

The Impact of a Capital Project:

United Family Medicine

Introduction

As a result of the Affordable Care Act and other federal investments, health centers are aggressively expanding in an effort to meet patient demand. Many health centers operate in outdated buildings, some more than 20 years old, making building a new or expanded facility a top priority. To many health centers, the process of organizing and implementing expansion plans can be daunting. This case study was developed to illustrate the components of a successful capital project, examining the experience of United Family Medicine, a health center in St. Paul, Minnesota.

This case study focuses on three areas of the capital development process: (1) strategic planning prior to initiating a project; (2) creativity in funding/financing projects to minimize the cost and (3) community engagement and benefits. It describes United Family Medicine's efforts to build a new clinic, from the planning stages to the impact of the completed facility on its community, financial stability and operations.

United Family Medicine (UFM) is a Federally Qualified Health Center located in St. Paul, Minnesota. UFM has served the city's most needy citizens since the 1930s, initially when the Wilder Clinic offered free and low-cost health care at Miller Hospital. The Wilder Clinic eventually became known as the "MOD Clinic" (short for Miller Hospital Outpatient Department). In the 1970s, the growing community need led to the establishment of the Helping Hand Health Center. In the early 1990s, Helping Hand Health Center, the MOD Clinic and another of United Hospital's clinics merged to become United Family Practice Center. In addition, the United Family Medicine Residency Program was launched, supporting the health center's mission to both serve and teach. Sponsored by United Hospital, the UFM residency program prepares residents to provide much needed primary care physicians for the broader community.

An exterior view of United Family Medicine's new facility.

In 2004, United Family Medicine earned the status of a freestanding Federally Qualified Health Center-Look Alike (FQHC-LAL). Faced with a growing community of patients in need of care and operating out of a small leased space, UFM resolved to build a permanent facility.



Throughout its long history, UFM has endeavored to not just serve patients, but serve them well. The health center's service area is economically distressed and UFM's payer mix is reflective of that reality. Nearly one third of patients are enrolled in Medicaid, and UFM accepts 400 insurance plans and has implemented a sliding fee scale based on family size and income. UFM serves an exceptionally diverse set of patients of all ages. Nearly half of its patients are from communities of color and many are new immigrants.

In March 2009, UFM moved into a new 32,000 square foot state-of-the art facility, doubling its capacity and expanding its services. Located near the original site, the new building has contributed to improved patient care, a better work environment for staff and participants in the residency program, and the revitalization of a core area of St. Paul. UFM was awarded the status of FQHC/Community Health Center by the U.S. Department of Health and Human Services in June 2012.

UFM was well aware that its original building, a 16,000 square foot former office building, was insufficient for its needs. The building was overcrowded with narrow hallways and limited exam rooms. Because of the capacity problems, UFM was restrained by fire codes from hiring more providers and expanding the residency program. Patient utilization had grown by 35% since 2003 and 50 to 70 new patients were seeking care each week. Determined to complete the project, health center leadership methodically pursued all available funding and financing options and actively sought the involvement of the community.

As a result of this effort, United Family Medicine has significantly improved access to quality care and the patient experience. Overall, UFM's patient base has grown by 23% and visits have increased nearly 18% following the completion of the project. In addition, the health center has maintained a stable financial performance following its move to the new building, while continuing to improve productivity and launch new services. With a combination of careful planning by health center leadership and community engagement, UFM has successfully managed its growth objectives.

Although growth is never without challenges, several key lessons can be drawn from UFM's experience.

Strategic Planning is Essential

This capital project benefitted from strategic planning. Under the guidance of an energetic Board and with the assistance of the United Hospital Foundation, a Campaign Study Committee was formed whose purpose was to confirm the need for a new clinic and validate it as a community priority worthy of philanthropic support. UFM's leadership also sought input from a wide variety of community members by inviting them to

Understanding UFM's Patients:

- 37% of patients live below 200% of the Federal Poverty Level and the median per capita income is 30% lower than the rest of the country.
- 31% of patients are reimbursed by Medicaid, 13% are reimbursed by Medicare and 14% are part of a sliding fee program.
- The health center serves all ages: 21% of patients are children and 13% are 65 and older.
- Patients are racially diverse: 47% are from communities of color.

weekly strategic planning meetings to assess current and projected needs. They toured other clinics to identify best practices and processes were evaluated to optimize patient care. This planning informed the design of the facility and helped UFM understand ways to improve operational efficiencies and maintain a good financial condition. Considering the needs of its service area, UFM established that its priorities were to:

- 1) Provide expanded services, including urgent care and dental care.
- 2) Increase private areas for patient and physician consultation.
- 3) Promote continuity of care and patient comfort.
- 4) Integrate the clinic and the residency program to the benefit of both.

