



HUMBOLDT COUNTY

Headwaters Fund

Application for Community Investment Fund Financing for Communities Loan Program

Thank you for your interest in the Headwaters Community Investment Fund. This application form is for the Financing for Communities loan program. It is strongly recommended that you call or email the Headwaters Fund Coordinator before submitting your application.

Phone: 707-445-7745; Email: headwaters@co.humboldt.ca.us

You may submit your application in paper or electronic version. Send or drop off paper application materials to: Headwaters Fund Coordinator, 520 E Street, Eureka, CA 95501. Electronic copies go to: headwaters@co.humboldt.ca.us

This application form, instructions, and information on the Grant Fund may be found on our website at <http://humboldt.gov.org/2194/Loan-Programs> - please review this information, especially the Application Instructions, before completing your application.

APPLICATION PACKET CHECKLIST

- _____ Coversheet (Page 1 of the Application, attached)
- _____ Narrative (5 pages, 12 point font, 1" margins)
- _____ Project Budget with description of matching funds
- _____ List of members of the Board of Directors
- _____ Up to five letters of support
- _____ Copy of IRS 501c3 status
- _____ Most recent copy of financial statement reflecting the loan repayment source

The Headwaters Fund
Community Investment Fund Application-Financing for Communities
COVERSHEET

Date of application: October 10, 2018_____

Organization Name: Southern Humboldt Community Healthcare District_____

Address: 733 Cedar Street Garberville California 95540_____

Director/CEO: Matt Rees_____

Organization Type: Government (type): CA Healthcare Special District

Total current year organizational budget: \$12,388,000___# of FTE employees: 75___

Summarize the organization's mission: To provide high quality local medical services, to promote optimal health, and to assist our patients in navigating access to services throughout the health system.

Project title: Loan to SHCHD to make an IGT deposit that will bring \$1.794 million to the hospital.

Project start date: November 2018 Project end date: Approxiamtely February 2019___

Geographic focus of project: Southern Humboldt County (Garberville)_____

Contact person name and title: Matt Rees, Chief Executive Officer_____

Contact phone: (707) 923-3921 ext: 260___Contact email: mrees@shchd.org_____

Contact address (if different from above):Same as above_____

Are technical, design, and environmental studies complete? Not required for this loan

Amount Requested: \$500,000.00___ Estimated Loan Term: Five months_____

Source of Loan Repayment: Proceeds from the collection of patient accounts receivable and from the District tax parcel tax and _____

Loan Security (description and value): _____

EXPLANATION OF NARRATIVE QUESTIONS

Please answer the questions below, keeping within the recommended space and word limits specified for each. The entire narrative is limited to 10 pages. The 275 word answers should be one page. Answers should be written in 12 point font with 1" margins. For further explanation of outcomes listed below under economic development strategies, please see the Grant Application Instructions.

1) **Summary of project:** The Medi-Cal insurance program routinely pays hospitals 25% of the cost of caring for Medi-Cal beneficiaries. The California DHCS, in conjunction with the Centers for Medicare and Medicaid Services (CMS), creates Inter-governmental Transfers (IGTs) to mitigate some of the underpayments made to hospitals that provide medical services to Medi-Cal patients.

2) **Describe the project including project goals:** This IGT will help fund hospital operations provided to the residents of Southern Humboldt and Northern Mendocino Counties for the period of a few months. The IGT process is occasionally used by DHCS and CMS to increase financial strength of healthcare providers that continuously take financial losses caring for Medi-Cal patients. Typically, the DHCS returns IGT funds to hospitals, with their accompanying matching funds, within four months. There is no private sector collaboration in the IGT process; however, these funds help the hospital to continue to serve patients in the District. Jerold Phelps Community Hospital has the only 24 hours per day emergency room on Highway 101 between Willits and Fortuna, a distance of more than 120 miles.

3) **The Headwaters Fund Board is interested in economic development strategies based on the outcomes listed below:** Receipt of all IGT funds from DHCS is critical to the hospital to be able to meet the health care need of the residents of Southern Humboldt and Northern Mendocino Counties. Losses incurred by caring for Medi-Cal beneficiaries make it impossible to operate a hospital without this program that alleviates some of the Medi-Cal losses. By participating in this IGT the District will be able to maintain current services offered in Garberville.

4) **If the project will directly create jobs, describe how many, whether the jobs are at or above the median wage level, and what kinds of jobs they are.** The District currently employs 75 FTEs, and the funds from the IGT will allow the hospital to operate without any layoffs. Our current minimum wage is \$15.50 per hour, and all full time employees are offered a full suite of benefits, including health insurance.

