

HopeHealth

With Hope, all things are possible.

A Community Health Center for Inner City Florence, South Carolina



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EXECUTIVE SUMMARY

HopeHealth, Inc. proposes to establish a Community Health Center (CHC) to serve “Inner City Florence”, a federally designated Medically Underserved Area (MUA) in Florence, SC. Inner City Florence experiences great health disparities and access to care barriers. The severity of the need is so great that the U.S. Department of Health and Human Services (US DHHS), Bureau of Primary Health Care (BPHC), has made the area eligible for CHC “New Access Point” funding for operational support. Upon gaining CHC status HopeHealth will receive a greatly enhanced Medicaid reimbursement rate and grant dollars per patient served.

The proposed new CHC will provide comprehensive primary and preventative health care to anyone without regard to ability to pay in the city of Florence. Four thousand people from an impoverished area will have a medical home as a result of this service. Hours of operation include nights and Saturdays. The facility is within walking distance for many and also a designated stop within the city’s public transportation system. HopeHealth will utilize its existing contractual relationships for discounted rates with a variety of health care providers. Strategic alliances have also been established with Carolinas Medical Alliance and Mercy Medicine to guarantee immediate Medicaid referrals. Revenue will consist of 63% billing and 37% grant funding.

DEFINITION OF PLAN

HopeHealth, Inc. is a non-profit health services organization in Florence, South Carolina that provides medical care, prevention, and support services to persons living with HIV/AIDS and those at-risk for HIV infection. Through its primary care clinic HopeHealth treats any health condition an individual might have, so long as the person is HIV positive. The proposed new service, however, will provide comprehensive primary and preventative health care to anyone without regard to HIV status or ability to pay in the city of Florence.

HopeHealth, Inc. is proposing to establish a “new access point” to ensure the provision of primary health care services to “Inner City Florence”, a federally designated Medically Underserved Area (MUA). Comprising Census Tracts 8 and 9, Inner City Florence has a racial composition of 98% African American (Census 2000). All persons in MUA Inner City Florence will also have access to the full range of preventive, enabling and supplemental health care services, including oral health care, mental health care and substance abuse services, either directly on-site or through established arrangements regardless of ability to pay.

HopeHealth’s plan contains several characteristics to address Inner City Florence access, health and social needs:

- Medical providers’ scope of practice is not limited by age, sex, organ system, or disease entity. Pediatric nurse practitioner is also available.
- Specialty care and dental care is available via contracts or referral agreements with quality providers.
- Mental health and substance abuse treatment is available on-site and via contracts/referral agreements with quality providers.
- Pharmaceutical assistance will be provided (already have a 340-B pricing program).
- Counseling will be provided by a licensed master-level social worker.
- Case managers will provide basic psychosocial intervention and help clients make effective use of available resources in the community.
- Transportation will be available for all who need it.
- An outreach specialist will build rapport with persons needing to enter care and also re-engage persons who may have dropped out of care.
- The culturally competent staff will treat all clients with dignity, respect, warmth, and friendliness (as HopeHealth measures with monthly client satisfaction surveys).

As a new start, HopeHealth will utilize family practice physicians and family nurse practitioners to ensure that clinical assessment and primary care intervention can be made across all major life cycles. The providers and clinical team will be able to positively address Inner City Florence health disparities such as hypertension, diabetes, prostate cancer, heart disease, stroke, chronic obstructive pulmonary disease, breast cancer, STDs, HIV, and depression. A pediatric nurse practitioner will also be utilized to respond to the 30% pediatric population.

When a condition is beyond the scope of practice, then referrals will be made for specialty care. For example, if a family practice physician were to observe characteristics of advanced stage AIDS in a new patient, then a referral can be made in-house to one of HopeHealth’s contracted infectious disease physicians. Or perhaps a family practice provider feels that a patient with

mental illness is not responding well to treatment due to severity of condition. A referral can be made for specialty mental health treatment with HopeHealth's contracted provider or to another appropriate provider.

By Year 2, the project will directly employ four medical providers (3.5 FTE) to serve 3,750 users for 11,250 encounters. A staff of 16.7 FTEs will implement a service delivery plan which ensures the provision of primary health services, diagnostic laboratory and radiological services, preventive health services, emergency medical services, pharmaceutical services, referral services, case management, counseling, transportation, outreach, and health education. Services include dental care, substance abuse services, and mental health treatment.

The staffing and service plan is achievable at the proposed level given the patient mix is at least 55% Medicaid. The Year 1 budget will be almost \$1.4 million dollars, with 63% of revenue coming from patient billing. Approximately \$50,000 of the budget is likely be used to help pay for a 2300 square feet addition to our existing structure (See Appendix A: Floor Plan for Addition). The addition would feature 10 exam rooms, nursing station, laboratory, reception, lobby, and rest rooms. Securing a new facility is ideal, though, and is the "number one" strategic goal for HopeHealth in 2006. Bank financing, mixed with foundation dollars from the local Doctors Bruce and Lee Foundation (\$150 million in assets), is the most promising scenario currently under consideration.

Listed below are examples of performance measures and success goals for the CHC (Source: Health Disparities Collaboratives, 2006)

Diabetes

- Average HbA1c level for all patients with diabetes in last 12 months (Goal: <7%).
- Percent of patients with 2 HbA1c tests in last 12 months (Goal: >90%).
- Percent of patients with documented self-management goals in last 12 months (Goal: >70%).
- Percent with blood pressure less than 130/80 in last 12 months (Goal: >40%).
- Percent of pts with current prescription for aspirin or other antithrombotic agent (Goal: >80%)

Cardiovascular Disease

- Percent with blood pressure less than 130/80 in last 12 months (Goal: >40%).
- Percent of hypertensive patients with appropriate BP control in last 12 months (Goal: >50%).
- Percent of hypertensive patients with 2 BPs in last 12 months (Goal: >90%).
- Percent of patients with documented self-management goals in last 12 months (Goal: >70%).
- Percent of patients with appropriate fasting lipid profile documented (Goal: >80%).
- Percent of patients with LDL Cholesterol level treated to goal (Goal: >60%).
- Percent of pts with current prescription for aspirin or other antithrombotic agent (Goal: >90%)

Cancer

- Percent of patients with documented self-management goals in last 12 months (Goal: >70%).
- Percent of women age 42 or > who have had a mammogram in the prev 2 yrs (Goal: >70%).
- Percent of women age 21 or > who have had a Pap smear within the prior three yrs (Goal: 90%).
- Percent of adults age 51 or > who have been screened for colon cancer (Goal: >50%)

Asthma

Percent of patients with current severity assessment from first patient registered (Goal: >90%).
Percent of patients receiving appropriate anti-inflammatory meds from first pt (Goal: >95%).
Percent of patients with documented self-management goals in last 12 months (Goal: >70%).
Number of symptom-free days in previous two weeks (Goal: >10 days).
Percent of patients having ED/Urgent Care visits for asthma in last six months (Goal: <5%).

Depression

Percent of depressed patients with 50% reduction in Patient Health Questionnaire score in last 12 months (Goal: >40%).
Percent of patients with a 5 point reduction in PHQ score within 6 months (Goal: >50%).
Percent of patients with PHQ reassessment b/n 4-8 wks of last New Episode PHQ (Goal: >70%).
Percent of patients with documented self-management goals within the last 6 months (Goal: >70%).

