

CAPITALink

A Quarterly E-Newsletter from Capital Link, Fall 2013 Issue

Message from the CEO

Allison Coleman, CEO

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Health centers tackle new challenges this fall as the Affordable Care Act's (ACA) marketplaces open and political squabbling results in the first federal government shutdown in 17 years. The new marketplaces offer health insurance coverage options for our most vulnerable citizens. Health centers will play a crucial role in helping patients choose the best coverage for their needs and navigate through the logistical problems associated with signing up for that coverage. Despite these difficulties, health centers should celebrate this opportunity to expand access to quality health care.

This issue of *Capital Ink* focuses on the goal of **High-Performance Community Healthcare** given the need for health center expansion and the rapidly changing legislative environment. The article "**High-Performance Community Healthcare: How to Measure It and How to Achieve It**" explores methods of managing the transition of data to information to knowledge to action. It describes the difference between calculating outputs and measuring outcomes and explains the "Logic Model" of management, which identifies what's important and how to transform limited resources into significant improvements. "**Help Us Update the National Capital Needs Assessment for Health Centers!**" invites health centers to participate in our National Capital Needs Assessment, occurring now through November 1st.

This issue also includes a federal update with recommended links to stay up to date, an announcement of a new lenders coalition to advocate for health center capital resources, access to new research studies and publications, and upcoming presentations and webinars. We hope this information helps you achieve your growth objectives.



Federal Update

Keep Up to Date!

Below are selected 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 Policy Shop blogs:

<http://blogs.nachc.com/>

The Health Resources and Services Administration's health center 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>

Outreach and Enrollment

The opening of state- and federal-run insurance marketplaces occurred October 1st. The Bureau of Primary Health Care's Outreach and Enrollment (O/E) Team will be available to support outreach and enrollment supplemental funding activities. Contact the O/E Team at bphc-pca-oe@hrsa.gov. NACHC also produced a short video called "The Affordable Care Act and Your Community Health Center" to help educate patient populations about coverage options. Access it at <http://nachc.com/pressrelease-detail.cfm?PressReleaseID=875>.

Government Back in Business

On October 16th, the House and Senate approved last-minute legislation ending a disruptive 16-day government shutdown and extending federal borrowing power to avert a financial default. This legislation funds the government through January 15 and raises the debt limit through February 7. President Obama signed the bill at about 12:30 a.m. Thursday, commenting that "we've got to get out of the habit of governing by crisis." More information is available in NACHC's [blog](#).

Capital Fund Receives Award from the Treasury's CDFI Fund

This fall, the U.S. Department of Treasury's Community Development Financial Institutions Fund (CDFI Fund) awarded 191 organizations Financial Assistance and Technical Assistance awards totaling over \$172 million. The awards will enable Community Development Financial Institutions (CDFIs) across the country to increase their lending and investments in low-income and economically distressed communities. Capital Link's lending affiliate, Capital Fund, received a \$1,057,990 award!

HRSA Capital Development Grant Round Expected

The Health Resources and Services Administration (HRSA) announced at the NACHC CHI & EXPO that a competitive grant round will tentatively be offered at the end of this calendar year or early in 2014. This capital funding opportunity totaling approximately \$30 million will be made available from “leftover” ACA capital grant funds. While HRSA has not yet released application details, capital projects related to Patient-Centered Medical Home transformations may be a focus of awards. No details with respect to maximum size and other stipulations are yet available, but stay tuned for a future announcement [here](#).

If you haven't already, we strongly recommend health centers get started on the following capital project planning activities:

Understand your existing market and patient base and plan for potential growth.

Tools include:

- Growth/Readiness Assessment
- Work Plan Development
- Market Assessment
- Economic Impact Analysis

Define the right combination of programs, staffing, and space prior to building.

Tools include:

- Program and Staff Planning
- Site Acquisition/Environmental Review
- Operations Planning
- Space Allocation Planning
- Facility Maximization Planning
- Project Team Development

Identify the most appropriate and affordable method of funding a capital project.

Tools include:

- Financial Forecasting
- Business and Finance Planning
- Capital Campaign Planning

Our experience with past capital grant competitions has helped us better understand what has helped and hurt health centers applying for capital awards. Some of the key highlights are included below.

