



**SAN YSIDRO  
HEALTH**

HEALTH CENTER STORIES

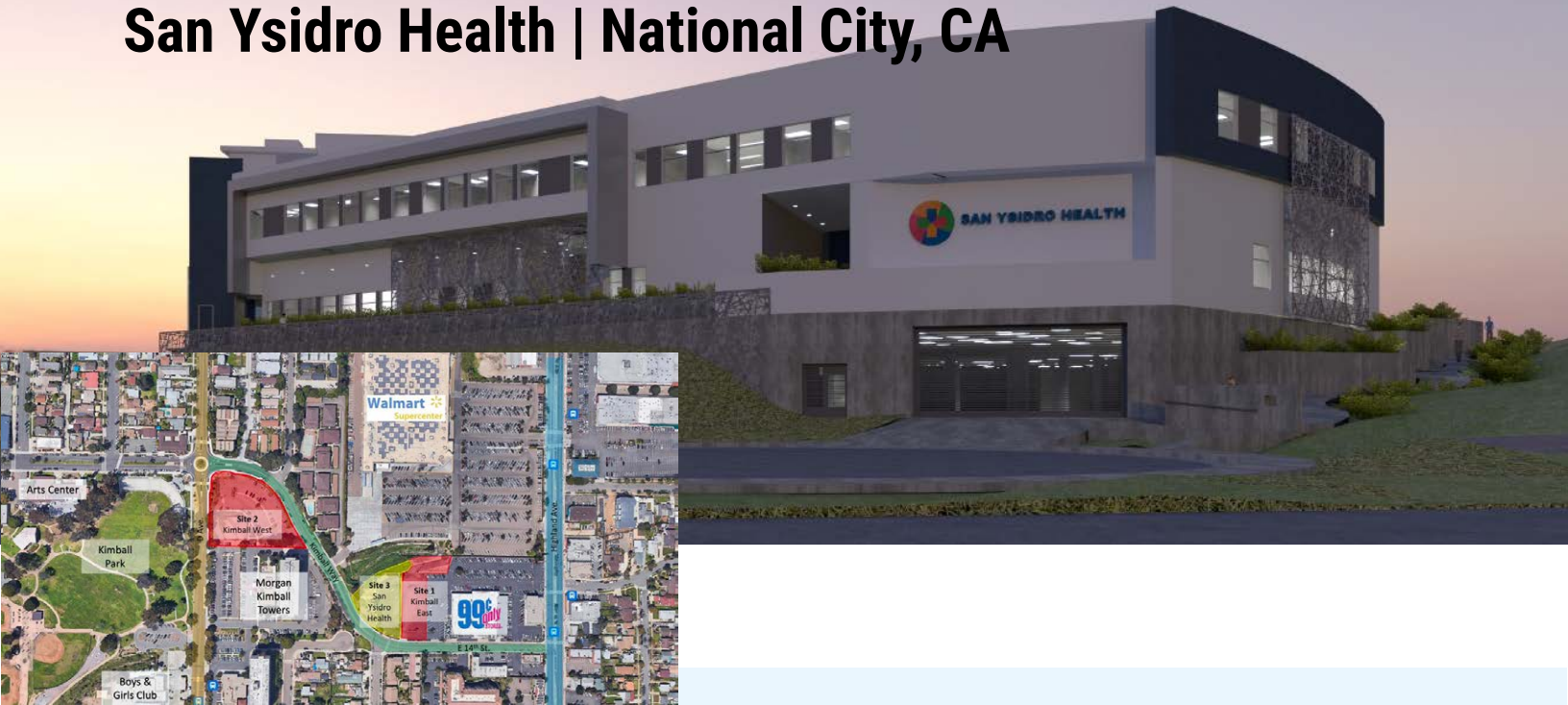
**SAN YSIDRO HEALTH  
NATIONAL CITY, CA**



**CAPITAL LINK**

# Health Center Stories

## San Ysidro Health | National City, CA



Capital Link is a non-profit organization and Health Resources and Services Administration (HRSA) National Training and Technical Assistance Partner dedicated to advancing the health and well-being of underserved communities through financial consulting and support for health centers. With a mission rooted in expanding access to quality health care, Capital Link offers a spectrum of services including financial and operational performance analyses, capital project planning, and securing financing. By leveraging its expertise in financial consulting, Capital Link empowers health centers to undertake capital expansion projects, thereby enhancing their capacity to serve communities in need.

San Ysidro Health's Kimball-Highland project in National City, CA stands as a testament to Capital Link's commitment to innovative community health care solutions. Through the strategic use of partnerships with aligned organizations, this ambitious initiative aims to create a vibrant, new community hub that integrates affordable housing, a modern senior center, and a comprehensive health care clinic. Notably, the inclusion of a dedicated Program of All-Inclusive Care for the Elderly (PACE) facility within this health center underscores the project's holistic approach to community health. By offering a broad array of medical, dental, behavioral health, and specialty care services under one roof, the Kimball-Highland project addresses the complex needs of seniors, enabling them to live independently while accessing the comprehensive care they require.

