



A Quarterly Resource Bulletin from Capital Link | Winter 2019/2020

Message from the CEO

Capital Link staff enjoyed seeing many of you at the numerous events we've participated in this fall. It's inspiring to learn more about the incredible work health centers are doing to create healthy communities, from implementing team-based care to integrating services.

As the new year approaches, planning is often top of mind for health centers. For those with capital project planning on their list, the article *Are You Ready? Essential Preparation Activities to Move Your Capital Project Ahead* in the Resources section contains key preparation activities and related resources to start the year off right. In addition, have you ever noticed that periods around elections often offer opportunities to health centers related to capital development? It's anyone's guess whether an infrastructure bill or other funding opportunity eventually emerges—but it never hurts to have a “shovel ready” project in the works!

It's been a busy quarter for Capital Link as we prepare to launch the third year of our learning collaboratives, *Capital Projects: Planning, Financing, Completing* and *Capital Expansion for Health and Housing Partnerships*. Learn more about how your health center can participate in the New & Noteworthy section of this issue.

As always, *Capital Ink* also offers a federal update, health center highlights, and a complete list of our upcoming trainings and webinars. We hope you find it helpful.

Warm Regards,
Allison Coleman, CEO

Federal Update

Below is a selection of recent health policy and regulatory news and information relevant to health centers and PCAs. For regular updates, subscribe to Capital Link's [blog](#), access NACHC's [blogs](#), and HRSA's health center [webpage](#).

HRSA Funding Opportunity for Integrated Rural Health Care Networks

HRSA announced a new funding opportunity for a [Rural Health Network Development Program](#). HRSA expects to invest approximately \$13 million to support up to 46 integrated rural health care networks that address community needs. The networks should combine the functions of participating entities and include skilled, experienced staff with a high-functioning network board. Apply by Monday, November 25.

Community Health Center Funding Update

Despite efforts to find agreement, Democrats and Republicans in Congress remain far apart on passing the 12 annual spending bills before the current deadline of November 21. Recent reports indicate that Congress is planning to extend the deadline to December 20. While negotiations are ongoing, leaders in Washington are already discussing the possibility of another short-term spending package to fund the government through early next year. This would keep Congress from risking a government shutdown similar to the one that occurred from December 2018 – January 2019. Funding for the Community Health Center Fund, the National Health Service Corps and Teaching Health Center Graduate Medical Education Program remains uncertain, but it is possible that Congress will provide a similar short-term extension of mandatory funding for those programs. [Click here to read the latest](#) about Congress' discussions surrounding the next short-term federal funding extension.

New and Noteworthy

25th Anniversary Highlight: How Data Informs Our Resources and Technical Assistance

For our final 25th anniversary article, we thought we'd highlight how our proprietary database is a key asset in enabling Capital Link to help health centers plan for the future. Data analytics and the capacity to understand and use information can help health centers optimize performance and ultimately improve the patient experience, including quality, satisfaction, health outcomes, and reduced cost of care. While most health centers monitor clinical quality measures and set performance goals for those measures, they have more limited expertise in understanding and acting upon financial and operational metrics.

Capital Link has maintained a database of health center audited financial statements for approximately 85% of all health centers and HRSA Uniform Data System (UDS) data for 100% of health centers annually from 2005 to the present. This database enables us to monitor trends and merge financial and operational information to produce comparative metrics and benchmarking on over 250 financial and operational measures. We prepare actionable data analytic [reports](#) focused on the most important metrics to monitor, providing comparisons to relevant, similar peers (based on size of center, location such as rural or urban, or other selected characteristics) to assist in performance improvement activities.

Coupled with our experience in the industry, this database gives Capital Link the unique ability to help health centers identify and understand the drivers of successful operations, adopt best practices, capitalize on their strengths, implement needed improvements, and leverage the resources they need to be successful—thereby contributing to their efforts to achieve the “quadruple aim.”

