



Planning for Growth: Health Center Board and Staff Training



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Capital Link - Overview

- Launched in 1995, nonprofit, HRSA national cooperative partner
- Offices in MA, CA, CO, ME, MO, SC, and WV
- **Over \$1 billion** in financing for **over 218** capital projects (about 10% of current health center facility space)
 - **Direct assistance** to health centers and complementary nonprofit organizations in planning for and financing operational growth and capital needs
 - **Industry vision and leadership** in the development of strategies for organizational, facilities, operational, and financial improvements
 - **Metrics and analytical services** for measuring health center impact, evaluating financial and operating trends and promoting performance improvement

Agenda

BEGIN



ANALYZE



PLAN



FINANCE



ACT





Market and Operational Environments of Community Health Centers

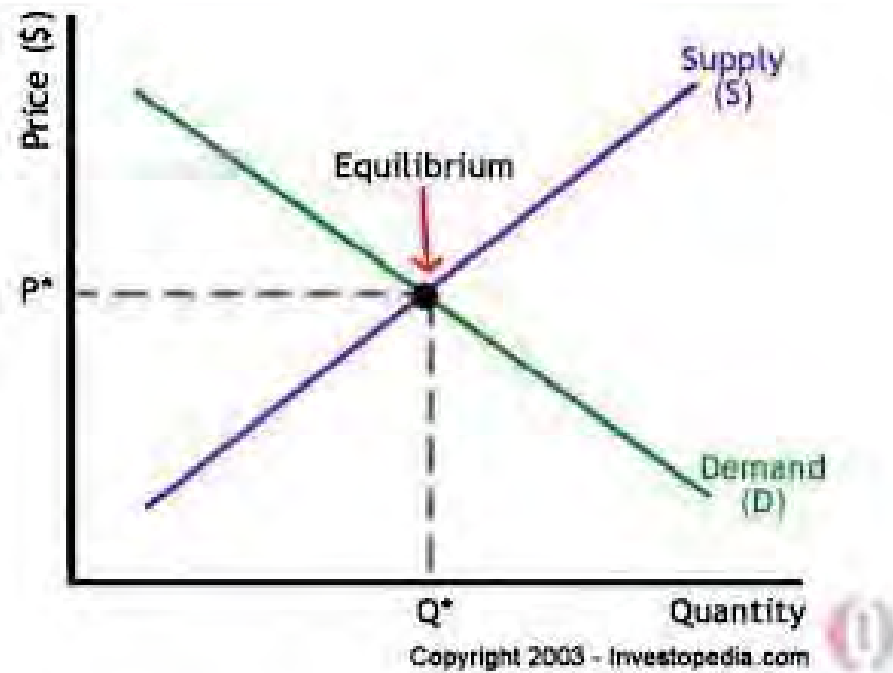


Market Considerations

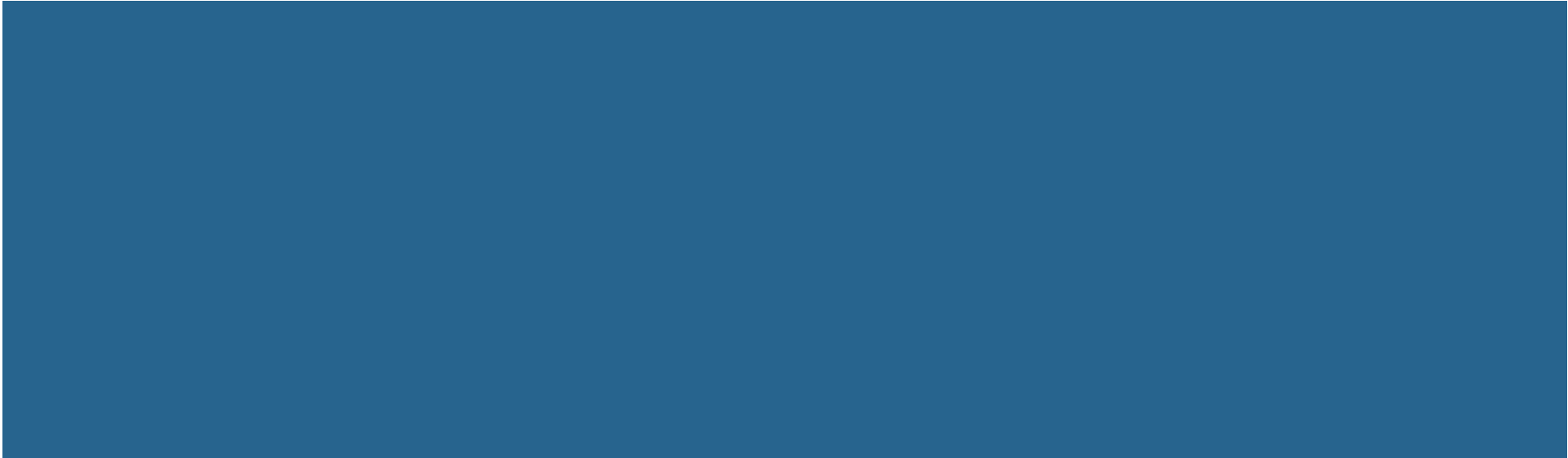
- Other Providers and Services
- Politics
- Health Reform
- Collaborations and Opportunities
- Information...Speed, Data Quantity, and Quality
- HRSA Initiatives

