

THE HOME AND COMMUNITY-BASED SERVICES LOAN PROGRAM

PROGRAM GUIDELINES AND APPLICATION

Section I – Introduction and Purpose

The Home and Community-Based Services Loan Program (the program) is administered jointly by the Pennsylvania Department of Human Services' Office of Long Term Living (the department) and the Pennsylvania Economic Development Financing Authority (PEDFA). The primary purpose of this program is to stimulate economic development in the Home and Community Based Services (HCBS) sector.

Financing in the form of loans through the program can be used in support of projects approved by the department and PEDFA which will help the commonwealth achieve its goal of supporting the expansion and access to home and community-based services as part of the development of the commonwealth's Community HealthChoices (CHC) program. Projects may include acquisition of materials (e.g. computers and software needed to network with other organizations) necessary to develop an infrastructure that can support community-based living.

The purpose of these guidelines is to define the eligibility requirements and application procedures for loan applicants.

Section II – Eligibility

A. Eligible Projects

The following types of projects are eligible for HCBS Program Loans (not in order of preference):

1. Those that support providers transitioning to managed long-term services and supports (LTSS) and CHC: www.dhs.pa.gov/citizens/communityhealthchoices/.
2. Those that support providers offering or planning to offer LTSS in the community.
3. Those that support the employment of individuals enrolled in Pennsylvania's LTSS programs and/or those that will expand and strengthen the workforce of individuals who provide services in homes and in the community.
4. Those that support housing initiatives to assist individuals receiving LTSS to locate, obtain and retain affordable, accessible housing.
5. Those that involve technology-based projects that support the ability of LTSS providers to integrate with managed care organizations (MCOs) or systems that holistically support long-term service recipients.
6. Those that may encompass a specific area within a larger project which overall supports Pennsylvania's goal of enhancing and expanding access to LTSS in the community.

Note: Projects involving creation, expansion or adaptation of settings in the community where individuals receive Medicaid HCBS must ensure the setting fully complies with federal requirements relating to allowable settings. Please refer to the following link to learn more about the regulations governing HCBS settings qualities: <https://www.medicaid.gov/medicaid/hcbs/guidance/index.html>.

B. Loan Amounts – Between \$50,000 and \$200,000.

The Department and PEDFA will together determine if minimum financial criteria for each project type are required and, if so, what those specific targets should be.

Section III – Application Submission and Approval Procedures

A. Application Submission

Applications for the program will be accepted by the department on an ongoing basis, subject to availability of funds. The department will process applications on a timely basis in the order in which applications are received.

B. Review Criteria

Applications will be reviewed based on the following factors, (which are not listed in order of precedence or relative value):

1. The application is complete, with clear purpose, outcomes, and milestones.
2. The project provides better availability of and access to, Home and Community-Based Services in its market area. Market research demonstrates that a viable market for the service exists within a reasonably-defined market area.
3. The management team's demonstrated competence and expertise, or access to relevant expertise.
4. The financial strength of the borrower: the borrower must demonstrate (through evaluation of assets, profitability, and cash flow) the ability to adequately fund the project through to completion of the project and repayment of the loan. In some cases guarantees may be required.
5. Geographic distribution and diversity of service delivery modalities.
6. The project's ability to help the commonwealth in meeting it's managed long-term services and supports goal.
7. The project's anticipated long-term viability.
8. The project's linkages and/or collaborations with other organizations or initiatives in the area such as Community HealthChoices.
9. The project creates jobs in the local area.

C. Contact Information and How-to-Apply

Please submit a completed application to:

Department of Human Services
Office of Long-Term Living, Bureau of Quality and Provider Management
Forum Place, 6th Floor
555 Walnut St.
Harrisburg, PA 17101
ra-oltl@pa.gov
717-772-2570

D. General Processing Information

The department will process the applications.

