CCHF | SOLUTIONS

A division of Fellowship

Clinic Model and Operations Assessment

Purpose of Progress Report:

The purpose of the progress report is to provide an outline for model options, development, and considerations. Additional details on these models will be provided through coaching calls and the on-site visit.

Date: September 15-December 1

Consultant: Kacie McDonnell

Overview:

One Cross is owned and operated by Kimberly McKenna, currently as a provider owned for profit business primary care and counseling facility. The clinic provides primary care and counseling services 5 days a week and select specialty services to uninsured and insured. As of recent, One Cross has applied to become a nonprofit clinic with the Kentucky Cabinet.

The clinic has gone through a few model changes, becoming a nonprofit, dissolving this entity and forming a new nonprofit in 2017.

The new nonprofit pending, "One Cross" currently lists the following 3 board members and officers:

Kimberly McKenna
Sarah Lions, Secretary
Shaina Seaborne

One Cross has staff of 14 which includes 3 nurse practitioners, 1 behavioral therapist. They are adding 2 additional counselors in the last 2 months of 2017. The clinic moved into a larger location adjacent to their current site in order to increase exam rooms. They have an additional site at 2 schools clinic with 1 nurse practitioner and 3 nurses that serve 4 schools. One Cross is funded by patient revenue through a mix of uninsured patients as well as patients with Medicare, Medicaid, and private insurance.

Model Options

There are numerous model options for clinics providing primary and specialty care in the nation which include four models below as well as numerous hybrid combinations. For the purpose of this progress report, the consultant will focus on the five primary models relevant to One Cross and their long term planning. The five basic model options for primary care and specialty clinics as applicable to the client which include: private practice-an entity corporately owned (such as a hospital group) or provider owned, nonprofit 501(c)3, Federally Qualified Health Center (FQHC), and a Rural Health Clinic (RHC)

Model 1: Private Practice

Private Practices, Individual Practice and Dentists are sensitive to the financial constraints of those in their community who are uninsured or underinsured and work to make their services accessible and affords to the patient.

The defining characteristic of single-specialty **practice** is the presence of two or more **physicians, nurse practitioners, physician assistants or other licensed providers (dental, counseling etc.)** providing patients with one specific type of care (i.e., primary care or a specific subspecialty **practice**). These are generally for profit business with revenues generated from variable payer sources including: self-pay, Medicare, Medicaid, and private insurance. Private practices can be vastly different from seeing 100% private insurance to seeing no private insurance or higher percentages of Medicaid/Medicare or uninsured.

Assessment: One Cross is currently operating as a for profit business with 2 locations, 102 Winston Way and at a local elementary school.

Recommendations: The consultant has recommended that the client provide an E/M code analysis on its visit types and fees per visit in order to get a better understanding of anticipated revenue streams. This will also be required in order to conduct a patient analysis on the other model types for sustainability. The client has verbalized her biller, has recommended the need to strive for 50% Medicaid in order to ensure the clinic's long term financial viability under its current model. Kimberly McKenna believes that the center is at approximately 70% Medicaid at this time. Once the consultant has the patient E/M report, an additional assessment can be made.

Model 2: Free Clinic

Provide healthcare services at no cost to the patient. They primarily a volunteer/staff model to provide a range of medical, dental, pharmacy, vision and/or behavioral health service to economically disadvantaged individuals. Free clinics restrict eligibility for their services to individuals who are uninsured or and/or have limited or no paces to primary care, specialty or prescription healthcare. Many of these clinics are faith based ministries. They are community-supported and funded primarily by private donations and foundation. Free clinics are typically 501 (c)3 nonprofit or may be the sub entity of another nonprofit such as a church or other social service organization.

Assessments and Recommendations: While this might be an avenue for One Cross to pursue when opening future sites, this model would not currently lend itself to be sustainable until major fundraising and development infrastructure is in place.

