



Planning in Uncertain Times: Assessment for Service Expansion to Community Needs

Market To Respond



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Capital Link

- Launched in 1995, nonprofit, HRSA national cooperative partner
- Offices in CA, CO, MA, ME, MO, RI, SC and WV
- **Over \$1 billion** in financing for **over 215** capital projects
 - **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

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Today's Agenda

- Assessing Your Environment
- Resources & Visualization
- “Back of the Envelope” Capital Calculations
- Scenarios using Operational Data



Why Have a Market Assessment?

“If you don't know
where you are going,
any road will get you there.”



- Eliminate surprise
- Provide a guide for **every day** decisions (critical minutia)
- A process/tool to help keep pace with external change



Things to Know Before You Start

- What is your current Market?
- Market can = geography, specific population, service type, etc
- The resulting data will likely inform & expand any 'gut instinct'
- Reviewers may occasionally have a differing opinion
- It is an investment
- It will and should evolve



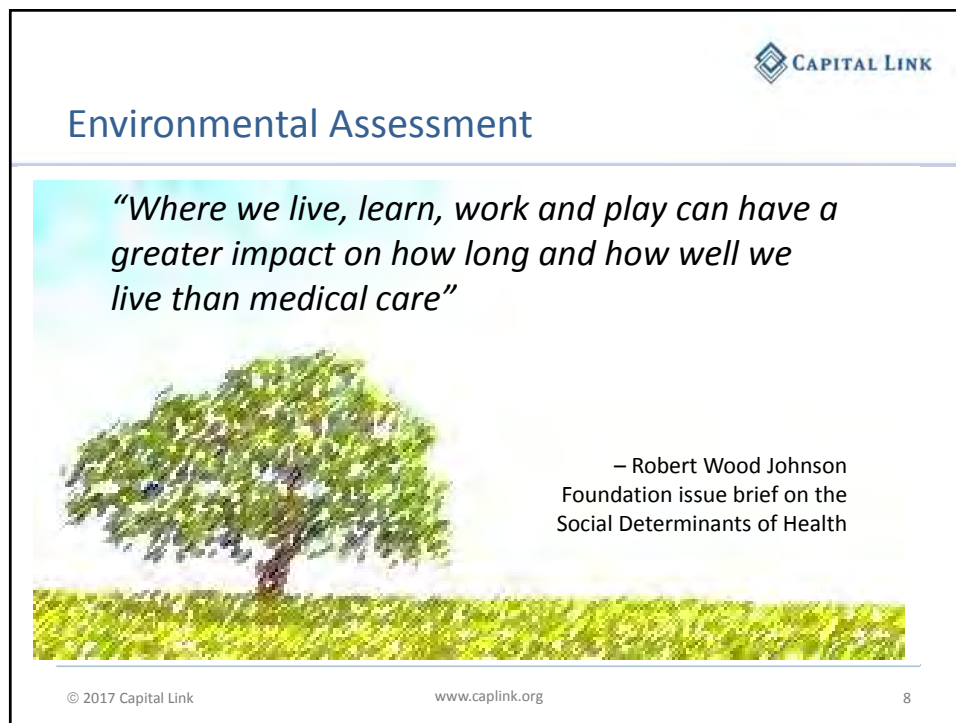
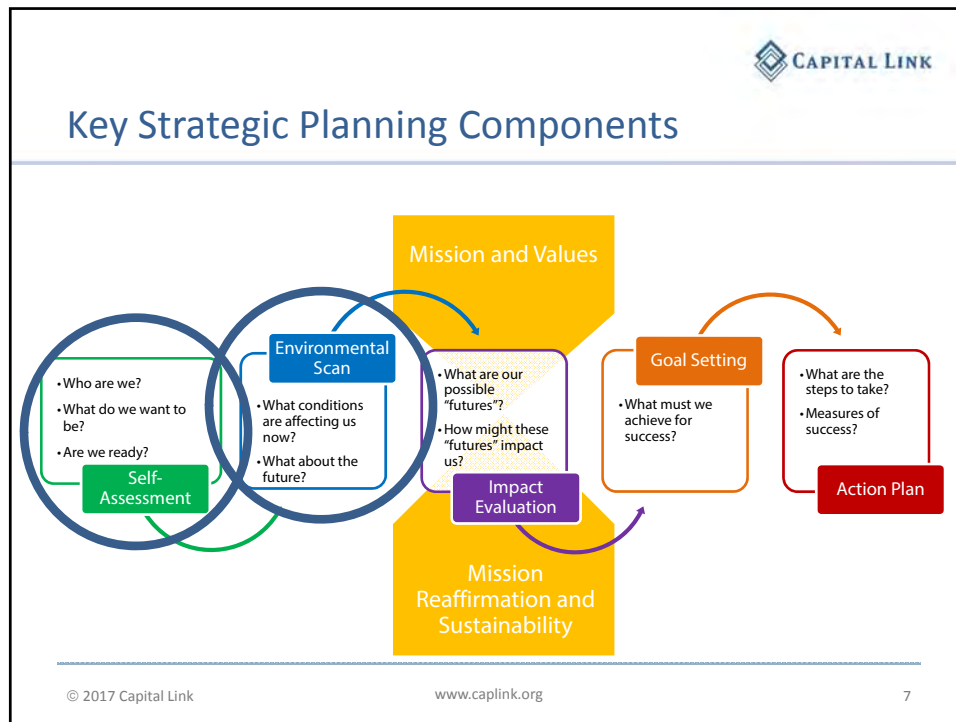
Strategic Planning Toolkit



