

# Office of the California State Treasurer

Presents:

## Clinic Lifeline Act of 2017 Webinar

Presented by: California Health Facilities Financing Authority

October 3, 2017

10:00 a.m. – 11:30 a.m. Scheduled PDT

**RONALD WASHINGTON:** Good morning, everyone. We wanted to welcome you to the Clinic Lifeline of 2017 Webinar, presented by CHFFA staff. On Page 2, we just want to go through quickly the introductions. I'll start. Again, my name is Ronald Washington. I'm the Acting Executive Director of CHFFA. And again, we really want to welcome you and thank you for participating in a second webinar.

Also joining me in presenting will be Rosalind Brewer. She's one of our program managers. And then Amy Voong, she's one of our program analysts. Erin Lane will not be with us this morning for this webinar.

And generally, we want to give everyone participating in the webinar an opportunity to understand a little bit more about the program. So if you didn't have a chance to participate, again, in the first webinar, we thank you for participating. So you'll see, if you turn to our Page 3 of the webinar, it really outlines the Clinic Lifeline Act of 2017.

Under the handout section of the control panel, you should have information available to you that would include the statute, which is the government code section that really outlines the program. And then also at the end of this webinar, we are going to have a question and answer session that will be available to you. There should be a section for you to submit questions on your screen on the right. I would sort of end on this page saying that we made some changes from our previous webinar in September.

Most of it was based on feedback that we received from stakeholder input from the previous webinar. So again, we want to encourage you to participate. If you have questions, we welcome those, and once again, thank you for participating in this webinar. Lastly, I'll mention as we turn to the agenda, any additional changes that we make coming out of this webinar as we did on the previous one, we will adjust the webinar accordingly so it suits the needs of each of the health facilities that are interested.

So Page 4 is the agenda for today. So you have ten bullet points, and those are the items that will be covered in our webinar this morning. So we will proceed.

And just a little background about CHFFA for those of you who may not already be familiar with us. We were established in 1979. We have a nine member board that is chaired by the treasurer. We primarily issue tax-exempt bonds, make loans for what we call a HELP II Loan Program for small health facilities, and then we also have a number of grant programs in addition to the Lifeline Grant Program. I'll just mention two of them outside of the Lifeline Grant Program.

We are currently working on the Community Services Infrastructure Grant Program. We call it our jail diversion grant program. It is a \$67 million program that we're working on. Secondly, we have a Children and Youth Grant Mental Health Program that's a \$27 million grant program that we're also working to develop. So be on the lookout for those two programs in the future.

Page 6 really outlines some of the governing statutes related to this program. We anticipate that by late fall, we will be able to potentially adopt emergency regulations for the program. So, again, we're working with our board to determine sort of the perfect time of rolling out the program, but we expect that it will be later this calendar year. This program is similarly modelled after some grant programs that some of you may have participated in, the Alarcon Grant Program and the Anthem WellPoint Community Clinic Grant Program.

Turning to Page 7, we talked about a number of factors for the program that we want to quickly sort of outline. Firstly, this program is really focused on vulnerable populations, indigent, underinsured, uninsured, undocumented migrant individuals. I would also mention that we have a \$20 million grant program which is consistent with our statute. If we awarded this \$20 million at a maximum of \$250,000 per health facility, that would give us approximately 80 grants. And so under the \$250,000 per health facility, there are no caps. So, it is solely a program that is \$250,000 per applicant.

Let me see if there's anything else on this page I want to make mention of. Just one thing I want to mention -- we talk about under the 4th bullet, the utilization of grant funds, we'll leave that because the staff will talk about that a little later on in the presentation.

So I will turn it over to Rosalind and she will cover key objectives in the following pages.

**ROSALIND BREWER:** Thank you, Ronald. So the key objectives of the Lifeline Grant Program is to assist small and rural health facilities, including community based clinics that may be financially affected by a reduction or an elimination of federal government assistance. In the prior webinar, we had any government assistance. So the change to federal government assistance is to keep in line with the statute. Also, the other objective is to assist small and rural health facilities that have little to no access to working capital.

So we want to be able to help those facilities support their core operations and as the facility develops long-term plans to deal with the loss of any federal government assistance.

