

Preparing for Growth

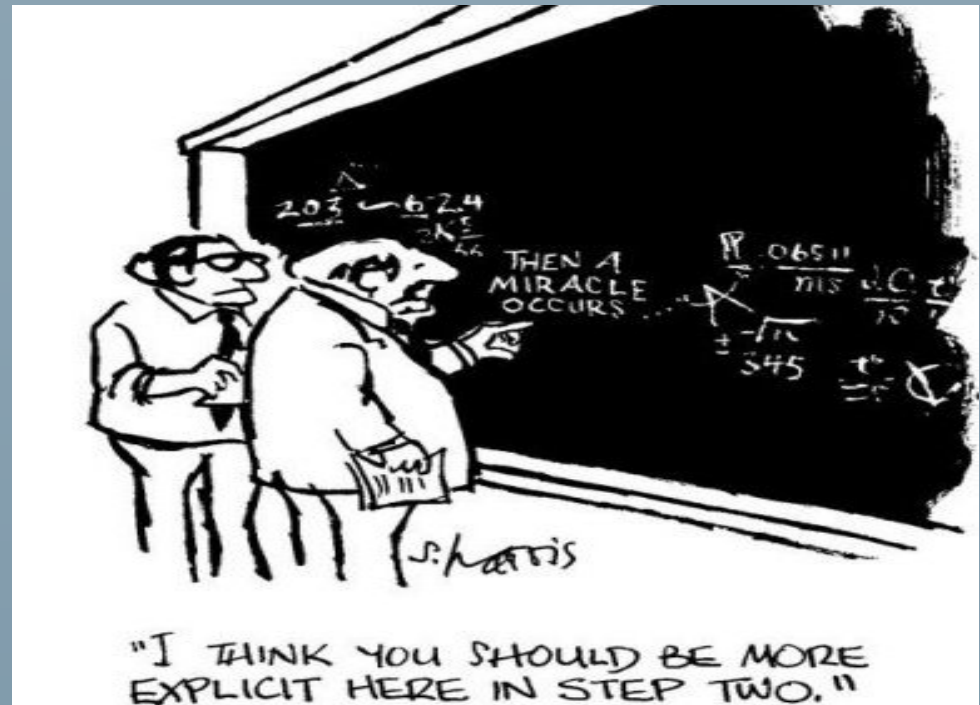
Capital Planning Tools: Identifying High-Need Markets and Estimating Economic Impact of Expansion

Allison Coleman, CEO
CHCANYS Clinical Forum & Statewide Conference
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About Capital Link

- **Mission:** Capital Link is a nonprofit Community Development Financial Institution (CDFI) that:
 - ✓ Assists health centers in planning and obtaining financing for building and equipment projects;
 - ✓ Assists Primary Care Associations (PCAs) and other partners in leveraging capital resources for health centers on a statewide, regional and/or national basis;
 - ✓ Provides targeted loans to health centers to fill funding gaps.



National Organization with offices in eight states: MA, CA, DC, LA, MD, MO, WV, and WA

Capital Needs of Health Centers: National Estimate

- Health centers will need to raise **\$16.6 billion** to cover the capital costs associated with growing to serve 40 million patients by 2015
 - Estimated 5,775 projects with averaged cost per health center of **\$14 million** (including multiple projects per center)



First Phase: Currently planned / anticipated projects

\$7.6 billion to provide facilities to serve an additional 9.1 million patients

Approximately \$3.4 billion in grant funding identified for these projects (ARRA, ACA, private sources)

~\$4.2 billion in low-cost debt alternatives needed to complete these projects (and that's just for the first phase)!

Capital Needs of Health Centers: NY

- 23 of 60 NY health centers responded to Capital Link's Spring 2010 capital needs assessment online questionnaire
- Results:
 - 70 individual projects were identified as planned or anticipated
 - Total estimated project costs of ~\$208 million for 574,000 SF
 - \$61 million raised toward projects (29%)
 - Additional funding needed = \$147 million (71%)
 - If these projects can be financed and built, would add capacity to serve an additional 234,000 patients (with 290 additional FTEs)
- But NY CHCs expect to serve an additional ~1 million patients as a result of health reform!

