

CAPITALink

A Quarterly Resource Bulletin from Capital Link, Fall 2015 Issue

Message from the CEO

Inside this Issue

Message from the CEO	1
Federal Update	2
New and Noteworthy	3
Resources	6
Health Center Highlights	7
Upcoming Events	8

The results of our latest **National Capital Needs Assessment**, described in this issue, show that the health center sector continued to grow dramatically, serving almost 22 million patients in 2013, an increase of 4.6 million patients since 2008. Given the recent release of 2014 UDS data, this growth continues unabated, with health centers adding an additional 1 million patients in 2014. Health centers are striving to increase capacity to meet patient demand, and are also seeking ways to offer enhanced services through collaborations designed to address the social determinants of health.

Like health centers, Capital Link is expanding our capacity to meet evolving needs. In our fiscal year ending June 30th, we worked with 232 health centers, 41 PCAs, 16 CDFIs, and 29 other organizations including foundations, consortia, NACHC, and HRSA. We've also added to our repertoire of health center services, including performance analytics and strategic growth planning. This level of activity means Capital Link needs to grow and re-focus our efforts, so I'm delighted to announce some new staffing changes.

Susan Petrie, on staff since 2005, was recently promoted to Chief Operating Officer. She is responsible for overseeing all program and administrative areas at Capital Link. **Mark Lurtz**, on staff since 2000, transitioned to Director of Partnership Development, prioritizing building and managing relationships with our major partners, including HRSA, NACHC, PCAs, and others. We also are pleased to welcome **Jonathan Chapman** in the new role of Director of Community Health Center Advisory Services. A former Capital Link project consultant who became the Executive Director of the Louisiana Primary Care Association in 2011, Jonathan is returning to lead our team of consultants and manage Capital Link's health center advisory services work. I am excited about what these changes will bring to our organization!

Along with findings from our National Capital Needs Assessment, this issue features new performance benchmarking resources, federal updates, health center highlights, and upcoming events and webinars. I 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 Link's blog for email notifications at <http://capitallinksblog.blogspot.com/> or access the following links:

NACHC's Health Centers On the Hill and The Policy Shop blogs:
<http://blogs.nachc.com/>

The Health Resources and Services Administration's About Health Centers tab:
<http://bphc.hrsa.gov/about/index.html>

The newsroom at the U.S. Department of Health and Human Services:
<http://www.hhs.gov/news/index.html>

HHS Awards ~\$500 Million to Health Centers

On September 15th, the Department of Health and Human Services (HHS) announced nearly \$500 million in Affordable Care Act (ACA) funding to support health centers nationwide. Approximately \$350 million was awarded to 1,184 health centers to increase access to services such as medical, oral, behavioral, pharmacy, and vision care; and nearly \$150 million was awarded to 160 health centers for facility renovation, expansion, or construction to increase patient or service capacity. Read full announcement and find links to awardees here: <http://www.hhs.gov/news/press/2015pres/09/20150915a.html>

HHS Takes Next Step in Advancing Health Equity through the ACA

On September 3, 2015, HHS issued a proposed rule on Nondiscrimination under Section 1557 of the ACA to assist populations that have been most vulnerable to discrimination in order to help provide equal access to health care and health coverage. Read more here: <http://www.hhs.gov/about/news/2015/09/03/hhs-takes-next-step-advancing-health-equity-through-affordable-care-act.html>

HRSA Announces \$63 million in ACA Funding for Health Center Quality Improvement

On August 25th, the Health Resources and Services Administration (HRSA) announced \$63.3 million in ACA funding to 1,153 U.S. health centers to recognize health center achievements in providing high quality, comprehensive care. Health centers will use these funds to expand current quality improvement systems and infrastructure, and improve primary care service delivery in the communities they serve. Click here to learn more: <http://www.hrsa.gov/about/news/pressreleases/150825qualityimprovement.html>

HHS Announces Additional ACA Funding for 266 Health Centers

On August 11th, HHS Secretary Burwell announced \$169 million in ACA funding for 266 new health center sites in 46 states. These awards are projected to increase access for over 1.2 million patients, building on the \$101 million awarded to 164 new health center sites in May 2015. For more information, click here: <http://www.hhs.gov/news/press/2015pres/08/20150811a.html>

New and Noteworthy

Capital Needs Assessment Findings Reveal Challenges as Health Centers Grow

The health center sector continues to experience impressive growth, serving almost 22 million patients in 2013, an increase of 4.6 million patients since 2008. This growth is dwarfed only by the remaining need. Today, almost 62 million people in the U.S. do not have a regular source of primary care. Health centers are striving to fill this tremendous gap, but face numerous hurdles, including gaining access to capital to expand their facilities to meet demand. Despite these challenges, health centers are also seeking ways to address the social determinants of health through creative collaborations.