1. The department and PEDFA will undertake appropriate evaluation and due diligence based on review of the submitted documents, site visits, and interviews with management.
2. The team will rely upon the written opinions of such independent certified and licensed professionals as may be contracted by the borrower (such as CPAs and attorneys) as well as certifications, licenses, and surveys conducted by outside organizations (such as Health Department surveys, or insurance industry ratings) for information regarding those areas of inquiry.
3. In the event that serious discrepancies, falsifications, or compliance concerns are identified, the department will first raise the concern directly with the borrower and provide a reasonable time for explanation or correction. If neither is provided, the matter will be referred to the appropriate enforcement agency, upon approval by the department's legal counsel.
4. In order to maximize the distribution of available funding, and to best achieve statewide goals, the department may change any of the deadlines, processing requirements and priorities set forth in these Guidelines. Depending upon market conditions, the department may reserve some available funding to accommodate changes that may occur and to adjust to market conditions and opportunities. The department reserves the right to modify the guidelines and all related documents without formal amendment or public hearings.
5. The department and PEDFA will review the applications and select among the borrowers based on underwriting criteria which may be promulgated and/or altered from time-to-time, with priority given to projects demonstrating an ability to move forward. Loan amounts may be targeted based upon community impact, preservation of existing providers and services, geographic distribution, and market conditions in effect when the department reviews the applications.

6. Upon review of the application, department staff may, but is under no obligation to, advise the borrower of incongruities, discrepancies or incomplete items and may allow the applicant to clarify or supplement the original submission.
7. Funding is not guaranteed to any party, regardless of the results of the evaluation process. Based upon the demand for funds, the funds reserved for any one applicant (or related entity or material participant) or development in any specific jurisdiction or within a particular sector may be limited at the discretion of the department. Moreover, the department reserves the right to amend, modify or waive specific nonmaterial submission requirements or requisite documentation to best achieve its goals in the commonwealth.
8. The department reserves the right, at any time, to require submission of such documentation or additional support as it deems necessary to evidence any of the items set forth herein including, without limitation, additional independent market studies, independent appraisals, evidence of property location and accurate deed and title information, independent capital needs assessments and opinions of qualified counsel or certified public accountants and will impose additional documentation or clarifying information as further set forth herein.

APPLICATION INSTRUCTIONS

In addition to the Core Application below, the following must be provided to the department:

Section 1 Loan Application Cover Letter

Provide a narrative containing no less than:

Date; Legal Name of Borrower/Applicant; Statement of loan request; Loan amount; Intent of Loan; Signature of Authorized Officer

Section 2 Organizational Documents

Organizational documents such as articles of incorporation and bylaws, operating agreement or partnership agreement of the borrower and any guarantor/service affiliated entity (*a guarantor/service entity is any affiliated company which will be guaranteeing debt or providing services to the borrower per the financial projections*)

Federal Employer Identification Number (FEIN)

Authorizing Action authorizing the project, application, and loan

Description of Governing Board(s), list of members of the Board (if applicable)

Contact information for the Board of Directors (if applicable)

Evidence of nonprofit status and federal tax-exempt status

Organization Chart/Description that includes the relationship to any guarantor/service affiliated entity

Section 3 Borrower's Qualifications

History of HCB program services and supports (include number of years the borrower has provided a specific LTSS service or product)

Number of participants the borrower serves in HCBS settings

Section 4 Market Study (if applicable)

Identify the target groups and populations.

Demographic assessment – *This should include at a minimum the target populations in the primary and secondary markets, and the penetration rates to achieve financial stability*

Competition – *amount of saturation of the same, or similar, product offerings in the marketing area*

Market validation process/checklist – *please include any process you have for quantifying the markets' response to your plans once operational*

Map detailing project location, significant roads, and geographical issues (*roads, boundaries, etc.*)

Section 5 Marketing Plan

Describe the unique brand and/or niche of the project

Preliminary marketing plan – *including referral source development*

Preliminary marketing budget

Sample marketing materials

Section 6 Operations and Services Plan

Organization Chart – *of the operating departments and staff*

QA/CQI Plan – *including system description, reporting, and examples*

Other key management systems – *description and examples of any other management systems or processes that the borrower intends to employ that will help to ensure the success of the project*

Services Policy manual – *could be called the operations policy manual, clinical policy manual, etc.*

List of service contracts in place or to be developed

Sample Service contract (*as applicable*)

Provider network plan (*as applicable*)

Section 7 Financial Statements and Projections

Projected pro forma (Income, Balance sheet, and cash flow) – *monthly for two years or until breakeven, yearly after that for up to five years*

Income statements, balance sheets, and cash flow statements of sponsoring, service/affiliated, and guarantor organizations

Summary of assumptions to pro forma

Certified audits of sponsoring/servicing/ and affiliated supporting organizations

Most recent two unaudited financial reports – (*last two months*)

Annual Report – (*if applicable*)

Proof of insurance –

- *general liability*
- *property*
- *casualty*
- *business interruption*
- *workers compensation*

Proof of reserves – *if required*

Section 8 Collateral Description

List the collateral that may be used to secure the loan and its value(s), which may include any of the following: mortgage on properties owned or to be acquired as part of the project, security interest on machinery, equipment, business assets, and intangibles. Please indicate whether collateral offered secures any other financing.