So how is a health facility eligible? The health facility must meet one of the following requirements under the Act. They must be -- one, licensed, tax exempt, and have annual gross revenues no more than \$10 million. Two, they must be a licensed tax exempt nonprofit corporation that's located in a rural medical service study area, which is defined by the California Health Work Force Policy Commission, meaning a population density of less than 250 persons per square mile and no population center exceeds 50,000.

Three, the clinic can be operated by a district hospital or healthcare district. So in addition to the eligibility by statute, staff proposes additional eligibility requirements.

1. 50 percent or more of individuals served participate in Medi-Cal.
2. Primarily serves vulnerable populations.
3. Must provide medical services. As well as we want to let you know that the health facilities located in medical service study areas only have to provide medical services. So that's a change due to the feedback we received from the prior webinar.

We have a polling question if you would like to participate. Approximately what percentage of Medi-Cal participants does your health facility or members of your organization serve? 0 to 30 percent, 31 to 50 percent, 51 to 80 percent, or 81 to 100 percent? If you could just take a moment right now to answer the question, we would appreciate it.

Polling results show that six percent provides 0 to 30. 33 percent provide 31 to 50. 50 percent provides 51 to 80. And 11 percent provide 81 to 100.

**ROSALIND BREWER:** So thank you all for answering the question. So on slide 11, we're looking at various evaluation criteria. Applications applicants will be scored based on 100 points on the health facility, the location, the services provided, as well as the overall needs of the health facilities. We'll also look at how you plan to use the grant funds, the populations served, what vulnerable populations are served, how many are on Medi-Cal and others. Also, how do you plan for the anticipated cuts in the federal budget and planning on revenue for the future? It will be all considered under evaluation criteria. And now I will turn it over to Amy to review the next few slides.

**AMY VOONG:** This slide is just kind of an overview of how we would award grants received by the application deadline, which is right now to be determined.

So once applications are received, we'll only evaluate and score completed applications and because it is only a \$20,000,000 grant program, we wanted to be very fair and transparent so incomplete applications will not be evaluated. The applications will be ranked and scored by two staff members and the average score will be the application final score. Applications will be ranked from the highest to the lowest scores. After applications are scored, we will have initial allocations. Initial allocations are recommendations from the staff that will be presented to our board members, and our board will vote. And once it is approved by the board, it will be considered a final allocation, and that will be the grant award. On this slide, we will go over some of the eligible use of grant funds. Per statute, it does state that the grant will be used to support core operations. We want to highlight some uses. Innovative use would be, for example, to hire a financial consultant or a grant writer to help develop a plan to sustain or increase revenues. Another example would be a smaller health facility is looking to merge with a larger facility to be able to sustain themselves, this money can be used towards that as well.

We also have working capital uses, which includes your salaries, your payroll, your rent and utility bills.

And lastly, we will also consider small capital expenditures. So it would include renovations that are vital to keeping the doors open. For example, if you need to purchase an equipment to provide services and receive Medi-Cal reimbursement. We are looking at uses that are vital to keeping the health facility going. So on eligible grant funds, we have a polling question: If known, how does your health facility or members of your

organization plan to use the grant funds? So you can select all that apply: Innovative uses, working capital, small capital expenditures. So if you plan to use it on two or all three items or just one, you have the ability to click that way.

Thank you.

Okay. So we do have the results of the polling questions. They show that there's an equal split amongst all three uses. Working capital being the highest of that, and then we have small capital expenditures and then innovative uses just behind that. And so thank you for participating in the polling question.

The next slide is the proposed funding distribution. So staff considered, weighed and discussed multiple funding distributions. We wanted to focus on transparency, fairness, and which option would have the most impact across the state. We have option one, which is very clear cut, applications with the highest ranked scores will be awarded.

Option two is applications with the highest rank with a geographical distribution limitation. So funding distribution would be based on the county's population as listed in the registrar. County regions are divided within Central, LA/Ventura, Northern, and Southern. So the Central Region is more along the coast and the Bay Area, Mendocino, Monterey. We have LA/Ventura. Northern is everything above such as Kings or Fresno. For Southern, we have our Southern California excluding LA and Ventura.

Option three is applications with the highest rank and with an annual gross revenue limitation. So funding distribution would be based on annual gross revenues. As you'll see in the chart 0 to 3 million would have the most funding available. Then, there is 3 million to 5 million and 5 million to 10 million. I want to highlight that health facilities in rural medical service study areas have \$1 million in funding.