HIV

Percentage of clients on HAART with CD4 count \geq 200 in last 12 months (Goal: 25% increase).
Percentage of clients on HAART with undetectable viral load in last 12 months (Goal: 60%).
Percentage of clients with diagnosis of opportunistic infections in last 12 months (Goal: <10%).
Percentage of clients with visit(s) in the last three months (Goal: 85%).
Average CD4 count of all measured clients in past three months (Goal: 50% rise).
Percentage of clients hospitalized (during the month) (Goal: <10%).

Service data will be captured by staff utilizing the Patient Electronic Data Care System (PECS), a reporting system designed by US DHHS HRSA. As HopeHealth implements the Community Health Center program much new baseline service data will be collected. On an occasion where the baseline data on a particular measure is significantly lower than the goal, then the Management Team will make adjustments. For example, the Medical Director may recommend lowering a goal to be more realistic or establishing a new measure to better capture change or improvement.

INDUSTRY ANALYSIS

Civil rights activists and President Lyndon Johnson's War on Poverty are credited with the birth of Community Health Centers. Funding was approved in 1965 for the first two neighborhood health center demonstration projects, one in Boston, Massachusetts, and the other in Mound Bayou, Mississippi. Today there are 1,000 Community Health Centers that provide a medical home and family physician for 15 million people in every state and territory in the United States. About half of health center patients reside in rural areas. Nearly 40% of health center patients are uninsured.

CHCs differ from other health care providers in several key ways including:

- Being located in high-need areas as identified by the federal government; having elevated poverty and not enough physicians.
- Being open to all residents, regardless of insurance status.
- Providing free or reduced cost care based on ability to pay.

- Offering services that help their patients access health care, such as transportation, translation, case management, social work, health education, and home visitation.
- Governed by Boards where the majority of the members are patients (Federal regulation).

Successful health centers are those that find a way to balance the “safety net” ideal of the Economic Opportunity Act of 1964 with the need to increase income to deal with the rising costs of quality healthcare. It appears that uninsured patients cannot make up the majority of the patient mix. There must be a substantial Medicaid population and also some private insurance and Medicare patients.

Federal budget commitment has been substantial for these centers. Last year when many public health programs were flat-funded, the community health center program received a 17% increase, with a pledge from the President to fund 150 new access point sites in 2006. HopeHealth desires to take advantage of this very friendly funding environment.

A strong grant application, MUA designation, high need score, and congressional support can result in a newcomer successfully entering the Community Health Center industry. However, the industry does create some barriers to entry. For example, the federal grant guidance routinely encourages new applicants to utilize the state primary care association in the development of their applications. Yet the South Carolina Primary Health Care Association (SCPHCA) is governed by a Board of Directors comprised of the existing community health center Executive Directors in the state.

If a new start applicant presents an initial proposal to the Executive Director of SCPHCA and an existing community health center then decides to present a satellite proposal for the same area, each proposal is expected to be reviewed objectively, according to the federal government. SCPHCA is supposed to give no special treatment to the existing CHC satellite proposal even if, for example, the proposal was written by the Chair of the SCPHCA Board of Directors.

HopeHealth has taken assertive steps to ensure that our relationship with SCPHCA is as favorable as possible. HopeHealth joined the association several months ago and has consulted with the Executive Director on several occasions. The Executive Director has toured the Hope facility, provided training for the Board, and has agreed to furnish a letter of support for the application. This relationship will need to continue to be nourished to overcome the inherent disadvantages of being a newcomer to the industry.

Once in the industry, the key success factors are three-fold:

- Create and maintain a system which ensures outpatient, ambulatory, primary care for anyone who needs it. Requires relationships with a network of vendors and contractors.
- Met clinical quality standards consistently.
- Recruit and retain providers who reflect the target population or, at a minimum, are culturally competent.
- Maintain the proper balance between insured and uninsured clients for financial viability.

TARGET MARKET

“I’ve had HIV for 10 years and I’m healthier than the rest of my family and most of my friends. We all live in the same neighborhood, but I’m the only one able to see a doctor. They might not have HIV, but they are a lot worse off than me. Why can’t HopeHealth serve them, too?”

41 year old HIV+ African American woman

HopeHealth client

Consumer Advisory Committee, February 28, 2005

Inner City Florence is comprised of a target population which is 98% African American. It is an area in which 32% of the people have an income below the poverty level, 14% are classified as severely poor, and almost half of the adults have no high school diploma. Other characteristics include:

- 14.4% unemployment rate
- 44% with no high school diploma (pop 25 yrs and older)
- 26% of all housing units have no vehicle available

The people of Inner City Florence experience great health disparities. The target population death rate from hypertension is 6 times that of their white counterparts. The Emergency Department visit rate for diabetes is 6 times higher. The death rate from prostate cancer is 4.3 times higher and the case rate for HIV 9 times higher than their white counterparts. Elevated hospitalization rates, Emergency Department visit rates, and health disparities also exist for heart disease, stroke, chronic obstructive pulmonary disease, breast cancer, all cancers, childhood asthma and other conditions. There are very few options for the target population to receive needed primary care. Family practices are not accepting new Medicaid patients and the local donation-funded “free” clinic has a long waiting list. This clinic indicates it can only meet 20% of the city’s need.

HopeHealth’s proposal brings comprehensive primary health care services within walking distance for the target population, without regard to ability to pay. This single-site center is located within a 1-3 mile radius of virtually all the health and human service providers to serve as the continuum of care for the new access point. For patients needing it, the contracted transportation service utilizes door-to-door pick-up, with the HopeHealth facility as a routine stop on their route.

The new center will be the medical home for 4,000 patients, many of whom had no place to go for preventive and primary care. Health problems can be detected and treated earlier, emergency room visits decreased substantially, and suffering alleviated significantly.

COMPETITION

Partners

Local partners in this project include:

- Pee Dee Mental Health Center: PDMHC needs psychiatric clients to have a primary care home. Specialty psychiatric care doesn't work well with out primary care needs being adequately addressed. PDMHC and HopeHealth will have a referral agreement.
- Pee Dee Public Health District: PDPHD needs public health clients to have a primary care home as required by public health nursing and social work treatment goals. PDPHD and HopeHealth will have a referral agreement.
- Circle Park Behavioral Health Services: CP needs drug and alcohol clients to be assessed and treated for other health conditions. HopeHealth needs CP to provide substance abuse treatment beyond the scope of practice for our licensed master social worker. CP and HopeHealth will have a contractual relationship.
- McLeod Regional Medical Center: McLeod wants to reduce number of persons seeking primary care in the emergency department and prevent emergencies that results from a lack of routine primary and preventative care. HopeHealth and McLeod will have a contractual relationship for psychiatric services and perhaps hospitalization.
- Sexton Dental Clinic: Sexton has a long history of serving underserved patients, including persons with HIV/AIDS. HopeHealth and Sexton will have a contractual relationship to meet the dental needs of the center's clients.
- City of Florence Police Department: Inner City Florence comprises the department's "North Region", the most crime-ridden area of the city. Officers want to see any services including medical care and support services that can impact the residents and area in a positive way. HopeHealth and the police department will work together to promote the new service in the Inner City. Several methods, including "word of mouth", will likely be utilized. PD also provides security protection for the clinic site located in the Inner City. Off-duty officers are paid hourly on an as needed basis.
- Office of Congressman James E. Clyburn: James Clyburn, a powerful African American Congressman, has long believed that a community health center is needed to serve minorities in Florence. Clyburn's office will help the center identify additional opportunities for federal assistance.
- Carolinas Hospital System (very close to getting full support): CHS wants to reduce number of persons seeking primary care in the emergency department and prevent emergencies that results from a lack of routine primary and preventative care. CHS only wants a community health center if it doesn't threaten existing practices. HopeHealth will admit patients to CHS exclusively if the Carolinas Medical Alliance refers their outpatient Medical clients to HopeHealth. HopeHealth and CHS will have a contractual relationship.
- Carolinas Medical Alliance (very close to getting full support): CMA (the Carolinas-affiliated physician practices) sees no threat from HopeHealth's CHC proposal and wants to refer Medicaid clients, including Medicaid managed care clients. HopeHealth and CMA will have a contractual relationship.