Learning Collaboratives Begin in December: Free with HRSA Support

In 2020, Capital Link will be launching a third year of our two [learning collaboratives](#). Our collaboratives are designed to help increase the capacity of health centers in a peer-to-peer learning format. Conducted through a series of webinars, virtual discussions, and in-person meetings facilitated by Capital Link, our collaboratives are focused on topics such as planning and financing capital development projects or forming non-traditional partnerships with organizations to address Social Determinants of Health. Learning collaboratives are offered free of charge with support from the Health Resources and Services Administration.

We are currently accepting applications for the following two collaboratives, both of which are launching in January 2020:

Capital Expansion for Health and Housing Partnerships

This learning collaborative is intended for health centers interested in expanding their health services in collaboration with housing facilities. These facility collaborations are aimed at addressing gaps in a community’s housing and health infrastructure and provide opportunities to advance health centers’ engagement in social determinants of health. Learn more [here](#), and attend the introductory webinar:

Introduction to Capital Expansion for Health and Housing Partnerships Learning Collaborative

Tuesday, December 3, 2019, 1:00-2:00 pm ET

[Register here](#)

Capital Projects: Planning, Financing and Completing

Designed to assist health centers that anticipate the need for a capital project during the next one-to-five years, this learning collaborative will provide practical direction and tools for planning, financing, and completing a capital project. Learn more [here](#), and attend the introductory webinar:

Introduction to Capital Projects: Planning, Financing and Completing Learning Collaborative

Tuesday, January 14, 2020, 2:00-3:00 pm ET

[Register here](#)

For more information on our learning collaboratives, please contact Jonathan Chapman, Chief Project Officer, at jchapman@caplink.org.

The HRSA Health Center Facility Loan Guarantee Program (LGP)

Many health centers face challenges obtaining affordable loans for their capital projects and/or experience delays in securing loans because of credit or collateral shortfalls. These factors can result in protracted development schedules and higher costs for capital projects. These delays result in reduced access to care for patients and sub-optimal working conditions for health center staff. The [HRSA LGP](#) can enhance the health center's credit profile, reducing the lender's risk and allowing them to lend to health centers under more favorable terms than would have been possible otherwise. For some centers, the guarantee might mean the difference between getting a "yes" or a "no" from a lender, while for others, it may allow the lender to offer a lower interest rate, a longer fixed-rate term, or a higher loan-to-value ratio.

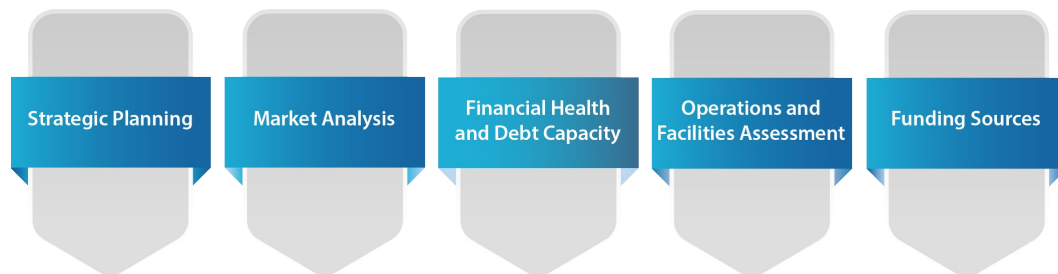
Congress appropriated new funds for the LGP in 2018, enabling HRSA to update and modernize the program to provide guarantees for almost \$900 million in new loans to health centers. The guarantee can cover up to 80% of the principal amount of loans made by non-federal lenders for the construction, renovation and modernization of medical facilities operated by health centers.

HRSA is accepting applications for the LGP. Interested health centers should contact LGProgram@hrsa.gov. Click [here](#) for details. Capital Link is also available to assist centers that are considering applying to the program. Learn more [here](#).

Capital Link provides technical assistance to health centers interested in planning a capital project and understanding whether and how to apply to the HRSA LGP. Visit our [webpage](#) for more information. Fact sheets are available [here](#).

Resources

Are You Ready? Essential Preparation Activities to Move Your Capital Project Ahead



Does your health center need to expand or renovate to meet patient demand? If so, it's important to begin planning as soon as possible so your concept is clear and well-thought-out. Even with efficient planning, the capital development process is complex and can take more than two years from initial project concept to completion. A good plan gives you the best path to success. This article describes key preparation activities for capital projects and related resources to help you get started.

