

HEALTH CENTER STORIES

Neighborhood Health Centers of the Lehigh Valley, PA

This summary describes [Neighborhood Health Centers of the Lehigh Valley's](#) capital expansion plans in Allentown and Bethlehem, PA, highlighting the planning, financing, and community impacts of two health center capital projects, totaling \$4 million combined.

The health center's two capital projects will both include new 340B pharmacy programs to be contracted through Whitehall Pharmacy. The existing health center facilities in Allentown and Bethlehem will be replaced by newly renovated commercial buildings.

About Neighborhood Health Centers of the Lehigh Valley

When Neighborhood Health Centers of the Lehigh Valley (NHCLV) was incorporated as a nonprofit organization in 2004, its goals were to provide a coordinated system of primary care for the uninsured and/or underinsured residents in the Lehigh Valley, PA.

The health center was founded by a group of local residents concerned about the community's obstacles in getting routine and preventive primary care services due to language and transportation barriers, and extreme poverty.



The current NHCLV Allentown site, before the renovation and expansion project.

The first and only Federally Qualified Health Center (FQHC) in the area, NHCLV operates four locations in Allentown, Bethlehem, and Easton, PA. Awarded 330 program funding in 2012, NHCLV serves the majority of the area's low-income population. NHCLV offers a wide range of medical care including pediatrics, dental care and behavioral health services.

According to recent data of NHCLV's patients who reported their incomes, 67% were at 100% below the federal poverty line, 28% were between 101-200%, and 5% were over 200% below. Two-thirds of the health center's patients are minorities, with 57% identifying as Latino/Hispanic.

Alternative access to care within the Lehigh Valley is limited, with the exception of the care offered by two large hospitals in this area. Health disparities in the service area include low birth weight, teen pregnancies, heart disease, cancer, suicide, and diabetes. In recent years, the area has seen a growth in Medicare and Medicaid-eligible individuals and more people living under 200 percent of the federal poverty limits.

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Capital Project Description

To better meet the expanding needs of the communities it serves, NHCLV has embarked on two capital projects to expand current stand-alone sites in Allentown and Bethlehem, PA.

ALLENTOWN

For its Allentown, PA renovation, NHCLV will renovate and expand the first floor of an existing 14,200-square-foot retail space into a 27,200-square-foot health center site. The construction will add 15 medical exam/consulting rooms and three behavioral health offices, along with two procedure rooms, one group education room, two triage rooms, a larger pharmacy, a dental suite and offices for case management, care management, a call center, and support services for the health center staff.



Exterior of the new Allentown building site.

BETHLEHEM

This project will renovate and expand a 10,000-square-foot vacant factory building into a 23,000-square-foot clinic site. Services at this location will include physical exams, preventative screening and vaccines, STD testing and treatment, care coordination, mental health counseling, psychiatry, pharmacy, dental clinic, and group health classes.

This site will also include 10 additional medical exam/consultation rooms, two behavioral health offices, one group visit room/consult room suite, one triage room, a larger dental suite than at the health center's Hamilton, PA location, and offices for case management, care management, billing, administration, and other support services for the staff.



Exterior of the new Northside Bethlehem location.

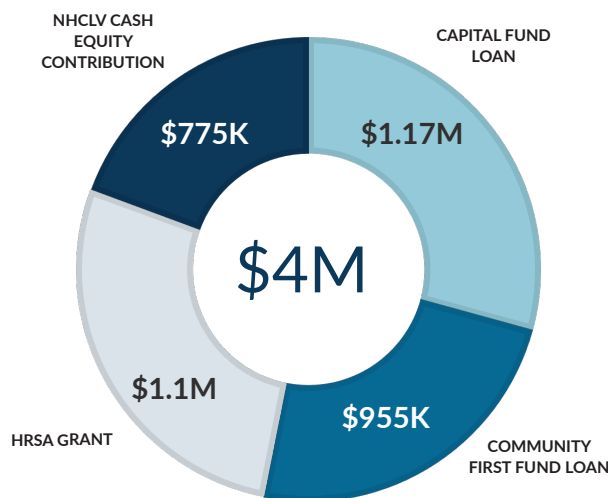
Neighborhood Health Centers of the Lehigh Valley, PA