5) **If appropriate, explain how the project will provide environmental benefits in one or more of the categories listed below.** Not applicable

6) **Explain how the project contributes to the quality of life for Humboldt County residents in any of the categories listed below:** The District operates an acute hospital which includes radiology, a lab, a community clinic, physical therapy, and a skilled nursing department that has eight full-time residents. The hospital allows community

members to access health care locally without having a long drive for similar care. We provide health care to all those who come to the emergency regardless of ability to pay. Having local healthcare makes the community a more desirable place to live.

7) Explain the qualifications the organization, staff and project partners bring to the project:

The administrative team is comprised of a Chief Executive Officer who has over twenty years of healthcare admin experience, a Chief Operating Officer that has been at the hospital for over twenty years, a Chief Nursing Officer who has been an RN for over thirty years, and a chief financial officer with more than thirty years of GAAP experience, and more than five years of medical regulatory experience.

8) Describe the work which has already been done to ensure that this project will be a success:

Members of the admin team have been working on the process since last October. There have been many detailed reports and agreements that have been timely filed that make this program possible. In the calculation of the amount of the IGT detailed revenue by insurance payor were created and imported into a spreadsheet. Eventually we were able to determine that the hospital was compensated a total of \$2.6 million less than the cost of caring for Medi-Cal beneficiaries. The amount of the IGT we will participate in is our percentage of the pool of money made available by CMS.

9) Describe the outcomes expected from the project.

The outcome that will come to pass will be that CMS will fund the IGT and in approximately four months, the hospital will receive the IGT deposit and the matching amount from the DHCS. This program has been approved for many years, and therefore that outcome will absolutely happen. With the receipt of the funds, the District will be able to operate the hospital and clinic in the foreseeable future. The hospital will be able to treat and stabilize patients that come into the emergency room, and the clinic will also be able to treat patients. The District has signed a contract with DHCS that details the amount of the funds that will be received. The entire community will benefit by the hospital continuing to operate.

10) What will be the change in the community if the project has succeeded?: The hospital will be more financially stable, and will be able to continue to provide health care services to the entire community.

11) What are the risks and challenges to successful implementation of the project?:

The administration does not foresee any risks, or even challenges to successful completion of this project.

12) How will the project be sustained after the grant?: It is the experience of the admin team that the DHCS and CMS will eventually propose and carry out additional IGT programs.

13) **What would happen to the project if you did not receive Headwaters Funding?:**

The hospital would lose out on the opportunity to receive this supplement payment, whose purpose is to mitigate losses incurred by treating Medi-Cal beneficiaries. That would force us to cut some medical services currently provided.

ATTACHMENTS

Please attach the following after the project narrative:

Project budget – use the budget format outlined below and include a description of match sources.

Governance - List of your board of directors or council members.

Support Letters – attach documentation of collaboration and/or project need in the form of up to 5 Letters of Support, Letters of Partner Commitment, and/or Memoranda of Understanding.

IRS tax status certification – most recent (for non-profits only)

Organizational financial statement – most recent (expenses, revenue and balance sheet), audited if available

Annual operating budget

PROJECT BUDGET FORMAT

Use the following format for your project budget submittal. You may modify individual “Project Expense Items” depending on your project’s needs (i.e. you do not need to use the expense items shown if they do not apply). For major expenses, please be specific (e.g. instead of listing “Equipment - \$20,000”, write “10 laptop computers - \$20,000”). See Application Instructions for guidelines on overhead costs. You may recreate this form on your computer or download it at www.humboldt.gov/headwaters/2194/Loan-Programs

Project Expense Item	Total Cost (\$)	Requested Amount from Headwaters Grant Fund	Amount from Matching Funds	Source of Matching Funds
<i>Example: Travel</i>	<i>5,000</i>	<i>2,000</i>	<i>3,000</i>	<i>United Way grant</i>
Direct Salaries & Wages (breakdown by individual position & indicate full or part-time; list indirect staff costs in “Overhead- staff related” section below)				
Staff 1:				
Staff 2:... etc.				
Sub-total: all Direct Salaries & Wages				
Benefits & Payroll Taxes				
Consultant & professional fees (specify)				
Travel (describe)				
Equipment (specify)				
Overhead- non-staff related				
Overhead- staff related (breakdown by individual position; include payroll taxes and fringe benefits)				
All Overhead Costs as % of Total Project Cost				
Total Project Cost				

Note 1: “Overhead- non-staff related” includes office supplies, printing, telephone/fax, postage, rent, and utilities.

Note 2: “Overhead- staff related” is comprised of indirect staff costs (e.g. bookkeeper).

Match Sources - list all other funding sources for this project. For each source, list whether the amount is received, committed, application pending, or not yet solicited.