We also have another polling question at this time. If you can please give us some feedback. Which funding distribution option would provide the most impact across the state? Please select one. Option 1-highest rank. Option 2-highest rank with geographical region. And then gross revenue.

Okay. Polling results show that 16 percent chose option one, 58 percent chose option two, and 26 percent chose option three. So thank you for participating and giving that feedback back to staff.

Quickly going over the process. Staff is currently working on emergency regulations like what Ronald had mentioned earlier. We're looking to finalize them late fall. Then we would

have an application webinar following with an application window, open and close. We will evaluate and score. Initial allocations will be brought to CHFFA board for an approval. Afterwards, we will disburse grant awards. So at this time I would like to turn it back to Ronald.

**RONALD WASHINGTON:** Thank you, Amy. So we'd like to finish up with just going over the proposed timeline. So you see there is a menu of what's in each month, at least through the end of this year. So I'll briefly touch on these items, and then share sort of what we're looking to do. So we're in September. Obviously we've had a one stakeholder webinar previous to this one, and this month we have the October 3rd webinar. And now we're on track to bring this item before our board to adopt the ability for staff to submit emergency regulations to the Office of Administrative Law. You have this box that says the enactment of a Federal Budget. For purposes of this webinar it is really where our current trigger lies. The idea is that once we hear from you as health facilities, to what might be a trigger for a reduction or an elimination of some federal funds that you now currently enjoy. Those are the items that we're looking to find out what triggers those events. The enactment of a Federal Budget could be a trigger. The repeal of the ACA could also be a trigger or the passage of a federal bill. That's actually an elimination of federal funds you now receive could also be a trigger.

So we understand in real life that there could be a variety of ways in which your federal funds could be impacted. But for purposes of our timing, we're currently using sort of that enactment of a Federal budget as a trigger. But we would love to hear from you and find out ways that your federal funds might be impacted so that we can then incorporate those triggers into what we're looking to do.

So following a triggering event, we will then hold one more stakeholder webinar once we get a sense from you as for how you will be affected. And shortly after that trigger, again, we'll have a stakeholder webinar, and then we will submit our regulations to OAL for approval. Then we'll begin sort of the process of application period, which means opening the window, closing the window, evaluating and scoring. Then awarding allocations to each of the health facilities.

So, again, if you have a sense on what that trigger might be for you that would be extremely helpful for us so that we can try to tailor this program so that we are best prepared to suit whatever your needs might be.

So that's really the proposed timeline, and that's sort of our sense of what we mean by the enactment of a Federal Budget. That's a trigger, again.

So this slide is really the last slide. So, again, we thank you so much for listening this morning. We appreciate your time this morning for taking the poll questions, as well. It allows us to get valuable feedback. So now we want to open it up to any questions that you might have. We are happy to answer on this webinar any general questions and then if there are questions that are specific or unique to your health facility, we can contact you after this call and in the coming days to answer those questions for you that are specific to just your health facility.

So, again, if you have any questions, we would like to answer those right now.

So let's go over some of the questions that we received. Thank you, Amy.

**AMY VOONG:** We have a question in regards to what is considered medical services and would mental health services stand as medical services. And so the answer to that, staff is still developing the definition for medical services. Since this is a recent change, we are still going through, trying to find what is the clear cut definition. But if you have things that you currently have there for medical services, please feel free to submit that to staff so we can take a look at that as well. But right now, we're still working on the definition so we can be very clear cut to applicants what is considered a medical service.

**RONALD WASHINGTON:** Yeah. I would also add -- so our statute really lays out what a health facility is. And so then if you find that you are one of the health facilities that are outlined in our statute that gives you a good description of the health facility. And then relationally, if you're a health facility that provides services under one of those types, those are the services that would be eligible.

So for instance if you provide mental health services and you are a facility type under our statute that provides those services, then you would be eligible.

Moving on to our next question, we have a couple of questions here, quick clarifications on being in a rural medical service study area.

If your health center is located in a rural medical service study area, we have laid out in the webinar that there are certain requirements that you have to meet. And so if you can go back to the slide and review if you're eligible in terms of if you have to provide a medical services, you have to be licensed in the state of California to operate, and you're also a nonprofit as well. I hope that answers it. But if I didn't, please submit your question again. We have another question. Will major capital projects be considered, such as new construction?