Model 3: Charitable Care Clinic – 501 (c)3 Nonprofit

Charitable Clinics are non-profit community based health centers that provide services to uninsured, underserved, and vulnerable populations. Most of them provide preventative services, and fund their operations through grants, patient fees, and donations. While they may serve the publicly insured, they do not typically receive any enhanced reimbursements from Medicaid. Patients may pay a flat rate or a fee based on a sliding scale. However these clinics are available for incentive programs such Meaningful Use and PQRS. Care is provided by volunteers and paid providers regardless of patients' ability to pay.

Assessment: This is the model that One Cross is currently headed toward. The health center has developed a board, by laws, Articles of Incorporation and filed with the Kentucky Cabinet and Health and Family Services.

Recommendations: The health center has a prior history of operating a nonprofit which they dissolved. The new nonprofit will give them an additional opportunity to conduct fundraising initiatives, apply for grants, and accept donations.

Opportunities for Improvement:

Board-The clinic needs to continue to develop their board of directors to align with more acceptable nonprofit standards. This includes not allowing an immediate family member to serve on the board, increase the number of board members, and consider having Kimberly not serving on the board of directors. The consultant discussed developing a board handbook to review board member expectations that the clinic can use when recruiting new board members.

The health center also needs to set consistent board meeting times, create an agenda and take board minutes. The consultant provided a minute template sample for the clinic to edit and adopt as well as a copy of Robert's Rules of Order. Board development will be discussed more during the on-site visit.

Development-The center will also need to create a development plan to begin fundraising and marketing. I discussed with Kim the need to start with the board development first, and allow the board to help lead and shape the development plans. The development plan will include setting an annual fundraising goal, strategies for various revenue streams, activities and timelines.

I discussed with Kim the need to start gathering the center's contact list. This would include everyone to whom they would like to share about the clinic and (in the long-term) solicit donation request. This list can be in excel format and would start with vendors and organizations with whom they do referrals, staff families, church members, and anyone else they can think of. From this list, the center will start to develop an e-newsletter to provide updates to their contact list. They will also reach out to the list via social media. One Cross will work on inviting various groups to the center and for information and relations building. In the long-term, the center will ask these community partners and stakeholders to

become more involved and to prayerfully consider Once Cross in their giving plans. The health center will to develop a complete plan to assist with their goals and tracking progress. This will be discussed more in the on-site visit.

Model 4: Federally Qualified Health Center

A **Federally Qualified Health Center** (**FQHC**) is more commonly known as a Community **Health Center** (CHC) and is a primary care **center** that is community-based and patient-directed. By mission and design, CHCs exist to serve those who have limited access to **health** care although all are welcome. A FQHC must be located in or serving a Medically Underserved Area (MUA) or a Health Professional Shortage Area (HPSA) and meet the 19 corps requirements. FQHCs receive an annual cash grant which starts at $650,000 a year, increased Medicaid and Medicare reimbursements, option for federal malpractice coverage (FTCA) and opportunities to purchase low cost medications for their patients under the 340B program.

Assessment and Recommendations: It is recommended that One Cross continues to learn more about this clinic model while they develop both their board and clinical and operational policies. The center's current county does not have an existing area with MUA status.

The health center would first need to gather data to present to the Kentucky Cabinet of Primary Health on a small geographical unit which could consist of zip codes, census tracts, or neighborhoods that meet MUA criteria. If eligible, the Kentucky Cabinet would attempt to gain MUA status for this designated area. The clinic would need all aspects of the 19 corps requirements.

https://bphc.hrsa.gov/programrequirements/index.html

FQHC Look-Al-Alike Clinic: This status is for clinics that are working on and interested in achieving FQHC status. Once all requirements are in place, clinics may apply for Look-alike- Status while waiting for HRSA to open a new official FQHC grant application (New Access Point or Section 330 grant). Look –Alike clinics do not get cash grants or the additional FQHC benefits but position them to be in-line for FQHC status once grant announcements open up.