Download a free copy online:

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





Market Assessment

Whether your health center is expanding to a new site or evaluating changes in its existing service area, a market assessment provides essential information to guide your organization's strategic direction. It is important to define your service area, determine health needs, and study the payer mix in order to estimate market share, competition, unmet needs, and growth opportunities.

How to Use: Use the resources on this page to collect and analyze demographic and health information by geographic location.

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How to Use: Use the resources below to collect and analyze demographic and health information by geographic location.

Who Should Use: CEOs or coordinators with similar staff.

1. Define Market Service Area

Using zip codes, a health center can focus on the general population or specific segments (e.g., children, women of childbearing age, etc.). Sources include:

- American Factfinder by the US Census <https://factfinder.census.gov/>
- The found files such as DemographicNow <https://demographicnow.com/>

2. Determine Health Needs

State and county health departments or nearby the most up-to-date centers for accurate health indicators, such as immunization and mortality rates. The following resources also provide similar health indicators for all states:

- County Health Rankings <http://www.countyhealthrankings.org/>
- Community Health Status Indicators <https://www.cdc.gov/CommunityHealth>
- HealthIndicator <https://www.healthindicator.org/>

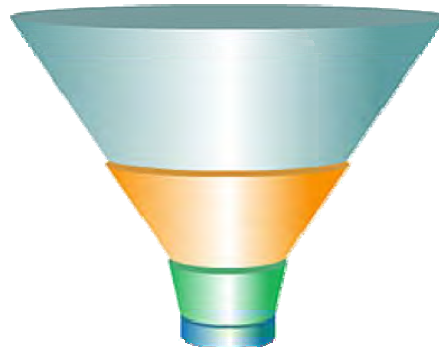
3. Assess Population Size by Payer Mix in Health Center Service Area

It is important to understand the potential payer mix in your service area and to understand which of the currently estimated might enroll in Medicaid or the health insurance exchange. The following resources provide payer mix information:

- Medicaid Enrollment data is available through the state offices of Medicaid
- Medicaid Enrollment by county at <http://www.sos.oh.gov/Medicaid/Enroll>
- Uninsured: US Census <https://www.census.gov/hhes/www/indus/data>
- Exchange eligible: Uninsured Employee Tool <http://www.hhs.gov/medicaid>

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Market Assessment



Drilling Down: Market Assessment

- Primary Goal: Evaluate a health center's current market area or a possible new market to determine the potential demand for expansion.
- Also answers:
 - What?
 - How?
 - To Whom?