Operational Considerations

- Integrated Services
- Services in Demand, Resources in Demand
- Leadership
- Board of Directors
- Current Factors
- Data Collection



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- Strategic Planning
- Debt Capacity
- Market Assessment
- Operational Assessment
- Facility Assessment

BEGIN



Strategic Planning



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Strategic Planning



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Strategic Planning



Download a free copy online:

<http://www.caplink.org/resources/publications>

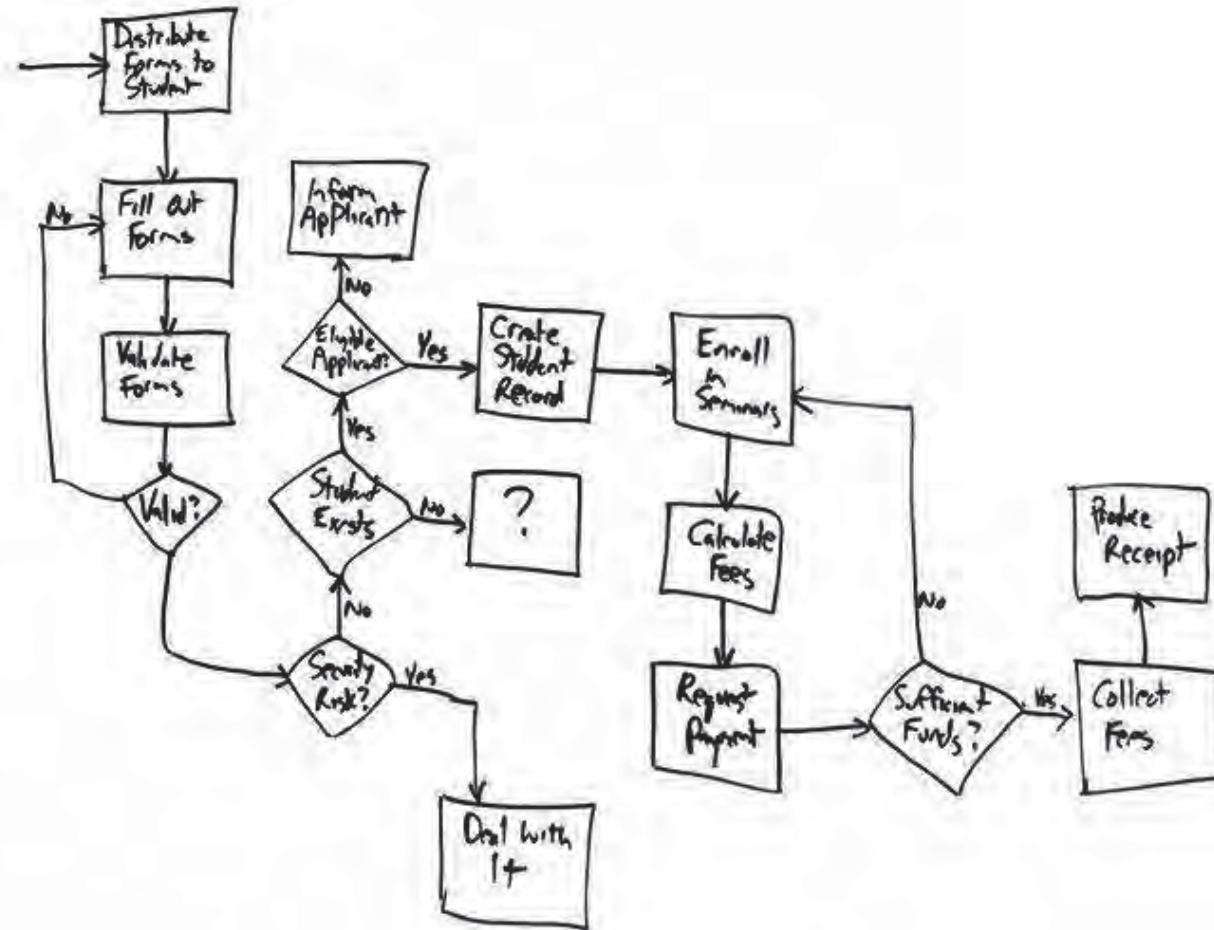
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Debt Capacity

