

# Rural Health Clinic Start-up

## Business Plan

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## Project Summary

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The primary focus of this project is to explore the need to establish a provider-based Rural Health Clinic in a small, rural community and provide a strategic solution to needs identified. A rural area, as defined by the United States Census Bureau, is an area that encompasses all population, housing, and territory not included within an urban area which is defined as areas with greater than 2,500 people. <https://www.census.gov/geo/reference/urban-rural.html>

Living in a rural area has many challenges, one of which is convenient access to quality healthcare. Lack of accessible healthcare in rural communities has a negative impact not only on the quality of life and health for the residents, but it also puts a dramatically increased burden on the Regional Medical Center's Emergency Department to provide non-emergency services to residents who do not have access to a more appropriate level of care, such as an outpatient clinic.

By establishing a non-physician staffed clinic that is easily accessible by residents, the quality of life would dramatically increase due to timely delivery of health care services. Additionally, this approach would shift the burden from the emergency department as the first line of medical treatment, which would improve cost value for the resident, community as well as the Regional Medical Center.

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## Executive Summary

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### 1) Company

The Regional Medical Center is a 325 bed, county owned hospital that has established a multi-specialty medical group, Regional Medical Group (RMG), comprised of 20 Physicians and 5 Nurse Practitioners. Single and multi-provider clinics are located throughout the city. RMG desires to expand into other parts of the county and surrounding communities in order to increase market share as well as provide needed healthcare services to the rural communities that are 20+ miles away from the hospital.

The target community has a census of 361 with the median resident age of 42 and median household income of \$16,136. The surrounding communities within a 70+ mile radius would provide approximately 5,000 additional lives. <http://www.city-data.com/city/Arcola-Mississippi.html>

The provider-based rural health clinic will be staffed by non-physician healthcare providers and visiting specialists including Cardiology, ENT, General Surgery, Colon & Rectal Surgery, Obstetrics & Gynecology and Orthopedic Surgery. This model of healthcare is not currently offered within the community and would draw not only people from the immediate area but could extend to a 70+ mile radius.

### 2) Market Opportunity

As the healthcare landscape continues to shift to outpatient-based services, the RMG is positioning itself to meet this need in the rural communities. The closest primary care clinic is located 8 miles away in a neighboring community. Specialty medical services are located in the county seat located 20 miles North, but many residents of the community do not have reliable transportation and experience financial limitations. Public transportation is not

available within the county, and non-emergency medical transportation is funded through grants and is limited or unreliable at times as it is headquartered 37 miles away.

### 3) Capital Requirements

Capital expenditures for the first year are estimated at \$250,000 for start-up costs including \$180,000 for building acquisition, \$20,000 for furniture & fixtures, and \$50,000 for equipment including medical, computers and telephones. This will be a budgeted expense funded 100 percent by the Regional Medical Center.

### 4) Mission Statement

The Regional Medical Center's mission is to provide high quality medical and preventive services to the citizens and communities in the region at the lowest practical cost and be a leader in providing needed support services to healthcare providers and patients to improve the health of the communities we serve.

#### Our Vision

To be the best healthcare organization in the state in which to receive care, practice medicine and work

#### Our Values

- Compassion
- Accountability
- Respect (Golden Rule)
- Excellence
- Education

### 5) Management

**Executive Director:** Healthcare Administrator with Certification or Fellowship through the American College of Medical Practice Executives, Master's degree or minimum of seven to ten years of healthcare management experience. This individual will possess strong problem solving, decision-making, analytical, communication, critical-thinking and interpersonal skills. Will collaborate with key stakeholders to insure seamless delivery of care.

**Medical Director:** Licensed Physician with experience leading providers in a multi-specialty organization as well as supervision of healthcare staff.

**Office Manager:** Will possess a bachelor's degree or minimum of 5 years healthcare management experience. Will oversee the day to day operations of the clinic including clinical and front office areas. This position may be shared between multiple locations depending on volume and need.

## 6) Competitors

No competitors exist in the immediate service area. The closest clinic is located in a community 8 miles away. This facility is independently owned and provides primary care services through one physician and one nurse practitioner. The strengths and weaknesses of this competitor are listed below.