Community Activation is Critical to Success and Provides Valuable Input

By 2006, UFM knew it was time to build and quickly determined that the community was equally committed to moving ahead. The clinic was operating at capacity, providing more than 46,000 visits to nearly 12,000 patients and visits were projected to reach 60,000 by 2014. In addition, the area's population was expected to grow by 56% over the next five years. As one of only three community clinics focused on providing comprehensive health services to low-income and uninsured patients in the east metro area, UFM's important role as a safety net provider was clear.

Because providing primary care to the uninsured and under-insured helps lower community medical costs by reducing the need for crisis health care, United Hospital had long acknowledged the two organization's common interest in improving and maintaining community health. The hospital provided support through an annual community grant. Also, United Hospital Foundation stepped up to assist in fundraising and coordinating the campaign to build a new clinic. This partnership is one example of a convergence of interest and support between the hospital, the new Board, dedicated physicians, the City of St. Paul and community agencies including key investors and knowledgeable consultants.

A view of United Family Medicine's new lobby.

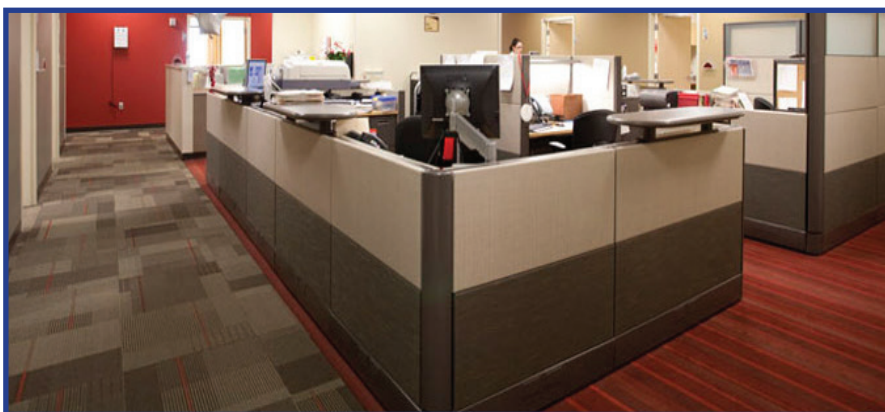


All agreed to prioritize building a new, stand-alone health center with “green” building standards that would be there for the long-term, but also specifically located for patient convenience and community revitalization. Building the new facility near the existing site became a priority as the health center wanted to retain access to bus service and remain in the West 7th neighborhood. It was also important that the new building be welcoming, providing a respectful environment inviting interaction between patients, staff and physicians yet offering adequate privacy and noise control.

To address these needs, United Family Medicine crafted a new state-of-the-art 32,000 square foot facility located at Randolph Avenue and West 7th Street, a convenient location just one mile from its existing space. Designed in keeping with the historical integrity of the neighborhood, the new facility offers 40 medical exam rooms, a community room for group meetings and healthy living, nutrition and other workshops, expanded hours, and the addition of dental services. The location offers easy access to public transportation and free on-site parking, thanks to an offer from the building contractor to donate a parking ramp.

Built with energy efficient and sustainable features, the new facility was awarded LEED® Silver Certification by the U.S. Green Building Council, the first clinic in the state of Minnesota. Notably, energy efficiency is 18% greater than required by building codes, annual water savings are 26% over conventional buildings; 25% of materials were regionally sourced and 21% recycled materials were used in the building. Most importantly, the new facility has the space and ergonomics for staff to do their jobs and has raised employee morale.