Capital Link's Typical Table of Contents

- Health Center Overview
- Service Area Identification
- Service Area Description
- Comparative Demographics and Economic Indicators
- Medical Needs of the Service Area
- Estimating Service Area Demand
- Special Considerations



Service Area Identification

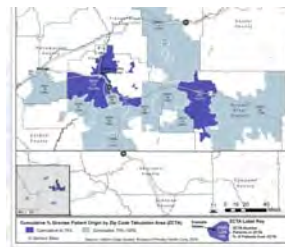
- Examine and map patient origins
- Approximately 75% (or other natural break) is considered Primary
- Next 10-15% is Secondary
- Similar to HRSA UDS Service Area Map and UDSMAPPER

2015 Health Center Profile

BIGHORN VALLEY HEALTH CENTER
HARDIN, MONTANA

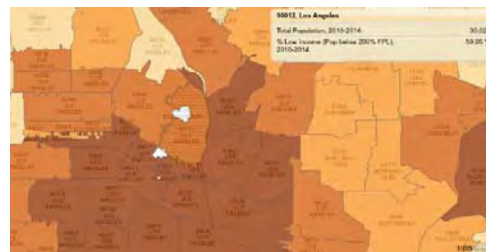
[Service Area Map](#)

Total Patients Served: 2,046



Service Area Description

- Basic mapping to present geographical place and surroundings
- Establish basic population segments
 - Total
 - low income
 - low income not served by health centers



% Low Income (Pop below 200% FPL), 2010-2014

- <15%
- 15 - 30%
- 30 - 45%
- 45 - 60%
- >60%

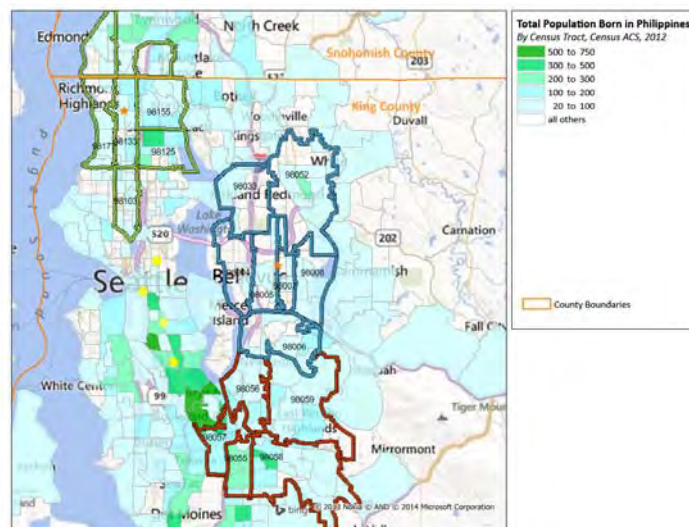


Demographics and Economic Indicators

- Compare state, county, metropolitan areas, cities, zip codes, etc
 - Populations
 - Race
 - Income Ratios
 - Education
 - Language
 - Business Establishments and Employees by Industry
 - Disabilities
 - Many more, usually according to health center specifics



Mapping Example: Filipino Population Born Outside of US





Medical Needs of Service Area

- Compare state, county, metropolitan areas, cities, zip codes, etc
 - General health indicators
- Other health providers and facilities
- Health Professional Shortage Areas (HPSA) and MUA/Ps
- Health Disparities
- Selected Workforce Considerations



Estimating Service Area Demand

- Evaluate service area market share
 - Total population and low income population
 - Payor mix
- Population Projections
 - Anticipate changing demographics and their effect
- Estimating potential patients, visits, providers, capital needs