How much  is too much  ?

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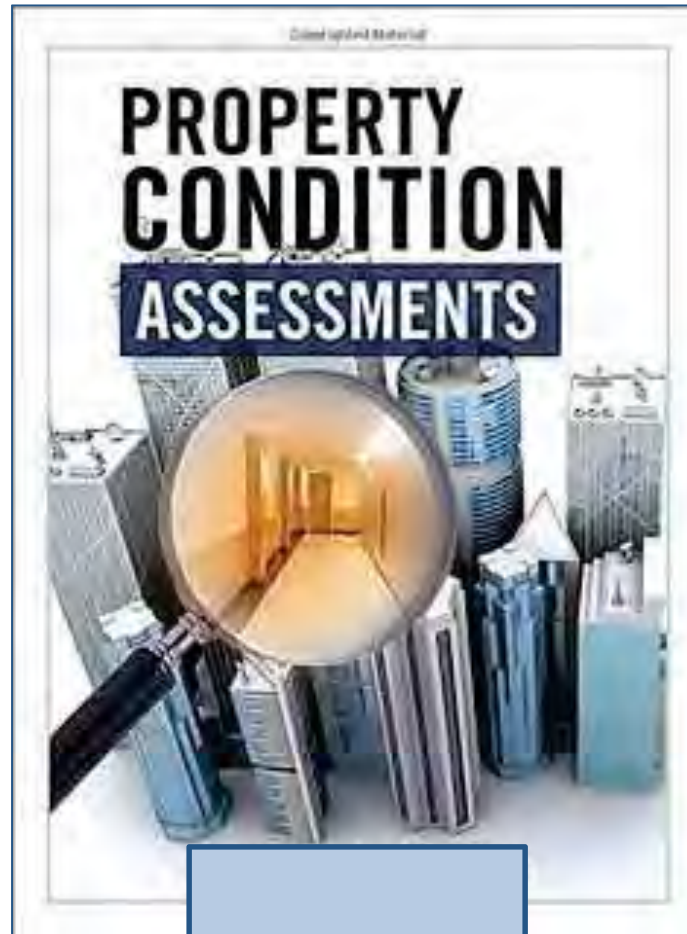
Operational Assessment