Capital Link's report on the findings from our new study, ***Capital Plans and Needs of Health Centers: A National Perspective***, sought to determine the near-term facility needs and challenges of health centers nationwide. Supported by the Health Resources and Services Administration, the assessment also gathered information on funding sources and interest in collaborative projects addressing the social determinants of health.

The assessment found that 79 percent of the responding health centers indicated that they had specific plans to initiate capital projects within the next five years, which Capital Link estimates will total approximately \$4.6 billion. This investment should build almost 12 million square feet of space and accommodate an additional 5.4 million patients for a total capacity of 27 million patients and 6,100 new providers by 2020.

With 32 million patients annually projected, however, health centers need to invest \$8.5 billion, nearly \$4 billion more than anticipated, to construct or renovate a total of 22 million square feet of space and accommodate 11,300 providers. Seventy-five percent of health centers report funding gaps for planned projects, identifying securing grant funding, building sufficient equity, and fundraising as common challenges.

Despite the difficulties in expanding capacity, 33 percent of health centers expressed interest in co-locating or collaborating with separate entities to address the social determinants of health. Near-term collaborations focus on behavioral health, mental health, substance abuse treatment, schools, and dental programs.

Key findings are illustrated in the infographic on the following page.

For detailed results, access the complete report online at <http://www.caplink.org/resources/reports>.

Health Center Capital Project Plans and Funding Needs

As health reform spurs demand, are health centers prepared to increase their capacity to meet the needs of a growing patient base? Capital Link completed its 2015 capital needs assessment, requesting input from approximately 1,200 health centers nationwide. The assessment sought information on near-term facility needs and challenges, funding sources, and interest in collaborative projects addressing the social determinants of health. For detailed results, access the complete report at www.caplink.org/resources/reports.

Growth Plans

79% of health centers have plans to initiate a capital project within the next several years, most pursuing two or more projects. These plans represent **2,300 capital projects**.

Current Investment

\$4.6 billion is the estimated total cost of planned projects, which will enable health centers to:

- build almost **12 million square feet of space**
- accommodate **6,100 new providers**
- serve **5.4 million new patients** annually

Altogether this investment should allow health centers to serve a total of **27 million patients** annually.

2,300 capital projects are currently planned by health centers



Funding Sources & Challenges

Funding Sources

- 75% have a line of credit, but insufficient to meet needs
- 68% have facilities-related long-term debt, but 62% think they will need to borrow more
- 36% need growth capital, flexible debt not tied to a project
- 25% have equipment loans, but 37% may need one in the future
- 13% need to refinance

75% of health centers reported funding gaps for planned projects.

Challenges to financing facilities

- 74% securing grant funding
- 60% building sufficient equity
- 53% fundraising
- 50% not enough staff to work on project



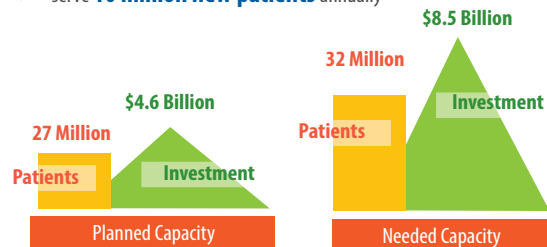
Need for Investment beyond Current Capital Plans

To serve up to **32 million patients expected** by 2020, however, health centers would need to invest nearly **\$4 billion** more than currently planned.

Needed Investment

\$8.5 billion is the total needed investment which will enable health centers to:

- construct or renovate **22 million square feet of space**
- accommodate **11,300 new providers**
- serve **10 million new patients** annually



Collaborative Projects

33% of centers are interested in co-locating or collaborating with a separate entity to address the social determinants of health.

Near-term collaborative projects reported

- 64% behavioral health
- 51% mental health provider
- 41% substance abuse/chemical dependency treatment
- 40% schools
- 35% dental
- 32% health department
- 32% pharmacy (third party)
- 28% housing
- 9% healthy foods retailer



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



This study was supported by the Health Resources and Services Administration, Bureau of Primary Health Care.