Growth Challenges and Opportunities

Capital Development Challenges	Opportunities
Many projects have not been identified	Evaluate & target high need areas for expansion or new sites
All projects face a tight funding / financing environment	Maximize grant and low-cost debt resources by: documenting "return on investment"; emphasizing positive economic impact; developing prudent and realistic financial and operational projections to demonstrate ability to support debt financing
Managing (multiple) capital projects is a complex task	Follow advice contained in this presentation; PCDC and Capital Link can help!
Attracting an adequate workforce is an uphill battle	Take advantage of National Health Service Corp expansion; state strategies?

CHCANYS / Capital Link Project:

Evaluating High Need Areas and Economic Impact of Expansion

Phase I	Phase II
Regions: Central, Finger Lakes, LI, Western	Rest of State
Market & Workforce Assessment	
Assess the size and location of the low-income, uninsured and under-served population,	Assess the distribution and volume of unmet need related to the endeavor to serve an additional 1 million patients by 2015 through the expansion of existing health centers and NAPs
Estimate the level of unmet need	As requested and available, add other market factors to analysis such as information on other providers, public transportation routes, HPSA data, etc.
	Estimate the distribution and level of health center workforce requirements needed to meet the expansion goal
	Estimate the amount of total clinic space and capital costs required to meet the expansion goal.
Economic Impact of Existing and Expanded Health Center System	
Direct, indirect and induced impact of each region in Phase I	Direct, indirect and induced impact of each region in rest of state



