



April 6, 2020

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

Dear Ms. Carranza:

On behalf of our nation’s 1,400 Community Health Centers, and the nearly 30 million medically-underserved patients they treat, ***I am writing to request that, as instructed in the CARES statute, the Small Business Administration promptly “issue guidance to lenders and agents... to ensure that the processing and disbursement of covered loans prioritizes” health centers, as they meet two of the statutorily-defined criteria for prioritization.***

Community Health Centers (commonly known as “health centers”) are community-based, patient-governed health care providers that form the backbone of our nation’s health care safety net. At more than 12,000 sites across the country, health centers provide primary, dental, and mental health services to all individuals, regardless of ability to pay. Roughly a quarter of health center patients are uninsured, and over 70% have incomes below the Federal poverty level. Health centers charge patients on a sliding fee scale based on ability to pay, ensuring that nobody is denied care.

Health centers are very appreciative of the extraordinary work that you and your staff have performed in past month in response to the COVID-19 pandemic. Launching the \$349 billion Paycheck Protection Program in just over a week was an impressive achievement. Regarding this program, we would like to draw your attention to Section 1102 (a)(2) of the [CARES Act](#), which added the following language as Section (7)(a)(36)(P)(iv) of the Small Business Act (*emphasis added*):

“(iv) SENSE OF THE SENATE.—It is the sense of the Senate that the Administrator should issue guidance to lenders and agents to ensure that ***the processing and disbursement of covered loans prioritizes*** small business concerns and entities in ***underserved and rural markets***, including veterans and members of the military community, ***small business concerns owned and controlled by socially and economically disadvantaged individuals*** (as defined in section 8(d)(3)(C)), women, and businesses in operation for less than 2 years.”

To be approved as a “health center”, an entity must demonstrate to Health Resources and Services Administration (HRSA), an agency of the US Department of Health and Human Services (HHS), that it meets an [extensive list of requirements](#) outlined in Section 330 of the Public Health Service Act. Two of these requirements are consistent with the criteria established in Section (7)(a)(36)(P)(iv) for applicants that merit priority in the processing and disbursement of PPP loans. These PPP prioritization criteria, and the Section 330 requirements demonstrating that all HRSA-approved health centers meet them, are as follows:

- **PPP Prioritization criteria: “underserved and rural markets”:**

Section 330(a)(1) reads as follows:

“the term “health center” means an entity that serves a population that is medically underserved, or a special medically underserved population comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing”

- **PPP Prioritization criteria: “concerns owned and controlled by socially and economically disadvantaged individuals”**

Section 330(k)(3)(H) requires that:

“the center has established a governing board which... is composed of individuals, a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center”

Both of these subsections of the PHS Act are attached for your reference.

Thus, health centers have already been approved by another Federal agency – HHS/HRSA -- as meeting the criteria to receive prioritization for Paycheck Protection Loans. For this reason, we request that 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 who meet the prioritization requirements. ***As Paycheck Protections Loans are being approved on a first-come-first-served basis, and given concerns that demand may far exceed the level of funds available, we ask that you issue this guidance as soon as possible.***

Lenders can easily identify health center applicants, as they will be able to provide either:

- A Notice of Award, or
- A Notice of Look-Alike Designation

issued by HHS/ HRSA, under the Consolidated Health Centers Program (aka Section 330 of the PHS Act).

My staff would be happy to provide you with additional information that may be helpful in preparing the prioritization guidance. If you have any questions, please contact Colleen Meiman at 301-906-5958 or [cmeiman@nachc.org](mailto:cmeiman@nachc.org).

Sincerely,

A handwritten signature in black ink that reads "Tom Van Coverden". The signature is written in a cursive style and is positioned above a thin yellow horizontal line.

Tom Van Coverden  
President and Chief Executive Officer

**Attachment:**  
**Statutory References Demonstrating that HRSA-approved Health Centers meet the  
criteria for prioritization of PPP loan applications**

To be approved as a “health center”, an entity must demonstrate to the Health Resources and Services Administration (HRSA), an agency of the US Department of Health and Human Services, that it meets an [extensive list of requirements](#) outlined in Section 330 of the Public Health Service Act. These requirements include two of the criteria established in Section (7)(a)(36)(P)(iv) for priority in the processing and disbursement of PPP loans; namely, to “serve underserved markets” and be “controlled by socially and economically disadvantaged individuals.” Because they have already been approved by the Federal government as meeting these criteria, all HRSA-approved health centers should receive priority in the processing and disbursement for Paycheck Protection Loans.

**Statutory requirement for health centers to serve underserved areas or populations:**

(a) “Health center” defined

(1) In general

For purposes of this section, the term “health center” means ***an entity that serves a population that is medically underserved, or a special medically underserved population*** comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing, by providing, either through the staff and supporting resources of the center or through contracts or cooperative arrangements—

- (A) required primary health services (as defined in subsection (b)(1) of this section); and
- (B) as may be appropriate for particular centers, additional health services (as defined in subsection (b)(2) of this section) necessary for the adequate support of the primary health services required under subparagraph (A);

for all residents of the area served by the center (hereafter referred to in this section as the “catchment area”).

**Statutory requirement for health centers to be “owned and controlled by socially and economically disadvantaged individuals”**

(k) Applications...

**(3)** Requirements: Except as provided in subsection (e)(1)(B) or subsection (e)(6) of this section, the Secretary may not approve an application for a grant under subparagraph (A) or (B) of subsection (e)(1) of this section unless the Secretary determines that the entity for which the application is submitted is a health center (within the meaning of subsection (a) of this section) and that—...

**(H)** the center has established a governing board which except in the case of an entity operated by an Indian tribe or tribal or Indian organization under the Indian Self-Determination Act [[25 U.S.C. 450f](#) et seq.] or an urban Indian organization under the Indian Health Care Improvement Act ([25 U.S.C. 1651](#) et seq.)—

***(i) is composed of individuals, a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center;***