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Facility Assessment



ANALYZE



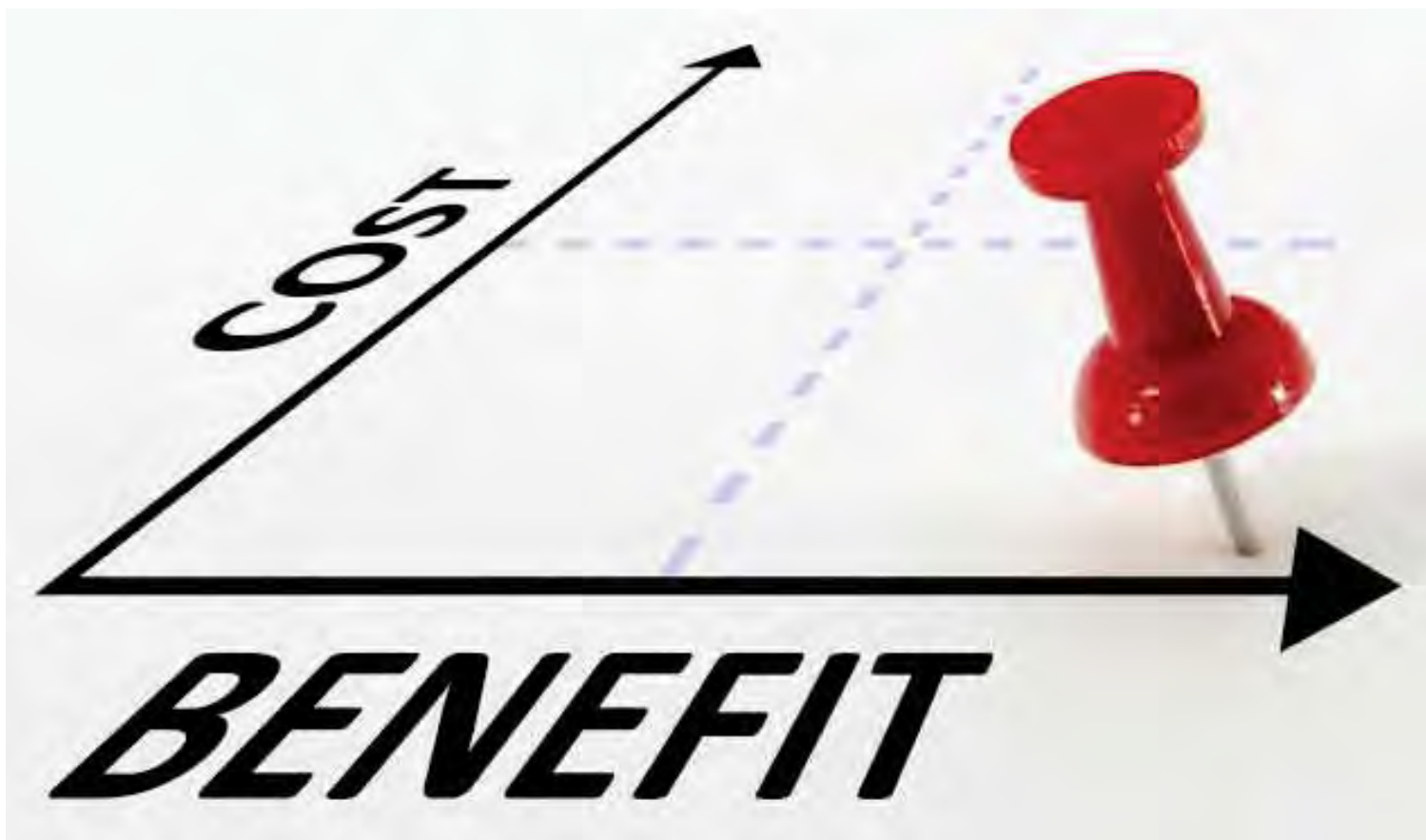
ANALYZE

- Economic Impact
- Financial Trends
- Performance Evaluation
- Capital Needs Assessment

ANALYZE



Economic Impact



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Financial Trends



ANALYZE

Performance Evaluation

The Performance Evaluation Process Must Be Continuous to Ensure Effectiveness



ANALYZE



Capital Needs Assessment

Energy			✓	✓	✓
Green			✓	✓	✓
Non-Structural Seismic			✓	✓	✓
Site Linear		✓	✓	✓	✓
Inventory		✓	✓	✓	✓
Risk		✓	✓	✓	✓
CAPITAL NEEDS GENERATED					
Capital Renewals	✓	✓	✓	✓	✓
Deferred Maintenance/ Deficiencies			✓	✓	✓
Code/Regulatory/ Compliance			✓	✓	✓
INFORMATION PROVIDED					

