

Report to the North Carolina General Assembly

Submitted by the North Carolina Association of Free and Charitable Clinics on September 30, 2021

The North Carolina Association of Free and Charitable Clinics (NCAFCC) respectfully submits this report to Members of the North Carolina General Assembly in accordance with Section 3.3(32) of NC Session Law 2021-1 which requires NCAFCC to submit by October 1, 2021 a report on the use of appropriated funds. This report summarizes NCAFCC's use of funds from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act and is submitted pursuant to the requirements of Session Law 2021-1 and represents an update to the prior report submitted on June 30, 2021.

Background

On May 4, 2020, the North Carolina General Assembly appropriated \$5 million through Session Law 2020-4 to NCAFCC early in the COVID-19 pandemic for distribution to our Members to cover the cost of eligible health services provided during the COVID-19 emergency. The period of performance was retroactive, beginning on March 1, 2020 through December 30, 2020. Session Law 2020-80 was subsequently enacted on July 1, 2020 and increased this appropriation to \$7.425 million and expanded the use of the funds to other costs allowed pursuant to federal guidance. On September 4, 2020, NCAFCC was appropriated through Session Law 2020-97 an additional \$5 million, bringing the total 2020 state appropriation to NCAFCC to \$12.425 million. NC Session Law 2021-1, passed on February 10, 2021, extended the use of the appropriation to the deadline established by applicable federal law and guidance.

NCAFCC represents 72 free and charitable clinics and pharmacies serving the needs of 86 counties across the state that are a part of the state's primary care safety net. (Please see p. 4-5 for a NCAFCC membership listing). NCAFCC's clinics and pharmacies address the health care needs of the uninsured and are supported primarily through private donations and the generous volunteerism of over 5,000 healthcare workers. Without the ongoing intervention of safety-net providers like NCAFCC's clinics and pharmacies during the pandemic, uninsured patients will seek care at hospital emergency departments at a time when our State is trying to reserve scarce hospital services for COVID-19 patients in serious or critical condition. These circumstances are further exacerbated by the recent upsurge in Delta variant infections. Due to volunteers and community contributions, free and charitable clinics' costs to provide care are just a fraction of the costs of care at a hospital emergency room.

NCAFCC's recent 2020 Annual Outcomes Survey confirmed the impact of the COVID-19 pandemic on Member organizations. A significant decrease in volunteerism was experienced across Member organizations in 2020 due to COVID-19 risk (a decrease of 1,725 volunteers from 2019, including 506 physicians, 523 nurses/CMAs/CNAs and 62 pharmacists), necessitating the hiring of new staff to offset the loss of volunteers (123 new staff hired in 2020, including 40 full-time and 83 part-time positions). At the same time, large numbers of new patients sought care at Member clinics in 2020, many of whom were unemployed as a result of the pandemic. Due to COVID-19, fundraising efforts have been curtailed due to limits on gatherings and charitable giving to clinics has decreased, all while new patient counts have increased. All these factors created a perfect storm of financial vulnerability for Members. The 2020 appropriations were a lifeline for NCAFCC's Members.

Scope of Work

As the Recipient of this appropriation, NCAFCC has distributed funds to Member free and charitable clinics and pharmacies (our "Subrecipients") to provide eligible health services to their patients. The term "eligible health services" and all other

aspects of the Recipient’s obligations under the grant contract have been interpreted and applied consistent with the CARES Act enacted by the U.S. Congress, as well as U.S. Treasury and North Carolina Pandemic Recovery Office (NCPRO) guidance documents.

Except for minimal funds used to cover grant-related administrative expenses incurred by NCAFCC as authorized by the contract with NCPRO, funds appropriated to NCAFCC from the Coronavirus Relief Fund have been allocated to participating Subrecipients through an allocation plan that was submitted to the NC General Assembly’s Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division initially on July 8, 2020, with a revised plan submitted on October 9, 2020 in response to additional funds appropriated to NCAFCC by Session Law 2020-97. Each allocation plan was based upon three factors identified for each Member as of March 1, 2020: the number of unduplicated patients served; weekly hours of operation and the scope of medical, dental and/or pharmacy services rendered.