Capital Link's involvement in the Kimball-Highland project highlights its ability to bring community development financing tools and expertise to support the development of health center community health capacity. The integration of the PACE Center program extends its impact to low-income senior community members, setting a benchmark for integrated community health projects nationwide.

### Health Center Background: San Ysidro Health

San Ysidro Health (SYH), originating as a modest clinic in 1969, has undergone remarkable growth and transformation over the decades to become a cornerstone of health care in the San Diego region. From its humble beginnings, it has expanded its reach and depth of services to cater to over 145,000 individuals across the community. This impressive growth underscores the organization's unwavering commitment to meeting the evolving health care needs of its diverse patient population, including the significant Hispanic community it serves.

As the community's needs have evolved, so too has the organization's commitment to adapting and expanding its services to meet these demands effectively. Recognizing the growing aging population and the unique health care challenges it faces,

SYH identified a pressing need for a specialized expansion to incorporate services tailored to the elderly. In the coming years, SYH is projected to have a 30% growth in elderly patients vs. 17% nationally. It was clear that SYH needed to undertake a major expansion to serve its evolving and expanding patient population.

### San Ysidro by the Numbers

- Second largest health center in San Diego region, with over 145,000 patients and nearly half a million patient visits per year
- 88% of patients identify as a racial and/or ethnic minority, 73% identify as Hispanic/Latino
- Senior population is 20% and projected to grow rapidly
- 4th largest FQHC PACE provider in the nation with over 3,000 patients



*Vernita Todd, MBA, FACHE  
Vice President & Chief Strategy  
Officer, San Ysidro Health*

## Background on PACE Programs

The Program of All-Inclusive Care for the Elderly (PACE) represents an innovative health care model designed to meet the comprehensive needs of elderly individuals who are eligible for nursing home care but prefer to live independently in their own communities. Health centers receive capitated payments indexed to the regional cost of care and each patient's diagnosis. At its core, PACE programs focus on delivering a full spectrum of medical, social, and rehabilitative services tailored to the individual needs of seniors, facilitating a holistic approach to their health and wellness.

A key objective of PACE is to ensure that seniors receive coordinated care that enables them to maintain their independence and quality of life for as long as possible. By centralizing services and fostering a team-based approach to care management, PACE programs effectively address the complex health issues faced by elderly individuals, minimizes the need for hospitalization or institutional care, and drives down costs. The interdisciplinary team typically comprises doctors, nurses, social workers, therapists, and other health care professionals, who work collaboratively to develop and implement personalized care plans for each participant.

## The Kimball-Highland Project Overview

The necessity for the National City project was clear from its inception. Early discussions with fellow San Diego non-profit Community Housing Works and the City of National City revealed a vision for a transformative partnership. Working together, the organizations could create senior and affordable housing combined with an expansion of health care services. As Vernita Todd, the Vice President of Senior Health Services and Chief Strategy Officer at San Ysidro Health, explains, "We realized the potential for a comprehensive care facility that could serve our seniors better. With the help of New Markets Tax Credits, we expanded our small clinic into a larger one, now providing medical, dental, lab, radiology, and comprehensive programs for over 500 seniors, exceeding the average PACE program size." This innovative approach not only addresses the immediate health care needs but also integrates affordable and stable housing solutions for seniors. At the forefront of this ambitious project is the inclusion of a dedicated PACE facility within the health clinic, setting a new standard for integrated senior care services.



### Project Components

Community Housing Works' Affordable Housing and Senior Center: The project introduces two key components developed by Community Housing Works. First consists of two five-story apartment towers, offering a total of 145 affordable apartments. These residences are designed to foster a supportive community environment for families and seniors, ensuring accessibility and comfort for all residents.

The second is an 8,800 square-foot senior center, replacing an existing facility, which will serve as a vibrant community space for seniors to engage in social, educational, and recreational activities. This center is a cornerstone of the project's age-friendly initiative, promoting active, healthy lifestyles among the elderly population.

SYH Health Care Clinic and PACE Center: San Ysidro's contribution to the project houses both a health center and a dedicated PACE facility. The 22,000 square-foot health center is an expansion of the existing National City clinic. It is a beacon of modern health care delivery and is equipped to offer comprehensive medical, dental, and behavioral health services. The dual model takes advantage of the cross-referrals between the two centers and helps sort patients into the program that is best suited to their needs.

### **PACE Facility Design and Functionality**

The new San Diego PACE facility in National City is well designed to cater to the diverse health care needs of seniors, encompassing medical exam rooms for personalized health care, nursing and observation areas for continuous monitoring, behavioral health offices for mental support, and social service offices for comprehensive assistance. It also includes a day room for communal activities, a kitchen for nutritional needs, a transportation office to ease access, and designated staff areas to ensure optimal service delivery.