Phase I Market Assessment: 4 Regions

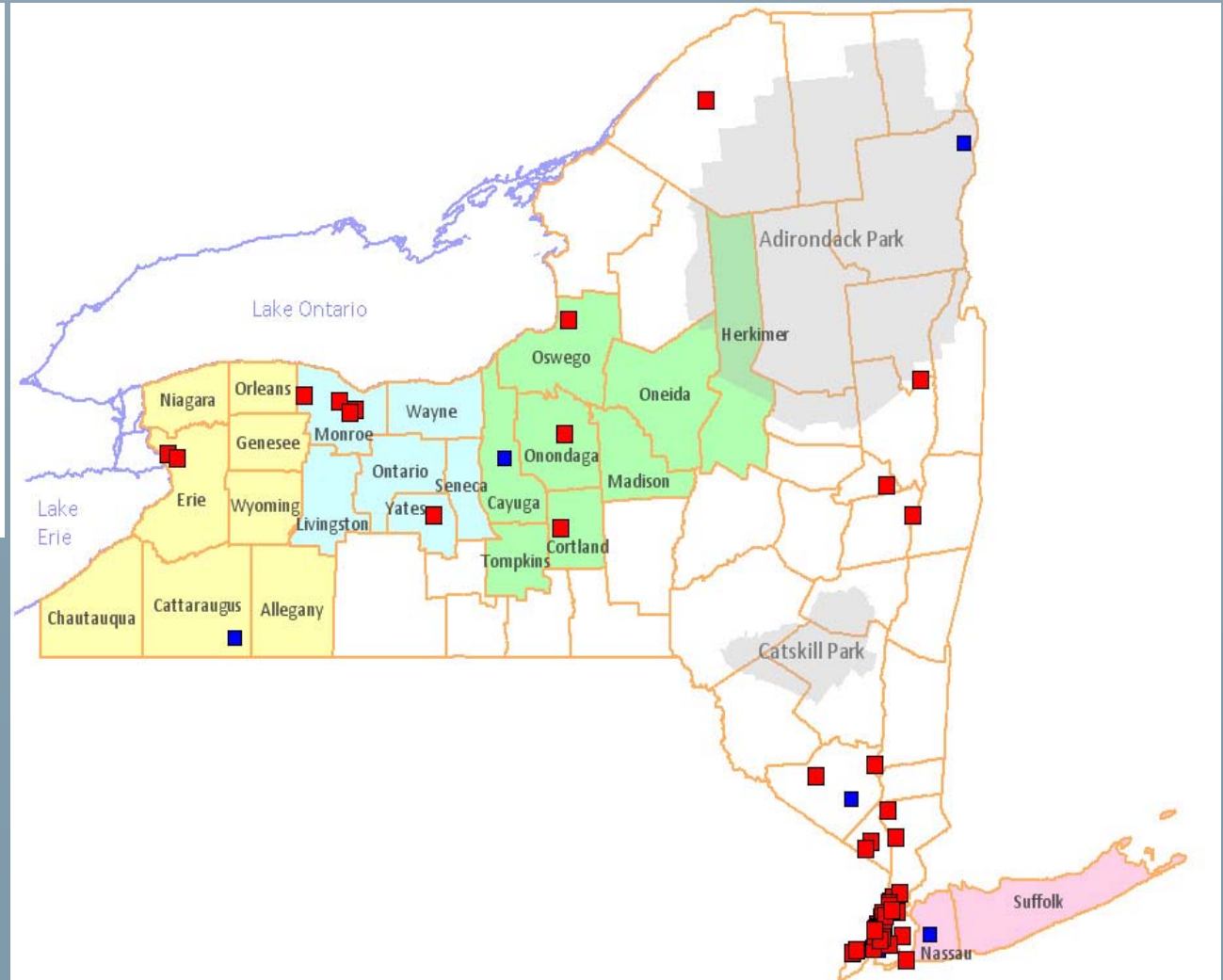
Phase 1 Regions

- Central New York
- Finger Lakes
- Long Island
- Western New York

Main Sites for FQHC Organizations

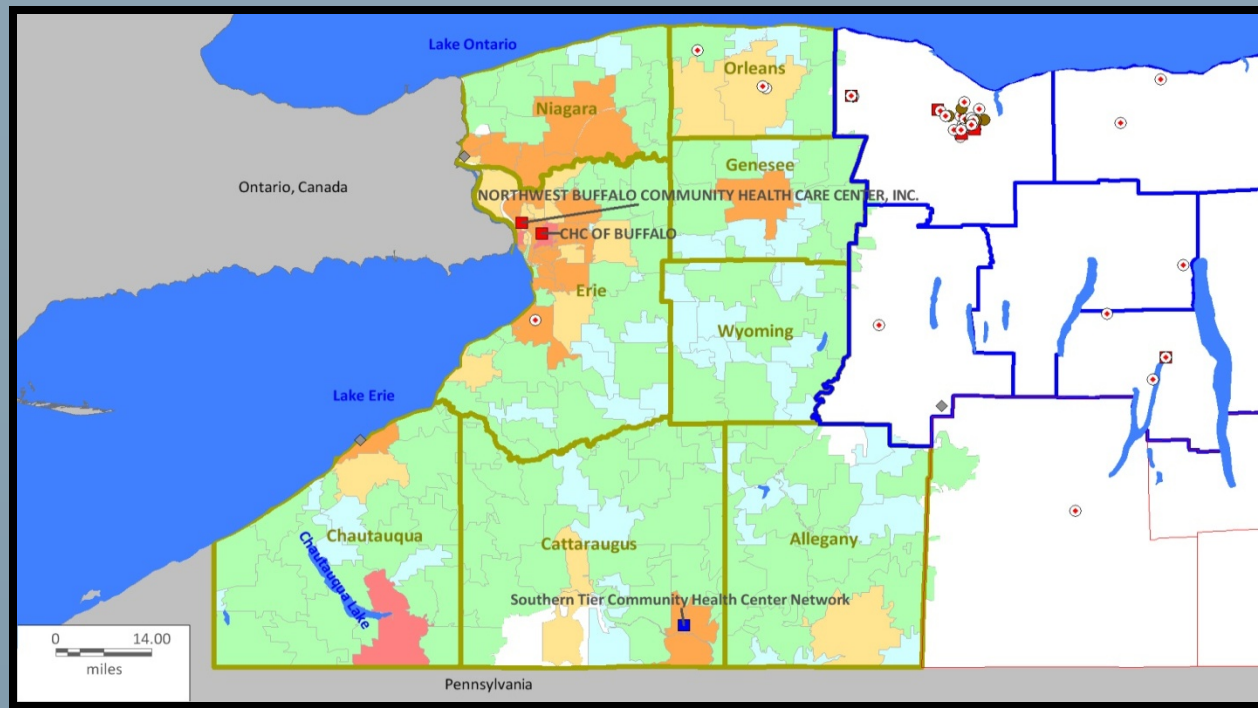
- Main Sites: 330 Grantee
- Main Sites: Look-Alike