Section 9 Management/Personnel Plan

Development and Management Team – *Leadership roles, biographies, resumes, related experience*

Hiring process and timelines

Training Plan – *Please describe the process of training new staff, as well as ongoing in-service training, and provide examples of existing materials*

Personnel policy manual

Section 10 Physical Environment (if applicable)

Location

Design/Layout

Inspection reports/Certificate of Occupancy

Fire Marshall Report

Emergency and Disaster Plan

Infection Control Plan

Transportation & Maintenance plan

Section 11 Infrastructure Development

Computer hardware/software upgrades

Specialized equipment

Personnel training (*e.g. specialized equipment, computer programs*)

Section 12 Other

Project timeline (*milestones*)

Collaborations with other providers



CORE APPLICATION

Date of Application _____

A. BORROWER INFORMATION

Borrower: _____
(FIRM)

(CONTACT PERSON)

(STREET)

(CITY, STATE, AND ZIP)

(_____) _____ (_____) _____
(PHONE NUMBER) (FAX NUMBER) (EMAIL ADDRESS)

(TAX IDENTIFICATION NUMBER)

GUARANTOR INFORMATION

Guarantor: _____
(FIRM)

(CONTACT PERSON)

(STREET)

(CITY, STATE, AND ZIP)

(_____) _____ (_____) _____
(PHONE NUMBER) (FAX NUMBER) (EMAIL ADDRESS)

(PERCENT OF OWNERHIP) (TAX IDENTIFICATION NUMBER)

LENDER INFORMATION

Lender: _____
(FIRM)

(CONTACT PERSON)

(STREET)

(CITY, STATE, AND ZIP)

(_____) _____ (_____) _____
(PHONE NUMBER) (FAX NUMBER) (EMAIL ADDRESS)

(TAX IDENTIFICATION NUMBER)

Attorney: _____
(FIRM)

(CONTACT PERSON)

(STREET)

(CITY, STATE, AND ZIP)

(_____) _____ (_____) _____
(PHONE NUMBER) (FAX NUMBER) (EMAIL ADDRESS)

(TAX IDENTIFICATION NUMBER)

B. LOCATION OF PROPOSED PROJECT

Type of Funded Activity _____

Site Address(es) _____

(If more than one location, list each separate property address. Use separate sheet, if necessary)

City _____ Zip Code _____

Township _____ County _____

Census Tract No. _____ Census Block No. _____

House District _____ Senate District _____ Congressional District _____

C. DESCRIPTION OF PROJECT

Attach a comprehensive description of this project. The narrative must specifically address each cost item identified in the project budget. In general, the narrative must include:

- A. Specific problems to be addressed or improvement to be financed
- B. Project description
- C. If part of a larger project, an overall project description
- D. Project schedule, key milestones and dates
- E. Documentation to support budget costs

D. SOURCES AND USES OF FUNDS

Note: Please skip categories of requested information that are not applicable to the project. If the project is encompassed in a larger project, use columns (2) through (4) for applicable information of other projects.

Include all sources of assistance and project costs.

<i>Sources</i>	<i>(1) HC-BSLP</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>Total</i>
<i>Type of Assistance</i>					
ACQUISITION					
<i>Land</i>					
<i>Buildings</i>					
<i>Subtotal</i>					
GENERAL CONSTRUCTION					
<i>New Construction</i>					
<i>Renovations</i>					
<i>Subtotal</i>					
INFRASTRUCTURE/ SITE PREPARATION					
<i>Roads & Streets</i>					
<i>Parking</i>					
<i>Water/Sewer</i>					
<i>Utilities</i>					