Do	Don't
<ul style="list-style-type: none"> Review capital grant guidance and Application TA materials 	<ul style="list-style-type: none"> Wait for the application to come out before getting started
<ul style="list-style-type: none"> Start gathering materials now 	<ul style="list-style-type: none"> Expect to receive an award without site control
<ul style="list-style-type: none"> Seek alternate financing/fundraising 	<ul style="list-style-type: none"> Try to do it all yourself
<ul style="list-style-type: none"> Complete a thorough economic impact analysis 	<ul style="list-style-type: none"> Plan to rely entirely on federal funds for the whole project
<ul style="list-style-type: none"> Enlist political and community support 	<ul style="list-style-type: none"> Rely exclusively on UDS data to show need
<ul style="list-style-type: none"> Develop detailed financial projections 	<ul style="list-style-type: none"> Submit detailed budgets that haven't been double-checked for accuracy ("Sources" of funds should always match "Uses" of funds)
<ul style="list-style-type: none"> Identify potential environmental issues 	
<ul style="list-style-type: none"> Consider permits/bureaucracy 	

New and Noteworthy

Help Us Update the National Capital Needs Assessment for Health Centers!

Periodically Capital Link conducts a **national capital needs assessment**, with support from HRSA, to determine the extent of existing and future health center capital requirements. This study provides an estimate of the need for additional capital investment so health centers and Primary Care Associations can plan for growth. The data also helps us identify strategies for securing capital funding for health centers.

Health center participation is critical to the process of developing effective capital development strategies for centers nationally. On October 16th, an electronic questionnaire was sent to health center CEOs and Executive Directors on Capital Link's mailing list. If your health center did not receive this questionnaire, please contact Steve Rubman, Manager of Data Resources & Analysis, at srubman@caplink.org. We thank you for your assistance. Responses are due November 1st.

Lenders Coalition of Community Health Centers Launched

Seventeen Community Development Financial Institutions (CDFIs) that finance community health initiatives have established the [Lenders Coalition for Community Health Centers](#) (LCCHC) to press for policies that will strengthen health centers' access to capital and CDFIs' ability to finance community health center growth. The LCCHC was launched on October 15 at the annual Opportunity Finance Network conference in Philadelphia.

"CDFIs play a critical role in helping community health centers obtain affordable capital to strengthen their capacity and expand their facilities. But CDFIs need greater resources and policies to finance rapid growth of community health centers," said Allison Coleman, CEO of Capital Link and chair of the LCCHC Steering Committee. "The LCCHC will educate policymakers about issues that impact health center growth, financial stability and access to capital, and advocate for policies and resources that enhance CDFIs' ability to foster community health center expansion."

For the complete press release, visit <http://lcchc.wordpress.com/news/>

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

By Terry Glasscock, Senior Project Consultant

There is a great deal of truth in the adage: “If you can’t measure it, you can’t manage it.” But what should you measure? And, how do you interpret the data you measure? Moreover, how do you transform information into decision-making?

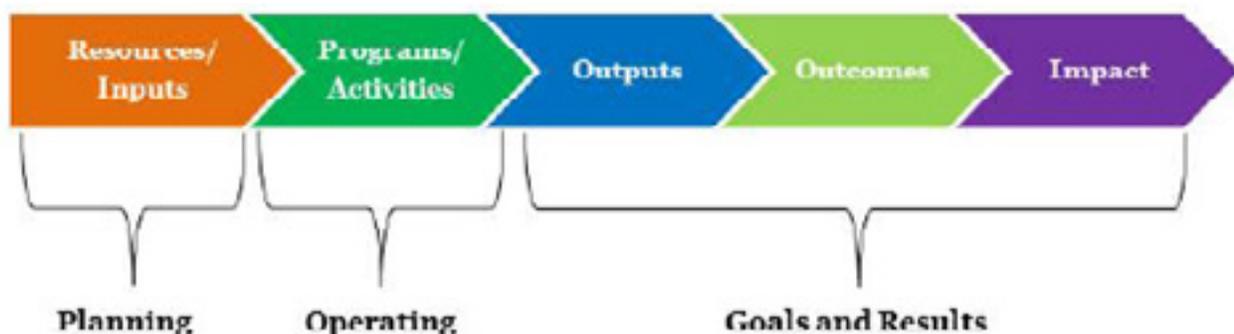
Measuring Outcomes Rather than Outputs

Many health centers are accustomed to measuring outputs such as the number of patients and visits they see, but what really matters in advancing performance is the measurement of outcomes, or long-term results. For health centers, focusing on outcomes has the added benefit of being mission-driven rather than bottom-line focused. Namely, outcomes place a value on goals that are more difficult to measure, such as the reduction of disease and wellness.