Project Financing

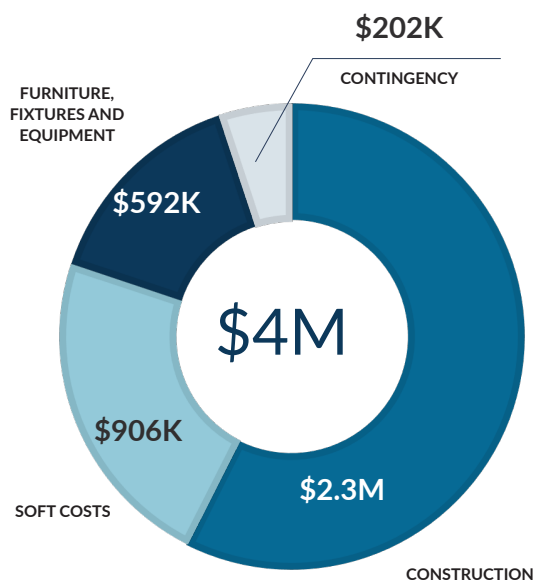
Funding for this \$4 million project was provided by Capital Link affiliate Community Health Center Capital Fund (Capital Fund), which committed to a loan of \$1,170,000, as well as Community First Fund, which committed to a loan of \$955,000, and a HRSA Grant of \$1,100,000 and an NHCLV cash equity contribution of \$775,000. Capital Fund is seeking a Loan Guarantee from HRSA for the total amount of the combined loans by the two lenders of \$2.125 million. Community First Fund is purchasing \$955,000 of this total loan amount, and they too are seeking the guarantee.

Capital Fund has requested a Loan Guarantee for these capital projects for several reasons. The first being that its policy on maximum loan to value ratio is 90%, and the generously estimated value of the leasehold improvements of these two projects was \$2,100,000, creating a loan to value ratio of 101%. The value of the collateral was further weakened by the region’s practice of not using leasehold mortgages, thereby reducing the potential future value of the collateral due to Capital Fund’s inability to readily access the collateral in the case of default. Capital Fund also sought the guarantee due to the projects’ reliance in part on the projected increases in revenue to service the financing. The projects are aggressively expanding the health center’s capacity and the historic cash flow could not completely support their growth plans.

SOURCES OF PROJECT FUNDS



USES OF PROJECT FUNDS



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Impact

By performing leasehold improvements to its locations in Allentown and Bethlehem to renovate a retail space and an unused vacant factory (respectively), these projects will expand medical, dental, and behavioral health services within this health center's service area. Due to its current size limitations, NHCLV's Allentown site patients often wait four to six weeks for an appointment. The new site will allow the center to provide access for more members of the community. In staffing the new facility, the health center is focused on hiring from within the downtown Allentown neighborhood as an economic driver, which is also part of NHCLV's mission as a federally qualified health center.

When completed and fully operational, this project will expand services and increase its volume of care. The number of patients annually is projected to increase by 5,900 from FY2019 to nearly 11,000 in FY2023. Number of visits is projected to increase to 36,000 in FY2023, from 24,000 in FY2019. Total clinical space is projected to increase to 50,000 square feet from 24,000 square feet (cumulative for both existing sites) and the number of full-time equivalent employees (FTEs) is expected to increase to 120 FTEs upon stabilization from 78 FTE in FY2019.

NEIGHBORHOOD HEALTH CENTERS OF THE LEHIGH VALLEY ECONOMIC IMPACT

	FY2020 Pre-Project	FY2023 Projected
Number of Patients Served	5,887	10,562
Number of Patient Visits	23,997	35,754
Permanent Direct Employment	78	120

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