*Interior views of United Family Medicine
Source: Pope Architects*



Creative Project Funding

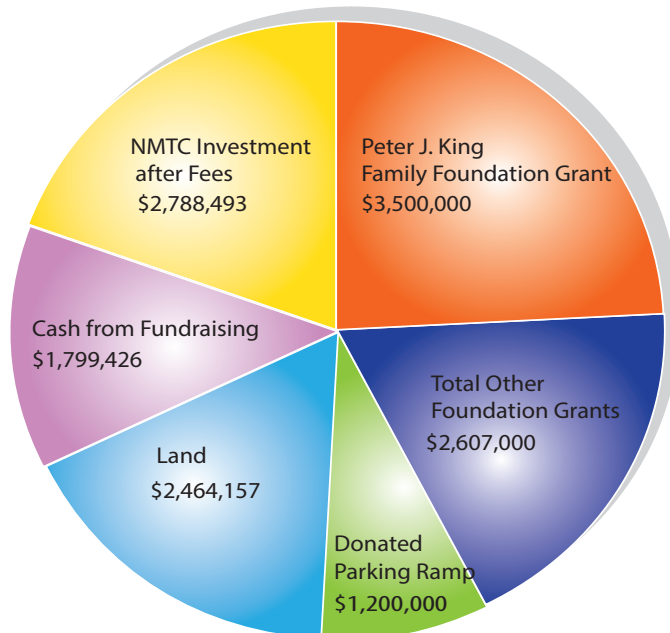
Although the need was clear and immediate, the new site was estimated to cost over \$14 million to construct. Eager to keep the project moving forward, UFM drew on its strong collaborative relationships with partners who provided key lead gifts and in-kind support. The outreach effort was tremendous, inviting stakeholders to give input on everything from the size of the clinic to architectural features and creative financing opportunities.

Capital campaign contributions came from numerous community foundations and over 15,000 individual contributors, some large and some as small as a \$5 one time gift from a current patient. As a project of the United Hospital Foundation, major boosts came from the Peter J. King Family Foundation, for whom the building was named, with a lead gift of \$3.5 million and from the McGough Companies, the general contractor that donated the health center’s parking ramp. The City of St. Paul also offered support with an \$850,000 STAR grant and the Kresge Foundation completed the funding strategy with a \$450,000 challenge grant. From start to finish, project funding took 30 months.

Gaining this level of support was a direct result of strong community engagement and a common interest in getting the project done. The deep ongoing involvement of the community opened the door for UFM to ask for what they needed. It was also critical that long-term physicians, management and the Board took every opportunity to tell the health center’s compelling story of service to the underserved and commitment to teaching to community groups.

The health center was also willing to wade into unfamiliar territory to reach the funding goal, filling a substantial funding gap in part through a New Markets Tax Credit transaction. This required extensive Board education and coordination with trusted legal representatives and consultants. They also seized opportunity by purchasing dental equipment when funds from the Kresge grant became available, allowing them to quickly enhance their service offerings.

United Family Medicine Sources of Funds



Health Center Expansion Provides Significant Economic Benefits

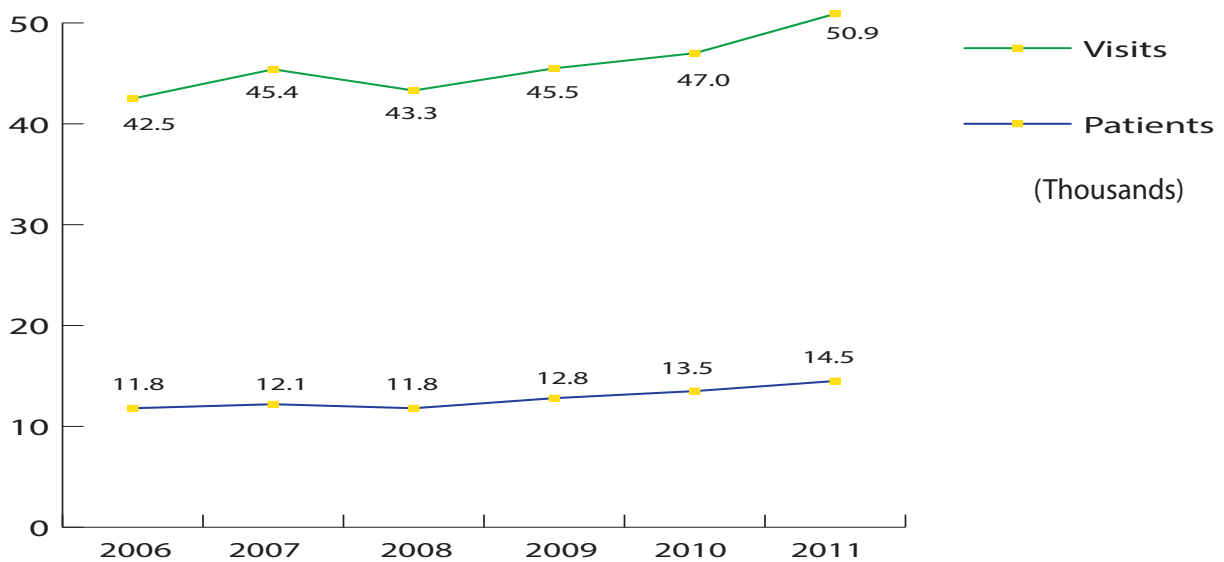
United Family Medicine’s growth has provided significant economic benefits to its community. In 2008, the year before completing its new building, UFM injected \$8.7 million of operating expenditures into the local economy. These expenditures produced additional indirect and induced economic activity of approximately \$7.7 million for an overall economic impact of \$16.4 million. By the end of 2011, two years after the project completion, the health center injected over \$11 million of operating expenditures into the local economy. These expenditures produced additional indirect and induced economic activity of \$9.3 million for an overall economic impact of over \$20.5 million.

