



May 4, 2020

The Honorable Steven Mnuchin
Secretary, U.S. Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Jovita Carranza
Administrator, U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Carranza and Secretary Mnuchin:

On behalf of our [16 member organizations, which serve 858,757 patients for 3.6 million visits each year, in 140 practice locations](#), in the three southernmost California counties of San Diego, Imperial, and Riverside, I am writing to request that the Small Business Administration (SBA) promptly issue guidance to lenders and agents that: (1) indicates that processing and disbursement of covered loans to community health centers (CHCs) be made their priority; (2) that the SBA define the number of employees at CHC practice sites, rather than at an organizational level; and, (3) SBA forbid lenders from removing said priorities from same applications from non-profits, like community health centers, in favor of for-profit small businesses.

Today, CHCs are on the front-line of the COVID-19 crisis testing nearly 60,000 patients nationally all while providing high-quality and affordable primary care services to patients both in-person and virtually, keeping them healthy and at home. Given economic challenges ahead, we anticipate that the demand for the affordable community services CHCs offer will only increase as the pandemic subsides. Even so, CHCs have already faced revenue losses of upwards of \$7.6 billion and without adequate federal supports will not recover.

Potential Extreme Losses

California's CHCs are proud to employ more than 40,000 people who are rapidly responding to the need for screening and testing of COVID-19 patients, while also continuing to address the complex non-COVID-19 related needs of their patients, often the most vulnerable in society. In addition, this organization includes five CHCs that employ more than 500 people, providing affordable, compassionate, and comprehensive quality health care services in a linguistically competent and culturally sensitive manner to improve the health and well-being of the communities they serve. While we are committed to keeping every employee working, as losses mount, these CHCs are being forced to make difficult decisions. That said, the Chief Financial Officers at these five CHCs estimate a loss in revenue from April thru June of more than \$88 million and staff reductions of 1,395. They also have less



than 30 days of reserves on-hand and all report they would sustain an operating deficit and the closure of 46 practice sites.

For these reasons and more, we urgently request the following urgent actions:

Make Community Health Centers a Top Priority in Lender and Agent Guidance

Our five, 500+ employee CHCs meet the extensive requirements to be approved as a “health center” under the Health Resources and Services Administration (HRSA), an agency of the U.S. Department of Health and Human Services (HHS). Sections 330(a)(1) and 330(k)(3)(H) of the Public Health Service Act, which they operate under, directly align with the new language of Section (7)(a)(36)(P)(iv) of the Small Business Act created by Section 1102 (a)(2) of the CARES Act. For this reason, we urge the Small Business Administration quickly implement the statutory requirement to “issue guidance to lenders and agents... to ensure that the processing and disbursement of covered loans prioritizes” health centers authorized under Section 330 of the Public Health Service Act, as well as other entities which meet the priority requirements.

Define the Number of Employees at each CHC Practice Site, Not at the Organization Level

Across the country, roughly 100 health centers have more than 500 employees – five of those are member organizations here. Approximately 1 in 5 of these larger CHCs is in California. Collectively, these CHCs treat an estimated 10 million medically-underserved patients – up to one-third of all health center patients in the country. In rural and urban communities, these organizations distribute their staff across multiple care delivery sites and yet are ineligible for the Paycheck Protection Program (PPP) or Emergency Paid Leave Program due to their total number of employees. The Paycheck Protection Program must be strengthened to enable health center organizations to count employees per physical location (site level) when determining eligibility. The CARES statute allows businesses in the accommodation and food industries to count their employees on a per-site basis when determining eligibility for the Paycheck Protection Program. CHCs must be treated equally and given these same protections.

Forbid Lenders from Removing Priority Status from Applications from Non-Profits, Like CHCs

Community Health Centers across California are reporting that lenders are removing the priority status from their applications in favor of for-profit small businesses. This unfair practice delays not-for-profits’ applications, including CHCs, during a critical time when limited available funding is quickly being claimed. As a direct result, lenders are no longer taking these applications on a “first come, first served” basis, but, worse, prejudice unfairly for-profits’ applicants. This practice is not in keeping with Congressional intent and must be stopped.

I implore you to ensure that Community Health Centers are able to access these sorely-needed funds.

Recognizing the critical role that Community Health Centers play in in the COVID-19 response, accessing PPP loans is essential to our country’s collective success. Investing in CHCs is not only the



right thing to do, but also a smart investment in our shared future. One study showed that during the great recession every federal dollar invested in CHCs yielded a \$2 return on investment.¹

Thank you for your immediate attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Henry H. Tuttle".

Henry Houghteling Tuttle
President and Chief Executive Officer
htuttle@hcpsocal.org

CC: Speaker Pelosi,
U.S. Representatives: Raul Ruiz, Scott Peters, Susan Davis, Juan Vargas, Ken Calvert, Mike Levin, Mark Takano

¹ <https://www.rchnfoundation.org/?p=884>

[Health Center Partners of Southern California](#), a family of companies, includes a 16-membership organization of federally qualified health centers, Indian Health Services Organizations, both urban and sovereign, and Planned Parenthood of the Pacific Southwest, collectively serving 850,000+ patients each year, for 3.6 million patient visits each year, at 140 practice sites across San Diego, Riverside, Imperial counties, with the seventh largest provider group in the region. [2018/2019 Impact Report](#).