## **Capital Link's Role and Financial Consulting for the PACE Program**

In the intricate financial landscape of the PACE component within the Kimball-Highland project, Capital Link's expertise in financial projections and financing assembly was essential. Capital Link focused on the subsequent steps of financial modeling and securing the complex financing structure necessary for the project's fruition.

### **Capital Link's Involvement**

**Financial Projections:** Capital Link initially worked with SYH to develop comprehensive financial projections for both the health center and PACE Center operations to assess the capacity of the project to support the financing needed for project development. Due to project development delays, the need for three subterranean parking levels, and the construction material pricing impacts from the COVID-19 pandemic, cost estimates for the project continued to increase, and what started as a \$30 million project estimate ballooned to a \$50 million project by the time contracts were to be finalized.

These project budget increases necessitated creative and affordable financing mechanisms. Capital Link's financing advisory services were instrumental in investigating various tax credit options and pulling the various debt and tax credit resources together to make the project financially feasible for SYH.

### **Financial Strategies and Execution**

The combined health center and PACE Center facility had a base development budget of \$50 million, including \$47 million for construction and \$1.2 million for the property acquisition. The financing strategy facilitated by Capital Link was centered on securing long-term debt as well as New Markets Tax Credits (NMTC) to support the transaction. The NMTC program was pivotal for the financing feasibility of the project.

Capital Link was able to pull in four community development entities (CDEs) with tax credit allocations totaling \$37.5 million. After all the details were dealt with and the deal closed, San Ysidro was able to secure approximately a \$7.7 million equity source through this NMTC strategy. These tax credits attracted additional equity to the project, which in turn lowered the amount of debt needed to complete the \$50 million in funding sources.

### **SIDEBAR: Pioneering PACE Programs at Health Centers: Insights from Vernita Todd**

Vernita Todd, the Vice President of Senior Health Services, brings her deep expertise and passion to the forefront of SYH's PACE program. With five years under her belt at the organization and a significant portion of her life dedicated to senior care, Todd's journey from moving to California to leading one of the largest PACE (Program of All-Inclusive Care for the Elderly) programs showcases her commitment to comprehensive senior care. "My whole life, my mom said to me, please don't put me in a nursing home. That's why I believe in the work we do; many seniors are forced into nursing homes because of the lack of better options, and we aim to offer a better alternative," Todd shares.

Collaboration with Capital Link has been key to navigating the financial complexities of expanding the health center. She credits her team's familiarity and trust in Capital Link's mission and integrity as playing a critical role in the project's success. Looking ahead, Todd envisions SYH as a leader in senior services. "Our goal is to be a leading provider. PACE is heavily regulated, but we see it as a crucial part of our mission to serve the senior population, which has grown from 6-7% to 20% in recent years," she states.

However, the journey is not without its challenges. Todd highlights the regulatory and financial hurdles of establishing PACE programs. "Only 38 states allow PACE, and the investment is significant. It takes careful planning, understanding of regulations, and a readiness to manage utilization and coding efficiently," she advises. "This is not a short-term project, you need capital up front and it can take up to five years to meet your revenue targets." Despite these obstacles, Todd sees a bright future for PACE programs within health centers, emphasizing the resilience and adaptability demonstrated during the pandemic. "PACE's capitated payments not only kept us solvent during the COVID-19 pandemic but the program has shown the tremendous benefit of integrated care for our senior population."

## Looking Forward: A Model For Community Impact?

The innovative SYH health center & PACE Center project is setting a new standard for senior care by providing a comprehensive suite of health care and social services aimed at enhancing the quality of life and fostering greater independence among elderly residents. The expansion of the health center and construction of the PACE Center is anticipated to generate approximately 240 additional permanent jobs, offering a substantial boost to local employment rates and contributing to economic growth. This aspect highlights the broader benefits of the health center expansion and PACE program beyond direct health care impacts, including job creation and economic development.

Collaboration and partnerships were key in making this initiative a success. San Ysidro's collaboration with developers and city council in providing senior housing enabled the project to provide the fully integrated services its patients needed. That also enhanced the effectiveness of the partnership between them and Capital Link, leveraging that deal to secure NMTC equity.

The success of the Kimball-Highland project as a model of comprehensive senior care highlights the significant impact of integrated and co-located health services on elderly populations' quality of life. It showcases a path forward for other communities to enhance health care accessibility and quality for seniors, offering innovative and replicable solutions for integrating health care delivery with community development.

## ACKNOWLEDGMENT

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## About Capital Link

Capital Link is a national, non-profit organization that has worked with hundreds of health centers and primary care associations for 30 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](https://www.caplink.org).



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