### Strengths:

- Longstanding in the community
- Primary Care services
- Located near a main transportation route

### Weaknesses:

- Lacking access to specialty care
- Located outside of the targeted service area
- Not utilizing EMR

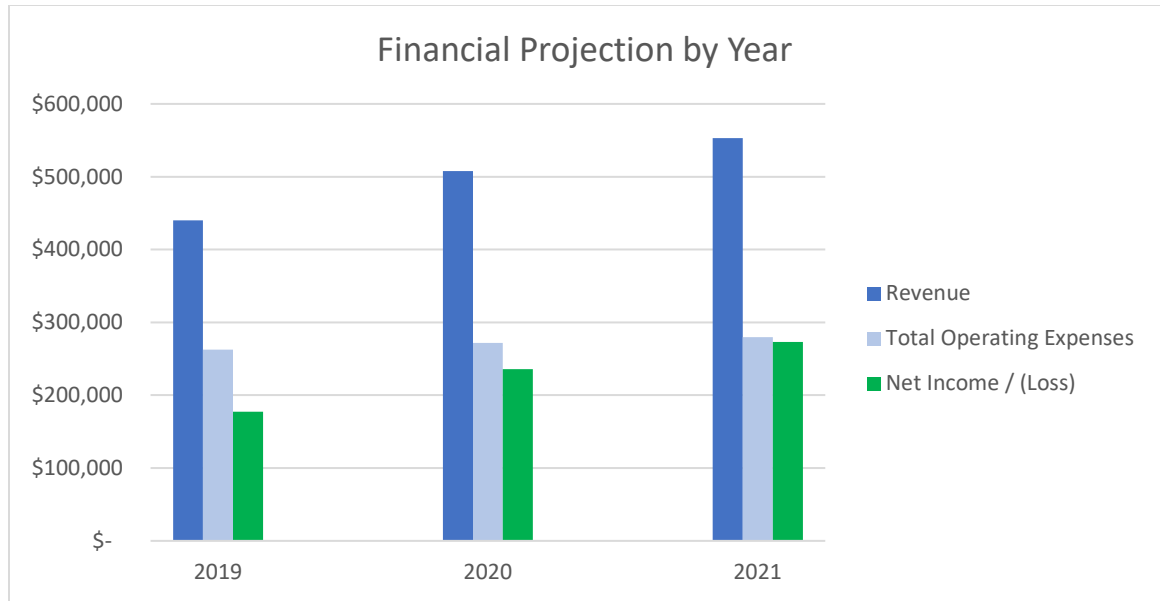
## 7) Competitive Advantage

The RMG is well positioned to take on this new venture and provides the following competitive advantages.

- Linked with the Regional Medical Center that provides access to multi-faceted, quality care
- Primary Care with Specialty Services
- Easily accessible within the immediate community and surrounding areas
- Part of an Accountable Care Organization (ACO) which supports quality care with reduced cost
- Utilization of the EMR that the Regional Medical Center and other primary care and specialty providers use.

## 8) Financial Projections

The Rural Health Clinic has a positive financial projection in the first year of \$177,553 based on the financial analysis exercises performed as part of this plan. The start-up costs of the clinic are relatively inexpensive due the low cost of the facility as well as the lower provider salary for a nurse practitioner. The physician specialists' salaries are not included as this expense is already captured in their home department.



## Organizational Plan

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### 1) Summary

#### a) Mission

The mission of the Rural Health Clinic is to provide convenient access to high quality primary and specialty care to those living in the small, rural community and surrounding areas as well as to reduce non-emergency utilization of the Regional Medical Center Emergency Department and preventable hospital admissions. Long term goals are to improve the health and quality of life of the residents as well as enhance the healthcare services offered in the extended service area.

#### b) Business Model

The Rural Health Clinic provides a distinct opportunity to offer primary care and specialty services to an area that is unurbanized and that has been designated as a health professional shortage area according the Health Resources and Services Administration (HRSA). <https://data.hrsa.gov/tools/shortage-area/hpsa-find> The clinic will serve as the only healthcare facility in the community and will be classified as a Provider-based Rural Health Clinic.

A location has been identified that is central in the town and on the main road which allows for easy access and prime visibility for residents seeking care. The existing structure on the location is uninhabitable and will be torn down after approval from the City Board. A modular building installation will allow a cost effective and timely solution so that services can be provided as soon as possible.