Market Assessment - Expansion

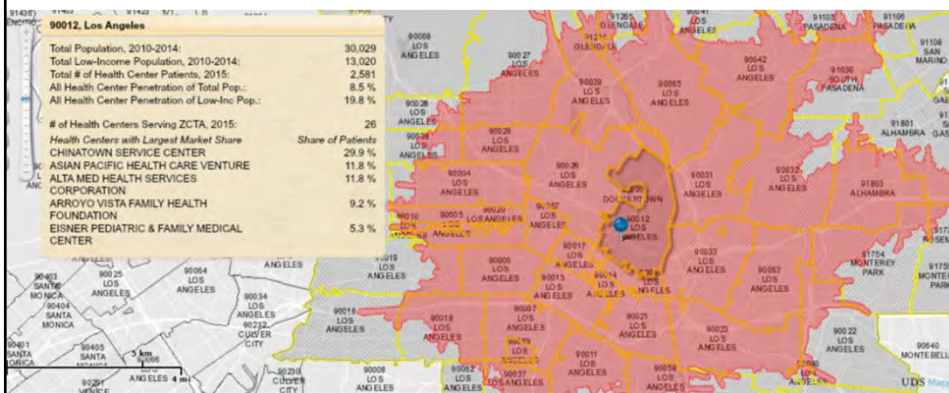
An organization wants to consider increasing its low income population market share by 5%.

How many more patients, visits, and providers would that mean?



Market Assessment - UDSMAPPER

15 minutes drive time from zip code 90012 in Los Angeles, California

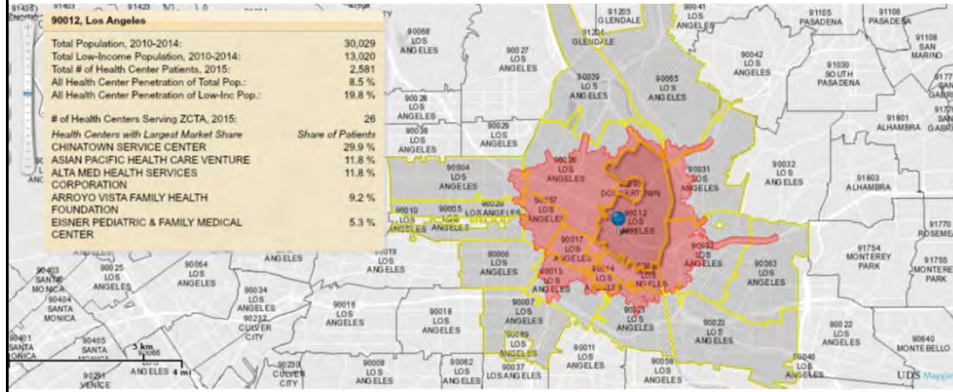




Market Assessment - UDSMAPPER

15 minutes drive time from 90012 in Los Angeles, California

WITH TRAFFIC CONSIDERATION



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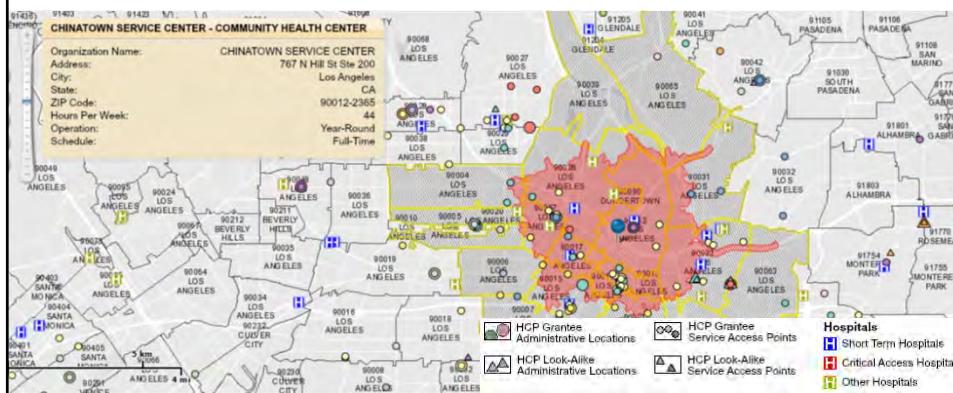
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Market Assessment - UDSMAPPER