Other potential partners include:

- Drs. Bruce and Lee Foundation: May fund part or all of a new facility.
- FMU School of Nursing: New Dean interested in partnering. Alliance would be of great political help in an appeal to the foundation for new building.
- Fitness Forum: Owner of fitness/physical therapy center is former Board Chair of HopeHealth. Space at the potential building site may be of great interest to her. Owner's

father has arguably been the most powerful state senator in South Carolina for the last decade, including a long stint as Chair of the state Finance Committee. His political influence could be very useful with the Drs. Bruce and Lee Foundation.

- South Carolina State Historic Preservation Office (SHPO): Office encourages and assists the preservation of South Carolina’s historic buildings, structures, and sites. If Hope can identify a historic building suitable for conversion to health center, then Clyburn can help secure renovation and restoration funds.
- Mercy Medicine: Local “free clinic” with donated physician time. Mercy only takes the uninsured. Medicaid patients are turned away. HopeHealth needs Medicaid patients to get the special reimbursement rate to help subsidize care of uninsured patients. It’s critical not to “show up” Mercy in attempts to partner or demonstrate how HopeHealth can meet the unmet health need in the city. Many local entities have worked hard to develop Mercy, including the Drs. Bruce and Lee Foundation and Carolinas Hospital System (who we are counting on for a strategic alliance).

Competitors

- Mercy Medicine: Local “free clinic” with donated physician and family practice resident time. No enabling or supportive services like case management, social work, outreach, etc. Currently serves 2100 patients.
- Carver Community Center: Community center utilizes one family practice physician provided by a local hospital to provide a very limited amount of primary care. No enabling or supportive services like case management, social work, outreach, etc.
- Jeter-Skinner Family Practice: Large family practice is no longer accepting new Medicaid patients, but has in the past.
- Medical Plaza Family Medicine: Large family practice no longer accepting new Medicaid patients, but has in the past.
- Black River Healthcare: Existing community health center with a satellite 30 minutes to the southwest is interested in expanding to Inner City Florence. Not currently providing services to the area.

MARKETING STRATEGY

HopeHealth will utilize the same name, slogan, and logo (see top of Cover Page) for the new CHC service. The slogan , “With Hope, all things are possible”, was selected by the staff in the latter part of 2003. The word “Hope” has special meaning for our patients and staff. Our team strives to instill hope, whether the patient is suffering physically, emotional, spiritually, or socially. People need hope if they are to successfully cope with devastating conditions such as poverty, stigma, isolation, loneliness, discrimination, depression, poor health, poor housing, substance abuse, mental illness, violence, and abuse.

There was some question as to whether the name “HopeHealth” would be a turn-off to some persons who might have heard that we served HIV+ patients. HopeHealth does provide a couple of non-HIV services, though, such as breast and cervical cancer screenings to HIV-negative women. There have been no recruitment problems or conflicts noted to date. In our survey of 28 local service providers (social workers, case managers, discharge planners, nurses, etc.) they

indicated that 82% of their clients (or 5,744 persons) would still come to a low-cost primary care provider despite knowing that HIV+ patients were also being treated at the facility.

Many patient referrals will come through formal arrangement or contracts. For example, we will very likely contract with Carolinas Medical Alliance to see their Medicaid patients. This contract could potentially equate to a couple thousand Medicaid patients. We will also forge formal referral agreements with the Emergency Departments of McLeod Regional Medical Center and Carolinas Hospital System. Mercy Medicine, the local “free” clinic prohibited from treating clients with Medicaid, has indicated they are in great need of a place to refer to.

Therefore, HopeHealth will likely need to tailor its message based on the audience:

1. To providers, we want your excess Medicaid business.
2. To the Emergency Departments, we want your inappropriate and uninsured clientele.
3. To the community, we want you to come to us even if you don't have insurance.
4. To the community, we want you to come to us if you do have private insurance.

These messages must be carefully balanced in their timing and frequency. When considering the required patient mix (55% Medicaid) it will be critical at the onset to have effective messages for No.1. The Medicaid contract and an MOA with Mercy Medicine limits our risk. When considering the perceived threat private practices may feel, No.4 might be a message better developed several years into the project.

HopeHealth will also use several traditional channels to market our new service including:

- Weekly morning radio broadcasts on 93.7 FM called “Word of Hope” (95,000)
- Billboards (200,000 drivers/commuters in the city).
- Television appearances Channel 13 (227,000 households)
- Television appearances Channel 15 (200,000 households)
- Press releases (10 media contacts)
- Public service announcements (95,000)
- Newspaper articles in the Morning News (70,000)
- Website (Global reach).
- Brochure (Several thousand people in the area).
- Display (Several hundred people at local conferences).

PROJECT OPERATIONS AND MANAGEMENT

Summary of Services

At its single, freestanding site, HopeHealth will ensure the provision of primary, preventive and supplemental health services to all life cycles of the target population through the following arrangement:

- *On-site* family practice physicians and family nurse practitioners.
- *On-site* pediatric nurse practitioner.
- *On-site* laboratory and phlebotomy. *Contract* for much of the analysis through LabCorp.

- *Contractual* radiological services through Florence Radiology.
- *On-site* preventive health services.
- *On-site* emergency medical services, where medically appropriate.
- *On-site* pharmaceutical assistance. HopeHealth receives Federal 340-B Drug Pricing and utilizes staff to access medications through pharmaceutical company charitable programs.
- *Referrals* to other medical providers and specialists when medically indicated.
- *On-site* infectious disease specialty available when medically indicated.
- *On-site* licensed social worker for mental health/substance abuse assessment and counseling.
- *Contractual* substance abuse and mental health services through Circle Park Behavioral Health Services and McLeod Psychiatric Associates, when indicated.
- *Contractual* oral health services through Sexton Dental Clinic and Michael Miller, DDS
- *On-site* vision screenings. *Contractual* eye care services with Stokes Regional Eye Care Center, when medically indicated.
- *Onsite* case management services.
- *Contractual* transportation services though the Pee Dee Regional Transportation Authority and Rainbow Express Courier Services.
- *On-site* outreach services. Appropriate personnel to best engage the community in the community.
- *On-site* educational services to educate both patients and Inner City Florence regarding the availability and proper use of health services.

Target Population

The target population of the proposed new access point is the unserved and underserved general community in Inner City Florence. The unique demographic characteristics of this general community target population include:

- 98% African American
- 14.4% unemployment rate
- 32% with income below poverty level
- 14% severely poor (income ratio to poverty level)
- 44% with no high school diploma (pop 25 yrs and older)
- 26% of all housing units have no vehicle available
- 56% female
- 55% aged 19-59 years
- 30% aged 18 years or younger
- 13% aged 65 years or older

Through its current primary care clinic HopeHealth treats any health condition an individual might have, so long as the person is HIV positive. The proposed new service, however, will provide primary health care to anyone without regard to HIV status in the city of Florence.

