

## KEY INFORMATION:

### DEADLINE

Tuesday, November 29, 2011, at 1 p.m.

### AMOUNT

up to \$100,000

# Request for Proposals

## Promoting and Managing Growth at Primary Care Centers in Four Regions of New York State

### I. Background

Successful implementation of Federal health reform, the Affordable Care Act (ACA), will require expanded primary care capacity to both care for the influx of newly insured people and ensure a strong safety net for those who remain uninsured. The New York State Health Foundation (NYSHealth) has estimated that some 1.2 million more New Yorkers statewide will gain coverage as a result of the ACA, while 1.4 million could remain uninsured.

The ACA recognizes the need for more primary care capacity and makes community health centers (CHCs) a cornerstone of its plan to develop primary care capacity. CHCs provide high-quality, affordable, and accessible primary medical, dental, behavioral, and preventive care services. It is well documented that CHCs yield substantial cost savings to the health care system by reducing emergency department visits, hospitalizations, and other avoidable, costly care. The ACA allocates \$11 billion over five years to double CHC capacity nationally. The number of Americans served by CHCs each year is expected to double from 20 million to 40 million by 2015.

In New York State, there are approximately 60 Federally Qualified Health Centers (FQHCs) that serve more than 1.4 million patients annually. Under the ACA, these centers are expected to grow to serve nearly 3 million New Yorkers.

### II. NYSHealth Perspective

NYSHealth is committed to the successful implementation of Federal health reform. We seek to expand health insurance coverage to all eligible New Yorkers and to ensure that an adequate supply of primary care is available to meet the needs of all New Yorkers, including both those with insurance and those who remain uninsured. Expanding coverage and expanding access to care are interrelated goals.

NYSHealth has previously moved to take advantage of new opportunities to bolster the capacity of CHCs in New York State. Following the passage of the ACA, NYSHealth sought to jump-start CHCs' growth and leverage substantial Federal resources for New York State by funding technical assistance to CHCs in support of their applications for new Federal funding. New York State received 10% of all dollars awarded nationally in the most recent Federal New Access Point grant competition.

NYSHealth has supported numerous primary care capacity expansions and consolidations. Since our inception, NYSHealth has awarded approximately \$6 million to individual health centers across the State to support primary care growth. Roughly two-thirds of those funds have been concentrated in New York City and the rest of the funds have been awarded in other regions of the State.

CHCs in New York are willing and eager to increase their capacity to serve more patients and provide more services. However, numerous studies have demonstrated that some of these same centers are in financial distress. For example, an analysis by the Primary Care Development Corporation (PCDC) conducted with NYSHealth support found that nearly half of diagnostic and treatment centers in the State lost money in all or most of the seven years included in the study. Further, operating margins at CHCs have fallen precipitously and many of them have little cash on hand.

To make the most of the expansion opportunities before them, CHCs need adequate resources to plan, manage, and sustain their growth. Growth management assistance will help to minimize the financial burdens placed on CHCs during the initial period of expansion. Many of the activities associated with promoting and managing CHCs' growth are one-time in nature as opposed to ongoing costs.

With this request for proposals (RFP), NYSHealth seeks to identify and support opportunities to substantially expand primary care capacity in regions that have been historically underfunded and medically underserved: Western New York, Central New York, the Finger Lakes Region, and Long Island. By providing grants and loans to CHCs in these areas, we seek to promote fundamental, lasting changes in organizations that comprise a key cornerstone of New York's health care delivery system.

### III. Eligibility and Project Guidelines

Eligible applicants include FQHCs, FQHC look-alikes, and comprehensive diagnostic and treatment centers.

Eligible applicants must be located in one of these four regions:

- Western New York (Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, and Wyoming counties),
- Central New York (Cayuga, Cortland, Herkimer, Jefferson, Madison, Oneida, Onondaga, Oswego, and Tompkins counties),

- The Finger Lakes (Livingston, Monroe, Ontario, Wayne, and Yates counties), or
- Long Island (Nassau and Suffolk counties).

NYSHealth is interested in supporting projects that will assist with growing the volume and scope of services provided by CHCs. Successful projects will serve more patients by expanding existing sites, establishing new sites, and/or establishing or increasing services such as behavioral health, dental, optometry, and pharmacy.

In general, NYSHealth expects to support one-time expenses. Requested support for any expenses that are ongoing must be accompanied by a detailed business plan describing how the applicant will meet those expenses once Foundation support ends.

