

Immediate Impacts of the Health Center Funding Cliff

Without action by Congress before September 30th, Community Health Centers will face a devastating 70% cut in grant funds. The Department of Health and Human Services estimates that this “funding cliff” will lead to the closure of **2,800 health center sites, 51,000 layoffs of clinicians and other personnel**, and most importantly, a **loss of access to care for more than 9 million patients** nationwide.

The full impact of the funding cliff will not be felt overnight, but it is clear that health centers will be forced to take immediate steps to address this unprecedented disruption in funding. **It is important for Congress to hear directly from health center leaders about the immediate challenges posed to their organizations, their patients, and their communities in light of this uncertainty:**

- *“The potential impact of these cuts is severe. Taking us so close to the cliff and its consequences means I **have to prepare for the worst** with my time and energy over the coming months.”*
- *“It would be risky to spend down our cash reserves in anticipation of a fix to the funding cliff. If the fix was deferred until December it would cause us to slow down or stop a number of activities. As with any business, **uncertainty creates risk and for us primarily two challenges: staffing issues and capital investments**. We have already been holding on capital investments and expansion of programs.”*
- *“We are in the middle of a renovation project to expand services in the community, and the new site is scheduled to open in January 2018. However, **we would have to stop this project** because we could not afford to fund our share, or commit to hiring the additional providers and staff needed to see more patients, or the **additional rent expense** to take on this additional space. This would also result in us being homeless, as our current lease expires in December.”*
- *“Our Board of Directors is set to vote late this month on a bank financing packet to open a \$3 million dental facility in our high need, high poverty community. At this point, it is likely that **the Board will defer on this decision until the funding cliff is fixed**.”*
- *We are preparing to close on a loan for a health center in Houston before December. **This uncertainty, on top of all the other recovery issues we are facing, would be a major blow to these plans**. Contractors are on board and we are prepared to move ahead. But if the cliff isn’t fixed and operating funds become uncertain, financing will be jeopardized and these contractors will surely move on to the many other rebuilding projects that will be necessary in Houston.”*
- *“We have a loan for constructing an expanded facility that opened in 2015. Our loan has debt service requirements, such as maintaining a certain level of revenue, that we would no longer be able to meet. **We could fall into default on the loan, which would have catastrophic consequences** on our operations and ability to care for patients, and also ruin our credit history and ability to borrow financing in the future.”*
- *“Already, many of our staff are asking, ‘will we have a job after Oct. 1?’ and the honest answer is, ‘I don’t know.’ We also have several people on National Health Service Corps (NHSC) loan repayment. **If not for NHSC, we would not have one of our physicians, two of our nurse practitioners, and one of our dental hygienists.**”*

- *“**This cliff could put us out of business in 30 days.** Hard work and penny pinching has allowed us to achieve nearly a month of cash-on-hand, but it will not stretch beyond that timeframe. The hard working healthcare providers in our centers went without raises for 3 years and finally received small ones that did not match with market prices or cover cost of living increases.”*
- *“We are looking to finance a badly needed expansion of clinical space at our main site downtown. Of course, **lenders would not agree to finance this project with the current uncertainty we face.** We are also in the middle of two searches to replace our current dentist and a physician. Both searches would be in jeopardy if the funding uncertainty continues. **Provider recruitment is particularly difficult given the rural nature of our service area.** Most candidates have many employment options available to them and will rule out organizations where financial uncertainty exists.”*
- *If there is any cut or even an interruption in funding, the effects will ripple out for years for all of us when trying to attract top talent, especially those who have to relocate to work here. **A physician will be pretty hesitant to uproot a young family for a job** that could change drastically due to funding problems.”*
- *“If the revenue was uncertain, it would affect future planning and cause us to be in a reactive position. Health centers have been a key place for innovation and this would **put initiatives like dental and substance abuse treatment expansions on hold while the uncertainty remains.**”*
- *“Even if the cliff is fixed eventually, we must prepare for the worst. We can't afford to just assume it will never happen. Even if we never have to implement these terrible cuts, **the planning will cause panic among our staff and I am very concerned it will cause some staff to leave** for more stable jobs.”*
- *“Financing of health center loans is heavily dependent on the stability and consistency of federal grant funding; if the government undermines that historical track record by not extending this funding by September 30th, it will **severely damage not only existing borrowers, but capital flowing to all health centers** for many years to come. While now we can point to a 50+ year history of consistent (and growing) federal funding for health centers, that important track record will be broken. Capital markets hate uncertainty and will inevitably pull back from the sector based on the likelihood of future uncertainty.”*
- *“We are addressing **concerns from our current providers** with young and growing families regarding the future of the health center program. We also have several open positions to fill; one potential and robustly qualified candidate, **decided to not formally submit for candidacy** after further researching the ‘fiscal plight’ of the health centers.”*
- *“What matters most, and may too often go unheard, is the **impact on the patients and families** we serve. Their burdens already may be heavy, and the trust placed in us that is gently constructed over time keeps them connected to their care and their health centers only through continuity. The patients are tuned in to the environment and are understandably anxious and worried even as we affirm and support them.”*