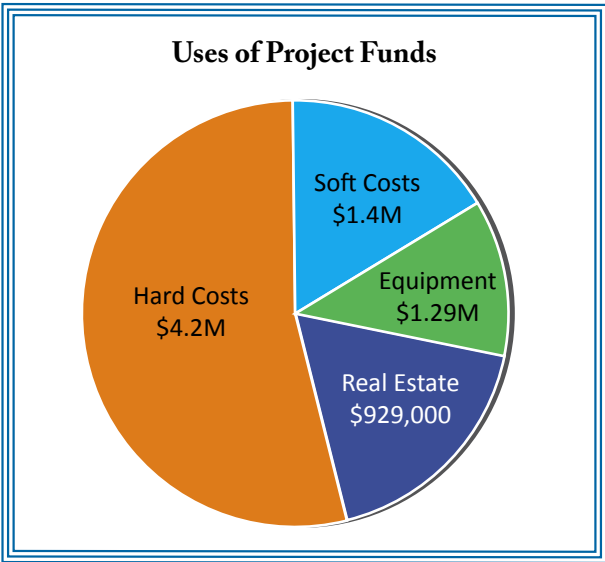
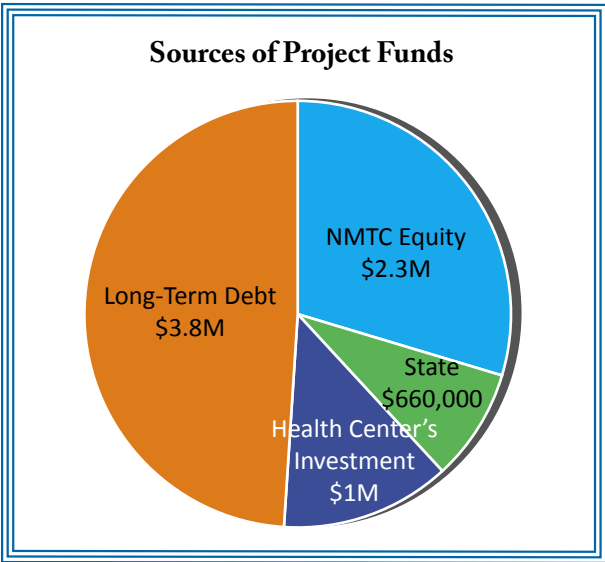
Over the past 10 years, the number of patients accessing services at Family Healthcare has roughly doubled. With this significant growth expected to continue, Family Healthcare recognized that it was outgrowing its leased facility and would not be able to accommodate this demand. The former facility was located in a developed downtown area with no land reserves to accommodate the expansion of a larger structure or parking area.

In May 2013, after several years of searching for a new facility, Family Healthcare purchased a 33,000 square-foot office building about one mile away from the previous location and embarked on a renovation project. Completed in the fall of 2015, the new facility provides ample space for expanded patient services and a much larger parking area. The four-story brick building features 24 exam rooms (13 more than the previous location), seven dental operatories, a large parking lot, a state-of-the-art automated registration kiosk, an in-house lab, and a pharmacy.

Project Financing

Family Healthcare financed the approximately \$7.8 million project utilizing a New Markets Tax Credit structure. A Community Development Entity provided roughly \$7.2 million in New Markets Tax Credit authority, which generated \$2.3 million in equity capital. Other sources of funding included \$3.8 million in long-term debt, close to \$1 million of Family Healthcare’s own cash investment, and \$660,000 in grant funding from the Maryland Department of Health and Mental Hygiene.

The capital project sources and uses of funds are illustrated below:



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Impact

Capital Link uses an integrated economic modeling and planning tool called IMPLAN (IMpact analysis for PLANning) to assess the multiplier effect of each health center's business operations, job creation, and likely future growth. Economic activity can be calculated in terms of direct, indirect, and induced impact. Direct benefits flow from expanded operations, new facilities, and hiring. Indirect benefits come from local purchases. Induced benefits occur from spending resulting from new household income as all local industries grow.

Prior to the expansion, Family Healthcare contributed over \$4.3 million annually directly to the local economy, plus additional indirect and induced economic impact of about \$2.4 million for an overall impact of \$6.7 million. By 2018, the direct economic impact is estimated to be over \$8.7 million and the indirect and induced impact at around \$4.4 million, for a total economic impact of over \$13.1 million.

With the expansion of services being offered, the project is anticipated to add 33 permanent Full-Time Equivalent employees by 2018. The chart below shows the additional impact of Family Healthcare's expansion on the community.

	2014 (prior to project start)	2018 (projected)
Number of Patients Served	6,634	14,634
Number of Patient Visits	26,579	61,420
Total Operating Revenue	\$4,083,402	\$9,018,860
Total Expenses	\$4,316,610	\$8,711,554
Permanent Direct Employment	42	75
Indirect and Induced Employment	19	38
Total Economic Impact (Direct, Indirect, and Induced)	\$6,672,702	\$13,113,199

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