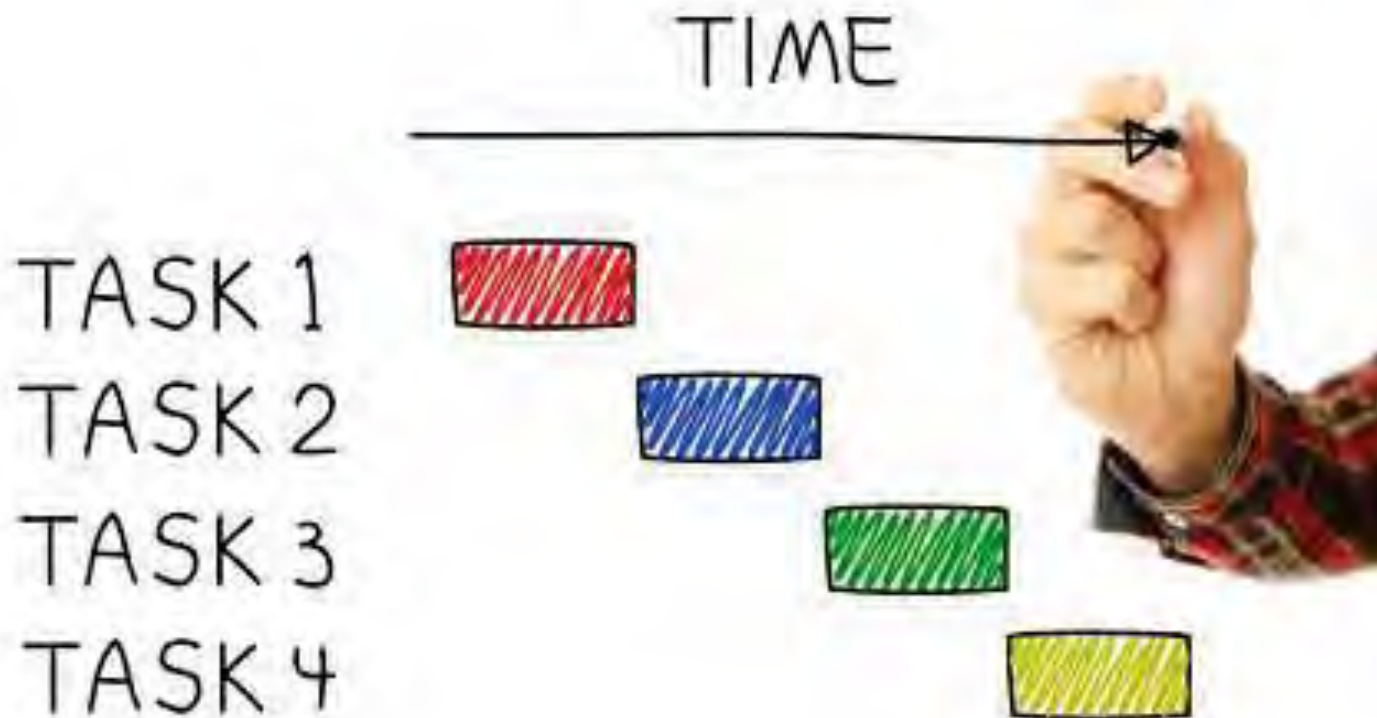


PLAN

- Operational Planning
- Facility Planning

PLAN

Operational Planning



PLAN



Facility Planning



Operational & Facility Planning

- Market Share – Current and Projected
 - Number of Patients from Specific Population Divided by that Total Population
 - FQHC Medical Patients = 900,000
 - Service Area Population = 10,000,000
 - $900,000 / 10,000,000 = 0.09 = 9\%$ Market Share
- Estimating Encounters/Visits
 - Historic/Realistic Visits per Patient Times Expected Patients
 - FQHC Visits = 3,780,000
 - $3,780,000 / 900,000 = 4.2$ Visits per Patient
- Projecting Workforce Needs
 - Historic/Realistic Provider Productivity Divided by Expected Visits/Patients
 - FQHC Provider FTE = 1,260
 - FQHC Visits = 3,780,000
 - $3,780,000 / 1,260 = 3,000$ Visits per FTE

Operational & Facility Planning

- If an organization wanted to increase its market share by 5% how many more patients, visits, providers?
 - $9\% \times 1.05 = 0.0945 = 9.45\%$
 - $9.45\% \times 10,000,000 = 945,000$ patients
(increase of $\sim 45,000$ patients)
 - $45,000 \times 4.2$ visits per patient = 189,000 additional visits
 - $189,000 / 3,000$ visits per provider FTE = 63 additional provider FTEs