- Adirondack/Catskill
- Great Lakes Boundaries

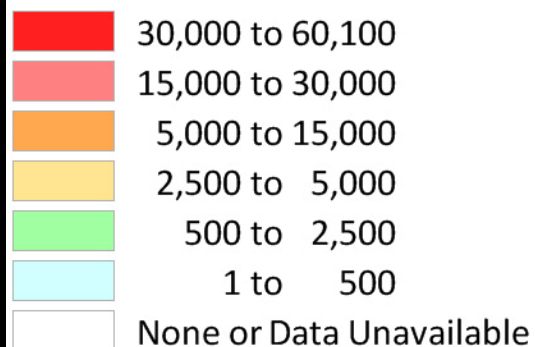


Western Region: Market Assessment Example

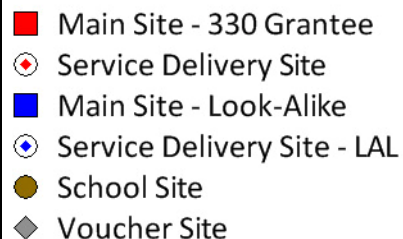
Population by Zip Code Below 200 Percent of Federal Poverty Level



Number of Residents Below 200% FPL
2009 Claritas

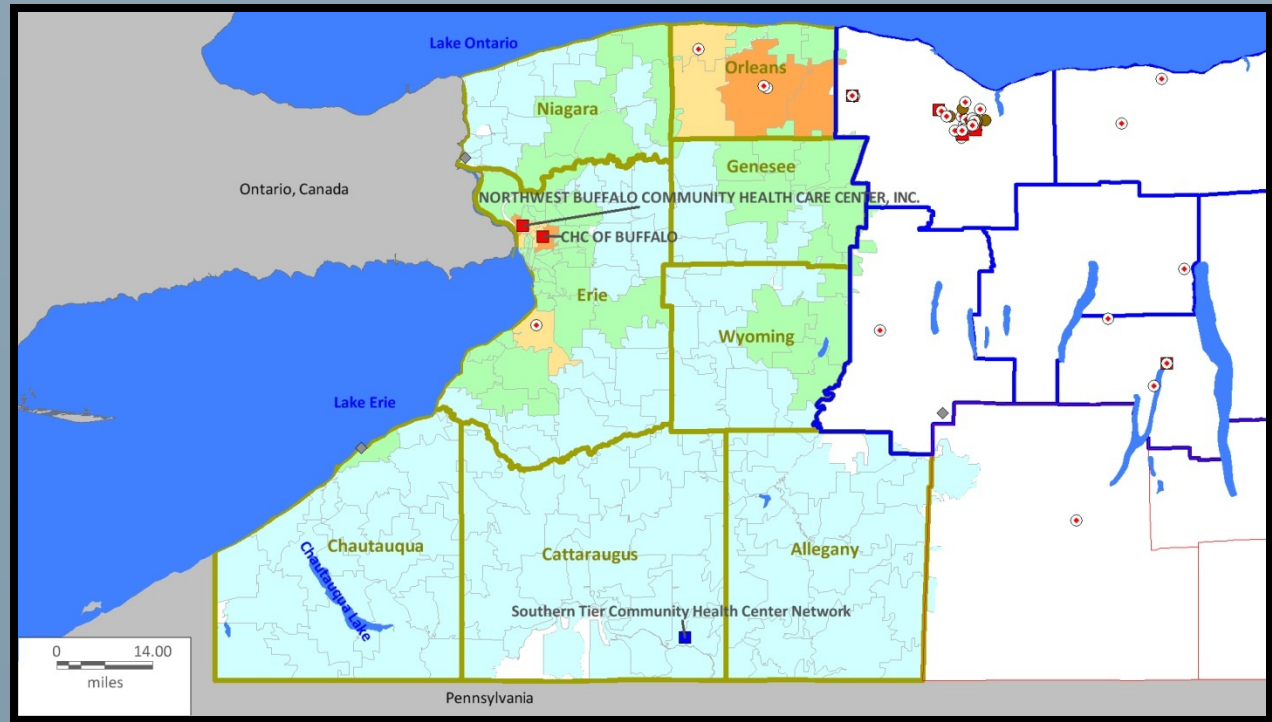


FQHC Sites by Type