**RONALD WASHINGTON:** So for that question, I'm going to refer back to -- I'm looking for the slide that lays out key objectives. So let me find it and I want to answer that question, but I want to refer you to this slide. Excuse me. So slide 13, the question was related to can the grant funds be used for essentially new construction or the construction of a for instance a facility, I believe. Is that sort of a restatement of the question? I hope I'm getting the question correct.

So the eligible use of the grant funds is specific to core operation support. And so you can flip back to slide 13. It really speaks to those issues. So innovative use, which Amy has already gone through. Again, it's for ways to increase revenue for our financial strain. It can be related to mergers with other clinics if you so desire, to hire staff or specific services like bringing a doctor on board and having that for a period of time. It could be for electronic health record systems. It's vital to keeping the doors open. So it is not for capital purposes or any real sort of brick and mortar sort of activities. So, again, because it's designed to really just be an intercept of our federal funds for working capital purposes. That's really the use of the grant funds. So not for construction.

Any other questions, Amy? A lot of the questions that we received are very similar. So Amy's looking at the questions and trying to generally speak to the different types of categories of questions that we're receiving. So just bear with us if you would.

This question is going back to the rural medical service study areas. We want to clarify that if you are a health center or if you are part of an organization that has multiple sites, each site would be considered a health facility. So if your health facility/site is located in a rural medical service study area and you are providing medical services, then you qualify. But if you have other sites that are not in a rural medical services study area, they are also eligible if they fit in the other eligibility requirements, and they can also apply as well. So you can have multiple sites that apply for the grant funds.

**RONALD WASHINGTON:** Non-rural areas.

**AMY VOONG:** Yes.

**RONALD WASHINGTON:** Okay. Under the same organization.

**AMY VOONG:** Yes. So question is the annual revenue limit safe on each individual clinic in the system or the entire organization?



So for example, total revenues for a district hospital. So if your district hospital has a clinic or a health facility attached to it, it would be the annual gross revenues of that clinic or that health facility that is attached.

**ROSALIND BREWER:** To the district hospital.

**RONALD WASHINGTON:** Yeah. So each individual health facility location, if you will, we will look at the criteria, and then the annual revenue would be based on the revenue generated out of that health facility at that specific location. So if you have an organization with multiple clinics or facilities, each of the facilities under that organization would have to meet the revenue requirement separately.

Any other questions? Have we covered most of the categories?

**AMY VOONG:** I think so.

**RONALD WASHINGTON:** Maybe one last question.

**AMY VOONG:** All right. Does the entire 501(c) 3 need to be under 10 million or just the health facility?

**RONALD WASHINGTON:** I'm going to turn to the page. So let's just restate the question, and then we'll turn it.

**AMY VOONG:** Okay. Does the entire 501(c) 3 need to be under 10 million, or just the health facility?

So on the slide in front of you, it is our eligibility that is straight from the statute. So the health facility must meet -- if you're a nonprofit corporation so 501 C3, licensed in the state of California, and with an annual growth revenue not exceeding \$10 million. So if you have a health facility or a site, and that site is less than \$10 million and is also within the 501(c) 3 -- it's also a nonprofit, then yes, that health facility would be eligible under the statute.

**RONALD WASHINGTON:** Okay. Any other questions?

So again we thank you for providing the questions. If we did not for any reason answer your question or you have additional questions, if you turn to the very last slide, Page 18, that slide has our contact information. So please, we would love to hear from you. So if you have questions, comments, regarding the presentation or additional questions that we did not answer on this webinar, please e-mail those to us. The e-mail address you see

there on your screen, and we will gladly get back to you with any responses to your questions.

So, again, thank you for participating in our webinar this morning. Just as a reminder, we will have two more webinars, one more stakeholders' webinar after we determine and have realized what a trigger in particular maybe. So shortly thereafter, we'll have a webinar, and then we will also have one application webinar, which we'll call the applicant webinar on how to apply and go through the process of submitting your application. So be on the lookout for those two webinars. And if you are aware of any other organizations or facilities that did not participate, please reach out to them on behalf of CHFFA and encourage them to sign up through our list serve or e-mail us and we can provide them a link to the future webinars.

So, again thank you for participating this morning. We really, really appreciate your taking the time and participating in the polls and sitting through this webinar. And again, if you have questions, please contact us. So thank you very much. Bye.

(End of event – approximately 10:40 a.m.)