

Financing Community Health Centers



Primary Credit Needs of CHCs and Sources of Credit

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Provided by **OPPORTUNITYFINANCE NETWORK**

Capital Plans and Needs of Community Health Centers

What are the current capital plans of health centers?
 Will these plans be sufficient to provide facilities to serve 40 million patients, the Affordable Care Act goal for access to care?
 Capital Link requested information from 1,200 community health centers to estimate current plans and needs of CHCs nationwide.

For more detailed results, access the complete report at www.capl原因ink.org/resources/reports

Who are CHCs serving now?

CHCs serve 20 million people each year in more than 8,500 communities
 As a result of federal investments from 2008-11, 3 million additional patients are receiving care with 1.3 million more expected in the next two years
 Health centers employ 131,000 individuals nationwide, a 15% increase since 2009

Current Capital Plans

76% of CHCs have plans to initiate a project within 5 years, estimated to cost \$5.7 billion
 These projects will accommodate 6,629 providers and 6.9 million patients

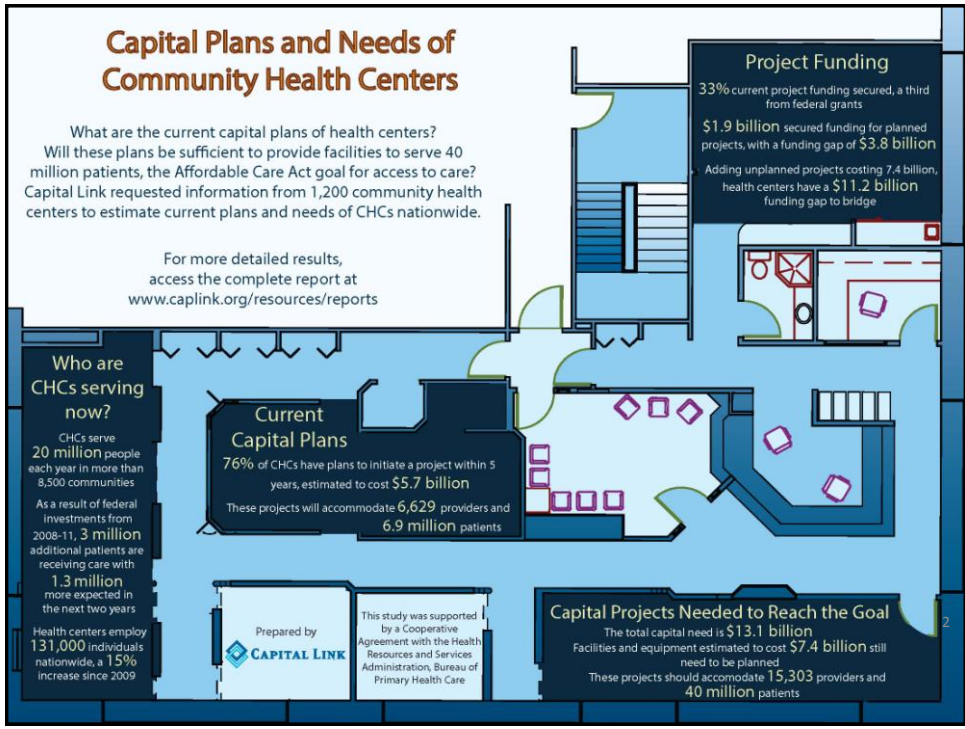
Prepared by **CAPITAL LINK**
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Capital Projects Needed to Reach the Goal

The total capital need is \$13.1 billion
 Facilities and equipment estimated to cost \$7.4 billion still need to be planned
 These projects should accommodate 15,303 providers and 40 million patients

Project Funding

33% current project funding secured, a third from federal grants
 \$1.9 billion secured funding for planned projects, with a funding gap of \$3.8 billion
 Adding unplanned projects costing 7.4 billion, health centers have a \$11.2 billion funding gap to bridge



Summary of CHCs' Credit Needs

Based on Capital Link's 2012 survey, "Capital Plans + Needs of Health Centers: A National Perspective", 76% of responding CHCs have plans to start a capital project within 5 years, which includes:

- **\$13 billion** = total development costs of planned projects
- **\$5.7 billion** = estimated cost of all CHC planned capital investments
- **\$438 million** = funding CHCs have secured for their planned projects
- **\$1.9 billion** = estimated amount raised toward all planned projects, leaving a funding gap of **\$3.8 billion**.



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Financing Needed by CHCs

- Equipment
- Working capital (emergency and ongoing)
- Acquisition
- Construction
- Permanent
- Renovations and/or tenant improvements
- Modular acquisition/installation



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Sources of Capital

Grants/Equity	Debt
<ul style="list-style-type: none"> •Cash reserves •State grants <ul style="list-style-type: none"> •Special funding pools and CDBG •Federal grants •Earmarks (federal and state) •Foundations •Hospital partners •Capital fundraising campaigns 	<ul style="list-style-type: none"> •Banks •State financing agencies •Primary Care Agencies (PCAs) •CDFIs •USDA •Tax-exempt bonds •New Markets Tax Credits •Other Private Programs <ul style="list-style-type: none"> •Foundation PRIs •Hospital Community Benefit



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Public Sources of Capital

Program	Overview
New Markets Tax Credits	Provides below-market debt and/or equity with terms of at least 7 years for projects located in low-income communities.
BPHC Guarantees	HRSA's Bureau of Primary Health Care (BPHC) provides up to 80% guarantee on loans made to FQHCs by non-federal lenders.
USDA Loans and Guarantees	For projects in rural areas (<20,000 residents), the USDA offers: <ul style="list-style-type: none"> •Direct loans: long-term, low-interest loans made on state-by-state basis (CF) •Community Facilities Guarantees: up to 90% of loan amount •B&I Guarantee: up to 80% of loan amount (<25,000 residents)
Other	Examples of other programs include: <ul style="list-style-type: none"> •State loan programs •Tax-exempt bond financing



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Private Sources of Capital

Program	Overview
Grants	Sources include: <ul style="list-style-type: none"> •Philanthropic, community, and corporate foundations •Hospital community benefit programs
Bank loans	Types of loans include - Conventional, fixed or variable rates, construction, mini-permanent or permanent, real estate secured and working capital lines of credit (LOCs)
CDFI loans	CDFIs offer a variety of loans including short- and long-term debt, fixed and variable rates, working capital LOCs, real estate secured, construction, and mini-perm.
Program and/or Mission Related Investments	P/MRIs include: <ul style="list-style-type: none"> •Low-interest loans from foundations, insurance companies, etc. •Typically made to intermediaries and re-lent to CHCs, others