The clinic will offer both primary and specialty care under the Rural Health Clinic Guidelines established by the Centers for Medicare and Medicaid Services (CMS). A nurse practitioner,

who is already employed by the Organization, will provide services at least 50% of the clinic's operating hours while specialty providers, who are also currently employed, will rotate through the clinic on a scheduled basis depending on demand for services.

The clinic will furnish certain laboratory and diagnostic services as outlined by CMS. These include blood glucose, hemoglobin or hematocrit, occult blood stool examination, pregnancy tests, primary culturing for transmittal to a certified laboratory and urinalysis by dipstick or tablet method. The clinic will also offer phlebotomy services to allow patients the convenience of complying with their healthcare provider orders for labs without having to travel to the Regional Hospital or other reference lab.

The clinic will implement the same EMR that is utilized by the Regional Medical Center including the physicians and nurse practitioners employed by the hospital. This EMR integration will improve coordination of care and the elimination of duplicate or unnecessary testing and procedures. Not only will the Rural Health Clinic serve the local community but will be a healthcare resource for many in the neighboring communities.

#### c) SWOT Analysis

Rural Health Clinic Start-Up SWOT Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Largest employer in the County</li> <li>• Brand recognition</li> <li>• Integrated EMR</li> <li>• Experience with clinic services</li> <li>• Engaged providers</li> <li>• Community is onboard</li> <li>• Local convenience</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of establishing a new facility</li> <li>• Changing patient behavior in where to seek care.</li> <li>• Lack of patient engagement in utilizing Patient Portal</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Increasing market share</li> <li>• Partnering with communities to improve their health</li> <li>• Measuring patient satisfaction</li> <li>• Develop patient focus group to increase patient engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Small community</li> <li>• Area health providers may view as a threat</li> <li>• Unexpected barriers when tearing down existing and placing new facilities</li> </ul>

#### d) Strategy

Initial objectives for the Rural Health Clinic are as follows:

- To create a medical facility that will meet the needs of the local community for primary and specialty care
- To provide high quality care to the patients we serve
- To improve health outcomes of the patients we serve
- To achieve and exceed quality measures as defined by CMS and as part of the ACO



Future objectives for the Clinic include:

- Implementation of a Chronic Care Management (CCM) program
- Maintain high quality, low cost care
- Increase market share for the Organization

e) Strategic Relationships

Strategic relationships currently in place include:

- Employed provider relationships including primary care and the following specialties: Cardiology, Colon & Rectal Surgery, ENT, Gastroenterology, General Surgery, Infectious Disease, Obstetrics & Gynecology, Orthopedic Surgery and Pulmonology
- County and Local government relationships
- Laboratory services
- Radiology services
- Home Health & Hospice
- Cardiac Cath Lab and Cardiac Rehabilitation
- Physical and Occupational Therapy
- Wound Healing Center
- Sleep Facility
- Mental Health Services

f) Key Stakeholders / Key Decision-Makers

This project includes the following stakeholders and decision-makers:

- Board of Directors
- Chief Executive Officer
- Chief Financial Officer
- Chief Clinical Officer
- Executive Director
- Physicians and Nurse Practitioners
- Clinic manager
- Clinic team members
- Patients
- Local community government
- Community members
- ACO members
- Payers

2) Products and Services

The Rural Health Clinic will provide primary care and specialty services in the community. Services will be provided for patients of all ages. Specialty services are provided as a service of the employed physicians of the RMG. The specialties offered will be as follows.

- Primary Care and Preventive Services

- Cardiology
- ENT
- General Surgery
- Colon and Rectal Surgery
- Obstetrics and Gynecology
- Orthopedic Surgery

Other services include:

- CLIA Waived Testing such as blood glucose, hemoglobin or hematocrit, occult blood stool examination, lipid panels, pregnancy tests, and urinalysis
- Medicare Annual Wellness Visits
- Chronic Care Management
- Phlebotomy
- EKG

### 3) Administrative Plan

#### a) Organizational Chart



## b) Approval Plan

This list provides an outline of the types of decision making and approval authority key individuals hold in a hospital-employed medical group model.