1. Strategic Planning

Strategic planning is vital to ensuring that your plans for programming and capital planning are informed by the changing environment in which your health center operates; it helps ensure that everyone on your staff and the Board is aware and supportive of a proposed capital project. Examine your readiness by reviewing your strategic plan. *Creating a Dynamic and Useful Strategic Plan*, a toolkit created by NACHC and Capital Link, can help. Access it [here](#).

2. Market Analysis

Knowing your patient base and your community needs provides an important foundation for executing your capital plan. This information allows your organization to offer culturally relevant programs that meet the demand for services, helping your health center meet its mission of accessible care. Understanding patient trends and needs will help you plan for your facility and reduce the chances of over- or underestimating the future need for services (and therefore over- or under-building). Access a recording of our recent webinar [here](#).

3. Financial Health and Debt Capacity

Reviewing relevant comparative financial benchmarks will help your health center determine financial soundness (and therefore project readiness). Lenders and funders are more likely to be responsive to a health center with strong financial performance. Capital Link's recently updated *Performance Benchmarking Toolkit for Health Centers: Tracking Data to Improve Financial Performance* can help health centers determine key metrics to track. Access it [here](#).

Health centers should also determine their ability to take on loans to fund a project by completing a debt capacity sensitivity analysis. Access our free debt capacity calculator [here](#).

4. Operations and Facilities Assessment

Health centers should examine if they're operating both effectively and efficiently before embarking on a project. At minimum, clarify your operational model, analyze your productivity and patient utilization, and evaluate your programs. To learn about the operating models, strategies, and practices of high-performing health centers, access our publication, *Hallmarks of High Performance: Exploring the Relationship between Clinical, Financial, and Operational Excellence at America's Health Centers* [here](#). For information and tools to support the Patient-Centered Medical Home (PCMH) model of care in health centers, visit [the PCMH publications page](#) on our website.

There are also physical space considerations to consider. Before you plan a new space, take into account the age and condition of your existing space, your ideal configuration based on your model of care, and community and partner space requirements. This will ensure your space is adequate and appropriate.

5. Funding Sources

Start thinking about how to pay for your capital project as soon as possible. There are a range of funding options that can help health centers complete a funding plan, including: [New Markets Tax Credits](#), federal/state funds, Community Development Financial Institutions (CDFI) investments, foundation grants or Program Related Investments, bank loans, tax-exempt bonds, US Department of Agriculture (USDA) loans, and [the HRSA Loan Guarantee Program](#) (LGP). Capital Link provides a broad range of financing assistance for health centers looking to raise capital and structure loans for expansion projects. [Contact us](#) for help determining the best combination of funding options utilizing term sheet negotiations, financial projections, and modeling.

For more information on readiness activities, access a recording of our recent webinar on this topic [here](#) or [download](#) a free copy of our recently updated publication:



Preparing for a Capital Project: Are You Ready? A Guide for Health Center Staff and Boards

This recently updated publication provides guidance on evaluating health center readiness to begin the capital development process, with the goal of being prepared for funding opportunities when they arise. Each section reviews a key planning activity and the essential questions to ask before beginning a capital project, along with context for why the question is being asked, and advice for next steps. Download [here](#).

Now Live: Capital Link's Debt Capacity Calculator

With Capital Link's recently added [Debt Capacity Calculator](#) on our website, health centers can easily obtain a preliminary estimate of debt capacity and better understand the "gap" that may need to be funded through equity contributions and/or a capital campaign needed to complete a capital project. Debt capacity is the amount of debt a health center can afford to take on, given its historical or projected financial position. This estimate, which includes your health center's existing debt, is based on your historical financial performance, and as such, provides a starting place to consider your possible future debt capacity. Access the calculator [here](#).