- Estimated Square Footage/Funding Needed to Treat New Patients – ***HYPOTHETICAL***
 - Using estimated sq. ft. per provider as basis...1,100
 - 63 FTE x 1,100 sq. ft. per = 69,300 total sq. ft.
 - Using estimated cost per sq. ft. as basis...\$350
 - 69,300 sq. ft. x \$350/sq. ft. = \$24.26M estimated cost



Operational & Facility Planning

Typical Breakdown of Project Costs for Health Centers:

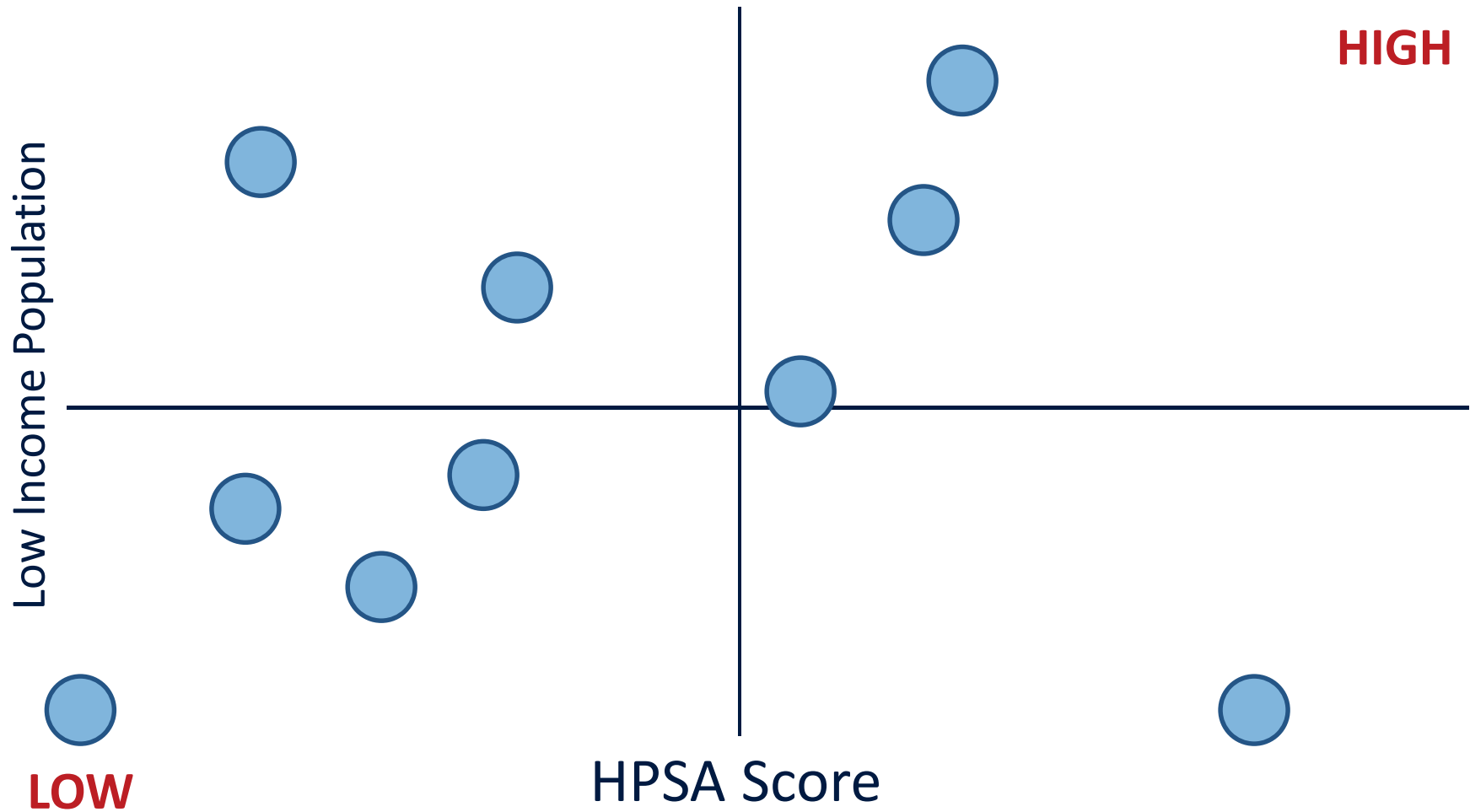
Hard Costs:	70%
Equipment:	15%
Soft Costs:	<u>15%</u>

Total Project Cost: 100%

+ Land/Building Acquisition

PLAN

Operational & Facility Planning





FINANCE



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- Business Plan
- Financial Forecast
- Financing Options

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Business Plan



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Financial Forecast



- Partnerships
- Grants
- Government Programs
- Foundations: Grants, Program Related Investments (PRI)
- Community Development Financial Institutions (CDFI)
- Commercial Loans/Lines of Credit
- Tax-Exempt Bonds
- Tax Credits: New Markets, Housing, Low Income, etc.