Added layer with health center and hospital locations



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Market Assessment – UDSMAPPER Data

Explore Service Area Tool

Map Date Draw Print Tools

Combined Grantees Lock-Atkins View Analysis Results Export

ZCTA	Office Name	State	Health Center Count, 2015	Dominant Health Center, 2015	Total Population, 2010-2014	Low-Income Pop, 2010-2014	Total # Health Center Patients, 2015	Penetration of Low Income
Summary:					714,575	425,426	133,390	31.35 %
90004	Los Angeles	CA	33	QUEENSCARE HEALTH CENTERS	93,547	35,049	9,740	27.78 %
90005	Los Angeles	CA	26	KOREAN HEALTH EDUCATION, INFORMATION AND RESEARCH CENTER	38,838	23,887	4,754	20.11 %
90008	Los Angeles	CA	33	ST. JOHN'S WELL CHILD & FAMILY CENTER	91,419	44,316	12,100	27.90 %
90007	Los Angeles	CA	34	ST. JOHN'S WELL CHILD & FAMILY CENTER	43,779	27,432	7,505	27.35 %
90012	Los Angeles	CA	26	CHINATOWN SERVICE CENTER	90,029	13,020	2,581	18.82 %
90013	Los Angeles	CA	28	NORTHEAST VALLEY HEALTH CORPORATION	10,575	6,837	10,869	153.79 %
90014	Los Angeles	CA	22	JWCH INSTITUTE, INC.	6,656	3,986	2,271	56.97 %
90016	Los Angeles	CA	27	ESSNER PEDIATRIC & FAMILY MEDICAL CENTER	18,220	12,099	3,967	32.76 %
90017	Los Angeles	CA	27	ARROYO VISTA FAMILY HEALTH FOUNDATION	23,719	18,089	3,752	20.73 %
90020	Los Angeles	CA	27	KOREAN HEALTH EDUCATION, INFORMATION AND RESEARCH CENTER	38,102	20,632	5,133	24.87 %
90021	Los Angeles	CA	16	NORTHEAST VALLEY HEALTH CORPORATION	2,813	2,202	1,381	61.90 %

Standard UDS Mapper Report Additional Health Center Related Data Additional Population Data and Indicators Uninsurance by Income Level [Select All](#) [Select None](#)

State Total Population, 2010-2014 Penetration of Low-Income
 Health Center Count, 2015 Low-Income Pop, 2010-2014 Penetration of Total Pop
 Dominant Health Center, 2015 Total # Health Center Patients, 2015

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Market Assessment – UDSMAPPER Data

Analysis Results

Total # Health Center Patients	Total Population, 2010-2014	Health Center Penetration of Total Pop	Unservd (by Health Centers) Total Pop	Low-Income Pop 10-14
133,390	714,575	18.66%	581,185	425,426.00

Enter TOTAL patients to be served

Enter TOTAL NEW patients to be served

Enter NEW LOW INCOME patients to be served

Label	Value	Description
Analysis Area Total Population	714,575	Total (Census) population for defined target area ZIPs
Current (2015) Health Center Patients	133,390	Residents of defined target area counted as a patient of
Current Health Center Penetration Rate - Total Pop.	18.66%	Percent of total target population using a Health Center
Current Total Pop. Unservd by Health Centers	581,185	Count of target area residents not using a Health Center
Total New Patients to be Served	0	Total new patients to be served by proposed site
% Health Center Unservd Total Pop. Targeted	0.00%	Percent of target area residents not currently