Clinic Hours of Operation

Monday and Wednesday..... 9:00AM-5:00PM
Tuesday and Thursday.....10:30AM-7:30PM
Friday.....9:00AM-2:00PM
Saturday.....8:00AM-1:00PM

HopeHealth, Inc. has 24-hour professional coverage. After hours all clients are referred to the toll-free answering service which then pages the on-call clinician.

Management and Staff

At full capacity (Year 2) the new access point will directly employ the following staff (16.7 FTE):

Management Team*

Executive Director
Business Administrator (CFO)
Medical Director
Director of Clinical Services (Nursing)
Director of Program Services
Director of Quality Improvement

*The majority of the Management Team 6 FTEs is paid for with other grant sources.

Staff

1.5 Family Practice Physicians
1 Family Nurse Practitioner
1 Pediatric Nurse Practitioner
2 Licensed Practical Nurses
1 Licensed Master Social Worker
1 Certified Medical Office Assistant
1 Health Information Technician
2 Case Managers
1 Benefits Counselor
1 Outreach Specialist
1 Revenue Analyst
1 PECS Data Entry Specialist

Please see Appendix B: HopeHealth CHC Organizational Chart (Year 2). The darker color positions receive CHC funding. HopeHealth believes that this staffing model will be needed to adequately care for 3750 patients in Year 2 (full capacity).

- 1.5 physicians and 2 nurse practitioners can be utilized to meet the federal BPHC suggested provider to patient ratio.

- The two licensed practical nurses will be needed to provide clinical support to 3.5 providers.
- Two case managers will be needed to provide counseling, referral and follow-up services to assist a user population with great medical, social, housing, educational, and other needs. Positions are needed to help clients gain access to available services.
- One Licensed Master-level Social Worker will be needed to provide comprehensive psychosocial assessment and intervention. This position will help HopeHealth adequately respond to mental health and substance abuse needs.
- The Outreach Specialist will be critical in patient recruitment, as HopeHealth will be a new start program. A position similar to this one has helped HopeHealth's EIS primary care program achieve the fastest rate of patient census growth amongst South Carolina HIV providers (with medium to large practices).
- The health information technician will be needed to organize and evaluate this amount of medical records for completeness and accuracy.
- The PECS Data Entry Specialist will be needed to maintain current and accurate data in our clinical information system. This activity will be critical for clinical analysis and reporting.
- The Certified Medical Office Assistant will be needed to manage the front office and assist in clinic activities, when needed.
- The Benefits Counselor, likely a professional social worker, will specialize in helping Medicaid-eligible patients access this coverage. This position will also help patients gain access to available pharmaceutical assistance.

The organizational line of authority runs from the Board to the Executive Director, who then delegates to managers. The Executive Director serves as the head of the Management Team and is accountable to board-established long-term goals and operating plans. The Management Team has the skills to provide leadership, fiscal management, clinical direction, and management information system expertise.

Management Team meetings (three times per month) are a critical component of HopeHealth's quality improvement system and Board Oversight Committee process. HopeHealth has a strong information system infrastructure. Two new information systems, *Companion Technology PM* and *Patient Electronic Data Care System (PECS)*, will provide the Management Team with real time financial, utilization, QI, and clinical information.

Our CQI system begins with, and relies upon, the determination of measurable outcomes and action steps, thus making it possible to evaluate progress on a monthly basis. Outcomes are time-framed so projections can be made for each month of the entire year. The Management Team considers a wide variety of factors (available resources, trained staff, equipment, etc.) that may influence performance on a particular indicator, thereby helping create projections that are reasonable. HopeHealth utilizes a system which involves elicits feedback from patients, governance, staff, management, and the community (see Appendix C: HopeHealth Quality Improvement System).

Operational Partners

In providing comprehensive primary care and supportive services HopeHealth relies on many operational partners on a daily basis. We have established many formal and informal relationships to assure a seamless continuum of care and access to appropriate specialty care and other services. HopeHealth has contracts, MOUs, and/or business relationships with the following providers:

- Carolinas Hospital System
- McLeod Regional Medical Center
- Carolina Health Care (multi-specialty practice: hematology/oncology, endocrinology, infectious disease, pulmonary medicine, rheumatology, dermatology, podiatric medicine and foot surgery)
- Florence Women's Health: Anu Chaudhry, MD, FACOG (Ob-Gyn)
- McLeod OBGYN Associates
- Stoke Regional Eye Centers
- Circle Park Behavioral Health Services (substance abuse and mental health)
- McLeod Psychiatric Associates
- Sexton Dental Clinic
- Michael Miller, DDS
- Mark Lawhon, DMD (Oral and Maxillofacial Surgery)
- Florence Radiology
- Advanced Cardiology Associates
- Pee Dee Surgical Group
- Joseph Healy, Jr., MD (Neurology)
- Florence Dermatology Clinic
- Pee Dee Public Health District (health department)
- LabCorp
- PharmaCare (340-B Drug Pricing contract pharmacy); Amerisource Bergen (distributor)
- Walgreen's pharmacy
- Pee Dee Regional Transportation Authority
- Rainbow Express Courier Services (patient transportation at nights and on weekends)
- And other providers.

HopeHealth receives substantially discounted rates from the vast majority of these providers. Our system also relies on the entire human service network, from government agencies to non-profits, to help meet the various psychosocial needs of clients. For example, a HopeHealth case manager is communicating frequently with the Pee Dee Mental Health Center, the Pee Dee Coalition Against Domestic Violence, the Housing Authority, and the Manna House (soup kitchen) as a part of a particular client's primary care treatment plan. In this example, the client is a woman who has left her physically abusive partner, suffers from depression and post-traumatic stress disorder, is on a Section 8 waiting list, and is currently eating meals at the soup kitchen. While all of this is going on she must adhere to a stringent treatment regimen for diabetes and HIV as ordered by her primary care physician.

Human Resources and Organizational Culture

HopeHealth will continue to utilize its current human resources system which is housed in the business department. The human resources director manages employee benefits and ensures that personnel policies and procedures are followed.

Organizational culture is affected by a wide variety of factors, especially as staff composition changes and grows. The Management Team, however, will routinely communicate the following organizational values:

- *Friendliness.* We will deliver quality services in a warm, friendly environment.
- *Integrity.* We advocate and emulate high ethical conduct in all we do.
- *Possibility Thinking.* We proactively look for creative solutions to complex and difficult problems.
- *Leadership.* We lead through example and by mentoring others. We also recognize that leadership requires both concern for people and concern for productivity.
- *Compassion.* We show sensitivity for the persons we serve by the actions we take and the words we speak.
- *Lifelong Learning.* We recognize lifelong learning as essential to our ability to innovate and continually improve ourselves, our organization, and our community.
- *Diversity.* We advocate inclusion and embrace the differences of those with whom we work and the communities we serve.

Understanding that poor health disproportionately affects minority communities, HopeHealth has also made a commitment to actively search for minority employees and organizational leaders. We have committed to maintaining a “majority minority” status in three areas: total staff, management personnel, and board members.

Current Status

Total FT employees: 38 (53% minorities)

Managers: 6 (50% minorities)

Board Members: 13 (54% minorities)

Diversity goes much further than race, though. It is important to us that we have employees that represent both sexes and all races. However, we are also committed to hiring staff with various political, religious, and social beliefs. While we always look to hire the most qualified applicant, we actively recruit minorities and always consider issues of diversity in hiring.