How do we measure progress for outcomes rather than outputs? By proxy measurement—a method of determining outcomes using calculable quantities or values when you do not have the ability to measure an exact value. Proxy measurement gauges progress of activities or research, predicting probable results. Examples of outcome proxies might be monitoring the incidence of various health problems such as obesity or incidence of diabetes in your community. Outcomes are always more difficult to measure than outputs and are also long-term in nature.

Using Logic to Measure

Now that we have distinguished between outputs and outcomes, we can develop a model that relates the data needed to operate your program to each other and the ultimate results your health center hopes to achieve. This method of management, called the logic model, is a systematic and visual way to present and share your understanding, from planning activities to day-to-day operations and how your results compare to your goals. The logic model is presented this way:



Defining each step:

- 1. Resources/Inputs:** Resources include the human, financial, organizational, and community resources your program has available to direct toward doing the work, sometimes referred to as inputs. Inputs are as diverse as numbers of FTEs for specific programs, salary costs, medical supply costs, and incremental program expenditures.
- 2. Program activities:** Activities are the processes, tools, events, technology and actions that are an intentional part of the program implementation. These interventions are used to bring about the intended program changes or results, and are operational, clinical and financial functions of the organization. For example, the number of programs and treatments offered, time spent paying invoices or collecting accounts receivable.
- 3. Outputs:** Outputs are the direct products of program activities and may include types, levels and targets of services to be delivered by the program. Examples of outputs are the number of patients seen, number of patient visits, number of cases managed, or information distributed that can be measured easily.
- 4. Outcomes:** Outcomes are the specific changes in program participants' behavior, knowledge, skills, status and level of functioning, i.e. wellness. Short-term outcomes should be attainable within 1 to 3 years, while longer-term outcomes should be available within a 4 to 6 year timeframe.
- 5. Impact:** Impact is the fundamental intended or unintended change occurring in organizations, communities or systems as a result of program activities within 7 to 10 years. Impacts are a mix of direct measurement and proxy measurement.

Why Use a Logic Model?

Following a logic model lends itself to collaborative effort, especially when the focus is on outcomes. Since outcomes result from multiple influences, this approach has particular relevance to the health care industry and health centers. At no time in the history of health care has so much change occurred so rapidly. Successful health centers will be prepared for the future if they can anticipate the underlying influences of change.

The Influences of Change

Health centers are currently confronted by changes which are mandated by legislation and altered regulations or the result of evolving to meet patient needs. For example, demographics are changing as 55,000 baby boomers turn 65 each day, a fact which will overwhelm the health care industry if action isn't taken. Demographic changes will also impact Medicare and Medicaid. In addition, health centers need to alter the function and structure of their operations to accommodate the transition to Accountable Care Organizations, Patient-Centered Medical Homes and global payments.

Confronted with these changes, health centers must maintain or improve their productivity, or using the logic model, maintain or improve outputs and outcomes. The best way to identify areas in need of strengthening is to measure results versus established benchmarks. Financial and operational benchmarking reveals vulnerabilities by comparing current results to peer group results, current results to past results, and current results to your budget. This type of data analysis is easier to understand than unrelated, free-standing information and can assist decision-making and action plans.

For more information on high-performance health care, reference our recent webinar recording on our website [here](#). Capital Link also completed two studies which offer details on industry benchmarks, described under **New Resources**.

New Resources

Capital Link recently completed two studies providing insight on the financial trends and operational indicators of health centers, now available on our website at www.caplink.org/resources/reports. Cindy Barr, Capital Link Operations and Facilities Planner, also contributed an article entitled “Preparing Community Health Centers for Effective Design Development” to *Healthcare Design Magazine*.

Financial and Operational Profile of California Clinics

Using health center audits and data reported to the California Office of Statewide Health Planning and Development (OSHPD), Capital Link conducted a study sponsored by Blue Shield of California Foundation and the California HealthCare Foundation to better understand the financial and operational health of the California clinic safety net and factors that may positively influence the development of high performing health clinics. The research also developed a framework for grouping clinics by similar operational characteristics to enable benchmarking and sharing of best practices. Blue Shield of California Foundation released an issue brief entitled *Financial Findings from California Community Health Centers*, available [here](#). The full report and an infographic illustrating the organizational factors that were important determinants of a clinic’s financial and operational performance are available [here](#).