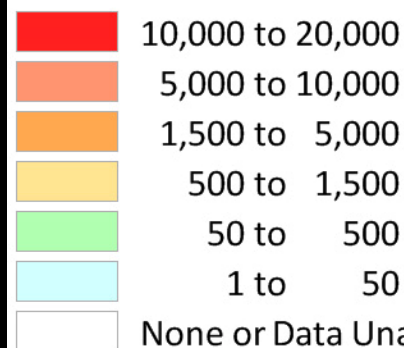


Western Region: Market Assessment Example continued

**Number of Patients
by Zip Code Treated
by FQHCs (330
Grantees)**



**Patients Treated by FQHCs (330 Grantees)
2009 UDS Report**



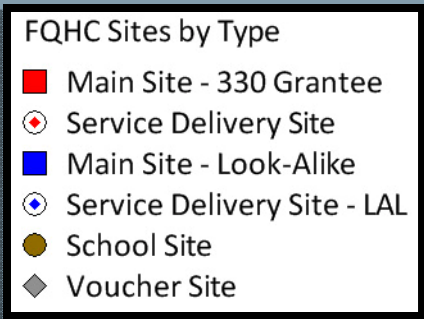
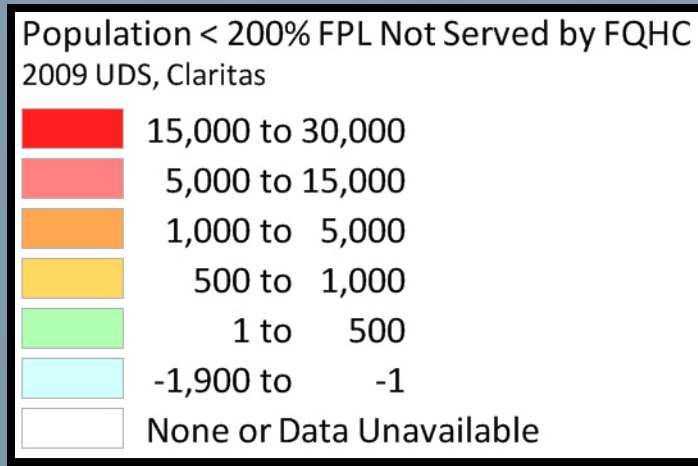
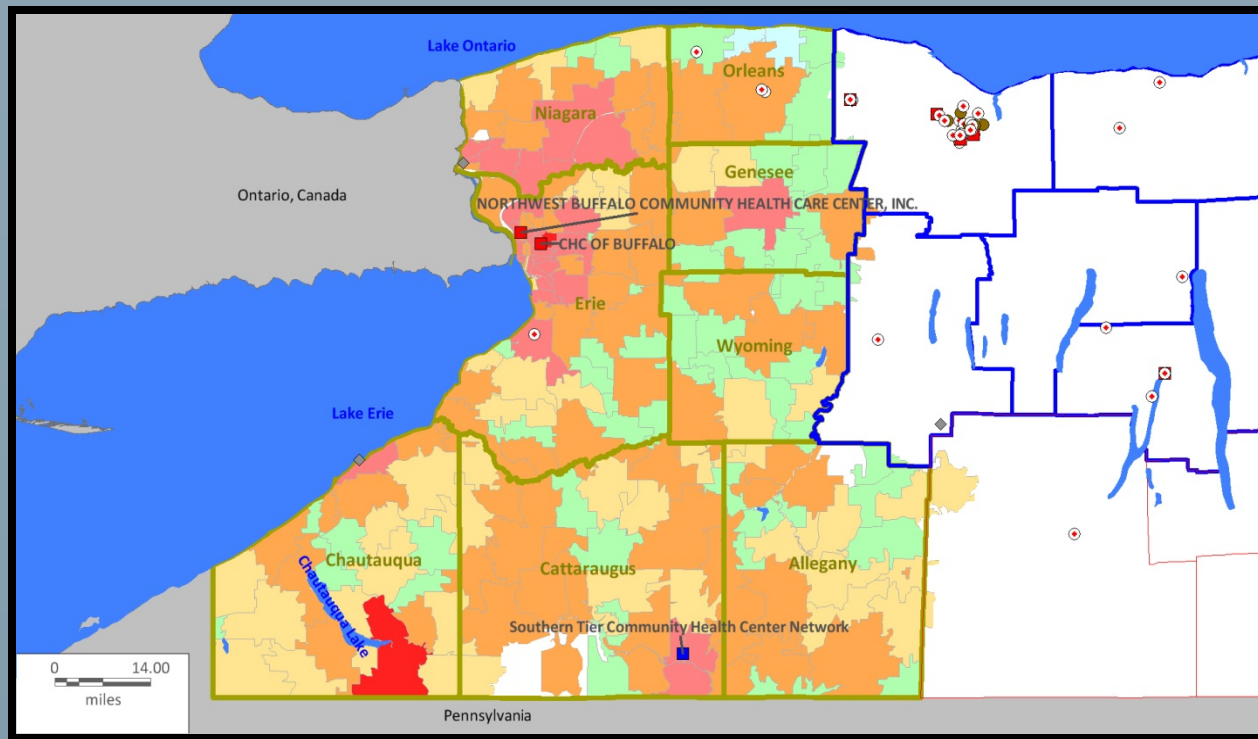
FQHC Sites by Type

