

RESOURCE —

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A FINANCIAL GUIDE TO COMMUNITY CARE HUBS — MODULE 1

Achieving Financial Stability



**Partnership to Align
Community Care**

partnership2acc.org

Introduction

The community care hub (CCH)¹ has emerged as a popular organizational model to help enable local community-based organizations (CBOs) to participate in the delivery of healthcare-funded community care services. This structure saves each CBO having to create its own costly administrative infrastructure (business development, data exchange, revenue cycle management, and compliance). The CCH holds out the promise of community-centeredness, efficiency, quality, and ease of navigation, but is also an additional layer of infrastructure within the healthcare and community care ecosystem that requires dedicated resources to survive. In order to fulfill its potential, the CCH must be able to generate additional value in the form of revenue that exceeds its additional costs.

This brief is the first in a series covering key elements of a CCH's strategic business development function. It is written for non-profit and governmental leaders who are contemplating (or have recently embarked on) creating a CCH. It is structured as a series of questions to be analyzed by a set of community stakeholders considering embarking on the creation of a CCH, or the leaders of an existing CCH. These questions cover the market conditions that are prerequisites for pursuing a CCH and informs the development of a financial model to test the viability of a CCH, including strategies for financing start-up costs, managing expenses, and maximizing revenue.

This brief does not contain step-by-step instructions to build a model; you will need someone who has familiarity with Excel or other spreadsheet software who can help you create the fields, formulas, and logic that are the essence of a financial model.

Key Questions

1. Should we start a CCH?

Creating and sustaining a CCH is no small task and is not always the right decision for a community. The infrastructure and activities of a CCH are significant and expensive, requiring an adequate scale of contracted services to sustain financially. A new CCH should only be created where there is a demonstrated need, no existing structure to meet that need, and market opportunities creating a viable pathway to financial sustainability. Here are some considerations to help you answer this preliminary question.

¹ A community care hub is defined as a community-focused entity that organizes and supports a network of community-based organizations (CBOs) providing services to address health-related social needs (HRSNs). A community care hub centralizes administrative functions and operational infrastructure, including, but not limited to, contracting with healthcare organizations, payment operations, management of referrals, service delivery fidelity and compliance, technology, information security, data collection, and reporting. A community care hub has trusted relationships with and understands the capacities of local community-based and healthcare organizations and fosters crosssector collaborations that practice community governance with authentic local voices. For more on community care hubs, see [Community Care Hubs: Making Social Care Happen](#).

a. Does a CCH exist in your region?

If there is an existing CCH that covers your geographic area or an adjoining area, then the first step is to approach that CCH about potentially partnering.² If that CCH is already providing the services you provide, then joining their network may be the best option. If the CCH does not yet provide the services, then there may be an opportunity to explore a partnership that leverages the CCH's existing infrastructure and your services, partners, and other assets.

The appropriate geographic size of a CCH is not well-defined. There are CCHs that cover a portion of a state and there are CCHs that cover multiple states. There is growing recognition that outside of the largest metro areas, a single county cannot support a CCH and that hubs that cover larger geographic areas are both more attractive to payers and better able to produce economies of scale.

b. Is there a market opportunity for a CCH?

If there is no CCH that currently covers or is willing to cover your geography, that alone is not enough to justify creating a CCH. You must first determine whether there are adequate market opportunities to justify the investment and sustain the ongoing operations of a CCH. Using ***The CCH Guide to Performing a Market Assessment***, a group of leaders can gather data to start to understand the healthcare landscape and appetite for contracted community care services. Armed with this information, you can begin to identify whether there are business opportunities to support launching a CCH in a particular market.

If you ultimately determine that it makes financial sense to create a new CCH, it may be worth exploring the opportunity to partner with existing, more mature CCHs that have established IT systems, workforce development programs, and processes and workflows that can help accelerate formation of the new CCH and reduce its cost. Also, you will have to consider who houses that CCH and what the legal structure is. ***The Community Guide to Selecting a Legal and Contracting Structure for a Community Care Hub*** describes four different options, ranging from housing it within an existing organization to developing a joint venture among several partners or creating a brand-new non-profit organization. The type of structure you choose will impact some of the cost and revenue considerations, as discussed below.

c. Are there adequate scale and revenue opportunities to support a CCH?

The existence of some market opportunities is still not sufficient to justify launching a new CCH. You should first determine whether there is a potential volume of revenue opportunities to warrant significant investments in a CCH. While the exact revenue opportunity is not knowable, there are standard practices that will enable you to estimate potential revenue and compare it to likely costs to determine whether a CCH is financially sustainable.

² A searchable map of current CCHs is available at [National Map of Community Care Hubs - Center of Excellence](#).