IMPLEMENTATION PLAN AND TIMELINE

Completed pre-September 2005.

- Board voted to pursue community health center and new building
- Reviewed results from City of Florence Turning Point Initiative Forces of Change Assessment.

- Conducted key informant interviews with patients, family members of patients, HopeHealth clinicians, case managers, and outreach staff.
- Conducted consumer focus groups
- Implemented survey for community health and human service providers
- Conducted staff and Board preparation activities (group meetings)
- Board received training from SCPHCA (called “Health Center Governance Boot Camp”)
- Had several consultations with SCPHCA
- Met with Black River (competitor) and reviewed their affiliation proposal
- Met with CEO of Carolinas Hospital System to discuss support for new center and facility.
- Met with COO of Carolinas Medical Alliance to discuss how proposed center would fit into the medical community and to solicit support.
- Developed new “health center-compliant” by-laws for board ratification

September-November 2005.

- Finished writing HopeHealth’s community health center grant application.
- Met with Mercy Medicine to discuss strategic alliance options. Goal was to get support for community health center concept, vision of how we can work together to help uninsured and Medicaid patients, and gain political support for Bruce and Lee building application.

December 2005.

- DHHS HRSA canceled community health center grant application round.

January 2006-April 2006.

- Refined center proposal and completed business plan portion of the application.

May 2006

- Follow-up meeting with the CEO of Carolinas Hospital System. COO of Carolinas Medical Alliance will report to CEO that HopeHealth’s idea will not compete with practices and, in fact, will be of help to them. Practices are trying to limit Medicaid patients and need a referral source. Subject of Medicaid managed care agreement will also be discussed. We will also ask CEO about status of the old McClenaghan High School, a vacated building owned by the hospital that may be appropriate for renovation and/or purchasing by HopeHealth with Bruce and Lee funds.
- Follow-up meeting with Board members about progress/strategy of approaching Bruce and Lee Grants Committee for facility funding assistance.

June 2006-August 2006.

- Second meeting with Bruce and Lee Foundation.
- Meet with the Francis Marion University School of Nursing about a potential strategic alliance. Assess how HopeHealth could customize a portion of its new facility to be well-suited for nursing education/skills building.
- Create and implement a strategy to increase publicity of the need for a community health center (and place for a community health facility) in Florence. (Possible media campaign)

promoting the use of old McCleneghan High School to improve health of the city. Possibly include graduates from the school: Harry Carson, NFL Hall of Famer and Jacquelline Sallenger, wife of NFL Carolina Panther's owner Jerry Richardson).

- Establish an Advisory Committee of strategic partners who have committed to community health center/building concept. Publicize (list) advisory committee members on all written correspondence. Encourage strategic partners to contact Bruce and Lee on our behalf.

December 2006.

- Submit community health center grant application to DHHS HRSA.

January-February 2006.

- Assess whether Bruce and Lee building strategy is working.
- If not, beginning identifying commercial properties available for lease or purchase. Assess impact on existing budget.
- If yes, continue to cultivate strategic alliances and Grants Committee of the Bruce and Lee Foundation.
- If yes, prepare application for Bruce and Lee funding round in March. Plan may need to include floor plans and renovation estimates.
- HopeHealth and strategic partners make formal presentation to Bruce and Lee.

March – April 2006.

- Submit funding application to the Bruce and Lee Foundation.
- Funding decision on Bruce and Lee application is announced.
- If approved, HopeHealth building committee determines timeline for getting new facility operational.
- If not approved, HopeHealth building committee determines timeline for renting or purchasing a building on its own or expanding the existing facility.

May-June 2006.

- Funding decision on community health center application is announced.
- If approved, begin implementing community health program in foundation-funding facility or Hope-funded facility.

June 2006-September 2006.

- Start providing services on day one of the CHC grant award. Begin by serving our existing 720 patients. Use existing staff and physicians initially.
- Send out press releases to television, print, and radio re: announcement of new community health center. Arrange for feature story in local newspaper.
- Recruit and hire appropriate staff.
- Purchase needed supplies and equipment. Order any needed wiring and networking.
- Order and install new billing and data collection software.
- Establish any new contracts or Memoranda of Agreement.
- Establish new policies and procedures as we anticipate/encounter problems.
- Participate in mandated trainings or technical assistance.

- Evaluate likelihood of future success in September (the end of the four month start-up phase).
- Continue or exit the community health center service.
- If exit, determine another way or model to serve Inner City Florence.

RISKS AND EXIT PLAN

Establishing the new CHC does come with risks. HopeHealth will be serving 3300 more clients and providing 11,000 more visits in Year 1. The potential for accidents, malpractice, and claims increases. The budget allocates \$12,000 for professional liability insurance in Year 1. But if the new CHC proposal is funded, HopeHealth will be eligible to apply for deeming under the Federal Tort Claims Act (FTCA). Community Health Centers are eligible for protection from suits alleging medical malpractice through the Federally Supported Health Centers Assistance Act of 1992. The Act provides that health center employees may be deemed Federal employees and afforded protections of the FTCA.

Another risk is simply failing to deliver on the terms of a new grant. HRSA allows the first four months of the grant to be considered a “start-up” phase. Nevertheless, enough progress has to be made in Year 1 to receive the annual renewal. The management of HopeHealth will be operating in a financial environment based largely on billing revenue. Therefore, initially we will invest in one doctor and nurse at a time, for example. As we establish historical reimbursement data and a consistent patient census, then we will invest in another doctor and other staff. This risk-limiting approach will be utilized until we complete the staffing plan needed for full-capacity operations.

As a federally-funded health care provider, HopeHealth is very familiar with much of the regulations pertaining to CHCs. There is one key regulation that is radically different, though. All community health centers must be governed by the people it serves. The Board of Directors must be “composed of individuals, a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center.” After lengthy discussion the HopeHealth Board reached a consensus that the stipulation of a consumer majority can be met while still maintaining the composition of necessary legal, financial, medical, and political expertise.

If HopeHealth is awarded CHC status, the long-term development opportunities will be exceptional. Spending of billing dollars is much less restricted than grant dollars. Major capital investments (facility expansions, building purchases, etc.) can be made in ways that would otherwise be prohibited or severely limited with grant money regulations. Billing dollars can be “carried-over” from each year, thus helping HopeHealth establish a reserve fund which can be built from year to year to promote organizational financial security and fund special projects.

Long-term development will also include the construction or acquisition of a new facility (10,000-12,000 square feet). HopeHealth will pursue funding from the local Drs. Bruce and Lee Foundation, currently with assets of \$150 million. Our Medicaid patient contract with Carolinas Medical Alliance includes an agreement to admit patients to Carolinas Hospital System. This strategic alliance will likely have a favorable impact on any funding application submitted to the Drs. Bruce and Lee Foundation. Carolinas is the new healthcare system that resulted from the

sale of Florence General Hospital and Bruce Hospital, whose assets formed the Drs. Bruce and Lee Foundation (notice the Bruce name of two entities). The foundation's Board has a very amicable relationship with Carolinas.