- Main Site - 330 Grantee
- Service Delivery Site
- Main Site - Look-Alike
- Service Delivery Site - LAL
- School Site
- Voucher Site



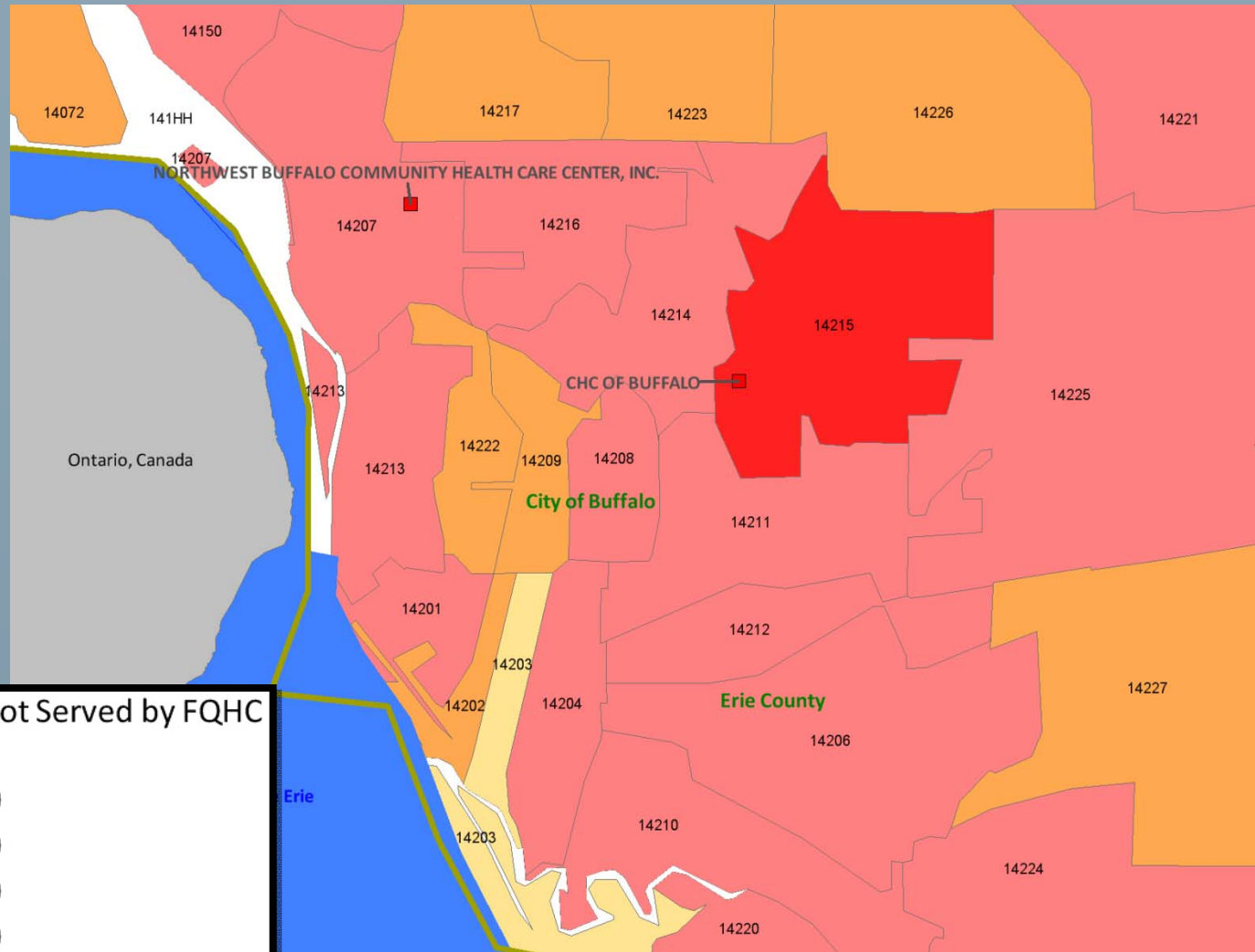
Western Region: Market Assessment Example continued