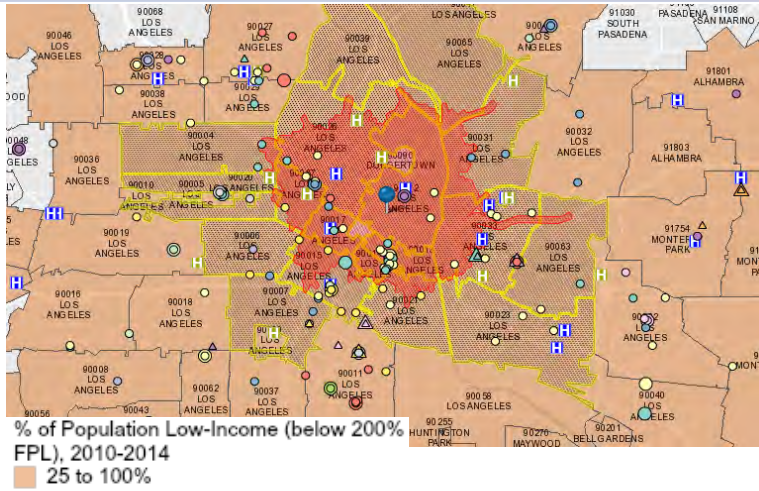
* Note: Low-Income penetration and need assumes all current users to be low income - watch for Health Centers cur

[Save & Exit](#)

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Market Assessment - UDSMAPPER



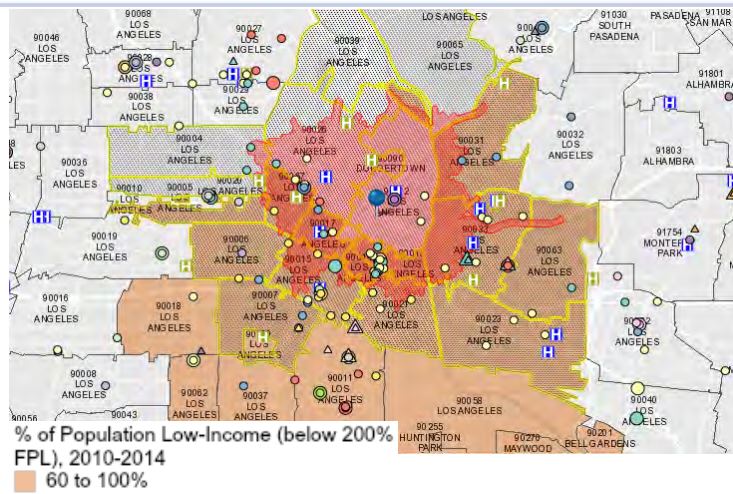
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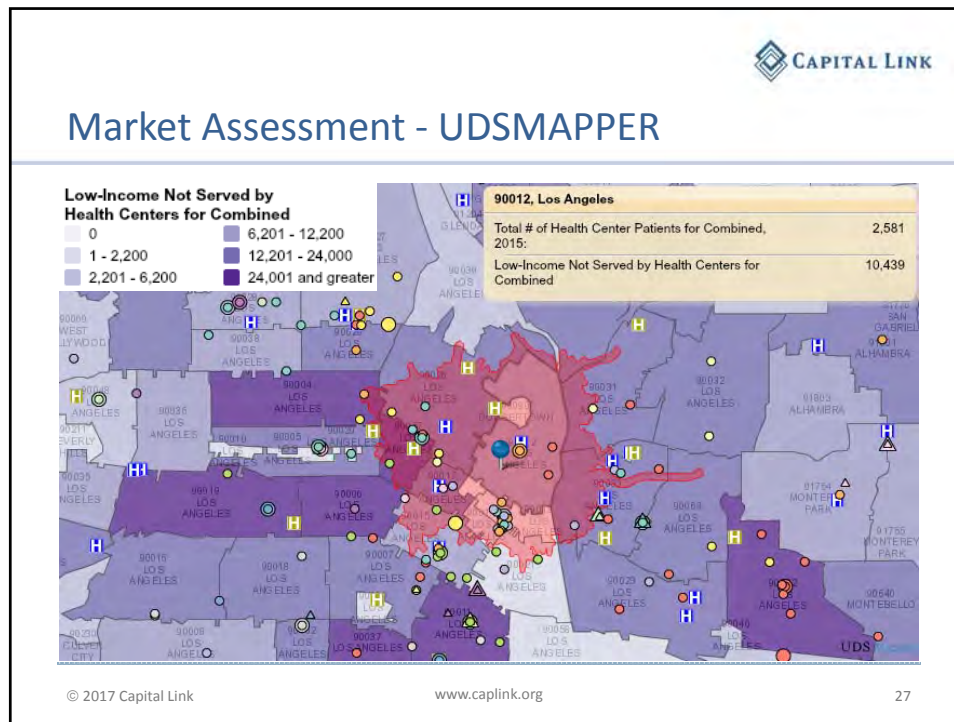
Market Assessment - UDSMAPPER



