

June, 2009

Dear Hospital CEO:

Is your hospital taking advantage of a dynamic strategic revenue and program opportunity? Concurrently, this same opportunity could help streamline operational effectiveness and efficiencies, along with mitigating ambulatory cost subsidies. What we are talking about is Federally Qualified Health Centers (FQHCs). Clearly, many of our hospital clients have pondered if they should be in or not be in the primary care business. As such, they have engaged us to perform comprehensive community needs assessments, feasibility studies, and due diligence technical assistance relative to transition and conversion of their hospital-based outpatient areas to FQHCs.

Through the Obama Administration's Stimulus Package, the advantages have never been better. Traditionally, Executive Resources, LLC (EXEC) has discussed with our hospital clients the pros and cons of FQHCs of which benefits include, but are not limited to the following: enhanced Medicaid and Medicare reimbursement, malpractice insurance coverage through the Federal Tort Claims Act, grant potential, 340B Drug Pricing Program, etc. But now, FQHC development is further enhanced with the Obama Administration's grant assistance to create more primary care access throughout our country, especially regarding the provision in FQHCs. Consider the following example for a hospital that was formerly a hospital-based outpatient clinic and in 2009 was granted full FQHC provider status (U.S. Public Health Service, Section 330 grant funded) by the Federal government:

Section 330 Grant	\$1,300,000 (2 years)
Increased Demand for Services IDS Grant	100,000
Capital Improvement Program CIP Grant	250,000 (2 years)
Base Period Adjustment	<u>17,000</u>
Total Federal Startup Grants	\$1,667,000

If you thought before of FQHC development and at that time, it was not "right" for your hospital, today, the timing could not be better. If interested, please call us at 732-974-7200 and discuss with EXEC's team how we can assist your hospital relative to the FQHC development process.

Sincerely yours,

**Executive Resources, LLC**