Foundation funds could be used for, but are not limited to, activities such as:

- **Clinical and business case planning.** Expanding CHCs will need to determine the correct ratio of patients to clinical staff to ensure care can be provided within reasonable timeframes. They will also need to estimate how many patients will be served and through which reimbursement stream (Medicaid, private health insurance, Medicare, or uninsured). This business planning analysis will enable CHCs to raise sufficient reimbursement revenues to finance costs associated with additional staff, services, and facilities and ensure that anticipated expansion projects are financially feasible and sustainable.
- **Real estate assistance.** Some expanding CHCs will need to acquire additional facility space to serve more patients and expand services. Finding appropriate space for CHCs is complicated by their building requirements and neighborhoods can be reluctant to house such a facility. Real estate brokers that specialize in situating health care facilities can help CHCs conduct appropriate searches and overcome these challenges. Note that NYSHealth funds *cannot* be used to directly pay facility rent.
- **Workforce recruitment and training.** Whether CHCs solely expand the number of patients served or provide additional clinical services, CHCs will need to recruit and train new physicians, nurse practitioners, nurses, dental and mental health providers, care managers, and front desk and billing staff. Shortages of clinical staff in certain parts of New York State make recruiting staff particularly challenging. With growth management assistance, CHCs could retain recruitment specialists to facilitate hiring of additional personnel. This support could also be used to help defray professional development costs, such as training staff in emerging models such as health homes.
- **Legal and regulatory services.** Acquiring new space, equipment, staff, and service arrangements with more private insurers will require establishing new contracts and associated legal fees. Expansions will also require the preparation and filing of certificate of need applications and Federal change in scope applications.

- **Management infrastructure.** The growth in facilities and staff will put increased pressure on existing management and may require additional professional staff to oversee expanded operations. For example, CHCs may need to hire additional financial or human resources professionals to manage larger enterprises. Grant funds could be used to support new managerial positions in a ramp-up period as the facility is growing its patient volume and revenue base.
- **Consolidations.** In some cases, a growth strategy may be to merge, consolidate, or acquire various clinic operations under the auspices of a single CHC that is well positioned to expand and meet the needs of the new environment. NYHealth has supported this type of activity in the past with economic recovery and Special Projects Fund grants.

## IV. Funding

**GRANTS:** An eligible applicant in a targeted region may apply for a grant of up to \$100,000. NYHealth anticipates providing up to 10 grant awards.

**PROGRAM RELATED INVESTMENTS:** An eligible applicant in a targeted region may also apply for a supplemental program-related investment (PRI) of up to \$100,000 on top of its grant request. PRIs are low-cost loans and equity investments provided at below-market rates to support charitable activity related to NYHealth's programmatic objectives. The expected terms of these PRIs are as follows:

- 1% interest rate;
- interest accrues from the PRI origination date;
- no payments are due for two years following the origination of the PRI; and
- principal and interest payments will be due in two annual installments following the initial two years.

The total PRI pool of available funds is \$300,000.

Neither grants nor PRI funds may be used for the following:

- capital expenses; and
- projects that involve the purchase, installation, or upgrade of health information technology systems, including electronic medical records.

For grant requests, a line-item budget using the NYHealth budget is required. For PRI requests, no line-item budget is required, but the applicant should state its requested amount in the online application form.

## V. Review Criteria

A panel of external reviewers from across the State with a diverse set of expertise will assess the applications. NYSHealth's review panel will consider the following factors in recommending proposals most qualified to receive growth management funding awards:

- 1) A strong demonstration of community need for additional primary care capacity.
- 2) The applicant's readiness to grow and the timeline for completing the expansion.
- 3) The scale of the proposed expansion. The proposal should include detailed estimates of the numbers of patients who will benefit from the expansion.
- 4) Regional diversity.
- 5) Demonstration of co-funding or other leverage to support the capacity expansion.
- 6) Applicant's prior experience with expanding its capacity and completing activities relevant to the proposed project.
- 7) Collaboration with other providers, payers, or other stakeholders.
- 8) Sustainability of any expenses that are ongoing in nature rather than one-time costs.

## VI. Application Process

All applications must be submitted by 1 p.m. on Tuesday, November 29, 2011. Late applications will not be considered.

All applications must be submitted using NYSHealth's online application system. A link to the complete application and application instructions can be found in the "Funding Opportunities" section of the NYSHealth website at [www.NYSHealth.org](http://www.NYSHealth.org).

Programmatic questions regarding the application process should be e-mailed to [growthmanagementRFP@nyshealth.org](mailto:growthmanagementRFP@nyshealth.org).

Questions regarding the online application system should be e-mailed to [grantsmanagement@nyshealth.org](mailto:grantsmanagement@nyshealth.org).