Item	Responsible Party
Approval for capital purchases above \$5,000	Board of Directors
Provides strategic direction for the organization as a whole	CEO
Approval of budget and capital expenditures prior to Board submission	CFO
Leading all administrative aspects of the RHC including: <ul style="list-style-type: none"> <li>• Business plan for clinic start-up</li> <li>• Coordinating the development and implementation of Clinic budget</li> <li>• Final purchasing approval of purchases greater than \$500</li> <li>• Provider communication and relations</li> <li>• Oversight of quality metrics for the Clinic</li> </ul>	Executive Director
Oversees the clinical program to ensure quality clinical care is being provided. Provides clinical leadership and drives provider engagement. Provides recommendations to the Office Manager and Executive Director for annual budget preparation, clinic policy and procedure updates.	Medical Director
Oversight of day to day operations including staff scheduling & payroll, monitoring of patient volumes, supply purchasing and budget compliance. Ensures that quality patient-centered care is being provided by monitoring patient satisfaction surveys and quality metrics.	Office Manager

## 4) Operational Plan

The Rural Health Clinic will be located in a permanent building located on the main thoroughfare passing through the town of Arcola. This location will provide healthcare accessibility convenience for the residents in the community and surrounding areas.

The clinic operating hours will be Monday through Friday 8:00 am to 5:00 pm. Hours can be altered depending on need and demand. The clinic will accept patients by appointment and walk-ins for primary care visits.

Possible roadblocks include difficulty obtaining the lease or issues that may come about as a result of having to remove a current structure and install a new modular building. The organization has team members with expertise in building construction and engineering that will be able to work through any issues that arise. Delivery of equipment and supplies could cause a delay in opening. Working closely with supply vendors and outlining delivery plan will help to minimize any disruption. Since this facility will be a Rural Health Clinic, the site will undergo a certification visit from CMS. This visit will not cause a delay in opening but will require the team to work diligently for a successful site visit. It's important to note that should any delays occur along the way, the opening date can be adjusted to accommodate.

The organization has established a “provider on-boarding team” that meets on a weekly or bi-weekly basis and utilizes a shared resource for project management. This shared software allows the team to update everyone on the status of their respective areas of responsibility and also serves as a confidential reference point for provider specific information. Even though the Rural Health Clinic will be staffed with existing providers, this process will assist in guiding the team through adding the new site to payer contracts and linking the providers to a new location.

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The following plan outlines key timelines for successful project completion.

<b>Rural Health Clinic</b> <b>Planned Opening</b> <b>May 06, 2019</b>		
Activity Description	Responsible Parties	Anticipated Completion Date
Approval of Business Plan for the Rural Health Center including approval of capital requests for clinic start up.	Board of Directors, CEO, CFO and Executive Director	01/30/2019
Local government approval of site and process for removal of existing structure	Executive Director	02/15/2019
Purchase of Modular Structure	Executive Director, Director of Materials Management and Facilities Director	02/15/2019
Complete and submit Rural Health Clinic Application	Executive Director and Billing Team	02/20/2019
Selection and ordering of exam room equipment and office/reception area furniture	Executive Director and Office Manager if available	02/20/2019
Add clinic location to billing system/EHR and begin system testing	Billing Team and EHR Team	03/01/2019
Add/develop visit templates in EHR	EHR Team	03/01/2019
Selection and hiring of Office Manager	Executive Director	03/15/2019
Link providers to clinic location with payers	Billing Staff	03/20/2019
Application submitted for CLIA waiver	Office Manager and Billing Staff	To be in place prior to opening day
Complete and submit CMS 855A Provider/Supplier Enrollment Application	Billing Team	04/01/2019
Implement marketing and communications plan	Community Outreach Coordinator / Marketing	04/01/2019
Selection and hiring of office staff	Office Manager	04/01/2019
Ordering of clinic equipment and supplies including vaccines	Office Manager	04/01/2019
Staff orientation and computer training	Office Manager and EHR Team	04/15/2019
Site preparation and installation of Modular building	Facilities Director	04/20/2019
Ordering and installation of computers, monitors, printers, scanners, telephones, fax machine and copier	Executive Director, Office Manager, IT and Purchasing	04/20/2019
Development of Rural Health Clinic Policy and Procedure Manual	Executive Director, Office Manager, Medical Director, Nurse Practitioner	04/20/2019
Open House	Community Outreach Coordinator / Marketing	05/03/2019
Opening Day	Executive Director and Office Manager	05/06/2019
Rural Health Clinic Certification Visit	State Agency of CMS	To be scheduled within 90 days of 855 process completion

## Marketing Plan

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### 1) Overview and goals of the marketing strategy

The marketing plan for the Rural Health Clinic will be multifaceted and will follow the marketing standards of the existing brand.