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Links to Resources


- UDS Mapper/*HealthLandscape* <http://www.udsmapper.org>
- U.S. Census Bureau
 - American FactFinder http://factfinder.census.gov/home/saff/aff_transition.html
 - QuickFacts <http://quickfacts.census.gov/qfd/index.html>
 - Small Area Estimates <http://www.census.gov/did/www/sahie/index.html>
 - Business Patterns <http://www.census.gov/econ/cbp/>
- CHC WONDER Database www.wonder.cdc.gov
- Mapping/Geocoding <http://www.gpsvisualizer.com/geocoder/>
- County Health Rankings <http://www.countyhealthrankings.org/>
- Community Health Status Indicators
<http://www.cdc.gov/CommunityHealth/home>
- Behavioral Risk Factor Surveillance Survey (BRFSS) <http://www.cdc.gov/BRFSS/>

“

*A good plan today is better
than a perfect plan tomorrow.*

”

Examining the Service Area Understand Payer Mix




2015	Estimated Uninsured (age less than 65)			Medicaid Eligibles		Marketplace-Eligible (Uninsured between 138% and 400% FPL; IF Citizens or Legal Residents)		Medicare Enrollees		Other Insured	
	Estimated Total Pop	Estimated Number	% of total	Estimated Number	% of total	Estimated Number	% of total	Estimated Number	% of total	Estimated Number	% of total
	Current Service Area	891,900	129,500	14.5%	164,500	18.4%	76,100	8.5%	110,300	12.4%	411,500
Potential Service Area	137,500	45,400	33.0%	25,400	18.4%	24,800	18.0%	17,000	12.4%	24,900	18.1%

- Important to understand this both in current year AND 5 years from now

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Data Sources for Payer Mix



- **Medicaid**
 - State by state: search terms include Medicaid enrollment statistics, data, eligibility, report by county
- **Medicare**
 - Enrollment by County: <http://www.cms.hhs.gov/MedicareEnrpts/>
- **Uninsured**
 - Small Area Health Insurance Estimates <https://www.census.gov/did/www/sahie/data>
 - American Factfinder <http://factfinder2.census.gov/>
- **Exchange-eligible**
 - UDS Mapper www.udsmapper.org
 - Can also be utilized to deduce newly-eligible Medicaid population

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Back of the envelope



Expansion Considerations

- Market Share – Current and Projected
- Number of Patients from specific population divided by that total population
- Service Area FQHC Patients = 133,390
- Service Area General Population = 714,575; Low Income Population = 425,426
- 19% market share General Population; 31% market share Low Income Population

- Estimating Encounters/Visits
- Historic/Realistic visits per patient times expected patients
- FQHC Visits = 586,916
- $586,916 / 133,390 = 4.4$ visits per patient

- Projecting Workforce Needs
- Historic/Realistic Provider Productivity divided by expected visits/patients
- FQHC Provider FTE = 628
- FQHC Visits = 586,916
- $586,916 / 628 = 934$ visits per FTE