A major value of a CCH lies in the shared services and infrastructure that can support individual CBOs to participate in healthcare-funded social care activities. Many of the costs associated with building a CCH, including its governance structure, compliance infrastructure, and business development capacity, are fixed (or relatively fixed) costs. Whether the CCH has one contract or two dozen contracts, it must incur the cost of these activities. Covering those costs is much easier when the CCH is supported by numerous contracts with multiple payers and funders that cover tens or hundreds of thousands of potential service recipients.³ In other words, **economies of scale are critical to the success of a CCH.**

Financial modeling can help you estimate your potential revenue and compare it to the projected costs associated with earning that revenue to determine whether and under what conditions your CCH is financially viable. You can use or adapt existing financial models or have an in-house finance or data analysis team or an external consultant help create a customized financial model.

2. How do you create and use a financial model to evaluate the sustainability of a CCH?

a. What is financial modeling?

Financial modeling involves the creation of one or more spreadsheets that help to forecast costs and revenue in order to inform strategic business decisions under different conditions and assumptions. The model might include an income statement (profit and loss), cash flow statements (timing around receipt and payment of funds), staffing models, etc. The model should span multiple years and include start-up costs as well as operating costs.

b. When should you create a financial model?

Financial modeling should be a recurring activity within the CCH, starting with the initial decision of whether or not to create a CCH and extending into various investments and pursuit of new business opportunities. The exercise of creating and running a financial model is particularly helpful for a new CCH leadership team as the process of building the model helps ensure identification and quantification of all likely costs and sources of revenue. It can

³ Uncommon Solutions, a mission-driven consulting firm that has been supporting the rollout of community care hubs in Washington state, has developed a true hub cost model. Based on volume, cost and revenue analysis of a number of CCHs in Washington State and beyond, as well as national exemplars, Uncommon Solutions concluded that a sustainable minimum viable hub size for WA was 10-20K lives, with a target of under \$2,000 cost per life. Though the tool is not publicly available, the [Uncommon Solutions](#) team can be reached to discuss use of the model.

produce calculations and visualizations that allow you to explain your financial condition and requirements to your board, funders, payers, network members, and government partners. Building a multi-year model enables you to see the likely evolution over time, including the potential shortfalls that often accompany the beginning of a project or occur after a grant expires, as well as the combination of factors (including pace of scaling) that are necessary to achieve financial sustainability.

When building a model, you will want to use formulas that enable you to modify various inputs/assumptions (e.g. contract volume, contract payment rate, CBO payment rate, etc.) and generate variable estimates of profit or loss. This form of scenario planning allows you to see a likely range of outcomes when there are multiple areas of uncertainty.

A financial model is not only useful for planning purposes, but also as a management tool. Updating the model with actual costs and revenue as you go will identify areas where your assumptions were unrealistic or too conservative. The model can also help highlight cost areas that need to be managed more carefully.

c. What information is required to create a model?

In order to create a financial model, you will need to determine certain information which will serve as inputs to the model. One often uses good faith estimates where precise figures are not available. The more specific and accurate the data that goes into the model, the more reliable the conclusions generated. That said, you shouldn't let uncertainty about the numbers keep you from creating a model; your level of confidence in the figures can grow over time based on research and experience. In some cases, you might consider using a range of numbers from optimistic to pessimistic in order to understand the scale of risk.

Estimating Costs

In order to calculate CCH costs, you will need to estimate the following:

- CCH start-up costs
 - Number of months to go from beginning to build the CCH to serving your first client. (Note: Negotiating and implementing contracts routinely takes much longer than expected, with many reporting a year or more from the start of conversations with a payer to the first client served).
 - Start-up staff (e.g. leadership, business development, network development and management, etc.) with percentage time and effort allocation,⁴ salary, and fringe rate.
 - Overhead/indirect costs or rate (includes the CCH's portion of rent, furniture, equipment, leadership and administrative staff, and other shared expenses, if part of an organization that has non-CCH programs).
 - Consultants/contractors for strategy support, legal services, IT system design, workforce training, etc.
 - Capacity building grants to hub members (if available and necessary).

⁴ For certain job responsibilities a CCH may only require a portion of a person's time. If the person is already employed by the host organization and has non-CCH responsibilities, you can include only the required portion of the person's time. In some cases, a CCH partner may be willing to provide a portion of someone's time as an in-kind contribution. It's a good idea to include that amount as a cost (even though it doesn't require outside revenue) to understand the hub's true cost.