ACT



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- Implementation
 - Ongoing Assessment

ACT

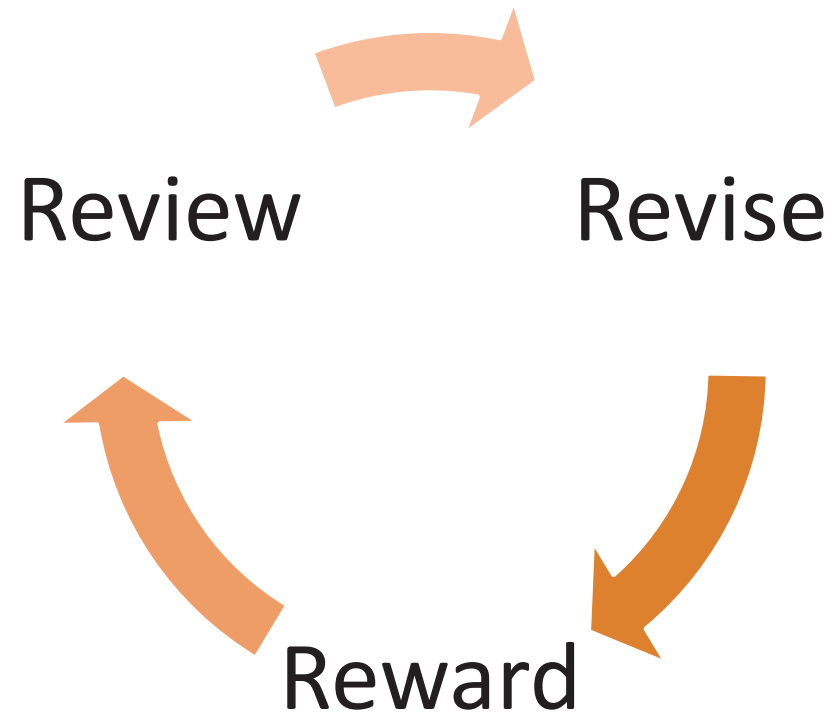


Implementation



ACT

Ongoing Assessment





Considerations



Considerations

- 19 Key Requirements
- Scope of Work
- Partnerships
- Competing Interests
- Timelines

Project Process Stage	Time Line																					
	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Assessing Organizational Readiness Stage																						
Mission, Vision and Planning	X	X	X	X	X	X																
Financial Systems and Position																						
Community Engagement and Collaboration																						
Organizational Leadership																						
Board of Directors																						
Fund Development History and Infrastructure																						
Preliminary Planning Stage																						
Preliminary Project Concept		X																				
Work Plan Development			X	X																		
Market Assessment				X	X																	
Program & Staff Planning						X	X															
Space Planning							X	X														
Capital Campaign Planning & Feasibility Study	X	X	X	X	X	X	X	X														
Education & Preliminary Planning for Debt Financing																						
Plan of Finance & Preliminary Sources & Uses of Funds																						
Preliminary Financial Forecast									X	X												
Design & Development Stage																						
Assemble a Project Team									X	X	X	X	X	X	X	X	X	X	X	X	X	X
Develop & Refine Project Budget									X	X	X	X	X	X	X	X	X	X	X	X	X	X
Obtain Site Control									X	X	X	X	X	X	X	X	X	X	X	X	X	X
Architectural Design										X	X	X	X	X								
Furnishings & Equipment Planning															X	X						
Land Use, Permits & Third-Party Approvals										X	X	X	X	X	X	X	X	X	X	X	X	X
Fundraising & Financing Stage																						

