

HEALTH CENTER STORIES

CommuniHealth Services, Bastrop, LA

This summary describes the capital expansion efforts of Morehouse Community Medical Centers, Inc. d/b/a [CommuniHealth Services](#) in Bastrop, LA, highlighting the planning, financing, and community impact of an estimated **\$14.1 million** health center capital project. By consolidating three of its stand-alone sites, this project will expand medical, dental, and behavioral health services within a single site designed to facilitate CommuniHealth's multidisciplinary, team-based model of care.

About CommuniHealth Services

CommuniHealth Services (CHS), a non-profit Federally Qualified Health Center, was established in 2002 under the name Morehouse Community Medical Centers, Inc., in Bastrop, LA, where its principle offices are currently located. Recognized as the local provider of choice, CHS grew from one clinic location in Bastrop to eventually 11 health center sites across Morehouse, Union, and Ouachita Parishes. After nearly 12 years of operation, the health center rebranded to CommuniHealth Services to reflect their broader service area. CHS provides comprehensive medical, dental, and behavior health care services to all who need them, with a special focus on low-income, uninsured, underinsured, Medicaid, Medicare, and vulnerable populations.

According to the 2019 United State Census, Louisiana has the second-highest poverty rate in the nation (19%)—meaning about one in five people in the state live below the federal poverty level. In the parishes CommuniHealth serves, 34% of residents live below the federal poverty level, and, compared to state and national levels, they have significantly less access to primary care and behavioral health services—further emphasizing the overwhelming need for CHS in these communities.

As part of a recent commitment by JP Morgan Chase Bank to provide loans to small businesses in majority Black and Latinx communities, CHS' expansion and consolidation project qualified to receive significant additional funding. The bank's new initiative provided the project with an additional \$327,600, reflective of the fact that the majority of CHS' patients (60%) are Black, and that the health center is also overseen by a Black-majority Board of Directors.



Artist rendering of the proposed new facility.

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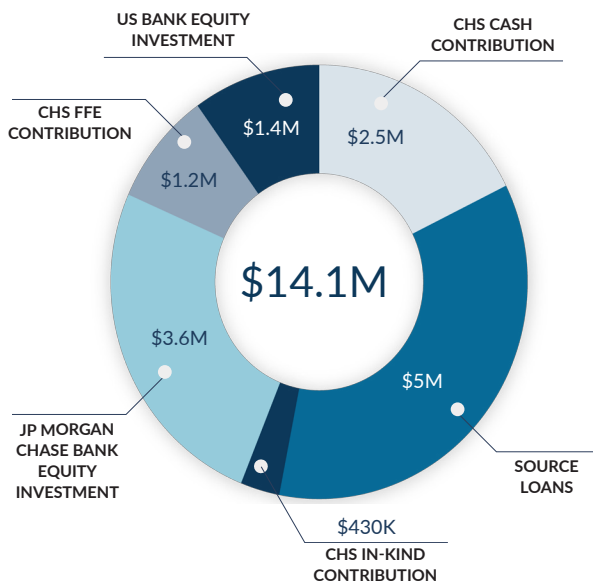
Capital Project Description

To help meet the vast needs of the communities it serves, CHS has embarked on a capital project to consolidate three of its current stand-alone sites, including a pediatric clinic, a family practice clinic, and an administrative site, to one expanded clinic in Bastrop. The new two-story, 41,260-square-foot clinic will be built on land owned by CHS, and will serve Morehouse, Union, and Ouachita Parishes in north central Louisiana. Construction on CHS' capital project is expected to begin in early 2021 and is slated to be completed in June 2022. The project will allow for on-site access to pharmacy, radiology, and laboratory services, and community space that can be converted to a 25-bed shelter to house those in need of low-level medical attention during a community emergency.

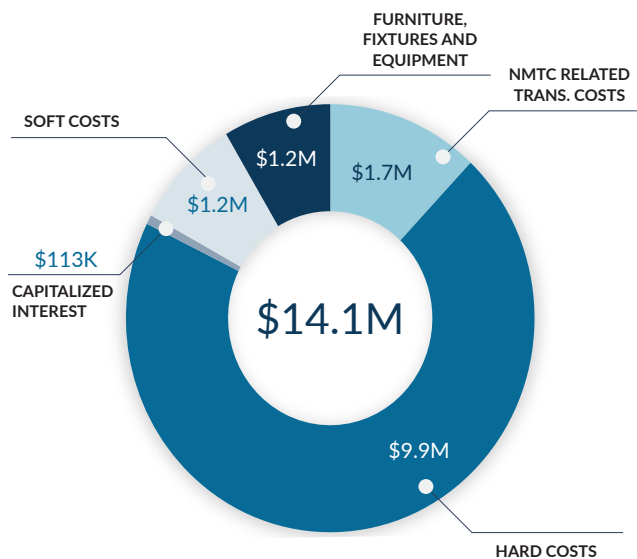
Project Financing

Funding for the nearly \$14.1 million project was provided through multiple sources, including a federal grant and both federal and state New Markets Tax Credits (NMTCs). Capital Link affiliate Community Health Center Capital Fund (Capital Fund) and Primary Care Development Corporation (PCDC) provided federal NMTCs. Funding also included state NMTCs from Enhanced Capital, and source loans from Capital Fund (\$2 million) and PCDC (\$3 million). JP Morgan Chase Bank provided \$3.6 million in NMTC equity and US Bank provided \$1.37 million. CHS provided a cash contribution of \$2.4 million and an in-kind contribution of \$420,000. CHS also provided \$1.2 million in furniture, fixtures, and equipment funding. The estimated total net benefit to CHS from this tax credit-derived funding subsidization was \$3,275,573.