National Financial and Operational Trends at Community Health Centers

Using our database of almost 4,000 health center audited financial statements from 2005 – 2011, Capital Link prepared a national financial and operational trends analysis for health center CEOs, CFOs and boards, sponsored by Citi Foundation. This resource provides data for benchmarking against their peers and recommended ranges for achieving strong financial performance. The full report for health centers and an infographic illustrating key findings are available [here](#). A report for lenders will also be released in the coming month.

Preparing Community Health Centers for Effective Design Development

This article appears in the October issue of *Healthcare Design* magazine. It describes how proper facility planning will help community health centers renovate or build new spaces that both function efficiently and express the local culture. Access it at <http://www.healthcaredesignmagazine.com/article/preparing-community-health-centers-effective-design-development>.

Cindy Barr is also participating in the Healthcare Design Conference. See **Upcoming Events** for more information.

Health Center Project Highlights

Capital Link regularly profiles health centers that have successfully completed their expansion plans. These health center stories are available on our website: <http://www.caplink.org/client-impact/client-stories>. The latest additions are a case study on United Family Medicine in Minnesota and a project highlight on Asian Health Services in California. We also congratulate Moses Lake Community Health Center in Washington and Cassopolis Family Clinic in Michigan for completing their financing for new clinics and Spectrum Health Services in Pennsylvania for opening its new facility.

Asian Health Services (AHS), CA acquired and renovated the historic Silver Dragon restaurant building in the heart of Chinatown to increase its capacity to serve the growing Asian population in its area. Just one block from AHS's main medical and dental sites, the 15,000 square foot, three-story building offers 20 exam rooms for family medicine and geriatric care, community rooms for workshops and educational events, as well as an area for helping people sign up for health coverage. Construction of the new clinic began in the spring of 2012 and was completed in February 2013.

Moses Lake Community Health Center (MLCHC), WA completed financing for a new medical facility to replace its satellite clinic in Quincy, WA. The 22,000 square-foot new clinic will replace several modular structures totaling 13,500 square feet. When complete, the new building will house 25 exam/procedure rooms and 7 operatories. Funding for the \$9 million project included a New Markets Tax Credit transaction with credits provided by Community Hospitality Healthcare Services, a \$3.5 million loan from Washington Trust Bank, and cash contributed by the health center.

Cassopolis Family Clinic of Cassopolis, MI completed a USDA financing for a new state-of-the-art medical facility to replace its original flagship clinic site. The new 30,000 square-foot clinic will allow Cassopolis Family Clinic to serve an additional 4,000 new patients and increase its visit capacity by over 50 percent. Financing included a \$1.1 million USDA loan, a \$4.4 million HRSA Capital Development-Building Capacity Grant, and an impressive \$1 million in capital campaign proceeds. The closing occurred amidst the government shutdown!

Upcoming Events and Webinars

Industry Presentations

Capital Link regularly presents information at industry conferences. Below are a few of our next scheduled events. Complete descriptions are available on our website [here](#).

Community Health Center Design—Perspectives, Strategies and Recommendations for Renovation and New Facility Construction

Healthcare Design Conference 2013, Orlando, FL
Monday, November 18th, 3:05-4:05 p.m.

Presenters: Cindy Barr, RN, EDAC, Operations and Facilities Planner, Capital Link; Nancy Lager, MPH, MSUP, Director of Capital Investment, Primary Care Development Association; Jamie Huffcut, EDAC, LEED AP ID+C, Project Interior Designer, Perkins+Will; and Avein Saaty-Tafoya, MBA, HCM, Chief Executive Officer, Adelante Healthcare

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

2013 Financial Operations Management/IT Conference, Caesar's Palace, Las Vegas, NV
Thursday, November 14, 2013, 1 p.m.; Forum 7-10

Presenter: Terry Glasscock, Senior Project Consultant, Capital Link

Resources to Support Health Center Expansion

2013 Financial Operations Management/IT Conference, Caesar's Palace, Las Vegas, NV
Wednesday, November 13, 2013, 11 a.m.; Forum 1-3

Panel of Presenters: Dave Kleiber, Capital Link; Anne Dyjak, Nonprofit Finance Fund; Al Shehadi, Enterprise Community Development, and Tom Manning, Primary Care Development Corporation

About Capital Link

Capital Link is a non-profit organization that has worked with hundreds of health centers and primary care associations over the past 15 years to plan capital projects, finance growth and identify ways to improve performance. We provide innovative advisory 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](#).