- CCH operating costs
 - Start-up staff plus additional operating positions (e.g. data analysis, revenue cycle/billing, quality improvement) with percentage time and effort allocation, salary, and fringe rate. You will want to estimate when different positions begin and what level of effort is required at different phases of operations.
 - Consultant/contractor costs (e.g. training, IT, etc.)
 - IT system and other direct costs (often requires assumptions about number of software licenses to calculate cost)
 - Revenue cycle management costs (e.g. software platform or fees to an outsourced billing company).
- CBO payment rates
 - Reimbursement rate based on CBO direct and indirect costs plus possible margin (payment method may vary depending on contracts and arrangement with CBO members – see [Resource Guide-A Health Plan's Guide to Paying CBOs for Social Care](#)).
 - Staffing ratios, particularly for screening/navigation and care/case management

Estimating Revenue

On the revenue side, you will want to consider a wide range of potential opportunities available to a CCH and its network, including grants, invoice and claims-based contracts, or Medicare reimbursement. The [Guide to CCH Revenue Opportunities](#) describes these different options as well as the required capacities to be eligible for them.

Estimating contract revenue requires you to make estimates about the types of services, potential volume, and service price using the information gathered during your market assessment. These estimates should reflect the fact that operational workflows, including referral pathways, take time to mature and reach full capacity.

In addition to traditional healthcare contracts, CCHs should be creative about how its administrative and network capacities can be put to use to generate earned revenue. For example, the CCH's infrastructure including its organization of a vast network of CBOs may position it to support state government for activities such as outreach to Medicaid beneficiaries to ensure continued eligibility during periods such as the post-pandemic redetermination processes or future implementation of work requirements. The network might also be well suited to play a supportive role to hospitals and county public health departments as they fulfill their community needs assessment requirements. Similarly, as a CCH develops more advanced capacities, they may be able to help other communities serve their local population through shared services or partnerships.

To calculate revenue, you will need to estimate the following:

- Available start-up capital – grants, loans, reserves, in-kind contributions, etc.
- Per service payment rates for different business lines
- Volume of services provided
- Time to contract and pace at which implementation occurs (services scale)

Once you have good faith estimates about the cost and revenue inputs, you can set about populating a financial model. Once you build the logic of the model, you may want to create multiple versions of the model with different assumptions around key factors like start-up time, service volume and pacing, and payment rates. You should ensure that your model allows you to change service volume in one place and see the implications both in terms of reduced cost (requires more or less staff) and corresponding revenue.

3. How can you finance start-up costs?

As discussed above, a CCH will require start-up costs before it can generate service revenue. There are a number of options for financing these up-front capital investments:

- **Grants:** Start-up funds may be available through one-time grants from government, philanthropic foundations, or healthcare investments (e.g. hospital community benefit or health plan community investment).⁵ Some of these grant opportunities will be publicly available (e.g. US Aging's Center of Excellence to Align Social Care) while other times CBO leaders can work with local philanthropy to explain the opportunity and value of a CCH and craft a grant investment proposal.
- **Reserves/working capital:** Financially healthy CBOs maintain financial reserves and working capital that allow them to self-fund investments to pursue new business opportunities. A new CCH may rely on a mix of grants and reserves/working capital to fund the initial start-up and early operations phase until contract revenue is sufficient to cover costs.
- **Loans/line of credit:** CBOs are much less likely to consider taking out a loan or line of credit in order to finance the start-up period of a CCH because of the financial risk. Nevertheless, if you have a strong business plan and a solid pipeline of opportunities, there are various options available to CBOs to access capital from private markets. Organizations like community development financing institutions (CDFI) are required to invest in projects that support low income, low wealth, or otherwise underserved populations.

If you are financing start-up costs using a loan or reserves, your financial model should incorporate the cost of repayment of those sources over time.

⁵ For example, Common Spirit, a national network of Catholic hospitals, has invested more than \$XX million in the formation of CCHs in more than fifteen markets. They also provide technical assistance to help accelerate CCH development



4. How can you manage expenses?

Like any business or nonprofit organization, a CCH should carefully manage its expenses to avoid creating an unsustainable cost structure. This requires careful planning at the outset, particularly if the availability of grant funds removes some of the immediate financial pressure.

The costs of starting and maintaining a CCH will vary by region and organizational structure. CCHs that are created within existing organizations with significant non-CCH programs that rely on (and pay for) administrative capacity are often more efficient (because of economies of scale) than a standalone CCH. Similarly, CCHs that are created as joint ventures of existing organizations may have access to in-kind resource investments that can lessen the financial expenses that the CCH is responsible for.

There are a number of additional ways CCHs can manage their expenses to optimize their efficiency.

a. Stage development

A fully mature CCH⁶ can be a costly and complex system. When starting, it can be tempting to design and build all the components of a fully mature CCH, especially if there are significant start-up funds available, even if there isn't enough work to warrant those investments. A sophisticated CCH must be willing to stage capacity building based on need. A CCH should also be focused on building the essential components (e.g. securing contracts, recruiting high quality CBOs, etc.) while non-essential components (e.g. extensive governance committee structures or investing in a deep bench of CBOs) may take a backseat until the CCH begins to generate significant revenue. There's no uniform recipe for what is essential – this will require strategic conversations among the CCH leadership and its core partners.