Benchmarking and Performance Analysis Resources

It has become increasingly important for health centers to measure and monitor financial and operational performance in order to inform management decisions and identify ways to improve financial stability. Capital Link offers several resources to assist health centers in effectively tracking and benchmarking their performance, including our newly-released Performance Benchmarking Toolkit.

The HRSA-supported **Performance Benchmarking Toolkit for Health Centers: Tracking Data to Improve Financial Performance** provides guidance on monitoring performance, understanding key drivers, and integrating operational insights. It contains details on the 15 key financial and operational metrics that all health centers should track, including how to calculate them, how to visually present key metrics and trends (see sample below), and how to set goals based on the data trends. It also provides high-level comparative data to help identify strengths and areas for improvement. The toolkit is available for download on our website at <http://www.caplink.org/resources/publications>.



Capital Link can also provide health centers with a baseline overview of their financial performance with our **Financial Trends Snapshot**, offered at no cost with support from HRSA. The Financial Trends Snapshot provides four-year trends on important financial and operational measures—including operating and bottom line margins, days cash on hand, current and leverage ratios, operating revenue and expense growth rates, and patient visits—as well as relevant national benchmarks and guidelines. It’s a useful tool for executives and boards in evaluating financial condition, establishing a framework for decision making, and completing funding applications.

Deeper level analysis is available with Capital Link's new **Performance Evaluation Profile (PEP)**. This diagnostic tool was developed with support from a grant from Blue Shield of California Foundation (BSCF), which allowed Capital Link to establish peer groups and high-performance financial benchmarks at the state, regional, and consortium level.

Building upon this knowledge, and utilizing Capital Link's database of health center audits and UDS information, a PEP report provides an analysis of a health center's financial health, productivity, utilization, and staffing over multiple years, benchmarking the results against state, national, or peer medians across 73 financial and operational metrics. The analysis also provides dashboard summaries of the top 15 critical performance metrics and indicates whether the results meet Capital Link's recommendations. Capital Link is currently creating PEPs for health centers in California, Kentucky, Nebraska, Indiana, and Utah. Also, as a part of the BSCF grant-funded project, Capital link is developing the next evolution of PEP reports, which includes a site-level analysis, for the Health Association of Northern California.

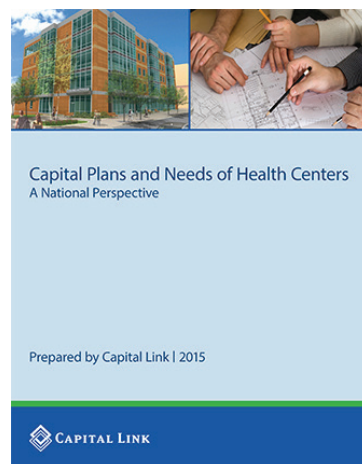
You can view a sample PEP here on our website: <http://www.caplink.org/services/?id=84:performance-evaluation-profiles>

New Resources

Capital Plans and Needs of Health Centers: A National Perspective

A report on the findings from a new study to determine the near-term facility needs and challenges of health centers nationwide. Supported by HRSA, the assessment also gathered information on funding sources and interest in collaborative projects addressing the social determinants of health.

Access this report at: <http://www.caplink.org/resources/reports>



Performance Benchmarking Toolkit

This toolkit provides guidance in applying data analysis tools to help health centers more effectively track performance, understand key drivers, and incorporate operational insights for financial sustainability.

Access here: <http://www.caplink.org/resources/publications>



NACHC Health Center Resources from NHCW2015

During National Health Center Week 2015, NACHC released two new resources: an updated research fact sheet, Health Centers Provide Cost Effective Care (http://www.nachc.com/client/documents/Cost%20Effectiveness_FS_2015.pdf), and a new infographic titled Health Centers: Paving the Road to Good Health (http://www.nachc.com/client/documents/HCW%202015_FINAL_national.pdf).

