Health care is community reinvestment: Examples from the mental health field

by Marva Williams and Desiree Hatcher

Places with thriving local economies, decent schools, quality public amenities, lower crime rates, and high civic engagement and employment levels tend to have healthier, longer-lived populations, and less incidence of mental illness. In fact, many comprehensive community development programs now include facilities for general medical as well as mental health service providers, in addition to more traditional components such as affordable housing, job training, and small business development.

Financial institutions are a critical source of support for community development. They provide financing for small businesses that create employment opportunities, finance the home purchases of lower-income families, and make investments in a variety of community projects and organizations.

This article explores how financial institutions have financed mental health clinics that serve lower-income adults and children. The first section highlights examples of correlations between poverty, stress, and incidence of mental illness and the shortage of affordable mental health services for lower-income adults and children.

The second section profiles three mental health clinics: two in Chicago and one in Des Moines, Iowa. Cathedral Counseling Center, Trilogy Behavioral Healthcare, and Children and Families of Iowa, which provide mental health services to lower-income people, have established essential relationships with financial institutions. These partnerships have helped the organizations acquire new office space, maintain buildings, and increase working capital in order to expand services and better meet the needs of their target populations.

The third and last section describes how these partnerships can benefit financial institutions. It explains that not only are these relationships good for the institution's bottom line, but that they may also help banks meet their Community Reinvestment Act (CRA) requirements, which encourages banks to provide financial services, loans, and investments across their entire assessment area, including lower-income communities.

Linkages between poverty and mental illness

It is clear that there is a correlation between people living in poverty and incidence of mental illness. Lower-income adults and children are about two to three times more likely to have mental disorders than higher income people. Research has linked this higher incidence of illness to sociological, environmental, and other sources of stress that people in more affluent areas do not experience.[1]

An examination of stress documents this pattern. A 2014 study found that 36 percent of those with incomes below $20,000 reported experiencing high levels of stress and 53 percent believed that financial problems contributed to their stress. Further, 74 percent of those experiencing 'a great deal of stress' believe that their physical and emotional health had suffered as a result.[2] Another source of stress is living in disadvantaged communities. Some studies have found that a community's economic profile has a higher level of association with mental illnesses than individual socioeconomic indicators.[3] Experiencing or witnessing repeated violence and/or criminal activity can trigger stress. In more extreme cases, individuals may also suffer from post-traumatic stress disorder (PTSD), a serious mental disorder.

There also exists a significant shortage of mental health services for lower-income people. Accordingly, many people living in poverty go untreated. Therapy, when and where available, is also expensive. A 2010 study of adults, found the most frequent reason people gave for not receiving mental health services was cost.[4] Further, people who receive prescriptions for medication may not have health insurance or other means to purchase the medicine. Finally, the inability for teachers, parents, and others to recognize mental health issues as well as distrust of mental health professionals further undermines access to services.[5]

Partnerships between mental health providers and financial institutions

Following are three profiles of partnerships between nonprofit mental health service providers to lower-income people and financial institutions. Cathedral Counseling Center and Trilogy Behavioral Healthcare, located in Chicago, and Children and Families of Iowa, in Des Moines, have each developed relationships with financial institutions that have enabled them to reach important organizational goals.

Cathedral Counseling Center

Formed in 1974, Cathedral Counseling Center (CCC) is a nonprofit organization that provides a comprehensive range of mental health services for low- and moderate-income adults and children. CCC offers individual therapy and psychiatric services for clients challenged with alcohol and other substance abuse; anger and conflict management; mental illnesses; and emotional trauma, among other issues. It also provides group counseling, as well as premarital and couple counseling. Last, CCC has professional therapy education for clergy and mental health clinicians, and supervision for mental health professionals.

CCC was founded by an Episcopal minister and funded by Episcopal Charities and Community Services, a Chicago-based funder of programs in the diocese. Since its founding, CCC has grown into a major center, with offices in downtown Chicago, as well as Hyde Park and Evanston, to the south and north of the city center. In 2014, more than 1,000 clients were served by CCC. CCC clients must be able to pay at least a portion of their bills; however, most of their patients are low income. In 2014, almost 40 percent of its clients had income below $10,000 and an additional 32 percent had incomes between $10,000 and $29,999. The agency receives 75 percent of its income from client fees and insurance, and 25 percent through fundraising.