Project Process Stage

Time Line

Month	1	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
Develop & Refine the Plan of Finance		X	X	X	X	X	X	X	X	X	X	X																	
Develop Written Business Plan				X	X	X																							
Obtain Funding from Government Sources		X	X	X	X	X	X	X	X	X	X	X																	
Capital Campaign Plan/Conduct Fundraising		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
Obtain Debt Financing						X	X	X	X	X	X																		
Construction Phase																													
Construction Documents									X	X																			
General Contractor Bids/Contractor Selection											X	X																	
Construction Process													X	X	X	X	X	X	X	X	X	X	X	X					
Start-Up Phase																													
Move-Out - Logistics																									X				
Move-In - Logistics & Staff Transition																									X				
Punch List & Construction Completion Documents																									X	X			
Marketing/Outreach Campaign																								X	X	X	X	X	X
Purchasing Plan																			X	X	X	X	X	X	X				
Billing & Financing Transition																			X	X	X	X	X	X	X	X	X		
Licensing																			X	X	X	X	X	X	X				



Suggestions for Strengthening



Ideas

- Alternative payment pilots, research, and experiments
- Outreach and education
- Negotiating for a more stable cash position
- Revenues from alternate sources
- Targeted trainings and coaching to strengthen team-based operations
- Shared services with other providers
- Mergers or acquisition of similar organizations
- Using data to track progress
- Monitor staff satisfaction

Resources

<http://www.capl原因.org/resources/publications>



For the Leadership Team



For the Internal Project Team

PLAN**Strategic Growth Readiness Assessment**

A Strategic Growth Readiness Assessment provides a base level financial and operational view of a health center, helping management and board members determine if they are prepared for a capital project and identify next steps for future growth.

Debt Capacity

Our Debt Capacity Calculator gives you a preliminary estimate of the amount of debt your health center can afford to take on, given its historical or projected financial position.

Market Assessment

An important early step in any strategic planning effort, a Market Assessment helps a health center evaluate service areas to determine current and future needs and trends.

Operations and Facilities Planning

Defines the most effective and efficient methodology for delivering health center services in the facility, including evaluating operations plans/patterns, staffing resources, financial resources, cultural realities, and community norms.

ANALYZE**Economic Impact Analyses**

Capital Link offers several types of analyses that measure the impact a health center's operations has on the community it serves. Types include: Individual Health Center Economic Impact Analysis, Statewide Economic Impact Analysis, Funding Cut Impact Analysis, and Capital Project Impact Analysis.

Financial Trends Reports

Financial Trends Reports analyze key financial metrics, including ratios, trends, and benchmarks, helping a health center evaluate its financial condition by comparing the results to industry benchmarks.

Performance Evaluation Profiles

Using our database of health center audits and UDS information, Capital Link can analyze the financial health, productivity, utilization, and staffing of health centers, comparing results to state, national, or peer medians.

Capital Needs Assessment

The Capital Needs Assessment demonstrates the need for federal, state, and local capital investment in health centers. It illustrates the aggregate projected capital needs and summarizes participating health centers' capital requirements by project type, project priorities, and technical assistance needs.

FINANCE**Financial Forecasting**

Provides forecasts of the health center's balance sheet, income statement, cash flow, and other pertinent information based on patient visit estimates, projected payer mix, assumed staffing levels, and estimated project costs.

Financing Assistance

Advice and assistance in determining the best combination of financing options for the project, from identifying sources of funds to handling term sheet negotiations to financing funding commitments.

New Markets Tax Credits

Assists health centers in completing the complex NMTC process, including drafting a proposed NMTC-leveraged model, identifying one or more Community Development Entity(ies) with tax credit allocation, identifying a potential investor to buy the tax credits, providing references to experienced legal firms, and advising the health center through to the closing of the transaction.

Capital Enhancement Programs

Credit enhancement can improve a health center's ability to obtain a loan, lower the interest rate, and/or improve the loan terms. Examples are the HRSA Facilities Loan Guarantee Program and the USDA Community Facilities Guarantee Program.

SUSTAIN**Payment Reform Financial Modeling**

Using projected patient revenues and a variety of payer mix scenarios, Financial Modeling provides revenue forecasts to identify challenges and opportunities in the changing health care environment. This service is also offered at the site- and corporate-levels.

Facility Maximization Planning

Helps identify what adjustments to the physical space may be required so that health centers can operate as efficiently and effectively as possible in their existing facilities.

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