The Regional Medical Center has served its seven-county service area since 1953 therefore the community is very familiar with the brand as well as the services it provides. However, this new service location offering will bring a new emphasis to the branding strategy. “Care you can trust, right here at home” is the tag line for the organization and will go hand in hand with highlighting the new clinic location in this rural community.

The community and surrounding areas will be the target of the marketing campaign highlighting the new location for primary care services and the addition of well-known, specialty care providers that will be available.

### 2) Market Analysis

#### a) Target Market and Audience

Since our focus is on primary care, the target market for this project will be individuals of all ages. Per the 2010 census, the immediate service area has a total population of 361. There are approximately 164 males with a median age of 36 and 197 females with the median age of 37. The median household income is \$16,136 compared to \$41,754 state wide.

[https://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

As this is a rural community, the target area will extend to an approximate radius of 70 miles as access to care is limited within these communities. As reported from the organization's billing system, the existing payer mix from these areas is 47% Medicaid and 30% Medicare supporting the benefits of obtaining Rural Health designation of the clinic due to the All-Inclusive Rate (AIR) reimbursement.

#### b) Competition

Our closest competition is a clinic located eight miles away in a neighboring community. This clinic has been in the community for many years and the provider is nearing retirement. The Rural Health Clinic will offer specialty services in addition to primary and preventive care. Other clinics are at least 15 miles from the community; it will be key to highlight the convenience factor plus access to specialty providers.

#### c) Market Trends

From 2000 to 2016, the County has seen a 22.5% decrease in its population. <http://censusviewer.com/county/MS/Washington> This decrease has demanded the healthcare industry alter its approach to meeting the healthcare needs of the community while focusing on outpatient services. With this population decrease, the volumes in the RMG clinics have also decreased allowing the providers time to supplement their schedules in offering services at additional locations. Expanding services into the rural communities is one way to build market share while increasing access to healthcare.

#### d) Market Research

According to the Merritt Hawkins Physician Access Index Matrix and Data by State, Mississippi has met the Primary Care Need by only 59.8%. With 28% of Physicians at the age of 60+, a significant deficit in Primary Care providers is looming. One approach to meet this need is supplementing primary care with non-physician providers such as nurse practitioners or physician assistants. The Rural Health Clinic supports this model of care.

### 3) Marketing Strategy

The clinic branding will follow the Regional Medical Center's format and will be coordinated by the organization's marketing and outreach department.

The following estimates for marketing materials have an expected return on investment of less than 12 months.

Item	Cost Estimate
Print advertising including newspaper and local magazines	\$7,000
Direct Mail design and postage	\$5,000
Billboards, 4 months	\$1,200
Website and Social Media design	\$500
Community Radio Shows	Free
Community Television Shows	Free
Open House (catering and giveaways)	\$1,000
<b>Total</b>	<b>\$14,700</b>

### 4) Implementation of Marketing Strategy

The Rural Health Clinic marketing strategy will be implemented with a variety of methods and tactics including the following:

#### a) Internal Marketing

- Written communication to all physicians and office staff from Medical Director with all clinic contact information
- Staff meet and greet

#### b) External Marketing

- Print advertising including, but not limited to, newspaper and local magazines
- Direct mail out to community and businesses
- Billboards in strategic locations
- Website and social media

#### c) Public Relations

- Providers to attend civic clubs with senior leadership and/or community development manager
- Chamber of Commerce activities including Business after Hours events and newsletter articles
- News release to all media outlets announcing new clinic location
- Local television station morning show visitation

## d) Community Outreach

- Social gathering with community leaders
- Chamber of Commerce meet and greet with Board of Directors and community leaders

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Financial Plan

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## 1) Summary of Financial Needs

As a provider-based rural health clinic, the Regional Medical Center will support the start-up costs at 100 percent. The Regional Medical Center will also own the clinic as an extension of the Regional Medical Group. Capital for fixed assets includes furniture and equipment to set up the clinic operation. The clinic is projected to break even within the first year of operations. As this clinic will be owned and supported by the Regional Medical Center all finance and accounting functions will be conducted and supported by the same.