Number of Low Income Residents by Zip Code Not Served by FQHC (330 Grantee)



A Close-up Look at Buffalo

Number of Low Income Residents by Zip Code Not Served by FQHC (330 Grantee)



Population < 200% FPL Not Served by FQHC
2009 UDS, Claritas

Red	15,000 to 30,000
Light Red	5,000 to 15,000
Orange	1,000 to 5,000
Yellow	500 to 1,000
Light Green	1 to 500
Light Blue	-1,900 to -1
White	None or Data Unavailable



Western Region Economic Impact Analysis: *Current and Projected*

What's the Economic Development Story?

Summary of FY 2009* Total Economic Activity Stimulated by 3 Health Centers in the Western New York Region			
	Economic Impact (incl. Value - Added)	Value-Added (incl. personal income)	Employment
Direct	\$ 11,284,764	\$ 8,416,935	120
Indirect	\$ 3,003,529	\$ 1,544,891	19
Induced	\$ 5,167,757	\$ 2,987,594	44
Total	\$ 19,456,050	\$ 12,949,420	182



Summary of FY 2015* Total Economic Activity Stimulated by 3 Health Centers in the Western New York Region			
	Economic Impact (incl. Value -Added)	Value-Added (incl. personal income)	Employment
Direct	\$ 23,796,108	\$ 16,344,133	227
Indirect	\$ 6,323,472	\$ 3,242,030	40
Induced	\$ 10,589,180	\$ 6,113,102	89
Total	\$ 40,708,760	\$ 25,699,265	355

- ✓ Growth at health centers should result in a doubling of annual economic activity in the Region by 2015
- ✓ Approximately 173 new jobs will be created as a result of CHC growth – more than 100 at health centers and almost 70 in other industries

Phase I Economic Impact Analysis: 4 Regions

Current and Projected

Economic Impact “Adds Up” !

Summary of FY 2009* Total Economic Activity Stimulated by 14 Health Centers in the State of New York			
	Economic Impact (incl. Value - Added)	Value-Added (incl. personal income)	Employment
Direct	\$ 195,071,939	\$ 142,516,230	2,036
Indirect	\$ 45,803,720	\$ 25,750,626	294
Induced	\$ 82,971,474	\$ 49,668,217	654
Total	\$ 323,847,133	\$ 217,935,073	2,984



Summary of FY 2015 Estimated Total Economic Activity Stimulated by 14 Health Centers in the State of New York			
	Economic Impact (incl. Value -Added)	Value-Added (incl. personal income)	Employment
Direct	\$ 277,226,855	\$ 171,045,946	2,828
Indirect	\$ 60,072,322	\$ 34,061,411	383
Induced	\$ 109,310,644	\$ 65,672,340	856
Total	\$ 446,609,821	\$ 270,779,697	4,066

Annual Economic Impact of health centers in these 4 Regions could approach \$.5 Billion annually by 2015, adding almost 1,100 new jobs!

How will CHCANYS and Its Members Use this Data?

- Target areas for expansion and/or NAPs
- Position health centers for additional resources (using language of health access, cost containment and economic development)
 - Planning
 - Operations
 - Capital
- Provides basis on which to begin community-level planning, including planning for capital needs!
 - Capital Development Resources:
 - Capital Link HRSA-supported technical assistance
 - PCDC assistance



Next Steps

- Gathering data for Phase 2 Regions
 - North Country, Southern Tier, Capital District, Hudson Valley, NYC
 - Only have data from 16 of 53 centers so far for Phase II analysis
- At CHCANYS' request, Capital Link will add more granular data (as available) to discrete areas to refine analysis of areas of opportunity for individual centers
- Time Frame for Completion:
 - Phase I completed
 - Parts of Phase II will be completed by the end of October; entire Phase II completed by January 2011