Policy Brief from RCHN Community Health Foundation Research Collaborative Describes Health Center Growth and Challenges

The Geiger Gibson/RCHN Community Health Foundation Research Collaborative at Milken Institute School of Public Health has released a policy brief reporting steady growth across the 1,362 community health centers throughout the country. This brief highlights the impact of the Affordable Care Act (ACA) Medicaid expansion and continued grant funding. To access the report, click [here](#). To view the press release, click [here](#).

Analysis from NACHC Shows Health Centers Are Serving More Medicaid Patients Than Ever

A new analysis from the National Association of Community Health Centers reveals that health centers are serving more Medicaid patients than ever. Findings show that in 2018 health centers served 1 in 5 Medicaid beneficiaries (up from 1 in 6 in 2018, or roughly 14 million people). The growth in Medicaid patients is significant since research has shown that health centers generate cost-savings for the public insurance program. In fact, a landmark study found that in 13 states health centers save, on average, \$2,371 (or 24 percent) per Medicaid patient when compared to other providers. Also, health center Medicaid patients are less likely to turn to costly hospital and emergency department-related services than patients of other providers, even under managed care. Having both an insurance card and regular access to care at a health center is pivotal. Medicaid patients use these tools and stay healthy [[see NACHC Medicaid Fact Sheet](#)] with a range of comprehensive services available under one roof. To learn more, click [here](#).

Health Center Highlights

Capital Link regularly profiles health centers that have successfully completed their expansion plans. These health center stories are available on our [website](#). To provide health centers with insight into the facility expansion and performance improvement processes, Capital Link regularly profiles health centers that have successfully completed capital development and operational transformation projects.

CPCA Reaches Out to Health Centers Affected by Wildfires

According to the [California Primary Care Association \(CPCA\)](#), some California health centers are experiencing temporary closures and staffing shortages due to wildfires fires, but no structural damages have been reported thus far. CPCA contacted over 95 potentially impacted health center organizations and consortia across the affected counties and received reports that many health center members closed due to PG&E's Public Safety Power Shutoff.

[Direct Relief](#) has committed an initial \$1 million in cash, stepping up emergency deliveries of essential health supplies, and making its medical inventories available to health centers throughout the state [[read press release](#)].

Upcoming Events

Capital Link regularly attends industry conferences to exhibit, conduct trainings, and present information related to capital development to health centers and primary care associations. We also provide webinars designed to offer useful information for health centers on a wide range of topics. The webinars have no charge, but participation is limited. Access complete descriptions of the webinars [here](#) and recordings of past webinars [here](#).

Webinars

Financial and Operational Benchmarking Trends and Techniques

How do you assess your performance by looking at your financial metrics? Which metrics are important? How can you benchmark your performance to your peers? In this session, health centers will learn how to assess their health center's financial and operational performance using benchmarking and comparative metrics from Capital Link's audited financial database and data from the federal UDS reporting system and referencing Capital Link's recently updated [Federally Qualified Health Centers Financial and Operational Performance Analysis](#) and [Performance Benchmarking Toolkit](#).

Presenters: Susan Petrie, COO, Capital Link; Adrienne Cooksey, Associate Project Consultant, Capital Link; and Jose Fonseca, Associate Project Consultant, Capital Link

Date: Thursday, December 12, 2-3 pm ET

[Register Now!](#)

Upcoming Learning Collaborative Introductory Webinars:

Introduction to Capital Expansion for Health and Housing Partnerships Learning Collaborative

Tuesday, December 3, 2019, 1:00-2:00 pm ET

[Register Now!](#)

Introduction to Capital Projects: Planning, Financing, and Completing Learning Collaborative

Tuesday, January 14, 2020, 2:00-3:00 pm ET

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Recordings of recent webinars are also available:

Tools and Techniques to Assess Your Health Center's Market and Community Needs

[Recording](#) | [Slides](#)

"Are You Ready?" Essential Preparation Activities to Move Your Capital Project Ahead

[Recording](#) | [Slides](#)

About Capital Link

Capital Link is a national non-profit organization that has worked with hundreds of community health centers and Primary Care Associations (PCAs) for 25 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, and connect with us on [Facebook](#), [LinkedIn](#), [Twitter](#), and our [blog](#).

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