

Financial Impact of COVID-19 on Rural Federally Qualified Health Centers

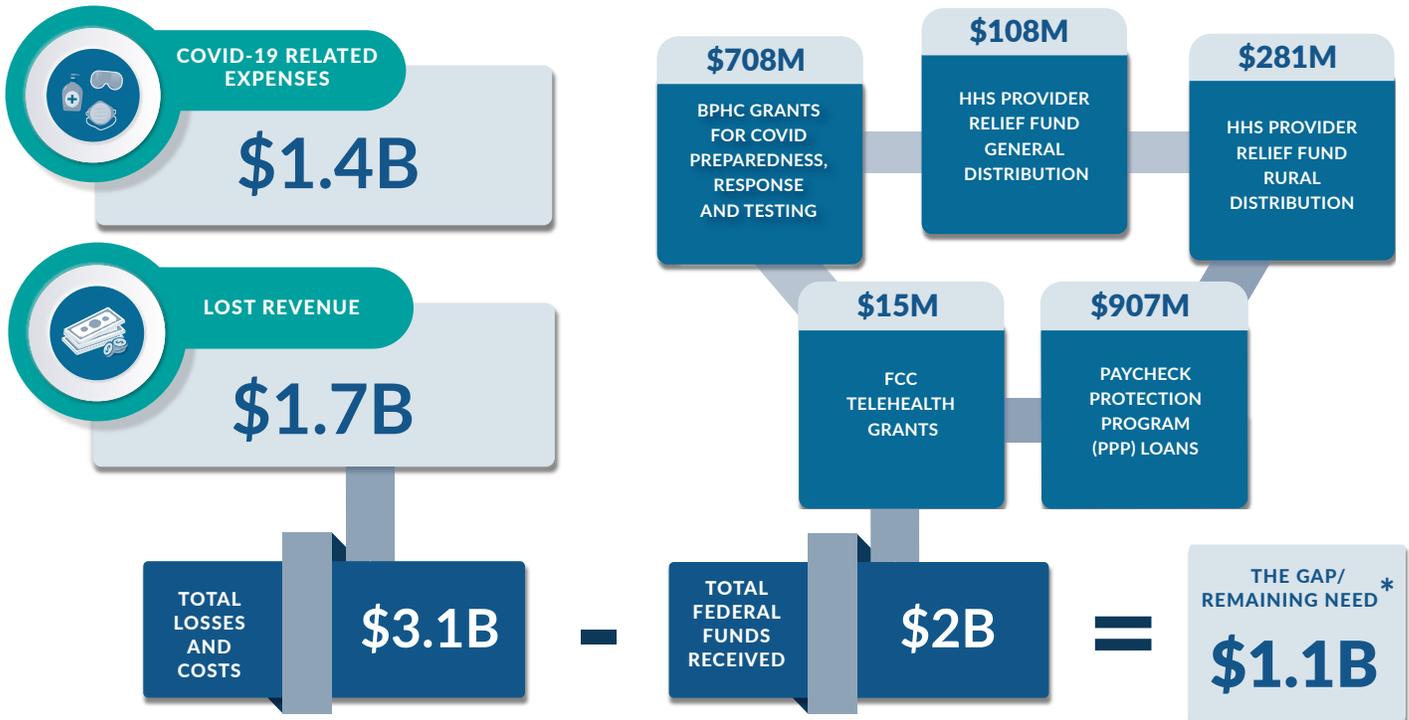
ESTIMATE: APRIL 2020 - JUNE 2021



As a result of the COVID-19 pandemic, the nation's **608** rurally-located Federally Qualified Health Centers (Rural FQHCs) experienced a **25%** decline in patient visits between **April and December 2020**, as patients complied with stay-at-home orders. They pivoted quickly to providing care virtually, with **28%** of visits delivered via telehealth. However, the loss in patient visits severely impacted health centers' revenue, jeopardizing their financial viability even as they continue to play a critical role in the pandemic fight. The data below highlight Rural FQHCs' net projected losses from **April 2020 through June 2021**, after taking into account critical federal support made available **through December 2020**.