Expansion Considerations

- An organization wants to increase its low income population market share by 5%; how many more patients, visits, providers?
- $31\% \times 1.05 = 32.55 = 33\%$
- $33\% \times 425,426 = 140,391$ patients
(increase of 7,000 low income patients)
- $7,000 * 4.4$ visits per patient = 30,800 additional visits
- $30,800 / 934$ visits per Provider FTE = 33 additional Provider FTEs



Expansion Considerations

- Estimated Square Footage/Funding Needed to Treat New Patients – **HYPOTHETICAL**
- Using estimated square feet per provider as basis...1,100
- $33 \text{ FTE} \times 1,100 \text{ sq ft per} = 36,300 \text{ total sq ft}$
- Using estimated cost per square foot as basis...\$480
- $36,300 \text{ sq ft} * \$480/\text{sq ft} = \$17.4\text{M estimated cost}$



Expansion Considerations

Typical Breakdown of Project Costs for Health Centers:

Hard Costs: 70%
Equipment: 15%
Soft Costs: 15%

Total Project Cost 100%

+ Land/Building Acquisition



Capital Link's Medicaid Scenario Tool

Medicaid Patient Revenue Modeling Tool			
1			
2			
3			
4			
5	Current Medicaid Patients:		10,000
6			
7	Current Billable Medicaid Visits:		35,000
8			
9	Current PPS Rate:		\$200.00
10			
11	Percentage Increase (-Decrease) in Medicaid Patients:		
12			
13		CURRENT PATIENTS	TOTAL REVENUE
14	Medicare	700	\$300,000.00
15			
16	Other Public	700	\$300,000.00
17			
18	Private Insurance	2,100	\$400,000.00
19			
20	Uninsured/Self Pay	1,500	\$90,000.00



Capital Link's Medicaid Scenario Tool

Medicaid Patient Revenue Modeling Tool			
1			
2			
3			
4			
5	Current Medicaid Patients:	10,000	
6			
7	Current Billable Medicaid Visits:	35,000	
8			
9	Current PPS Rate:	\$200.00	
10			
11	Percentage Increase (-Decrease) in Medicaid Patients:	-5.00%	
12			
13		CURRENT PATIENTS	TOTAL REVENUE
14	Medicare	700	\$300,000.00
15			
16	Other Public	700	\$300,000.00
17			
18	Private Insurance	2,100	\$400,000.00
19			
20	Uninsured/Self Pay	1,500	\$90,000.00
21			



Capital Link's Medicaid Scenario Tool

32	Medicaid Impact Analysis w/	-5.00%	Change
33	Projected Change in Annual Revenue	(\$320,000.00)	
34	Change in Days Cash on Hand	(16.5)	
35			
36			
37	Average Surplus (Deficit) 330 Funding per Uninsured Patient	(\$66.67)	(\$175.00)
38	Total Surplus (Deficit) 330 Funding for Uninsured Patients	(\$100,000)	(\$350,000)



Capital Link's Medicaid Scenario Tool

	Revised Medicaid Patients	Percent Change from Current Medicaid Patients	Medicaid Revenue	Amount Change from Current Medicaid Revenue
500	10,000	0	\$ 7,000,000	\$0
0	9,500	(500)	\$ 6,650,000	(\$350,000)
(500)	9,000	(1,000)	\$ 6,300,000	(\$700,000)
(1000)	8,500	(1,500)	\$ 5,950,000	(\$1,050,000)
(1500)	8,000	(2,000)	\$ 5,600,000	(\$1,400,000)
(2000)	7,500	(2,500)	\$ 5,250,000	(\$1,750,000)
(2500)	7,000	(3,000)	\$ 4,900,000	(\$2,100,000)
(3000)	6,500	(3,500)	\$ 4,550,000	(\$2,450,000)



For More Information

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