Revised NACHC Regulatory Affairs Website

NACHC's newly updated Regulatory Affairs website provides easy access to information on the federal regulatory issues that are of particular interest to health centers. The new website (www.nachc.com/regulatory) provides details of regulations (or rules) and guidance in the various stages of the finalization process, including a list of regulations by policy area, tips, and instructions for submitting comments, a list of comments previously submitted by NACHC, and links to important information and documents. Visit the new website here: www.nachc.com/regulatory

New Update to UDS Mapper Launches

On August 20th, the latest update to the Uniform Data System (UDS) Mapper was introduced. It now incorporates the 2014 UDS reporting year and American Community Survey Data from 2009-2013. Types of new data include information about patients based on their insurance status and information on health center costs, Patient-Centered Medical Home certification, and Electronic Health Record implementation. This new version of UDS Mapper also features enhancements to the Population Indicators tool, the Mobile UDS Mapper, and printing functionalities among others. To access this updated tool, go to: <http://www.udsmapper.org/>

Coming soon from Capital Link:

- *Hallmarks of "High Performance" at America's Community Health Centers* (Report)
- *Creating a Culture that Sustains a Patient-Centered Medical Home* (Publication)

Health Center Project Highlights

Capital Link regularly profiles health centers that have successfully completed their expansion plans. These health center stories are available at <http://www.caplink.org/client-impact/client-stories>. The most recent addition is **Wake Health Services** (now operating under the name **Advance Community Health**), NC.

Capital Link would like to congratulate **Brockton Neighborhood Health Center** on the opening of its brand new facility, which is co-located with Vincente's Tropical Supermarket. The mission of this unique partnership is to educate residents about how better nutrition can improve chronic health conditions, such as diabetes and obesity. Senator Elizabeth Warren attended the grand opening ceremony on September 3, 2015, and spoke to the audience about how FQHCs saved the country \$24 billion in the last year providing high-quality, low-cost care. Financing for this innovative project was supported by New Markets Tax Credits Program and a grant from the Healthy Food Financing Initiative at the U.S. Treasury Department and HHS. Read more at: <http://commonwealthmagazine.org/economy/when-the-doctor-and-the-grocer-team-up-to-heal-a-community/>



Upcoming Events

Below are a few of our next scheduled events. For the most up-to-date information, please visit our website at: <http://www.caplink.org/newsevents/events>.

Industry Presentations

National Association of Community Health Centers (NACHC) 2015 Financial, Operations Management/IT Conference

October 27-29, 2015

Las Vegas, NV

Creating a Dynamic and Useful Strategic Plan – An Introduction to the Toolkit

Tuesday, October 27, 8 am – 6 pm

Presenter: Terry Glasscock, Senior Project Consultant, Capital Link; and Cindy Barr, Operations & Facilities Planner, Capital Link

Using Metrics to Enhance Your Organization's Success

Thursday, October 29, 11 am – 12:30 pm

Speakers: Susan Petrie, Chief Operating Officer, Capital Link; and Cindy Barr, Operations and Facilities Planner, Capital Link

2015 Opportunity Finance Network (OFN) Conference

November 9-12, 2015

Detroit, MI

Lending to FQHCs – Market Update

Thursday, November 12th, 11 am – 12:30 pm

Presenters: Scott Spote, Capital Impact Partners; Tom Manning, Harbor Road; Allison Coleman, Capital Link; and Ricardo Guzman, CEO, Community Health and Social Services (CHASS) and NACHC Board Chair

National Association of Community Health Centers (NACHC) 2015 PCA & HCCN Conference

November 16-18, 2015

Delray Beach, FL

Operational Excellence

Tuesday, November 17, 9 am – 10 am

Speakers: Allison Coleman, Chief Executive Officer, Capital Link

Predictive Analytics: Driving Success in Today's Best Health Centers

Tuesday, November 17, 10:30 am – 12 pm

Speakers: Allison Coleman, Chief Executive Officer, Capital Link; Jonathan Chapman, Director of Community Health Center Advisory Services, Capital Link

Webinars

Complete descriptions can be found here: <http://www.caplink.org/newsevents/upcoming-webinars>

Market Assessment for Service Expansion Rooted in the Community

November 10, 2015, 2-3 PM EDT

Presenter: Rebecca Polan, Project Consultant, Capital Link

Finding the Best and Lowest Cost Financing for Your Project

Thursday, November 12th, 2-3 p.m. EST

Presenter: Terry Glasscock, Senior Project Consultant, Capital Link

Moving from “Informed Guesses” to a Detailed Capital Project Budget

Wednesday, November 18th, 2-3 p.m. EST

Presenter: Dan Woodman, Project Consultant, Capital Link

High-Performance Community Healthcare: How to Measure It and How To Achieve It

Thursday, November 19th, 2-3 p.m. EST

Presenter: Terry Glasscock, Senior Project Consultant, Capital Link

About Capital Link

Capital Link is a non-profit organization that has worked with hundreds of health centers and primary care associations for over 15 years to plan capital projects, finance growth, and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us at www.caplink.org or connect with us on Facebook, LinkedIn, or Twitter.