Relationship with a financial institution

By 2005, CCC had outgrown its space in a Chicago Episcopal church, which limited its ability to expand therapeutic services. A board director of CCC referred the staff to IFF (formerly Illinois Facilities Fund) to conduct an analysis of their space needs and available options. IFF is a community development financial institution (CDFI) that provides loans for community facilities, such as charter schools, housing, grocery stores, primary care clinics, and recreation centers. Headquartered in Chicago, IFF has a 12-state service region, including all five Seventh District states: Illinois, Wisconsin, Iowa, Michigan, and Indiana. IFF also offers real estate development and facility consulting, a critical need for many service organizations, which may not have expertise on staff to determine overall facility feasibility, or even optimal use of space for service delivery and administrative functions. IFF receives funding from a variety of sources, including investments and grants from regulated financial institutions, which may be eligible to receive CRA credit for IFF projects that benefit lower-income communities.

IFF completed a feasibility study for CCC on the purchase of office space, which was preferred by the CCC board of directors to renting space. The feasibility study resulted in a $1.8 million purchase of office condominium space in downtown Chicago in 2006. The project was financed by an $840,000 capital campaign and a $1 million loan from IFF. As CCC continued to grow, the board decided to expand to the entire floor of the building in 2013, resulting in a $1.4 million acquisition and construction project. The same development team was used for the 2013 project, with IFF serving as consultant. The expansion was financed by a capital campaign that netted over $175,000 and an additional IFF loan for approximately $1.2 million. The space allowed the organization to expand its counseling services and improve the office's accessibility for people with disabilities.

The role of IFF for these projects was essential. CCC staff had no experience with real estate development or financing, and needed the expertise of IFF to execute the expansion. IFF provided assistance in purchase negotiation, design, contractor selection, and construction oversight to manage the project budget and development. In addition, CCC needed a trusted partner that could advocate for its interests with the development team. Further, IFF carefully balanced the financial capacity of CCC in order to repay the loans that financed the purchase and rehabilitation.

Trilogy Behavioral Healthcare

Trilogy Behavioral Healthcare's (Trilogy) mission is to promote recovery from serious mental illness. Founded in 1971, the agency provides counseling for people with mental health diagnoses. Trilogy's services include individual and group therapy, case management, and medication management. It also has a linguistically and culturally competent therapy program for Latinos and a drop-in center that is open every day. Trilogy also provides supportive services, such as housing, housing advocacy, employment counseling, and occupational therapy, to help get people back to work. Their residential program offers a range of services from supportive housing to 24-hour residential assistance at three sites.

Trilogy partners with the state of Illinois to provide independent living opportunities for people who reside at nursing homes. A 2007 lawsuit alleged that the state of Illinois was not complying with the American with Disabilities Act (ADA) by limiting the housing options for people with mental disabilities to nursing homes. In 2011, the US District Court found that people with mental illnesses have the right to choose to live in community-based settings. As a result, the state entered a consent decree that requires it to provide funding to Trilogy to pay for supportive services that enable people with mental illnesses to live more independently. The funding enabled Trilogy to create a team of eight new staff positions, which has since expanded to ten teams of eight staff, to support alternative housing for people with a mental health diagnosis. Support includes a client's first month rent, security deposit, and furniture. Trilogy staff train clients in independent living skills at 'practice apartments' and after the clients obtain their own apartments, a trained peer provides coaching and support through a home support program.

Trilogy also provides a range of other services. It works with police, and parole and probation staff to provide mental health services to formerly incarcerated people with acute psychiatric symptoms. Trilogy also partners with several area hospitals and homeless shelters in Chicago and Evanston (a Chicago suburb) to provide homeless individuals with mental health services. The organization also promotes integrated mental and physical health care. It partners with the Heartland Alliance, an anti-poverty organization, on a health clinic in one of Chicago's most diverse neighborhoods that serves approximately 1,500 adults annually.

Over 90 percent of clients of Trilogy are low income and eligible for Medicaid. The organization also provides services to the working poor without health insurance at low or no cost.

The agency has grown significantly. Trilogy has 300 employees, up from 75 ten years ago. In addition, the agency budget increased by $5 million to nearly $12 million from 2006 to 2014, and the organization now has four locations aside from its main facility in Rogers Park, across socioeconomically diverse neighborhoods in Chicago and a nearby suburb. Trilogy raises funds through various private sources to assist its clients in meeting basic needs, including groceries, medicine, and housing.

Relationships with a financial institution

Trilogy has been a customer of a large national bank with headquarters in a Chicago suburb since 2012. The bank provides all the financial service accounts for the organization as well as a $3 million line of credit. This line of credit allows Trilogy to manage slow payments from the state of Illinois. The bank also made a loan to Trilogy to conduct maintenance and repairs to its Rogers Park headquarters. Further, a senior vice president at their bank serves on the Trilogy board of directors.

The financial institution initially began its involvement with Trilogy based on its ability to repay its loans—it was a purely business relationship. However, it has expanded to opportunities to provide its advice on financial matters related to Trilogy.

