OBAMA-BIDEN TRANSITION PROJECT

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Financing Community Health Center Capital Improvement

Physical Capital Needs:

- ***National.*** Recent estimates indicate that total health center capital financing needs over the next two years are approximately **$2.7 billion**. In addition to the legislative language we have attached for improving health centers' access to improved equity and low-cost debt, a **direct appropriation of funds** would yield quick and effective results in funding a significant number of smaller projects currently "in the pipeline". We estimate that approximately 26% of health center capital projects will cost **less than $1,000,000** to complete. Combined, the need for these ready-to-go projects will be **$120.9 million** over the next two years, enough to fund **209** of these smaller projects.

- ***Iowa-specific.*** In Iowa alone, health centers will need more than **$9.3 million** in the next two years. Of that amount, approximately **$3.5 million** will be needed to build and equip **dental** facilities. Attached is a chart prepared by the IA-NE PCA showing the year-by-year capital needs estimates for Iowa CHCs – the PCA estimates that this 2-year funding will fund six medical projects and six dental projects. Although national data on the exact costs of dental upgrades is not available, examples in Iowa and other states indicate that it is reasonable to assume approximately **30% of CHC capital costs** are driven by dental needs.

- ***Legislative solution: Reinstate Section 330 Grant Authority and Provide Corresponding Funding Increases.***

  - **The BUILD Act,** introduced in the 110th Congress by **Sen. Rockefeller (S. 1990),** would reinstate construction authority under Section 330 by authorizing grants and loan guarantees for health center construction, renovation, purchasing or leasing equipment or meeting the costs of refinancing loans. **Passing the BUILD Act would be the fastest and most efficient way to make capital available to CHCs.**

  - **The BUILD Act** authorizes up to 5 percent of total Section 330 funds to be used for capital grants. As such, we request that in addition to making the statutory change contained in the CHC BUILD Act, the economic stimulus package appropriate the full 5 percent (of the FY2009 authorization for Section 330) and provide **$115 million for CHC Capital Improvement Grants** in addition to the final FY09 appropriation**, sufficient to fund 95% of all smaller CHC capital projects** identified above**.**

Health Information Technology Needs:

- **Start-up need.** NACHC estimates that the cost of purchase, adoption, and maintenance of health information technology (HIT) – including Electronic Medical Records (EMR) – for all health centers nationwide is approximately **$600 million**. This does not include the ongoing cost of IT maintenance, which each health center would be responsible for providing.

- **National Data Network.** Additionally, because of the unique nature of health centers' patients, NACHC recommends an additional **$50 million** to fund a national "overlay" network, designed to capture, process and analyze the comprehensive data of all HIT-equipped CHCs. This could be funded through HRSA or contracted to a national entity.

Larger Capital Financing Strategy:

- As we mentioned in our meeting, we have proposed additional legislative measures to improve access to low-cost debt and equity for health centers, and to make existing tools work better. We strongly appreciate **Sen. Harkin conveying his support for the attached language to Finance Chairman Baucus**.