Additional long-term development could include a relationship with the Francis Marion University (FMU) School of Nursing. FMU has established a new nursing school with its first Dean and received \$5 million from the Drs. Bruce and Lee Foundation to build a state-of-the-art nursing school building on campus. The new Dean is very interested in HopeHealth and indicates she wants to partner with us. FMU may be interested in our site being a field learning lab for nursing students. HopeHealth's application to Drs. Bruce and Lee Foundation could include facility plans customized for FMU nursing student on-site learning needs (such as exam rooms suited for skill observation, instructional lab areas, mock nursing station and triage, classrooms). If FMU has a vested interest in HopeHealth's new building, then substantial political support follows with the Bruce and Lee Foundation.

Although we can't lobby, keeping Congressman Jim Clyburn abreast of the needs of Inner City Florence and the accomplishments of HopeHealth may prove to be very helpful for long-term development. Clyburn is the 3rd ranking Democrat in the U.S. House of Representatives, was Chair of the Congressional Black Caucus, and sits on the powerful Appropriations Committee. Clyburn also has expertise in how to obtain funding for the renovation and restoration of historical properties, should Hope choose one as a new site for a health center.

HopeHealth will also utilize our CHC status as a platform to successfully apply for new grants and contracts. There are substantial funding opportunities for organizations proposing to address health disparities and increase access to care for about twenty key medical conditions. CHC designation will give us the capacity, experience, and data to make compelling arguments for this funding.

HopeHealth's philosophy of utilizing one grant/contract as a stepping stone to the next has made us the largest AIDS Service Organization (ASO) in South Carolina in total budget (\$2.7 million, 16 funding streams), total staff (47), total clients (1300), and total counties served (12). This progress has occurred despite being headquartered in the 10th largest city in South Carolina. Just four years ago HopeHealth had 6 staff and two funding streams. Our leadership will utilize CHC accomplishments as a leverage to further diversify funding streams to reduce risk.

The US Department of Health and Human Services, Health Resources and Services Administration provides grantees a 4 month start-up period which can be extended on a case-by-case basis. HRSA conducts a site visit and provides extensive technical assistance during this period. HopeHealth will also be in continuous communication with our federal project officer and staff from the South Carolina Primary Health Care Association. Therefore, HopeHealth will know by the 4 month mark whether we need to exercise an exit plan.

HopeHealth has neither read nor heard of any requirement to pay grant funding back to the government if a new start CHC is unable to make the program operational. If an exit is required at four months, HopeHealth would no longer be drawing down CHC federal funds. It's unlikely that any new physicians or nurses would have been hired, as we plan to utilize existing staff

initially to build the patient census. However, if a new staff member had been hired we would attempt to retain the employee in an HIV program, as appropriate.

In a worst case scenario where the federal government deemed we owed them \$100,000, for example, we would pay back the money through the following actions:

- Re-code shared program expenses back to the HIV program, where appropriate. For example, managerial salaries and fringe, equipment, supplies, and indirect costs such as rent, etc.
- Utilize our fundraising and billing revenue to patch up the difference.
- Utilize our BB&T line of credit as a last resort.

FINANCIAL STATEMENTS AND PROJECTIONS 3-5 YEARS OUT

Although HopeHealth will be applying for a “grant”, a Community Health Center award is much different than the typical grant. Once designated a CHC, organizations receive a greatly enhanced Medicaid reimbursement rate, three times what a private physician can obtain. This new earning potential results in only 35% of the proposed program being funded by grant dollars. Tapping a revenue source like this represents a sharp contrast to HopeHealth’s current funding, which is comprised of 95% grant dollars.

HopeHealth anticipates that the new center will generate revenue immediately. Being an existing primary care provider for 750 patients with HIV/AIDS results in an immediate patient census for the new center. More than half of these patient have insurance coverage. Depending upon negotiations, the contract with Carolinas Medical Alliance will provide 2,000-6,000 Medicaid patients for the new center. The remainder of patients will come from other contracts, referral agreements, and marketing efforts.

Budget Narrative and Assumptions

Revenue.

Year 1 Total: \$1,372,091

\$506,250 in grant revenue

\$150 per patient x 3375 patients = \$506,250

\$865,841 in billing revenue

\$125 per Medicaid visit x 5569 visits x 98% Collection Rate (CR) = \$682,202

\$125 per Medicaid mental health visit x 800 visits x 98% CR = \$63,504

\$80 per Medicare visit x 1094 visits x 95% CR = \$83,144

\$40 per private insurance visit x 810 visits x 80% CR = \$25,920

Self-pay/Uninsured sliding scale = \$11,071

Year 2 Total: \$1,522,578

\$562,500 in grant revenue

\$150 per patient x 3750 patients = \$562,500

\$960,078 in billing revenue

\$125 per Medicaid visit x 6188 visits x 98% Collection Rate (CR) = \$758,030

\$125 per Medicaid mental health visit x 800 visits x 98% CR = \$63,504

\$80 per Medicare visit x 1205 visits x 95% CR = \$91,580

\$40 per private insurance visit x 900 visits x 80% CR = \$28,800

Self-pay/Uninsured sliding scale = \$18,164

Year 3 Total: \$1,667,488

\$618,750 in grant revenue

\$150 per patient x 4125 patients = \$618,750

\$1,048,738 in billing revenue

\$125 per Medicaid visit x 6806 visits x 98% Collection Rate (CR) = \$833,735

\$125 per Medicaid mental health visit x 800 visits x 98% CR = \$63,504

\$80 per Medicare visit x 1318 visits x 95% CR = \$100,168

\$40 per private insurance visit x 1238 visits x 80% CR = \$39,616

Self-pay/Uninsured sliding scale = \$11,715

Year 4 Total: \$1,828,612

\$675,000 in grant revenue

\$150 per patient x 4500 patients = \$675,000

\$1,153,612 in billing revenue

Based on historical financial data from adding 375 patients per year for last three years.

We can assume a 10% increase in billing revenue, given similar reimbursement rates and patient mix.

Year 5 Total: \$2,000,223

\$731,250 in grant revenue

\$150 per patient x 4875 patients = \$731,250

\$1,268,973 in billing revenue

Based on historical financial data from adding 375 patients per year for last four years.

We can assume a 10% increase in billing revenue, given similar reimbursement rates and patient mix.

Expenses.

Personnel: Salaries & Wages.

***Executive Director**

Yearly FTE Total: 0.5 FTE in each of the five years.

Lead the community health center (CHC) and the overall organization.

*Existing staff member. This business plan details a service which will be integrated into an existing organization. Per organizational policy, HopeHealth prohibits the distribution of documents containing the salaries of existing employees, unless required by funders or government entities. HopeHealth will, however, verbally disclose any salary information to MAPH reviewers/advisors, as requested.

***Finance Director**

Yearly FTE Total: 0.5 FTE in each of the five years.

Responsible for the fiscal systems of the CHC and the overall organization.

Billing Revenue Specialist

Yearly FTE Total: 1 FTE in each of the five years.

Yearly Salary Total: \$38,000; \$39,140; \$40,314; \$41,524; \$42,770.

Responsible for maximizing billing revenue and managing practice management information systems.

PECS Data Entry Specialist

Yearly FTE Total: 1 FTE in each of the five years.

Yearly Salary Total: \$22,000; \$22,660; \$23,340; \$24,040; \$24,761.

Responsible for collecting patient-level data for reports to federal funding agency and Management Team.

Medical Director

Yearly FTE Total: 1 FTE in each of the five years

Yearly Salary Total: \$140,000; \$144,200; \$148,526; \$152,982; \$157,571.