Model 5: Rural Health Clinic

The **Rural Health Clinic** (RHC) program is intended to increase access to primary care services for Medicaid and Medicare patients in **rural** communities. RHCs can be public, nonprofit, or for-profit healthcare facilities, however, they must be located in **rural**, underserved areas.

Assessment: RHCs must also be located in or serve a MUA or a HPSA. RHC received enhanced reimbursement rates at a different grouping rate than FQHC.

Recommendations: It is recommended that One Cross pursue statistical data needed to see if their partial county or service area could qualify for an MUA. I also recommended that One Cross should conduct an in-depth patient analysis to see if an RHC payment structure would assist to provide long-term financial sustainability for the clinic.

Site Visit Date: November 9-10, 2017

Consultants:

Kacie McDonnell-lead
Paul Wright

Site Visit Participants:

Kimberly McKenna Johnson-Executive Director
Dave Rauch-Administrator
Lori Knol-Front Office
Jackie Blankenship-Administrator (located off site)

While on site, we discussed many of these models, options, and next steps for One Cross.

Sustainability

One Cross started a new school nurse program in 4 schools (2 sites with 3 schools in combined buildings) this August. Due to some various circumstances the school visits and projected revenues have been lower than expected. Kim must first work on the answers to the following questions in order to create an immediate sustainability plan.

1. Review current payer mix

2. How long can we operate at our current level?

3. What does our payer mix need to be in order to be sustainable?

4. What other steps do we need to take in order to be financial sustainable?

    a. Increase school NP visits

    b. Increase marketing at the schools-in progress

    c. Update social media and marketing

    d. Review Vendors and purchasing

    e. Conduct inventory reconciliation

Business Models:

1. Use Social Enterprise Model to begin writing the ideal business model. Take the framework provided and write out answers for the main clinic (While on-site, the consultant walked through the full tool using only the school clinic as the target population). The organization will need both documents completed in order to complete a complete business model projection for the organization.
2. Research and follow-up on various social enterprise models. Both consultants recommended that Kim seek best practices and idea sharing through other nonprofit leaders that started as for profit businesses and have a nonprofit or community benefit arm. Paul Wright will provide several contacts for Kim and Dave to follow-up with.
3. The consultants recommended that Kim seek both legal counsel and accounting resources regarding her final social enterprise structure. Legal counsel will need to be involved to address the existing LLC, other business model options, the existing nonprofit, a potential charter or contract between those two organizations and other alternative structures that they decide to pursue.
   Note: It was discussed that the for-profit medical clinic may stay as an existing entity and specific programs or portions of their community benefit programs would make up the nonprofit (i.e. This could be set up in various ways such as: One Cross Kids at the partner schools, Counseling, or all patients whose expenses exceed their ability to pay despite whether the location where they were seen, or another split of programs.)

Reporting

Accounting:

Kim and her team have received an additional quote for accounting services in order to produce financial statements for themselves and the future board that are more in line with nonprofit norms. It is recommended that they review these details and references for best practices. I recommended that Kim discuss their future needs with this new firm regarding their set up for both a for-profit and nonprofit that is under one umbrella to ensure they can adequately address their social enterprise structure.

The clinic will then utilize this more detailed financial information along with patient measures, outlined below, to set baselines and goals for their cost per patient and cost per visit (as a total organization and at each site)

Patient Statistics:

Kacie will communicate with Jackie about creating some additional monthly reports. This includes:

Unduplicated patients-total
Provider Visits-Total (This excludes nurse visits at any site but should be grouped by specialty: E.g. Primary Care, Counseling, Dental etc.)

Note: Sometimes this is referred to as LIP (Licensed Independent Practitioners or billable provider visits. In this case it excludes all nurse visits, including RNs. In some cases, we know that RN visits can be billable but they should not be included in this line. It can be beneficial to count your nurse visits to evaluate both your costs and productivity as long as they are not included in your 'cost per visit' calculation.

It is recommended that One Cross create another internal report that is more detailed. This report will also have number of patients and number of visits by site and by insurance type E.G.