Rural FQHCs' Projected Losses and Costs

COVID-19 Relief Funding Received

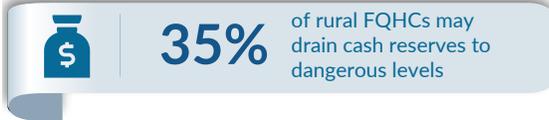


Impact on Rural FQHCs

To address the funding gap, health centers serving rural communities have been forced to close sites...



Without additional support to cover the identified shortfall through June 2021, many health centers sites will remain closed, and...



Additional Impact on Communities

Health center closures, and job and revenue losses ripple through local economies compounding the crisis in communities that can least afford it...



Total Rural FQHC and Community Impact



*This estimate assumes that all PPP loans will be forgiven, which may not ultimately be the case. It also does not account for major capital needs, costs related to vaccine deployment or capacity to meet pent up patient demand.

The data analysis contained in this report is based on information for Rural¹ Federally Qualified Health Centers (both Section 330 grantees and Look-Alikes) from the following sources:

1. Audited financial statements of 518 Rural FQHCs for FY2019, collected by Capital Link.
2. 2018 and 2019 Uniform Data System (UDS) reports for 606 Rural FQHCs submitted to the Health Resources and Services Administration (HRSA).
3. HRSA's Data Warehouse for the number of Rural FQHC sites and the amount of COVID-19 grants issued to Rural FQHCs as of December 31, 2020. HRSA grants for COVID preparedness, response, and testing (\$1.1B) were awarded as follows:
 - H8C = <https://bphc.hrsa.gov/program-opportunities/coronavirus-disease-2019> (March 24, 2020)
 - H8D = <https://bphc.hrsa.gov/program-opportunities/cares-supplemental-funding> (April 8, 2020)
 - H8E (Section 330) = <https://bphc.hrsa.gov/program-opportunities/expanding-capacity-coronavirus-testing-supplemental-funding> (May 7, 2020)
 - H8E (Look Alike) = <https://bphc.hrsa.gov/program-opportunities/expanding-capacity-coronavirus-testing-health-care-look-alikes> (July 9, 2020)
4. HRSA's Health Center COVID-19 Survey, including weekly responses from health centers from April 3, 2020 through December 2020.
5. U.S. Department of Health & Human Services (HHS) Data Warehouse for the amount of Provider Relief Fund (PRF) General Distribution issued to each Rural FQHC health center:
 - General Distribution estimated at 2% of 2018 Net Patient Service Revenue; initially awarded on or around April 10, 2020, and on a rolling basis thereafter.
6. HHS Data Warehouse for the amount of each PRF Rural Distribution issued to each Rural FQHC on or around May 20, 2020:
 - Rural Distribution based on FQHC site addresses as of November 30, 2020, mapped by RUCA codes 4, 5, 6, 7, 8, 9, and 10; with a fixed amount of \$103,253 per rural site.
7. FCC Telehealth Grants as published by the Federal Communication Commission on July 8, 2020.
8. Small Business Administration (SBA) Paycheck Protection Program (PPP) loan amounts estimated for each eligible FQHC. Loan amounts were estimated as follows:
 - Based on surveys of health centers in several states conducted by Capital Link and National Association of Community Health Centers (NACHC) between April 13, 2020 and June 9, 2020, and
 - For non-survey respondents, the SBA PPP loan amount was calculated for eligible health centers (those with 2019 UDS FTEs less than 450), from FY2019 Audited Financials: Salaries & Related Expenses, divided by 12 and multiplied by 2.5;
 - If a health center's FY19 audit was not available, the loan amount was calculated as follows: Total Revenues (from 2019 UDS) multiplied by the National FY19 median for Personnel-Related Expense as Percentage of Operating Revenue, as calculated from the FY19 audits. The result was then divided by 12 and multiplied by 2.5.
9. COVID-Related Expenses include costs of purchasing Personal Protective Equipment (PPE); telehealth implementation; and facility modifications related to COVID. They were estimated on a per patient per month basis, based on data collected from health centers in multiple states by NACHC and Capital Link between March and October 2020.

1. Rural classification is based on category listed in HRSA's electronic database.