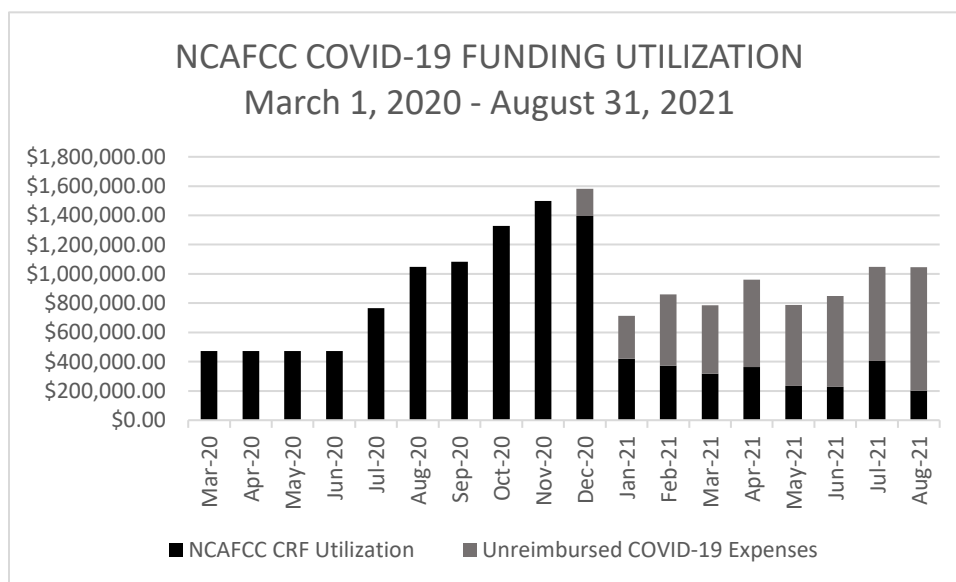
Grant management activities were centralized within NCAFCC to ensure compliance with contractual obligations, and to streamline communication and reporting requirements for our participating Subrecipients. Our internal process has been to distribute funds to Subrecipients only after a full review and approval of all expenditures occurs.

Performance Through August 31, 2021

During the period of March 1, 2020 through August 31, 2021, sixty of NCAFCC’s Members participated in the grant, collectively expending \$11,551,365.30 toward eligible health services related to the COVID-19 emergency. These Subrecipients provided medical, dental, behavioral health, pharmaceutical and social services to 25,022 new patients, many of whom were newly uninsured due to the COVID-19 pandemic. NCAFCC’s Subrecipients have provided healthcare services to an average of 15,500 patients per month during the performance period. The start of 2021 marked many Subrecipients’ initial efforts to support COVID-19 vaccination across the state and to date, 34,679 COVID-19 vaccines have been administered by our Subrecipients to their patients and community, many of whom represent underserved and historically marginalized populations.

Importantly, Subrecipients cared for 4,572 confirmed COVID-19 patients as well as 13,045 suspected COVID-19 patients. Sadly, to date, 41 COVID-19 patient deaths have been reported by our Subrecipients, most of which were in January 2021 and, unfortunately, more recently in August 2021. NCAFCC’s Subrecipients, like all North Carolinians, are weathering the surge caused by the Delta variant.

The graph below illustrates NCAFCC’s use of Coronavirus Relief Funds (CRF) to date to reimburse Members:



The graph shows reimbursement payments to Members, as well as the eligible health care costs incurred by NCAFCC Members that have not been reimbursed (\$4,690,634.23). As demonstrated above, CRF utilization has decreased significantly in 2021 as 72% of our Subrecipients have met their individual allocations per NCAFCC’s Funding Methodology and Allocation Plan. These expenses have not been reimbursed from funds appropriated by the Coronavirus

Relief Fund due to them being in excess of individual Subrecipient allocations. Given limitations on fundraising activities over the last year, these expenses represent a sustainability concern for free and charitable clinics in the North Carolina.

Total COVID-19 Expenses Per Category (incurred expenses, but not all have been covered by Coronavirus Relief Funds due to individual allocations being met):

- **Employee Expenses: \$13,455,865.24**
Payroll and benefits cost of credentialed, clinical employees who were substantially dedicated to the COVID-19 health emergency at Subrecipient organizations and the hourly cost for other staff who were engaged in COVID-19 related activities.
- **Contract Labor Expenses: \$1,702,768.02**
COVID-19 related activities for contract labor during the COVID-19 health emergency at Subrecipient organizations.
- **Subcontract Expenses: \$310,775.44**
Renovations to accommodate social distancing and infection control at Subrecipient facilities.
- **Goods Expenses: \$356,350.20**
Cost to purchase sanitizing and disinfecting supplies, personal protective equipment and other COVID-19 related goods.
- **Equipment Expenses: \$314,260.57**
Costs for securing equipment to enable telehealth capacity, COVID-19 screening and testing equipment, air purifying equipment and COVID-19 vaccine storage equipment.
- **Other Expenses: \$96,522.54**
Miscellaneous expenses such as service fees for telehealth needs, as well as cleaning/disinfecting services.

TOTAL: \$16,236,542.01 (for period March 1, 2020 through August 31, 2021)

2021 Outlook – Additional Funding Needed

The total of Coronavirus Relief Funds remaining unspent by NCAFCC as of August 31, 2021 is \$873,634.70 for the 17 Subrecipients with funding remaining in their individual allocations. However, for those 43 Subrecipients who have exhausted their allocations to date, they continue to incur significant COVID-19 expenses amounting so far to \$4,690,634.23. With a planned closure of the NCPRO grant and redistribution of remaining funds per our allocation methodology in late 2021, NCAFCC expects to utilize the full \$12,425,000 across all participating Subrecipients. Our final report will be issued to the NC General Assembly no later than January 1, 2022.