⁶ See [Functions-of-a-Mature-Community-Care-Hub-May-2023.pdf](#)

b. Leverage existing staff

Staff salaries are often the largest part of any non-profit, including a CCH. Hiring experienced and sophisticated staff for roles involving business development, network management, evaluation, and revenue cycle management can be expensive. In its formative stages, a CCH often does not need a full-time staff person in any of these roles. It can be cost-effective to “purchase” some portion of an experienced staff person’s time, whether they are employed by an existing organization in which the CCH is a new department or separate LLC or by a partner in a joint venture that has formed a CCH.⁷ Sometimes, in the case of a joint venture between multiple organizations, one or more of the organizations will provide some staff or services “in-kind” without cost to the CCH. Of course, this is never truly “free” and creates opportunity costs for the host organization, ie. things that they cannot do because they are now spending some amount of time helping to create and grow the CCH. It also requires appropriate planning and accountability measures so the assigned staff are not just trying to do more work in the same amount of time, which can risk delays, reduced quality, or burnout. It’s also important to identify and manage any conflicts of interest that might arise from staff playing different roles for the same or different organizations.

c. Carefully choose what to build vs. buy

A CCH requires specialized services like legal, revenue cycle management, data analytics, and IT management. If a nascent CCH doesn’t have access to these services through existing staff of the host organization or founding partners, it can purchase these services from service providers or hire staff to perform these functions. In general, the CCH will pay more per hour for a contracted service provider than for employed staff, but if the CCH needs significantly less than one FTE of very specialized services, it can be more cost-effective to contract for those services. Choosing a contractor or consultant also requires more than selecting the lowest cost option – it can be very helpful to consult other CCHs for their advice and referrals.

Partnering with experienced CCHs for certain types of services and capacities may be a good option for a new CCH to start-up quickly and cost-effectively.⁸ Across the country, there are more than a dozen experienced CCHs that have established infrastructure, including IT systems, call centers, contracted CBO workflows, etc. Some are already using that infrastructure to support programs and services outside of their core geography. A new CCH may want to explore whether an existing advanced CCH can extend their current operations (or some portion of it) into a new geography as a contracted partner.

On the other hand, in-house staff in certain positions (particularly around business development and operations) can bring value beyond the specialized tasks that need to be performed. As a part of the in-house leadership team, they contribute their deep experience and knowledge to a newly developing culture and organizational strategy. Some organizations find that they can get similar value from a contracted expert or consultant if they choose the individual or firm carefully and structure their engagement in ways that are designed to contribute a broader strategic approach and not just perform narrow activities.

⁷ See The Community Guide to Selecting a Legal and Contracting Structure for a Community Care Hub. <https://www.partnership2asc.org/wp-content/uploads/2025/11/FINAL-Guide-to-Selecting-a-Legal-Contracting-Structure-for-a-CCH.pdf>

⁸ For help identifying existing CCHs that might be well-positioned to support a newer CCH, contact the Partnership to Align Community Care.

Ultimately the calculus of whether it makes sense to buy or build can change over time and requires a careful assessment of the amount of work required, the need for specialization, and the availability of talent who can join a team and contribute beyond their narrow role.

Conclusion

A community care hub is a promising mechanism to strengthen access to health-related community care services, but viability is not guaranteed—success depends on understanding the market, projecting realistic costs and revenue, securing start-up capital, and scaling operations at a pace aligned with demand. Financial modeling is not merely a budgeting exercise, but a strategic tool for decision-making, risk planning, and ongoing management. By grounding decisions in data, building capacity incrementally, and seeking partnerships that reduce administrative burden and expand reach, community leaders can position a CCH to thrive. With clear-eyed analysis and adaptive financial stewardship, a CCH can move from concept to sustainable engine for community well-being.





Partnership to Align Community Care

The Partnership to Align Community Care (“Partnership”) is a learning, sharing, and change collaborative whose purpose is to advance and scale sustainable and aligned health and community care delivery systems through cross-sector collaboration leveraging Community Care Hubs (CCHs) to promote whole-person health. The Partnership consists of leaders from across the healthcare and social care sectors, including health plans, health systems, providers, community-based organizations, national associations, and government. Partnership stakeholders collectively advance initiatives that build awareness about the role of CCHs in addressing upstream drivers of health, expand clinical integration by strengthening billing and coding pathways to better support CCH-delivered services, and create resources to elevate innovative practices and mitigate challenges for health care entities, community organizations, and community care providers pursuing cost-effective, high-quality care.

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For more information about the Partnership to Align Community Care, visit www.partnership2acc.org.