SOURCES OF PROJECT FUNDS



USES OF PROJECT FUNDS



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Project Financing, Continued

CHS underwent the following process to arrive at their capital project financing structure:

1. Assessment of the current sites/services moving to the new consolidated site to inform site selection and design development, such as: current clinical and operational challenges potentially mitigated with facility design, changes in model of care delivery, and content requiring facility support to implement; requests for services/external referral patterns presenting an opportunity for growth in onsite services; workforce training needs requiring specialized spaces for further development; and lessons learned from other health center sites developed or renovated within the last three years.
2. Market assessment of the targeted service area to clarify and quantify future service demand needs.
3. Steps 1 and 2 led to the determination of additional providers, services, and space needed to meet estimated future patient demands, which required architectural firm expertise to provide supporting preliminary design ideas with a connected preliminary project budget for hard and soft costs.
4. In collaboration with a NMTC consultant, creation of an eight-year projection reflecting specifically estimated expenses from additional staff and providers as well as estimated increased revenues from the expected increase of unique patients, visits, and expanded services.
5. Determination of debt service capacity based on the financial projection, featuring future staffing expenses, estimated productivity, encounters and visits, and reimbursement rates for medical, dental, and behavioral health services, as well as pharmacy profitability and future expected grant levels.
6. Determination of health center's comfortable and strategic cash contribution level ability, plus the amount of debt it could comfortably support (and that Board is comfortable with), as well as estimated NMTC "equity". In addition, the assignment of a HRSA grant adding up to a "capital stack" that can pay 100% of the project cost either within the first term of the new project debt or when financial projections indicate the health center can comfortably refinance the new debt until paid in full.
7. Creation of a business plan to explain the organization, the project, the project impacts (such as increased unique patients and visits), and key financial projection assumptions and conclusions supporting the targeted amount of new debt as well as the proposed NMTC-leveraged transaction structure, which has a seven-year compliance period.
8. Presentation by the health center and its NMTC consultant of the business plan containing the financial projections and proposed NMTC leveraged structure to potential source loan lenders and community development entities with NMTC allocation to discuss and secure commitments for the source loan and the NMTC allocation.
9. The NMTC consultant arranged a presentation to the health center of proposed engagement agreements with trusted third-party NMTC legal and NMTC accounting firms.
10. NMTC consultant scheduled a kick-off call for estimated three-month underwriting/closing process, including several transaction parties identified and brought into the deal by the NMTC consultant, such as a tax credit investor, participating CDEs providing NMTC allocation, and the source loan lenders (20+ individuals were required to collaborate on generating and obtaining over 250 deliverables required to close and fund this transaction).

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Impact

When completed and fully operational, this project is expected to create 28 new permanent FTE jobs for the community, including six additional FTE providers—increasing from 96 FTEs to 124. The project will allow CHS to see 42% additional unique patients annually (combined medical, dental, and behavioral health), increasing from 13,170 in FY2020 to a projected 18,754 during the first full year of operation, which is predicted to be FY2023. The number of exam rooms will double from 10 in FY2020 to 20, and six dental operatories will be added, of which there were none before. The number of annual health center visits is expected to increase by 38%, expanding from 41,400 in FY2020 to a projected 64,500 in FY2023.

From site selection to choosing furnishings, priority was given to design elements that promoted an integrated care team model within a flexible, responsive environment. A site that allowed all of the clinical care to be provided on one level was key to the flexibility in use of specialized spaces as well as creating collaborative care opportunities. Staff can move freely between the dental team and the two integrated primary care teams. Each of the primary care teams works within a central core consisting of a common work area surrounded by small dual-access private/semi-private offices for medical providers, behavioral health providers, case managers, and care coordinators. Line of sight and direct access to team exam rooms is complemented by a common support zone between the two teams for lab, supplies, medication, clinical flex rooms, and a clinical group room. Telehealth is facilitated in a large treatment room adjacent to a large consultation room featuring shared technology within the common wall. Illustrating CHS' commitment to team-based care, the administrative second floor is likewise arranged in three interdisciplinary team work zones with common areas between. CHS is looking forward to working within a facility that truly facilitates the integrated team-based model of care.

COMMUNIHEALTH SERVICES ECONOMIC IMPACT

	FY2020 Pre-Project	FY2023 Projected
Number of Patients Served	13,170	18,754
Number of Patient Visits	42,118	58,211
Permanent Direct Employment	96	129

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