In addition to the overall increase in economic activity, the new health center contributed to the revitalization of the neighborhood. The area now has a new fire department, supermarket, and charter school. The health center believes the capital project created a productive link between community health access and community development.

Community Impact Following Project Completion

UFM learned the value of inspiring and engaging the local government, potential funders, a new Board of Directors and long-time partners. Having a common goal enabled the health center to overcome obstacles along the way and take the necessary risks to complete the project.

The new clinic has helped the health center increase capacity to meet growing patient demand. Overall, UFM’s patient base has grown by 23% and visits have increased nearly 18% following the completion of the project. The chart below depicts the growth UFM has experienced since 2006, when planning began for the new facility. That year, the health center counted 42,553 visits for 11,804 patients. By 2009, after moving into the new building, UFM’s patient base grew to 45,538 visits for 12,800 patients. Two years post-construction in 2011, the health center reported visits of 50,907 for 14,552 patients. United Family Medicine projects that the new facility will enable the organization to exceed 60,000 visits by the end of 2014. According to the latest estimates, the health center is likely to meet that goal.



The new facility has enabled UFM to fulfill its dual mission of “to serve and to teach” by providing space to enhance services and train future providers through its residency program. More space means room for group visits, educational workshops and additional services such as dental, which was previously offered as a contracted service one day a week. It also allows the health center to offer 24 hour a day, seven day a week service and a continuum of care that extends to the hospital. Health education and translation services are offered to patients at no charge and a staff of patient advocates work with families and individuals to assist with everything from finding housing, helping apply for Medical Assistance and Minnesota Care, talking to bill collectors and assisting with emergency food sources. Special programs are conducted for the uninsured that have barriers to access. Examples are a prostate screening clinic, a breast cancer screening breakfast and women’s wellness event.

The United Family Medicine Residency Program has also benefitted from a new building, which in turn enriches the area. Recognized as one of the most sought after family practice residencies in the nation, the residency program curriculum is based on a model of community-oriented primary care. The medical residents are trained by experienced physicians during their in-clinic time and also provide increased access to care for UFM’s patients by doubling the number of providers in the clinic.

Each medical resident devotes at least one-half day every two weeks to off-site community care including working in collaboration with local and state departments of health in areas of disease prevention, such as tuberculosis and HIV. The residents help staff on-site services at Sibley Manor Apartments, Dorothy Day Center and Face-to-Face Clinic, as well as a dozen nursing homes, allowing healthcare to be provided where patient need is greatest. Since its inception nearly 20 years ago, the program has trained over 100 physicians who now serve as family medicine doctors in metro, rural, and regional clinics in the greater community.

Conclusion

Confronted by a growing community need, United Family Medicine successfully completed a new building that allowed it to enhance services and increase efficiencies. Although there were challenges throughout the building process, UFM has been able to move ahead because of their strong community activation and partnership, leadership and sound financial management. Specifically, the project is an example of the value of early and ongoing strategic capital planning to ensure a “right-sized” project that meets patient demand and also is sustainable. By steadfastly keeping to these principles, United Family Medicine has built an affordable facility that meets today’s needs and offers opportunities for future growth.

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