THE COMMUNITY HEALTH CENTER
LOAN GUARANTEE PROGRAM

Background:

Close to 62 million Americans do not have a regular source of primary health care – meaning that they are not getting the preventative health care needed to treat conditions in their early stages, and that all too often their first interactions with the health care systems are emergency rooms and hospitals. This has a detrimental impact not only on their personal health and well-being, but also results in much higher treatment costs for the families as well as the Federal government.

The nation’s network of Federally Qualified Health Centers (Community Health Centers or CHCs) is our prime means of expanding access to preventative health care to underserved families.

There are nearly 1,400 CHCs operating over 10,000 delivery sites in distressed rural and urban communities throughout the country, providing comprehensive primary care, including mental health care, to more than 25 million low-income Americans.

They provide these services regardless of a patient’s ability to pay, and they do so in a cost effective manner that produces an estimated $28 billion in annual health savings.

These Centers are seeing tremendous increases in patient demand, and the Community Health Center Loan Guarantee Program can help provide the private sector financing that will enable them to meet the demand with new and expanded facilities.

What are the facilities financing needs of Community Health Centers?

Based on current trends, CHCs are on track to serve 32 million patients by 2020 – a 45 percent increase over their current patient population. In order to serve this expanded population, however, they will need $8.5 billion\(^1\) to support the construction of new delivery sites and the expansion and rehabilitation of existing treatment centers.

An investment of $8.5 billion would construct or renovate 22 million square feet of space, accommodate 11,300 new providers, and serve 10 million new patients annually.


The Lenders Coalition for Community Health Centers (LCCHC) is a coalition of Community Development Financial Institutions (CDFIs) in support of federal policies and programs that support investments in Federally Qualified Health Centers (FQHCs).

For more information, please contact Anne Dyjak, PCDC Managing Director, at adyjak@pcdc.org
Bridging the Financing Gap:

The Community Health Center Loan Guarantee Program

Most CHCs do not have access to financing from mainstream financial institutions, which see risks associated with the variable nature of their revenue streams, their fragile financial profiles, and the limited value of their facilities as collateral.

The **Community Health Center Loan Guarantee Program**, administered by the Health Resource Services Administration (HRSA) at the Department of Health and Human Resources, has provided a tremendous resource to leverage private sector capital to support community health centers' financing needs.

The CHC Loan Guarantee Program offers a federal guarantee of up to 80 percent of the amount of a facilities loan provided by a private lender to a Federally Qualified Health Center. The guaranteed loan may be used for site acquisition, facilities construction, and modernization and outfitting.

To date, the program has guaranteed 18 health center transactions, supporting $233.6 million in total development costs to build out more than 600,000 square feet of facilities space. In 2016, these health centers served 415,000 patients. *What’s more, there has never been a default on a facilities loan made through this program.*

One example of the program at work is the PrairieStar Health Center, in Hutchinson, Kansas

In 2013, PrairieStar Health Center was facing eviction from the leased space it had outgrown. A local bank expressed interest in financing the purchase of a sizable property and development for a new PrairieStar facility. However, PrairieStar could not satisfy the bank’s collateral requirements. With a HRSA Loan Guarantee, underwritten by the Primary Care Development Corporation (HRSA’s designated Lender Coordinator), the bank was able to make the loan. In March 2015, PrairieStar opened its new 32,000-square-foot center, with a capacity to serve 10,000 patients. The demand for their services continues to increase to such a degree that it plans for further expansion; based on PrairieStar’s improved financial position, the same bank is willing to finance the expansion without any guarantees.

There could be no better example of how important—and essential—the HRSA Loan Guarantee Program can be to FQHCs.

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