Responsible for the directing the medical service of the CHC, including ensuring quality and quantity of care. Supervision and implementation of appropriate policies and procedures will constitute 20% of time. Remaining time is spent providing direct medical care.

Family Practice Physician

Yearly FTE Total: 0.5 FTE; 0.5 FTE; 0.5 FTE; 0.5 FTE; 1 FTE

Yearly Wages Total: \$60,000; \$61,800; \$63,654; \$65,564; \$135,061

Responsible for providing direct medical care to CHC patients. Reports to the Medical Director.

Nurse Practitioners

Yearly FTE Total: 1.5 FTE, 2.0 FTE, 2.5 FTE; 2.5 FTE; 2.5 FTE

Yearly Salaries and Wages Total: \$112,500; \$154,500; \$198,920; \$204,888

Responsible for providing direct medical care to CHC patients, including pediatric population. Reports to the Medical Director.

*Director of Clinical Services

Yearly FTE Total: 0.4 FTE, 0.5 FTE, 0.5 FTE, 0.5 FTE, 0.5 FTE

Responsible for the supervision of the nursing team, medical assistants, and ancillary health workers.

Licensed Practical Nurses

Yearly FTE Total: 2 FTE, 2 FTE, 2 FTE, 2 FTE, 2 FTE

Yearly Salaries Total: \$66,000; \$67,980; \$70,019; \$72,120; \$74,283

Responsible for providing clinical support to medical providers.

Medical Office Assistant

Yearly FTE Total: 1 FTE, 1 FTE, 1 FTE, 1 FTE, 1 FTE

Yearly Salary Total: \$30,000; \$30,900; \$31,827; \$32,782; \$33,765

Responsible for managing the front office and assisting in clinic activities, when needed.

Clinical Counselor (Licensed Master Social Worker)

Yearly FTE Total: 1 FTE, 1 FTE, 1 FTE, 1 FTE, 1 FTE

Yearly Salary Total: \$39,000; \$40,170; \$41,375; \$42,616

Responsible for providing comprehensive psychosocial assessment and intervention. Respond effectively to mental health and substance abuse needs.

*Director of Program Services

Yearly FTE Total: 0.1 FTE, 0.3 FTE, 0.3 FTE, 0.3 FTE, 0.3 FTE

Responsible for supervising case management, behavioral health, and benefits counselor staff.

Outreach Specialist

Yearly FTE Total: 1 FTE, 1 FTE, 1 FTE, 1 FTE, 1 FTE

Yearly Salary Total: \$30,000; \$30,900; \$31,827; \$32,782; \$33,765

Responsible for patient recruitment activities.

Case Managers

Yearly FTE Total: 0.0 FTE, 2 FTE, 2 FTE, 2 FTE, 2 FTE

Yearly Salary Total: \$0.00; \$60,000; \$61,800; \$63,654; \$65,564

Responsible for providing counseling, referral, and follow-up services to assist a patient population with great medical, social, housing, educational, and other needs. Help patients gain access to available services.

Benefits Counselor

Yearly FTE Total: 0.0 FTE, 1 FTE, 1 FTE, 1 FTE, 1 FTE

Yearly Salary Total: \$0.00; \$31,000; \$31,930; \$32,888; \$33,875

Responsible for helping Medicaid-eligible patients access this coverage. Also help patients gain access to available pharmaceutical assistance.

Registered Health Information Technicians

Yearly FTE Total: 0.0 FTE, 1 FTE, 2 FTE, 2 FTE, 2 FTE

Yearly Salary Total: \$0.0 FTE, \$22,000; \$45,320; \$46,680; \$48,080

Responsible for organizing and evaluating medical records for completeness and accuracy.

*Director of Quality Improvement

Yearly FTE Total: 0.3 FTE, 0.4 FTE, 0.4 FTE, 0.4 FTE, 0.4 FTE

Responsible for the implementation of an effective quality improvement system for the center and the overall organization.

Table of Expense Assumptions.

Expenses. CHC New Access Point (NAP)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
PERSONNEL: Salaries & Wages	636,092	828,755	916,060
FRINGE BENEFITS (23%) FT Staff	146,301	190,614	210,694
Retirement	15,654	20,396	22,544
Payroll Taxes	52,668	68,621	75,850
Unemployment Taxes	2,341	2,859	3,160
Health Insurance	61,739	80,630	89,124
Dental Insurance	4,389	5,718	6,321
Workmen's Compensation	9,510	12,390	13,695
TOTAL: PERSONNEL & FRINGE	782,393	1,019,369	1,126,754

TRAVEL

Providers Continuing Medical Education (CME) (\$1,000 per FTE)	3,000	3,500	4,000
Nursing CEU (\$500 per FTE)	1,200	1,250	1,250
Social Work CEU (\$500 per FTE)	750	750	750
Other Professional CME (\$300 per FTE)	900	900	900
Travel to meetings			
<u>Executive Director</u> (12 meetings w/SCPHCA & 8 mtgs with other CHCs x \$100/trip)	2,000	2,000	2,000
<u>Board Chair</u> (3 meetings w/SCPHCA & 2 mtgs with other CHCs x \$100/trip)			
Meetings necessary as we get consultation to help building quality new start.	500	500	500
Staff, Management, and Board			
<u>Annual HopeHealth Strategic Planning Retreat.</u>			
Offer sessions on relevant CHC areas such as compliance, quality improvement, cultural competence, board development, organizational communication, Healthy People 2010 goals, etc. Annual cost is \$6,000. CHC represents 40% of total budget, 25% of retreat cost requested for Yr 1.	1,500	1,750	1,750
State and National Meetings			
<u>Annual SCPHCA Clinical Network Retreat.</u> CMEs may be received as budgeted for above. 1 Manager and 1 Board Member will attend also x \$1,000 each	2,000	2,000	2,000

for registration, lodging, per diem, mileage. Retreat less than hour away.

NACHC Annual Convention & Community Health Institute or other relevant NACHC training

opportunity. 1 Manager and 1 Board Member will attend @ \$2800. Airfare (400 x 2) , registration (300x2), ground transportation (120), lodging (840x2) 3 night lodging (840x2) and per diem (\$32/day x3 days x 2)

3,392 3,392 3,392

Local Travel (150 trips @34.5 cents/mile x 15 miles for outreach worker and LMSW home visits.)

776 776 766

TOTAL: TRAVEL

16,018 16,818 17,308

EQUIPMENT (for new start)

Companion Technology PM

Year 1 cost includes software, server, training, and implementation for 10 users. Recurring costs contain some flat fees, but mostly volume sensitive per transaction.

68,000 11,000 15,000

Computer & telephone installation and wiring (\$2664 per work station) Computers needed for PECS, Companion, PCAS, and email.