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<i>Sources</i>	<i>(1) HC-BSLP</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>Total</i>
<i>Demolition</i>					
<i>Excavation/Grading</i>					
<i>Environmental Cleanup</i>					
<i>Subtotal</i>					
MACHINERY & EQUIPMENT					
<i>New Equipment Purchase</i>					
<i>Used Equipment Purchase</i>					
<i>Upgrade Existing (i.e. computer upgrades)</i>					
<i>Installation/Building</i>					
<i>Modification</i>					
<i>Vehicles</i>					
<i>Subtotal</i>					
OPERATING / WORKING CAPITAL					
<i>Working Capital</i>					
<i>Salaries & Fringe Benefits</i>					
<i>Training & Technical</i>					
<i>Assistance</i>					
<i>Consumable Supplies</i>					
<i>Travel</i>					
<i>Promotion/Public Relations/Advertising</i>					
<i>Office Equipment</i>					
<i>Space</i>					
<i>Audit</i>					
<i>Indirect</i>					
<i>Subtotal</i>					
RELATED COSTS					
<i>Professional Services/ Consultants</i>					
<i>Engineering</i>					
<i>Inspections</i>					
<i>Fees</i>					
<i>Insurance</i>					

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Sources	(1) HC-BSLP	(2)	(3)	(4)	Total
<i>Environmental Assessment</i>					
<i>Legal</i>					
<i>Closing</i>					
<i>Contingencies</i>					
<i>Subtotal</i>					
OTHER					
<i>Other</i>					
Subtotal					
TOTAL					

APPLICANT'S CERTIFICATION

The applicant hereby certifies that all representations and documentation provided by the applicant and development team in connection with the development and this application are, to the best of the applicant's knowledge, information and belief, true, correct, and complete. The applicant covenants to provide accurate and timely information to the department and to advise the department of any changes in this information throughout the application process.

In the event the department determines, in its sole discretion, that the applicant or a member of the development team knowingly withheld, misrepresented or fabricated information or documentation submitted to the department, the department may reject the application or take other appropriate action.

The applicant hereby certifies that it is in compliance with all applicable program requirements in which it has a material ownership or participation interest.

Furthermore, the applicant represents that it will furnish promptly such other supporting information and documents as may be requested during loan processing. The applicant consents to all program compliance and financial statement investigations and credit bureau inquiries that the department deems appropriate. In addition, the applicant agrees that it will comply with all applicable federal, state and local laws, rules and regulations regarding discrimination, sexual harassment, and will comply with all other applicable federal, state and local laws, guidelines, rules and regulations. The applicant will promptly disclose any federal or state audits or investigation or inquiries of it during the pending of this application.

The applicant agrees that in making decisions, it does not and has not relied on any statement or information supplied by the department, but will seek and rely exclusively on its own independent counsel and advisors. By execution of this application, the applicant understands and agrees that the department may conduct its own independent review and analysis of the information contained herein and in the attachments and exhibits hereto, that any such review and analysis will be made for the sole and exclusive benefit of the department.

The applicant acknowledges and releases, discharges and holds the department harmless from any and all actions taken by it in relation to this application and hereby acknowledges that all information submitted or gathered by the department in the review of the application is the sole property of the department and may become public information.

WITNESS:

BY:

NAME

APPLICANT/DEVELOPER (TYPE OR PRINT)

DATE

SIGNATURE

TITLE

PUBLIC OFFICIAL EMPLOYEES DISCLOSURE STATEMENT

Municipality, County: _____

1. Have you or any of the other persons among the entities involved in the application or members of your immediate family or business associates held positions as public officials or public employees within the last two years? _____ Yes _____ No

If "yes," please identify the persons, their relationship to the development sponsors, the public employer, the title of the position held, and a short description of job responsibilities.

2. Do you or any of the other persons or entities involved in the application or members of your immediate family or business associates presently hold positions as public officials or public employees? _____ Yes _____ No

If "yes" and not fully described above, describe as per question 1.

3. Is the participation of any member of the applicant's team prohibited by or in any way regulated by the terms of his or her regular employment? _____ Yes _____ No

If "yes," explain fully.

4. Have you or any of the other persons involved in the application or members of their immediate family been employed by the Commonwealth of Pennsylvania in the last five years? _____ Yes _____ No

If "yes," identify the position held and the date of separation from the Commonwealth of Pennsylvania.

I verify that the foregoing information is true and correct. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

APPLICANT DATE