Example: Taylor High School

Unduplicated patients	*Visits*	*Nurse*
2-Medicaid	6 visits to NP	1 nurse visit
2-Medicare	1 visit to NP	1 nurse visits
3-Uninsured	3 visit to NP	4-nurse visits
7- Total patients	**10 -NP visits**	**6 nurse visits**

Example-Total Expenses-$1,000
Example Cost per Patient-$142.86
Example Cost per Visit-$100.00

It is recommended that the clinic run these monthly and report on the measures for the month as well as the YTD total. The clinic will then utilize this information as well as patient stats discussed below to set baselines and goals of their cost per patients and cost per visits (as a whole and at each site).

The heath center may utilize UDS data or other resources to see how they compare other primary care offices and school clinics that are similar to their organizational size and serve similar communities. These measures are helpful for cost analysis and provide the board of directors an overview of the clinic's productivity, cost effectiveness, and trend comparisons.

https://bphc.hrsa.gov/uds/datacomparisons.aspx

Non-Profit Development

Board of Directors:

One Cross has been aware that they have a deficit in their board of directors. As Kim pursues and finalizes a business model, she will also continue to pursue board members who support their business model and can leverage their spheres of influence towards serving their community. The board

members will each sign their handbook which includes the bylaws, board member expectations, statement of faith, conflict of interest, and other pertinent information as appropriate. Kim now has samples of these documents as well as Robert's Rules, agenda and minute templates.

Kim will continue to work with her church, sharing their updated business plan, to create security in the sovereignty, of both the for-profit and the nonprofit going forward.

Fund-Raising:

One Cross would like to start fundraising to help support the clinic's community benefit programs. The clinic has reached out to some key partners, including the Executive Director's church. It is recommended that One Cross delays seeking wide spread charitable donations until after they have fleshed out their social enterprise model and have put key board members in place. This 'founding' board would then hold regular meetings, provide guidance, and assist with the fundraising plans and implementation. One Cross has received a structured development plan that to work from when they are ready to publically launch a fundraising campaign.

Federal Designations

Medically Underserved Area-Status:

The clinic would benefit from obtaining the federal designation for a Medically Underserved Area (MUA). While Taylor County does not qualify as a whole county, it is recommended that the clinic try to find out if a group of census tracts or zip codes may meet the criteria. If the clinic can obtain MUA status, they will meet the first criteria to apply for both RHC and/or FQHC status in the future. This status may also be used as a good explanation of needed when doing fundraising for their nonprofit.

Health Professional Shortage Area-Status (HPSA):

One Cross would also benefit from obtaining HPSA status for their service area. Similar to MUA, this status would allow the clinic to apply for National Health Service Corp Designation and J-1 waivers, two programs to recruit providers to underserved areas in exchange for receiving a tuition award.

Miscellaneous

Additional Resources:

Kimberly, Dave, Laurie and I also discussed additional resources to help with clinic operational needs. This included seeking college level interns for assisting in the following areas: public relations, social media, marketing-specifically with One Cross Kids at the schools, needs assessment research, and other operational needs.

Kacie and Paul both shared about the AmeriCorps programs as well as VISTA for recruiting additional assistance.

Innovative/Best Practices:

Culture

Under Kim's leadership, One Cross has built a wonderful team with a culture of closeness, commitment, and community. While not without issues that arise, they have developed ways to address conflict with one another in love. The team prays together, shares openly, and demonstrates genuine care to both one another and the needs in their community.

Through Put:

Kimberly lives out her compassion, clinical, and administrative expertise to see an incredible number of patients. Kimberly utilizes a scribe to see 45-50 patient visits a day. Both Kim and her staff expressed that they feel like they have adequate time to spend on both clinical patient care as well as spiritual care. The clinic has many regular patients they take care of who express loyalty and satisfaction. It is recommend that Kim take time to consider her pace to prevent her own burnout with this high of a patient load as well as time to focus on the business development aspects of the clinic as they move forward.