26,640 10,656 2,664

Exam Tables (2 @ \$1,081)

2,162 2,162 2,162

Stools (2 @ \$141)

282 282 282

Diagnostic Wall Transformer (blood pressure, otoscope, ophthalmoscope)-- 2 @\$1141

2,282 2,282 2,282

Digital Scales (2 @ \$415)

830 830 830

Digital Pediatric Scales (2 @ \$182)

364 364 364

Single Bank X-Ray Illuminator

143 0 0

Desks/Workstations/Chairs (\$400 per staffer)

4,000 1,600 400

TOTAL: EQUIPMENT

104,703 29,176 23,984

SUPPLIES

Office & Printing Supplies (\$.59 per encounter)

5,974 6,638 7,301

Medical Records (\$.90 per encounter)

9,113 10,125 11,138

Medical Supplies (\$2.21 per encounter)

22,376 24,863 27,349

Pharmacy Supplies including Medications (\$6.50 per prescription written)

131,423 140,614 153,550

Laboratory supplies (\$.625 x 80% of total encounters)

5,063 5,625 6,188

Building and Maintenance Supplies (\$.39 per encounter)

3,949 4,388 4,826

TOTAL: SUPPLIES

177,898 192,253 210,352

CONTRACTUAL

Patient Care Contracts

Sexton Dental Clinic 180-210 uninsured patients@average \$100 cost

18,000 19,000 21,811

<u>McLeod Psychiatric Associates</u> 45-50 patients@average \$200 cost. Resource gap measure when community organization can't meet need in timely manner.	9,000	9,000	10,000
<u>Circle Park Behavioral Health Service</u> 45-57 patients@average \$175 cost Substance abuse and counseling service when staff LMSW can't meet need.	8,000	8,500	10,000
<u>Florence Radiology</u> (Radiology & Diagnostic Procedures average \$8.00 per user)	28,000	28,000	30,000
<u>LabCorp</u> (\$7.17 per user)	24,207	26,937	29,594
<u>Stokes Regional Eye Care Center.</u> Screening on-site. 66-80 patients x average \$75 cost	5,000	5,500	6,000
<u>Florence Women's Center</u> OB-GYN (3% of uninsured patients x ave of \$150 per year)	15,150	16,875	18,563
<u>Pee Dee Regional Transportation Authority, Inc.</u> Patient Transportation (30% of encounters will require transportation. \$7.50 round trip)	22,781	25,313	27,844
Subtotal: Patient Care Contracts	130,138	139,125	153,812
Non-Patient Contracts			
<u>Medical Waste Systems, Inc.</u> Bio-Hazard Services (company estimation): Weekly mgmt of containers and boxes.	4,000	4,200	4,500
<u>ADT, Inc.</u> Security System (NAP funding proportion of Hope total budget to flat cost)	500	1,000	1,000
<u>Linda Scott Cleaning Services</u> Cleaning Services (Year 2 & 3 costs are higher due to 2300 sqft addition)	5,000	5,500	6,000
<u>WebsterRogers, LLC.</u> Accounting, bookkeeping, & payroll processing services. Competitive contract. Evaluated on yearly basis by ED & Board Chair. Monthly financial reports.	19,500	21,500	24,000
Subtotal: Non-Patient Contracts	29,000	32,200	35,500
TOTAL: CONTRACTUAL	159,138	171,325	189,312
ALTERATION & RENOVATION (A&R)			
Dollars requested are to be leveraged with other funds to alter and renovate the existing facility. Square footage will increase from 7500 to 9800 to best accommodate growth in patient and staff numbers. \$125 per square foot=\$287,500 project.			
TOTAL: A&R	45,297	0	0

OTHER

Rent (25% of total; NAP funded staff comprise quarter+ of staff space)	14,236	14,236	14,236
Utilities (25% of total; NAP funded staff comprise quarter+ of staff usage)	4,590	5,324	5,484
Internet service (25% of total; NAP funded staff comprise quarter+ of staff w/internet)	3,021	3,504	3,609
Telephone service (25% of total; NAP funded staff comprise quarter+ of staff phones)	3,644	4,227	4,354
Postage (mostly clinic generated - \$1.5 per user per year)	5,063	5,625	6,188
Copier lease, including fax & ink (NAP will generate 54,000 copies/month)			
Ink cart. are \$180 per 18,000 copies = 6480 + 4288 (78% of lease based on volume)	10,768	11,000	11,300
Property and D&O Insurance (NAP shares in cost at 40% or proportion of org budget)	7,757	7,990	8,229
Professional Liability Insurance (\$4,000/provider). FTCA deeming to be applied for.	12,000	14,000	16,000
Audit	8,500	9,000	10,000
SCPHCA dues	2,000	2,000	2,000
NACHC dues	4,940	5,481	6,003
Technical Assistance Set-Aside	10,125	11,250	12,375
TOTAL: OTHER	86,644	93,637	99,778

TOTAL: ALL BUDGET**1,372,091 1,522,578 1,667,488****Years 4 and 5 Assumptions.**

As mentioned in our revenue assumptions HopeHealth expects 10% revenue increases in both Year 4 and 5. In each year we will increase the number of patients served by an additional 375 patients (to 4500 in Year 4 and 4875 in Year 5). Yet we will only need to add 0.5 FTE during that time period to meet the federally recommended provider-to-patient ratio. No new FTE will be added in Year 4. In Year 5, 0.5 FTE of a physician will be added.

In the first three years the infrastructure was built. All the necessary staff were put in place to support a busy center. At Year 4, HopeHealth freely invests a great deal of money in a large staff and comprehensive system, yet still realizes income. Income projections are \$82,264 for Year 4 and \$102,460 for Year 5. A reserve fund will be established. Careful stewardship over 5-10 years will yield substantial dollars for re-investment and create protection from unexpected loss of revenue. In addition, “margins” are projected to increase significantly in Years 8-10.

These income projections are based on the assumption that Year 4 and 5 expenses will increase at or near their historical rates. These rates include:

- Salaries & Wages: 3% annual increase
- Travel: 4%

- Equipment: Levels out for two years after large investment. No new positions.
- Supplies: 9%
- Contractual: 10%
- Other 6.5%

Five Year Budget

	3375	3750	4125	4500	4875
Number of Patients					
<u>REVENUE:</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
PATIENT SERVICE INCOME	865,841	960,078	1,048,738	1,153,612	1,268,973
FEDERAL BPHC 330 GRANT	506,250	562,500	618,750	675,000	731,250
TOTAL: REVENUE	1,372,091	1,522,578	1,667,488	1,828,612	2,000,223
<u>EXPENSES:</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
PERSONNEL: Salaries & Wages	636,092	828,755	916,060		
FRINGE BENEFITS (23%) FT Staff	146,301	190,614	210,694		
TOTAL: PERSONNEL & FRINGE	782,393	1,019,369	1,126,754	1,160,557	1,262,905
TRAVEL	16,018	16,818	17,308	18,000	18,700
EQUIPMENT	104,703	29,176	23,984	24,000	24,000
SUPPLIES	177,898	192,253	210,352	229,284	249,920
CONTRACTUAL					
Patient Care Contracts	130,138	139,125	153,812		
Non-Patient Contracts	29,000	32,200	35,500		
TOTAL: CONTRACTUAL	159,138	171,325	189,312	208,243	229,067
ALTERATION & RENOVATION (A&R)	45,297	0	0		
OTHER	86,644	93,637	99,778	106,264	113,171
TOTAL: ALL BUDGET	1,372,091	1,522,578	1,667,488	1,746,348	1,897,763
Income	0	0	0	82,264	102,460

Break-Even Analysis

Break Even Units = Total Fixed Costs/ (Unit Price) – Variable Unit Cost.

199,668 visits = \$998,337 total fixed costs / (\$125 charge per visit)–\$120 cost per visit.

The community health center program will not break even from patient service revenue alone.

Its operation is supplemented each year by grant dollars based on total number of patients served.

APPENDICES

APPENDIX A
Floor Plan for Addition

APPENDIX B
HopeHealth CHC Organizational Chart (Year 2)

APPENDIX C
HopeHealth Quality Improvement System