## 2) Pro Forma Cash Flow Statement

Below is a Pro Forma Cash Flow Statement for the Rural Health Clinic.

**Pro Forma Cash Flow Statement**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Net Cash Flow From Operations</b>			
Net Income	\$ 90,251	\$ 135,148	\$ 163,442
Depreciation & Amortization	\$ 17,040	\$ 17,040	\$ 17,040
Accounts Receivable	\$ 73,710	\$ 85,050	\$ 92,555
Accounts Payable	\$ (3,500)	\$ (3,570)	\$ (3,641)
Accrued Payroll	\$ (7,104)	\$ (7,246)	\$ (7,391)
<b>Total Cash Flow From Operations</b>	<b>\$ 170,397</b>	<b>\$ 226,422</b>	<b>\$ 262,005</b>
<b>Cash Flow From Investing</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Cash Flow From Investing</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash Flow From Financing</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Cash Flow From Financing</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Increase in Cash</b>	<b>\$ 170,397</b>	<b>\$ 226,422</b>	<b>\$ 262,005</b>
<b>Beginning Cash Balance</b>	<b>\$ -</b>	<b>\$ 170,397</b>	<b>\$ 396,819</b>
<b>Ending Cash Balance</b>	<b>\$ 170,397</b>	<b>\$ 396,819</b>	<b>\$ 658,824</b>



## 3) Three-Year Income Projection

Below is a three-year income projection for the Rural Health Clinic.

**Three Year Income Statement**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total Visits Per Day	15	17	19
# of Business Days	260	260	260
Total Annual Visits	3900	4500	4900
Collections per visit	\$113	\$113	\$113
<b><u>Revenue (Collections)</u></b>	<b>\$ 440,061</b>	<b>\$ 507,763</b>	<b>\$ 552,897</b>

## 4) Projected Balance Sheet

Below is a projected balance sheet for the Rural Health Clinic.

**Projected Balance Sheet**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
Cash	\$ 90,251	\$ 135,148	\$ 163,442
AR Receivable	\$ 73,710	\$ 85,050	\$ 92,555
Fixed Assets	\$ 185,200	\$ 168,160	\$ 151,120
<b>Total Current Assets</b>	<b>\$ 349,161</b>	<b>\$ 388,358</b>	<b>\$ 407,117</b>
Accounts Payable	\$ 3,500	\$ 3,570	\$ 3,641
Accrued Payroll	\$ 7,104	\$ 7,246	\$ 7,391
<b>Total Liabilities</b>	<b>\$ 10,604</b>	<b>\$ 10,816</b>	<b>\$ 11,032</b>
<b>Total Equity</b>	<b>\$ 338,557</b>	<b>\$ 377,542</b>	<b>\$ 396,085</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 349,161</b>	<b>\$ 388,358</b>	<b>\$ 407,117</b>

## 5) Break-even Analysis

Below is a break-even analysis for the Rural Health Clinic.

**Break-Even Analysis**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Fixed Expenses</b>			
Total Compensation	\$ 184,704	\$ 188,398	\$ 192,166
Drugs/Supplies	\$ 20,000	\$ 20,400	\$ 20,808
Medical Specialist fees	\$ 12,000	\$ 12,240	\$ 12,485
Professional Services	\$ 1,000	\$ 1,020	\$ 1,040
Phone/Utilities	\$ 3,500	\$ 3,570	\$ 3,641
Service Agreements/Repairs	\$ 5,500	\$ 5,610	\$ 5,722
Malpractice insurance	\$ 5,000	\$ 5,100	\$ 5,202
<b>Total Fixed Expenses</b>	<b>\$ 231,704</b>	<b>\$ 236,338</b>	<b>\$ 241,065</b>
 Billing Expense	 \$ 30,804	 \$ 35,543	 \$ 38,703
<b>Total Variable Expenses</b>	<b>\$ 30,804</b>	<b>\$ 35,543</b>	<b>\$ 38,703</b>
 <b>Total Expenses</b>	 <b>\$ 262,508</b>	 <b>\$ 271,881</b>	 <b>\$ 279,768</b>
 Revenue per patient	 \$ 113	 \$ 113	 \$ 113
Fixed Cost per patient	\$ 59	\$ 61	\$ 62
Variable Cost Per Patient	\$ 8	\$ 9	\$ 10
# of Business Days	\$ 260	\$ 260	\$ 260
Break Even Visits per year	\$ 2,210	\$ 2,278	\$ 2,342
# of Business Days	\$ 260	\$ 260	\$ 260
Visits Needed Per Day for Break Even	\$ 9	\$ 9	\$ 9

## 6) Projected Profit &amp; Loss Statement

Below is a projected profit and loss statement for the Rural Health Clinic.