Children and Families of Iowa

Established over 125 years ago, Children and Families of Iowa (CFI) was founded to promote adoptions of homeless children. Since that time the agency has grown to a staff of 300 with an annual budget of $16 million. CFI provides services to families throughout Iowa, helping them tackle challenges such as domestic violence and lack of health care, as well as providing teen programs, support to adults like guidance for foster and adoptive parents, early education centers for preschool children, and home health care services.

A substantial component of CFI's work includes mental health therapy, with over 80 percent of its clients having low or moderate incomes. Offered in Des Moines, and three other cities in Iowa, CFI's mental health therapy focuses on improving the relationship between parents and their children. The goal of their work with parents is to improve their parenting skills and to overcome family conflicts. CFI also offers individual and group therapy for people with mental health disorders and for children who have experienced trauma or are overcoming other difficulties. In addition, CFI has several programs that offer group therapy to complement its individualized treatment, including substance abuse counseling and domestic violence treatment programs. The agency supplied mental health services to 1,169 children and adults in 2016.

CFI retains 20 licensed counselors. Services are paid by Medicaid and private insurance, or individuals pay on a sliding fee scale based on their income. The organization does not reject anyone due to an inability to pay for counseling.

Relationships with a financial institution

A large state chartered bank headquartered in Des Moines has been a long-term partner of CFI. This relationship started when the agency's executive director was contacted by the bank's president to discuss challenges at CFI, as well as new programmatic plans.

Although it has not provided loans to the agency and the agency does not hold its transaction accounts there, the bank remains involved in CFI in multiple ways. A senior bank officer serves as the president of the CFI foundation's board of directors, which engages in fundraising for CFI. This officer is an advocate for CFI in meetings with potential donors, state agencies, and the organization's accreditation agency.

The bank provides several reasons for its involvement in CFI. The senior bank officer is personally interested in supporting kids and families in need. In addition, volunteerism is a major platform for bank staff and volunteer activities are a component of all annual personnel goals. In fact, the bank has provided multiple volunteers for CFI events. Last, bank leadership views community involvement as good for business because it improves market recognition for the institution. These efforts are reflected in the bank's outstanding CRA ratings since 2004.

Partnerships are a win/win for mental health agencies and financial institutions

Financial institutions establish relationships with agencies that provide mental health services to lower-income adults and children for several reasons, including the potential to increase revenue, marketing of the bank, and compliance with the Community Reinvestment Act (CRA).

Bank services such as loans and financial services are sources of revenue for the bank. Agencies that provide needed health services, and can support debt through a combination of subsidy, philanthropy, and user fees, represent one promising area for bank lending and investment, whether banks invest alone or in partnership with nonprofit financial organizations. Encouraging volunteer and other services to nonprofit agencies reinforces the community involvement of bank staff, and increases their knowledge of the bank's assessment area. Banks can also benefit from the good will and marketing by providing support to nonprofit organizations.

Financial institutions can receive CRA credit for these partnerships.

CRA is a federal law that encourages regulated financial institutions to make loans, services, and investments across their geographic markets (which follow political boundaries and for compliance purposes are termed "assessment areas"), including lower-income communities. Regulators must take into account the bank's record of helping to meet the community credit needs when considering applications for certain actions including branching, mergers, acquisitions, and consolidations.[6]

Financial institutions are evaluated under different CRA examination procedures based upon their asset-size classification. The evaluation of intermediate, small, and large size institutions includes a review of community development loan, investment, and service activity.[7] The regulation defines community development as having a primary purpose of affordable housing; community services targeted to low- and moderate-income individuals; activities that promote economic development; and activities that revitalize or stabilize areas designated as low- and moderate-income, disaster, or distressed or underserved nonmetropolitan middle-income.[8] Investments in community development financial institutions (CDFIs) like IFF, which provide services in lower-income communities, may also be recognized as a CRA activity.[9]

The Federal Financial Institutions Examination Council, comprised of the Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC), adopted the Community Reinvestment Act Interagency Questions and Answers (Q&A) to offer guidance on the interpretation and application of the CRA regulations. Though not exhaustive, the guidance also provides examples of CRA qualified activities. The Q&A identifies loans to and qualified investments in health care facilities that serve low- and moderate-income individuals as examples of activities for which institutions may receive credit under CRA. Further, examples of community development services include providing technical assistance on financial matters to nonprofits. Technical assistance activities that are related to the provision of financial services and that might be provided to community development organizations include serving on the board of directors.[10]

Though the Q&A provides examples of CRA qualified activities, the amount of weight given to each activity may vary for each institution. No two banks are exactly alike; each bank is evaluated based on performance context. The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated.[11] Institutions are therefore advised to consult their regulatory agency regarding how specific activities will be evaluated.

Notes

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