Michigan Health Center
Capital Development

MPCA Capital Development Technical Assistance Program
and
Kresge Assistance Project

Neal G. Colburn
Health Care Consultant – Planning & Development
www.mpca.net

---

MPCA Capital Development

- Initial Kresge Assistance
- ARRA Information and Assistance
  - Information disseminated
  - Individual TA and communications
  - ARRA & ACA Trust Fund awards
- Need for ongoing technical assistance identified
- Development of Plan to Kresge for multi-year assistance

---

Developments

- Communication with Kresge Foundation
- Consultation with Capital Link & NCB Capital Impact
- Ongoing dialogue with Kresge Foundation
- Project surveys; collection of audits; analysis of health center financial status/debt capacity
- MPCA Capital Development Assistance Program Developed
- Application submitted to Kresge Foundation December 2010
Need for Assistance

- Need for rapid health center capital development
  - ACA approved
  - Funding available for rapid FQHC development
- Some, but limited capital resources
- Medicaid match opportunities
- Unfunded FIP projects
  - Project information obtained; compiled
  - Audits obtained; financial analysis performed

Changing Environment

- Health Center funding cut $600 million
- Future Health Center funding in question
- Medicaid match ended
- Federal budget “deal”
- Most unfunded FIP projects proceeded without additional federal funding
- Financial status and cash on hand changed for many due to CCM settlement and other factors

Request Elements

- Assistance to establish MPCA Capital Development Assistance Office and Capital Development Plan
- Assistance to engage consultants
- Kresge Foundation’s assistance in developing a pool of capital for FQHC capital development
Plan Elements

- Establishment of core personnel in MPCA
- Identify sources; assist in identifying and administering grants for capital development
- Seek out and maintain relationships with sources of financing, leverage and loan guarantee opportunities
- Maintain a web-based resource library of information on project funding, leverage and loan guarantee opportunities
- Distribute information to the health center membership of same (above) by newsletter, electronic communication

Plan Elements (continued)

- Provide regular periodic communication with the association board of progress of the program
- Provide and arrange for technical assistance and training, regarding:
  - Identifying opportunities and strategies for capital development;
  - Strategic planning to meet high priority needs;
  - Identifying opportunities for capital funding;
  - Identifying opportunities for new access points and expanded services in areas of highest need;
  - Operational improvement to increase revenues and prepare for expansion, including capital projects.

Kresge Foundation Response

- Kresge Foundation requested updated information
  - Capital projects list changed substantially
  - Financial status of health centers changed
- MPCA technical assistance program supported
- Continued commitment to assist in the development of a pool of funds
- Must meet Kresge Foundation goals!
Kresge Project Award/MPCA Plan

- MPCA awarded $1 million for 3 year project
  - Provide technical assistance
  - Provide general project information
  - Planning assistance
  - Pre-construction development assistance
  - Engage Capital Link for consultation
  - Work with Kresge Foundation to develop a pool of capital and program related investments for FQHC capital development
  - Develop working relationships with sources of funding and financing

Kresge Foundation Health Initiatives

- Promote the physical health and well-being of low-income and vulnerable populations
- Improve the environmental and social conditions affecting them and their communities
- Increase access to high-quality health care through support of the safety net

Kresge Health Initiatives “Caring Communities”

- Community health hub investment initiative
- Safety-net enhancement initiative
- Health clinic opportunity fund
- Safety-net facility improvement fund
Community Health Hub Investment Initiative

- Help meet the nation’s increased demand for high-quality, community-based primary care services to meet need for service resulting from the Affordable Care Act
- We fund federally qualified health centers that are advancing new methods for:
  - Reaching vulnerable populations and achieving better health outcomes within this population
  - Management of risk factors and disease
  - Innovations that yield operating efficiencies for health centers and savings to the overall health care system
- Note: The work is being accomplished with an integrated investment strategy that couples:
  - Grant-making with below-market-rate loans
  - Loan guarantees and other alternative-financing tools to spur the growth and sustainability of community health centers

Kresge Foundation Goals

- Meet established goals [www.kresge.org](http://www.kresge.org)
- Limited number of “signature projects”
- Innovation in project design
- Special population considerations
- Community access
- Population health outcomes
- Green features (LEED, community improvement)
- Significantly impact determinants of health

Funding & Financing Opportunities

- “Signature Project” assistance
  - Multi-foundation fund
- Foundation Grants
  - Don’t forget community & corporate foundations
- Program Related Investments (PRIs)
- Tax Increment Financing
  - New Markets Tax Credits (NMTC)
  - Brownfields
  - Historical preservation
  - Corridor projects; enterprise zones; port authorities etc.
Funding & Financing Opportunities

- ACA Health Center Trust Fund - Capital
- HRSA Loan Guarantee Program
- USDA
- NCB – Capital Impact
- Commercial lenders
- State Bond Authority
- Collaboration with community redevelopment programs

Questions?

For further information, please contact:

Neal Colburn
Healthcare Consultant – Planning & Development
(517) 827-0472
(517) 290-0826 mobile
ncolburn@mpca.net
www.mpca.net