With the recent Delta variant surge, newly emerging COVID-19 variants potentially capable of evading vaccines, current eligible incurred expenses exceeding \$1 million per month and \$4,690,634.23 in unreimbursed COVID-19 costs currently incurred, NCAFCC has respectfully requested an additional appropriation of up to \$15 million to sustain the provision of eligible health care expenses into 2022. An additional appropriation for NCAFCC would enable its Member clinics to be reimbursed for eligible health care expenses for the continued care for uninsured patients across North Carolina, many of whom are at high risk of severe COVID disease and/or long-term consequences from COVID-19 illness. Unlike Federally Qualified Health Centers (FQHCs) who will receive a direct federal appropriation from the American Rescue Plan Act of 2021 (ARP), or Rural Health Centers who are eligible for direct federal grants through ARP, NC's free and charitable clinics rely only upon resources generated from within our state for their survival. Board chairman Tony Price, also CEO of Moore Free and Charitable Clinic (MFCC) in Southern Pines anticipates, "As with most free and charitable clinics, MFCC continues to struggle financially due to the inability to raise funds during the pandemic. While the NCPRO grant [state appropriation] was critical in keeping our doors open to serve people in need throughout 2020, the funding and volunteer challenges continue in 2021, and additional support from our state leadership would allow for sustainability and would help us continue to make a difference." NCAFCC gratefully acknowledges that the House (\$15 million) and Senate (\$8.5 million) have proposed appropriations in response to NCAFCC's funding requests.

NCAFCC Member Organization	City
ABCCM Doctors' Medical Clinic	Asheville
Albemarle Hospital Foundation	Elizabeth City
Alliance Medical Ministry	Raleigh
Blue Ridge Mountains Health Project, Inc.	Cashiers
Broad Street Clinic Foundation	Morehead City
Camino Community Development Corp.	Charlotte
Campbell University Community Care Clinic	Buies Creek
Cape Fear Clinic, Inc.	Wilmington
Care Ring	Charlotte
Catholic Charities-Senior Pharmacy Program	New Bern
Chatham CARES Community Pharmacy	Siler City
Christ Community Clinic	Wilmington
Community Care Center for Forsyth County	Winston Salem
Community Care Clinic Boone	Boone
Community Care Clinic of Dare County	Nags Head
Community Care Clinic of Franklin	Franklin
Community Care Clinic of Highlands-Cashiers	Highlands
Community Care Clinic of Rowan County	Salisbury
Community Clinic of High Point	High Point
Community Free Clinic	Concord
Community Health Services of Union County	Monroe
Crisis Control Ministry	Winston Salem
Davidson Medical Ministries Clinic, Inc.	Lexington
DEAC Clinic - WFU School of Medicine	Winston Salem
Diakonos, Inc. Fifth Street Ministries	Statesville
Free Clinic of Rockingham County, Inc.	Reidsville
Good Samaritan Clinic	Morganton
Grace Clinic of Yadkin Valley	Elkin
Greater Hickory Cooperative Christian Ministry	Hickory
Greenville Community Shelter Clinic	Greenville
Hands of Hope Medical Clinic	Yadkinville
Healing with CAARE, Inc.	Durham
HealthQuest of Union County	Monroe
HealthReach Community Clinic	Mooreville
Helping Hand Clinic, Inc.	Sanford
Helping Hands Clinic of Caldwell County	Lenoir
HOPE Clinic	Bayboro
John P. Murray Community Care Clinic	Albemarle
Lake Norman Community Health Clinic	Huntersville
Mariam Clinic	Cary
Matthews Free Medical Clinic	Matthews
Medication Assistance Program, Guilford Co.	Greensboro
MERCI Clinic	New Bern
Moore Free and Charitable Care Clinic	Southern Pines
Mustard Seed Community Health	Greensboro
NC MedAssist	Charlotte

New Hope Clinic	Southport
New Stories Health & Wellness Center	Winston Salem
Oakmont Baptist Church Medical Clinic	Greenville
Onslow Community Outreach (Caring Community Clinic)	Jacksonville
Open Door Clinic of Alamance County	Burlington
Pitt County Care Clinic	Greenville
Samaritan Health Center	Durham
Scotland Community Health Clinic	Launrinburg
Senior PharmAssist	Durham
SHAC/UNC Chapel Hill	Carrboro
Shelter Health Services, Inc.	Charlotte
Shepherds Care Medical Clinic	Zebulon
Smith Family Wellness/Project 658	Charlotte
St. Joseph Primary Care	Raleigh
Surry Medical Ministries	Mount Airy
Swain County Caring Corner	Bryson City
The Ada Jenkins Center Free Medical Clinic	Davidson
The CARE Clinic, Inc., Fayetteville	Fayetteville
The Free Clinics (Henderson County Free Medical Clinic)	Hendersonville
The Hunger and Health Coalition	Boone
The Shalom Project, Inc.	Winston Salem
Urban Ministries of Wake County	Raleigh
Vecinos	Cullowhee
Wake Smiles	Raleigh
Wayne Health Foundation dba WATCH	Goldsboro
WFBH Mobile Clinic	Winston Salem