

Community Health Center Financial Perspectives

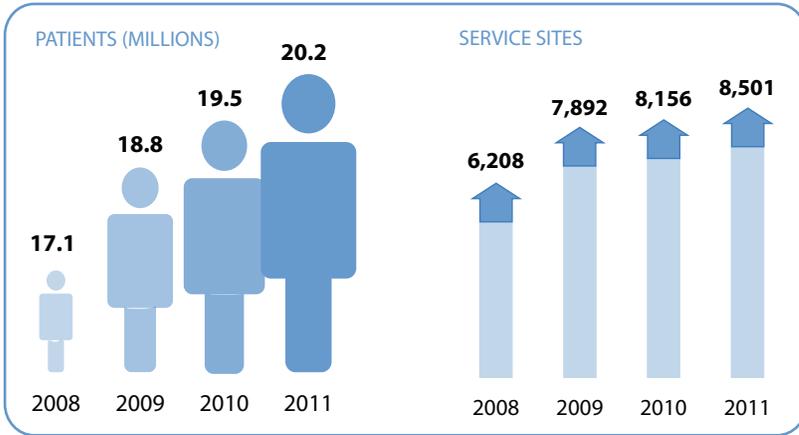
Financial and Operational Ratios and Trends, 2008-2011

Capital Link and our lending affiliate, Community Health Center Capital Fund (Capital Fund), recently completed the first in a series of resources sponsored by Citi Foundation. The initial issue offers a guide for health centers on the national financial and operational trends of community health centers from 2008-2011. This infographic illustrates key findings. The complete report, available at www.caplink.org/resources/reports, provides extensive data for peer benchmarking and recommended ranges for achieving strong financial performance.

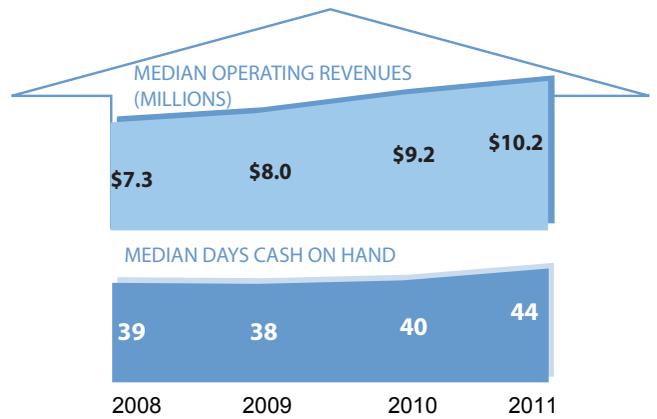
Key Findings

The Health Center Industry is Maturing and Stabilizing

FOUR-YEAR GROWTH TRENDS

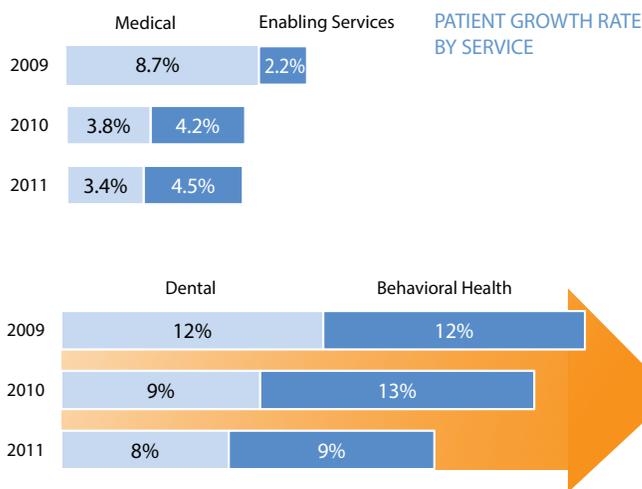


POSITIVE FINANCIAL TRENDS



While the industry continues to grow through the expansion of existing health centers and the addition of new sites, it has achieved an operating scale that reflects its evolution from a small “movement” to a sizable industry group. The trade-off between serving every patient without concern for their ability to pay in return for receiving federal grant subsidies and full-cost Medicaid reimbursement has proven workable for the majority of health centers. The key financial and operational ratios for the median health center indicate positive operating margins, balance sheet stability, consistent cash balances and operating reserves, reasonably efficient cash cycles and low debt.

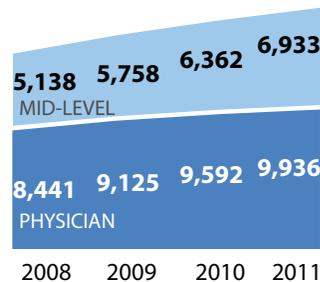
Health Centers Continue to Diversify Services with the Highest Growth in Dental and Behavioral Health



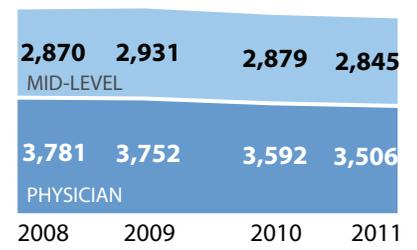
While all health center services are growing, dental and behavioral health services within health centers have been growing especially fast over the last four years, as measured by corresponding visits and Full-time Equivalent Employees (FTEs).

Provider Productivity is Leveling off or Declining

FULL-TIME EQUIVALENT EMPLOYEES BY PROVIDER TYPES

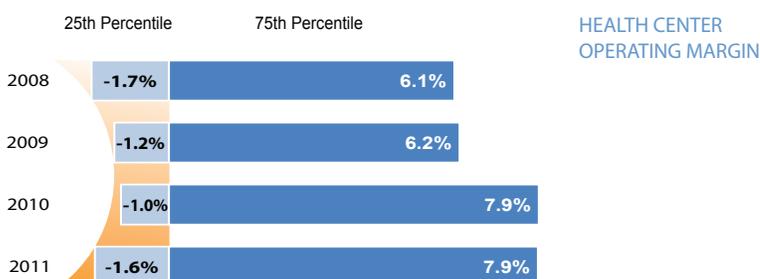


PROVIDER PRODUCTIVITY VISITS/YEAR PER FTE



To accommodate rapid growth in patients and diversification of services, health centers succeeded in attracting and retaining a significant number of physicians to their practices. They also recruited a higher proportion of mid-level providers (nurse practitioners, physician assistants and certified nurse midwives) to round out their increasingly team-based practice models. However, medical provider productivity has been slowly declining over the study period. One reason for this downward trend may be implementation of electronic health record systems, a time-consuming process.

The Performance of Health Centers in the Top and Bottom Quartiles is Diverging



The best performing health centers appear to be financially outpacing their counterparts and may be separating themselves from the majority of the industry. Perhaps more importantly, the data suggests that there are a sizable number of health centers that are struggling to break-even.

Access the full report at:
www.caplink.org/resources/reports

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