**Projected Profit and Loss Statement**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Revenue (Collections)</b>	<b>\$ 440,061</b>	<b>\$ 507,763</b>	<b>\$ 552,897</b>
<b>Gross Margin</b>	<b>\$ 440,061</b>	<b>\$ 507,763</b>	<b>\$ 552,897</b>
<b><u>Operating Expenses</u></b>			
NP SWBT	\$ 124,800	\$ 127,296	\$ 129,842
Receptionist SWBT	\$ 22,464	\$ 22,913	\$ 23,372
LPN SWBT	\$ 37,440	\$ 38,189	\$ 38,953
Drugs/Supplies	\$ 20,000	\$ 20,400	\$ 20,808
Medical Specialist fees - Collaborative Agreement	\$ 12,000	\$ 12,240	\$ 12,485
Professional Services	\$ 1,000	\$ 1,020	\$ 1,040
Phone/Utilities	\$ 3,500	\$ 3,570	\$ 3,641
Service Agreements/Repairs	\$ 5,500	\$ 5,610	\$ 5,722
Malpractice insurance	\$ 5,000	\$ 5,100	\$ 5,202
Billing Expense (7% collections)	\$ 30,804	\$ 35,543	\$ 38,703
<b>Total Operating Expenses</b>	<b>\$ 262,508</b>	<b>\$ 271,881</b>	<b>\$ 279,768</b>
<b>Net Income / (Loss)</b>	<b>\$ 177,553</b>	<b>\$ 235,881</b>	<b>\$ 273,129</b>

7) Balance Sheet

Projected balance sheet produced above.

8) Financial Statement Analysis

A true financial statement analysis would include the past, current and future projected performance for the company. Since this is a new business plan, an analysis is not available for this submission.

9) Business Financial History

Since this is a new business plan, a financial history is not available for this submission.

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Innovative Elements and Expected Business Outcomes

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1) Why and how does this innovative idea positively impact the health of your population and the organization?

The innovation in this business plan is evidenced in several areas:

- Placing a clinic in a community that has a population less than 1,000.
- Utilizing existing employed providers on a rotating basis to staff a new clinic.
- Working collaboratively with a local government body and residents to positively impact the health and quality of living of those in the immediate and surrounding communities.
- This venture allows the organization to supplement reduced revenue as a result of the population reduction with a positive impact on the health and quality of life of patients in the extended service areas. We're taking healthcare to them instead of expecting them to come to us.

With the decline in population over the past years as well as the decrease in clinic visits and hospital volume, it is necessary to expand our services to the outlying service areas. Doing so has a positive impact for:

Patients -

- Added convenience to care
- Lower cost to receive care
- Improved health and quality of life

Providers -

- Higher productivity with the potential for increased compensation as quality and volume metrics are reached

Organization -

- Increasing provider productivity
- Improving quality of care of its patients
- Reduced costs through the avoidance of unnecessary tests and procedures

- Reducing non-emergent visits to the Regional Medical Center's ER

2) What Challenges did you encounter during this process and what have you learned?

One of the biggest challenges was identifying creative ways to make this business plan successful due to the small census in the immediate service area where the clinic will be located. The county and city government are very engaged in this venture from a desire to improve the community. Marketing the Rural Health Clinic to the target areas will be crucial for the success of the clinic. It will also be important to routinely monitor the utilization by communities as well as report improvement in quality of care and improved health outcomes.

There were many learning opportunities in the areas of identifying the need for the service, developing the marketing plan and creating the financial documents to demonstrate the success of the new facility.

3) Next Steps

The next step is to present the business plan to the Board of Directors for approval. Several discussions have taken place, and everyone is on board to date. Following the Regional Medical Center's Board approval, emphasis will be on approval from the local community leaders, securing the location, completing the building installation and finally the Rural Health Certification process.

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Key Words

Rural Health, Clinic Start-Up, Provider-Based, Hospital Owned Clinic, Rural Community, Multi-Specialty